

# MALVERN HILLS CONSERVATORS

England & Wales · Charity number 515804

## Details

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|             |   |
|-------------|---|
| Other names | MALVERN HILLS TRUST                                     |
| Status      | Registered  |
| Legal form  | Other   |
| Registered  | 1984-11-20  |
| Register    | <a href="#">View on the Charity Commission register</a> |

## Contact

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|         |  |
|---------|--|
| Address | Manor House<br>Grange Road<br>Malvern<br>Worcs<br>WR14 3EY             |
| Phone   | 01684892002  |
| Email   | <a href="mailto:info@malvernhills.org.uk">info@malvernhills.org.uk</a> |
| Website | <a href="http://www.malvernhills.org.uk">www.malvernhills.org.uk</a>   |

## Activities

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**Objects:** THE PRESERVATION FOR THE BENEFIT OF THE PUBLIC ALL THE NATURAL ASPECTS AND FEATURES OF THE MALVERN HILLS AND THE PROVISION OF RECREATIONAL FACILITIES IN THE INTERESTS OF SOCIAL WELFARE FOR THE PUBLIC BENEFIT.

**Activities:** MHT shall manage the hills 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  
Conserve and enhance biodiversity, Sites of Special Scientific Interest and Scheduled Ancient Monuments on its land.

## Classification

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- **How:** Provides Buildings/facilities/open Space
- **What:** Environment/conservation/heritage
- **Who:** The General Public/mankind

## Geography

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- Gloucestershire
- Herefordshire
- Worcestershire

## Finances

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| Period end | Income     | Expenditure | Assets     | Employees |
|------------|------------|-------------|------------|-----------|
| 2025-03-31 | £1,636,872 | £1,646,270  | £4,275,183 | 19        |
| 2024-03-31 | £1,441,202 | £1,347,889  | £3,855,317 | 18        |
| 2023-03-31 | £1,273,061 | £1,303,834  | £3,596,672 | 17        |
| 2022-03-31 | £1,395,317 | £1,205,079  | £2,177,072 | 17        |
| 2021-03-31 | £991,187   | £1,183,040  | £1,896,109 | 16        |

## Trustees

| Name                          | Role | Appointed  |
|-------------------------------|------|------------|
| Andrew Myatt                  |      | 2025-09-18 |
| Anne Felicity Player Robinson |      | 2023-11-01 |
| Chris McSweeny                |      | 2025-06-13 |
| Cynthia Palmer                |      | 2025-05-03 |
| DAVID CHARLES BALDWIN         |      |            |
| DAVID EDWARD MEAD             |      | 2025-05-03 |
| David Core                    |      | 2019-11-01 |
| David Fellows                 |      | 2019-11-01 |
| David Reynolds                |      | 2025-07-15 |
| Frances Victory               |      | 2023-11-01 |
| Jennifer Rosalind Burford     |      | 2025-09-18 |
| John Michael                  |      | 2015-11-01 |
| John Stock                    |      | 2023-11-28 |
| LUCY HODGSON                  |      | 2017-07-10 |
| MR CHRIS ROUSE                |      |            |
| Malcolm Victory               |      | 2023-11-01 |
| Mark John Driscoll            |      | 2023-11-01 |
| PROFESSOR John Raine          |      | 2013-11-06 |
| Paul Spencer Bennett          |      | 2024-09-24 |
| Peter Rogers                  |      | 2026-02-17 |
| Richard Bartholomew           |      | 2015-03-26 |
| Richard Fowler                |      | 2023-11-01 |
| Robert Berry                  |      | 2023-11-02 |
| Simon Baggaley                |      | 2024-12-11 |
| William Allan Cottam          |      | 2023-11-01 |

**MALVERN HILLS CONSERVATORS**

England & Wales - Charity number 515804

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# Accounts

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**Malvern Hills Trust**

**Trustees' Report and Financial statements  
for the year ended 31<sup>st</sup> March 2025**



## **Trustees' Report and Financial statements**

### **For the year ended 31<sup>st</sup> March 2025**

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## Reference and administrative details

Charity number: 515804 (England and Wales)

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

The Malvern Hills Trust is the working name of Malvern Hills Conservators

Email: [info@malvern hills.org.uk](mailto:info@malvern hills.org.uk)

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

Telephone: 01684 892002

## Our advisors

Independent Auditor: Azets Audit Services  
Epsilon House  
The Square  
Gloucester Business Park  
Gloucester GL3 4AD

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

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

Other Investments: Flagstone  
1<sup>st</sup> Floor Clareville House  
26-27 Oxendon Street  
London  
SW1Y 4EL

The Charity Bank Ltd.  
Fosse House  
182 High Street  
Tonbridge  
TN9 1BE



Solicitors:

Whatley Recordon Solicitors  
12 Worcester Road  
Malvern  
Worcestershire  
WR14 4QU

Veale Wasbrough Vizards LLP (VWV)  
Narrow Quay House  
Narrow Quay  
Bristol  
BS1 4QA

Sharpe Pritchard LLP  
Elm Yard  
10-16 Elm Street  
London  
WC1X 0BJ

Actuary:

LGPS Central Accounting Team  
Hymans Robertson LLP  
20 Waterloo Street  
Glasgow  
G2 6DB



**Key management personnel – Senior Managers**

|                                    |   |
|------------------------------------|---|
| Chief Executive Officer            | Deborah Fox BSc (Hons), MA  |
| Secretary to the Board             | Alison Marlow BA (Hons), PGCert   |
| Governance Change Officer          | Susan Satchell LI.B (Hons)  |
| Conservation Manager               | Jonathan Bills MSc  |
| Operations Manager                 | Peter Kelsall BScFor, MICFor (retired 30.05.25)<br>Martin Barnett BSc Forestry (Hons) (appt'd 02.06.25) |
| Finance and Administration Manager | Nicky Gutteridge FCA BSc (Hons)   |
| Land and Property Manager          | Sarah Jordan MRICS FAAV BSc (Hons) (appointed 03.02.25)   |

**Trustees**

FAR – sits on Finance, Administration and Resources Committee  
 LM – sits on Land Management Committee  
 GC – sits on Governance Committee  
 SC – sits on Staffing Committee  
 \* has served for more than 9 years

**Elected trustees  
(Wards as at November 2019)**

|                     |  |
|---------------------|--|
| Priory Ward:        | Andrew Myatt (elected 18 September 2025)<br>Mary Turner FAR. SC from 17 July 2024 (resigned 1 August 2025) |
| Chase Ward:         | Richard Fowler FAR   |
| Wells Ward:         | Robert Berry FAR. GC from 14 November 2024.  |
| West Ward:          | Jenny Burford (elected 18 September 2025)<br>*Charles Penn FAR, SC, GC (resigned 13 May 2025)              |
| Dyson Perrins Ward: | *John Raine FAR, SC GC   |
| Malvern Link Ward:  | *Richard Bartholomew FAR, SC, GC   |
| Pickersleigh Ward:  | David Core FAR & GC (Board Vice-Chair)   |
| Colwall Parish:     | Allan Cottam FAR<br>Felicity Robinson LM   |



Guarlford Parish: David Fellows FAR & GC  
 Mathon Parish: \*Christopher Rouse LM

## Nominated trustees

Malvern Hills District Council: Paul Bennett FAR (appointed 24 September 2024)  
 Mark Driscoll LM. GC from 10 July 2024.  
 David Mead (appointed 13 May 2025)  
 \*John Michael FAR, GC (Board Chair from 30 July 2024)  
 Jeremy Owenson LM (resigned 23 April 2024)  
 Cynthia Palmer LM & SC to 11 July 2024 (Board Chair to 11 July 2024) (resigned 11 July 2024. Reappointed 13 May 2025).  
 Frances Victory LM & SC  
 Malcolm Victory LM (appointed 24 September 2024)  
 Andrew Willmott (appointed 13 May 2025) FAR

Colwall Parish Council: Paul Clayburn LM & GC (resigned 3 July 2024)  
 Simon Baggaley FAR (appointed 11 December 2024)

Mathon Parish Council: \*David Baldwin LM & SC

Church Commissioners: No longer appoint

Herefordshire Council: John Stock LM (appointed 28 November 2023)  
 Sheila Wren LM & SC (appointed 28 November 2023)

Worcestershire County Council: Lucy Hodgson FAR. SC from 14 November 2024  
 Chris McSweeny (appointed 13 June 2025) LM  
 Malcolm Victory LC (to 24 September 2024; now MHDC appointee)

Worcestershire County Council on behalf of the following parishes: -

Castlemorton: Mike Wilkinson LM (Resigned 31 October 2025)  
 Newland: David Reynolds LM (appointed 15 July 2025)  
 Duncan Westbury LM (Resigned 15 November 2024)  
 Powick: Vacant

## Staff

Throughout the year Malvern Hills Trust employed on average 21.5 staff (18.6 full time equivalent) (2023/24: 21.1 and 17.8 full time equivalent). Details of staff numbers are given in note 11 to the financial statements.

There were the following changes to the staff during the financial year 2024/25.

Cindy Parish was appointed temporarily as Administration Assistant on 07.05.24 leaving on 08.08.24; Marie Dipple was appointed as Community & Conservation Officer on 02.12.24; Beck Baker left as Community & Conservation Officer on 14.01.25; Sarah Jordan was appointed as Land & Property Manager on 03.02.25.



## Report of the trustees for the year ended 31<sup>st</sup> March 2025

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 2025.

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 statutory name remains 'Malvern Hills Conservators'.

Malvern Hills Trust was set up in 1884 and is governed by The Malvern Hills Acts 1884, 1909, 1924, 1930 and 1995. It is a statutory corporation incorporated by private Act of Parliament and is a 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 2022).

### Our purposes and activities

Malvern Hills Trust was set up to protect the hills commons and other land under its jurisdiction, in particular to:

- Preserve the natural aspect,
- Protect and manage trees, shrubs, turf and other vegetation,
- Prevent unlawful digging and quarrying,
- Keep the land open, unenclosed and unbuilt on as open spaces for the recreation and enjoyment of the public.

Malvern Hills Trust is also obliged under public legislation to conserve and enhance biodiversity, and to protect 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 as guided by the adopted Land Management Plan <https://www.malvernhills.org.uk/looking-after/land-management-plan/>. This includes tree and woodland care, implementation of livestock grazing programmes, mowing and path maintenance to facilitate access, habitat restoration, litter picking and other general maintenance work across approximately 1,200 hectares (3,000 acres) of multi-designated, nationally important landscape.



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 buy either a day or evening ticket at a meter or an annual parking permit.

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.

Under section 29 of the Malvern Hills Act 1884, Malvern Hills Trust may acquire 'for the purpose of preserving unenclosed and free from building any lands within 9 miles of Great Malvern Abbey (Priory) ..... which (they) may regard as proper to be so preserved as part of or in connection with the range of the Malvern Hills or for the purpose of maintaining any common or commonable rights which may subsist over or affecting such lands.

Potential land acquisitions are considered by the trustees, in accordance with the charity's Land Acquisition Policy. The trustees will consider acquiring a piece of land where the acquisition is consistent with the powers specified above and where acquisition would further the objectives of the charity. The criteria in the policy are:

- To own and protect the ridge of the Hills and the steep slopes on either side,
- To own and protect land on the lower slopes which contributes to the landscape and setting of the Hills and Commons,
- To maintain common or commonable rights,
- To keep land open for the recreation and enjoyment of the public,
- To conserve habitats or species which are nationally or regionally scarce and/or are typical of the local area,
- To conserve features of archaeological or geological interest/importance,
- To improve access to the existing land holding for management and
- To divert public pressure/damaging activities away from over-used or sensitive areas of the existing land holding.

No land acquisitions were completed during the 2024/25 financial year but there are 2 acquisitions post year end. One was finalised in August 2025 and the other is still in progress and due to be finalised in November 2025.

### **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 public access 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. The Trust also aims to run a series of free themed events 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. Several of these events took place during 2024/25.

### **Business plan**

A 5-year Business Plan was adopted by the Board of Trustees in March 2022 and was to be reviewed annually with an interim review in 2025. In particular, budgets have had to be adapted to take account of increases in prices (particularly fuel and energy) since February 2022. The Business Plan sets out the strategic priorities and plans for the charity.

<https://www.malvernhills.org.uk/looking-after/business-plan/>

At time of approval of the Business Plan, it was anticipated that the governance changes proposed in the Malvern Hills Bill currently before Parliament would have been completed by 2025 but it is now unlikely that a new Act will be in place before 2027. In May 2025, the CEO considered the 82 targets in the current plan and recommended that instead they should be replaced by four or five Key Performance Indicators (KPIs) against which the Board could hold the Trust to account over the remainder of the Plan cycle. These are currently under development. There would then be a transitional plan for the introduction of new governance arrangements once the new Act was in place, followed by a new Business Plan in 2028. There is already a separate system in place for the monitoring of land management targets, with Land Management Committee receiving annual reports on progress against the Land Management Plan.

### **Volunteers**

Before March 2020, Malvern Hills Trust received enormous support from the work of volunteers with activities such as wardening, litter picking, recording flora and fauna, habitat management, conservation, archiving and administrative support. This all but stopped during the height of the pandemic. Regular conservation volunteer working parties have resumed. The input from volunteers continues to be lower than pre-pandemic levels and the Trust looks forward to recruiting more volunteer wardens and office volunteers.

The estimated volunteer contribution during the year was the equivalent of 349 (2023/24; 378) working days (of 7.5 hours per day) spent on the Hills and Commons and 2 (2023/24; 24) working days on office work. The contribution of all volunteers, including the trustees, is gratefully acknowledged.

We were delighted to welcome a volunteer over winter who brought knowledge of archival best practice and the public engagement opportunities of archives. She helped the Trust to understand how the role of rangers (a rebrand from wardens to rangers took place shortly after the year-end) has evolved in our organisation, which is over 140 years old.



The rangers organised a Christmas get together for the volunteers at the Foley Arms Hotel in Malvern and the Chair and CEO hosted a Wassail event in Morgan's Orchard at Golden Valley in January to thank the volunteers for their work restoring the orchard.

### **Use of Defra Stewardship Grants**

In 2024/25 around 78 % (2023/24; 77 %) of the charity's land was managed under the Department for the Environment, Food and Rural Affairs (Defra) Countryside Stewardship Scheme (CS) or Higher Level Stewardship Scheme (HLS). These schemes provide valuable funding for certain land management and conservation activities including grazing, which is the most effective way to maintain significant parts of the Hills and Commons. The grazing programme is complemented by a range of other management work carried out by staff, contractors and a dedicated team of volunteers.

6 separate agreements are held (2023/24; 6 agreements), and together they provide over £250,000 (2023/24 over £100,000) per annum toward MHT's conservation activities. The amount has increased substantially because in January 2024 Defra announced a nationwide increase to certain payment rates applicable from 1 January 2024 for all CS agreements (not HLS).

### **Key achievements**

During the year, the Trust has successfully undertaken maintenance work and implemented the Land Management Plan across its 1200 hectare (3000 acre) estate which includes open hills, woodlands and suburban green spaces. Local wildlife and heritage have been cared for with over a million visits made coming from far and wide have enjoyed the land. As part of this work, staff have maintained over 70km of paths and 22 car parks to help facilitate public access and enjoyment of the landscape.

Other key achievements were:

- Following an extensive public consultation and engagement programme the Trust deposited a Parliamentary Bill in November 2024. The Trust's governing acts date back to 1884. They can only be updated by another Act of Parliament. It is important that the Acts are modernised to improve the charity's governance arrangements and allow the charity to look after the Hills in the most effective way in increasingly challenging times.
- Numerous improvements on fire and health and safety compliance were implemented and action taken on further opportunities for improvement. A Health and Safety Working Group comprising trustees and staff was formed in January 2025 to support and inform the senior management team and trustees in respect of health and safety. All trustees were offered health and safety training from the external health and safety advisor.
- The Staff Trustee Protocol Working Group continues to meet and consider staffing matters



- ‘Miles without stiles’ is an ongoing project to replace stiles, which can be tricky to use for some walkers, with hand gates thus opening up more of the Hills and Commons to a wider range of people. The initiative has taken a further step as two stiles near North Hill have been replaced with hand gates.
- Planting a new tree avenue beside Peachfield Road as part of a volunteer team day with Speller Metcalfe, who kindly spent the day with us planting oak, beech and crab apple. Tree avenues are a key feature of this area.
- Previous Trustee reports have flagged MHT’s work to try and eradicate the invasive, non-native plant *Crassula helmsii*. We’re very pleased to say that follow up surveys have found no evidence of the plant in treated sites – given that this is a famously hard to get rid of plant, this is a real victory for MHT.
- In winter 2024/25 MHT used specialist contractors to carefully fell and extract trees from a part of Old Hills. This site is renowned for its wood pasture and butterfly interest and both were suffering from the spread of secondary trees. The now restored area is more open, the sunshine can come in and highland cattle are doing a super job of maintaining it.
- The Trust has engaged in the South Worcestershire Development Plan Review (SWDPR) throughout the year compiling a written response to the Inspectors, matter and issues questions. Staff attended and represented the Trust at SWDPR Hearings on 25<sup>th</sup>, 26<sup>th</sup> March and 29<sup>th</sup> April 2025.
- Trust staff continue to monitor planning applications which could impact Trust land, where applicable representations to the Local Planning Authority have been submitted.
- Trust staff continue to monitor and manage work proposed and being undertaken by utility companies across the Trust’s land.
- With tree diseases on the rise, the Trust has had to spend a large sum of money on tree safety works this year. This in partly in response to Ash Dieback disease. Whilst the works went well and no incidents have been reported, unfortunately we now have another tree disease on the estate – Acute Oak Decline. This will further challenge our staff and resources in the future.
- Trust staff attended and spoke at the South Worcestershire Development Plan hearings to ensure the nationally important landscape was adequately taken account of. Staff have submitted comments on a variety of planning applications which might affect Trust land and also halted or improved several infrastructure installations by utility companies, this to protect landscape character
- There has been a concerted effort on improving trustee and staff interactions. The Staff Trustee Protocol Working Group was a particular highlight with a new procedure noted by the Board in May along with a referral form for trustee questions that are not appropriately routed to the Trust’s information line. The Land Management Committee provided two informative walks in 2024 at West of England Quarry and Old Hills led by the Conservation Manager and team, to illustrate and gain a shared understanding of current challenges for Trust operations. A new social group has formed.



### Structure, Governance and Management

The Malvern Hills Trust is a body corporate set up under the Malvern Hills Act 1884, and governed by that Act as well as the Acts of 1909, 1924, 1930 and 1995. It is a registered charity.

The Board of Trustees is the decision-making body. The governing legislation currently provides for 29 trustees who are appointed for a four-year term. Eleven trustees are directly elected under the Local Elections (Principal Areas) Rules by the residents of the wards (as at December 2022) and parishes listed below, 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> | <u><b>Seats</b></u> |
|-----------------------|---------------------|
| Priory Ward           | 1                   |
| Chase Ward            | 1                   |
| Wells Ward            | 1                   |
| West Ward             | 1                   |
| Dyson Perrins Ward    | 1                   |
| Malvern Link Ward     | 1                   |
| Pickersleigh Ward     | 1                   |
| Guarlford Parish      | 1                   |
| Colwall Parish        | 2                   |
| Mathon Parish         | 1                   |

The remaining 18 trustees are nominated by the following bodies:

|  |   |
|--|---|
| Herefordshire Council  | 2 |
| Worcestershire County Council  | 2 |
| Worcestershire County Council on behalf of the parishes of<br>Castlemorton, Newland and Powick | 3 |
| Malvern Hills District Council   | 8 |
| Colwall Parish Council   | 1 |
| Mathon Parish Council  | 1 |
| The Church Commissioners   | 1 |

The majority of the current trustees took up their seats on 1<sup>st</sup> November 2023 (some trustees were appointed after that date) and will remain in place until 31 October 2027.

There were 3 vacancies (for nominated members) at the time this report was approved.

Following elections in November 2023, trustees underwent an intensive period of training to ensure that they understand their duties and responsibilities under the Malvern Hills Acts, their responsibilities as charity trustees and their duties under other legislation which affects the land which they manage. Subsequent training for any new later appointed trustees has also been provided as required. Those Trustees appointed in September 2025 are in the process of receiving their training programme at the time this report was approved. In particular there were a number of training sessions to ensure that new trustees were fully familiar with the Trust’s proposals to update its governing Acts. A short tour is also offered to view some of the



key management sites and all trustees are encouraged to attend land management site visits throughout the year.

During the past year, trustees have received training in tackling bullying and harassment, Trust values, and PR and communications.

Board and Committee meetings are open to the public and dates are published on the website. The Board holds six scheduled Board meetings in January, March, May, July, September and November to make decisions and to receive reports from officers, committees and from representatives serving on outside bodies. There is an opportunity for members of the public to make statements by prior arrangement at these meetings. Special Meetings are also held whenever required.

The annual meeting at which the financial statements are adopted and Auditor appointed was held on 14<sup>th</sup> November 2024. It was resolved at that meeting to re-appoint Azets Audit Services for the year ended 31<sup>st</sup> March 2025, and the Trustees' Annual Report and Accounts for year ended 31<sup>st</sup> March 2024 were approved.

The Chair and Vice Chair are elected at the Board's annual meeting in November, at which committee members and representatives to serve on outside bodies are also appointed. Cynthia Palmer (chair) and David Core (vice chair) were appointed unopposed at the meeting on November 2023.

At the Board meeting on 11 July 2024 Cynthia Palmer resigned as Chair. John Michael was appointed to replace her at a Special Board meeting on 30 July 2024 and he was re-appointed in November 2024.

## **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 five committees of the Board. Their functions are set out below. The Board of Trustees considers committee reports and adopts, declines or amends their recommendations at the following Board meeting.

### **Land Management Committee**

This committee considers 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
- Recommending the annual land management budget to the Board and monitoring progress against the budget



- Reviewing policies relating to the management of the charity's land holding
- Consideration of some applications for easements and wayleaves and making recommendations to the Board thereon
- Considering appropriate levels of access infrastructure, interpretation and information
- Reviewing funding agreements, licences etc relating to the management of the Hills and Commons
- Considering and making recommendations to Board regarding policy and best practice relating to environmental and sustainable development practices, (such as management of ash in light of Ash Dieback disease)

### **Finance, Administration and Resources Committee**

This committee has oversight of the following areas:

- Finance, including reviewing the adequacy of financial controls, 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
- Fundraising
- Communications

The committee also has authority to approve unbudgeted expenditure within agreed limits.

### **Governance Committee**

The Governance Committee has oversight of and advises the Board on 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
- Ensuring that the charity has appropriate risk management systems in place and that risks are reviewed and updated annually
- 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 for staff
- Health and safety and first aid matters in relation to staff, volunteers and members of the public
- Pension arrangements with the Finance Administration and Resources Committee

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
- 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

### **Disciplinary Committee**

The Committee meets as and when required to consider breaches of the trustee Code of Conduct.

### **Charity Governance Code**

The Charity Governance Code was first published in July 2017 and revised in 2020 as a reference document to help charities work towards effective governance and the right leadership structure. The Code sets out principles and recommended practice. All charities and their trustees are encouraged to meet the principles and outcomes of the Code by either applying the recommended practice or explaining what they have done instead or why they have not applied it.

As a charity governed by statute, including legislation which is now over 175 years old, it is not possible for the Trust to follow many of the recommendations for good practices set out in the Code, but the Code has been used to formulate many of the proposals for modernisation of the Trust's constitution.

The Charity Governance Code states that if a trustee has served for more than 9 years their appointment should be subject to a particularly rigorous review, taking into account the need for progressive refreshing of the board and should be explained in the trustees' annual report.

There is nothing in the Acts which prevents a trustee from standing for office for more than 9 years and, because of the way trustees are appointed, nothing the Trust can do to prevent appointment of trustees who have been on the Board for more than 9 years.

Trustees who have served for more than 9 years (listed in order of longest serving) are:

Christopher Rouse (first elected November 2003)



David Baldwin – first appointed May 2010

John Raine – first appointed September 2013

Richard Bartholomew – first elected March 2015

Charles Penn – first elected November 2015, resigned May 2025

John Michael – first appointed November 2015

### **Ward boundary changes**

The Malvern Hills (Electoral Changes) Order 2023 caused significant concern for the Trust as it altered the boundaries of Local Government wards in central Malvern. The Trust's electoral area is (in part) defined in the Acts as "the seven wards of the urban district of Malvern". The Urban District Council was abolished in 1972. The current wards no longer coincide with the old electoral boundaries. The Trust was able to conduct its elections in November 2023 in accordance with the Acts thanks to significant assistance from the Electoral Services staff at Malvern Hills District Council.

This situation is not satisfactory and the Trust is seeking to address the problems posed by the out of date references in the Malvern Hills Acts in the Malvern Hills Bill.

### **Malvern Hills Bill**

The Trust is governed by the 5 Malvern Hills Act, which reference other public Acts, dating back to 1847. The Trust has long recognised the need to rationalise, modernise and consolidate its governing legislation. The current Acts do not reflect or permit modern best practice in relation to charity governance and do not contain all the powers that the trustees need to administer the charity in the most effective way and to best achieve its objects. There are provisions in the Acts that no longer apply, others which reflect a legal and cultural context that no longer exists and some of the key provisions are defined by reference to bodies which were abolished 50 years ago. Because the Acts are out of date, they hamper the Trust's ability to operate effectively and to provide good value for money.

The Trust began work on its proposals for updating the Acts in 2014, including a public consultation in Autumn 2019. The Trust obtained consent from the Charity Commission in August 2023 to expend up to £306,000 on the preparation and promotion of a Bill in Parliament. This permission was subject to a condition that the Trust did not seek to extend or materially change the existing power to levy.

It was resolved in January 2024 to seek a Private Bill. The Trust ran a public consultation from 22 May to 22 July 2024 on their detailed proposals for change and also wrote directly to key stakeholders. Following consideration of the consultation outcomes, the Trust finalised the drafting of the Bill and it was deposited in Parliament in November 2024. The Bill had its first reading on 22 January 2025 and its second reading on 4 June 2025. The next stage is the Committee stage which is likely to start in early 2026.



## Loan from Land Purchase (1992) Fund

Under s105 Charities Act, the Charity Commission authorised the Trust to borrow up to £306,000 from the Land Purchase (1992) Fund which was established pursuant to s9 MHA 1930, in order to help spread the cost of the Parliamentary Private Bill. This is an internal loan and the interest and compensation payments are not lost to the trust.

The loan agreement was made on 23 April 2024. It required the Trust to repay the loan over 25 years, together with interest fixed at a rate of 6 % pa and a compensation payment to cover any loss of investment income sustained by the Land Purchase Fund as a result of some investments having been moved from the main portfolio into more easily accessible/lower rise investments.

The following sums were drawn down:

£100,000 on 31 December 2024, £90,000 on 31 March 2024.

The following repayments were made from General Fund during the financial year 2024/25:

Interest: £Nil Capital: £Nil Compensation payment: £710 on 15 January 2025

In 2025/26 at the time this report was approved, no further loan drawdowns have been initiated and the following payments from general fund have been made:

Interest: £1,144 Capital: £1,508 Compensation payment: £Nil

## Financial Review

The financial results are set out on pages 32 to 65. There was a total net increase in funds of £419,866 (2023/24 increase of £258,645).

Net expenditure before transfers on the unrestricted funds was £33,546 (2023/24 net income of £64,918). The net movement on the unrestricted funds after transfers and the FRS 102 pension adjustment was an increase of £596,312 (2023/24 increase of £167,008).

In addition, there was a net decrease of funds on the restricted funds of £176,446 (2023/24 net increase £91,637).

Total reserves at the financial year end were £ 4,275,183 (2023/24 £3,855,317), of which £2,914,588 is restricted which includes £1,346,835 inalienable assets. (2023/24 £3,091,034 restricted which includes £1,346,835 inalienable assets).

Further information regarding inalienable assets is in notes 1g and 1h.

## Principal sources of funds

Under powers in the Malvern Hills Acts, Malvern Hills Trust charges a levy to Council Tax payers in the parishes of Malvern, Guarlford, West Malvern, Malvern Wells, Colwall and Mathon. The average band D levy payable in 2024/25 was £47.59 (2023/24 it was £45.34). The total levy received by the charity was £697,070 (2023/24 £663,800).



Malvern Hills Trust is very grateful to the levy payers for this funding and recognises its importance in helping the Trust to maintain the Hills and Commons. Information for levy payers can be found on the website <https://www.malvernhills.org.uk/living-in/levy-payers/>

Revenue from car parks is the second main funding source. The total received in 2024/25 was £446,381 (2023/24 £398,720). Car park takings are used to fund the charity's work generally including maintaining the car parks for public use.

Agri-environment grants, most significant of which are those from Countryside Stewardship Scheme, are the third largest source of funds. £270,413 was received in 2024/25 (£148,536 was received in 2023/24). An additional sum of £146,037 for the year ended 31<sup>st</sup> December 2024 (2023/24 £59,673) was received by the CS Castlemorton Delivery Group which is accounted for as custodian funds under the terms of the Countryside Stewardship Scheme. The entire income and expenditure of this delivery group does not form part of the Malvern Hills Trust accounts, but rather the applicable share of income for the Trust is recognised as other grant income, as established via the required internal agreement. In 2024/25 this amounts to £1,000 admin fee (2023/24 £1,000) and £5,882 non-grazing delivery services (2023/24 £5,098).

Donations and legacies received totalled £33,926 (2023/24 - £18,243).

### Significant financial impacts

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

- The Trust has a 5-year programme for managing Ash Dieback. Spend in 2024/25 has not been as high as was anticipated at £29,731 (2023/24 £38,614) but we now face managing Acute Oak Decline which will require funds going forward. The balance of the designated funds (Tree Disease and Ash Dieback) are currently sufficient as a result of prior year transfers made in anticipation of future costs. It was not deemed necessary to designate additional funds this year.
- The Board maintained its policy of updating vehicles with purchases of an Isuzu field staff vehicle and a Bomford Turner hedge cutter. The cost of vehicle and equipment additions was £60,282.
- We recruited an additional senior staff member, the Land and Property Manager who joined us in February 2025 and we began the process to recruit a new Operation's Manager ahead of Peter Kelsall's retirement in May 2025 as well as a new member of the Ranger's Team and a new member of the Field Team towards the end of the financial year.
- Carpark takings exceeded budget which was in part due to unexpected revenue stream from a contractor using one carpark exclusively towards the end of the financial year and paying for that right.
- Significant time and financial investment has been made in the drafting and depositing of the Malvern Hills Bill during this financial year as described in detail earlier in the report. It became apparent that the original budget for the preparation and promotion of the Private Bill would need to be revised and uplifted partly as a



result of the number of petitions against the Bill, the vast majority of which were from individuals in the Malvern area. A revised budget of £471,972 was approved by the Board in May 2025 and Charity Commission consent for the additional expenditure was received in October 2025.

- The anticipation of severe delays in stewardship payments has made cashflow difficult to manage in recent years but this year we received most of the payment earlier (92 % for 2024 was received on time). This will allow us to plan the spend which is even more pertinent now that grant amounts have increased significantly by Defra.
- Significant time and costs have been incurred surrounding the governance of the Charity during the financial year that are not bill related. This continues into the 2025/26 financial year and is becoming increasingly concerning.

### **Acknowledgements: other grants and contributions**

Malvern Hills Trust gratefully acknowledges the financial support of Defra Rural Development Programme for England, Worcestershire County Council, Herefordshire Council, Malvern Hills District Council, Malvern Civic Society, and the Farming in Protected Landscapes scheme run by the Malvern Hills National Landscape partnership.

### **Investment powers and policy**

The trustees have wide powers of investment.

The Trust has placed the Land Maintenance Fund, Parliamentary Fund and the majority of the Land Purchase (1992) Fund, under investment through RBC Brewin Dolphin.

The trustees have provided RBC Brewin Dolphin with written investment policies for the portfolios, which are reviewed annually. In all cases, the Trust seeks to produce the best financial return with a moderate level of risk.

The Finance, Administration and Resources Committee, with the advice of the Trust's Investment Manager, is charged with recommending to the trustees a suitable asset allocation strategy, with the aim of achieving the charity's investment objectives. RBC Brewin Dolphin's risk category 6 index is used to structure the main portfolios and provides a ready measure of performance. The Trust's investment policies provide that the asset classes which 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 trustees acknowledge that in order to manage longer term inflation risks, investments will partly be in assets such as equities and as a result, in the short-term the capital values of the portfolios could fluctuate.

The Trust's investment objective for the Land Maintenance Fund and the Parliamentary Fund ("Parliamentary portfolio") is to produce the best financial return (capital growth and income) with a moderate level of risk.

The Trust's principal objective for the investment of the Land Purchase (1992) Fund (Land Purchase (1992) portfolio) is to generate a return (net of costs, including reinvestment of earnings) sufficient to maintain the purchasing value of the fund.

The trustees are funding a significant percentage of the cost of preparing and promoting the Malvern Hills Bill by way of a loan from the Land Purchase Fund. A similar mechanism was used to fund the passing of the Malvern Hills Act 1995. Anticipating drawing down part of the Fund, trustees voted in January 2023 to move £350,000 to lower risk investments in order to avoid the risk of fluctuations in the value of the investments at a time when funds were needed. The Board resolved to split the Land Purchase Fund into 3 parts, £150,000 to be invested as cash in FSCS assured interest bearing accounts and £200,000 to be invested by the Trust's Investment Managers in a separate, risk category 4 portfolio (Land Purchase (1992) No2 portfolio). The balance remains invested in accordance with the original Investment Policy.

On draw down of the loan to fund the Malvern Hills Bill, towards the end of the financial year, £190,000 is reclassified to the Promotion & Preparation of the Bill designated fund (see net assets between funds note) but at the balance sheet date remains in the Land Purchase (1992) portfolio with Brewin Dolphin. Earnings since this transfer will be general fund income because the loan agreement deals with all financial recompense to the Land Purchase Fund. These funds will be drawn down to cash as the need arises but in the meantime any income that can be earned on the funds is to the benefit of the Trust.

### **Investment performance**

Over the 12 months to 31st March 2025, inflation continued to be moderate across most developed markets, although progress was uneven and slower than many central banks had hoped. Interest rates remained elevated, with policymakers adopting a cautious stance amid resilient labour markets and sticky core inflation. Geopolitical risks persisted, particularly in the Middle East and Eastern Europe, contributing to intermittent volatility in energy prices and global supply chains. Despite these headwinds, equity markets performed strongly, buoyed by expectations of interest rate cuts and robust earnings from key sectors. The US market performed particularly well towards the end of 2024 due to the expectation of Trump's proposed policies being a positive for the US market but towards the end of February we saw weakening of the US market due to such uncertainty around tariffs. The European region on



the other hand performed well over the start of 2025 in part due to the planned expenditure across the region towards defence spending.

Over the financial year to 31 March 2025, the combined portfolio generated a total return of +2.19% net of fees. This compares to the Asset Risk Consultants (ARC) Steady Growth Index performance of +2.71% (net of fees) and the RBC Brewin Dolphin Risk Category 6 Strategic Asset Allocation of +2.89% (gross of fees). The ARC index is made up of around 5,000 charity portfolios from 35 different investment managers, providing a good comparison to the performance of sector peers with a similar level of investment risk.

The annual returns (year ended 31 March 2025) were as follows:

Land Purchase (1992) Fund (main portfolio)

Return gross of fees +2.34%, net return +1.64% (ARC Steady Growth 2.71%)

Land Purchase (1992) No. 2 portfolio (established 20th February 2023)

Return gross of fees +4.08%, net return +3.37% (ARC Balanced asset 3.43%)

Parliamentary and Land Maintenance portfolio

Return gross of fees +2.84%, net return +2.14% (ARC Steady Growth 2.71%)

The trustees receive a full report on the investment portfolios from RBC Brewin Dolphin in June and December and an interim report is available in March and September.

The Trust's assets are invested in line with the long-term interests of the charity. Malvern Hills Trust exists to protect the Malvern Hills and Commons. Climate change poses a threat to the unique environment which is cared for by the Trust. Since 31<sup>st</sup> March 2021 the trustees have excluded all fossil fuel, mining and quarrying companies from the investment portfolios. The trustees also exclude individual investments which are perceived to conflict with the charity's purpose.

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

Malvern Hills Trust's (MHT's) free reserves are defined as those funds which the charity has available to spend on its charitable objectives.

The free reserves are calculated by starting with the total unrestricted funds value from the accounts. To comply with accounting rules the amount of the pension deficit is included as part of the unrestricted funds shown in the accounts, although it is a liability that will not crystallise, as the deficit to be repaid is part of a different calculation under the triennial valuation of the scheme. This deficit value is therefore added back when calculating the free reserves. The net book value of fixed assets (not available as cash) and the value of committed (designated) funds are then deducted, to come to the free reserve total. In summary, the calculation is as follows:



|   |
|---|
| Total unrestricted funds*                                   |
| Less:   |
| The defined benefit pension scheme surplus/(deficit)        |
| Net book value of fixed assets funded from the general fund |
| Committed designated funds                                  |

\*Unrestricted funds comprise the general fund, and free designated funds and surplus/(deficit) on the defined benefit pension scheme

The level of free 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.

In setting the policy, the trustees have ensured that the contributions required under the defined benefit pension scheme, including those to cover the actuarial deficit, can be met from projected cash flows.

MHT's trustees' policy is to aim to maintain the free reserves level above £350,000. 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,
- To fund everyday essential expenditure in the event that income streams are unexpectedly interrupted,
- To fund unplanned costs arising from tree diseases,
- The need to provide working capital for MHT, both for day to day work and for future (possibly grant-funded) development,
- The need to provide a degree of protection against fluctuations in investment income.

The policy was adopted in June 2018 and is reassessed annually. The Board agreed to keep the policy at £350,000 in the Board Meeting dated 12 September 2024. This policy review will be repeated at the November 2025 meeting when these accounts are approved.

Free reserves have also been reviewed regularly throughout the year during the appropriate meetings.

At 31<sup>st</sup> March 2025 total funds of the charity were £4,275,183 (2023/24 £3,855,317). This included restricted funds of £2,914,588 (2023/24 £3,091,034) and committed designated funds of £1,118,634 (2023/24 £897,153). Details of all the designated funds are given in note 20 to the financial statements and restricted funds details are in note 22.



The level of free reserves as defined above was £627,968, made up of the following:

|   | £              |
|---|----------------|
| General fund excluding net book value of assets | 210,312        |
| Free' designated funds                          |                |
| Unrestricted gifts                              | 406,903        |
| Dog campaign                                    | 3,501          |
| Modernisation of Acts - other costs             | 7,252          |
| Total   | <u>627,968</u> |

The total of the free reserve was down on the March 2024 figure (£742,341).

The overall free reserve remains higher than the target minimum of £350,000.

The trustees have carried out a going concern review and concluded that the Trust is a going concern and that they expect the organisation to continue operating and paying liabilities as they fall due for at least twelve months from when the accounts are signed.

### **Pension scheme**

#### FRS 102

Malvern Hills Trust is a member of the Worcestershire County Council Pension Fund (WCCPF), which is a defined benefit scheme. The costs and liabilities shown in these financial statements are accounted for under FRS 102, with details being given in note 28. The pension figures reflected in these financial statements have been provided by Hymans Robertson LLP, the Actuary to the Fund.

The FRS 102 accounting deficit at the year end has been calculated as £130,000 (2023/24 £612,000). The employer's contribution rate during the year was 22.4 % (2023/24 21.8 %).

#### Triennial valuation

The most recent completed triennial Actuarial valuation was carried out at 31<sup>st</sup> March 2022. This valuation provides the basis for the calculation of future contributions to WCCPF. The Trust's deficit (that is the excess of pension liabilities over assets) in WCCPF as at 31<sup>st</sup> March 2022 was £802,350 (74.8 % funding level). This was an improvement on the position at the last two triennial valuations which showed a deficit in 2019 of £926,000 (69 % funding level) and £1,092,000 (57 % funding) in 2016. The next Actuarial valuation will be carried out as at 31<sup>st</sup> March 2025, with revised contribution rates coming into effect from 1<sup>st</sup> April 2026. The 31<sup>st</sup> March 2025 valuation information is not yet available for inclusion in these statutory accounts.



The Trust 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 Business Plan and budgets include provision for these payments. The deficit recovery period following the 2022 Actuarial Valuation is 12 years. The deficit payments in 2024/25 totalled £77,630 (2023/24 £74,200). The amount due for 2025/26 is £81,150.

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

### **Plans for future periods**

The senior management team has a further opportunity to grow and develop with the appointment of the new Land and Property Manager in 2024 and a new Operations Manager, recruited following the retirement of Peter Kelsall. Whilst recommendations of the Staffing Review 2023-24 have been completed, new actions will be agreed on the basis of the 2025 employee engagement survey.

The communications output is evolving with more emphasis on reaching new audiences and explaining who we are and what we do. The Trust will be holding drop-in sessions over the summer 2025 to give members of the public the opportunity to learn more about the charity's work and the new Bill. Peaks in activity on the Trust's website occurred in May and June 2024 related to the sale of car parking passes and the public consultation on the Bill. There was also a peak in February 2024 on vacancies listed. Active users of the website in the financial year 2024-25 were over 88,000. Peaks in activity on the Trust's website continued on the Governance Change pages until July 2024, which was around the time of the public consultation on the Bill. The Trust's Facebook channel has 6.2k followers (up by 1,000 on 2023-2024) and highest reaches were on stories around the annual hay cut, bracken rolling and the February vacancies. Highest reach on Instagram was on posts about winter tree safety works, International Bat Night and deadline for a vacancy in July 2024. Stockwatch continues to be popular with a regular slot in the Malvern Gazette.

The Trust's consultation for its private Bill was extensively publicized with over 15,000 leaflets and hundreds of posters circulated. The Trust also held 5 drop-in sessions and informal sessions in Trust car parks to answer questions from members of the public. There was a concerted campaign of misinformation about the Bill (including a web site telling people how to complete the Trust's consultation questionnaire in 4 minutes without reading the consultation document) and the Trust set up frequently asked questions and a myth-busting sections on its website.



Over the next 12 months the Trust will continue to deliver its adopted Land Management Plan. Several recent and forthcoming changes in personnel will bring extra challenge, especially for a small team.

Practical works on the estate will continue to maintain the open access and associated infrastructure plus the care of our natural and cultural heritage too. The mowing plan will once more try to strike balance between providing open spaces suitable for picnics and games but also wilder areas where orchids and bees as well as flora and fauna can flourish.

Special effort is required to repair the eroded ridgeline, guard against wildfires and enhance some of the Trust's newly acquired lands. At Colwall Coppice, for example, we hope to obtain grant funding to support uneconomic tree thinning and planting. This to help diversity the ancient woodland and increase its resilience to tree diseases and a changing climate.

The period in which the next MHT Land Management Plan is to be drawn together will be extended. The new plan will go live in April 2027 – this extension will allow more data gathering and greater consultation with stakeholders in 2025 and 2026.

### **Remuneration policy and salary costs**

Salaries were last independently benchmarked in spring 2022. A pay benchmarking exercise was commenced in summer 2025 and is still ongoing at the time this report was approved.

The salary of the Chief Executive Officer is set by the Board, following an annual appraisal. Negotiations regarding pay awards across all LGPS staff pay scales were finally settled upon in November 2024 and backdated to 1 April 2024.

### **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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England & 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 2019 (FRS 102),
- 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 operation.



The trustees are responsible for keeping proper accounting records that 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 governing Acts. 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 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.

### Post balance sheet event

The Malvern Hills Trust was, and continues to be, deeply saddened by the untimely passing of one of its Field Team. Martin Cottrell, a dedicated member of the staff for over thirty years, died on Friday 2 May.

The matter is currently subject to ongoing investigations by the relevant regulatory authority, and the Trust is co-operating fully.

The trustees have reviewed the potential implications for the charity's operations, staffing and governance and will take any appropriate actions once the investigations have concluded. No financial adjustments are required to the year end accounts as the event occurred after the reporting date and does not relate to conditions existing at that time.

The trustees wish to express their deepest sympathy to his widow and family, friends and colleagues.

### Risk management

The trustees have in place a formal risk management process to assess business risks and implement risk management strategies.

The risk management process involves identifying the types of risks the charity faces, classifying them in terms of potential impact and likelihood of occurrence and identifying ways of managing the risks. At each meeting of the board, trustees are updated on any significant changes to the level of risk, particularly any categories that are gauged to be entering the highest risk category, and any appropriate actions considered.

During the year the Finance Administration and Resources Committee has met and discussed the Risk Management Strategy. There is now a shorter more manageable working document with easy filtering to identify risk owners and which risks committees and/or the whole board are responsible for monitoring.



The key risks identified during the year were as per 2023-24:

- Potential of grant-making bodies such as the Rural Payment Agency making unilateral changes to existing grant schemes which might negatively impact on income levels.
- Uncertainty in regard of Trusts election arrangements following the Boundary Commission review of Malvern Hills District Council ward boundaries.
- Reputational impacts arising both from the above, and local campaigns (by individuals and/or groups) generating misinformation that affects the reputation of the charity and generates adverse publicity, as well as diverting the limited resources and focus of the organisation from its core objects.
- The impacts of additional workloads and limited delivery capacity arising from both expected and unexpected loss of staff from key roles within the small staff team.

Some areas of financial operations previously identified as at high risk in 2023-2024, have since moderated, but still warranted careful monitoring. These include the risks of:

- Impact of Government policy, changes in legislation and regulations
- Expenditure levels increasing and car park takings and grant funding income falling below expected levels
- Poor investment returns

Impending changes in local government are likely to have an impact on Trust elections if the new Act isn't passed by 2027. Uncertainty over the changes is also an issue.

## Statement as to disclosure to our auditors

In so far as the trustees are aware at the time of approving the Trustees' Annual Report, the trustees have each taken appropriate steps to make themselves aware of any information relevant to the audit and to establish that the auditor is aware of that information.

By order of the Board of Trustees

A handwritten signature in black ink, appearing to be 'J. Michael'.

John Michael  
Chair of Trustees on behalf of the Trustees  
DATE 13<sup>th</sup> November 2025



## **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 2025 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the financial statements, including 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).

In our opinion, the financial statements:

- give a true and fair view of the state of the Charity's affairs as at 31 March 2025 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**

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 other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 statement of Trustees' responsibilities, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they 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 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 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 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 is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the entity through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not



detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

**Other matters**

Your attention is drawn to the fact that the charity has prepared financial statements in accordance with "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has now been withdrawn.

This has been done in order for the financial statements to provide a true and fair view in accordance with current Generally Accepted Accounting Practice.

**Use of our report**

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 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.

*Azets Audit Services*

**Azets Audit Services**  
**Chartered Accountants**  
**Statutory Auditor**

25 November 2025  
Date .....

Epsilon House  
The Square  
Gloucester Business Park  
Gloucester  
United Kingdom  
GL3 4AD

Azets Audit Services is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.



## Statement of Financial Activities for the year ended 31<sup>st</sup> March 2025

|  | Note | Unrestricted funds | Restricted funds | Total funds 2025 | Total funds 2024 |
|--|------|--------------------|------------------|------------------|------------------|
|  |      | £                  | £                | £                | £                |
| <b><i>Income and endowments from:</i></b>                  |      |                    |                  |                  |                  |
| Donations and legacies                                     | 3    | 28,926             | 5,000            | 33,926           | 18,243           |
| Charitable activities:                                     |      |                    |                  |                  |                  |
| Management of the hills and commons                        | 4    | 986,961            | 9,095            | 996,056          | 870,563          |
| Car parks  | 4    | 446,381            | 0                | 446,381          | 398,720          |
| Other trading activities                                   | 5    | 57,688             | 16,000           | 73,688           | 50,931           |
| Investments:   |      |                    |                  |                  |                  |
| Bank deposits  |      | 32,503             | 6,176            | 38,679           | 46,134           |
| Investment portfolio                                       |      | 0                  | 34,247           | 34,247           | 33,698           |
| Other  | 6    | 13,895             | 0                | 13,895           | 22,913           |
| <b>Total income</b>  |      | <b>1,566,354</b>   | <b>70,518</b>    | <b>1,636,872</b> | <b>1,441,202</b> |
| <b><i>Expenditure on:</i></b>                              |      |                    |                  |                  |                  |
| Charitable activities                                      | 7    | 1,599,466          | 38,648           | 1,638,114        | 1,338,810        |
| Other expenditure  | 7    | 434                | 7,722            | 8,156            | 9,079            |
| <b>Total expenditure</b>                                   | 7    | <b>1,599,900</b>   | <b>46,370</b>    | <b>1,646,270</b> | <b>1,347,889</b> |
| Net gains on investments                                   | 9    | 0                  | 3,264            | 3,264            | 88,332           |
| <b>Net income/(expenditure)</b>                            |      | <b>(33,546)</b>    | <b>27,412</b>    | <b>(6,134)</b>   | <b>181,645</b>   |
| <b>Transfers between funds</b>                             | 23   | 203,858            | (203,858)        | 0                | 0                |
| <b><i>Other recognised gains/(losses)</i></b>              |      |                    |                  |                  |                  |
| Actuarial gains/(losses) on defined benefit pension scheme | 27   | 426,000            | 0                | 426,000          | 77,000           |
| <b>Net movement in funds</b>                               |      | <b>596,312</b>     | <b>(176,446)</b> | <b>419,866</b>   | <b>258,645</b>   |
| <b><i>Reconciliation of funds:</i></b>                     |      |                    |                  |                  |                  |
| Total funds brought forward                                |      | 764,283            | 3,091,034        | 3,855,317        | 3,596,672        |
| <b>Total funds carried forward</b>                         | 24   | <b>1,360,595</b>   | <b>2,914,588</b> | <b>4,275,183</b> | <b>3,855,317</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 35 to 65 form part of these financial statements.



**Balance Sheet as at 31<sup>st</sup> March 2025**

|   | Note  | 2025             | 2024             |
|---|-------|------------------|------------------|
| <b>Fixed Assets</b>                                   |       | £                | £                |
| Tangible fixed assets                                 | 14    | 430,515          | 428,748          |
| Heritage assets                                       | 14/15 | 1,346,835        | 1,346,835        |
| Investments   | 16    | 1,313,707        | 1,303,281        |
| <b>Total fixed assets</b>                             |       | <u>3,091,057</u> | <u>3,078,864</u> |
| <b>Current Assets</b>                                 |       |                  |                  |
| Livestock   |       | 31,452           | 31,452           |
| Investments   |       | 339,788          | 424,788          |
| Debtors   | 17    | 245,168          | 306,520          |
| Short term deposits                                   |       | 937,858          | 898,082          |
| Cash in hand  |       | 152              | 176              |
| <b>Total current assets</b>                           |       | <u>1,554,418</u> | <u>1,661,018</u> |
| <b>Creditors: Amounts falling due within one year</b> | 18    | <u>(240,291)</u> | <u>(272,565)</u> |
| <b>Net Current Assets excluding pension liability</b> |       | 1,314,127        | 1,388,453        |
| <b>Net assets excluding pension liability</b>         |       | 4,405,183        | 4,467,317        |
| Pension Fund liability                                | 27    | <u>(130,000)</u> | <u>(612,000)</u> |
| <b>Net Assets including pension liability</b>         |       | <u>4,275,183</u> | <u>3,855,317</u> |
| <b>The funds of the charity</b>                       |       |                  |                  |
| Unrestricted - General Fund                           | 19    | 371,961          | 479,130          |
| Unrestricted - Designated Funds                       | 20    | 1,118,634        | 897,153          |
| Unrestricted - Pension Fund                           | 21    | (130,000)        | (612,000)        |
| Restricted Funds                                      | 22    | 2,914,588        | 3,091,034        |
| <b>Total charity funds</b>                            |       | <u>4,275,183</u> | <u>3,855,317</u> |

The notes on pages 35 to 65 form part of these financial statements.

Signed

John Michael  
 Chair of Trustees on behalf of the Trustees  
 DATE 13<sup>th</sup> November 2025



## Statement of cash flows for the year ended 31<sup>st</sup> March 2025

|  | 2025                   | 2024                    |
|--|------------------------|-------------------------|
|  | £                      | £                       |
| <b>Cash flows from operating activities</b>                        |                        |                         |
| Net movement in funds  | (6,134)                | 181,645                 |
| Add back depreciation charge                                       | 74,965                 | 56,819                  |
| Profit on disposal of fixed assets                                 | (8,455)                | (11,712)                |
| Investment (gains)/ losses   | (3,264)                | (88,332)                |
| Difference pension charge and cash contributions                   | (56,000)               | (48,000)                |
| Income on investing activities retained in portfolio               | (72,926)               | (79,832)                |
| Decrease / (increase) in stock                                     | 0                      | 0                       |
| (Increase)/decrease in debtors                                     | 61,352                 | (189,588)               |
| Increase in creditors  | (32,274)               | 126,113                 |
| <b>Net cash provided by/(used in) operating activities</b>         | <b><u>(42,736)</u></b> | <b><u>(52,887)</u></b>  |
| <b>Cashflows from investing activities:</b>                        |                        |                         |
| Proceeds from the sale of fixed assets                             | 8,455                  | 11,712                  |
| Purchase of fixed assets   | (76,731)               | (126,490)               |
| Transfer to current asset investments                              | 85,000                 | (340,000)               |
| Purchase of investments  | (198,004)              | (173,249)               |
| Proceeds on disposal of investments                                | 181,281                | 152,023                 |
| Interest received  | 72,926                 | 79,832                  |
| <b>Net cash provided by investing activities</b>                   | <b><u>72,927</u></b>   | <b><u>(396,172)</u></b> |
| <b>Change in cash and cash equivalents in the reporting period</b> | <b><u>30,191</u></b>   | <b><u>(449,059)</u></b> |
| Cash at beginning of period  | 898,260                | 1,334,341               |
| Cash at end of period  | 938,010                | 898,260                 |
| Movement in portfolio cash   | (9,559)                | (12,978)                |
| <b>Change in cash and cash equivalents in reporting period</b>     | <b><u>30,191</u></b>   | <b><u>(449,059)</u></b> |

The notes on pages 35 to 65 form part of these financial statements.



## Notes to the financial statements for the year ended 31<sup>st</sup> March 2025

### 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 2019) – (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.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

#### **a) Preparation of the financial statements on a going concern basis**

The charity reported a cash inflow of £30,191 (2023/24 £449,059 outflow) 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. Whilst 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 £500 has been set by the Trustees.

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 on a straight-line basis over their expected useful lives on the following bases:

|                                    |                 |
|------------------------------------|-----------------|
| Vehicles and equipment             | 16.67 % of cost |
| Parking meters                     | 10 % 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

Part of 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.

The land held by Malvern Hills Trust is reported in the Balance Sheet at cost. The land is inalienable, so the Trustees do not believe the expense of having the land valued for the purposes of these accounts would be good use of the charity's funds, as the cost would exceed the benefit. Malvern Hills Trust also has some small areas of land which were donated to the charity which are not shown in the accounts. The Trustees believe that the expense of having this land valued to include it in the accounts would exceed the benefits provided by the valuation, as this land is also inalienable.



## **i) Investments – Fixed Asset**

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) Investments – Current Asset**

Current asset investments are long term deposits comprising fixed-term or notice investments with a maturity of three months or more.

## **k) Livestock**

‘Livestock’ represents cattle owned by Malvern Hills Trust. These animals are part of a long-term grazing licence, and their day-to-day care is provided by the licensee. An independent valuation of the livestock is undertaken at the commencement and termination of the licences. The current licence details are as follows:

Northern Hills Grazing licence – 14 cattle £6300 (2018). 1 December 2018 – 30 November 2028.

(Central Hills Grazing licence – no MHT owned livestock)

Southern Hills Grazing licence – 333 sheep £25,152 (2021). 1 June 2021 – 31 May 2031.

We also provide the licensees with certain equipment.

## **l) Pension scheme**

The charity participates in the Worcestershire County Council Pension Fund which is a part of the Local Government Pension Scheme (LGPS), 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 28 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.

## **m) 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.

Further explanation of the nature and purpose of each fund is included in notes 20-22 to the financial statements.

## **n) Debtors**

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



## **o) 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.

## **p) 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.

## **q) 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, short term deposits, trade debtors and accrued income. Financial liabilities measured at settlement value comprise trade creditors and accruals.

Details of financial instruments are given in note 29 to the financial statements.

## **r) 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.

The present value of the Worcestershire County Council Pension Fund defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 28, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2022 has been used by the actuary in valuing the pensions liability at 31 March 2025. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

## **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.



### 3 Analysis of income from donations and legacies

|          | 2025          | 2024          |
|----------|---------------|---------------|
|          | £             | £             |
| Gifts    | 13,824        | 11,168        |
| Legacies | 20,102        | 7,075         |
|          | <u>33,926</u> | <u>18,243</u> |

The income from donations and legacies was £33,926 (2023/24 £18,243) of which £28,926 was unrestricted (2023/24 £13,697) and £5,000 restricted (2023/24 £4,546).

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 charitable activities

|  | M'gt of<br>hills and<br>commons | Car Parks      | Total 2025       | Total 2024       |
|--|---------------------------------|----------------|------------------|------------------|
|  | £                               | £              | £                | £                |
| <b>Income</b>                                    |                                 |                |                  |                  |
| Levy on Council Tax payers in precepted parishes | 697,070                         | 0              | 697,070          | 663,800          |
| Stewardship grants                               | 270,413                         | 0              | 270,413          | 148,536          |
| Other grants                                     | 28,574                          | 0              | 28,574           | 58,227           |
| Car park takings                                 | 0                               | 446,381        | 446,381          | 398,720          |
| Total income from charitable activities          | <u>996,056</u>                  | <u>446,381</u> | <u>1,442,437</u> | <u>1,269,283</u> |

Stewardship grants includes £1,465 restricted income (2023/24 £Nil) and Other grants includes £7,630 (2023/24 £39,036) restricted income. All other amounts are unrestricted.

### 5 Analysis of income from other trading activities

|                                | 2025          | 2024          |
|--------------------------------|---------------|---------------|
|                                | £             | £             |
| Rental income                  | 46,762        | 36,631        |
| Easements and wayleaves        | 26,886        | 14,300        |
| Sale of books, leaflets & maps | 40            | 0             |
|                                | <u>73,688</u> | <u>50,931</u> |

The rental income and sale of books etc. in both years was unrestricted, £16,000 of easements and wayleaves in 2024/25 was restricted.



## 6 Analysis of other income

|                                    | 2025          | 2024          |
|------------------------------------|---------------|---------------|
|                                    | £             | £             |
| Employment allowance*              | 0             | 5,000         |
| Compensation for works             | 75            | 308           |
| Profit on disposal of fixed assets | 8,455         | 11,712        |
| Sundry Income                      | 5,365         | 5,893         |
|                                    | <u>13,895</u> | <u>22,913</u> |

All of the above income is unrestricted.

\* HMRC Employment Allowance in 2024/25 has been netted off employment costs, in 2023/24 it was included under sundry income. The new presentation is more appropriate.

## 7 Analysis of expenditure

|                          | Estate<br>manage't | Wardening      | Car parks     | PR            | Governance     | Office costs   | Total 2025       | 2024             |
|--------------------------|--------------------|----------------|---------------|---------------|----------------|----------------|------------------|------------------|
|                          | £                  | £              | £             | £             | £              | £              | £                | £                |
| Salaries (note 10)       | 223,823            | 145,713        | 0             | 0             | 111,148        | 298,169        | 778,852          | 713,350          |
| Direct expenses          | 241,999            | 21,573         | 29,532        | 24,293        | 0              | 0              | 317,397          | 307,806          |
| Rates and water          | 3,896              | 0              | 2,886         | 0             | 0              | 2,436          | 9,217            | 8,195            |
| Electricity & gas        | 3,568              | 0              | 1,857         | 0             | 0              | 4,432          | 9,858            | 14,629           |
| Insurance                | 31,518             | 0              | 0             | 0             | 2,743          | 0              | 34,262           | 32,719           |
| Maintenance of buildings | 11,624             | 0              | 0             | 0             | 0              | 0              | 11,624           | 5,673            |
| Depreciation             | 71,860             | 0              | 0             | 0             | 0              | 3,104          | 74,965           | 56,819           |
| Investment management    | 8,156              | 0              | 0             | 0             | 0              | 0              | 8,156            | 9,079            |
| Support costs (note 8)   | 18,792             | 0              | 1,801         | 0             | 285,606        | 95,740         | 401,939          | 199,620          |
|                          | <u>615,237</u>     | <u>167,286</u> | <u>36,076</u> | <u>24,293</u> | <u>399,497</u> | <u>403,881</u> | <u>1,646,270</u> | <u>1,347,889</u> |

Expenditure was £1,646,270 (2023/24 £1,347,889) of which £1,599,900 was unrestricted (2023/24 £1,292,224) and £46,370 was restricted (2023/24 £55,665).



## 8 Analysis of support costs

|                         | <b>Estate<br/>manage't</b> | <b>Governance</b> | <b>Car parks</b> | <b>Office<br/>costs</b> | <b>Total 2025</b> | <b>Total<br/>2024</b> |
|-------------------------|----------------------------|-------------------|------------------|-------------------------|-------------------|-----------------------|
|                         | £                          | £                 | £                | £                       | £                 | £                     |
| Telephones              | 2,334                      | 0                 | 0                | 2,852                   | 5,185             | 3,422                 |
| Cleaning                | 1,233                      | 0                 | 0                | 4,156                   | 5,389             | 4,351                 |
| Postage                 | 0                          | 0                 | 0                | 2,411                   | 2,411             | 2,324                 |
| Office equipment        | 0                          | 0                 | 0                | 1,680                   | 1,680             | 2,841                 |
| Printing & stationery   | 0                          | 0                 | 0                | 6,618                   | 6,618             | 6,569                 |
| Travelling              | 0                          | 0                 | 0                | 614                     | 614               | 794                   |
| IT                      | 0                          | 0                 | 0                | 16,219                  | 16,219            | 14,303                |
| Legal fees              | 5,783                      | 242,970           | 0                | 0                       | 248,753           | 45,216                |
| Audit fee               | 0                          | 14,200            | 0                | 0                       | 14,200            | 14,875                |
| Election expenses       | 0                          | 0                 | 0                | 0                       | 0                 | 24,032                |
| Other professional fees | 1,626                      | 9,658             | 0                | 11,506                  | 22,790            | 6,471                 |
| Subscriptions           | 0                          | 0                 | 0                | 3,119                   | 3,119             | 2,005                 |
| Newspaper adverts       | 0                          | 12,900            | 0                | 0                       | 12,900            | 646                   |
| Training                | 3,725                      | 5,877             | 0                | 3,750                   | 13,352            | 19,332                |
| Miscellaneous           | 0                          | 0                 | 0                | 730                     | 730               | 3,094                 |
| Recruitment             | 4,091                      | 0                 | 0                | 12,247                  | 16,338            | 14,915                |
| Pension finance cost    | 0                          | 0                 | 0                | 29,000                  | 29,000            | 32,000                |
| Bank charges            | 0                          | 0                 | 1,801            | 839                     | 2,641             | 2,431                 |
|                         | <b>18,792</b>              | <b>285,606</b>    | <b>1,801</b>     | <b>95,740</b>           | <b>401,939</b>    | <b>199,620</b>        |

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

This is stated after charging:

|                           | <b>2025</b> | <b>2024</b> |
|---------------------------|-------------|-------------|
|                           | £           | £           |
| Depreciation              | 74,965      | 56,819      |
| Gains/(losses):           |             |             |
| Realised gains/(losses)   | 6,046       | 4,425       |
| Unrealised gains/(losses) | (2,782)     | 83,907      |
| Auditor's remuneration:   |             |             |
| Audit fees                | 13,950      | 14,875      |
| Other advice              | 250         | 965         |



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

|   | 2025           | 2024           |
|---|----------------|----------------|
|   | £              | £              |
| Salaries and wages                                      | 631,369        | 584,418        |
| Social security costs                                   | 55,015         | 54,727         |
| Pension costs   | 165,623        | 157,599        |
| Group life assurance                                    | 3,085          | 3,356          |
| FRS 102 - pension adjustment                            | (85,000)       | (80,000)       |
| FRS 102 - short term compensated absence charge to SOFA | 8,761          | (6,750)        |
|   | <u>778,852</u> | <u>713,350</u> |

The number of full-time equivalent employees whose annual remuneration was £60,000 or more was:

|                   | 2025   | 2024   |
|-------------------|--------|--------|
|                   | Number | Number |
| £60,001 - £70,000 | 1      | 1      |

Contributions totaling £5,775 (2023/24: £Nil) were made to defined contribution schemes on behalf of employees whose emoluments exceed £60,000.

The charity trustees were neither paid nor received any other benefits from employment with the charity in the year (2023/24 £nil). No travelling expenses were reimbursed to trustees during the year (2023/24 £nil). No charity trustee received payment for professional or other services supplied to the charity (2023/24 £nil).

The key management personnel comprises the Chief Executive Officer, the Conservation Manager, the Operations Manager, the Secretary to the Board, the Governance Change Officer, the Land and Property Manager and the Finance and Administration Manager. The total employee benefits of key management personnel of the charity, including employer's NI and pension contributions, was £317,644 (2023/24 £287,298).

## 11 Staff numbers

The average monthly head count was 21.5 staff (2023/24 21.1 staff) and the average monthly number of full-time equivalent employees (including part-time staff) during the year was as follows:

|                               | 2025        | 2024        |
|-------------------------------|-------------|-------------|
| Wardens                       | 4.0         | 3.8         |
| Field Staff                   | 6.2         | 6.4         |
| Conservation, land & property | 2.8         | 2.6         |
| Office based staff            | 5.6         | 5.0         |
|                               | <u>18.6</u> | <u>17.8</u> |



## 12 Related party transactions

Under the Charities SORP, trustees are required to disclose transactions with related parties.

During 2024/25 no related party transactions were identified (2023/24 £Nil).

## 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>£ | Other land | 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>£ |
|-----------------------|--|------------|-------------------------|--|----------------|--------------------------------|--------------------------|------------|
| <b>Cost</b>           |  |            |                         |  |                |                                |                          |            |
| 1st April 2024        | 1,346,835  | 102,733    | 138,770                 | 977,984  | 160,460        | 523,250                        | 64,519                   | 3,314,550  |
| Additions             | 0  | 0          | 0                       | 12,788   | 0              | 60,282                         | 3,661                    | 76,731     |
| Disposals             | 0  | 0          | 0                       | 0  | 0              | (29,475)                       | (421)                    | (29,896)   |
| At 31st March<br>2025 | 1,346,835  | 102,733    | 138,770                 | 990,772  | 160,460        | 554,057                        | 67,760                   | 3,361,386  |
| <b>Depreciation</b>   |  |            |                         |  |                |                                |                          |            |
| At 1st April 2024     | 0  | 0          | 30,525                  | 904,258  | 160,460        | 386,210                        | 57,513                   | 1,538,967  |
| Charge in the year    | 0  | 0          | 2,775                   | 25,850   | (0)            | 43,235                         | 3,104                    | 74,965     |
| On disposals          | 0  | 0          | 0                       | 0  | 0              | (29,475)                       | (421)                    | (29,896)   |
| At 31st March<br>2025 | 0  | 0          | 33,300                  | 930,108  | 160,460        | 399,971                        | 60,196                   | 1,584,035  |
| <b>Net book value</b> |  |            |                         |  |                |                                |                          |            |
| 31st March 2024       | 1,346,835  | 102,733    | 108,245                 | 73,726   | (0)            | 137,039                        | 7,006                    | 1,775,584  |
| 31st March 2025       | 1,346,835  | 102,733    | 105,470                 | 60,663   | 0              | 154,086                        | 7,563                    | 1,777,350  |

‘Other land’ is in-byre land at Hollybed Common, purchased pursuant to an order made by the Charity Commission under S105 of the Charities Act 2011.



## 15 Heritage Assets

Land and buildings (heritage assets) are held for the purposes of the charity. Details of the Land Purchase policy are given in the trustees' report. Under the Malvern Hills Acts, land can only be sold in very limited circumstances and so is considered inalienable.

| 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                         | <u>(85)</u> |               |
|         |   |             | 16,007        |
| 1926    | Price & Laird's land, The Wyche (portion)                             |             | 999           |
| 1927    | Miss Cabrera's land and mineral rights                                |             | 687           |
| 1928    | Major Raper's land and mineral rights                                 |             | 517           |
| 1931    | West of England quarries  |             | 24,654        |
| 1931    | 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         |
| 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         |
|         | Sub-total   |             | <u>94,907</u> |



| Year    |  | £               | £                       |
|---------|--|-----------------|-------------------------|
|         | Sub total b/fwd  |                 | 94,907                  |
| 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 | Land on 4 areas on East side Worcestershire Beacon, Black Hill and Jubilee         |                 | 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                     |
| 2018/19 | Land at Castlemorton   |                 | 7,505                   |
| 2018/19 | Land at Holywell   |                 | 13,684                  |
| 2018/19 | Land at Castlemorton (to be known as Brook Meadow, Snookes Croft and Plants Piece) |                 | 297,399                 |
| 2021/22 | Land at The Purlieu, West Malvern Road   |                 | 113,382                 |
| 2022/23 | Two parcels of land at Evendine  |                 | 173,192                 |
|         | Total to 31 <sup>st</sup> March 2025   |                 | <u><u>1,346,835</u></u> |

This land is shown at cost and is not revalued. As the land is inalienable, the Trustees do not consider the expense of having the land valued would generate any benefit for the Charity.



## 16 Investments

### Current Asset Investments

There are a series of short term investments. At the balance sheet date those held ranged from 6 months to 12 months maturity date.

### Fixed Asset Investments

Fixed Asset Investments are held to provide capital growth and a return for the charity. There are two investment portfolios. One holds the Land Purchase (1992) Fund (formerly named the Lands Acquisition fund), the other the Lands Maintenance Fund and part of the Parliamentary Fund. Income earned on the Land Purchase (1992) portfolio is retained within the fund and reinvested. Income on the Parliamentary and Lands Maintenance portfolio is transferred to the Trust’s current account each month.

The movement on the funds during the year was:

|                           | LP1&LP2  | Parl & LM | Total<br>2025 | 2024      |
|---------------------------|----------|-----------|---------------|-----------|
|                           | £        | £         | £             | £         |
| Opening Market Value      | 618,055  | 685,226   | 1,303,281     | 1,206,692 |
| Additions                 | 87,151   | 110,853   | 198,004       | 173,249   |
| Disposals                 | (66,035) | (109,200) | (175,235)     | (147,598) |
| Equalisations             | (823)    | (700)     | (1,522)       | 133       |
| Unrealised gains/(losses) | 972      | (3,754)   | (2,782)       | 83,907    |
| Change in cash            | (6,868)  | (1,171)   | (8,039)       | (13,102)  |
| Closing market value      | 632,452  | 681,255   | 1,313,707     | 1,303,281 |



At the Balance Sheet date, the Land Purchase (1992) portfolio was invested in the following classes of investment:

| <b>Land Purchase (1992) Portfolio ONE</b> |       | 2025           |       | 2024           |  |
|---|-------|----------------|-------|----------------|--|
|   |       | £              |       | £              |  |
| UK Bonds                                  | 7.0%  | 28,866         | 5.1%  | 20,509         |  |
| Overseas bonds                            | 10.7% | 43,862         | 10.3% | 41,350         |  |
| UK equities                               | 14.1% | 57,794         | 14.9% | 59,963         |  |
| North American equities                   | 34.9% | 142,942        | 32.3% | 129,990        |  |
| European equities                         | 7.8%  | 32,057         | 8.4%  | 33,762         |  |
| Japanese equities                         | 3.1%  | 12,840         | 3.3%  | 13,377         |  |
| Developed Asia ex Japan equities          | 5.9%  | 24,227         | 5.3%  | 21,492         |  |
| Emerging markets                          | 1.0%  | 3,999          | 1.0%  | 4,029          |  |
| Global investments                        | 4.3%  | 17,731         | 4.8%  | 19,401         |  |
| Absolute return                           | 2.6%  | 10,727         | 5.5%  | 22,086         |  |
| Property                                  | 2.0%  | 8,090          | 2.1%  | 8,418          |  |
| Commodities                               | 1.8%  | 7,370          | 0.0%  | 0              |  |
| Other investments                         | 3.5%  | 14,535         | 4.4%  | 17,880         |  |
| Cash and cash product                     | 1.1%  | 4,562          | 2.6%  | 10,359         |  |
|   |       | <u>409,600</u> |       | <u>402,616</u> |  |

£190,000 of this balance has been used for the partial loan funding of the promotion and preparation of the bill.

Additionally, £150,000 is held in short term cash deposits via Flagstone.

| <b>Land Purchase (1992) Portfolio TWO</b> |       | 2025           |       | 2024           |  |
|---|-------|----------------|-------|----------------|--|
|   |       | £              |       | £              |  |
| UK Bonds                                  | 10.6% | 23,642         | 9.0%  | 19,296         |  |
| Overseas bonds                            | 22.0% | 49,005         | 23.4% | 50,315         |  |
| UK equities                               | 7.9%  | 17,625         | 8.3%  | 17,972         |  |
| North American equities                   | 16.6% | 36,966         | 15.7% | 33,922         |  |
| European equities                         | 3.0%  | 6,778          | 3.5%  | 7,549          |  |
| Japanese equities                         | 1.6%  | 3,594          | 1.7%  | 3,757          |  |
| Developed Asia ex Japan equities          | 3.7%  | 8,300          | 3.4%  | 7,328          |  |
| Emerging markets                          | 0.9%  | 2,035          | 1.0%  | 2,050          |  |
| Global investments                        | 3.0%  | 6,739          | 3.3%  | 7,208          |  |
| Absolute return                           | 11.6% | 25,875         | 13.6% | 29,331         |  |
| Property                                  | 5.1%  | 11,467         | 5.5%  | 11,784         |  |
| Commodities                               | 6.5%  | 14,458         | 3.2%  | 6,994          |  |
| Other investments                         | 2.3%  | 5,157.6        | 2.7%  | 5,710          |  |
| Cash and cash product                     | 5.0%  | 11,213         | 5.7%  | 12,222         |  |
|   |       | <u>222,852</u> |       | <u>215,438</u> |  |



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

| <b>Parliamentary &amp; Lands Maintenance Portfolio</b> |        | <b>2025</b>    |        | <b>2024</b>    |  |
|--|--------|----------------|--------|----------------|--|
|  |        | £              |        | £              |  |
| UK Bonds   | 9.1 %  | 61,951         | 8.5 %  | 58,189         |  |
| Overseas bonds   | 8.2 %  | 56,103         | 8.6 %  | 59,090         |  |
| UK equities  | 12.6 % | 85,861         | 14.8 % | 101,654        |  |
| North American equities                                | 35.5 % | 241,953        | 33.5 % | 229,488        |  |
| European equities                                      | 7.9 %  | 53,907         | 7.1 %  | 48,523         |  |
| Japanese equities                                      | 3.4 %  | 23,178         | 3.4 %  | 23,571         |  |
| Developed Asia ex Japan equities                       | 5.8 %  | 39,698         | 5.7 %  | 38,879         |  |
| Emerging markets                                       | 0.7 %  | 5,026          | 0.7 %  | 5,063          |  |
| Global investments                                     | 5.0 %  | 34,349         | 5.4 %  | 37,110         |  |
| Absolute return  | 2.0 %  | 13,679         | 4.0 %  | 27,180         |  |
| Property   | 1.4 %  | 9,464          | 1.4 %  | 9,857          |  |
| Commodities  | 2.5 %  | 17,368         | 0.0 %  | 0              |  |
| Other investments                                      | 3.5 %  | 237,737.9      | 3.9 %  | 26,508         |  |
| Cash and cash product                                  | 2.2 %  | 14,944         | 2.9 %  | 20,114         |  |
|  |        | <u>681,255</u> |        | <u>685,226</u> |  |

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

## 17 Debtors

|                | <b>2025</b>    | <b>2024</b>    |
|----------------|----------------|----------------|
|                | £              | £              |
| Trade debtors  | 17,804         | 46,530         |
| VAT repayable  | 7,145          | 12,766         |
| Accrued income | 164,679        | 196,966        |
| Prepayments    | 55,540         | 50,258         |
|                | <u>245,168</u> | <u>306,520</u> |

Debtors are measured at the settlement value less any provision for bad debts. No bad debts were written off during the year (2024 : £nil).



## 18 Creditors: amounts falling due within one year

|                                      | 2025           | 2024           |
|--------------------------------------|----------------|----------------|
|                                      | £              | £              |
| PAYE and National Insurance          | 14,094         | 13,686         |
| Wages                                | 5,767          | 7,718          |
| Trade creditors                      | 74,427         | 142,474        |
| Accrued charges                      | 64,252         | 42,249         |
| Other creditors                      | 15,189         | 12,241         |
| Deferred income                      | 49,628         | 46,025         |
| FRS102 compensated absence provision | 16,933         | 8,172          |
|                                      | <u>240,291</u> | <u>272,565</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 during the year was:

|                                  |               |
|----------------------------------|---------------|
| Current year                     | £             |
| Balance at 1 April 2024          | 46,025        |
| Released to the SOFA in the year | (46,025)      |
| Received in the year             | <u>49,628</u> |
| Balance at 31 March 2025         | <u>49,628</u> |
| Prior year                       | £             |
| Balance at 1 April 2023          | 14,727        |
| Released to the SOFA in the year | (14,727)      |
| Received in the year             | <u>46,025</u> |
| Balance at 31 March 2024         | <u>46,025</u> |

## 19 General fund

|   | 2025             | 2024            |
|---|------------------|-----------------|
|   | £                | £               |
| General fund - balance 1 <sup>st</sup> April 2024 | 479,130          | 436,588         |
| Incoming resources                                | 1,268,823        | 1,188,572       |
| Resources expended                                | (1,257,626)      | (1,103,595)     |
| Transfers   | <u>(118,366)</u> | <u>(42,435)</u> |
| Balance 31 <sup>st</sup> March 2025               | <u>371,961</u>   | <u>479,130</u>  |



## 20 Designated funds

### Current year

|   | Balance 1st<br>April 2024 | Movement<br>incoming | Resources<br>outgoing | Transfers<br>(to)/from<br>other funds | Balance 31st<br>March 2025 |
|---|---------------------------|----------------------|-----------------------|---------------------------------------|----------------------------|
|   | £                         | £                    | £                     | £                                     | £                          |
| Unrestricted gift fund                  | 389,386                   | 21,657               | 0                     | (4,140)                               | 406,903                    |
| HLS, BPS & grazing reserve fund         | 112,078                   | 10,264               | (12,279)              | (30,983)                              | 79,080                     |
| Countryside Stewardship fund            | 200,437                   | 265,192              | (84,791)              | 0                                     | 380,839                    |
| Tree disease fund                       | 35,865                    | 0                    | (2,295)               | 0                                     | 33,570                     |
| Ash Dieback fund                        | 90,869                    | 377                  | (29,731)              | 0                                     | 61,515                     |
| Fundraising support fund                | 10,000                    | 0                    | 0                     | (10,000)                              | 0                          |
| Modernisation of Acts other costs       | 40,186                    | 41                   | (73,975)              | 104,000                               | 70,252                     |
| Preparation & Promotion of Private Bill | (14,342)                  | 0                    | (190,354)             | 220,983                               | 16,287                     |
| Election expenses fund                  | 0                         | 0                    | 0                     | 5,000                                 | 5,000                      |
| Dog campaign                            | 3,501                     | 0                    | 0                     | 0                                     | 3,501                      |
| Car Park repair fund                    | 4,369                     | 0                    | 0                     | (4,369)                               | (0)                        |
| Designated fixed asset fund             | 12,528                    | 0                    | 0                     | (2,117)                               | 10,411                     |
| Boundary Commission Advice              | 12,276                    | 0                    | 0                     | 0                                     | 12,276                     |
| Tree & Track fund                       | 0                         | 0                    | (3,000)               | 17,000                                | 14,000                     |
| Marketing & Comms                       | 0                         | 0                    | 0                     | 25,000                                | 25,000                     |
| Sink hole fund                          | 0                         | 0                    | (1,850)               | 1,850                                 | 0                          |
|   | <b>897,153</b>            | <b>297,530</b>       | <b>(398,274)</b>      | <b>322,224</b>                        | <b>1,118,634</b>           |

### Prior year

|                                 | Balance 1st<br>April 2023 | Movement<br>incoming | Resources<br>outgoing | Transfers<br>(to)/from<br>other funds | Balance 31st<br>March 2024 |
|---------------------------------|---------------------------|----------------------|-----------------------|---------------------------------------|----------------------------|
|                                 | £                         | £                    | £                     | £                                     | £                          |
| Unrestricted gift fund          | 383,102                   | 8,688                | (2,404)               | 0                                     | 389,386                    |
| HLS, BPS & grazing reserve fund | 106,873                   | 11,119               | (4,850)               | (1,064)                               | 112,078                    |
| Countryside Stewardship fund    | 150,564                   | 143,753              | (93,880)              | 0                                     | 200,437                    |
| Tree disease fund               | 35,865                    | 0                    | 0                     | 0                                     | 35,865                     |
| Ash Dieback fund                | 129,473                   | 10                   | (38,614)              | 0                                     | 90,869                     |
| Fundraising support fund        | 10,000                    | 0                    | 0                     | 0                                     | 10,000                     |
| costs                           | 34,010                    | 0                    | (3,413)               | 9,589                                 | 40,186                     |
| Prep & Promotion Bill           | 889                       | 0                    | (14,342)              | (889)                                 | (14,342)                   |
| Election expenses fund          | 17,207                    | 0                    | (26,730)              | 9,523                                 | 0                          |
| Dog campaign                    | 3,501                     | 0                    | 0                     | 0                                     | 3,501                      |
| Car Park repair fund            | 5,100                     | 0                    | (731)                 | 0                                     | 4,369                      |
| Designated fixed asset fund     | 0                         | 0                    | (176)                 | 12,704                                | 12,528                     |
| Boundary Commission Advice      | 8,603                     | 0                    | (6,327)               | 10,000                                | 12,276                     |
| FAM / CEO Replacement           | 12,500                    | 0                    | (40,162)              | 27,662                                | 0                          |
|                                 | <b>897,687</b>            | <b>163,570</b>       | <b>(231,629)</b>      | <b>67,525</b>                         | <b>897,153</b>             |



- The unrestricted 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 Stewardship funds (including HLS BPS and grazing reserve) 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 Tree Disease fund is to cover costs arising from tree diseases.
- The Ash Dieback fund was set up during 2021/22 to cover the cost of managing Ash Dieback. Spending to date is over £142,000 and we now do not expect the costs to be as high as first thought. We do however now have Acute Oak Decline to deal with so the fund remains in place at the moment and may be redirected to this new threat.
- The Fundraising support fund is to cover costs of future fundraising activities. A decision to release this fund back to general fund was made during the year.
- The Governance review funds are to cover the costs of any work approved by the Board. These 2 funds have been renamed from the 1<sup>st</sup> April 2024 to make the use of each clearer. One fund is specifically for the "Preparation and Promotion of the new Bill, the other is "other costs attached to the bill" including but not limited to; the consultation, staff costs and other legal fees.
- The Election expenses fund is to cover the cost of the 4-yearly elections to the Board and any by-elections. Elections took place in Autumn 2023 and the next elections will be in 4 years time. A rolling £5,000 per year designation has historically been made. This may be reviewed and uplifted as the 2023 elections exceeded this budget which was covered by general reserves.
- The Dog campaign fund is to cover the costs of a campaign which was started in 2019/20. Work on the campaign was delayed by COVID-19 and more recently delayed due to the changing Conservation Manager. This will be spent in 2025/26.
- The designated fixed asset fund represents the balance on designated assets purchased which remain designated until fully written down.
- The car park repair fund was to cover the cost of car park repairs, this was due to be completed in 2022/23 but had been delayed due to weather and time resource. The fund is now cleared as work done was capital spend and the designated fund subsequently released.
- The Boundary Commission Advice fund was setup in 2022 to cover legal costs in relation to Boundary Commission issues.
- The Track & Tree fund was setup in 2024 to earmark funds that were budgeted in 2024/25 but had to be delayed due to bad weather and other external factors.
- The Marketing & Comms fund was designated in 2024/25 to resource services from a PR company for 12 months to deliver communication outputs.
- The Sink hole fund was setup in 2024 in anticipation of possible costs associated with a sink hole on Trust land.



## 21 Unrestricted pension fund

### Current year

|              | Balance 1st<br>April 2024 | Movement<br>incoming | Resources<br>outgoing | Actuarial<br>gains/(losses) | Balance 31st<br>March 2025 |
|--------------|---------------------------|----------------------|-----------------------|-----------------------------|----------------------------|
|              | £                         | £                    | £                     | £                           | £                          |
| Pension Fund | (612,000)                 | 0                    | 56,000                | 426,000                     | (130,000)                  |

### Prior year

|              | Balance 1st<br>April 2023 | Movement<br>incoming | Resources<br>outgoing | Actuarial<br>gains/(losses) | Balance 31st<br>March 2024 |
|--------------|---------------------------|----------------------|-----------------------|-----------------------------|----------------------------|
|              | £                         | £                    | £                     | £                           | £                          |
| Pension Fund | (737,000)                 | 0                    | 48,000                | 77,000                      | (612,000)                  |

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 28.

## 22 Restricted funds

### Current year

|                             | Balance<br>1st April<br>2024 | Movement<br>incoming | Resources<br>outgoing | Transfers<br>(to)/from<br>other funds | Net<br>gains/(losses)<br>on<br>investments | Balance<br>31st March<br>2025 |
|-----------------------------|------------------------------|----------------------|-----------------------|---------------------------------------|--|-------------------------------|
|                             | £                            | £                    | £                     | £                                     | £  | £                             |
| Lands Maintenance fund      | 193,962                      | 5,675                | (1,111)               | (5,675)                               | (51)                                       | 192,800                       |
| SDF fund                    | 453                          | 0                    | (453)                 | 0                                     | 0  | 0                             |
| Nature of the Malverns book | 2,901                        | 0                    | 0                     | 0                                     | 0  | 2,901                         |
| Restricted gifts            | 5,131                        | 0                    | (3,470)               | 4,140                                 | 0  | 5,801                         |
| Tree planting               | 904                          | 0                    | (220)                 | 0                                     | 0  | 684                           |
| Bench fund                  | 7,408                        | 5,000                | (1,163)               | (5,220)                               | 0  | 6,025                         |
| Boost4Biodiversity          | 1,389                        | 0                    | 0                     | 0                                     | 0  | 1,389                         |
| Urban tree challenge fund   | 2,673                        | 4,631                | (1,311)               | 0                                     | 0  | 5,993                         |
| Access For All              | 2,864                        | 2,000                | (2,953)               | 0                                     | 0  | 1,911                         |
| Land Purchase (1992) fund   | 512,991                      | 14,858               | (2,480)               | (189,290)                             | 498  | 336,577                       |
| Land Purchase 2 Fund        | 215,458                      | 5,411                | (1,274)               | 0                                     | 2,994                                      | 222,589                       |
| Parliamentary fund          | 513,363                      | 30,479               | (2,858)               | (20,601)                              | (177)                                      | 520,206                       |
| Capital Outlay Discharged   | 1,631,538                    | 0                    | (28,625)              | 12,788                                | 0  | 1,615,701                     |
| Foothill Grasslands CSMT    | 0                            | 1,465                | 0                     | 0                                     | 0  | 1,465                         |
| Handgate (Defra)            | 0                            | 1,000                | (453)                 | 0                                     | 0  | 547                           |
|                             | <u>3,091,034</u>             | <u>70,518</u>        | <u>(46,370)</u>       | <u>(203,858)</u>                      | <u>3,264</u>                               | <u>2,914,588</u>              |



## Prior year

|                                | Balance<br>1st April<br>2023<br>£ | Movement<br>incoming<br>£ | Resources<br>outgoing<br>£ | Transfers<br>(to)/from<br>other funds<br>£ | Net<br>gains/(losses)<br>on<br>investments<br>£ | Balance<br>31st March<br>2024<br>£ |
|--------------------------------|-----------------------------------|---------------------------|----------------------------|--|---|------------------------------------|
| Lands Maintenance fund         | 183,022                           | 5,644                     | (997)                      | (5,644)                                    | 11,937  | 193,962                            |
| SDF fund                       | 453                               | 0                         | 0                          | 0  | 0   | 453                                |
| Nature of the Malverns book    | 2,901                             | 0                         | 0                          | 0  | 0   | 2,901                              |
| Restricted gifts               | 8,166                             | 0                         | (3,487)                    | 452  | 0   | 5,131                              |
| Tree planting                  | 1,044                             | 0                         | (140)                      | 0  | 0   | 904                                |
| Picnic bench donations         | 4,604                             | 4,546                     | (1,742)                    | 0  | 0   | 7,408                              |
| Boost4Biodiversity             | 1,389                             | 0                         | 0                          | 0  | 0   | 1,389                              |
| FIPL Foothill Connections fund | 500                               | 0                         | 0                          | (500)                                      | 0   | 0                                  |
| FIPL All Saints Wood           | 6                                 | 3,283                     | (3,208)                    | (81)                                       | 0   | 0                                  |
| Urban tree challenge fund      | 2,737                             | 0                         | (64)                       | 0  | 0   | 2,673                              |
| Donkey Shed                    | (7,787)                           | 0                         | 0                          | 7,787                                      | 0   | 0                                  |
| Access For All                 | (1,776)                           | 7,646                     | (3,006)                    | 0  | 0   | 2,864                              |
| Land Purchase (1992) fund      | 513,881                           | 15,606                    | (2,497)                    | (48,046)                                   | 34,047  | 512,991                            |
| Land Purchase 2 fund           | 200,108                           | 4,829                     | (1,160)                    | 0  | 11,681  | 215,458                            |
| FIPL tools                     | 0                                 | 16,295                    | (3,592)                    | (12,704)                                   | 0   | 0                                  |
| Parliamentary fund             | 485,392                           | 14,399                    | (2,696)                    | (14,399)                                   | 30,667  | 513,363                            |
| Capital Outlay Discharged fund | 1,604,757                         | 0                         | (21,265)                   | 48,046                                     | 0   | 1,631,538                          |
|                                | <b>2,999,397</b>                  | <b>72,248</b>             | <b>(43,854)</b>            | <b>(25,090)</b>                            | <b>88,332</b>                                   | <b>3,091,034</b>                   |

- The Lands Maintenance fund formed part of the consideration for the disposal of the land at Townsend Way for the purpose of providing income for the maintenance of the land forming the roadside verges. Investment income earned on this fund may be used for the Trust's general purposes. During the year £5,675 investment income was transferred to the General Fund (2023/24 £5,644).
- The SDF (Sustainable Development Fund) fund is for information boards at North and Tank Quarries as well as other SDF projects.
- The Nature of the Malverns book was a joint venture project to produce a high-quality book showcasing the nature of the area. The book was published in May 2018. The funds generated from the project are to be used to support conservation projects.
- The restricted Gifts fund comprises legacies and donations made for specified projects to improve the amenities of the Malvern Hills.
- The Tree Planting fund received donations for planting trees at Thirds Wood.
- 'Picnic bench' donations fund has been renamed 'Benches fund' and incorporates benches at the Community Woodland and memorial benches.
- The Boost4Biodiversity fund is from Severn Trent, to fund pond works.
- The UTCF fund (Urban Tree Challenge Fund) is a grant from the Forestry Commission to support tree planting in urban areas.



- Access for All funding is supported via the Malvern Hills AONB and funded by DEFRA. The scheme seeks to remove barriers for people to visit the AONBs via capital improvements to the “countryside infrastructure”. Malvern Hills Trust has benefited with the provision of a variety of gates to newly acquired land.
- The Land Purchase (1992) fund (formerly called the Lands Acquisition fund) was set up in 1992 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. During the year £190,000 has been loaned from the Land Purchase Fund to assist in the financing of the Private Bill. As already explained in the Trustees Report this was approved by the Charity Commission and there are conditions on the loan as well as repayment terms.
- The Land Purchase 2 Fund was formed following the Board of Trustees instruction to redirect investment funds into a lower risk managed category.
- 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 Trust’s general purposes. During the year, £14,479 investment income was transferred to the General Fund (2023/24 £14,399).
- 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 Maintenance 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 Foothill Grasslands CSMT fund is government grant aid towards our conservation work.
- Handgate (DEFRA) fund is grant funding for specific gate projects.



## 23 Transfers between funds

Transfers made during the year 2024/25 were:

### **Restricted**

|      |                    |    |                   | <b>£</b>                               |                  |
|------|--------------------|----|-------------------|--|------------------|
| From | Gifts unrestricted | To | Gifts restricted  | Partial funding of SAW basin           | 4,140            |
| From | Land Maint fund    | To | General fund      | Non restricted investment income       | (5,675)          |
| From | General fund       | To | Bench fund        | Staff time to deliver 2024 & 2025      | (5,220)          |
| From | Land Purch fund    | To | Bill Loan Capital | Loan draw down tranche 1 & 2           | (190,000)        |
| From | Parl fund          | To | General fund      | Non restricted investment income       | (14,479)         |
| From | General fund       | To | Land Purch fund   | Compensation payment loan tranche 1    | 710              |
| From | General fund       | To | Parl fund         | Easement 23/24 transferred to RF       | 6,666            |
| From | Parl fund          | To | Cap outlay dischg | Parliamentary Fund asset purchases     | (12,788)         |
| From | Parl fund          | To | Cap outlay dischg | Parliamentary Fund asset purchases     | 12,788           |
| From | Bill Loan Capital  | To | Prom & Prep Bill  | LP loan funds promotion & prep of bill | (190,000)        |
| From | General fund       | To | Bill Loan Capital | Loan draw down tranche 1 & 2           | 190,000          |
|      |                    |    |                   |  | <u>(203,858)</u> |

### **Designated**

|      |                    |    |                      |  |                |
|------|--------------------|----|----------------------|--|----------------|
| From | Gifts unrestricted | To | Gifts restricted     | Partial funding of SAW basin           | (4,140)        |
| From | Fundraising        | To | General fund         | Release fundraising board approved     | (10,000)       |
| From | General Fund       | To | Election expenses    | Budgeted annual election expenses      | 5,000          |
| From | General Fund       | To | Modernise Acts other | 24/25 budget for Bill other costs      | 104,000        |
| From | General Fund       | To | Sink Hole fund       | £30k sink hole fund board approved     | 30,000         |
| From | Sink Hole fund     | To | General Fund         | Release sink hole fund board approved  | (28,150)       |
| From | General Fund       | To | Tree & Track fund    | Bad weather track & tree work          | 17,000         |
| From | General Fund       | To | Marketing & Comms    | Marketing & comms DF board approved    | 25,000         |
| From | Car park repair    | To | General fund         | Car park cost capital so fund release  | (4,369)        |
| From | BPS Scheme         | To | Prom & Prep Bill     | Agreed move of unused DF               | 30,983         |
| From | Bill Loan Capital  | To | Prom & Prep Bill     | LP loan funds promotion & prep of bill | 190,000        |
| From | BPS Scheme         | To | Prom & Prep Bill     | Agreed move of unused DF               | (30,983)       |
| From | Desig Fixed Assets | To | General fund         | Designated asset depreciation          | (2,117)        |
|      |                    |    |                      |  | <u>322,224</u> |



| <b>General</b> |                      |    |                      | <b>£</b>   |                         |
|----------------|----------------------|----|----------------------|--|-------------------------|
| From           | Land Maint fund      | To | General fund         | Non restricted investment income                 | 5,675                   |
| From           | General fund         | To | Bench fund           | Staff time to deliver 24 & 25                    | 5,220                   |
| From           | Parl fund            | To | General fund         | Non restricted investment income                 | 14,479                  |
| From           | General fund         | To | Land Purch fund      | Compensation payment loan tranche 1              | (710)                   |
| From           | General fund         | To | Parl fund            | Easement 23/24 transferred to RF                 | (6,666)                 |
| From           | Fundraising DF       | To | General fund         | Release per Board approved                       | 10,000                  |
| From           | General Fund         | To | Election expenses    | Budgeted annual election expenses                | (5,000)                 |
| From           | General Fund         | To | Modernise Acts other | 24/25 budget for Bill other costs                | (104,000)               |
| From           | General Fund         | To | Sink Hole            | Designate £30k sink hole fund per board approval | (30,000)                |
| From           | Sink Hole DF         | To | General Fund         | Release fund per board approval                  | 28,150                  |
| From           | General Fund         | To | Tree & Track fund    | Bad weather track & tree work per board approval | (17,000)                |
| From           | General Fund         | To | Marketing & Comms    | Marketing & comms DF board approved              | (25,000)                |
| From           | Car park repair fund | To | General fund         | Car park cost capital so fund release            | 4,369                   |
| From           | Desig Fixed Assets   | To | General fund         | Designated asset depreciation                    | 2,117                   |
|                |                      |    |                      |  | <u><u>(118,366)</u></u> |



Prior year transfers were:

| <b><u>Restricted</u></b> |                              |  |  | <b>£</b>        |
|--------------------------|------------------------------|--|--|-----------------|
| From FIPL foothills      | To Gifts restricted          | Excess on FIPL foothills, back to RF gifts |  | 500             |
| From General fund        | To Donkey shed fund          | Overspend on Donkey shed                   |  | 7,787           |
| From Gifts restricted    | To General fund              | small overspend on WW1 memorial fund       |  | (48)            |
| From Land Purch fund     | To capital outlay discharged | Land Purchase fund asset additions         |  | 48,046          |
| From Gifts restricted    | To FIPL foothills            | Excess on FIPL foothills, back to RF gifts |  | (500)           |
| From FIPL all saints     | To General fund              | clear out small balance on FIPL all saints |  | (81)            |
| From FIPL tools          | To Desig fixed assets        | designated fund asset purchases            |  | (12,704)        |
| From Land maintenance    | To General fund              | Non restricted investment income           |  | (5,644)         |
| From Parl fund           | To General fund              | Non restricted investment income           |  | (14,399)        |
| From Land Purch fund     | To capital outlay discharged | Land Purchase fund asset additions         |  | (48,046)        |
|                          |                              |  |  | <u>(25,090)</u> |

| <b><u>Designated</u></b> |                          |                                       |  |               |
|--------------------------|--------------------------|---------------------------------------|--|---------------|
| From General Fund        | To Boundary Comm'n fund  | To cover expected spend               |  | 10,000        |
| From General Fund        | To FAM/CEO replacement   | To cover FAM and CEO replacement cost |  | 25,000        |
| From General Fund        | To Election expenses     | Budgeted annual election expenses     |  | 5,000         |
| From General Fund        | To Modernisation of Acts | Board agreed fund transfer            |  | 8,700         |
| From General Fund        | To FAM/CEO replacement   | Additional FAM CEO overspend          |  | 2,662         |
| From HLS Chase End fund  | To General Fund          | Recharged stewardship salary costs    |  | (409)         |
| From HLS Old Hills fund  | To General Fund          | Recharged stewardship salary costs    |  | (655)         |
| From FIPL tools          | To Desig fixed assets    | designated fund asset purchases       |  | 12,704        |
| From General Fund        | To Election expenses     | Additional election overspend         |  | 4,523         |
|                          |                          |                                       |  | <u>67,525</u> |

| <b><u>General</u></b>   |                          |  |  |                 |
|-------------------------|--------------------------|--|--|-----------------|
| From General Fund       | To Boundary Comm'n fund  | To cover expected spend                    |  | (10,000)        |
| From General Fund       | To FAM/CEO replacement   | To cover FAM and CEO replacement cost      |  | (25,000)        |
| From General Fund       | To Election expenses     | Budgeted annual election expenses          |  | (5,000)         |
| From General Fund       | To Modernisation of Acts | Board agreed fund transfer                 |  | (8,700)         |
| From General Fund       | To FAM/CEO replacement   | Additional FAM CEO overspend               |  | (2,662)         |
| From HLS Chase End fund | To General Fund          | Recharged stewardship salary costs         |  | 409             |
| From HLS Old Hills fund | To General Fund          | Recharged stewardship salary costs         |  | 655             |
| From General fund       | To Donkey shed fund      | Overspend on Donkey shed                   |  | (7,787)         |
| From Gifts RF           | To General fund          | small overspend on WW1 memorial fund       |  | 48              |
| From FIPL all saints    | To General fund          | clear out small balance on FIPL all saints |  | 81              |
| From Land maintenance   | To General fund          | Non restricted investment income           |  | 5,644           |
| From Parl fund          | To General fund          | Non restricted investment income           |  | 14,399          |
| From General Fund       | To Election expenses     | Additional election overspend              |  | (4,523)         |
|                         |                          |  |  | <u>(42,435)</u> |



## 24 Analysis of net assets between funds

Current year

|                           | Heritage<br>assets<br>£ | Fixed asset<br>investments<br>£ | Tangible<br>fixed<br>assets<br>£ | Pension<br>liability<br>£ | Other net<br>assets **<br>£ | Total<br>£       |
|---------------------------|-------------------------|---------------------------------|----------------------------------|---------------------------|-----------------------------|------------------|
| <b>Restricted funds</b>   |                         |                                 |                                  |                           |                             |                  |
| Capital Outlay Discharged | 1,346,835               | 0                               | 268,866                          | 0                         | 0                           | 1,615,701        |
| Parliamentary fund        | 0                       | 490,504                         | 0                                | 0                         | 29,702                      | 520,206          |
| Land Purchase (1992) fund | 0                       | 219,601                         | 0                                | 0                         | 116,976                     | 336,577          |
| Land Purchase 2 Fund      | 0                       | 222,851                         | 0                                | 0                         | (262)                       | 222,589          |
| Lands Maintenance fund    | 0                       | 190,751                         | 0                                | 0                         | 2,049                       | 192,800          |
| Nature of the Malverns    | 0                       | 0                               | 0                                | 0                         | 2,901                       | 2,901            |
| Gift fund                 | 0                       | 0                               | 0                                | 0                         | 5,801                       | 5,801            |
| Tree planting             | 0                       | 0                               | 0                                | 0                         | 684                         | 684              |
| Picnic benches            | 0                       | 0                               | 0                                | 0                         | 6,025                       | 6,025            |
| Access for All**          | 0                       | 0                               | 0                                | 0                         | 1,911                       | 1,911            |
| Urban Tree Challenge fund | 0                       | 0                               | 0                                | 0                         | 5,993                       | 5,993            |
| Foothill Grasslands CSMT  | 0                       | 0                               | 0                                | 0                         | 1,465                       | 1,465            |
| Handgate (Defra)          | 0                       | 0                               | 0                                | 0                         | 547                         | 547              |
| Bill Loan Capital         | 0                       | 0                               | 0                                | 0                         | 0                           | 0                |
| Boost4Biodiversity        | 0                       | 0                               | 0                                | 0                         | 1,389                       | 1,389            |
|                           | <b>1,346,835</b>        | <b>1,123,707</b>                | <b>268,866</b>                   | <b>0</b>                  | <b>175,181</b>              | <b>2,914,588</b> |
| <b>Unrestricted funds</b> |                         |                                 |                                  |                           |                             |                  |
| General fund              | 0                       | 0                               | 161,649                          | 0                         | 210,312                     | 371,961          |
| Designated funds          | 0                       | 190,000                         | 0                                | 0                         | 928,634                     | 1,118,634        |
| Pension fund              | 0                       | 0                               | 0                                | (130,000)                 | 0                           | (130,000)        |
|                           | <b>0</b>                | <b>190,000</b>                  | <b>161,649</b>                   | <b>(130,000)</b>          | <b>1,138,946</b>            | <b>1,360,595</b> |
| <b>Total funds</b>        | <b>1,346,835</b>        | <b>1,313,707</b>                | <b>430,515</b>                   | <b>(130,000)</b>          | <b>1,314,126</b>            | <b>4,275,183</b> |

Any project shortfall will be met from the General Fund.

\*\* Other net assets includes Flagstone investments due > 3 months categorised as current asset investments and Flagstone investments due <3 months categorised as short term deposits.



Prior year

|                           | Heritage<br>assets<br>£ | Fixed asset<br>Investment<br>s<br>£ | Tangible<br>fixed<br>assets<br>£ | Pension<br>liability<br>£ | Other net<br>assets **<br>£ | Total<br>£       |
|---------------------------|-------------------------|-------------------------------------|----------------------------------|---------------------------|-----------------------------|------------------|
| <b>Restricted funds</b>   |                         |                                     |                                  |                           |                             |                  |
| Capital Outlay Discharged | 1,346,835               | 0                                   | 284,704                          | 0                         | 0                           | 1,631,538        |
| Parliamentary fund        | 0                       | 493,363                             | 0                                | 0                         | 20,000                      | 513,363          |
| Land Purchase (1992) fund | 0                       | 402,616                             | 0                                | 0                         | 110,375                     | 512,991          |
| Land Purchase 2 Fund      | 0                       | 215,439                             | 0                                | 0                         | 19                          | 215,458          |
| Lands Maintenance fund    | 0                       | 191,863                             | 0                                | 0                         | 2,099                       | 193,962          |
| Nature of the Malverns    | 0                       | 0                                   | 0                                | 0                         | 2,901                       | 2,901            |
| SDF fund                  | 0                       | 0                                   | 0                                | 0                         | 453                         | 453              |
| Gift fund                 | 0                       | 0                                   | 0                                | 0                         | 5,130                       | 5,130            |
| Tree planting             | 0                       | 0                                   | 0                                | 0                         | 904                         | 904              |
| Picnic benches            | 0                       | 0                                   | 0                                | 0                         | 7,408                       | 7,408            |
| Access for All            | 0                       | 0                                   | 0                                | 0                         | 2,864                       | 2,864            |
| Urban Tree Challenge fund | 0                       | 0                                   | 0                                | 0                         | 2,673                       | 2,673            |
| Boost4Biodiversity        | 0                       | 0                                   | 0                                | 0                         | 1,389                       | 1,389            |
|                           | <u>1,346,835</u>        | <u>1,303,281</u>                    | <u>284,704</u>                   | <u>0</u>                  | <u>156,214</u>              | <u>3,091,034</u> |
| <b>Unrestricted funds</b> |                         |                                     |                                  |                           |                             |                  |
| General fund              | 0                       | 0                                   | 144,045                          | 0                         | 335,085                     | 479,130          |
| Designated funds          | 0                       | 0                                   | 0                                | 0                         | 897,153                     | 897,153          |
| Pension fund              | 0                       | 0                                   | 0                                | (612,000)                 | 0                           | (612,000)        |
|                           | <u>0</u>                | <u>0</u>                            | <u>144,045</u>                   | <u>(612,000)</u>          | <u>1,232,238</u>            | <u>764,283</u>   |
| <b>Total funds</b>        | <u>1,346,835</u>        | <u>1,303,281</u>                    | <u>428,749</u>                   | <u>(612,000)</u>          | <u>1,388,452</u>            | <u>3,855,317</u> |

Any project shortfall will be met from the General Fund.

\*\* Other net assets includes Flagstone investments due > 3 months categorised as current asset investments and Flagstone investments due < 3 months categorised as short term deposits.

## 25 Financial and capital commitments

At 31<sup>st</sup> March 2025, no capital expenditure had been contracted for (2024 £nil). Capital expenditure which had been approved but not contracted was £Nil (2023/24 £30,081).

Under the Higher Level and Countryside Stewardship schemes, the charity is contracted to make 6-monthly payments to graziers from the grants received. Malvern Hills Trust's contracts with graziers have an annual break clause. The annual payments committed at 31<sup>st</sup> March 2025 total £82,043 (2023/24 £82,043).

The two Higher Level Stewardship schemes were due to end in 2023 but a 5 year extension was granted during 2023/24 to 2028. The Countryside Stewardship schemes are for a 10-year period and have a 5-year break clause. The Countryside Stewardship Scheme for the North & Central Hills ends in 2028, the scheme for the Southern Hills ends in 2030 and the scheme for Castlemorton Common (see Castlemorton Delivery Group) ends in 2031.



## 26 Serious incident – Post balance sheet event

A serious incident at work occurred after the balance sheet date involving the death of a member of staff. The matter is currently the subject of ongoing regulatory investigations by the relevant authorities and no conclusions have yet been reached.

This tragic event did not exist at the balance sheet date and does not relate to conditions that were in place at that time. Consequently, it represents a non-adjusting event after the reporting period in accordance with FRS 102 Section 32 (Events after the End of the Reporting Period) and Charities SORP (FRS 102) paragraphs 13.9 to 13.13.

No adjustments have been made to the financial statements for this event. The trustees have considered the potential financial and operational implications and will take appropriate actions once the investigations have concluded.

## 27 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:

|                           | 2025          | 2024          |
|---------------------------|---------------|---------------|
|                           | £             | £             |
| Within the next 12 months | 21,975        | 23,295        |
| Within 1-5 years          | 41,203        | 59,880        |
| 5 years plus              | 1,867         | 2,625         |
|                           | <u>65,045</u> | <u>85,800</u> |

The Charity had the following future minimum lease payments under non-cancellable operating leases for equipment at the balance sheet date:

|                           | 2025         | 2024         |
|---------------------------|--------------|--------------|
|                           | £            | £            |
| Within the next 12 months | 2,200        | 2,200        |
| Within 1-5 years          | 5,500        | 7,700        |
| 5 years plus              | 0            | 0            |
|                           | <u>7,700</u> | <u>9,900</u> |



## 28 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 most recently formally valued as at 31st March 2022 and was updated by the actuary on an FRS102 basis as at 31 March 2024.

At the time this report was approved the 31 March 2025 triennial valuation is still in progress.

The employer's contribution (including the FRS102 adjustment) for the period was £130,000 (2023/24 £127,000).

The amounts recognised in the Balance Sheet are as follows:

|                                     | 2025             | 2024             |
|-------------------------------------|------------------|------------------|
|                                     | £                | £                |
| Present value of funded obligations | (2,776,000)      | (3,178,000)      |
| Fair value of plan assets           | 2,646,000        | 2,566,000        |
|                                     | <u>(130,000)</u> | <u>(612,000)</u> |
| Amounts recognised as:              |                  |                  |
| Liabilities                         | (130,000)        | (612,000)        |
| Assets                              | 0                | 0                |
| Net amount recognised               | <u>(130,000)</u> | <u>(612,000)</u> |

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

|  | 2025             | 2024             |
|--|------------------|------------------|
|  | £                | £                |
| Current service cost                                     | 45,000           | 47,000           |
| Interest on pension liabilities                          | 151,000          | 145,000          |
| Past service cost  | 0                | 0                |
| Administration costs                                     | 0                | 0                |
| Expected return on plan assets                           | (122,000)        | (113,000)        |
| Contributions by employer                                | (130,000)        | (127,000)        |
| Total pension cost charged within net incoming resources | <u>(56,000)</u>  | <u>(48,000)</u>  |
| Remeasurements (Actuarial (gain)/loss)                   | (426,000)        | (77,000)         |
| Total amount (credited)/charged to SOFA                  | <u>(482,000)</u> | <u>(125,000)</u> |



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

|   | <b>2025</b>      | <b>2024</b>      |
|---|------------------|------------------|
|   | £                | £                |
| Opening defined benefit obligation      | 3,178,000        | 3,128,000        |
| Current service cost                    | 45,000           | 47,000           |
| Interest on pension liabilities         | 151,000          | 145,000          |
| Member contributions                    | 14,000           | 15,000           |
| Actuarial (gains)/losses on liabilities | (500,000)        | (33,000)         |
| Past service cost                       | 0                | 0                |
| Benefits/transfers paid                 | (112,000)        | (124,000)        |
| Benefit obligation at end of period     | <u>2,776,000</u> | <u>3,178,000</u> |

**Explanation of the “interest” figure in the above table**

As part of the annual pension deficit calculation, the Actuary estimates the future benefit cashflows, and then reduces them in line with assumed future investment returns to get an estimate of the money needed now to pay the benefits. The process of reducing the future cashflows is called discounting, and the assumed future rate of return is called the discount rate. When the Actuaries update the calculations for the following year, they need to remove one year’s discounting (as the benefit payments are all now one year closer), and it is this removal of discounting that is referred to as “interest” on the benefit obligation in the accounting schedule.

The Actuaries have to follow FRS 102 as issued by the Financial Reporting Council in setting the discount rate, which must be based on high quality (typically taken to mean at least AA rated) corporate bond yields at the accounting date.

The “interest” figure for the year 2024/25 uses the 31/03/2025 rate of 5.8 % (2023/24 uses the 31/03/2024 discount rate of 4.8 %)

Changes in the plan assets during the period to 31<sup>st</sup> March 2025 were as follows:

|  | <b>2025</b>      | <b>2024</b>      |
|--|------------------|------------------|
|  | £                | £                |
| Fair value of plan assets at beginning of period                   | 2,566,000        | 2,391,000        |
| Expected return on scheme assets                                   | 122,000          | 113,000          |
| Administration expenses  | 0                | 0                |
| Remeasurements (assets) (Actuarial gains)/(losses) on plan assets) | (74,000)         | 44,000           |
| Employer contributions   | 130,000          | 127,000          |
| Member contributions   | 14,000           | 15,000           |
| Benefits/transfers paid  | (112,000)        | (124,000)        |
| Fair value of plan assets at end of period                         | <u>2,646,000</u> | <u>2,566,000</u> |



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

| Asset category | Fair value at<br>31st March<br>2025 |                  | Fair value at<br>31st March<br>2024 |                  |
|----------------|-------------------------------------|------------------|-------------------------------------|------------------|
|                |                                     | £                |                                     | £                |
| Equities       | 42 %                                | 1,111,000        | 43 %                                | 1,103,000        |
| Other bonds    | 37 %                                | 979,000          | 36 %                                | 924,000          |
| Property       | 19 %                                | 503,000          | 19 %                                | 488,000          |
| Cash Liquidity | 2 %                                 | 53,000           | 2 %                                 | 51,000           |
|                |                                     | <u>2,646,000</u> |                                     | <u>2,566,000</u> |

|   | 2025      | 2024   |
|---|-----------|--------|
|   | £         | £      |
| Actuarial gains/(losses) on assets      | (74,000)  | 44,000 |
| Actuarial gains/(losses) on liabilities | (500,000) | 33,000 |

Weighted average assumptions used to determine benefit obligations at 31<sup>st</sup> March:

|                              | 2025  | 2024  |
|------------------------------|-------|-------|
| Discount rate                | 5.8 % | 4.8 % |
| Rate of increase in salaries | 4.3 % | 4.3 % |
| Rate of increase in pension  | 2.8 % | 2.8 % |
| Rate of CPI inflation        | 2.8 % | 2.8 % |

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

|   | 2025   | 2024   |
|---|--------|--------|
| Discount rate                                   | 5.80 % | 4.80 % |
| Rate of pension increase                        | 2.80 % | 2.80 % |
| Assumed life expectations on retirement age 65: |        |        |
| Retiring today - males                          | 21.2   | 21.3   |
| Retiring today - females                        | 23.6   | 23.6   |
| Retiring in 20 years - males                    | 22.5   | 22.6   |
| Retiring in 20 years - females                  | 25.4   | 25.5   |

## Contributions

The employer expects to contribute £ 133,000 in the period to 31<sup>st</sup> March 2026. Included in this figure is £81,150 agreed to be paid in April 2025 as part of the deficit recovery plan.

The contributions payable by the employers are reassessed at each triennial valuation. A triennial valuation was carried out at 31<sup>st</sup> March 2025 but at the time this report was approved the valuation is still in progress. The next actuarial valuation of the Worcestershire County Council Pension Fund will be carried out with an effective date of 31<sup>st</sup> March 2028.



## 29 Financial instruments

|   | 2024      | 2024      |
|---|-----------|-----------|
|   | £         | £         |
| Financial assets measured at fair value | 1,313,707 | 1,303,281 |

See note 1q for details of what is included in the above figures.



**30 Statement of Financial Activities for the year ended 31st March 2024**

|  | Unrestricted funds | Restricted funds | Total funds 2024 | Total funds 2023 |
|--|--------------------|------------------|------------------|------------------|
|  | £                  | £                | £                | £                |
| <b><i>Income and endowments from:</i></b>                  |                    |                  |                  |                  |
| Donations and legacies                                     | 13,697             | 4,546            | 18,243           | 13,879           |
| Charitable activities:                                     |                    |                  |                  |                  |
| Management of the hills and commons                        | 831,527            | 39,036           | 870,563          | 756,190          |
| Car parks  | 398,720            | 0                | 398,720          | 360,753          |
| Other trading activities                                   | 50,931             | 0                | 50,931           | 78,407           |
| Investments:   |                    |                  |                  |                  |
| Bank deposits  | 39,354             | 6,780            | 46,134           | 9,518            |
| Investment portfolio                                       | 0                  | 33,698           | 33,698           | 37,785           |
| Other  | 22,913             | 0                | 22,913           | 16,529           |
| <b>Total income</b>  | <b>1,357,142</b>   | <b>84,060</b>    | <b>1,441,202</b> | <b>1,395,317</b> |
| <b><i>Expenditure on:</i></b>                              |                    |                  |                  |                  |
| Charitable activities                                      | 1,290,495          | 48,315           | 1,338,810        | 1,287,897        |
| Other expenditure  | 1,729              | 7,350            | 9,079            | 15,937           |
| <b>Total expenditure</b>                                   | <b>1,292,224</b>   | <b>55,665</b>    | <b>1,347,889</b> | <b>1,205,079</b> |
| Net gains/(losses) on investments                          | 0                  | 88,332           | 88,332           | (90,627)         |
| <b>Net income/(expenditure)</b>                            | <b>64,918</b>      | <b>116,727</b>   | <b>181,645</b>   | <b>241,963</b>   |
| <b><i>Transfers between funds</i></b>                      | 25,090             | (25,090)         | 0                | 0                |
| <b><i>Other recognised gains/(losses)</i></b>              |                    |                  |                  |                  |
| Actuarial gains/(losses) on defined benefit pension scheme | 77,000             | 0                | 77,000           | 1,541,000        |
| <b>Net movement in funds</b>                               | <b>167,008</b>     | <b>91,637</b>    | <b>258,645</b>   | <b>280,963</b>   |
| <b><i>Reconciliation of funds:</i></b>                     |                    |                  |                  |                  |
| Total funds brought forward                                | 597,275            | 2,999,397        | 3,596,672        | 2,177,072        |
| <b>Total funds carried forward</b>                         | <b>764,283</b>     | <b>3,091,034</b> | <b>3,855,317</b> | <b>2,177,072</b> |

**MALVERN HILLS CONSERVATORS**

England & Wales - Charity number 515804

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# Accounts

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**Malvern Hills Trust**

# **Trustees' Report and Financial statements for the year ended 31<sup>st</sup> March 2024**

info@malvern hills.org.uk | www.malvern hills.org.uk | 01684 892002  
Malvern Hills Trust, Manor House, Grange Road, Malvern, Worcestershire WR14 3EY

Malvern Hills Trust is the working name of Malvern Hills Conservators. Registered charity no. 515804. Vat No. GB 275 8803 21



**Trustees' Report and Financial statements  
For the year ended 31<sup>st</sup> March 2024**

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## Reference and administrative details

|                      |  |
|----------------------|--|
| Charity number:      | 515804 (England and Wales)   |
| Principal office:    | Manor House<br>Grange Road<br>Malvern<br>Worcestershire<br>WR14 3EY  |
| <b>Our advisors</b>  |  |
| Independent Auditor: | Azets Audit Services<br>Epsilon House<br>The Square<br>Gloucester Business Park<br>Gloucester GL3 4AD  |
| Bankers:             | Lloyds Bank plc<br>48 Belle Vue Terrace<br>Malvern<br>Worcestershire<br>WR14 4QG   |
| Investment Managers: | RBC Brewin Dolphin<br>9 Colmore Row<br>Birmingham<br>B3 2BJ  |
| Other Investments:   | Flagstone<br>1 <sup>st</sup> Floor Clareville House<br>26-27 Oxendon Street<br>London<br>SW1Y 4EL<br><br>The Charity Bank Ltd.<br>Fosse House<br>182 High Street<br>Tonbridge<br>TN9 1BE   |
| Solicitors:          | Whatley Recordon Solicitors<br>12 Worcester Road<br>Malvern<br>Worcestershire<br>WR14 4QU<br><br>Veale Wasbrough Vizards LLP (VWV)<br>Narrow Quay House<br>Narrow Quay<br>Bristol<br>BS1 4QA<br><br>Sharpe Pritchard LLP<br>Elm Yard<br>10-16 Elm Street<br>London<br>WC1X 0BJ |



## Key management personnel – Senior Managers

|                                    |  |
|------------------------------------|--|
| Chief Executive Officer            | Deborah Fox BSc, MA – Appointed 04.03.24<br>Helen Stace MA (Cantab), MA – Appointed 11.12.23 Resigned 20.03.24<br>Duncan Bridges BSc (Hons) – Resigned 31.12.23                      |
| Secretary to the Board             | Alison Marlow BA (Hons), PGCert – Appointed 13.11.23<br>Susan Satchell LI.B (Hons) – Resigned 31.01.24   |
| Governance Change Officer          | Susan Satchell LI.B (Hons) – Appointed 01.02.24  |
| Conservation Manager               | Jonathan Bills MSc   |
| Operations Manager                 | Peter Kelsall BScFor, MICFor   |
| Finance and Administration Manager | Nicky Gutteridge BSc (Hons), FCA – Appointed 12.02.24<br>Sarah Deacon BA (Hons) FCIPP MAAT AATQB – Appointed 30.05.23 Resigned 02.11.23<br>Cheryl Gentry BSc ACA – Resigned 31.05.23 |

## Trustees

*FAR – sits on Finance, Administration and Resources Committee*

*LM – sits on Land Management Committee*

*GC – sits on Governance Committee*

*SC – sits on Staffing Committee*

*\* has served for more than 9 years*

### Elected trustees

|                     |   |
|---------------------|---|
| Priory Ward:        | David Watkins FAR (resigned 31 October 2023), Mary Turner FAR; SC from 17 July 2024 (elected 7 December 2023)   |
| Chase Ward:         | Mary Turner LM (elected 6 May 2022-31 October 2023), Richard Fowler FAR (elected 1 November 2023)   |
| Wells Ward:         | Richard Fowler (elected 2019-2023) LM to 10 November 2022, SC from 10 November 2022; Robert Berry FAR (elected 1 November 2023)   |
| West Ward:          | *Charles Penn FAR. SC to 10 November 2022 and from 18 November 2023, GC from 18 November 2023   |
| Dyson Perrins Ward: | Trevor Parsons LM (resigned 31 October 2023), *John Raine FAR, SC, GC (elected 1 November 2023)   |
| Malvern Link Ward:  | *Richard Bartholomew FAR & GC to 10 November 2022. LMC from 10 <sup>th</sup> November 2022 to 18 <sup>th</sup> November 2023. FAR, SC, GC from 18 <sup>th</sup> November 2023   |
| Pickersleigh Ward:  | David Core FAR & GC (Board Vice-Chair from 18 November 2023)  |
| Colwall Parish:     | *Helen Stace LM, SC to 10 November 2022, GC from 10 November 2022 (resigned 20 October 2023); Allan Cottam FAR (elected 1 November 2023) Stephen Braim LM & GC (resigned 31 October 2023); Felicity Robinson LM (elected 1 November 2023) |
| Guarlford Parish:   | David Fellows FAR & GC  |
| Mathon Parish:      | *Christopher Rouse LM   |

### Nominated trustees

|                                 |   |
|---------------------------------|---|
| Malvern Hills District Council: | Paul Bennett (appointed 24 September 2024)<br>Mick Davies FAR & SC (Board Chair to 31 October 2023, resigned 31 October 2023)<br>Mark Driscoll LM; GC from 10 July 2024 (appointed 1 November 2023) |
|---------------------------------|---|



\*John Michael *LM, GC* (Board Chair from 30 July 2024)  
 Jeremy Owenson *LM* (appointed 1 November 2023 resigned 23.04.24)  
 Cynthia Palmer *LM & SC* (Board Vice Chair to 18 November 2023, Board Chair from 18 November 2023) (resigned 11 July 2024)  
 Frances Victory *LM & SC* (appointed 1 November 2023)  
 Malcolm Victory *LM* (appointed 24 September 2024)

3 vacancies.

Colwall Parish Council: Paul Clayburn *LM & GC* from 10<sup>th</sup> November 2022 (resigned 3 July 2024)

Mathon Parish Council: \*David Baldwin *LM & SC*

Church Commissioners: *No longer appoint*

Herefordshire Council: Helen I'Anson *SC* (resigned 5 October 2023)  
 John Stock *LM* (appointed 28 November 2023)  
 Sheila Wren *LM, SC* (appointed 28 November 2023)

Worcestershire County Council: \*John Raine *FAR, SC & GC* (to 31 October 2023)  
 Lucy Hodgson *FAR*  
 Malcolm Victory *LM* (appointed 1 November 2023, resigned 24 September 2024)

Worcestershire County Council on behalf of the following parishes: -

Castlemorton: Chris Atkins *LM & GC* (resigned 31 October 2023), Mike Wilkinson *LM* (appointed 1 November 2023)

Newland: Duncan Westbury *LM* (appointed 14<sup>th</sup> December 2022)

Powick: Michelle Alexander *LM* (appointed 12<sup>th</sup> April 2023, resigned 27 February 2024)

## Staff

Throughout the year Malvern Hills Trust employed on average 21 staff (18 full time equivalent) (2022/23: 21 and 17 full time equivalent). Details of staff numbers are given in note 11 to the financial statements.

There were the following changes to the staff during the financial year 2023/24.

Katie McEvoy was appointed as Field Staff Member 11.04.23; Conor Wilmott left as Warden 19.05.23; Cheryl Gentry left as Finance and Administration Manager 31.05.23; Sarah Deacon was appointed as Finance and Administration Manager 01.06.23 and left 02.11.23; Ben Taylor left as Warden 11.06.23; Angela Norton was appointed as Warden 27.06.23; Michael Price was appointed as Warden 05.07.23; Alison Marlow was appointed as Secretary to the Board 13.11.23; Helen Stace was appointed as Interim CEO 11.12.23 and left 20.03.24; Duncan Bridges left as CEO 31.12.23; Jill Hobkirk left as Gate Opener 10.01.24; Cindy Parish left as Administration Assistant 31.01.24; Susan Satchell left as Secretary to the Board 31.01.24 and was appointed as Governance Change Officer 01.02.24; Nicky Gutteridge was appointed as Finance & Administration Manager 12.02.24; Lea Gleeson was appointed as Administration Assistant 20.02.24; Deborah Fox was appointed as CEO 04.03.24.



## Report of the trustees for the year ended 31<sup>st</sup> March 2024

The trustees are pleased to present their annual report together with the financial statements of the charity for the year ending 31 March 2024.

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

Malvern Hills Trust was set up in 1884 and is governed by The Malvern Hills Acts 1884, 1909, 1924, 1930 and 1995. It is a statutory corporation incorporated by private Act of Parliament and is a 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 2019).

### 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,
- Protect and manage trees, shrubs, turf and other vegetation,
- Prevent unlawful digging and quarrying,
- Keep the land open, unenclosed and unbuilt on as open spaces for the recreation and enjoyment of the public.

Malvern Hills Trust is also obliged under public legislation to conserve and enhance biodiversity, and to protect 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 as guided by the adopted Land Management Plan <https://www.malvernhills.org.uk/looking-after/land-management-plan/>. This includes tree and woodland care, implementation of livestock grazing programmes, mowing and path maintenance to facilitate access, habitat restoration, litter picking and other general maintenance work across approximately 1,200 hectares (3,000 acres) of multi-designated, nationally important landscape.



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 buy either a day or evening ticket at a meter or an annual parking permit.

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.

Under section 29 of the Malvern Hills Act 1884, Malvern Hills Trust may acquire 'for the purpose of preserving unenclosed and free from building any lands within 9 miles of Great Malvern Abbey (Priory) ..... which (they) may regard as proper to be so preserved as part of or in connection with the range of the Malvern Hills or for the purpose of maintaining any common or commonable rights which may subsist over or affecting such lands'.

Potential land acquisitions are considered by the trustees, in accordance with the charity's Land Acquisition Policy. The trustees will consider acquiring a piece of land where the acquisition is consistent with the powers specified above and where acquisition would further the objectives of the charity. The criteria in the policy are:

- To own and protect the ridge of the Hills and the steep slopes on either side,
- To own and protect land on the lower slopes which contributes to the landscape and setting of the Hills and Commons,
- To maintain common or commonable rights,
- To keep land open for the recreation and enjoyment of the public,
- To conserve habitats or species which are nationally or regionally scarce and/or are typical of the local area,
- To conserve features of archaeological or geological interest/importance,
- To improve access to the existing land holding for management and
- To divert public pressure/damaging activities away from over-used or sensitive areas of the existing land holding.

### 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. The Trust also aims to run a series of free themed events 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. Several of these events took place during 2023/24.



A 5-year Business Plan was adopted by the Board of Trustees in March 2022 and this is reviewed annually. Due to significant changes in senior staff and preparation for the private bill during 2023/24 this review did not happen, but is scheduled for later in 2024/25. In particular, budgets have had to be adapted to take account of increases in prices (particularly fuel and energy) since February 2022. The Business Plan sets out the strategic priorities and plans for the charity. <https://www.malvern hills.org.uk/looking-after/business-plan/>

## Volunteers

Before March 2020, Malvern Hills Trust received enormous support from the work of volunteers with activities such as wardening, litter picking, recording flora and fauna, habitat management, conservation, archiving and administrative support. This all but stopped during the height of the pandemic. Regular conservation volunteer working parties have resumed. The input from volunteers continues to be lower than pre-pandemic levels and the Trust looks forward to recruiting more volunteer wardens and office volunteers.

The estimated volunteer contribution during the year was the equivalent of 378 (2022/23; 307) working days (of 7.5 hours per day) spent on the hills and commons and 24 (2022/23; 20) working days on office work. The contribution of all volunteers is gratefully acknowledged.

## Use of Defra Stewardship Grants

In 2023/24 around 77 % (2022/23; 75 %) of the charity's land was managed under the Department for the Environment, Food and Rural Affairs (Defra) Countryside Stewardship Scheme or Higher Level Stewardship Scheme. These schemes provide valuable funding for certain land management and conservation activities including grazing, which is the most effective way to maintain significant parts of the hills and commons. The grazing programme is complemented by a range of other management work carried out by staff, contractors and a dedicated team of volunteers.

Six separate agreements are held (2022/23; 5), and together they provide over £100,000 per annum toward MHT's conservation activities.

## Key achievements

During the year, the Trust has successfully undertaken maintenance work and implemented the Land Management Plan across its 1200 hectare (3000 acre) estate which includes open hills, woodlands and suburban green spaces. Local wildlife and heritage have been cared for and over a million visitors coming from far and wide have enjoyed the land. As part of this work, staff have maintained over 70km of paths and 22 car parks to help facilitate public access.

Other key achievements were:

- Public access is one of the twin purposes of the Trust. In September, field staff and contractors installed 9 easy-to-use hand gates in several locations to either provide new



public access or to replace stiles. A new bridleway bridge has also been installed connecting two fields and negating the need for people to walk on the road.

- Ponds are one of the focal features in the Trust's Land Management Plan. Works last winter saw four ponds around Castlemorton Common restored by removing built up sediment. These ponds provide interest for walkers, a wonderful habitat and a drinking point for commoners' livestock.
- With tree diseases on the rise, the Trust has had to spend a large sum of money on tree safety works this year. This is partly in response to Ash Dieback disease. Whilst the works went well and no incidents have been reported, unfortunately we now have another tree disease on the estate – Acute Oak Decline. This will further challenge our staff and resources in the future.
- The Trust successfully accessed grant aid to purchase several electric tools including a chainsaw. As well as providing essential kit for our day-to-day work this is further progress towards lowering our carbon footprint. Thanks to Defra's 'Farming in Protected Landscapes' for this grant help.
- Trust staff have submitted comments on a variety of planning applications which might affect Trust land and also managed several infrastructure installations by utility companies.
- Pupils from Malvern Wyche Primary School helped plant trees at All Saints Wood to improve species diversity. MHT has installed seating here and the site is now being enjoyed as a Forest School, hosting a variety of subjects.
- During 2022/23 work was started to restore the stone bowl and pedestal at St Ann's Well, with the financial support from the Cadbury Foundation and Malvern Spa Association. Further work was carried out during 2023/24 but the project will not be completed until 2024/25 due to time constraints on both our staff and the contractor. The balance of the cost of undertaking this project is funded from the restricted gifts fund.
- Meeting the challenges of managing day to day activity with some significant senior staff changes. A new permanent CEO, Secretary to the Board and FAM are in place.
- The wet weather of winter 23/24 delayed many Trust projects and created new work in the form of dealing with several holes and slumps that appeared over the estate due to water levels. Several of these had to be cordoned off as dangers to the public and work
- The Trust was able to conduct its elections in November 2023 in accordance with the Acts thanks to significant assistance from the Electoral Services staff at Malvern Hills District Council.
- There has been a concerted effort on improving trustee and staff interactions. The Staff Trustee Protocol Working Group was a particular highlight with a new procedure noted by the Board in May along with a referral form for trustee questions that cannot be routed to the Trust's information line. The Land Management Committee provided two informative walks in 2024 at West of England Quarry and Old Hills led by the Conservation Manager and team, to illustrate and gain a shared understanding of



current challenges for Trust operations. A new social group has formed. A new trustee and staff Health & Safety Group is being instigated to develop a new policy statement and policy and address high level compliance.

## Structure, Governance and Management

The Malvern Hills Trust is a body corporate set up under the Malvern Hills Act 1884, and governed by that Act as well as the Acts of 1909, 1924, 1930 and 1995. It is a registered charity.

The Board of Trustees is the decision-making body. The governing legislation currently provides for 29 trustees who are appointed for a four-year term. Eleven trustees are directly elected under the Local Elections (Principal Areas) Rules by the residents of the wards (as at December 2022) and parishes listed below, who contribute to Malvern Hills Trust through a levy paid with their Council Tax. The Chief Executive Officer is the Electoral Returning Officer.

| Electoral area     | Seats |
|--------------------|-------|
| 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 |
| Worcestershire County Council on behalf of the parishes of<br>Castlemorton, Newland and Powick | 3 |
| Malvern Hills District Council   | 8 |
| Colwall Parish Council   | 1 |
| Mathon Parish Council  | 1 |
| The Church Commissioners   | 1 |

Most of the current trustees took up their seats on 1 November 2023 (some trustees were appointed after that date) and will remain in place until 31 October 2027.

There were 7 vacancies (all for externally appointed trustees) at the time this report was approved.

Following appointment, trustees underwent an intensive period of training to ensure that they understand their duties and responsibilities under the Malvern Hills Acts, their responsibilities as charity trustees and their duties under other legislation which affects the land which they



manage. In particular there were a number of training sessions to ensure that new trustees were fully familiar with the Trust's proposals to update its governing Acts. 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.

Board and Committee meetings are open to the public and dates are published on the website. The Board holds six scheduled Board meetings in January, March, May, July, September and November to make decisions and to receive reports from officers, committees and from representatives serving on outside bodies. There is also an opportunity for members of the public to make statements. The number of scheduled committee meetings has been reduced but Special Meetings are held whenever required.

The annual meeting at which the financial statements are adopted, and Auditor appointed was held on 19 October 2023. It was resolved at that meeting to re-appoint Azets Audit Services for the year ended 31 March 2024, and the Trustees' Annual Report and Accounts for year ended 31 March 2023 were approved.

The Chair and Vice Chair are elected at the Board's annual meeting in November, at which committee members and representatives to serve on outside bodies are also appointed.

Cynthia Palmer (chair) and David Core (vice chair) were appointed unopposed at this meeting.

During the Board meeting on 11 July 2024 Cynthia Palmer resigned as Chair. John Michael was appointed as new Chair at a Special meeting on 30 July 2024. He will remain in post for the remainder of the Board year to 31 October 2024.

### **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.

As noted in the reference and administration page, this financial year has seen three different CEOs in post. Duncan Bridges resigned as CEO effective from 31 December 2023. Helen Stace replaced him on a temporary basis until Deborah Fox took up her appointment as the Trust's new CEO on 4 March 2024.

The new CEO has settled into her role quickly and effectively, building confidence amongst staff and trustees. They ensured that the public consultation on taking the Trust into the 21<sup>st</sup> Century was launched in a timely and effective manner and have provided numerous comments to the media. She has formed new relationships with parish, town and district councils and made introductory presentations to many of them. She has met numerous stakeholders and trialled new collaborative approaches. She sponsored the new staff trustee protocol project to realise the maximum benefit of the new procedure. She has also acted swiftly on a number of risk, health and safety related issues that could have unnecessarily exposed trustees.



## Committees

There are five committees of the Board. Their functions are set out below. The Board of Trustees considers committee reports and adopts, declines or amends their recommendations at the following Board meeting.

### Land Management Committee

This committee considers 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
- Recommending the annual land management budget to the Board and monitoring progress against the budget
- Reviewing policies relating to the management of the charity's land holding,
- Consideration of some applications for easements and wayleaves and making recommendations to the Board thereon
- Considering appropriate levels of access infrastructure, interpretation and information
- Reviewing funding agreements, licences etc relating to the management of the hills and commons
- Considering and making recommendations to Board regarding policy and best practice relating to environmental and sustainable development practices, (such as management of ash in light of Ash Dieback disease)

### Finance, Administration and Resources Committee

This committee has oversight of the following areas:

- Finance, including reviewing the adequacy of financial controls, 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
- Fundraising

The committee also has authority to approve unbudgeted expenditure within agreed limits.

### Governance Committee

The Governance Committee has oversight of and advises the Board on 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
- Ensuring that the charity has appropriate risk management systems in place and that risks are reviewed and updated annually
- 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 for staff
- Health and safety and first aid matters in relation to staff, volunteers and members of the public
- Pension arrangements with the Finance Administration and Resources Committee

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
- 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

## Disciplinary Committee

The Committee meets as and when required to consider breaches of the trustee Code of Conduct.

## Charity Governance Code

The Charity Governance Code was first published in July 2017 and revised in 2020 as a reference document to help charities work towards effective governance and the right leadership structure. The Code sets out principles and recommended practice. All charities and their trustees are encouraged to meet the principles and outcomes of the Code by either applying the recommended practice or explaining what they have done instead or why they have not applied it.

As a charity governed by statute, including legislation which is now over 175 years old, it is not possible for the Trust to follow many of the recommendations for good practices set out in the Code but the Code been used to has formulate many of the proposals for modernisation of the Trust's constitution. During the past 18 months, the Trust has used the associated



'Governance Toolkit' as a means of assessing trustees' and Senior Staff's views on current governance arrangements with the aim of identifying and agreeing areas for improved governance.

The Charity Governance Code states that if a trustee has served for more than 9 years their appointment should be subject to a particularly rigorous review, taking into account the need for progressive refreshing of the Board and should be explained in the trustees' annual report.

There is nothing in the Acts which prevents a trustee from standing for office for more than 9 years and, because of the appointments procedure, nothing which the Trust can do to prevent appointment of trustees who have been on the Board for more than 9 years.

Trustees who have served for more than 9 years (listed in order of longest serving) are:

Christopher Rouse (first elected November 2003)

David Baldwin – first appointed May 2010

John Raine – first appointed September 2013

Richard Bartholomew – first elected March 2015

Charles Penn – first elected November 2015

John Michael – first elected November 2015

### **Ward boundary changes**

The Malvern Hills (Electoral Changes) Order 2023 caused significant concern for the Trust as it altered the boundaries of Local Government wards in central Malvern. The Trust's electoral area is (in part) defined in the Acts as "the seven wards of the urban district of Malvern", The current wards no longer coincide with the old electoral boundaries. The Trust was able to conduct its elections in November 2023 in accordance with the Acts thanks to significant assistance from the Electoral Services staff at Malvern Hills District Council.

This situation is not satisfactory and highlights the urgent need to modernise the Trust's governing legislation to keep pace with changes to public legislation over the years. The Trust requested that the Department of Levelling Up Housing and Communities make an Order to effect consequential amendments to the 1924 Malvern Hills Act, without success.

### **Modernisation of the Trust's constitution**

The Trust is governed by the five Malvern Hills Acts, which reference other public Acts, dating back to 1847. The Trust needs to rationalise, modernise and consolidate its governing legislation. The current Acts do not reflect or permit modern best practice in relation to charity governance and do not contain all the powers that the trustees need to administer the charity in the most effective way and to best achieve its objects. There are provisions in the Acts that no longer apply, others which reflect a legal and cultural context that no longer exists and



some of the key provisions are defined by reference to bodies which were abolished 50 years ago. Because the Acts are out of date, they hamper the Trust's ability to operate effectively and to provide good value for money.

The Trust began work on its proposals for updating the Acts in 2014. The Trust was initially advised to apply for a Parliamentary Scheme under s73 Charities Act 2011, but following a public consultation in 2019, the Trust was advised in 2020 by the Charity Commission and Department of Digital Culture Media and Sport (DCMS) that "changes to the charity's governing documents would now be best handled via a private bill." The Trust obtained consent from the Charity Commission in August 2023 to expend up to £306,000 on the preparation and promotion of a Bill in Parliament. This permission was subject to a condition that the Trust did not seek to extend or materially change the existing power to levy.

Work on the Bill did not start in earnest until the trustees who had been appointed in November 2023 had undertaken intensive training so that they were fully aware of the problems with the existing Acts and the Board's proposals to update them. It was resolved in January 2024 to seek a Private Bill, with a view to depositing the Bill in November 2024. The proposals are little changed from those upon which the Trust consulted in 2019, but given the time which has elapsed, the Trust ran a second public consultation from 22 May to 22 July 2024 and also consulted key stakeholders once again.

The Trust has also received permission from the Charity Commission to spread the cost of the Bill by taking a loan of up to £306,000 from the Land Purchase (1992) Fund. This loan is to be repaid over a term of 25 years at a fixed rate of 6% per annum. No funds were drawn down pursuant to the loan arrangement during the financial year ending 31 March 2024. No funds have been drawn down since the year end up to the date of signing this report.

### Financial Review

The financial results are set out on pages 29 to 58. There was a total net increase in funds of £258,645 (2022/23 increase of £1,419,600).

Net income before transfers on the unrestricted funds was £64,918 (2022/23 net expenditure of £23,485). The net movement on the unrestricted funds after transfers and the FRS 102 pension adjustment was an increase of £167,008 (2022/23 inflow of £1,539,792).

In addition, there was a net inflow of funds on the restricted funds of £91,637 (2022/23 net outflow £120,192).

Total reserves at the financial year end were £ 3,855,317 (2022/23 £3,596,672), of which £3,091,034 is restricted (and of which £1,346,835 is inalienable) (2022/23 £2,999,397 restricted (and of which £1,346,835 is inalienable)).

Further information regarding inalienable assets is in notes 1g and 1h.



## Principal sources of funds

Under powers in the Malvern Hills Acts, Malvern Hills Trust charges a levy to Council Tax payers in the Parishes of Malvern, Guarlford, West Malvern, Malvern Wells, Colwall and Mathon. The average band D levy payable in 2023/24 was £45.34 (2022/23 it was £41.34). The total levy received by the charity was £663,800 (2022/23 £595,300).

Malvern Hills Trust is very grateful to the levy payers for this funding and recognises its importance in helping the Trust to maintain the hills and commons. Information for levy payers can be found on the website <https://www.malvernhills.org.uk/living-in/levy-payers/>

Revenue from car parks is the second main funding source. The total received in 2023/24 was £398,720 (2022/23 £360,753). Car park takings are used to fund the charity's work generally including maintaining the car parks for public use.

Agri-environment grants, most significant of which are those from Countryside Stewardship Scheme, are the third largest source of funds. £148,536 was received in 2023/24 (£106,612 was received in 2022/23). An additional sum of £59,673 for the year ended 31<sup>st</sup> December 2023 (2022/23 £51,172) was received by the CS Castlemorton Delivery Group which is accounted for as custodian funds under the terms of the Countryside Stewardship Scheme. The entire income and expenditure of this delivery group does not form part of the Malvern Hills Trust accounts, but rather the applicable share, as agreed via the required internal agreement. In 2023/24 this amounts to £1,000 admin fee (2022/23 £1,000) and £5,098 non grazing delivery services (2022/23 £4,667).

Donations and legacies received totalled £18,243 (2022/23 - £13,879).

## Significant financial impacts

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

- Car park cash takings exceeded budget and last year's figures, despite the overall poor weather during the year. Car park pass income (levy payers and non-levy payers) has been adjusted this year to include income in the month it relates, rather than when paid which has resulted in an accounting adjustment. This has resulted in c. £16,934 less income this year as it has been deferred to 2024/25.
- The Trust has a 5-year programme for managing Ash Dieback. Anticipated spend on this has not been as high as was anticipated at £38,614 (2022/23 £34,558) but we now face managing Acute Oak Decline which will require funds going forward. The balance of the designated fund is currently healthy as a result of prior year transfers made to cover future costs. No additional funds were deemed necessary to designate this year.
- The Board maintained its policy of updating vehicles with purchases of a compact tractor, quad bike and trailer in the year. Total vehicle and equipment additions were £71,891.
- The cost of the election process in 2023 was £26,730 leaving the fund in deficit at 31.03.24. General Funds will cover this as at 01.04.24 by way of transfer. The overspend was primarily due to the fact that we had both an election and a bi-election



during the year and there were 3 contested seats. Costs have also increased as we need to check ID at polling stations.

- Build of a shed in Colwall at a cost of £41,095.
- Recruitment of senior staff including the CEO, Secretary to the Board and Finance and Administration Manager.
- Costs attached to the preparation and promotion of a Private Bill. 2023/24 costs were in the region of £18,000 and continue in 2024/25.
- Long delays in the RPA payments making cashflow more difficult to manage.
- A large increase in the RPA for the 2024 calendar year that was not expected but will not be received until 2025. We are recognising the income in line with the agreement but prudently not making plans for spending the cash until receipt.

### **Acknowledgements: other grants and contributions**

Malvern Hills Trust gratefully acknowledges the financial support of Defra Rural Development Programme for England, Worcestershire County Council, Herefordshire Council, Malvern Hills District Council, Malvern Civic Society, and the Farming in Protected Landscapes scheme run by the Malvern Hills Area of Outstanding Natural Beauty (AONB) partnership.

### **Investment powers and policy**

The trustees have wide powers of investment.

The Trust has placed the Land Maintenance Fund, Parliamentary Fund and the majority of the Land Purchase (1992) Fund, under investment through RBC Brewin Dolphin.

The trustees have provided RBC Brewin Dolphin with written investment policies for the portfolios, which are reviewed annually. In all cases, the Trust seeks to produce the best financial return with a moderate level of risk.

The Finance, Administration and Resources Committee, with the advice of the Trust's Investment Manager, is charged with recommending to the trustees a suitable asset allocation strategy, with the aim of achieving the charity's investment objectives. RBC Brewin Dolphin's risk category 6 index was used for the structure of the above two portfolios (in place at the start of the year) and provides a ready measure of its performance. The Trust's investment policies provide that the asset classes which 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 trustees acknowledge that in order to manage longer term inflation risks, investments will partly be in assets such as equities and as a result, in the short-term the capital values could fluctuate.



The Trust's investment objective for the Land Maintenance Fund and the Parliamentary Fund (Parliamentary portfolio) is to produce the best financial return (capital growth and income) with a moderate level of risk.

The Trust's principal objective for the investment of the Land Purchase (1992) Fund (Land Purchase (1992) portfolio) is to generate a return (net of costs, including reinvestment of earnings) sufficient to maintain the purchasing value of the fund.

The trustees propose funding a significant percentage of the cost of pursuing the Trust's governance changes by way of a loan from the Land Purchase Fund. A similar mechanism was used to fund the passing of the Malvern Hills Act 1995. Anticipating drawing down part of the Fund, trustees voted in January 2023 to move that part to lower risk investments in order to avoid the risk of fluctuations in the value of the investments at a time they were needed. The Board resolved to split the Land Purchase Fund into 3 parts, £150,000 to be invested as cash in FSCS assured interest bearing accounts and £200,000 to be invested by the Trust's Investment Managers in a separate, risk category 4 portfolio (Land Purchase (1992) No2 portfolio). The balance remains invested in accordance with the original Investment Policy. There were no changes to this during the financial year.

## Investment performance

Inflation continued to ease from record highs over the last 12 months, while interest rates remained at restrictive levels. Tensions in the Middle East and the Red Sea resulted in higher shipping cost and oil price volatility, threatening to derail inflation on its path back down to central bank target levels. However, bond and equity markets rallied towards the end of 2023 as further progress on inflation was made across developed economies, leading to interest rate cut speculation in 2024. The first quarter of 2024 saw the Technology sector soar to all-time highs, driven by the Artificial Intelligence narrative, which provided a supportive backdrop for large-cap equity investors.

Over the financial year to 31 March 2024, the combined portfolio generated a total return of +9.76 % net of fees. This compares to the Asset Risk Consultants (ARC) Steady Growth Index performance of +9.38 % (net of fees) and the RBC Brewin Dolphin Risk Category 6 Strategic Asset Allocation of +13.39 % (gross of fees). The ARC index is made up of around 5,000 charity portfolios from 35 different investment managers, providing a good comparison to the performance of sector peers with a similar level of investment risk.

The annual returns (year ended 31 March 2024) were as follows:

Land Purchase (1992) Fund (main portfolio)

Return gross of fees +12.39 %, net return +11.66 % (ARC Steady Growth 9.38 %)

Land Purchase (1992) No. 2 portfolio (established 20th February 2023)



Return gross of fees +8.21 % , net return +7.59 % (ARC Balanced asset 7.22 % )

Parliamentary and Land Maintenance portfolio

Return gross of fees +10.05 % . net return +9.3 % (ARC Steady Growth 9.38 % )

The trustees receive a full report on the investment portfolios from RBC Brewin Dolphin in June and December and an interim report is available in March and September.

The Trust's assets are invested in line with the long-term interests of the charity. Malvern Hills Trust exists to protect the Malvern Hills and commons. Climate change poses a threat to the unique environment which is cared for by the Trust. Since 31 March 2021 the trustees have excluded all fossil fuel, mining and quarrying companies from the investment portfolios. The trustees also exclude individual investments which are perceived to conflict with the charity's purpose.

## Reserves policy and going concern

Malvern Hills Trust's (MHT's) free reserves are defined as those funds which the charity has available to spend on its charitable objectives.

The free reserves are calculated by starting with the total unrestricted funds value from the accounts. To comply with accounting rules the amount of the pension deficit is included as part of the unrestricted funds shown in the accounts, although it is a liability that will not crystallise, as the deficit to be repaid is part of a different calculation under the triennial valuation of the scheme. This deficit value is therefore added back when calculating the free reserves. The net book value of fixed assets (not available as cash) and the value of committed (designated) funds are then deducted, to come to the free reserve total. In summary, the calculation is as follows:

Total unrestricted funds\*

Less:

The defined benefit pension scheme surplus/(deficit)

Net book value of fixed assets funded from the general fund

Committed designated funds

\*Unrestricted funds comprise the general fund, and free designated funds and surplus/(deficit) on the defined benefit pension scheme

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

The level of free 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.



In setting the policy, the trustees have ensured that the contributions required under the defined benefit pension scheme, including those to cover the actuarial deficit, can be met from projected cash flows.

MHT's trustees' policy is to aim to maintain the free reserves level above £350,000. 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,
- To fund everyday essential expenditure in the event that income streams are unexpectedly interrupted,
- To fund unplanned costs arising from tree diseases,
- The need to provide working capital for MHT, both for day to day work and for future (possibly grant-funded) development,
- The need to provide a degree of protection against fluctuations in investment income.

The policy was adopted in June 2018 and updated in August 2023.

At 31 March 2024 total funds of the charity were £3,855,317 (2022/23 £3,596,672). This included restricted funds of £3,091,034 (2022/23 £2,999,397) and committed designated funds of £897,153 (2022/23 £897,687). Details of all the designated funds are given in note 20 to the financial statements and restricted funds details are in note 22.

The level of free reserves as defined above was £742,341, made up of the following:

|   |              |
|---|--------------|
| General fund excluding net book value of assets | £335,085     |
| Free' designated funds                          |              |
| Gifts   | £389,386     |
| Fundraising                                     | £10,000      |
| Car park repair                                 | £4,369       |
| Dog campaign                                    | £3,501       |
| <br>Total                                       | <br>£742,341 |

The total of the free reserve was slightly up on the March 2023 figure (£736,620).

The overall free reserve remains higher than the target minimum of £350,000. A proportion of the reserve from 1 April 2024 has become part of the budget to fund the costs relating to the Private Bill preparation and consultation during 2024/25.



The Ash Dieback fund is currently looking like it will be more than sufficient in the short term, last year there were some concerns that tackling Ash Dieback could cost more than was first anticipated.

The trustees have carried out a going concern review and concluded that the Trust is a going concern and that they expect the organisation to continue operating and paying liabilities as they fall due for at least twelve months from when the accounts are signed.

### **Pension scheme**

#### FRS 102

Malvern Hills Trust is a member of the Worcestershire County Council Pension Fund (WCCPF), which is a defined benefit scheme. The costs and liabilities shown in these financial statements are accounted for under FRS 102, with details being given in note 27. The pension figures reflected in these financial statements have been provided by Mercer, the Actuary to the Fund.

The FRS 102 accounting deficit at the year-end has been calculated as £612,000 (2022/23 £737,000). The employer's contribution rate during the year was 21.8% (2022/23 21.8%).

#### Triennial valuation

The most recent triennial Actuarial valuation was carried out at 31 March 2022. This valuation provides the basis for the calculation of future contributions to WCCPF. The Trust's deficit (that is the excess of pension liabilities over assets) in WCCPF as at 31 March 2022 was £802,350 (74.8% funding level). This was an improvement on the position at the last two triennial valuations which showed a deficit in 2019 of £926,000 (69% funding level) and £1,092,000 (57% funding) in 2016. The next Actuarial valuation will be carried out as at 31 March 2025, with revised contribution rates coming into effect from 1 April 2026.

The Trust 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 Business Plan and budgets include provision for these payments. The deficit recovery period following the 2022 Actuarial Valuation is 12 years. The deficit payments in 2023/24 totalled £74,200 (2022/23 £68,700). The amount due for 2024/25 is £77,630.

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

### **Plans for future periods**

The CEO and Senior Management have met regularly and forged a greater understanding of each other's functions. There has been much progress against recommendations from the staffing review and this will continue. The business plan will be revisited and a new Health and Safety plan is expected to arise from new insight provided by a retained Health & Safety advisor and fire risk assessments. Following discussion at FAR, the Board will be supported in



an annual review of the Risk Strategy. There is considerable improvement in day to day trustee and staff relations and the Staff Trustee Protocol Working Group was a particular highlight with a new procedure noted by the Board in May.

The communications output has been high with numerous news releases and social media posts. The Trust's Facebook channel has 5.2K followers and peaks in activity occurred around the May well dressing, May car park pass applications opening and May launch of the public consultation. Stockwatch continues to be popular with a regular slot in the Malvern Gazette. Over 13,000 leaflets and hundreds of posters were circulated for the public consultation in the Trust's usual look and feel with regular updates to frequently asked questions and a myth-busting section on the website. This was aided by an operational trustee and staff communications group.

### **Conservation**

For the next financial year and until 2026, the Trust's outdoor work will be focused on the delivery of the Land Management Plan 2021-2026 and responding to new challenges that may arise on the estate.

Our priorities will always be the most important, legally designated features such as British Camp hillfort. This nationally important archaeological monument needs annual livestock grazing and scrub control to keep it open and visible. Presently it also needs structural repair works on two significant erosion scars. This work will be carried out soon by our field staff team using sympathetic techniques.

Maintaining our priority habitats that make up much of the estate and bring benefit to thousands of people every week, need annual works to keep them in good condition. Hedges, ponds, meadows, ancient woodlands all rely on the hard work of our staff, volunteers, contractors and other partners.

We shall continue with current works to increase tree cover where possible and at the same time, cope with tree diseases. Ash Dieback disease has cost the Trust £113,000 over the last three years and in the next few years we expect to deal with further waves of dead and unhealthy trees. Unfortunately, another tree disease, Acute Oak Decline, has been recorded. Spending on unsafe trees could well rise therefore, although wherever possible the Trust uses its own skilled staff for survey and tree surgery work.

Work on the next Land Management Plan will begin in 2024 and go out to public consultation in 2025 with a view to the new plan, covering 2026-2031, going live in April 2026.

### **Remuneration policy and salary costs.**

Staff salaries are set in accordance with the Local Government pay scale (LGPS) 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. Salaries were last independently benchmarked in spring



2022. The salary of the Chief Executive Officer is set by the Board, following an annual appraisal. At the time of this report, negotiations were still ongoing regarding pay awards across all LGPS paycales. Once agreed the award will be backdated to 1 April 2024.

## 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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England & 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 2019 (FRS 102),
- 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 operation.

The trustees are responsible for keeping proper accounting records that 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 governing Acts. 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 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.

## Risk management

The trustees have in place a formal risk management process to assess business risks and implement risk management strategies.

The risk management process involves identifying the types of risks the charity faces, classifying them in terms of potential impact and likelihood of occurrence and identifying ways of managing the risks. At each meeting of the board, trustees are updated on any significant changes to the level of risk, particularly any categories that are gauged to be entering the highest risk category, and any appropriate actions considered.



Post year end the Finance Administration and Resources Committee has met and discussed the Risk Management Strategy and the Committee has approved recommendations to commission a shorter more manageable working document, arrange a workshop for all trustees to consider all risks and ultimately update the register during summer 2024.

The key risks identified during the year were:

- Potential of grant-making bodies such as the Rural Payment Agency making unilateral changes to existing grant schemes which might negatively impact on income levels.
- Uncertainty in regard of Trusts election arrangements following the Boundary Commission review of Malvern Hills District Council ward boundaries.
- Reputational impacts arising both from the above, and local campaigns (by individuals and/or groups) generating misinformation that affects the reputation of the charity and generates adverse publicity, as well as diverting the limited resources and focus of the organisation from its core objects.
- The impacts of additional workloads and limited delivery capacity arising from both expected and unexpected loss of staff from key roles within the small staff team.

Some areas of financial operations previously identified as at high risk in the first half of the year, have since moderated, but still warranted careful monitoring. These include the risks of:

- Impact of Government policy, changes in legislation and regulations
- Expenditure levels increasing and car park takings and grant funding income falling below expected levels
- Poor investment returns

Following the latest triennial valuation the Trust's pension liability (accounting deficit) has reduced (as disclosed in detail in note 27 to the financial statements). Medium-term financial plans are in place to ensure the charity can make the required contribution payments in the future. 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, the trustees have each taken appropriate steps to make themselves aware of any information relevant to the audit and to establish that the auditor is aware of that information.

By order of the Board of Trustees

A handwritten signature in black ink, appearing to read 'John Michael'.

John Michael  
Chair of Trustees on behalf of the Trustees  
14<sup>th</sup> November 2024



## 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 2024 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the financial statements, including 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).

In our opinion, the financial statements:

- give a true and fair view of the state of the Charity's affairs as at 31 March 2024 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

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 other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 statement of Trustees' responsibilities, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they 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 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 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 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 is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting



Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the entity through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

### **Other matters**

Your attention is drawn to the fact that the charity has prepared financial statements in accordance with "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has now been withdrawn.



This has been done in order for the financial statements to provide a true and fair view in accordance with current Generally Accepted Accounting Practice.

**Use of our report**

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 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.

*Azets Audit Services*

19 November 2024

**Azets Audit Services**

**Chartered Accountants**

**Statutory Auditor**

Epsilon House  
The Square  
Gloucester Business Park  
Gloucester  
United Kingdom  
GL3 4AD



**Statement of Financial Activities for the year ended 31<sup>st</sup> March 2024**

|  | Note | Unrestricted funds | Restricted funds | Total funds 2024 | Total funds 2023 |
|--|------|--------------------|------------------|------------------|------------------|
|  |      | £                  | £                | £                | £                |
| <b><i>Income and endowments from:</i></b>                  |      |                    |                  |                  |                  |
| Donations and legacies                                     | 3    | 13,697             | 4,546            | 18,243           | 13,879           |
| Charitable activities:                                     |      |                    |                  |                  |                  |
| Management of the hills and commons                        | 4    | 831,527            | 39,036           | 870,563          | 756,190          |
| Car parks  | 4    | 398,720            | 0                | 398,720          | 360,753          |
| Other trading activities                                   | 5    | 50,931             | 0                | 50,931           | 78,407           |
| Investments:   |      |                    |                  |                  |                  |
| Bank deposits  |      | 39,354             | 6,780            | 46,134           | 9,518            |
| Investment portfolio                                       |      | 0                  | 33,698           | 33,698           | 37,785           |
| Other  | 6    | 22,913             | 0                | 22,913           | 16,529           |
| <b>Total income</b>  |      | <b>1,357,142</b>   | <b>84,060</b>    | <b>1,441,202</b> | <b>1,273,061</b> |
| <b><i>Expenditure on:</i></b>                              |      |                    |                  |                  |                  |
| Charitable activities                                      | 7    | 1,290,495          | 48,315           | 1,338,810        | 1,287,897        |
| Other expenditure  | 7    | 1,729              | 7,350            | 9,079            | 15,937           |
| <b>Total expenditure</b>                                   | 7    | <b>1,292,224</b>   | <b>55,665</b>    | <b>1,347,889</b> | <b>1,303,834</b> |
| Net gains on investments                                   | 16   | 0                  | 88,332           | 88,332           | (90,627)         |
| <b>Net income/(expenditure)</b>                            |      | <b>64,918</b>      | <b>116,727</b>   | <b>181,645</b>   | <b>(121,400)</b> |
| <b>Transfers between funds</b>                             | 23   | 25,090             | (25,090)         | 0                | 0                |
| <b><i>Other recognised gains/(losses)</i></b>              |      |                    |                  |                  |                  |
| Actuarial gains/(losses) on defined benefit pension scheme | 27   | 77,000             | 0                | 77,000           | 1,541,000        |
| <b>Net movement in funds</b>                               |      | <b>167,008</b>     | <b>91,637</b>    | <b>258,645</b>   | <b>1,419,600</b> |
| <b><i>Reconciliation of funds:</i></b>                     |      |                    |                  |                  |                  |
| Total funds brought forward                                |      | 597,275            | 2,999,397        | 3,596,672        | 2,177,072        |
| <b>Total funds carried forward</b>                         | 24   | <b>764,283</b>     | <b>3,091,034</b> | <b>3,855,317</b> | <b>3,596,672</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 32 to 59 form part of these financial statements.



## Balance Sheet as at 31<sup>st</sup> March 2024

|   | Note  | 2024             | 2023             |
|---|-------|------------------|------------------|
|   |       | £                | £                |
| <b>Fixed Assets</b>                                   |       |                  |                  |
| Tangible fixed assets                                 | 14    | 428,748          | 359,078          |
| Heritage assets                                       | 14/15 | 1,346,835        | 1,346,835        |
| Investments   | 16    | 1,303,281        | 1,206,693        |
| <b>Total fixed assets</b>                             |       | <u>3,078,864</u> | <u>2,912,606</u> |
| <b>Current Assets</b>                                 |       |                  |                  |
| Livestock   |       | 31,452           | 31,452           |
| Investments   | 16    | 424,788          | 84,788           |
| Debtors   | 17    | 306,520          | 116,932          |
| Short term deposits                                   |       | 898,082          | 1,334,180        |
| Cash in hand  |       | 176              | 166              |
| <b>Total current assets</b>                           |       | <u>1,661,018</u> | <u>1,567,518</u> |
| <b>Creditors: Amounts falling due within one year</b> | 18    | <u>(272,565)</u> | <u>(146,452)</u> |
| <b>Net Current Assets excluding pension liability</b> |       | 1,388,453        | 1,421,066        |
| <b>Net assets excluding pension liability</b>         |       | 4,467,317        | 4,333,672        |
| Pension Fund liability                                | 27    | <u>(612,000)</u> | <u>(737,000)</u> |
| <b>Net Assets including pension liability</b>         |       | <u>3,855,317</u> | <u>3,596,672</u> |
| <b>The funds of the charity</b>                       |       |                  |                  |
| Unrestricted - General Fund                           | 19    | 479,130          | 436,588          |
| Unrestricted - Designated Funds                       | 20    | 897,153          | 897,687          |
| Unrestricted - Pension Fund                           | 21    | (612,000)        | (737,000)        |
| Restricted Funds                                      | 22    | 3,091,034        | 2,999,397        |
| <b>Total charity funds</b>                            |       | <u>3,855,317</u> | <u>3,596,672</u> |

The notes on pages 32 to 59 form part of these financial statements.

Signed

John Michael  
Chair of Trustees on behalf of the Trustees  
14<sup>th</sup> November 2024



**Statement of cash flows for the year ended 31<sup>st</sup> March 2024**

|  | 2024             | 2023           |
|--|------------------|----------------|
|  | £                | £              |
| <b>Cash flows from operating activities</b>                        |                  |                |
| Net movement in funds  | 181,645          | (121,400)      |
| Add back depreciation charge                                       | 56,819           | 91,158         |
| Profit on disposal of fixed assets                                 | (11,712)         | (1,050)        |
| Investment (gains)/ losses   | (88,332)         | 90,627         |
| Difference pension charge and cash contributions                   | (48,000)         | 37,000         |
| Income on investing activities retained in portfolio               | (79,832)         | (47,303)       |
| Decrease / (increase) in stock                                     | 0                | (6,132)        |
| (Increase)/decrease in debtors                                     | (189,588)        | 16,542         |
| Increase in creditors  | 126,113          | (7,928)        |
| <b>Net cash provided by/(used in) operating activities</b>         | <b>(52,887)</b>  | <b>51,514</b>  |
| <br>   |                  |                |
| <b>Cashflows from investing activities:</b>                        |                  |                |
| Proceeds from the sale of fixed assets                             | 11,712           | 1,053          |
| Purchase of fixed assets   | (126,490)        | (190,005)      |
| Transfer to current asset investments                              | (340,000)        | (84,788)       |
| Purchase of investments  | (173,249)        | (523,781)      |
| Proceed on disposal of investments                                 | 152,023          | 849,170        |
| Interest received  | 79,832           | 47,303         |
| <b>Net cash provided by investing activities</b>                   | <b>(396,172)</b> | <b>98,952</b>  |
| <br>   |                  |                |
| <b>Change in cash and cash equivalents in the reporting period</b> | <b>(449,059)</b> | <b>150,466</b> |
| <br>   |                  |                |
| Cash at beginning of period  | 1,334,341        | 1,167,684      |
| Cash at end of period  | 898,260          | 1,334,341      |
| Movement in portfolio cash   | (12,978)         | (16,191)       |
| <b>Change in cash and cash equivalents in reporting period</b>     | <b>(449,059)</b> | <b>150,466</b> |

The notes on pages 32 to 59 form part of these financial statements.



## Notes to the financial statements for the year ended 31<sup>st</sup> March 2024

### 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 2019) – (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.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

#### a) Preparation of the financial statements on a going concern basis

The charity reported a cash outflow of £449,059 (2022/23 £150,466 inflow) 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. Whilst 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 £500 has been set by the Trustees.

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 on a straight-line basis over their expected useful lives on the following bases:

|                                    |                 |
|------------------------------------|-----------------|
| Vehicles and equipment             | 16.67 % of cost |
| Parking meters                     | 10 % 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

Part of 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.

The land held by Malvern Hills Trust is reported in the Balance Sheet at cost. The land is inalienable, so the Trustees do not believe the expense of having the land valued for the purposes of these accounts would be good use of the charity's funds, as the cost would exceed the benefit. Malvern Hills Trust also has some small areas of land which were donated to the charity which are not shown in the accounts. The Trustees believe that the expense of having this land valued to include it in the accounts would exceed the benefits provided by the valuation, as this land is also inalienable.



## **i) Investments – Fixed Asset**

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) Investments – Current Asset**

Current asset investments are long term deposits comprising fixed-term or notice investments with a maturity of three months or more.

## **k) Livestock**

Livestock represents Malvern Hills Trust owned cattle which is independently assessed and valued at the commencement and termination of qualifying Tenancy Agreements (expiry dates being November 2028, June 2031 and November 2024). Cattle is managed via Grazier agreements. No sale or purchase of livestock has occurred during the year or the prior year.

The year end valuation at 31<sup>st</sup> March 2024 has not changed as no external valuation was required or carried out but investigation of commercial values suggests that the value would not be materially different to last year.

## **l) Pension scheme**

The charity participates in the Worcestershire County Council Pension Fund which is a part of the Local Government Pension Scheme (LGPS), 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.

## **m) 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.

Further explanation of the nature and purpose of each fund is included in notes 20-22 to the financial statements.

## **n) Debtors**

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



## **o) 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.

## **p) 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.

## **q) 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.

## **r) 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.

The present value of the Worcestershire County Council Pension Fund defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 27, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2022 has been used by the actuary in valuing the pensions liability at 31 March 2024. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

## **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.



### 3 Analysis of income from donations and legacies

|          | 2024          | 2023          |
|----------|---------------|---------------|
|          | £             | £             |
| Gifts    | 11,168        | 13,379        |
| Legacies | 7,075         | 500           |
|          | <u>18,243</u> | <u>13,879</u> |

The income from donations and legacies was £18,243 (2022/23 £13,879) of which £13,697 was unrestricted (2022/23 £6,421) and £4,546 restricted (2022/23 £7,458).

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 charitable activities

|  | M'gt of<br>hills and<br>commons | Car Parks      | Total 2024       | Total 2023       |
|--|---------------------------------|----------------|------------------|------------------|
|  | £                               | £              | £                | £                |
| <b>Income</b>                                    |                                 |                |                  |                  |
| Levy on Council Tax payers in precepted parishes | 663,800                         | 0              | 663,800          | 595,300          |
| Stewardship grants                               | 148,536                         | 0              | 148,536          | 106,612          |
| Other grants                                     | 58,227                          | 0              | 58,227           | 54,278           |
| Car park takings                                 | 0                               | 398,720        | 398,720          | 360,753          |
| Total income from charitable activities          | <u>870,563</u>                  | <u>398,720</u> | <u>1,269,283</u> | <u>1,116,943</u> |

### 5 Analysis of income from other trading activities

|                         | 2024          | 2023          |
|-------------------------|---------------|---------------|
|                         | £             | £             |
| Rental income           | 36,631        | 32,933        |
| Easements and wayleaves | 14,300        | 45,474        |
|                         | <u>50,931</u> | <u>78,407</u> |

The rental income in both years was unrestricted , £nil of easements and wayleaves in 2023/24 was restricted (2022/23 £20,000).



## 6 Analysis of other income

|                                    | 2024          | 2023          |
|------------------------------------|---------------|---------------|
|                                    | £             | £             |
| Employment allowance*              | 5,000         | 5,000         |
| Compensation for works             | 308           | 1,076         |
| Profit on disposal of fixed assets | 11,712        | 1,050         |
| Sundry Income                      | 5,893         | 9,403         |
|                                    | <u>22,913</u> | <u>16,529</u> |

\* HMRC Employment Allowance for the year 2023/24 has been applied in full to the employer's national insurance contribution to a total value of £5,000 (2022/23 £5,000).

All of the above income is unrestricted.

## 7 Analysis of expenditure

|                          | Estate manage't | Wardening      | Car parks     | PR           | Governance     | Office costs   | Total 2024       | 2023             |
|--------------------------|-----------------|----------------|---------------|--------------|----------------|----------------|------------------|------------------|
|                          | £               | £              | £             | £            | £              | £              | £                | £                |
| Salaries (note 9)        | 241,460         | 130,622        | 6,325         | 0            | 72,354         | 262,588        | 713,350          | 747,933          |
| Direct expenses          | 263,753         | 13,657         | 24,876        | 5,519        | 0              | 0              | 307,806          | 304,984          |
| Rates and water          | 4,245           | 0              | 1,500         | 0            | 0              | 2,450          | 8,195            | 8,163            |
| Electricity & gas        | 5,425           | 0              | 2,480         | 0            | 0              | 6,724          | 14,629           | 9,074            |
| Insurance                | 28,667          | 0              | 0             | 0            | 2,743          | 1,309          | 32,719           | 29,357           |
| Maintenance of buildings | 4,536           | 0              | 0             | 0            | 0              | 1,136          | 5,673            | 8,315            |
| Depreciation             | 54,257          | 0              | 0             | 0            | 0              | 2,562          | 56,819           | 91,158           |
| Investment management    | 9,079           | 0              | 0             | 0            | 0              | 0              | 9,079            | 13,381           |
| Support costs (note 7)   | 4,803           | 0              | 1,083         | 0            | 97,542         | 96,192         | 199,620          | 91,470           |
|                          | <u>616,225</u>  | <u>144,279</u> | <u>36,264</u> | <u>5,519</u> | <u>172,639</u> | <u>372,962</u> | <u>1,347,889</u> | <u>1,303,835</u> |

Expenditure was £1,347,889 (2022/23 £1,303,835) of which £1,292,224 was unrestricted (2022/23 £1,196,181) and £55,665 was restricted (2022/23 £107,653).



## 8 Analysis of support costs

|                         | Estate<br>m'gt | Governance    | Car parks    | Office<br>costs | Total<br>2024  | Total<br>2023 |
|-------------------------|----------------|---------------|--------------|-----------------|----------------|---------------|
|                         | £              | £             | £            | £               | £              | £             |
| Telephones              | 1,451          | 0             | 0            | 1,971           | 3,422          | 3,315         |
| Cleaning                | 1,143          | 0             | 0            | 3,209           | 4,351          | 4,331         |
| Postage                 | 0              | 0             | 0            | 2,324           | 2,324          | 2,559         |
| Office equipment        | 0              | 0             | 0            | 2,841           | 2,841          | 3,459         |
| Printing and stationery | 0              | 0             | 0            | 6,569           | 6,569          | 5,886         |
| Travelling              | 0              | 0             | 0            | 794             | 794            | 597           |
| IT                      | 0              | 0             | 0            | 14,303          | 14,303         | 13,155        |
| Legal fees              | 695            | 44,521        | 0            | 0               | 45,216         | 21,360        |
| Audit fee               | 0              | 14,875        | 0            | 0               | 14,875         | 11,250        |
| Land Agent fees         | 0              | 0             | 0            | 0               | 0              | 2,276         |
| Election expenses       | 0              | 24,032        | 0            | 0               | 24,032         | 0             |
| Other professional fees | 921            | 1,840         | 0            | 3,710           | 6,471          | 12,657        |
| Subscriptions           | 0              | 0             | 0            | 2,005           | 2,005          | 1,711         |
| Newspaper Ads           | 0              | 0             | 0            | 646             | 646            | 1,112         |
| Training                | 0              | 12,274        | 0            | 7,058           | 19,332         | 2,877         |
| Miscellaneous           | 0              | 0             | 0            | 3,094           | 3,094          | 1,048         |
| Recruitment             | 593            | 0             | 0            | 14,322          | 14,915         | 1,461         |
| Pension finance cost    | 0              | 0             | 0            | 32,000          | 32,000         | 0             |
| Bank charges            | 0              | 0             | 1,083        | 1,348           | 2,431          | 2,416         |
|                         | <b>4,803</b>   | <b>97,542</b> | <b>1,083</b> | <b>96,193</b>   | <b>199,620</b> | <b>91,470</b> |

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

This is stated after charging:

|                         | 2024   | 2023   |
|-------------------------|--------|--------|
|                         | £      | £      |
| Depreciation            | 56,819 | 91,158 |
| Auditor's remuneration: |        |        |
| Audit fees              | 14,875 | 11,250 |
| Other advice            | 965    | 0      |



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

|   | 2024           | 2023           |
|---|----------------|----------------|
|   | £              | £              |
| Salaries and wages                                      | 584,418        | 518,370        |
| Social security costs                                   | 54,727         | 48,165         |
| Pension costs   | 157,599        | 146,701        |
| Group life assurance                                    | 3,356          | 2,725          |
| FRS 102 - pension adjustment                            | (80,000)       | 37,000         |
| FRS 102 - short term compensated absence charge to SOFA | (6,750)        | (5,029)        |
|   | <u>713,350</u> | <u>747,932</u> |

The number of full time equivalent employees whose annual remuneration was £60,000 or more was:

|                   | 2024   | 2023   |
|-------------------|--------|--------|
|                   | Number | Number |
| £60,001 - £70,000 | 0      | 1      |

Contributions totaling £Nil (2022/23: £6,309) were made to defined contribution schemes on behalf of employees whose emoluments exceed £60,000.

The charity trustees were neither paid nor received any other benefits from employment with the charity in the year (2022/23 £nil). No travelling expenses were reimbursed to trustees during the year (2022/23 £nil). No charity trustee received payment for professional or other services supplied to the charity (2022/23 £nil).

The key management personnel comprise the Chief Executive Officer, the Conservation Manager, the Operations Manager, the Secretary to the Board, the Governance Change Officer and the Finance and Administration Manager. The total employee benefits of key management personnel of the charity, including employer’s NI and pension contributions, was £287,298 (2022/23 £239,685).

**11 Staff numbers**

The average monthly head count was 21 staff (2022/23 21 staff) and the average monthly number of full-time equivalent employees (including part-time staff) during the year was as follows:

|  | 2024        | 2023        |
|--|-------------|-------------|
| Wardens  | 3.8         | 4           |
| Field Staff                                      | 6.4         | 6.6         |
| Office based staff (includes conservation staff) | 7.6         | 6.7         |
|  | <u>17.8</u> | <u>17.3</u> |



## 12 Related party transactions

Under the Charities SORP, trustees are required to disclose transactions with related parties.

During 2023/4 no related party transactions were identified (2022/23 a £600 donation was received from Richard Bartholomew).

## 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>£ | Other land | 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>£ |
|-----------------------|--|------------|-------------------------|--|----------------|--------------------------------|--------------------------|------------|
| <b>Cost</b>           |  |            |                         |  |                |                                |                          |            |
| 1st April 2023        | 1,346,835  | 102,733    | 138,770                 | 929,430  | 160,460        | 477,743                        | 62,127                   | 3,218,098  |
| Additions             | 0  | 0          | 0                       | 48,555   | 0              | 71,891                         | 6,044                    | 126,490    |
| Disposals             | 0  | 0          | 0                       | 0  | 0              | (26,385)                       | (3,650)                  | (30,035)   |
| At 31st March<br>2024 | 1,346,835  | 102,733    | 138,770                 | 977,985  | 160,460        | 523,249                        | 64,521                   | 3,314,553  |
| <b>Depreciation</b>   |  |            |                         |  |                |                                |                          |            |
| At 1st April 2023     | 0  | 0          | 27,750                  | 885,771  | 160,460        | 379,603                        | 58,601                   | 1,512,185  |
| Charge in the year    | 0  | 0          | 2,775                   | 18,490   | 0              | 32,992                         | 2,562                    | 56,819     |
| On disposals          | 0  | 0          | 0                       | 0  | 0              | (26,385)                       | (3,650)                  | (30,035)   |
| At 31st March<br>2024 | 0  | 0          | 30,525                  | 904,261  | 160,460        | 386,210                        | 57,513                   | 1,538,969  |
| <b>Net book value</b> |  |            |                         |  |                |                                |                          |            |
| 31st March 2024       | 1,346,835  | 102,733    | 108,245                 | 73,724   | 0              | 137,039                        | 7,008                    | 1,775,584  |
| 31st March 2023       | 1,346,835  | 102,733    | 111,020                 | 43,659   | 0              | 98,140                         | 3,526                    | 1,705,913  |

'Other land' is in-by-land at Hollybed Common, purchased pursuant to an order made by the Charity Commission under S105 of the Charities Act 2011.



## 15 Heritage Assets

Land and buildings (heritage assets) are held for the purposes of the charity. Details of the Lands Acquisition policy are given in the trustees' report. Under the Malvern Hills Acts, land can only be sold in very limited circumstances and so is considered inalienable.

| 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)   |              |
|         |   |        | <hr/> 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        |
| 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        |
|         | Sub-total   |        | <hr/> 94,907 |



| Year    |  | £               | £                       |
|---------|--|-----------------|-------------------------|
|         | Sub total b/fwd  |                 | 94,907                  |
| 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 | Land on 4 areas on East side Worcestershire Beacon, Black Hill and Jubilee         |                 | 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                     |
| 2018/19 | Land at Castlemorton   |                 | 7,505                   |
| 2018/19 | Land at Holywell   |                 | 13,684                  |
| 2018/19 | Land at Castlemorton (to be known as Brook Meadow, Snookes Croft and Plants Piece) |                 | 297,399                 |
| 2021/22 | Land at The Purlieu, West Malvern Road   |                 | 113,382                 |
| 2022/23 | Two parcels of land at Evendine  |                 | 173,192                 |
|         | Total to 31 <sup>st</sup> March 2024   |                 | <u><u>1,346,835</u></u> |

This land is shown at cost and is not revalued. As the land is inalienable, the Trustees do not consider the expense of having the land valued would generate any benefit for the Charity.



## 16 Investments

### Current Asset Investments

There are a series of short term investments. At the balance sheet date those held ranged from 6 months to 12 months maturity date.

### Fixed Asset Investments

Fixed Asset Investments are held to provide capital growth and a return for the charity. There are two investment portfolios. One holds the Land Purchase (1992) Fund (formerly named the Lands Acquisition fund), the other the Lands Maintenance Fund and part of the Parliamentary Fund. Income earned on the Land Purchase (1992) portfolio is retained within the fund and reinvested. Income on the Parliamentary and Lands Maintenance portfolio is transferred to the Trust's current account each month.

The movement on the funds during the year was:

|                      | LP1&LP2  | Parl & LM | Combined<br>2024 | 2023      |
|----------------------|----------|-----------|------------------|-----------|
|                      | £        | £         | £                | £         |
| Opening Market Value | 560,512  | 646,180   | 1,206,692        | 1,638,899 |
| Additions            | 86,019   | 87,230    | 173,249          | 523,781   |
| Disposal proceeds    | (66,369) | (85,654)  | (152,023)        | (849,170) |
| Equalisations        | (72)     | 205       | 133              | (112)     |
| Gains/(losses)       | 46,729   | 41,603    | 88,332           | (90,627)  |
| Change in cash       | (8,764)  | (4,338)   | (13,102)         | (16,079)  |
| Closing market value | 618,055  | 685,226   | 1,303,281        | 1,206,692 |

The historical cost of investments at the balance sheet date was £1,114,303 (2022/23 £1,244,673).



At the Balance Sheet date, the Land Purchase (1992) portfolio was invested in the following classes of investment:

| Land Purchase (1992) Portfolio ONE | 2024 |                | 2023 |                |
|------------------------------------|------|----------------|------|----------------|
|                                    | %    | £              | %    | £              |
| UK Bonds                           | 5.1  | 20,509         | 3.3  | 14,469         |
| Overseas bonds                     | 10.3 | 41,350         | 9.3  | 41,677         |
| UK equities                        | 14.9 | 59,963         | 23.9 | 57,027         |
| North American equities            | 32.3 | 129,990        | 26.8 | 108,711        |
| European equities                  | 8.4  | 33,762         | 6.9  | 27,900         |
| Japanese equities                  | 3.3  | 13,377         | 3.1  | 11,247         |
| Asia pacific equities              | 5.3  | 21,492         | 6.3  | 22,150         |
| Emerging markets                   | 1.0  | 4,029          | 1.4  | 3,836          |
| Absolute return                    | 5.5  | 22,086         | 4.7  | 21,544         |
| Global investments                 | 4.8  | 19,401         | 3.6  | 13,196         |
| Property                           | 2.1  | 8,418          | 2.4  | 8,458          |
| Other investments                  | 4.4  | 17,880         | 4.3  | 21,310         |
| Cash                               | 2.6  | 10,359         | 3.7  | 8,785          |
|                                    |      | <u>402,616</u> |      | <u>360,310</u> |

£150,000 is held in short term cash deposits via Flagstone

| Land Purchase (1992) Portfolio TWO | 2024 |                | 2023 |                |
|------------------------------------|------|----------------|------|----------------|
|                                    | %    | £              | %    | £              |
| UK Bonds                           | 9.0  | 19,296         | 3.3  | 13,048         |
| Overseas bonds                     | 23.4 | 50,315         | 9.3  | 50,562         |
| UK equities                        | 8.3  | 17,972         | 23.9 | 16,907         |
| North American equities            | 15.7 | 33,922         | 26.8 | 27,762         |
| European equities                  | 3.5  | 7,549          | 6.9  | 6,467          |
| Japanese equities                  | 1.7  | 3,757          | 1.5  | 3,084          |
| Asia pacific equities              | 3.4  | 7,328          | 6.3  | 7,600          |
| Emerging markets                   | 1.0  | 2,050          | 1.4  | 1,952          |
| Absolute return                    | 13.6 | 29,331         | 4.7  | 28,413         |
| Global investments                 | 3.3  | 7,208          | 3.6  | 6,276          |
| Property                           | 5.5  | 11,784         | 2.4  | 11,002         |
| Commodities                        | 3.2  | 6,994          | 2.4  | 6,231          |
| Other investments                  | 2.7  | 5,710          | 4.3  | 6,668          |
| Cash                               | 5.7  | 12,223         | 3.7  | 14,230         |
|                                    |      | <u>215,439</u> |      | <u>200,202</u> |



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

| Parliamentary & Lands Maintenance Portfolio | 2024 |                | 2023 |                |
|---|------|----------------|------|----------------|
|   | %    | £              | %    | £              |
| UK Bonds                                    | 8.5  | 58,189         | 3.3  | 39,592         |
| Overseas bonds                              | 8.6  | 59,090         | 9.3  | 59,461         |
| UK equities                                 | 14.8 | 101,654        | 23.9 | 125,911        |
| North American equities                     | 33.5 | 229,488        | 26.8 | 191,248        |
| European equities                           | 7.1  | 48,523         | 6.9  | 38,579         |
| Japanese equities                           | 3.4  | 23,571         | 3.1  | 20,083         |
| Asia pacific equities                       | 5.7  | 38,879         | 6.3  | 38,776         |
| Emerging markets                            | 0.7  | 5,063          | 1.4  | 4,821          |
| Absolute return                             | 4.0  | 27,180         | 4.7  | 40,323         |
| Global investments                          | 5.4  | 37,110         | 3.6  | 26,642         |
| Property                                    | 1.4  | 9,857          | 2.4  | 9,953          |
| Other investments                           | 3.9  | 26,508         | 4.3  | 32,727         |
| Cash  | 2.9  | 20,114         | 3.7  | 18,064         |
|   |      | <u>685,226</u> |      | <u>646,180</u> |

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

## 17 Debtors

|                | 2024           | 2023           |
|----------------|----------------|----------------|
|                | £              | £              |
| Trade debtors  | 46,530         | 10,610         |
| VAT repayable  | 12,766         | 5,029          |
| Accrued income | 196,966        | 49,267         |
| Prepayments    | 50,258         | 52,026         |
|                | <u>306,520</u> | <u>116,932</u> |

Debtors are measured at the settlement value less any provision for bad debts. No bad debts were written off during the year (2023 : £nil).



**18 Creditors: amounts falling due within one year**

|                                      | 2024           | 2023           |
|--------------------------------------|----------------|----------------|
|                                      | £              | £              |
| PAYE and National Insurance          | 13,686         | 10,543         |
| Wages                                | 7,718          | 3,520          |
| Trade creditors                      | 142,474        | 41,826         |
| Accrued charges                      | 42,249         | 50,761         |
| Other creditors                      | 12,241         | 10,153         |
| Deferred income                      | 46,025         | 14,727         |
| FRS102 compensated absence provision | 8,172          | 14,922         |
|                                      | <u>272,565</u> | <u>146,452</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 during the year was:

|                                  |               |
|----------------------------------|---------------|
| Current year                     | £             |
| Balance at 1 April 2023          | 14,727        |
| Released to the SOFA in the year | (14,727)      |
| Received in the year             | 46,025        |
| Balance at 31 March 2024         | <u>46,025</u> |

|                                  |               |
|----------------------------------|---------------|
| Prior year                       | £             |
| Balance at 1 April 2022          | 13,549        |
| Released to the SOFA in the year | (13,549)      |
| Received in the year             | 14,727        |
| Balance at 31 March 2023         | <u>14,727</u> |

**19 General fund**

|   | 2024           | 2023           |
|---|----------------|----------------|
|   | £              | £              |
| General fund - balance 1 <sup>st</sup> April 2023 | 436,588        | 425,825        |
| Incoming resources                                | 1,188,572      | 1,052,088      |
| Resources expended                                | (1,103,595)    | (1,012,231)    |
| Transfers   | (42,435)       | (29,094)       |
| Balance 31 <sup>st</sup> March 2024               | <u>479,130</u> | <u>436,588</u> |



## 20 Designated funds

### Current year

|   | Balance<br>1st April<br>2023<br>£ | Moveme<br>nt<br>incoming<br>£ | Resources<br>outgoing<br>£ | Transfers<br>(to)/from<br>other<br>funds<br>£ | Balance<br>31st March<br>2024<br>£ |
|---|-----------------------------------|-------------------------------|----------------------------|---|------------------------------------|
| Gift fund                               | 383,102                           | 8,688                         | (2,404)                    | 0   | 389,386                            |
| HLS, BPS & grazing reserve fund         | 106,873                           | 11,119                        | (4,850)                    | (1,064)                                       | 112,078                            |
| Countryside Stewardship fund            | 150,564                           | 143,753                       | (93,880)                   | 0   | 200,437                            |
| Tree disease fund                       | 35,865                            | 0                             | 0                          | 0   | 35,865                             |
| Ash Dieback fund                        | 129,473                           | 10                            | (38,614)                   | 0   | 90,869                             |
| Fundraising support fund                | 10,000                            | 0                             | 0                          | 0   | 10,000                             |
| Governance Review - legal               | 34,010                            | 0                             | (3,413)                    | 9,589   | 40,186                             |
| Governance Review - public consultation | 889                               | 0                             | (14,342)                   | (889)   | (14,342)                           |
| Election expenses fund                  | 17,207                            | 0                             | (26,730)                   | 9,523   | 0                                  |
| Dog campaign                            | 3,501                             | 0                             | 0                          | 0   | 3,501                              |
| Car Park repair fund                    | 5,100                             | 0                             | (731)                      | 0   | 4,369                              |
| Designated fixed asset fund             | 0                                 | 0                             | (176)                      | 12,704  | 12,528                             |
| Boundary Commission Advice              | 8,603                             | 0                             | (6,327)                    | 10,000  | 12,276                             |
| FAM / CEO Replacement                   | 12,500                            | 0                             | (40,162)                   | 27,662  | 0                                  |
|   | <b>897,687</b>                    | <b>163,570</b>                | <b>(231,629)</b>           | <b>67,525</b>                                 | <b>897,153</b>                     |

### Prior year

|   | Balance<br>1st April<br>2022<br>£ | Moveme<br>nt<br>incoming<br>£ | Resources<br>outgoing<br>£ | Transfers<br>(to)/from<br>other<br>funds<br>£ | Balance<br>31st March<br>2023<br>£ |
|---|-----------------------------------|-------------------------------|----------------------------|---|------------------------------------|
| Gift fund                               | 452,450                           | 7,560                         | (8,874)                    | (68,034)                                      | 383,102                            |
| HLS, BPS & grazing reserve fund         | 110,327                           | 13,657                        | (16,221)                   | (890)   | 106,873                            |
| Countryside Stewardship fund            | 127,069                           | 99,395                        | (75,900)                   | 0   | 150,564                            |
| Tree disease fund                       | 22,975                            | 0                             | 0                          | 12,890  | 35,865                             |
| Ash Dieback fund                        | 96,031                            | 0                             | (34,558)                   | 68,000  | 129,473                            |
| Fundraising support fund                | 10,000                            | 0                             | 0                          | 0   | 10,000                             |
| Governance Review - legal               | 34,010                            | 0                             | 0                          | 0   | 34,010                             |
| Governance Review - public consultation | 889                               | 0                             | 0                          | 0   | 889                                |
| Election expenses fund                  | 12,207                            | 0                             | 0                          | 5,000   | 17,207                             |
| Dog campaign                            | 3,500                             | 1                             | 0                          | 0   | 3,501                              |
| Car Park repair fund                    | 3,200                             | 0                             | 0                          | 1,900   | 5,100                              |
| Boundary Commission Advice              | 0                                 | 0                             | (11,397)                   | 20,000  | 8,603                              |
| FAM Replacement                         | 0                                 | 0                             | 0                          | 12,500  | 12,500                             |
|   | <b>872,658</b>                    | <b>120,613</b>                | <b>(146,950)</b>           | <b>51,366</b>                                 | <b>897,687</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 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 Tree Disease fund is to cover costs arising from tree diseases.
- The Ash Dieback fund was set up during 2021/22 to cover the cost of managing Ash Dieback. Spending to date is over £113,000 and we now do not expect the costs to be as high as first thought. We do however now have Acute Decline to deal with so the fund remains in place at the moment and may be redirected to this new threat.
- The Fundraising support fund is to cover costs of future fundraising activities.
- The Governance review funds are to cover the costs of any work approved by the Board. These 2 funds have been renamed from the 1<sup>st</sup> April 2024 to make the use of each clearer. One fund is specifically for the “Preparation and Promotion of the new Bill, the other is “other costs attached to the bill” including but not limited to; the consultation, staff costs and other legal fees.
- The Election expenses fund is to cover the cost of the 4-yearly elections to the Board and any by-elections. Elections took place in Autumn 2023 and the next elections will be in 4 years time. A rolling £5000 per year designation has historically been made. This may be reviewed and uplifted as the 2023 elections exceeded this budget which was covered by general reserves.
- The Dog campaign fund is to cover the costs of a campaign which was started in 2019/20. Work on the campaign was initially delayed by COVID-19 and more recently, activities have been put on hold due to staff and time constraints. The aim is to revisit this in due course. In the meantime, the Trust is continually alerting the public via social media on the importance of responsible dog walking.
- The designated fixed asset fund represents the balance on restricted assets purchases which remain designated until fully written down.
- The car park repair fund is to cover the cost of car park repairs, this was due to be completed in 2022/23 but has been delayed due to weather and time resource.
- Following the retirement of Cheryl Gentry and the resignation of her replacements Helen Barber and Sarah Deacon, the FAM replacement fund objective was to cover the cost of accountancy provision in preparing the Statutory Financial accounts in addition to recruitment expenses. The fund was extended further during 2023/24 to cover the additional costs attached to appointing the new CEO. The fund has been closed now that these posts have been filled.

Details of transfers made during the year are given in note 23.



## 21 Unrestricted pension fund

### Current year

|              | Balance 1st<br>April 2023<br>£ | Movement<br>incoming<br>£ | Resources<br>outgoing<br>£ | Actuarial<br>gains/(losses)<br>£ | Balance 31st<br>March 2024<br>£ |
|--------------|--------------------------------|---------------------------|----------------------------|----------------------------------|---------------------------------|
| Pension Fund | (737,000)                      |                           | 48,000                     | 77,000                           | (612,000)                       |

### Prior year

|              | Balance 1st<br>April 2022<br>£ | Movement<br>incoming<br>£ | Resources<br>outgoing<br>£ | Actuarial<br>gains/(losses)<br>£ | Balance 31st<br>March 2023<br>£ |
|--------------|--------------------------------|---------------------------|----------------------------|----------------------------------|---------------------------------|
| Pension Fund | (2,241,000)                    | 0                         | (37,000)                   | 1,541,000                        | (737,000)                       |

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<br>1st April<br>2023<br>£ | Movement<br>incoming<br>£ | Resources<br>outgoing<br>£ | Transfers<br>(to)/from other<br>funds<br>£ | Net gains/(losses)<br>on investments<br>£ | Balance 31st<br>March 2024<br>£ |
|--------------------------------|-----------------------------------|---------------------------|----------------------------|--|---|---------------------------------|
| Lands Maintenance fund         | 183,022                           | 5,644                     | (997)                      | (5,644)                                    | 11,937                                    | 193,962                         |
| SDF fund                       | 453                               | 0                         | 0                          | 0  | 0   | 453                             |
| Nature of the Malverns book    | 2,901                             | 0                         | 0                          | 0  | 0   | 2,901                           |
| Gifts                          | 8,166                             | 0                         | (3,487)                    | 452  | 0   | 5,131                           |
| Tree planting                  | 1,044                             | 0                         | (140)                      | 0  | 0   | 904                             |
| Picnic bench donations         | 4,604                             | 4,546                     | (1,742)                    | 0  | 0   | 7,408                           |
| Boost4Biodiversity             | 1,389                             | 0                         | 0                          | 0  | 0   | 1,389                           |
| FIPL Foothill Connections fund | 500                               | 0                         | 0                          | (500)                                      | 0   | 0                               |
| FIPL All Saints Wood           | 6                                 | 3,283                     | (3,208)                    | (81)                                       | 0   | 0                               |
| Urban tree challenge fund      | 2,737                             | 0                         | (64)                       | 0  | 0   | 2,673                           |
| Donkey Shed                    | (7,787)                           | 0                         | 0                          | 7,787                                      | 0   | 0                               |
| Access For All                 | (1,776)                           | 7,646                     | (3,006)                    | 0  | 0   | 2,864                           |
| Land Purchase (1992) fund      | 513,881                           | 15,606                    | (2,497)                    | (48,046)                                   | 34,047                                    | 512,991                         |
| Land Purchase 2 Fund           | 200,108                           | 4,829                     | (1,160)                    | 0  | 11,681                                    | 215,458                         |
| FIPL tools                     | 0                                 | 16,295                    | (3,592)                    | (12,704)                                   | 0   | 0                               |
| Parliamentary fund             | 485,392                           | 14,399                    | (2,696)                    | (14,399)                                   | 30,667                                    | 513,363                         |
| Capital Outlay Discharged fund | 1,604,757                         | 0                         | (21,265)                   | 48,046                                     | 0   | 1,631,538                       |
|                                | <u>2,999,397</u>                  | <u>72,248</u>             | <u>(43,854)</u>            | <u>(25,090)</u>                            | <u>88,332</u>                             | <u>3,091,034</u>                |



Prior year

|                                | Balance<br>1st April<br>2022<br>£ | Movement<br>incoming<br>£ | Resources (to)/from<br>outgoing<br>£ | Transfers<br>(to)/from other<br>funds<br>£ | Net gains/(losses)<br>on investments<br>£ | Balance 31st<br>March 2023<br>£ |
|--------------------------------|-----------------------------------|---------------------------|--------------------------------------|--|---|---------------------------------|
| Lands Maintenance fund         | 193,588                           | 5,591                     | (1,632)                              | (5,337)                                    | (9,188)                                   | 183,022                         |
| SDF fund                       | 453                               | 0                         | 0                                    | 0  | 0   | 453                             |
| Nature of the Malverns book    | 2,901                             | 0                         | 0                                    | 0  | 0   | 2,901                           |
| Gifts                          | 6,831                             | 2,000                     | (665)                                | 0  | 0   | 8,166                           |
| Tree planting                  | 821                               | 1,385                     | (357)                                | (805)                                      | 0   | 1,044                           |
| Picnic bench donations         | 2,800                             | 6,073                     | (1,719)                              | (2,550)                                    | 0   | 4,604                           |
| Community Woodland             | 0                                 | 0                         | (34)                                 | 34   | 0   | 0                               |
| Boost4Biodiversity             | 1,389                             | 0                         | 0                                    | 0  | 0   | 1,389                           |
| FIPL Foothill Connections fund | 500                               | 0                         | 0                                    | 0  | 0   | 500                             |
| FIPL All Saints Wood           | 0                                 | 2,409                     | (2,403)                              | 0  | 0   | 6                               |
| Urban tree challenge fund      | (8,223)                           | 11,257                    | (297)                                | 0  | 0   | 2,737                           |
| Donkey Shed                    | 0                                 | 19,456                    | (27,243)                             | 0  | 0   | (7,787)                         |
| Access For All                 | 0                                 | 0                         | (1,776)                              | 0  | 0   | (1,776)                         |
| Land Purchase (1992) fund      | 933,249                           | 16,943                    | (7,150)                              | (357,455)                                  | (71,706)                                  | 513,881                         |
| Land Purchase 2 Fund           | 0                                 | 135                       | (97)                                 | 184,263                                    | 15,807                                    | 200,108                         |
| Parliamentary fund             | 493,842                           | 35,116                    | (4,412)                              | (13,614)                                   | (25,540)                                  | 485,392                         |
| Capital Outlay Discharged fund | 1,491,438                         | 0                         | (59,868)                             | 173,187                                    | 0   | 1,604,757                       |
|                                | <u>3,119,589</u>                  | <u>100,365</u>            | <u>(107,653)</u>                     | <u>(22,277)</u>                            | <u>(90,627)</u>                           | <u>2,999,397</u>                |

- The Lands Maintenance fund formed part of the consideration for the disposal of the land at Townsend Way for the purpose of providing income for the maintenance of the land forming the roadside verges. Investment income earned on this fund may be used for the Trust's general purposes. During the year, £5,644 investment income was transferred to the General Fund (2022/23 £5,337).
- The SDF (Sustainable Development Fund) fund is for information boards at North and Tank Quarries.
- The Nature of the Malverns book was a joint venture project to produce a high-quality book showcasing the nature of the area. The book was published in May 2018. The funds generated from the project are to be used to support conservation projects.
- The Gifts fund comprises legacies and donations made for specified projects to improve the amenities of the Malvern Hills.
- The Tree Planting fund received donations for planting trees at Thirds Wood.
- Picnic bench donations are for benches at the Community Woodland.
- The Boost4Biodiversity fund is from Severn Trent, to fund pond works.
- The FIPL fund (Farming in Protected Landscapes) is a grant to support conservation projects within the Malvern Hills AONB. The projects in operation during 2023/24
  - Foothill Connection
  - Evendine
  - Tools upgrade
  - All Saints Wood.
  - Donkey Shed (along with additional funding via the Malvern Civic Society)
- The UTCF fund (Urban Tree Challenge Fund) is a grant from the Forestry Commission to support tree planting in urban areas.
- Access for All funding is supported via the Malvern Hills AONB and funded by DEFRA. The scheme seeks to remove barriers for people to visit the AONBs via capital improvements to the



“countryside infrastructure”. Malvern Hills Trust has benefited with the provision of a variety of gates to newly acquired land.

- The Land Purchase (1992) fund (formerly called the Lands Acquisition fund) was set up in 1992 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.
- The Land Purchase 2 Fund formed following the Board of Trustees instruction to redirect investment funds into a lower risk managed category.
- 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 Trust’s general purposes. During the year, £14,399 investment income was transferred to the General Fund (2022/23 £15,116).
- 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 Maintenance 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.



## 23 Transfers between funds

Transfers made during the year were:

### Restricted

|      |                     |    |                              |  |                 |
|------|---------------------|----|------------------------------|--|-----------------|
| From | FIPL foothills RF   | To | Gifts RF                     | Excess on FIPL foothills, back to RF gifts | 500             |
| From | General fund        | To | Donkey shed RF               | Overspend on Donkey shed                   | 7,787           |
| From | Gifts RF            | To | General fund                 | small overspend on WW1 memorial fund       | (48)            |
| From | Land Purchase RF    | To | capital outlay discharged RF | deprn on restricted assets                 | 48,046          |
| From | Gifts RF            | To | FIPL foothills RF            | Excess on FIPL foothills, back to RF gifts | (500)           |
| From | FIPL all siants RF  | To | General fund                 | clear out small balance on FIPL all saints | (81)            |
| From | FIPL tools RF       | To | Fixed asset fund DF          | designate restricted fund asset purchases  | (12,704)        |
| From | Land maintenance RF | To | General fund                 | Non restricted investment income           | (5,644)         |
| From | Parliamentary RF    | To | General fund                 | Non restricted investment income           | (14,399)        |
| From | Land Purchase RF    | To | capital outlay discharged RF | deprn on restricted assets                 | (48,046)        |
|      |                     |    |                              |  | <u>(25,090)</u> |

### Designated

|      |                  |    |                        |  |               |
|------|------------------|----|------------------------|--|---------------|
| From | General Fund     | To | Boundary Commission DF | To cover expected spend                    | 10,000        |
| From | General Fund     | To | FAM/CEO DF             | To cover FAM and CEO replacement cost      | 25,000        |
| From | General Fund     | To | Election costs DF      | Budgeted annual election expenses          | 5,000         |
| From | General Fund     | To | Modernisation of Acts  | Board agreed fund transfer                 | 8,700         |
| From | General Fund     | To | FAM/CEO DF             | Additional FAM CEO overspend               | 2,662         |
| From | HLS Chase End DF | To | General Fund           | Recharged stewardship salary costs         | (409)         |
| From | HLS Old Hills DF | To | General Fund           | Recharged stewardship salary costs         | (655)         |
| From | FIPL tools RF    | To | Fixed asset fund DF    | designated restricted fund asset purchases | 12,704        |
| From | General Fund     | To | Election expenses DF   | Additional election overspend              | 4,523         |
|      |                  |    |                        |  | <u>67,525</u> |

### General

|      |                     |    |                        |  |                 |
|------|---------------------|----|------------------------|--|-----------------|
| From | General Fund        | To | Boundary Commission DF | To cover expected spend                    | (10,000)        |
| From | General Fund        | To | FAM/CEO DF             | To cover FAM and CEO replacement cost      | (25,000)        |
| From | General Fund        | To | Election costs DF      | Budgeted annual election expenses          | (5,000)         |
| From | General Fund        | To | Modernisation of Acts  | Board agreed fund transfer                 | (8,700)         |
| From | General Fund        | To | FAM/CEO DF             | Additional FAM CEO overspend               | (2,662)         |
| From | HLS Chase End DF    | To | General Fund           | Recharged stewardship salary costs         | 409             |
| From | HLS Old Hills DF    | To | General Fund           | Recharged stewardship salary costs         | 655             |
| From | General fund        | To | Donkey shed RF         | Overspend on Donkey shed                   | (7,787)         |
| From | Gifts RF            | To | General fund           | small overspend on WW1 memorial fund       | 48              |
| From | FIPL all siants RF  | To | General fund           | clear out small balance on FIPL all saints | 81              |
| From | Land maintenance RF | To | General fund           | Non restricted investment income           | 5,644           |
| From | Parliamentary RF    | To | General fund           | Non restricted investment income           | 14,399          |
| From | General Fund        | To | Election expenses DF   | Additional election overspend              | (4,523)         |
|      |                     |    |                        |  | <u>(42,435)</u> |



## 2022/23 (Prior year)

| Transfer details                              | Reason                                       | £               |
|---|--|-----------------|
| From Parliamentary fund                       | To transfer investment income                | 13,614          |
| From Lands Maintenance fund                   | To transfer investment income                | 5,337           |
| From Tree Donation Scheme                     | To cover project planting costs              | 805             |
| From Picnic bench donations                   | To cover material and staff costs            | 2,550           |
| To Community Woodland                         | To cover purchase of materials               | (34)            |
| Net (to) from restricted funds                |  | <u>22,272</u>   |
| From Gift designated fund                     | To Ash Dieback and Community Woodland        | 68,034          |
| From Stewardship designated fund              | To cover staff costs                         | 890             |
| To Election Expenses designated fund          | To cover costs of elections to the Board     | (5,000)         |
| To Tree Disease designated fund               | To cover costs arising from tree disease     | (12,890)        |
| To Ash Dieback designated fund                | To cover Ash Dieback costs arising           | (68,000)        |
| To Boundary Commission advice designated fund | To cover costs arising                       | (20,000)        |
| To Car Park Repaid designated fund            | To cover costs arising                       | (1,900)         |
| To FAM Replacement designated fund            | To cover recruitment and other costs arising | (12,500)        |
| Net (to) from designated funds                |  | <u>(51,366)</u> |

## 24 Analysis of net assets between funds

### Current year

|                              | Heritage assets  | Investments      | Tangible fixed assets | Pension liability | Other net assets | Total            |
|------------------------------|------------------|------------------|-----------------------|-------------------|------------------|------------------|
|                              | £                | £                | £                     | £                 | £                | £                |
| <b>Restricted funds</b>      |                  |                  |                       |                   |                  |                  |
| Capital Outlay Discharged    | 1,346,835        | 0                | 284,704               | 0                 | 0                | 1,631,538        |
| Parliamentary fund           | 0                | 493,363          | 0                     | 0                 | 20,000           | 513,363          |
| Land Purchase (1992) fund    | 0                | 402,616          | 0                     | 0                 | 110,375          | 512,991          |
| Land Purchase 2 Fund         | 0                | 215,439          | 0                     | 0                 | 19               | 215,458          |
| Lands Maintenance fund       | 0                | 191,863          | 0                     | 0                 | 2,099            | 193,962          |
| Nature of the Malverns       | 0                | 0                | 0                     | 0                 | 2,901            | 2,901            |
| SDF fund                     | 0                | 0                | 0                     | 0                 | 453              | 453              |
| Gift fund                    | 0                | 0                | 0                     | 0                 | 5,130            | 5,130            |
| Tree planting                | 0                | 0                | 0                     | 0                 | 904              | 904              |
| Picnic benches               | 0                | 0                | 0                     | 0                 | 7,408            | 7,408            |
| FIPL Foothill Connections fd | 0                | 0                | 0                     | 0                 | 0                | 0                |
| FIPL All Saints Wood         | 0                | 0                | 0                     | 0                 | 0                | 0                |
| Donkey Shed*                 | 0                | 0                | 0                     | 0                 | 0                | 0                |
| Access for All**             | 0                | 0                | 0                     | 0                 | 2,864            | 2,864            |
| Urban Tree Challenge fund    | 0                | 0                | 0                     | 0                 | 2,673            | 2,673            |
| Boost4Biodiversity           | 0                | 0                | 0                     | 0                 | 1,389            | 1,389            |
|                              | <u>1,346,835</u> | <u>1,303,281</u> | <u>284,704</u>        | <u>0</u>          | <u>156,214</u>   | <u>3,091,034</u> |
| <b>Unrestricted funds</b>    |                  |                  |                       |                   |                  |                  |
| General fund                 | 0                | 424,788          | 144,045               | 0                 | (89,703)         | 479,130          |
| Designated funds             | 0                | 0                | 0                     | 0                 | 897,153          | 897,153          |
| Pension fund                 | 0                | 0                | 0                     | (612,000)         | 0                | (612,000)        |
|                              | <u>0</u>         | <u>424,788</u>   | <u>144,045</u>        | <u>(612,000)</u>  | <u>807,450</u>   | <u>764,283</u>   |
| <b>Total funds</b>           | <u>1,346,835</u> | <u>1,728,069</u> | <u>428,749</u>        | <u>(612,000)</u>  | <u>963,664</u>   | <u>3,855,317</u> |

Any project shortfall will be met from the General Fund



## Prior year

|                              | Heritage<br>assets<br>£ | Investmen<br>ts<br>£ | Tangible<br>fixed<br>assets<br>£ | Pension<br>liability<br>£ | Other net<br>assets<br>£ | Total<br>£       |
|------------------------------|-------------------------|----------------------|----------------------------------|---------------------------|--------------------------|------------------|
| <b>Restricted funds</b>      |                         |                      |                                  |                           |                          |                  |
| Capital Outlay Discharged    | 1,346,835               | 0                    | 257,413                          | 0                         | 513                      | 1,604,761        |
| Parliamentary fund           | 0                       | 471,712              | 0                                | 0                         | 13,679                   | 485,391          |
| Land Purchase (1992) fund    | 0                       | 360,310              | 0                                | 0                         | 153,571                  | 513,881          |
| Land Purchase 2 Fund         | 0                       | 200,202              | 0                                | 0                         | (94)                     | 200,108          |
| Lands Maintenance fund       | 0                       | 174,469              | 0                                | 0                         | 8,550                    | 183,019          |
| Nature of the Malverns       | 0                       | 0                    | 0                                | 0                         | 2,901                    | 2,901            |
| SDF fund                     | 0                       | 0                    | 0                                | 0                         | 453                      | 453              |
| Gift fund                    | 0                       | 0                    | 0                                | 0                         | 8,166                    | 8,166            |
| Tree planting                | 0                       | 0                    | 0                                | 0                         | 1,044                    | 1,044            |
| Picnic benches               | 0                       | 0                    | 0                                | 0                         | 4,604                    | 4,604            |
| FIPL Foothill Connections fd | 0                       | 0                    | 0                                | 0                         | 500                      | 500              |
| FIPL All Saints Wood         | 0                       | 0                    | 0                                | 0                         | 7                        | 7                |
| Donkey Shed*                 | 0                       | 0                    | 0                                | 0                         | (7,787)                  | (7,787)          |
| Access for All**             | 0                       | 0                    | 0                                | 0                         | (1,776)                  | (1,776)          |
| Urban Tree Challenge fund    | 0                       | 0                    | 0                                | 0                         | 2,737                    | 2,737            |
| Boost4Biodiversity           | 0                       | 0                    | 0                                | 0                         | 1,389                    | 1,389            |
|                              | <u>1,346,835</u>        | <u>1,206,693</u>     | <u>257,413</u>                   | <u>0</u>                  | <u>188,456</u>           | <u>2,999,397</u> |
| <b>Unrestricted funds</b>    |                         |                      |                                  |                           |                          |                  |
| General fund                 | 0                       | 84,788               | 101,665                          |                           | 250,135                  | 436,588          |
| Designated funds             | 0                       | 0                    | 0                                | 0                         | 897,687                  | 897,687          |
| Pension fund                 | 0                       | 0                    | 0                                | (737,000)                 | 0                        | (737,000)        |
|                              | <u>0</u>                | <u>84,788</u>        | <u>101,665</u>                   | <u>(737,000)</u>          | <u>1,147,822</u>         | <u>597,275</u>   |
| <b>Total funds</b>           | <u>1,346,835</u>        | <u>1,291,481</u>     | <u>359,078</u>                   | <u>(737,000)</u>          | <u>1,336,278</u>         | <u>3,596,672</u> |

\*Donkey Shed awaits Interpretation Boards .

Any project shortfall will be met from Unrestricted Gift Fund.

\*\*Access for All awaits the submission of the Malvern Hills AONB grant claim form.

Any project shortfall will be met from the General Fund

## 25 Post balance sheet events financial and capital commitments

At 31<sup>st</sup> March 2024, no capital expenditure had been contracted for (2023 £nil). Capital expenditure which had been approved but not contracted at the year-end was £30,081 for a new vehicle (2022/23 £40,000).

Under the Higher Level and Countryside Stewardship schemes, the charity is contracted to make 6-monthly payments to graziers from the grants received. Malvern Hills Trust's contracts with graziers have an annual break clause. The annual payments committed at 31<sup>st</sup> March 2024 total £82,043 (2022/23 £78,782).

The two Higher Level Stewardship schemes were due to end in 2023 but a 5 year extension was granted during the year to 2028. The Countryside Stewardship schemes are for a 10-year period and have a 5-year break clause. The Countryside Stewardship Scheme for the North & Central Hills ends in 2028, the scheme for the Southern Hills ends in 2030 and the scheme for Castlemorton Common (see Castlemorton Delivery Group) ends in 2031.



## 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:

|                           | 2024          | 2023           |
|---------------------------|---------------|----------------|
|                           | £             | £              |
| Within the next 12 months | 23,295        | 23,974         |
| Within 1-5 years          | 59,880        | 72,154         |
| 5 years plus              | 2,625         | 8,347          |
|                           | <u>85,800</u> | <u>104,475</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 most recently formally valued as at 31st March 2022 and was updated by the actuary on an FRS102 basis as at 31 March 2024.

The employer's contribution (including the FRS102 adjustment) for the period was £127,000 (2022/23 £118,000).

The amounts recognised in the Balance Sheet are as follows:

|                                     | 2024             | 2023             |
|-------------------------------------|------------------|------------------|
|                                     | £                | £                |
| Present value of funded obligations | (3,178,000)      | (3,128,000)      |
| Fair value of plan assets           | <u>2,566,000</u> | <u>2,391,000</u> |
|                                     | <u>(612,000)</u> | <u>(737,000)</u> |
| Amounts recognised as:              |                  |                  |
| Liabilities                         | (612,000)        | (737,000)        |
| Assets                              | <u>0</u>         | <u>0</u>         |
| Net amount recognised               | <u>(612,000)</u> | <u>(737,000)</u> |



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

|  | 2024             | 2023               |
|--|------------------|--------------------|
|  | £                | £                  |
| Current service cost                                     | 47,000           | 94,000             |
| Interest on pension liabilities                          | 145,000          | 123,000            |
| Past service cost  | 0                | 0                  |
| Administration costs                                     | 0                | 1,000              |
| Expected return on plan assets                           | (113,000)        | (63,000)           |
| Contributions by employer                                | <u>(127,000)</u> | <u>(118,000)</u>   |
| Total pension cost charged within net incoming resources | (48,000)         | 37,000             |
| Remeasurements (Actuarial (gain)/loss)                   | <u>(77,000)</u>  | <u>(1,541,000)</u> |
| Total amount (credited)/charged to SOFA                  | <u>(125,000)</u> | <u>(1,504,000)</u> |

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

|   | 2024             | 2023             |
|---|------------------|------------------|
|   | £                | £                |
| Opening defined benefit obligation      | 3,128,000        | 4,473,000        |
| Current service cost                    | 47,000           | 94,000           |
| Interest on pension liabilities         | 145,000          | 123,000          |
| Member contributions                    | 15,000           | 35,000           |
| Actuarial (gains)/losses on liabilities | (33,000)         | (1,498,000)      |
| Past service cost                       | 0                | 0                |
| Benefits/transfers paid                 | <u>(124,000)</u> | <u>(99,000)</u>  |
| Benefit obligation at end of period     | <u>3,178,000</u> | <u>3,128,000</u> |

### Explanation of the “interest” figure in the above table

As part of the annual pension deficit calculation, the Actuary estimates the future benefit cashflows, and then reduces them in line with assumed future investment returns to get an estimate of the money needed now to pay the benefits. The process of reducing the future cashflows is called discounting, and the assumed future rate of return is called the discount rate. When the Actuaries update the calculations for the following year, they need to remove one year’s discounting (as the benefit payments are all now one year closer), and it is this removal of discounting that is referred to as “interest” on the benefit obligation in the accounting schedule.

The Actuaries have to follow FRS 102 as issued by the Financial Reporting Council in setting the discount rate, which must be based on high quality (typically taken to mean at least AA rated) corporate bond yields at the accounting date.

The “interest” figure for the year 2023/24 uses the 31/03/2023 rate of 4.8 % (2022/23 uses the 31/03/2022 discount rate of 2.8 %)

Changes in the plan assets during the period to 31<sup>st</sup> March 2024 were as follows:



|   | 2024             | 2023             |
|---|------------------|------------------|
|   | £                | £                |
| Fair value of plan assets at beginning of period                  | 2,391,000        | 2,232,000        |
| Expected return on scheme assets                                  | 113,000          | 63,000           |
| Administration expenses   | 0                | (1,000)          |
| Remeasurements (assets) (Actuarial gains/(losses) on plan assets) | 44,000           | 43,000           |
| Employer contributions  | 127,000          | 118,000          |
| Member contributions  | 15,000           | 35,000           |
| Benefits/transfers paid   | <u>(124,000)</u> | <u>(99,000)</u>  |
| Fair value of plan assets at end of period                        | <u>2,566,000</u> | <u>2,391,000</u> |

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

|                       | Fair value at<br>31st March<br>2024 | Fair value at<br>31st March<br>2023 |
|-----------------------|-------------------------------------|-------------------------------------|
|                       | £                                   | £                                   |
| <b>Asset category</b> |                                     |                                     |
| Equities              | 1,103,000                           | 935,000                             |
| Other bonds           | 924,000                             | 894,000                             |
| Property              | 488,000                             | 191,000                             |
| Cash Liquidity        | 51,000                              | 36,000                              |
| Other                 | -                                   | 335,000                             |
|                       | <u>2,566,000</u>                    | <u>2,391,000</u>                    |

|   | 2024   | 2023      |
|---|--------|-----------|
|   | £      | £         |
| Actuarial gains/(losses) on assets      | 44,000 | 43,000    |
| Actuarial gains/(losses) on liabilities | 33,000 | 1,498,000 |

Weighted average assumptions used to determine benefit obligations at:

|                              | 2024 | 2023 |
|------------------------------|------|------|
| Discount rate                | 4.8% | 4.8% |
| Rate of increase in salaries | 4.3% | 4.2% |
| Rate of increase in pension  | 2.8% | 2.8% |
| Rate of CPI inflation        | 2.8% | 2.7% |

Weighted average assumptions used to determine net pension cost for period ended 31<sup>st</sup> March 2024:

|                          | 2024  | 2023  |
|--------------------------|-------|-------|
| Discount rate            | 4.80% | 4.80% |
| Rate of pension increase | 2.80% | 2.80% |

Assumed life expectations on retirement age 65:

|                                |      |      |
|--------------------------------|------|------|
| Retiring today - males         | 21.3 | 22.0 |
| Retiring today - females       | 23.6 | 24.2 |
| Retiring in 20 years - males   | 22.6 | 23.3 |
| Retiring in 20 years - females | 25.5 | 26.1 |



## Contributions

The employer expects to contribute £ 131,000 in the period to 31<sup>st</sup> March 2025. Included in this figure is £77,630 agreed to be paid in April 2024 as part of the deficit recovery plan. A further £81,150 is also agreed to be paid in April 2025.

The contributions payable by the employers are reassessed at each triennial valuation. The next actuarial valuation of the Worcestershire County Council Pension Fund will be carried out with an effective date of 31<sup>st</sup> March 2025.

## 28 Financial instruments

|   | 2024      | 2023      |
|---|-----------|-----------|
|   | £         | £         |
| Financial assets measured at fair value | 1,303,281 | 1,206,693 |

See note 1q for details of what is included in the above figures.



## 29 Statement of Financial Activities for the year ended 31st March 2023

|  | Note      | Unrestricted funds | Restricted funds | Total funds 2023 | Total funds 2022 |
|--|-----------|--------------------|------------------|------------------|------------------|
|  |           | £                  | £                | £                | £                |
| <b><i>Income and endowments from:</i></b>                  |           |                    |                  |                  |                  |
| Donations and legacies                                     | 3         | 6,421              | 7,458            | 13,879           | 11,939           |
| Charitable activities:                                     |           |                    |                  |                  |                  |
| Management of the hills and commons                        | 7         | 721,068            | 35,122           | 756,190          | 877,577          |
| Car parks  |           | 360,753            | 0                | 360,753          | 418,059          |
| Other trading activities                                   | 4         | 58,407             | 20,000           | 78,407           | 38,815           |
| Investments:   |           |                    |                  |                  |                  |
| Bank deposits  |           | 9,518              | 0                | 9,518            | 1,338            |
| Investment portfolio                                       |           | 0                  | 37,785           | 37,785           | 34,008           |
| Other  | 5         | 16,529             | 0                | 16,529           | 13,581           |
| <b>Total income</b>  |           | <b>1,172,696</b>   | <b>100,365</b>   | <b>1,273,061</b> | <b>1,395,317</b> |
| <b><i>Expenditure on:</i></b>                              |           |                    |                  |                  |                  |
| Charitable activities                                      | 6         | 1,193,535          | 94,362           | 1,287,897        | 1,185,789        |
| Other expenditure  | 6         | 2,646              | 13,291           | 15,937           | 19,290           |
| <b>Total expenditure</b>                                   |           | <b>1,196,181</b>   | <b>107,653</b>   | <b>1,303,834</b> | <b>1,205,079</b> |
| Net gains/(losses) on investments                          | 16        | 0                  | (90,627)         | (90,627)         | 51,725           |
| <b>Net income/(expenditure)</b>                            |           | <b>(23,485)</b>    | <b>(97,915)</b>  | <b>(121,400)</b> | <b>241,963</b>   |
| <b><i>Transfers between funds</i></b>                      |           | <b>22,277</b>      | <b>(22,277)</b>  | <b>0</b>         | <b>0</b>         |
| <b><i>Other recognised gains/(losses)</i></b>              |           |                    |                  |                  |                  |
| Actuarial gains/(losses) on defined benefit pension scheme | 26        | 1,541,000          | 0                | 1,541,000        | 39,000           |
| <b>Net movement in funds</b>                               |           | <b>1,539,792</b>   | <b>(120,192)</b> | <b>1,419,600</b> | <b>280,963</b>   |
| <b><i>Reconciliation of funds:</i></b>                     |           |                    |                  |                  |                  |
| Total funds brought forward                                |           | (942,517)          | 3,119,589        | 2,177,072        | 1,896,109        |
| <b>Total funds carried forward</b>                         | <b>23</b> | <b>597,275</b>     | <b>2,999,397</b> | <b>3,596,672</b> | <b>2,177,072</b> |

**MALVERN HILLS CONSERVATORS**

England & Wales - Charity number 515804

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# Accounts

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**Malvern Hills Trust**

# **Trustees' Report and Financial statements for the year ended 31<sup>st</sup> March 2023**

info@malvern hills.org.uk | www.malvern hills.org.uk | 01684 892002  
Malvern Hills Trust, Manor House, Grange Road, Malvern, Worcestershire WR14 3EY

Malvern Hills Trust is the working name of Malvern Hills Conservators. Registered charity no.515804. Vat No. GB 275 8803 21



**Trustees' Report and Financial statements  
For the year ended 31<sup>st</sup> March 2023**

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## Reference and administrative details

Charity number: 515804 (England and Wales)

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

## Our advisors

Independent Auditor: Azets Audit Services  
Epsilon House  
The Square  
Gloucester Business Park  
Gloucester GL3 4AD

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

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

## Key management personnel – Senior Managers

Chief Executive Officer Duncan Bridges BSc (Hons)

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

Conservation Manager Jonathan Bills MSc

Operations Manager Peter Kelsall BScFor, MICFor

Finance and Administration Manager Cheryl Gentry BSc ACA (to 31<sup>st</sup> May 2023)

Helen Barber (from 1<sup>st</sup> February to 10<sup>th</sup> March 2023)

Sarah Deacon BA (Hons) FCIPP MAAT AATQB  
(from 30<sup>th</sup> May 2023)



## Trustees

*FAR – sits on Finance, Administration and Resources Committee*  
*LM – sits on Land Management Committee*  
*GC – sits on Governance Committee*  
*SC – sits on Staffing Committee*  
 \* has served for more than 9 years

### Elected trustees

#### (Wards as at November 2019)

|                     |   |
|---------------------|---|
| Priory Ward:        | David Watkins FAR   |
| Chase Ward:         | Mary Turner LM (appointed 6 <sup>th</sup> May 2022)   |
| Wells Ward:         | Richard Fowler LM to 10 <sup>th</sup> November 2022, SC from 10 <sup>th</sup> November 2022             |
| West Ward:          | Charles Penn FAR. SC to 10 <sup>th</sup> November 2022  |
| Dyson Perrins Ward: | Trevor Parsons LM   |
| Malvern Link Ward:  | Richard Bartholomew FAR & GC to 10 <sup>th</sup> November 2022. LMC from 10 <sup>th</sup> November 2022 |
| Pickersleigh Ward:  | David Core FAR & GC   |
| Colwall Parish:     | Helen Stace LM, SC to 10 <sup>th</sup> November 2022, GC from 10 <sup>th</sup> November 2022 *          |
|                     | Stephen Braim LM & GC   |
| Guarford Parish:    | David Fellows FAR & GC  |
| Mathon Parish:      | Christopher Rouse LM *  |

### Nominated trustees

|  |  |
|--|--|
| Malvern Hills District Council:                                      | Mick Davies FAR and SC (Board Chair)<br>John Michael FAR<br>Cynthia Palmer LM & SC (Board Vice Chair)<br>5 vacancies |
| Colwall Parish Council:  | Paul Clayburn LM & GC from 10 <sup>th</sup> November 2022  |
| Mathon Parish Council:   | David Baldwin LM & SC *  |
| Church Commissioners:  | Vacant   |
| Herefordshire Council:   | Helen I'Anson SC<br>Ellie Chowns LM (resigned 3 <sup>rd</sup> December 2022)<br>1 vacancy                            |
| Worcestershire County Council:                                       | John Raine FAR, SC & GC*<br>Lucy Hodgson FAR   |
| Worcestershire County Council on behalf of the following parishes: - |  |
| Castlemorton:  | Chris Atkins LM & GC   |
| Newland:   | Duncan Westbury LM (appointed 14 <sup>th</sup> December 2022)  |
| Powick:  | Michelle Alexander LM (appointed 12 <sup>th</sup> April 2023)  |

## Staff

Malvern Hills Trust employs 21 staff (17 full time equivalent) during the year. Details of staff numbers are given in note 11 to the financial statements.

There were two changes to the staff during the financial year 2022/23. Nick Cowling left the Field Staff team in January 2023, and Helen Barber joined as Financial and Administration Manager for a short period, from February 1<sup>st</sup> to March 10<sup>th</sup>.

After 1 April 2023, Katie McEvoy took up the vacancy in the Field Staff team on April 11<sup>th</sup>, Cheryl Gentry left on 31<sup>st</sup> May after 20 years with the Trust and Sarah Deacon joined as the new Finance and Administration Manager on 30<sup>th</sup> May 2023.

Two new staff joined as wardens in 2023, Angela Norton on 27<sup>th</sup> June and Michael Price on the 5<sup>th</sup> July, replacing Conor Willmott and Ben Taylor.



## Report of the trustees for the year ended 31<sup>st</sup> March 2023

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 2023.

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 statutory name remains 'Malvern Hills Conservators'.

Malvern Hills Trust was set up by Act of Parliament in 1884 and is governed by 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 2019).

### 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,
- Protect and manage trees, shrubs, turf and other vegetation,
- Prevent unlawful digging and quarrying,
- Keep the land open, unenclosed and unbuilt on as open spaces for the recreation and enjoyment of the public.

Malvern Hills Trust is also obliged under national legislation to conserve and enhance biodiversity, and to protect 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 as guided by the adopted Land Management Plan <https://www.malvern hills.org.uk/looking-after/land-management-plan/>. This includes tree and woodland care, implementation of livestock grazing programmes, mowing and path maintenance to facilitate access, habitat restoration, litter picking and other general maintenance work across approximately 1200 hectares (3000 acres) of multi-designated, nationally important landscape.

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 buy either a day ticket at a meter or an annual parking permit.

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.



Under section 29 of the Malvern Hills Act 1884, Malvern Hills Trust may acquire ‘for the purpose of preserving unenclosed and free from building any lands within 9 miles of Great Malvern Abbey (Priory) ..... which (they) may regard as proper to be so preserved as part of or in connection with the range of the Malvern Hills or for the purpose of maintaining any common or commonable rights which may subsist over or affecting such lands’.

Potential land acquisitions are considered by the trustees, in accordance with the charity’s Land Acquisition Policy. The trustees will consider acquiring a piece of land where the acquisition is consistent with the powers specified above and where acquisition would further the objectives of the organisation. The criteria in the policy are:

- To own and protect the ridge of the Hills and the steep slopes on either side,
- To own and protect land on the lower slopes which contributes to the landscape and setting of the Hills and Commons,
- To maintain common or commonable rights,
- To keep land open for the recreation and enjoyment of the public,
- To conserve habitats or species which are nationally or regionally scarce and/or are typical of the local area,
- To conserve features of archaeological or geological interest/importance,
- To improve access to the existing land holding for management and
- To divert public pressure/damaging activities away from over-used or sensitive areas of the existing land holding.

### 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. The Trust also aims to run a series of free themed events 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. Unfortunately, during the COVID-19 pandemic, these did not take place but events have been restarted in 2023.

A 5-year Business Plan was adopted by the Board of Trustees in March 2022 and this is reviewed annually. In particular, budgets have had to be adapted to take account of increases in prices (particularly fuel and energy) since February 2022. The Business Plan sets out the strategic priorities and plans for the charity. <https://www.malvern hills.org.uk/looking-after/business-plan/>



## **Arrangements post COVID-19**

The frequency of Board and Committee meetings has been altered post Covid. Details are given in the 'Structure, Governance and Management' section of this report.

Visitor numbers have continued to be higher than in the years before March 2020, although visitor numbers have decreased from their peak, a change that possibly reflects increased fuel prices. Management of visitors and their impact - litter collection, prevention and control of fires and impact on the physical features of the Hills, notably path erosion and habitat disturbance continue to be a challenge.

## **Volunteers**

Before March 2020, Malvern Hills Trust received enormous support from the work of volunteers with activities such as wardening, litter picking, recording flora and fauna, habitat management, conservation, archiving and administrative support. This all but stopped during the height of the pandemic. Regular conservation volunteer working parties have resumed. The input from volunteers continues to be lower than pre pandemic levels and the Trust looks forward to recruiting more volunteer wardens and office volunteers.

The estimated volunteer contribution during the year was the equivalent of 307 working days (of 7.5 hours per day) spent on the hills and commons and 20 working days on office work. The contribution of all volunteers is gratefully acknowledged.

## **Use of Defra Stewardship Grants**

In 2022/23 around 75 % of the charity's land was managed under the Department for the Environment, Food and Rural Affairs (Defra) Countryside Stewardship Scheme or Higher Level Stewardship Scheme. These schemes provide valuable funding for certain land management and conservation activities including grazing, which is the most effective way to maintain significant parts of the hills and commons. The grazing programme is complemented by a range of other management work carried out by staff, contractors and a dedicated team of volunteers.

Five separate agreements are held, and together they provide over £100,000 per annum toward MHT's conservation activities.

## **Key achievements**

During the year, the Trust has successfully undertaken maintenance work and implemented the Land Management Plan across its 1200 hectare (3000 acre) estate which includes open hills, woodlands and suburban green spaces. Local wildlife and heritage have been cared for and over a million visitors coming from far and wide have enjoyed the land. As part of this work, staff have maintained over 70km of public rights of way and 22 car parks to help facilitate public access.



Other key achievements were:

- 9.8 ha of the foothills have been acquired by the Trust. Colwall Coppice and West Field totalling 4.9 ha were kindly bequeathed by the late Mrs B Sealy. The Trust also purchased two parcels of woodland and pasture adjoining Evendine Lane totalling 4.9 ha. Since acquisition, staff have been researching and surveying these sites to ensure a sound basis for future management.
- Meeting the challenges of managing budgets during a period of high inflation.
- The charity worked in partnership with two local organisations to restore Malvern's last remaining Victorian donkey shed – a key part of the town's history. The Trust is grateful for funding received from the AONB's Farming in Protected Landscapes (FIPL) grant scheme and from Malvern Civic Society. The revitalised donkey shed will feature interpretation boards so that passing walkers can learn about its part in the history of the Hills.
- Restoration of the historic water trough on Guarlford Road was successfully completed in July, with financial support from the Malvern Spa Association.
- A new project was started at All Saints Wood with the clearance of invasive laurel. Later in 2023, a Forest School site will be developed for the neighbouring Wyche Primary School with the assistance of a grant from the Malvern Hills AONB.
- Tree planting was carried out by volunteers and staff at various locations. Black poplars have been sourced and planted to increase genetic diversity in the local population. This work will expand our woodlands and orchards, and help to maintain the characteristic tree avenues. The Trust's efforts to maintain all the recently planted trees through the dry summer resulted in high survival rates.
- New interpretation and access signage was installed in the Community Woodland in Townsend Way, and at Black Hill.
- Work was started to restore the stone bowl and pedestal at St Ann's Well, with the financial support from the Cadbury Foundation and Malvern Spa Association.



## 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 a registered charity.

The Board of Trustees is the decision-making body. The governing legislation currently provides for 29 trustees who are appointed for a four-year term. Eleven trustees are directly elected under the Local Elections (Principal Areas) Rules by the residents of the wards (as at December 2022) and parishes listed below, 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>Seats</b> |
|-----------------------|--------------|
| Priory Ward           | 1            |
| Chase Ward            | 1            |
| Wells Ward            | 1            |
| West Ward             | 1            |
| Dyson Perrins Ward    | 1            |
| Malvern Link Ward     | 1            |
| Pickersleigh Ward     | 1            |
| Guarford 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 |
| Worcestershire County Council on behalf of the parishes of Castlemorton, Newland and Powick | 3 |
| Malvern Hills District Council  | 8 |
| Colwall Parish Council  | 1 |
| Mathon Parish Council   | 1 |
| The Church Commissioners  | 1 |

Most of the current trustees took up their seats on 1<sup>st</sup> November 2019 (some trustees have been appointed since then to fill vacancies which have arisen) and will remain in place until 31 October 2023.

There were 7 vacancies (all for externally appointed trustees) at the time this report was approved.

Following appointment, trustees are asked to attend training to ensure that they understand their duties and responsibilities under the Malvern Hills Acts, their responsibilities as charity trustees and their duties under other legislation which affects the land which they manage. 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.

Board and Committee meetings are open to the public and dates are published on the website. The Board now holds six scheduled Board meetings in January, March, May, July, September and November to make decisions and to receive reports from officers, committees and from representatives serving on outside bodies. There is also an opportunity for members



of the public to make statements. The number of scheduled committee meetings has been reduced but Special Meetings are held whenever required.

The annual meeting at which the financial statements are adopted and Auditor appointed was held in September 2022. A small number of levy payers objected to the reappointment of the Trusts Auditors which resulted in that meeting being adjourned. Following a tender process, Azets were appointed as Auditors by the levy payers at a reconvened meeting in December. This appointment resulted in a £4,000 increase in the audit fee payable by the Trust.

The Chair and Vice Chair are elected at the Board's annual meeting in November, at which committee members and representatives to serve on outside bodies are also appointed.

### **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 of the Board. Their functions are set out below. The Board of Trustees considers committee reports and adopts, declines or amends their recommendations at the following Board meeting.

#### **Land Management Committee**

This committee considers 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,
- Recommending the annual land management budget to the Board and monitoring progress against the budget,
- Reviewing policies relating to the management of the charity's land holding,
- Consideration of some applications for easements and wayleaves and making recommendations to the Board thereon,
- Considering appropriate levels of access infrastructure, interpretation and information
- Reviewing funding agreements, licences etc relating to the management of the hills and commons.
- Considering and making recommendations to Board regarding policy and best practice relating to environmental and sustainable development practices, (such as management of ash in light of Ash Dieback disease).

#### **Finance, Administration and Resources Committee**

This committee has oversight of the following areas:

- Finance, including reviewing the adequacy of financial controls, 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, and
- Fundraising.

The committee also has authority to approve unbudgeted expenditure within agreed limits.

## **Governance Committee**

The Governance Committee has oversight of and advises the Board on 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,
- Ensuring that the charity has appropriate risk management systems in place and that risks are 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 for staff,
- Health and safety and first aid matters in relation to staff, volunteers and members of the public, and
- Pension arrangements with the Finance Administration and Resources Committee.

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.

## **Charity Governance Code**

The Charity Governance Code was published in July 2017 and revised in 2020 as a reference document to help charities work towards effective governance and the right leadership structure. The Code sets out principles and recommended practice. All charities and their trustees are encouraged to meet the principles and outcomes of the Code by either applying the recommended practice or explaining what they have done instead or why they have not applied it.



As a charity governed by statute, including legislation which is now over 175 years old, it is not possible for the Trust to follow many of the recommendations for good practices set out in the Code but the Code has been used to formulate many of the proposals for modernisation of the Trust's constitution. During the past 18 months, the Trust has used the associated 'Governance Toolkit' as a means of assessing trustees' and Senior Staff's views on current governance arrangements with the aim of identifying and agreeing areas for improved governance.

### **Ward boundary changes**

During the year, the Local Government Boundary Commission reviewed the warding arrangements for Malvern Hills District Council. Their recommendations resulted in the passing of the Malvern Hills (Electoral Changes) Order 2023 in January 2023. As a result of this, the revised Malvern Hills District Council Ward boundaries no longer reflect the wording in the Malvern Hills Acts. Malvern Hills District Council, which runs elections on the Trust's behalf have confirmed that they will be able to run the 2023 elections based on the old boundaries. This situation is not satisfactory and highlights the urgent need to modernise the Trust's governing legislation to keep pace with changes to public legislation over the years. The Trust requested that the Department of Levelling Up Housing and Communities make an Order to effect consequential amendments to the 1924 Malvern Hills Act, without success.

### **Modernisation of the Trust's constitution**

Following a public consultation in 2019 on proposals to update the Trust's governing Acts through a s73 Charities Act 2011 scheme, the Trust was advised in 2020 by the Charity Commission and Department of Digital Culture Media and Sport (DCMS) that such "changes to the charity's governing documents would now be best handled via a private bill."

Before expending charity funds on a private bill, the Trust must obtain consent from the Charity Commission under s74 Charities Act 2011. The Board agreed to make an application which was lodged with the Commission in May 2023.



## Financial Review

The financial results are set out on pages 25 to 53. There was a total net increase in funds of £1,419,600 (2021/22 increase of £280,963).

Net income before transfers on the unrestricted funds was a deficit of (£23,485) (2021/22 net income of £232,928). The net movement on the unrestricted funds after transfers and the FRS 102 pension adjustment was an increase of £1,539,792 (2021/22 inflow of £294,011).

In addition, there was a net outflow of funds on the restricted funds of £120,192 (note 22) (2021/22 net outflow £13,048).

Total reserves at the financial year end were £ 3,596,672 (2022 £2,177,072), of which £2,999,397 is restricted (and of which £1,346,835 is inalienable, see notes 1g and 1h to the financial statements).

### Principal sources of funds

Under powers in the Malvern Hills Acts, Malvern Hills Trust charges a levy to Council Tax payers in the Parishes of Malvern, Guarlford, West Malvern, Malvern Wells, Colwall and Mathon. The average band D levy payable in 2022/23 was £44.76 (an increase of £3.42 on the previous year). The total levy received by the charity<sup>1</sup> was £595,300 (2021/22 £566,950).

Malvern Hills Trust is very grateful to the levy payers' for this funding and recognises its importance in helping the Trust to maintain the hills and commons. Information for levy payers can be found on the website <https://www.malvernhills.org.uk/living-in/levy-payers/>

Revenue from car parks is the second main funding source. The total received in 2022/23 was £360,753 (2021/22 £418,059). Car park takings are used to fund the charity's work generally including maintaining the car parks for public use.

Agri-environment grants, most significant of which are those from Countryside Stewardship Scheme, are the third largest source of funds. £106,612 was received in 2022/23 (£287,053 was received in 2021/22). An additional sum of £51,172 was received in relation to the CS Castlemorton Delivery Group which is accounted for as custodian funds as a result of the Countryside Stewardship.

Donations and legacies received totalled £13,879 (2021/22 - £11,939).

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<sup>1</sup> The maximum amount which the Trust could levy in 2022-23 was £680,921



## Significant financial impacts

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

- Land was purchased at Evendine Lane at a cost of £173,192.
- Car park takings dropped in the third quarter of the financial year, resulting in limitations being imposed on expenditure as a precaution. Takings returned to forecasted levels during the fourth quarter.
- The Trust has a 5-year programme for managing Ash Dieback. Following the annual survey to identify infected trees which required work for safety reasons, the level of expenditure in 2022/23 of £34,558 was below that anticipated. The Trust transferred a further £68,000 during this year to the designated fund which was created as a contingency to manage this disease.
- The Board maintained its policy of updating vehicles, plant and machinery, spending £15,665.
- The cost of legal advice in relation to the impact of the Malvern Hills (Electoral Changes) Order 2023 as at 5 July 2023 was £17,723.
- The cost of legal advice related to the appointment of auditors and the Annual Meeting was £3,900.

## Acknowledgements: other grants and contributions

Malvern Hills Trust gratefully acknowledges the financial support of Defra Rural Development Programme for England, Worcestershire County Council, Herefordshire Council, Malvern Hills District Council, Malvern Civic Society, Malvern Spa Association, William Cadbury Charitable Trust, the Forestry Commission's Urban Tree Challenge Fund and the Farming in Protected Landscapes scheme run by the Malvern Hills Area of Outstanding Natural Beauty (AONB) partnership.

## Investment powers and policy

The trustees have wide powers of investment.

The Trust has placed the Land Maintenance Fund, Parliamentary Fund (Parliamentary portfolio) and the majority of the Land Purchase (1992) Fund (formerly called the Land Acquisition Fund) (Land Purchase (1992) portfolio), under investment through RBC Brewin Dolphin.

The trustees have provided RBC Brewin Dolphin with written investment policies for the portfolios, which are reviewed annually. In all cases, the Trust seeks to produce the best financial return with a moderate level of risk.

The Finance, Administration and Resources Committee, with the advice of the Trust's Investment Manager, is charged with recommending to the trustees a suitable asset allocation strategy, with the aim of achieving the charity's investment objectives. RBC Brewin Dolphin's risk category 6 index was used for the structure of the above two portfolios (in place at the start of the year) and provides a ready measure of its performance.



The Trust's investment policies provide that the asset classes which 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 trustees acknowledge that in order to manage longer term inflation risks, investments will partly be in assets such as equities and as a result, in the short-term the capital values could fluctuate.

The Trust's investment objective for the Land Maintenance Fund and the Parliamentary Fund (Parliamentary portfolio) is to produce the best financial return (capital growth and income) with a moderate level of risk.

The Trust's principal objective for the investment of the Land Purchase (1992) Fund (Land Purchase (1992) portfolio) is to generate a return (net of costs, including reinvestment of earnings) sufficient to maintain the purchasing value of the fund.

The trustees propose funding the majority of the cost of pursuing the Trust's governance changes by way of a loan from the Land Purchase Fund. A similar mechanism was used to fund the passing of the Malvern Hills Act 1995. Anticipating drawing down part of the Fund, trustees voted in January 2023 to move that part to lower risk investments in order to avoid the risk of fluctuations in the value of the investments at a time they were needed. The Board resolved to split the Land Purchase Fund into 3 parts, £150,000 to be invested as cash in FSCS assured interest bearing accounts and £200,000 to be invested by the Trust's Investment Managers in a separate, risk category 4 portfolio (Land Purchase (1992) No2 portfolio). The balance remains invested in accordance with the original Investment Policy.

### **Investment performance**

Investments over the 12 month period faced a challenging environment. Russia's invasion of Ukraine continued to create high levels of uncertainty in investment markets, and increased commodity and energy prices. These have contributed to national and global inflation and concerns of recession in some economies. In addition the UK economy and the bond market were briefly in turmoil as a result of political events in the autumn of 2022. The first quarter of 2023 saw some sectors start to recover, but overall the value of the investment funds at the end of the financial year remained some 4% below that of March 2022.

Both original portfolios saw losses over the first two quarters of the financial year as the biggest impacts occurred in that period, before some partial recovery in the third quarter. Whilst high inflation continued to be a factor, the value of some asset classes has increased at this late stage, partly as a result of energy costs starting to decline.



The annual yields (year ended 31<sup>st</sup> March 2023) were as follows:

Land Purchase (1992) Fund (main portfolio)

Return gross of fees -5.09 % , net return -5.85 % (benchmark -1.43 % )

Land Purchase (1992) no2 portfolio (established 20<sup>th</sup> February 2023)

Return gross of fees .74 % % , net return .74 %

(Benchmark not provided as the portfolio has not existed for long enough to make a valid comparison).

Parliamentary and Land Maintenance portfolio

Return gross of fees -2.24 % . net return -3 % (benchmark -1.43)

The trustees receive a full report on the investment portfolios from RBC Brewin Dolphin in June and December and an interim report in March and September.

The Trust's assets are invested in line with the long-term interests of the charity. Malvern Hills Trust exists to protect the Malvern Hills and commons. Climate change poses a threat to the unique environment which is cared for by the Trust. Since 31<sup>st</sup> March 2021 the trustees have excluded all fossil fuel, mining and quarrying companies from the investment portfolios. The trustees also exclude individual investments which are perceived to conflict with the charity's purpose.

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

Malvern Hills Trust's (MHT's) free reserves are defined as those funds which the charity has available to spend on its charitable objectives.

The free reserves are calculated by starting with the total unrestricted funds value from the accounts. To comply with accounting rules the amount of the pension deficit is included as part of the unrestricted funds shown in the accounts, although it is a liability that will not crystallise, as the deficit to be repaid is part of a different calculation under the triennial valuation of the scheme. This deficit value is therefore added back when calculating the free reserves. The net book value of fixed assets (not available as cash) and the value of committed (designated) funds are then deducted, to come to the free reserve total. In summary, the calculation is as follows:

Total unrestricted funds\*

Less:

The defined benefit pension scheme surplus/(deficit)

Net book value of fixed assets funded from the general fund

Committed designated funds

\*Unrestricted funds comprise the general fund, and free designated funds and surplus/(deficit) on the defined benefit pension scheme



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

The level of free 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.

In setting the policy, the trustees have ensured that the contributions required under the defined benefit pension scheme, including those to cover the actuarial deficit, can be met from projected cash flows.

MHT's trustees' policy is to aim to maintain the free reserves level above £350,000. 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,
- To fund everyday essential expenditure in the event that income streams are unexpectedly interrupted,
- To fund unplanned costs arising from tree diseases,
- The need to provide working capital for MHT, both for day to day work and for future (possibly grant-funded) development,
- The need to provide a degree of protection against fluctuations in investment income.

The policy was adopted in June 2018 and updated in July 2022.

At 31<sup>st</sup> March 2023 total funds of the charity were £3,596,672. This included restricted funds of £2,999,397 and committed designated funds of £897,687. Details of all the designated funds are given in note 20 to the financial statements and restricted funds details are in note 22.

The level of free reserves as defined above was £736,620, made up of the following:

|   |          |
|---|----------|
| General fund excluding net book value of assets | £334,917 |
| Free' designated funds                          |          |
| Gifts   | £383,102 |
| Fundraising                                     | £10,000  |
| Car park repair                                 | £5,100   |
| Dog campaign                                    | £3,501   |
| Total   | £736,620 |



The total of the free reserve was 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).

The overall free reserve remains higher than the target minimum of £350,000. A proportion of the reserve may be needed for costs dealing with Ash Dieback over the next 2 to 3 years and to meet rising costs due to high inflation.

The trustees have carried out a going concern review and concluded that the Trust is a going concern and that they expect the organisation to continue operating and paying liabilities as they fall due for at least twelve months from when the accounts are signed.

### **Pension scheme**

#### FRS 102

Malvern Hills Trust is a member of the Worcestershire County Council Pension Fund (WCCPF), which is a defined benefit scheme. The costs and liabilities shown in these financial statements are accounted for under FRS 102, with details being given in note 26. The pension figures reflected in these financial statements have been provided by Mercer, the Actuary to the Fund.

The FRS 102 accounting deficit at the year-end has been calculated as £737,000 (2021/2022 £2.241 million). The employer's contribution rate during the year was 21.8% (2021/2022 21.8%).

#### Triennial valuation

The most recent triennial Actuarial valuation was carried out at 31<sup>st</sup> March 2022. This valuation provides the basis for the calculation of future contributions to WCCPF. The Trust's deficit (that is the excess of pension liabilities over assets) in WCCPF as at 31<sup>st</sup> March 2022 was £802,350 (74.8% funding level). This was an improvement on the position at the last two triennial valuations which showed a deficit in 2019 of £926,000 (69% funding level) and £1,092,000 (57% funding) in 2016. The next Actuarial valuation will be carried out as at 31<sup>st</sup> March 2025, with revised contribution rates coming into effect from 1<sup>st</sup> April 2026.

The Trust 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 Business Plan and budgets include provision for these payments. The deficit recovery period following the 2022 Actuarial Valuation is 12 years. The deficit payments in 2022/23 totalled £68,700 (2021/22 £66,100). The amount due for 2023/24 is £75,800.

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



## Plans for future periods

The Land Management Plan, which was updated in early 2021, sets out the Trust's plans for land management work in delivering its conservation and public access objectives. The car parks and paths will continue to be maintained to facilitate public access to the charity's land.

The cost of tree work is likely to increase significantly in future years, particularly as a result of Ash Dieback and other tree diseases. This is a major financial challenge to the organisation. A designated fund was set up to cover the costs of dealing with Ash Dieback in 2022/23. Work focuses on trees likely to pose a risk to the public, for example those close to properties, public highways and footpaths. Additional funds will need to be allocated in future years from a combination of donations, contributions from the unrestricted gift fund and the general fund.

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

- The removal of diseased ash trees will continue across the Trust's estate,
- Fund-raising opportunities will be pursued as outlined in the Business Plan, but are vulnerable to a shift in charitable giving,
- Habitat and access improvements will be undertaken in accordance with the Land Management Plan,
- Much needed refurbishment works will be carried out at the charity's premises at the Lower Shed and Manor House, to include kitchen, washing facilities and archive storage,
- Work on consolidation and updating of the Trust's governing Acts.

## Remuneration policy and salary costs.

Staff salaries are set in accordance with the Local Government pay scale (LGPS) 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. Salaries were last independently benchmarked in spring 2022. The salary of the Chief Executive Officer is set by the Board, following an annual appraisal.

Salary costs saw a significant increase during the 2022/23 financial year as a result of the benchmarking exercise and as a result of increases made to the LGPS which included a retrospective payment for 2021/22.

## 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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England & 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 2019 (FRS 102),
- 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 operation.

The trustees are responsible for keeping proper accounting records that 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 governing Acts. 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.

## Risk management

The trustees have in place a formal risk management process to assess business risks and implement risk management strategies.

The risk management process involves 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. At each meeting of the board, trustees are updated on any significant changes to the level of risk, particularly any categories that are gauged to be entering the highest risk category, and any appropriate actions considered.

The key risks identified this year were:

- Potential of grant-making bodies such as the Rural Payment Agency making unilateral changes to existing grant schemes which might negatively impact on income levels.
- Uncertainty in regard of Trusts election arrangements following the Boundary Commission review of Malvern Hills District Council ward boundaries.
- Reputational impacts arising both from the above, and local campaigns (by individuals and/or groups) generating misinformation that affects the reputation of the charity and generates adverse publicity, as well as diverting the limited resources and focus of the organisation from its core objects.
- The impacts of additional workloads and limited delivery capacity arising from both expected and unexpected loss of staff from key roles within the small staff team.

Some areas of financial operations previously identified as at high risk in the first half of the year, had since moderated, but still warranted careful monitoring. These include the risks of:

- Continuing high inflation rates driving up direct costs for the organisation in many areas - including fuel, contractors' costs and machinery and equipment - as well as potentially causing lower visitor numbers and a drop in car park takings,
- Volatility in markets (in part arising from the war in Ukraine) and domestic economy affecting investment returns.



Following the latest triennial valuation the Trust's pension liability (accounting deficit) has reduced (as disclosed in detail in note 26 to the financial statements). Medium-term financial plans are in place to ensure the charity can make the required contribution payments in the future. 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, the trustees have each taken appropriate steps to make themselves aware of any information relevant to the audit and to establish that the auditor is aware of that information.

By order of the Board of Trustees

A handwritten signature in blue ink, appearing to read 'Mick Davies', written over the text 'By order of the Board of Trustees'.

Mick Davies (Chair)  
19 October 2023



## 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 2023 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the financial statements, including 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).

In our opinion, the financial statements:

- give a true and fair view of the state of the Charity's affairs as at 31 March 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 *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

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 other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 statement of Trustees' responsibilities, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they 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 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 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 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 is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

## **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the entity through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases



the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

### **Other matters**

Your attention is drawn to the fact that the charity has prepared financial statements in accordance with "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has now been withdrawn.

This has been done in order for the financial statements to provide a true and fair view in accordance with current Generally Accepted Accounting Practice.

### **Use of our report**

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 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.

*Azets Audit Services*

**Azets Audit Services**

**Chartered Accountants**

**Statutory Auditor**

Date 8 November 2023

Epsilon House  
The Square  
Gloucester Business Park  
Gloucester  
United Kingdom  
GL3 4AD



## Statement of Financial Activities for the year ended 31<sup>st</sup> March 2023

|  | Note | Unrestricted funds | Restricted funds | Total funds 2023 | Total funds 2022 (note 28) |
|--|------|--------------------|------------------|------------------|----------------------------|
|  |      | £                  | £                | £                | £                          |
| <b>Income and endowments from:</b>                         |      |                    |                  |                  |                            |
| Donations and legacies                                     | 3    | 6,421              | 7,458            | 13,879           | 11,939                     |
| Charitable activities:                                     |      |                    |                  |                  |                            |
| Management of the hills and commons                        | 7    | 721,068            | 35,122           | 756,190          | 877,577                    |
| Car parks  |      | 360,753            | 0                | 360,753          | 418,059                    |
| Other trading activities                                   | 4    | 58,407             | 20,000           | 78,407           | 38,815                     |
| Investments:   |      |                    |                  |                  |                            |
| Bank deposits  |      | 9,518              | 0                | 9,518            | 1,338                      |
| Investment portfolio                                       |      | 0                  | 37,785           | 37,785           | 34,008                     |
| Other  | 5    | 16,529             | 0                | 16,529           | 13,581                     |
| <b>Total income</b>  |      | <b>1,172,696</b>   | <b>100,365</b>   | <b>1,273,061</b> | <b>1,395,317</b>           |
| <b>Expenditure on:</b>                                     |      |                    |                  |                  |                            |
| Charitable activities                                      | 6    | 1,193,535          | 94,362           | 1,287,897        | 1,185,789                  |
| Other expenditure  | 6    | 2,646              | 13,291           | 15,937           | 19,290                     |
| <b>Total expenditure</b>                                   | 7    | <b>1,196,181</b>   | <b>107,653</b>   | <b>1,303,834</b> | <b>1,205,079</b>           |
| Net gains on investments                                   | 16   | 0                  | (90,627)         | (90,627)         | 51,725                     |
| <b>Net income</b>  |      | <b>(23,485)</b>    | <b>(97,915)</b>  | <b>(121,400)</b> | <b>241,963</b>             |
| <b>Transfers between funds</b>                             |      | <b>22,277</b>      | <b>(22,277)</b>  | <b>0</b>         | <b>0</b>                   |
| <b>Other recognised gains/(losses)</b>                     |      |                    |                  |                  |                            |
| Actuarial gains/(losses) on defined benefit pension scheme | 26   | 1,541,000          | 0                | 1,541,000        | 39,000                     |
| <b>Net movement in funds</b>                               |      | <b>1,539,792</b>   | <b>(120,192)</b> | <b>1,419,600</b> | <b>280,963</b>             |
| <b>Reconciliation of funds:</b>                            |      |                    |                  |                  |                            |
| Total funds brought forward                                |      | (942,517)          | 3,119,589        | 2,177,072        | 1,896,109                  |
| <b>Total funds carried forward</b>                         | 23   | <b>597,275</b>     | <b>2,999,397</b> | <b>3,596,672</b> | <b>2,177,072</b>           |

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

All income and expenditure derive from continuing activities.

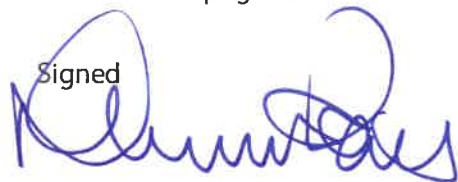
The notes on pages 28 to 53 form part of these financial statements.



**Balance Sheet as at 31<sup>st</sup> March 2023**

|   | Note | 2023             | 2022             |
|---|------|------------------|------------------|
|   |      | £                | £                |
| <b>Fixed Assets</b>                                   |      |                  |                  |
| Tangible fixed assets                                 | 14   | 359,078          | 433,430          |
| Heritage assets                                       | 15   | 1,346,835        | 1,173,644        |
| Investments   | 16   | 1,206,693        | 1,638,899        |
| <b>Total fixed assets</b>                             |      | <b>2,912,606</b> | <b>3,245,973</b> |
| <b>Current Assets</b>                                 |      |                  |                  |
| Livestock   |      | 31,452           | 25,320           |
| Investments   |      | 84,788           | 0                |
| Debtors   | 17   | 116,932          | 133,474          |
| Short term deposits                                   |      | 1,334,180        | 1,167,462        |
| Cash at bank and in hand                              |      | 166              | 222              |
| <b>Total current assets</b>                           |      | <b>1,567,518</b> | <b>1,326,478</b> |
| <b>Creditors: Amounts falling due within one year</b> | 18   | <b>(146,452)</b> | <b>(154,379)</b> |
| <b>Net Current Assets excluding pension liability</b> |      | <b>1,421,066</b> | <b>1,172,099</b> |
| <b>Net assets</b>                                     |      | <b>4,333,672</b> | <b>4,418,072</b> |
| Pension Fund liability                                | 26   | (737,000)        | (2,241,000)      |
| <b>Net Assets including pension liability</b>         |      | <b>3,596,672</b> | <b>2,177,072</b> |
| <b>The funds of the charity</b>                       |      |                  |                  |
| Unrestricted - General Fund                           | 19   | 436,588          | 425,825          |
| Unrestricted - Designated Funds                       | 20   | 897,687          | 872,658          |
| Unrestricted - Pension Fund                           | 21   | (737,000)        | (2,241,000)      |
| Restricted Funds                                      | 22   | 2,999,397        | 3,119,589        |
| <b>Total charity funds</b>                            |      | <b>3,596,672</b> | <b>2,177,072</b> |

The notes on pages 28 to 53 form part of these financial statements.

Signed 

Mick Davies  
 Chair of Trustees on behalf of the Trustees  
 DATE 19 October 2023



## Statement of cash flows for the year ended 31<sup>st</sup> March 2023

|  | 2023           | 2022               |
|--|----------------|--------------------|
|  | £              | (as restated)<br>£ |
| <b>Cash flows from operating activities</b>                        |                |                    |
| Net income/(expenditure)   | (121,400)      | 241,963            |
| Add back depreciation charge                                       | 91,158         | 91,251             |
| Profit on disposal of fixed assets                                 | (1,050)        | (960)              |
| Investment gains/(losses)  | 90,627         | (51,725)           |
| Difference between pension charge and cash contributions           | 37,000         | 24,000             |
| Investment income  | (47,303)       | (35,346)           |
| Decrease / (increase) in stock                                     | (6,132)        | 0                  |
| (Increase)/decrease in debtors                                     | 16,542         | (75,175)           |
| Increase in creditors  | (7,928)        | 37,128             |
| <b>Net cash provided by/(used in) operating activities</b>         | <b>51,514</b>  | <b>231,136</b>     |
| <br>   |                |                    |
| <b>Cashflows from investing activities:</b>                        |                |                    |
| Proceeds from the sale of fixed assets                             | 1,053          | 960                |
| Purchase of fixed assets   | (190,005)      | (200,171)          |
| Transfer to current asset investments                              | (84,788)       | 0                  |
| Purchase of investments  | (523,781)      | (52,400)           |
| Proceed on disposal of investments                                 | 849,170        | 166,842            |
| Interest received  | 47,303         | 35,346             |
| <b>Net cash provided by investing activities</b>                   | <b>98,952</b>  | <b>(49,423)</b>    |
| <br>   |                |                    |
| <b>Change in cash and cash equivalents in the reporting period</b> | <b>150,466</b> | <b>181,713</b>     |
| <br>   |                |                    |
| Cash at beginning of period  | 1,167,684      | 992,828            |
| Cash at end of period  | 1,334,341      | 1,167,684          |
| Movement in portfolio cash   | -16,191        | 6,857              |
| <b>Change in cash and cash equivalents in reporting period</b>     | <b>150,466</b> | <b>181,713</b>     |

The notes on pages 28 to 53 form part of these financial statements.



## **Notes to the financial statements for the year ended 31<sup>st</sup> March 2023**

### **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 2019) – (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.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1.

#### **a) Preparation of the financial statements on a going concern basis**

The charity reported a cash inflow of £302,617 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. Whilst 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 £500 has been set by the Trustees.

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 on a straight-line basis over their expected useful lives on the following bases:

|                                    |                 |
|------------------------------------|-----------------|
| Vehicles and equipment             | 16.67 % of cost |
| Parking meters                     | 10 % 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**

Part of 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.

The land held by Malvern Hills Trust is reported in the Balance Sheet at cost. The land is inalienable, so the Trustees do not believe the expense of having the land valued for the purposes of these accounts would be good use of the charity’s funds, as the cost would exceed the benefit. Malvern Hills Trust also has some small areas of land which were donated to the charity which are not shown in the accounts. The Trustees believe that the expense of having this land valued to include it in the accounts would exceed the benefits provided by the valuation, as this land is also inalienable.



## **i) Investments – Fixed Asset**

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) Investments – Current Asset**

Current asset investments are long term deposits comprising fixed-term or notice investments with a maturity of three months or more.

## **k) Livestock**

Livestock is independently assessed and valued at the commencement and termination of qualifying Tenancy Agreements.

## **l) Pension scheme**

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

## **m) 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.

Further explanation of the nature and purpose of each fund is included in notes 19-22 to the financial statements.

## **n) Debtors**

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

## **o) 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.



## **p) 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.

## **q) 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 27 to the financial statements.

## **r) 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.

The present value of the Worcestershire County Council Pension Fund defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 26, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2022 has been used by the actuary in valuing the pensions liability at 31 March 2023. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

## **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.



### 3 Analysis of income from donations and legacies

|          | 2023          | 2022          |
|----------|---------------|---------------|
|          | £             | £             |
| Gifts    | 13,379        | 11,326        |
| Legacies | 500           | 613           |
|          | <u>13,879</u> | <u>11,939</u> |

The income from donations and legacies was £13,878 (2022 £11,939) of which £6,421 was unrestricted (2022 £3,932) and £7,457 restricted (2022 £8,007).

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

|                             | 2023          | 2022          |
|-----------------------------|---------------|---------------|
|                             | £             | £             |
| Rental income               | 32,933        | 32,144        |
| Easements and wayleaves     | 45,474        | 6,474         |
| Sales of books and leaflets | 0             | 197           |
|                             | <u>78,407</u> | <u>38,815</u> |

The rental income in both years was unrestricted, £20,000 of easements and wayleaves in 2023 was restricted (2022 £nil). None of the sales of books and leaflets (2022 £168) were restricted.

### 5 Analysis of other income

|                                    | 2023          | 2022          |
|------------------------------------|---------------|---------------|
|                                    | £             | £             |
| Employment allowance*              | 5,000         | 4,000         |
| Compensation for works             | 1,076         | 911           |
| Profit on disposal of fixed assets | 1,050         | 960           |
| Sundry Income                      | 9,403         | 7,710         |
|                                    | <u>16,529</u> | <u>13,581</u> |

\* HMRC Employment Allowance for the year 2022/2023 has been applied in full to the employer’s national insurance contribution to a total value of £5,000.

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All of the above income is unrestricted.



## 6 Analysis of expenditure

|                          | Estate<br>manage't | Wardening      | Car<br>parks  | PR           | Governan<br>ce | Office<br>costs | Total<br>2023    | 2022             |
|--------------------------|--------------------|----------------|---------------|--------------|----------------|-----------------|------------------|------------------|
|                          | £                  | £              | £             | £            | £              | £               | £                | £                |
| Salaries (note 10)       | 345,846            | 138,502        | 4,145         | 0            | 66,965         | 192,475         | 747,933          | 649,676          |
| Direct expenses          | 255,941            | 13,225         | 25,576        | 4,812        | 0              | 5,430           | 304,984          | 321,055          |
| Rates and water          | 4,610              | 0              | 1,254         | 0            | 0              | 2,299           | 8,163            | 6,378            |
| Electricity & gas        | 3,213              | 0              | 2,272         | 0            | 0              | 3,589           | 9,074            | 6,868            |
| Insurance                | 25,666             | 0              | 0             | 0            | 2,624          | 1,067           | 29,357           | 28,494           |
| Maintenance of buildings | 3,757              | 0              | 0             | 0            | 0              | 4,558           | 8,315            | 5,460            |
| Depreciation             | 88,451             | 0              | 0             | 0            | 0              | 2,707           | 91,158           | 91,251           |
| Investment management    | 13,381             | 0              | 0             | 0            | 0              |                 | 13,381           | 9,493            |
| Support costs (note 8)   | 18,612             | 0              | 1,213         | 0            | 29,648         | 41,997          | 91,470           | 86,404           |
|                          | <b>759,477</b>     | <b>151,727</b> | <b>34,460</b> | <b>4,812</b> | <b>99,237</b>  | <b>254,122</b>  | <b>1,303,834</b> | <b>1,205,079</b> |

Expenditure as stated on the SOFA was £1,303,834 (2022 £1,205,079) of which £1,196,181 was unrestricted (2022 £1,107,731) and £107,653 was restricted (2022 £97,348).

## 7 Summary analysis of expenditure and related income for charitable activities

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

|  | M'gt of hills<br>and commons | Car Parks | Total 2023  | Total 2022  |
|--|------------------------------|-----------|-------------|-------------|
|  | £                            | £         | £           | £           |
| <b>Income</b>                                    |                              |           |             |             |
| Levy on Council Tax payers in precepted parishes | 595,300                      | 0         | 595,300     | 566,950     |
| Stewardship grants                               | 106,612                      | 0         | 106,612     | 287,053     |
| Other grants                                     | 54,278                       | 0         | 54,278      | 23,574      |
| Car park takings                                 | 0                            | 360,753   | 360,753     | 418,059     |
| Total income from charitable activities          | 756,190                      | 360,753   | 1,116,943   | 1,295,636   |
| Expenditure                                      | (1,274,733)                  | (29,102)  | (1,303,834) | (1,205,079) |
| Net contribution/(cost funded by other income)   | (518,543)                    | 331,651   | (186,892)   | 90,557      |



## 8 Analysis of support costs

|                         | Estate<br>m'tce<br>£ | Governan<br>ce<br>£ | Car parks<br>£ | Office<br>costs<br>£ | Total<br>2023<br>£ | Total<br>2022<br>£ |
|-------------------------|----------------------|---------------------|----------------|----------------------|--------------------|--------------------|
| Telephones              | 1,479                | 0                   | 0              | 1,836                | 3,315              | 3,109              |
| Cleaning                | 962                  | 0                   | 0              | 3,369                | 4,331              | 2,911              |
| Postage                 | 0                    | 0                   | 0              | 2,559                | 2,559              | 3,458              |
| Office equipment        | 0                    | 0                   | 0              | 3,459                | 3,459              | 2,290              |
| Printing and stationery | 0                    | 0                   | 0              | 5,886                | 5,886              | 5,747              |
| Travelling              | 0                    | 0                   | 0              | 597                  | 597                | 461                |
| IT                      | 0                    | 0                   | 0              | 13,155               | 13,155             | 12,284             |
| Legal fees              | 4,074                | 17,286              | 0              | 0                    | 21,360             | 21,923             |
| Audit fee               | 0                    | 11,250              | 0              | 0                    | 11,250             | 7,200              |
| Land Agent Fees         | 2,276                | 0                   | 0              | 0                    | 2,276              | 0                  |
| Other professional fees | 5,483                | 0                   | 0              | 7,174                | 12,657             | 13,774             |
| Subscriptions           | 0                    | 0                   | 0              | 1,711                | 1,711              | 2,016              |
| Newspaper Ads           | 0                    | 1,112               | 0              | 0                    | 1,112              | 0                  |
| Training                | 2,877                | 0                   | 0              | 0                    | 2,877              | 4,754              |
| Miscellaneous           | 0                    | 0                   | 0              | 1,048                | 1,048              | 1,709              |
| Recruitment             | 1,461                | 0                   | 0              | 0                    | 1,461              | 2,127              |
| Bank charges            | 0                    | 0                   | 1,213          | 1,203                | 2,416              | 2,641              |
|                         | <b>18,612</b>        | <b>29,648</b>       | <b>1,213</b>   | <b>41,997</b>        | <b>91,470</b>      | <b>86,404</b>      |

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

This is stated after charging:

|                                       | 2023<br>£ | 2022<br>£ |
|---------------------------------------|-----------|-----------|
| Depreciation                          | 91,158    | 91,251    |
| Auditor's remuneration:<br>Audit fees | 11,250    | 7,200     |



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

|   | 2023           | 2022           |
|---|----------------|----------------|
|   | £              | £              |
| Salaries and wages                                      | 518,370        | 456,918        |
| Social security costs                                   | 48,165         | 41,569         |
| Pension costs   | 146,701        | 131,753        |
| Group life assurance                                    | 2,725          | 1,946          |
| FRS 102 - pension adjustment                            | 37,000         | 24,000         |
| FRS 102 - short term compensated absence charge to SOFA | (5,029)        | (6,510)        |
|   | <u>747,932</u> | <u>649,676</u> |

The number of employees whose annual remuneration was £60,000 or more were:

|                 | 2023   | 2022   |
|-----------------|--------|--------|
|                 | Number | Number |
| £70,001-£80,000 | 1      | -      |

Contributions totaling £6,309 (2022: £nil) were made to defined contribution schemes on behalf of employees whose emoluments exceed £60,000.

The charity trustees were neither paid nor received any other benefits from employment with the charity in the year (2022 £nil). No travelling expenses were reimbursed to trustees during the year (2022 £nil). No charity trustee received payment for professional or other services supplied to the charity (2022 £nil).

The key management personnel comprise the Chief Executive Officer, the Conservation Manager, the Operations 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 £239,685 (2022 £212,911).

## 11 Staff numbers

The average monthly head count was 21 staff (2022: 20 staff) and the average monthly number of full-time equivalent employees (including part-time staff) during the year were as follows:

|                    | 2023        | 2022      |
|--------------------|-------------|-----------|
| Wardens            | 4           | 3.7       |
| Field Staff        | 6.6         | 6.6       |
| Office based staff | 6.7         | 6.7       |
|                    | <u>17.3</u> | <u>17</u> |



## 12 Related party transactions

Under the Charities SORP, trustees are required to disclose transactions with related parties. During 2023 a £600 donation was received from Richard Bartholomew. (In 2022, the trustees identified the following transactions: Matthew Rouse, son of Trustee Christopher Rouse, was paid £490 for post-knocking services.)

## 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>£ | Other land | 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>£ |
|-----------------------|--|------------|-------------------------|--|----------------|--------------------------------|--------------------------|------------|
| <b>Cost</b>           |  |            |                         |  |                |                                |                          |            |
| 1st April 2022        | 1,173,643  | 102,733    | 138,770                 | 929,432  | 160,460        | 472,033                        | 60,978                   | 3,038,049  |
| Additions             | 173,192  | 0          | 0                       | 0  | 0              | 15,665                         | 1,149                    | 190,006    |
| Disposals             | 0  | 0          | 0                       | (2)  | 0              | (9,955)                        | 0                        | (9,957)    |
| At 31st March<br>2023 | 1,346,835  | 102,733    | 138,770                 | 929,430  | 160,460        | 477,743                        | 62,127                   | 3,218,098  |
| <b>Depreciation</b>   |  |            |                         |  |                |                                |                          |            |
| At 1st April 2022     | 0  | 0          | 24,974                  | 828,677  | 160,460        | 360,968                        | 55,896                   | 1,430,975  |
| Charge in the year    | 0  | 0          | 2,776                   | 57,094   | 0              | 28,583                         | 2,705                    | 91,158     |
| On disposals          | 0  | 0          | 0                       | 0  | 0              | (9,948)                        | 0                        | (9,948)    |
| At 31st March<br>2023 | 0  | 0          | 27,750                  | 885,771  | 160,460        | 379,603                        | 58,601                   | 1,512,185  |
| <b>Net book value</b> |  |            |                         |  |                |                                |                          |            |
| 31st March 2023       | 1,346,835  | 102,733    | 111,020                 | 43,659   | 0              | 98,140                         | 3,526                    | 1,705,913  |
| 31st March 2022       | 1,173,643  | 102,733    | 113,796                 | 100,755  | 0              | 111,065                        | 5,082                    | 1,607,074  |

'Other land' is in-by-land at Hollybed Common, purchased pursuant to an order made by the Charity Commission under S105 of the Charities Act 2011.



## 15 Heritage Assets

Land and buildings (heritage assets) are held for the purposes of the charity. Details of the Lands Acquisition policy are given in the trustees' report. Under the Malvern Hills Acts, land can only be sold in very limited circumstances and so is considered inalienable.

| 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  |
| 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  |
|         | Sub-total   |        | 94,907 |



**15 Heritage assets - continued**

| Year    |  | £               | £                       |
|---------|--|-----------------|-------------------------|
|         | Sub total b/fwd  |                 | 94,907                  |
| 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 | Land on 4 areas on East side Worcestershire Beacon, Black Hill and             |                 | 1,395                   |
| 2009/10 | Small parcels of land  |                 | 7,495                   |
| 2010/11 | Small parcels of land  |                 | 2,229                   |
| 2011/12 | Small parcels of land  |                 | 4,945                   |
| 2012/13 | Small parcels of land  |                 | 200                     |
| 2018/19 | Land at Castlemorton   |                 | 7,505                   |
| 2018/19 | Land at Holywell   |                 | 13,684                  |
| 2018/19 | Land at Castlemorton (to be known as Brook Meadow, Snookes Croft and Plants Pi |                 | 297,399                 |
| 2021/22 | Land at The Purlieu, West Malvern Road   |                 | 113,382                 |
| 2022/23 | Two parcels of land at Evendine  |                 | 173,192                 |
|         | Total to 31 <sup>st</sup> March 2023   |                 | <u><u>1,346,835</u></u> |

This land is shown at cost and is not revalued. As the land is inalienable, the Trustees do not consider the expense of having the land valued would generate any benefit for the Charity.



## 16 Investments

### Current Asset Investments

|                             | 2023          | 2022     |
|-----------------------------|---------------|----------|
| Platform Institution Term   | £             | £        |
| Flagstone Santander 185 day | <u>84,788</u> | <u>0</u> |
|                             | <u>84,788</u> | <u>0</u> |

Fixed Asset Investments are held to provide capital growth and a return for the charity. There are two investment portfolios. One holds the Land Purchase (1992) Fund (formerly named the Lands Acquisition fund), the other the Lands Maintenance Fund and part of the Parliamentary Fund. Income earned on the Land Purchase (1992) portfolio is retained within the fund and reinvested. Income on the Parliamentary and Lands Maintenance portfolio is transferred to the Trust's current account each month.

The movement on the funds during the year was:

|                      | LP1&LP2        | Parl & LM      | Combined 2023    | 2022             |
|----------------------|----------------|----------------|------------------|------------------|
|                      | £              | £              | £                | £                |
| Opening Market Value | 931,333        | 707,566        | 1,638,899        | 1,694,759        |
| Additions            | 311,409        | 212,372        | 523,781          | 52,400           |
| Disposal proceeds    | (619,245)      | (229,925)      | (849,170)        | (166,842)        |
| Equalisations        | (323)          | 211            | (112)            | (90)             |
| Gains/(losses)       | (55,899)       | (34,728)       | (90,627)         | 51,726           |
| Change in cash       | (6,763)        | (9,316)        | (16,079)         | 6,946            |
| Closing market value | <u>560,512</u> | <u>646,180</u> | <u>1,206,692</u> | <u>1,638,899</u> |

The historical cost of investments at the balance sheet date was £1,244,673 (2022 £1,322,522).

At the Balance Sheet date, the Land Purchase (1992) portfolio was invested in the following classes of investment:

|                         |      |                |      |                |
|-------------------------|------|----------------|------|----------------|
| Overseas bonds          | 11.6 | 41,677         | 9.3  | 86,637         |
| UK equities             | 15.8 | 57,027         | 23.9 | 222,700        |
| North American equities | 30.2 | 108,711        | 26.8 | 249,161        |
| European equities       | 7.7  | 27,900         | 6.9  | 64,298         |
| Japanese equities       | 3.1  | 11,247         | 3.5  | 32,569         |
| Asia pacific equities   | 6.1  | 22,150         | 6.3  | 58,535         |
| Emerging markets        | 1.1  | 3,836          | 1.4  | 13,263         |
| Absolute return         | 6.0  | 21,544         | 4.7  | 43,623         |
| Global investments      | 3.7  | 13,196         | 3.6  | 33,740         |
| Property                | 2.3  | 8,458          | 2.4  | 22,606         |
| Other investments       | 5.9  | 21,310         | 4.3  | 39,886         |
| Cash                    | 2.4  | <u>8,785</u>   | 3.7  | <u>33,999</u>  |
|                         |      | <u>360,310</u> |      | <u>931,333</u> |

£150,000 is held in short term cash deposits via Flagstone



**16 Investments - continued**

**Land Purchase (1992) Portfolio**

**Two**

|                         | 2023 |                | 2022 |          |
|-------------------------|------|----------------|------|----------|
|                         | %    | £              | %    | £        |
| UK Bonds                | 6.5  | 13,048         | 0.0  | 0        |
| Overseas bonds          | 25.3 | 50,562         | 0.0  | 0        |
| UK equities             | 8.4  | 16,907         | 0.0  | 0        |
| North American equities | 13.9 | 27,762         | 0.0  | 0        |
| European equities       | 3.2  | 6,467          | 0.0  | 0        |
| Japanese equities       | 1.5  | 3,084          | 0.0  | 0        |
| Asia pacific equities   | 3.8  | 7,600          | 0.0  | 0        |
| Emerging markets        | 1.0  | 1,952          | 0.0  | 0        |
| Absolute return         | 14.2 | 28,413         | 0.0  | 0        |
| Global investments      | 3.1  | 6,276          | 0.0  | 0        |
| Property                | 5.5  | 11,002         | 0.0  | 0        |
| Commodities             | 3.1  | 6,231          | 0.0  | 0        |
| Other investments       | 3.3  | 6,668          | 0.0  | 0        |
| Cash                    | 7.1  | 14,230         | 0.0  | 0        |
|                         |      | <u>200,202</u> |      | <u>-</u> |

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

|                         | 2023 |                | 2022 |                |
|-------------------------|------|----------------|------|----------------|
|                         | %    | £              | %    | £              |
| UK Bonds                | 6.1  | 39,592         | 4.2  | 29,725         |
| Overseas bonds          | 9.2  | 59,461         | 8.6  | 60,692         |
| UK equities             | 19.5 | 125,911        | 23.9 | 169,321        |
| North American equities | 29.6 | 191,248        | 26.8 | 189,760        |
| European equities       | 6.0  | 38,579         | 6.1  | 43,268         |
| Japanese equities       | 3.1  | 20,083         | 3.1  | 22,245         |
| Asia pacific equities   | 6.0  | 38,776         | 5.8  | 41,174         |
| Emerging markets        | 0.7  | 4,821          | 1.5  | 10,470         |
| Absolute return         | 6.2  | 40,323         | 4.1  | 29,201         |
| Global investments      | 4.1  | 26,642         | 7.2  | 51,082         |
| Property                | 1.5  | 9,953          | 1.0  | 7,150          |
| Other investments       | 5.1  | 32,727         | 5.3  | 37,349         |
| Cash Product            | 1.3  | 8,700          |      |                |
| Cash                    | 1.4  | 9,365          | 2.3  | 16,129         |
|                         |      | <u>646,180</u> |      | <u>707,566</u> |

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



**17 Debtors**

|                | 2023           | 2022           |
|----------------|----------------|----------------|
|                | £              | £              |
| Trade debtors  | 10,610         | 16,379         |
| VAT repayable  | 5,029          | 4,350          |
| Other debtors  | 0              | 895            |
| Accrued income | 49,267         | 63,240         |
| Prepayments    | 52,026         | 48,610         |
|                | <u>116,932</u> | <u>133,474</u> |

Debtors are measured at the settlement value less any provision for bad debts. No bad debts were written off during the year (2022 : £nil).

**18 Creditors: amounts falling due within one year**

|                                      | 2023           | 2022           |
|--------------------------------------|----------------|----------------|
|                                      | £              | £              |
| PAYE and National Insurance          | 10,543         | 11,766         |
| Wages                                | 3,520          | 0              |
| VAT payable                          | 0              | 0              |
| Trade creditors                      | 41,825         | 40,532         |
| Accrued charges                      | 50,761         | 64,163         |
| Other creditors                      | 10,153         | 4,418          |
| Deferred income                      | 14,727         | 13,549         |
| FRS102 compensated absence provision | 14,922         | 19,951         |
|                                      | <u>146,452</u> | <u>154,379</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:

**Current year**

|  |               |
|--|---------------|
| Balance at 1 <sup>st</sup> April 2022  | 13,549        |
| Released to the SOFA in the year       | (13,549)      |
| Received in the year                   | <u>14,727</u> |
| Balance at 31 <sup>st</sup> March 2023 | <u>14,727</u> |

**Prior year**

|  |               |
|--|---------------|
| Balance at 1 <sup>st</sup> April 2021  | 13,800        |
| Released to the SOFA in the year       | (13,800)      |
| Received in the year                   | <u>13,549</u> |
| Balance at 31 <sup>st</sup> March 2022 | <u>13,549</u> |



**19 General fund**

|   | 2023           | 2022           |
|---|----------------|----------------|
|   | £              | £              |
| General fund - balance 1 <sup>st</sup> April 2022 | 425,825        | 439,722        |
| Incoming resources                                | 1,052,088      | 1,046,622      |
| Resources expended                                | (1,012,231)    | (929,298)      |
| Transfers   | (29,094)       | (131,221)      |
| Balance 31 <sup>st</sup> March 2023               | <u>436,588</u> | <u>425,825</u> |

Transfers made during the year were:

| Transfer details                            | Reason                                       | £               |
|---|--|-----------------|
| From Paliamentary fund                      | To transfer investment income                | 13,614          |
| From Lands Maintenance fund                 | To transfer investment income                | 5,337           |
| From Tree Donation Scheme                   | To cover project planting costs              | 805             |
| From Picnic bench donations                 | To cover material and staff costs            | 2,550           |
| To Community Woodland                       | To cover purchase of materials               | <u>(34)</u>     |
| Net (to) from restricted funds              |  | <u>22,272</u>   |
| <br>  |  |                 |
| From Gift designated fund                   | To Ash Dieback and Community Woodland        | 68,034          |
| From Stewardship designated fund            | To cover staff costs                         | 890             |
| To Election Expenses designated fund        | To cover costs of elections to the Board     | (5,000)         |
| To Tree Disease designated fund             | To cover costs arising from tree disease     | (12,890)        |
| To Ash Dieback designated fund              | To cover Ash Dieback costs arising           | (68,000)        |
| To Boundary Commission advice designed fund | To cover costs arising                       | (20,000)        |
| To Car Park Repaid designated fund          | To cover costs arising                       | (1,900)         |
| To FAM Replacment designated fund           | To cover recruitment and other costs arising | <u>(12,500)</u> |
| Net (to) from designated funds              |  | <u>(51,366)</u> |



## 20 Designated funds

### Current year

|  | Balance<br>1st April<br>2022<br>£ | Movement<br>incoming<br>£ | Resources<br>outgoing<br>£ | Transfers<br>(to)/from<br>other funds<br>£ | Balance 31st<br>March 2023<br>£ |
|--|-----------------------------------|---------------------------|----------------------------|--|---------------------------------|
| Gift fund                                  | 452,450                           | 7,560                     | (8,874)                    | (68,034)                                   | 383,102                         |
| HLS, BPS & grazing reserve fund            | 110,327                           | 13,657                    | (16,221)                   | (890)                                      | 106,873                         |
| Countryside Stewardship fund               | 127,069                           | 99,395                    | (75,900)                   | 0  | 150,564                         |
| Tree disease fund                          | 22,975                            | 0                         | 0                          | 12,890                                     | 35,865                          |
| Ash Dieback fund                           | 96,031                            | 0                         | (34,558)                   | 68,000                                     | 129,473                         |
| Fundraising support fund                   | 10,000                            | 0                         | 0                          | 0  | 10,000                          |
| Governance Review - legal                  | 34,010                            | 0                         | 0                          | 0  | 34,010                          |
| Governance Review - public<br>consultation | 889                               | 0                         | 0                          | 0  | 889                             |
| Election expenses fund                     | 12,207                            | 0                         | 0                          | 5,000                                      | 17,207                          |
| Dog campaign                               | 3,500                             | 1                         | 0                          | 0  | 3,501                           |
| Car Park repair fund                       | 3,200                             | 0                         | 0                          | 1,900                                      | 5,100                           |
| Boundary Commission Advice                 | 0                                 | 0                         | (11,397)                   | 20,000                                     | 8,603                           |
| FAM Replacement                            | 0                                 | 0                         | 0                          | 12,500                                     | 12,500                          |
|  | <b>872,658</b>                    | <b>120,613</b>            | <b>(146,950)</b>           | <b>51,366</b>                              | <b>897,687</b>                  |

### Prior year

|  | Balance 1st<br>April 2021<br>£ | Movement<br>incoming<br>£ | Resources<br>outgoing<br>£ | Transfers<br>(to)/from<br>other funds<br>£ | Balance 31st March 2022<br>£ |
|--|--------------------------------|---------------------------|----------------------------|--|------------------------------|
| Gift fund                                  | 458,104                        | 653                       | (1,785)                    | (4,522)                                    | 452,450                      |
| HLS, BPS & grazing reserve fund            | 110,745                        | 16,409                    | (15,764)                   | (1,063)                                    | 110,327                      |
| Countryside Stewardship fund               | (60,076)                       | 276,939                   | (89,794)                   | 0  | 127,069                      |
| Tree disease fund                          | 10,085                         | 0                         | 0                          | 12,890                                     | 22,975                       |
| Ash Dieback Fund                           | 0                              | 36                        | (40,005)                   | 136,000                                    | 96,031                       |
| Fundraising support fund                   | 10,000                         | 0                         | 0                          | 0  | 10,000                       |
| Governance Review - legal                  | 34,010                         | 0                         | 0                          | 0  | 34,010                       |
| Governance Review - public<br>consultation | 889                            | 0                         | 0                          | 0  | 889                          |
| Election expenses fund                     | 7,493                          | 0                         | (5,286)                    | 10,000                                     | 12,207                       |
| Dog campaign                               | 3,500                          | 0                         | 0                          | 0  | 3,500                        |
| Car Park repair fund                       | 5,000                          | 0                         | (1,800)                    | 0  | 3,200                        |
|  | <b>579,750</b>                 | <b>294,037</b>            | <b>(154,434)</b>           | <b>153,305</b>                             | <b>872,658</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. It is anticipated that a significant part of this fund will be needed in the next 2-10 years to cover the cost of managing Ash Dieback.
- 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 Tree Disease fund is to cover costs arising from tree diseases.
- The Ash Dieback fund was set up during the previous year to cover the cost of managing Ash Dieback. The current best estimate of the cost over the next 2-10 years is £320,000.
- The Fundraising support fund is to cover costs of future fundraising activities.
- The Governance review funds are to cover the costs of any future work approved by the Board.
- The Election expenses fund is to cover the cost of the 4-yearly elections to the Board and any by-elections. The next planned elections will be held in Autumn 2023.
- The Dog campaign fund is to cover the costs of a campaign which was started in 2019/20. Work on the campaign has been delayed by COVID-19.
- The car park repair fund is to cover the cost of car park repairs to be completed in 2022/23.
- Following the retirement of Cheryl Gentry and the resignation of her replacement Helen Barber, the FAM replacement fund objective is to cover the cost of accountancy provision in preparing the Statutory Financial accounts in addition to recruitment expenses.

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

## 21 Unrestricted pension fund

### Current year

|              | Balance 1st<br>April 2022 | Movement<br>incoming | Resources<br>outgoing | Transfers & other<br>losses | Balance 31st<br>March 2023 |
|--------------|---------------------------|----------------------|-----------------------|-----------------------------|----------------------------|
|              | £                         | £                    | £                     | £                           | £                          |
| Pension Fund | (2,241,000)               | 0                    | (37,000)              | 1,541,000                   | (737,000)                  |

### Prior year

|              | Balance 1st<br>April 2021 | Movement<br>incoming | Resources<br>outgoing | Transfers & other<br>losses | Balance 31st<br>March 2022 |
|--------------|---------------------------|----------------------|-----------------------|-----------------------------|----------------------------|
|              | £                         | £                    | £                     | £                           | £                          |
| Pension Fund | (2,256,000)               | 0                    | (24,000)              | 39,000                      | (2,241,000)                |

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 26.



## 22 Restricted funds

### Current year

|                                | Balance<br>1st April<br>2022<br>£ | Movement<br>incoming<br>£ | Resources<br>outgoing<br>£ | Transfers<br>(to)/from<br>other funds<br>£ | Net gains/(losses)<br>on investments<br>£ | Balance 31st<br>March 2023<br>£ |
|--------------------------------|-----------------------------------|---------------------------|----------------------------|--|---|---------------------------------|
| Lands Maintenance fund         | 193,588                           | 5,591                     | (1,632)                    | (5,337)                                    | (9,188)                                   | 183,022                         |
| SDF fund                       | 453                               | 0                         | 0                          | 0  | 0   | 453                             |
| Nature of the Malverns book    | 2,901                             | 0                         | 0                          | 0  | 0   | 2,901                           |
| Gifts                          | 6,831                             | 2,000                     | (665)                      | 0  | 0   | 8,166                           |
| Tree planting                  | 821                               | 1,385                     | (357)                      | (805)                                      | 0   | 1,044                           |
| Picnic bench donations         | 2,800                             | 6,073                     | (1,719)                    | (2,550)                                    | 0   | 4,604                           |
| Community Woodland             | 0                                 | 0                         | (34)                       | 34   | 0   | 0                               |
| Boost4Biodiversity             | 1,389                             | 0                         | 0                          | 0  | 0   | 1,389                           |
| FIPL Foothill Connections fund | 500                               | 0                         | 0                          | 0  | 0   | 500                             |
| FIPL All Saints Wood           | 0                                 | 2,409                     | (2,403)                    | 0  | 0   | 6                               |
| Urban tree challenge fund      | (8,223)                           | 11,257                    | (297)                      | 0  | 0   | 2,737                           |
| Donkey Shed                    | 0                                 | 19,456                    | (27,243)                   | 0  | 0   | (7,787)                         |
| Access For All                 | 0                                 | 0                         | (1,776)                    | 0  | 0   | (1,776)                         |
| Land Purchase (1992) fund      | 933,249                           | 16,943                    | (7,150)                    | (357,455)                                  | (71,706)                                  | 513,881                         |
| Land Purchase 2 Fund           | 0                                 | 135                       | (97)                       | 184,263                                    | 15,807                                    | 200,108                         |
| Parliamentary fund             | 493,842                           | 35,116                    | (4,412)                    | (13,614)                                   | (25,540)                                  | 485,392                         |
| Capital Outlay Discharged fund | 1,491,438                         | 0                         | (59,868)                   | 173,187                                    | 0   | 1,604,757                       |
|                                | <b>3,119,589</b>                  | <b>100,365</b>            | <b>(107,653)</b>           | <b>(22,277)</b>                            | <b>(90,627)</b>                           | <b>2,999,397</b>                |

### Prior year

|                                | Balance<br>1st April<br>2021<br>£ | Movement<br>incoming<br>£ | Resources<br>outgoing<br>£ | Transfers<br>(to)/from<br>other<br>funds<br>£ | Net<br>gains/(loss<br>es) on<br>investmen<br>ts<br>£ | Balance 31st<br>March 2022<br>£ |
|--------------------------------|-----------------------------------|---------------------------|----------------------------|---|--|---------------------------------|
| Lands Maintenance fund         | 185,339                           | 5,025                     | (1,088)                    | (5,025)                                       | 9,337  | 193,588                         |
| SDF fund                       | 453                               | 0                         | 0                          | 0   | 0  | 453                             |
| Nature in Malvern book         | 2,733                             | 168                       | 0                          | 0   | 0  | 2,901                           |
| Gifts                          | 9,707                             | 0                         | (2,110)                    | (766)   | 0  | 6,831                           |
| Tree planting                  | 700                               | 565                       | (444)                      | 0   | 0  | 821                             |
| Picnic bench donations         | 183                               | 7,442                     | (1,712)                    | (3,113)                                       | 0  | 2,800                           |
| Community Woodland             | 0                                 | 0                         | (4,522)                    | 4,522   | 0  | 0                               |
| Boost4Biodiversity             | 2,979                             | 1,243                     | (821)                      | (2,012)                                       | 0  | 1,389                           |
| FIPL Foothill Connections Fund | 0                                 | 11,232                    | (8,436)                    | (2,296)                                       | 0  | 500                             |



|                                |                  |               |                 |                 |               |                  |
|--------------------------------|------------------|---------------|-----------------|-----------------|---------------|------------------|
| Urban Tree Challenge           | 0                | (8,223)       | 0               | 0               | 0             | (8,223)          |
| Land Purchase (1992) fund      | 1,021,614        | 15,591        | (5,527)         | (113,382)       | 14,953        | 933,249          |
| Parliamentary fund             | 509,485          | 13,393        | (2,878)         | (53,593)        | 27,435        | 493,842          |
| Capital Outlay Discharged fund | 1,399,444        | 0             | (61,588)        | 153,582         | 0             | 1,491,438        |
|                                | <u>3,132,637</u> | <u>46,436</u> | <u>(89,126)</u> | <u>(22,083)</u> | <u>51,725</u> | <u>3,119,589</u> |

- The Lands Maintenance fund formed part of the consideration for the disposal of the land at Townsend Way for the purpose of providing income for the maintenance of the land forming the roadside verges.
- The SDF (Sustainable Development Fund) fund is for information boards at North and Tank Quarries.
- The Nature of the Malverns book was a joint venture project to produce a high-quality book showcasing the nature of the area. The book was published in May 2018. The funds generated from the project are to be used to support conservation projects.
- The Gifts fund comprises legacies and donations made for specified projects to improve the amenities of the Malvern Hills.
- The Tree Planting fund received donations for planting trees at Thirds Wood.
- Picnic bench donations are for benches at the Community Woodland.
- The Community Woodland fund is for work at the woodland at Townsend Way, funded by an S106 grant from Malvern Hills District Council. Work on the project was completed during the 2022 financial year.
- The Boost4Biodiversity fund is from Severn Trent, to fund pond works.
- The FIPL fund (Farming in Protected Landscapes) is a grant to support conservation projects within the Malvern Hills AONB. The projects in operation during 2023
  - Foothill Connection
  - All Saints Wood
  - Donkey Shed (along with additional funding via the Malvern Civic Society)
- The UTCF fund (Urban Tree Challenge Fund) is a grant from the Forestry Commission to support tree planting in urban areas.
- Access for All funding is supported via the Malvern Hills AONB and funded by DEFRA. The scheme seeks to remove barriers for people to visit the AONBs via capital improvements to the “countryside infrastructure”. Malvern Hills Trust has benefited with the provision of a variety of gates to newly acquired land.
- The Land Purchase (1992) fund (formerly called the Lands Acquisition fund) was set up in 1992 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.
- The Land Purchase 2 Fund formed following the Board of Trustees instruction to redirect investment funds into a lower risk managed category.
- 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 Trust’s general purposes. During the year, £15,116 investment income was transferred to the General Fund (2022 £13,393).
- 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.



## 23 Analysis of net assets between funds

Current year

|                              | Heritage<br>assets<br>£ | Investments<br>£ | Tangible<br>fixed<br>assets<br>£ | Pension<br>liability<br>£ | Other net<br>assets<br>£ | Total<br>£       |
|------------------------------|-------------------------|------------------|----------------------------------|---------------------------|--------------------------|------------------|
| <b>Restricted funds</b>      |                         |                  |                                  |                           |                          |                  |
| Capital Outlay Discharged    | 1,346,835               | 0                | 257,413                          | 0                         | 513                      | 1,604,761        |
| Parliamentary fund           | 0                       | 471,712          | 0                                | 0                         | 13,679                   | 485,391          |
| Land Purchase (1992) fund    | 0                       | 360,310          | 0                                | 0                         | 153,571                  | 513,881          |
| Land Purchase 2 Fund         | 0                       | 200,202          | 0                                | 0                         | -94                      | 200,108          |
| Lands Maintenance fund       | 0                       | 174,469          | 0                                | 0                         | 8,550                    | 183,019          |
| Nature of the Malverns       | 0                       | 0                | 0                                | 0                         | 2,901                    | 2,901            |
| SDF fund                     | 0                       | 0                | 0                                | 0                         | 453                      | 453              |
| Gift fund                    | 0                       | 0                | 0                                | 0                         | 8,166                    | 8,166            |
| Tree planting                | 0                       | 0                | 0                                | 0                         | 1,044                    | 1,044            |
| Picnic benches               | 0                       | 0                | 0                                | 0                         | 4,604                    | 4,604            |
| FIPL Foothill Connections fd | 0                       | 0                | 0                                | 0                         | 500                      | 500              |
| FIPL All Saints Wood         | 0                       | 0                | 0                                | 0                         | 7                        | 7                |
| Donkey Shed*                 | 0                       | 0                | 0                                | 0                         | -7,787                   | -7,787           |
| Access for All**             | 0                       | 0                | 0                                | 0                         | -1,776                   | -1,776           |
| Urban Tree Challenge fund    | 0                       | 0                | 0                                | 0                         | 2,737                    | 2,737            |
| Boost4Biodiversity           | 0                       | 0                | 0                                | 0                         | 1,389                    | 1,389            |
|                              | <b>1,346,835</b>        | <b>1,206,693</b> | <b>257,413</b>                   | <b>0</b>                  | <b>188,456</b>           | <b>2,999,397</b> |
| <b>Unrestricted funds</b>    |                         |                  |                                  |                           |                          |                  |
| General fund                 | 0                       | 84,787           | 101,665                          |                           | 250,136                  | 436,588          |
| Designated funds             | 0                       | 0                | 0                                | 0                         | 897,687                  | 897,687          |
| Pension fund                 | 0                       | 0                | 0                                | -737,000                  | 0                        | -737,000         |
|                              | <b>0</b>                | <b>84,787</b>    | <b>101,665</b>                   | <b>-737,000</b>           | <b>1,147,823</b>         | <b>597,275</b>   |
|                              | <b>1,346,835</b>        | <b>1,291,480</b> | <b>359,078</b>                   | <b>-737,000</b>           | <b>1,336,279</b>         | <b>3,596,672</b> |

\*Donkey Shed awaits Interpretation Boards .

Any project shortfall will be met from Unrestricted Gift Fund.

\*\*Access for All awaits the submission of the Malvern Hills AONB grant claim form.

Any project shortfall will be met from the General Fund



## 23 Analysis of net assets between funds - continued

Prior year

|                           | Heritage<br>assets<br>£ | Invest-<br>ments<br>£ | Tangible<br>fixed<br>assets<br>£ | Pension<br>liability<br>£ | Other net<br>assets<br>£ | Total<br>£       |
|---------------------------|-------------------------|-----------------------|----------------------------------|---------------------------|--------------------------|------------------|
| <b>Restricted funds</b>   |                         |                       |                                  |                           |                          |                  |
| Capital Outlay Discharged | 1,173,644               | 0                     | 317,284                          | 0                         | 510                      | 1,491,438        |
| Parliamentary fund        | 0                       | 513,978               | 0                                | 0                         | (20,136)                 | 493,842          |
| Land Purchase (1992) fund | 0                       | 931,333               | 0                                | 0                         | 1,916                    | 933,249          |
| Lands Maintenance fund    | 0                       | 193,588               | 0                                | 0                         | 0                        | 193,588          |
| Nature in Malvern book    | 0                       | 0                     | 0                                | 0                         | 2,901                    | 2,901            |
| SDF fund                  | 0                       | 0                     | 0                                | 0                         | 453                      | 453              |
| Gift fund                 | 0                       | 0                     | 0                                | 0                         | 6,831                    | 6,831            |
| Tree planting             | 0                       | 0                     | 0                                | 0                         | 821                      | 821              |
| Picnic benches            | 0                       | 0                     | 0                                | 0                         | 2,800                    | 2,800            |
| FIPL Foothill Connections | 0                       | 0                     | 0                                | 0                         | 500                      | 500              |
| Urban Tree Challenge      | 0                       | 0                     | 0                                | 0                         | (8,223)                  | (8,223)          |
| Boost4Biodiversity        | 0                       | 0                     | 0                                | 0                         | 1,389                    | 1,389            |
|                           | <u>1,173,644</u>        | <u>1,638,899</u>      | <u>317,284</u>                   | <u>0</u>                  | <u>(10,238)</u>          | <u>3,119,589</u> |
| <b>Unrestricted funds</b> |                         |                       |                                  |                           |                          |                  |
| General fund              | 0                       | 0                     | 116,146                          | 0                         | 309,679                  | 425,825          |
| Designated funds          | 0                       | 0                     | 0                                | 0                         | 872,658                  | 872,658          |
| Pension fund              | 0                       | 0                     | 0                                | (2,241,000)               | 0                        | (2,241,000)      |
|                           | <u>0</u>                | <u>0</u>              | <u>116,146</u>                   | <u>(2,241,000)</u>        | <u>1,182,337</u>         | <u>(942,517)</u> |
|                           | <u>1,173,644</u>        | <u>1,638,899</u>      | <u>433,430</u>                   | <u>(2,241,000)</u>        | <u>1,172,099</u>         | <u>2,177,072</u> |

## 24 Post balance sheet events financial and capital commitments

At 31<sup>st</sup> March 2023, no capital expenditure had been contracted for (2022 £nil). Capital expenditure which had been approved but not contracted at the year-end was £40,000 (2022 £nil).

Under the Higher Level and Countryside Stewardship schemes, the charity is contracted to make 6-monthly payments to graziers from the grants received. Malvern Hills Trust's contracts with graziers have an annual break clause. The annual payments committed at 31<sup>st</sup> March 2023 total £78,782 (2022 £92,657). This figure excludes £47,000 liable to graziers under the terms of the CS Castlemorton Delivery Group.



The two Higher Level Stewardship schemes end in 2023. The Countryside Stewardship schemes are for a 10-year period and have a 5-year break clause. The Countryside Stewardship Scheme for the North & Central Hills ends in 2028, the scheme for the Southern Hills ends in 2030 and the scheme for Castlemorton Common (see Castlemorton Delivery Group) ends in 2031.



## 25 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:

|                           | 2023           | 2022          |
|---------------------------|----------------|---------------|
|                           | £              | £             |
| Within the next 12 months | 23,974         | 21,836        |
| Within 1-5 years          | 72,154         | 40,526        |
| 5 years plus              | 8,347          | 11,146        |
|                           | <u>104,475</u> | <u>73,508</u> |

## 26 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 2019 and was updated by the actuary on an FRS102 basis as at 31st March 2022.

The employer's contribution (including the FRS102 adjustment) for the period was £118,000 (2022: £113,000).

The amounts recognised in the Balance Sheet are as follows:

|                                     | 2023             | 2022               |
|-------------------------------------|------------------|--------------------|
|                                     | £                | £                  |
| Present value of funded obligations | (3,128,000)      | (4,473,000)        |
| Fair value of plan assets           | 2,391,000        | 2,232,000          |
|                                     | <u>(737,000)</u> | <u>(2,241,000)</u> |
| Amounts recognised as:              |                  |                    |
| Liabilities                         | (737,000)        | (2,241,000)        |
| Assets                              | 0                | 0                  |
| Net amount recognised               | <u>(737,000)</u> | <u>(2,241,000)</u> |



**26 Defined benefit pension scheme - continued**

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

|  | 2023               | 2022            |
|--|--------------------|-----------------|
|  | £                  | £               |
| Current service cost                                     | 94,000             | 90,000          |
| Interest on pension liabilities                          | 123,000            | 92,000          |
| Past service cost  | 0                  | 0               |
| Administration costs                                     | 1,000              | 1,000           |
| Expected return on plan assets                           | (63,000)           | (46,000)        |
| Contributions by employer                                | (118,000)          | (113,000)       |
| Total pension cost charged within net incoming resources | <u>37,000</u>      | <u>24,000</u>   |
| Remeasurements (Actuarial (gain)/loss)                   | (1,541,000)        | (39,000)        |
| Total amount (credited)/charged to SOFA                  | <u>(1,504,000)</u> | <u>(15,000)</u> |

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

|   | 2023             | 2022             |
|---|------------------|------------------|
|   | £                | £                |
| Opening defined benefit obligation      | 4,473,000        | 4,452,000        |
| Current service cost                    | 94,000           | 90,000           |
| Interest on pension liabilities         | 123,000          | 92,000           |
| Member contributions                    | 35,000           | 15,000           |
| Actuarial (gains)/losses on liabilities | (1,498,000)      | (22,000)         |
| Past service cost                       | 0                | 0                |
| Benefits/transfers paid                 | (99,000)         | (154,000)        |
| Benefit obligation at end of period     | <u>3,128,000</u> | <u>4,473,000</u> |

**Explanation of the “interest” figure in the above table**

As part of the annual pension deficit calculation, the Actuary estimates the future benefit cashflows, and then reduces them in line with assumed future investment returns to get an estimate of the money needed now to pay the benefits. The process of reducing the future cashflows is called discounting, and the assumed future rate of return is called the discount rate. When the Actuaries update the calculations for the following year, they need to remove one year’s discounting (as the benefit payments are all now one year closer), and it is this removal of discounting that is referred to as “interest” on the benefit obligation in the accounting schedule.

The Actuaries have to follow FRS 102 as issued by the Financial Reporting Council in setting the discount rate, which must be based on high quality (typically taken to mean at least AA rated) corporate bond yields at the accounting date.

The “interest” figure for the year 2022/23 uses the 31/03/2022 rate of 2.8 % (2021/22 uses the 31/03/2021 discount rate of 2.1 %)



Changes in the plan assets during the period to 31<sup>st</sup> March 2023 were as follows:

|   | 2023             | 2022             |
|---|------------------|------------------|
|   | £                | £                |
| Fair value of plan assets at beginning of period                  | 2,232,000        | 2,196,000        |
| Expected return on scheme assets                                  | 63,000           | 46,000           |
| Administration expenses   | (1,000)          | (1,000)          |
| Remeasurements (assets) (Actuarial gains/(losses) on plan assets) | 43,000           | 17,000           |
| Employer contributions  | 118,000          | 113,000          |
| Member contributions  | 35,000           | 15,000           |
| Benefits/transfers paid   | (99,000)         | (154,000)        |
| Fair value of plan assets at end of period                        | <u>2,391,000</u> | <u>2,232,000</u> |

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

| Asset category | Fair value<br>at 31st<br>March 2023 | Fair value at<br>31st March<br>2022 |
|----------------|-------------------------------------|-------------------------------------|
|                | £                                   | £                                   |
| Equities       | 935,000                             | 1,007,000                           |
| Other bonds    | 894,000                             | 788,000                             |
| Property       | 191,000                             | 136,000                             |
| Cash Liquidity | 36,000                              | -                                   |
| Other          | 335,000                             | 301,000                             |
|                | <u>2,391,000</u>                    | <u>2,232,000</u>                    |

|   | 2023      | 2022   |
|---|-----------|--------|
|   | £         | £      |
| Actuarial gains/(losses) on assets      | 43,000    | 17,000 |
| Actuarial gains/(losses) on liabilities | 1,498,000 | 22,000 |

Weighted average assumptions used to determine benefit obligations at:

|                              | 2023 | 2022 |
|------------------------------|------|------|
| Discount rate                | 4.8% | 2.8% |
| Rate of increase in salaries | 4.2% | 4.9% |
| Rate of increase in pension  | 2.8% | 3.5% |
| Rate of CPI inflation        | 2.7% | 3.4% |



Weighted average assumptions used to determine net pension cost for period ended 31<sup>st</sup> March 2023:

|   | <b>2023</b> | <b>2022</b> |
|---|-------------|-------------|
| Discount rate                                   | 4.80 %      | 2.80 %      |
| Rate of pension increase                        | 2.80 %      | 3.50 %      |
| Assumed life expectations on retirement age 65: |             |             |
| Retiring today - males                          | 22.0        | 22.6        |
| Retiring today - females                        | 24.2        | 25          |
| Retiring in 20 years - males                    | 23.3        | 24.1        |
| Retiring in 20 years - females                  | 26.1        | 27.0        |

### **Contributions**

The employer expects to contribute £ 127,000 in the period to 31<sup>st</sup> March 2024.

The contributions payable by the employers are reassessed at each triennial valuation. The next actuarial valuation of the Worcestershire County Council Pension Fund will be carried out with an effective date of 31<sup>st</sup> March 2025.

## **27 Financial instruments**

|  | <b>2023</b>     | <b>2022</b>      |
|--|-----------------|------------------|
|  | £               | £                |
| Financial assets measured at fair value            | 1,208,693       | 1,638,899        |
| Financial assets measured at settlement value      | 1,530,178       | 1,247,303        |
| Financial liabilities measured at settlement value | <u>(92,587)</u> | <u>(104,695)</u> |

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



**28 Statement of Financial Activities for the year ended 31st March 2022**

|  | Note | Unrestricted funds | Restricted funds | Total funds 2022 | Total funds 2021 |
|--|------|--------------------|------------------|------------------|------------------|
|  |      | £                  | £                | £                | £                |
| <b>Income and endowments from:</b>                         |      |                    |                  |                  |                  |
| Donations and legacies                                     | 3    | 3,932              | 8,007            | 11,939           | 5,244            |
| Charitable activities:                                     |      |                    |                  |                  |                  |
| Management of the hills and commons                        | 7    | 865,102            | 12,475           | 877,577          | 493,079          |
| Car parks  |      | 418,059            | 0                | 418,059          | 412,659          |
| Other trading activities                                   | 4    | 38,647             | 168              | 38,815           | 35,928           |
| Investments:   |      |                    |                  |                  |                  |
| Bank deposits  |      | 1,338              | 0                | 1,338            | 1,302            |
| Investment portfolio                                       |      | 0                  | 34,008           | 34,008           | 33,865           |
| Other  | 5    | 13,581             | 0                | 13,581           | 9,110            |
| <b>Total income</b>  |      | <b>1,340,659</b>   | <b>54,658</b>    | <b>1,395,317</b> | <b>991,187</b>   |
| <b>Expenditure on:</b>                                     |      |                    |                  |                  |                  |
| Charitable activities                                      | 6    | 1,097,934          | 87,855           | 1,185,789        | 1,167,879        |
| Other expenditure  | 6    | 9,797              | 9,493            | 19,290           | 15,161           |
| <b>Total expenditure</b>                                   |      | <b>1,107,731</b>   | <b>97,348</b>    | <b>1,205,079</b> | <b>1,183,040</b> |
| Net gains/(losses) on investments                          | 16   | 0                  | 51,725           | 51,725           | 333,269          |
| <b>Net income/(expenditure)</b>                            |      | <b>232,928</b>     | <b>9,035</b>     | <b>241,963</b>   | <b>141,416</b>   |
| <b>Transfers between funds</b>                             |      | <b>22,083</b>      | <b>(22,083)</b>  | <b>0</b>         | <b>0</b>         |
| <b>Other recognised gains/(losses)</b>                     |      |                    |                  |                  |                  |
| Actuarial gains/(losses) on defined benefit pension scheme | 26   | 39,000             | 0                | 39,000           | (405,000)        |
| <b>Net movement in funds</b>                               |      | <b>294,011</b>     | <b>(13,048)</b>  | <b>280,963</b>   | <b>(263,584)</b> |
| <b>Reconciliation of funds:</b>                            |      |                    |                  |                  |                  |
| Total funds brought forward                                |      | (1,236,528)        | 3,132,637        | 1,896,109        | 2,159,693        |
| <b>Total funds carried forward</b>                         | 23   | <b>(942,517)</b>   | <b>3,119,589</b> | <b>2,177,072</b> | <b>1,896,109</b> |

**MALVERN HILLS CONSERVATORS**

England & Wales - Charity number 515804

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# Accounts

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**Malvern Hills Trust**

**Trustees' Report and Financial statements  
for the year ended 31<sup>st</sup> March 2022**



**Trustees' Report and Financial statements**

**For the year ended 31<sup>st</sup> March 2022**

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## 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  
10 Temple Back  
Bristol  
BS1 6FL

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 BSc (Hons)  |
| Secretary to the Board             | Susan Satchell LI.B (Hons)   |
| Conservation Manager               | Jonathan Bills MSc   |
| Operations Manager                 | Paul Saunder (to 30 <sup>th</sup> June 2021)<br>Peter Kelsall BScFor, MICFor (from 31/08/21) |
| Finance and Administration Manager | Cheryl Gentry BSc ACA  |



## Trustees

*FAR – sits on Finance, Administration and Resources Committee*

*LM – sits on Land Management Committee*

*GC – sits on Governance Committee*

*SC – sits on Staffing Committee*

*\* has served for more than 9 years*

## Elected trustees

|                     |   |
|---------------------|---|
| Priory Ward:        | David Watkins <i>FAR</i> (appointed 7 <sup>th</sup> May 2021) |
| Chase Ward:         | Graeme Crisp (resigned 24 <sup>th</sup> January 2022)         |
|                     | Mary Turner <i>LM</i> (appointed 6 <sup>th</sup> May 2022)    |
| Wells Ward:         | Richard Fowler <i>LM</i>                                      |
| West Ward:          | Charles Penn <i>FAR &amp; SC</i>                              |
| Dyson Perrins Ward: | Trevor Parsons <i>LM</i>                                      |
| Malvern Link Ward:  | Richard Bartholomew <i>FAR &amp; GC</i>                       |
| Pickersleigh Ward:  | David Core <i>FAR &amp; GC</i>                                |
| Colwall Parish:     | Helen Stace <i>LM &amp; SC</i> *                              |
|                     | Stephen Braim <i>LM &amp; GC</i>                              |
| Guarlford Parish:   | David Fellows <i>FAR &amp; GC</i>                             |
| Mathon Parish:      | Christopher Rouse <i>LM</i> *                                 |

## Nominated trustees

|  |  |
|--|--|
| Malvern Hills District Council:                                      | Mick Davies <i>FAR and SC</i> (Board Chair)<br>John Michael <i>FAR</i><br>Sarah Rouse (resigned 2 <sup>nd</sup> November 2021, Board Vice Chair until then)<br>Mark Dyde (resigned 19 <sup>th</sup> January 2022)<br>Cynthia Palmer <i>LM &amp; SC</i> (Board Vice Chair from 11 <sup>th</sup> Nov 2021) |
| Colwall Parish Council:  | Gwyneth Rees (resigned 30 <sup>th</sup> November 2021)<br>Paul Clayburn <i>LM</i> (appointed 1 <sup>st</sup> December 2021)  |
| Mathon Parish Council:   | David Baldwin <i>LM &amp; SC</i> *   |
| Church Commissioners:  | Vacant   |
| Herefordshire Council:   | Helen I'Anson <i>SC</i><br>Ellie Chowns <i>LM</i>  |
| Worcestershire County Council:                                       | John Raine <i>FAR, SC &amp; GC</i><br>Lucy Hodgson <i>FAR</i>  |
| Worcestershire County Council on behalf of the following parishes: - |  |
| Castlemorton:  | Chris Atkins <i>LM &amp; GC</i>  |
| Newland:   | Tom Yapp * (resigned 22 <sup>nd</sup> July 2022)   |
| Powick:  | Michelle Alexander (resigned 31 <sup>st</sup> May 2021)  |

## Staff

Malvern Hills Trust employed 20 staff (17 full time equivalent) during the year. Details of staff numbers are given in note 11 to the financial statements.

Two new Wardens joined us in the year, Ben Taylor in May 2021 and Conor Willmott in October 2021. Peter Kelsall joined as Operations Manager in August 2021 and Cheryl Morris joined as Administrative Support Assistant in October 2021.



## Report of the trustees for the year ended 31<sup>st</sup> March 2022

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 2022.

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 statutory name remains 'Malvern Hills Conservators'.

Malvern Hills Trust was set up by Act of Parliament in 1884 and is governed by 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 2019).

### 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 as guided by the adopted Land Management Plan <https://www.malvern hills.org.uk/looking-after/land-management-plan/>. 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.

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.

Under clause 29 of the Malvern Hills Act 1884, Malvern Hills Trust may acquire 'for the purpose of preserving unenclosed and free from building any lands within 9 miles of Great Malvern Abbey (Priory) ..... which (they) may regard as proper to be so preserved as part of or in connexion with the range of the Malvern Hills or for the purpose of maintaining any common or commonable rights which may subsist over or affecting such lands'.

Potential land acquisitions are considered by the trustees, in accordance with the charity's Land Acquisition Policy. The trustees will consider acquiring a piece of land where the acquisition is consistent with the powers specified above and where acquisition would further the objectives of the organisation. The criteria in the policy are:

- To own and protect the ridge of the Hills and the steep slopes on either side,
- To own and protect land on the lower slopes which contributes to the landscape and setting of the Hills and Commons,
- To maintain common or commonable rights,
- To keep land open for the recreation and enjoyment of the public,
- To conserve habitats or species which are nationally or regionally scarce and/or are typical of the local area,
- To conserve features of archaeological or geological interest/importance,
- To improve access to the existing land holding for management and
- To divert public pressure/damaging activities away from over-used or sensitive areas of the existing land holding.

### 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. The Trust also aims to run a series of free themed events 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. Unfortunately, due to the COVID-19 pandemic, these did not take place in 2021/22 but they are planned to re-start in Spring 2022.



A new 5-year Business Plan was prepared and adopted by the Board of Trustees in March 2022 which will be reviewed at least annually in the light of changing circumstances. The Business Plan sets out the strategic priorities and plans for the charity.

<https://www.malvernhills.org.uk/looking-after/business-plan/>

## **COVID-19 and its impact**

The impact of the COVID-19 pandemic has lessened during the 2021/22 year, but has still affected some areas of the Trust's work. Ongoing government advice to 'Work from Home' meant office-based staff have worked from home on a rota basis, to ensure there has been cover in the office but that all could work in a safe environment.

Board and Committee meeting arrangements have been altered following the lapse in May 2021 of a temporary power to hold virtual meetings. Details are given in the 'Structure, Governance and Management' section of this report.

Visitor numbers have continued to be much higher than in the years before March 2020, leading to car park takings during the year continuing to be above pre-pandemic levels. However, managing the consequences of the increased level of visitors, for example additional litter picking and car parking, has been a challenge. There has also been an impact on the physical features of the Hills, notably path erosion and habitat disturbance.

## **Volunteers**

Before March 2020, Malvern Hills Trust received enormous support from the work of volunteers for activities such as wardening, litter picking, recording flora and fauna, habitat management, conservation, archiving and administrative support. Social distancing restrictions or guidance remained in place for much of the year ended 31<sup>st</sup> March 2022 which has meant that the input of volunteers continued to be much reduced. However, some conservation projects have taken place and one office volunteer has been able to return.

The estimated volunteer contribution during the year was the equivalent of 273 working days (of 7.5 hours per day) spent on the hills and commons and 26 working days on office work. The contribution of all volunteers is gratefully acknowledged.

## **Stewardship**

At 31<sup>st</sup> March 2022, a significant proportion of the charity's land (totalling around 78 %) was under the Department for the Environment, Food and Rural Affairs (Defra) Countryside Stewardship Scheme or Higher Level Stewardship Scheme. An application for a new scheme to cover Castlemorton Common was agreed during the year and started in January 2022. These schemes provide valuable funding for certain land management and conservation activities including grazing, which is the most effective way to maintain



significant parts of the hills and commons. The grazing programme is complemented by management work carried out by staff, contractors and a dedicated team of volunteers.

A dispute with the Rural Payments Agency (RPA) over payments due under the Countryside Stewardship agreement for the North and Central hills was satisfactorily resolved in November 2021 and grants due have now been paid, with just some minor queries outstanding.

## Key achievements

Key achievements in the year were as follows:

- Meeting the challenges arising from the continuing global pandemic,
- Maintaining over 1,200 hectares open and accessible to the public,
- Adding 2.61 hectares to the land under the Trust's protection, with the acquisition of land at The Purlieu in May 2021,
- The adoption of a new Business Plan, covering the period 2022-2027,
- Securing Countryside Stewardship funding for Castlemorton Common, for a 10-year period commencing January 2022,
- Resolving a dispute over payments under the Countryside Stewardship agreement for the North & Central Hills,
- Making successful applications for grants from the Forestry Commission's 'Urban Tree Challenge Fund' and Defra's 'Farming in Protected Landscapes' schemes to fund planned projects in our Land Management Plan,
- Completing access improvements to the Community Woodland in Townsend Way funded by a grant from Malvern Hills District Council and
- Continuing the replacement of signage started in 2017 following the rebranding, including a new interpretation board at Gardiner's Quarry.



## 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 a registered charity.

The Board of Trustees is the decision-making body. The governing legislation currently provides for 29 trustees who are appointed for a four-year term. Eleven trustees 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>Seats</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 |
| Worcestershire County Council to represent the parishes of<br>Castlemorton, Newland and Powick | 3 |
| Malvern Hills District Council   | 8 |
| Colwall Parish Council   | 1 |
| Mathon Parish Council  | 1 |
| The Church Commissioners   | 1 |

The current trustees took up their seats on 1<sup>st</sup> November 2019 (except those filling vacancies which have arisen since then) and will remain in place until 31 October 2023.

There were 8 vacancies at the time this report was approved.

Following appointment, trustees are asked to attend training sessions to ensure that they understand their duties and responsibilities under the Malvern Hills Acts and their responsibilities as charity trustees and under other legislation which affects the land which they manage. 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.

Following the restrictions put in place at the start of the COVID-19 pandemic, Board meetings re-started in June 2020 and Committee meetings re-started in September 2020, via video link with a live stream on YouTube.

These arrangements continued until May 2021 when following the lapse of the powers to hold virtual meetings under the Coronavirus Act, face-to-face Board and Committee meetings resumed. The Trust carries out risk assessments of all its meeting venues to ensure that appropriate precautions such as social distancing can be maintained.

Whilst the number of COVID-19 cases has remained high, to keep the time spent in face-to-face meetings as short as possible, matters of information on Board and Committee agendas have been discussed before the Board or Committee meeting at an on-line workshop, which is live streamed to the public. This is a temporary measure which will be kept under review by the Board.

Board and Committee meetings are open to the public and dates are published on the website. The Board resolved to revise the meeting schedule which had been in place prior to March 2020. Under those current temporary arrangements, six scheduled Board meetings will be held in January, March, May, July, September and November to make decisions and to receive reports from officers, committees and from representatives serving on outside bodies. There is also an opportunity for members of the public to make a statement (with prior notice).

The annual meeting of levy payers (at which the financial statements are adopted and Auditor appointed) was held in public immediately before the Board meeting in September 2021. The Chair and Vice Chair are elected at the Board's annual meeting in November, at which committee members and representatives to serve on outside bodies are also appointed.

### **Modernisation of the Trust's constitution**

During the year, a detailed cost benefit analysis was carried out on plans to modernise the Trust's constitution. Following that, the Trust is carrying out preliminary work prior to making a request for authorisation from the Charity Commission under s74 Charities Act 2011 to proceed a new Malvern Hills Act.

### **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 of the Board. Their functions are set out below. The Board of Trustees considers committee reports and adopts, declines or amends their recommendations at the following Board meeting.

### Land Management Committee

This committee has oversight of 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 some applications for easements and wayleaves and making recommendations to the Board thereon,
- Overseeing 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 oversight of the following areas:

- Finance, including reviewing the adequacy of financial controls, quarterly and 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 and
- Fundraising.

The committee also has authority to approve unbudgeted expenditure within agreed limits.



## Governance Committee

The Governance Committee has oversight of and advises the Board on 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,
- Ensuring that the charity has appropriate risk management systems in place and that risks are 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 for staff,
- 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.

## Charity Governance Code

The Charity Governance Code was published in July 2017 and revised in 2020 as a reference document to help charities work towards effective governance and the right leadership structure. The Code sets out principles and recommended practice. All charities and their trustees are encouraged to meet the principles and outcomes of the



Code by either applying the recommended practice or explaining what they have done instead or why they have not applied it.

As a charity governed by statute it is impossible at present for the Trust to adopt all recommended practice as set out in the Code but it has been used as the foundation for formulating the Trust's proposed governance changes. During 2021/22, the Trust has used the Charity Commission's 'Governance Toolkit' as a means of assessing Trustees' and Senior Staff's views on current governance arrangements with the aim of identifying and agreeing areas for improved governance. This process will continue in 2022/23.

## Financial Review

The financial results are set out on pages 25 to 51. There was a total net increase in funds of £280,963 (2020/21 decrease £263,584).

Net income before transfers on the unrestricted funds was £232,928 (2020/21 net expenditure of £111,414). The net movement on the unrestricted funds after transfers and the FRS 102 pension adjustment was an inflow of £294,011 (2020/21 outflow £501,191).

In addition, there was a net outflow of funds on the restricted funds of £13,048 (note 22) (2020/21 net inflow £237,607).

Total reserves at the financial year end were £2,177,072 (2021 £1,896,109), of which £3,119,589 is restricted (of which £1,276,376 is inalienable, see notes 14 and 15 to the financial statements).

## Principal funding sources

Under powers in the Malvern Hills Acts, Malvern Hills Trust charges a levy to Council Tax payers in the Malvern Hills District Council wards of Chase, Dyson Perrins, Malvern Link, Pickersleigh, Priory, Wells and West Malvern and the parishes of Guarlford, Colwall and Mathon. The average band D levy payable in 2021/22 was £40.35 (2020/21 £38.13). The total levy received by the charity was £566,950 (2020/21 £534,850). Malvern Hills Trust is grateful for the levy payers' contribution. Information for levy payers is on the website <https://www.malvernhills.org.uk/living-in/levy-payers/>

Revenue from car parks is the second principal funding source. The total received in 2021/22 was £418,059 (2020/21 £412,659). Car park takings are used to fund the charity's work including maintaining the car parks for public use.

Stewardship grants are the third principal funding source. £287,053 was received in 2022/23 (2020/21 £82,258), including settlement of disputed amounts from 2020/21 (see note 7).

Donations and legacies received totalled £11,939 (2020/21 £5,244).



## Significant financial impacts

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

- Land was purchased at The Purlieu at a cost of £113,382,
- The dispute with the RPA was settled, resulting in the payment of grants due from financial years 2019/20 and 2020/21 (details in note 7),
- Very high visitor numbers led to continued high takings from the car parks, which were £87,000 over budget,
- The year 1 costs (of an anticipated 5-year programme) of managing Ash Dieback totalled £40,000 and a designated fund of £136,000 was created to cover the costs in years 1 and 2,
- The Board maintained its policy of updating vehicles, plant and machinery, spending £43,500,
- The failing drainage field serving the public lavatories at British Camp was replaced at a cost of £40,200.

## Acknowledgements

Malvern Hills Trust gratefully acknowledges the financial support of Defra Rural Development Programme for England, Worcestershire County Council, Herefordshire Council, Malvern Hills District Council, Natural Networks (through Worcestershire County Council and European Growth Funding), Severn Trent's Boost4Biodiversity scheme, the Forestry Commission's Urban Tree Challenge Fund and Malvern Hills Area of Outstanding Natural Beauty (AONB) partnership.

## Investment powers and policy

The Trust has placed the Land Purchase (1992) Fund (formerly called the Land Acquisition Fund), Land Maintenance Fund and Parliamentary Fund under investment with Brewin Dolphin. The trustees have provided Brewin Dolphin with written investment policies for the funds, which are reviewed annually. The Trust's principal objective from the investment of the Land Purchase (1992) Fund is to generate a return (net of costs, including reinvestment of earnings) sufficient to maintain the purchasing value of the Land Purchase (1992) Fund. The Trust aims to produce the best financial return with a moderate level of risk.

The Trust'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 acknowledge 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, sector and security. The Trust's investment policies provide that the asset classes which 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, with the advice of the Trust's Investment Manager, is charged with recommending to the trustees a suitable asset allocation strategy, 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 estimated annual yield (year ended 31<sup>st</sup> March 2022) on the Land Purchase (1992) portfolio was 1.7% and on the Parliamentary and Land Maintenance portfolio 2.6%. The portfolio return gross of fees on the Land Purchase (1992) portfolio was 2.64% (net of fees 1.96%) against the benchmark of 9.55% and on the Parliamentary and Land Maintenance portfolio it was 8.25% (net of fees 7.53%) against a benchmark of 9.55%. The Land Purchase (1992) portfolio was performing broadly in line with its benchmark until January 2022, when it was adversely affected by fluctuations in investment markets caused by the invasion of Ukraine and the accelerating pace of inflation and interest rates. This fund is invested for capital growth and many investments which seek to deliver this, such as those in the technology sector, have suffered more than their peers during this period. While this is disappointing, the Trustees take comfort from the fact that performance of this fund was strong in the preceding year and so over a two-year time frame, the fund performance is satisfactory. Both funds are being repositioned to reduce risk in the current uncertain market.

The trustees receive a full report from Brewin Dolphin in June and December and an interim report in March and September.

During the year, the global impacts of COVID-19 on investments have continued to be a major risk. Added to this, Russia's war against Ukraine has further added to uncertainty in the investment markets. The Trust is receiving regular information and briefings from its Investment Manager through this turbulent period.

The Trust's assets are invested in line with the long-term interests of the charity. Malvern Hills Trust exists to protect the Malvern Hills and commons. Climate change poses a



threat to the unique environment for which the Trust cares. Since 31<sup>st</sup> March 2021 the trustees have excluded all fossil fuel, mining and quarrying companies from the investment portfolios. The trustees also exclude individual investments which are perceived to conflict with the charity's purpose.

## Reserves policy and going concern

Malvern Hills Trust's (MHT's) free reserves are defined as those funds which the charity has available freely to spend on its charitable objectives.

The free reserves are calculated by starting with the total unrestricted funds value from the accounts. To comply with accounting rules the amount of the pension deficit is included as part of the unrestricted funds shown in the accounts, although it is a liability that will not crystallise, as the deficit to be repaid is part of a different calculation under the triennial valuation of the scheme. This deficit value is therefore added back when calculating the free reserves. The net book value of fixed assets (not available as cash) and the value of committed (designated) funds are then deducted, to come to the free reserve total. In summary, the calculation is as follows:

Total unrestricted funds\*

Less:

Committed designated funds

Net book value of fixed assets funded from the general fund

The defined benefit pension scheme surplus/(deficit)

\*Unrestricted funds comprise the general fund, designated funds and surplus/(deficit) on the defined benefit pension scheme

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

The level of free 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.

In setting the policy, the trustees have ensured that the contributions required under the defined benefit pension scheme, including those to cover the actuarial deficit, can be met from projected cash flows.

MHT's trustees' policy is to aim to maintain the free reserves level above £350,000. 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,
- To fund everyday essential expenditure in the event that income streams are unexpectedly interrupted,
- To fund unplanned costs arising from tree diseases,
- The need to provide working capital for MHT, both for day to day work and for future (possibly grant-funded) development,
- The need to provide a degree of protection against fluctuations in investment income.

The policy was adopted in June 2018 and updated in July 2022.

At 31<sup>st</sup> March 2022 total funds of the charity were £2,177,072. This included restricted funds of £3,119,589 and committed designated funds of £403,508. Details of all the designated funds are given in note 20 to the financial statements and restricted funds details are in note 22.

The level of free reserves as defined above was £778,829, made up of the following:

|   |                |                       |
|---|----------------|-----------------------|
| General fund excluding net book value of fixed assets |                | 309,679               |
| 'Free' designated funds:                              |                |                       |
| Gifts   | 452,450        |                       |
| Fundraising   | 10,000         |                       |
| Car park repair                                       | 3,200          |                       |
| Dog campaign  | 3,500          |                       |
|   | <u>469,150</u> |                       |
|   |                | <u><u>778,829</u></u> |

The reserves balance is higher than the target level due to the receipt of a generous unrestricted legacy in 2019/20 and very high car park takings in 2020/21 and 2021/22. A large part of the reserve will to be needed for the costs arising from Ash Dieback over the next 2 to 5 years and to meet rising costs due to high inflation.

The trustees have carried out a rigorous going concern review and concluded that the Trust is a going concern and that they expect the organisation to continue operating and paying liabilities as they fall due for at least twelve months from when the accounts are signed.

## 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 shown in these financial statements are accounted for under FRS 102, with details being given in note



26. The pension figures reflected in these financial statements have been provided by Mercer, the Actuary to the Fund.

The FRS 102 accounting deficit at the year-end has been calculated as £2.241 million (2020/21 £2.256 million). The employer's contribution rate during the year was 21.8 % (2020/21 21.8 %).

The most recent Actuarial valuation was carried out at 31<sup>st</sup> March 2019. This valuation provides the basis for the calculation of future contributions to WCCPF. The Trust's deficit (that is the excess of pension liabilities over assets) in WCCPF at 31<sup>st</sup> March 2019 was £926,000 (69 % funding level). This was an improvement over the position at the 2016 valuation (deficit of £1,092,000, 57 % funding level). The next Actuarial valuation will be carried out as at 31<sup>st</sup> March 2022, with revised contribution rates coming into effect from 1<sup>st</sup> April 2023.

The Trust 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 Business Plan and budgets include provision for these payments. The deficit recovery period following the 2019 Actuarial Valuation is 15 years. The deficit payments in 2021/22 totalled £66,100 (2020/21 £63,600). The amount due for 2022/23 is £68,700.

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

### **Plans for future periods**

Much of the routine work of the charity is carried out on an on-going basis. The Land Management Plan, which was updated in early 2021, sets out the Trust's plans for land management work in delivering its conservation and public access objectives. The car parks and paths will continue to be maintained to facilitate public access to the charity's land.

The cost of tree work is likely to increase significantly in future years, particularly as a result of Ash Dieback. This is a major financial challenge to the organisation. A designated fund has been set up to cover the costs of dealing with Ash Dieback in 2022/23. Work has been started, with a focus on trees likely to pose a risk to the public, for example those close to properties, public highways and footpaths. Additional funds will be needed in future years, which will most likely be funded by donations and the unrestricted gift fund.

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

- The removal of diseased ash trees will continue across the Trust's estate,



- Fund-raising opportunities will be pursued as outlined in the Business Plan, but are vulnerable to a shift in charitable giving towards health-related charities as a result of the COVID-19 crisis,
- Habitat and access improvements will be undertaken in accordance with the Land Management Plan,
- Restoration works at the Donkey Sheds in Happy Valley will be carried out,
- Much needed refurbishment works will be carried out at the charity's premises at the Lower Shed and Manor House, to include kitchen and washing facilities and archive storage and
- Work on consideration of the consolidation and updating of the Trust's governing Acts 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. Salaries were last independently benchmarked in Spring 2022. The salary of the Chief Executive Officer is set by the Board, following an annual appraisal.

## 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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England & 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 2019 (FRS 102),
- 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 operation.

The trustees are responsible for keeping proper accounting records that 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 governing Acts. 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.

In so far as the trustees are aware:

- there is no relevant audit information of which the charity's auditor is unaware and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The trustees are responsible for the 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.

### Risk management

The trustees have in place a formal risk management process to assess business risks and implement risk management strategies.

The risk management process involves 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. At each meeting of the board Trustees are updated on any significant changes to the level of risk, particularly any categories that are gauged to be entering the highest risk category, and any appropriate actions considered.

The key risks identified this year were:

- COVID-19 crisis – with the lifting of restrictions, and higher levels of infection in the population the risk of staff shortages due to illness is considered to have increased. Specific Health and Safety risks continue to arise both from changes to working practices and protection of public-facing staff,
- Financial uncertainty arising from the economic impacts of the pandemic and war in Ukraine, resulting in a reduction in investment returns,
- Delays in income payments and the impairment of financial assets,
- Increased UK and international inflation rates, leading to significant cost increases in many areas, including fuel, contractors' costs and machinery and equipment and a drop in visitors to the hills,
- A significant increase in tree work costs as a result of Ash Dieback and other environmental factors,
- Local campaigns by individuals and groups diverting organisational resources and focus and



- Pension commitments – the pension liability (accounting deficit) under the LGPS is disclosed in detail in note 26 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, the trustees have each taken appropriate steps to make themselves aware of any information relevant to the audit and to establish that the auditor is aware of that information.

By order of the Board of Trustees

A handwritten signature in black ink, appearing to read 'Mick Davies', written over the text 'By order of the Board of Trustees'.

Mick Davies (Chair)  
8th September 2022



## 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 2022 which comprise the Statement of Financial Activities, the Balance sheet, the Statement of cash flows and the related notes, 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).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2022 and of its incoming resources and application of resources, including its income and expenditure 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 United Kingdom, including the Financial Reporting Council'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 Auditors' report thereon. Our opinion on the financial statements does not cover the other information and 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 where the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the Trustees' report is inconsistent in any material respect with the financial statements; or



- sufficient and proper 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 Trustees' responsibilities statement, the Trustees responsible for the preparation of the financial statements and for being satisfied that they 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.

## Auditors' 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 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 an Auditors' 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.

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 procedures undertaken in order to identify and assess risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, are as follows:

- we have considered the nature of the industry and sector, control environment and business performance;
- we have considered the results of our enquiries of management and the board about their own identification and assessment of the risks of irregularities;
- for any matters identified we have obtained and reviewed the charity's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations.
- we have considered the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud, which included incorrect recognition of income and accounting estimates, and these were identified as the greatest potential area for fraud.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the charitable company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Charities SORP (FRS 102) - Accounting and Reporting by Charities and the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and Charities Act 2011.



In addition, we have considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the charity's ability to operate or to avoid a material penalty. These included occupational health and safety regulations, employment legislation and Data Protection Regulations.

Our procedures to respond to the risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- documenting and validating the control environment for income and debtors and carrying out walkthrough testing;
- undertaking substantive sample-based testing or proof in total calculations on all material revenue streams to ensure revenue has been recognised appropriately and accurately;
- enquiring of management and those charged with governance concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading and reviewing minutes of meetings of those charged with governance; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; and assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from an error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed 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.

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 Auditors' Report.

### Use of our report

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 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 its members, as a body, for our audit work, for this report, or for the opinions we have formed.

For and on behalf of Bishop Fleming LLP  
10 Temple Back  
Bristol  
BS1 6FL  
Date: 8<sup>th</sup> September 2022

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



## Statement of Financial Activities for the year ended 31<sup>st</sup> March 2022

|  | Note | Unrestricted funds | Restricted funds | Total funds 2022 | Total funds 2021 (note 28) |
|--|------|--------------------|------------------|------------------|----------------------------|
|  |      | £                  | £                | £                | £                          |
| <b>Income and endowments from:</b>                         |      |                    |                  |                  |                            |
| Donations and legacies                                     | 3    | 3,932              | 8,007            | 11,939           | 5,244                      |
| Charitable activities:                                     |      |                    |                  |                  |                            |
| Management of the hills and commons                        | 7    | 865,102            | 12,475           | 877,577          | 493,079                    |
| Car parks  |      | 418,059            | 0                | 418,059          | 412,659                    |
| Other trading activities                                   | 4    | 38,647             | 168              | 38,815           | 35,928                     |
| Investments:   |      |                    |                  |                  |                            |
| Bank deposits  |      | 1,338              | 0                | 1,338            | 1,302                      |
| Investment portfolio                                       |      | 0                  | 34,008           | 34,008           | 33,865                     |
| Other  | 5    | 13,581             | 0                | 13,581           | 9,110                      |
| <b>Total income</b>  |      | <b>1,340,659</b>   | <b>54,658</b>    | <b>1,395,317</b> | <b>991,187</b>             |
| <b>Expenditure on:</b>                                     |      |                    |                  |                  |                            |
| Charitable activities                                      |      | 1,097,934          | 87,855           | 1,185,789        | 1,167,879                  |
| Other expenditure  |      | 9,797              | 9,493            | 19,290           | 15,161                     |
| <b>Total expenditure</b>                                   | 7    | <b>1,107,731</b>   | <b>97,348</b>    | <b>1,205,079</b> | <b>1,183,040</b>           |
| Net gains on investments                                   | 16   | 0                  | 51,725           | 51,725           | 333,269                    |
| <b>Net income</b>  |      | <b>232,928</b>     | <b>9,035</b>     | <b>241,963</b>   | <b>141,416</b>             |
| <b>Transfers between funds</b>                             |      | 22,083             | (22,083)         | 0                | 0                          |
| <b>Other recognised gains/(losses)</b>                     |      |                    |                  |                  |                            |
| Actuarial gains/(losses) on defined benefit pension scheme | 26   | 39,000             | 0                | 39,000           | (405,000)                  |
| <b>Net movement in funds</b>                               |      | <b>294,011</b>     | <b>(13,048)</b>  | <b>280,963</b>   | <b>(263,584)</b>           |
| <b>Reconciliation of funds:</b>                            |      |                    |                  |                  |                            |
| Total funds brought forward                                |      | (1,236,528)        | 3,132,637        | 1,896,109        | 2,159,693                  |
| <b>Total funds carried forward</b>                         | 23   | <b>(942,517)</b>   | <b>3,119,589</b> | <b>2,177,072</b> | <b>1,896,109</b>           |

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

All income and expenditure derive from continuing activities.

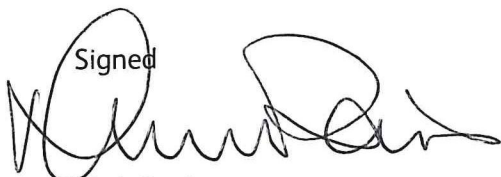
The notes on pages 28 to 51 form part of these financial statements.



**Balance Sheet as at 31<sup>st</sup> March 2022**

|   | Note | 2022               | 2021               |
|---|------|--------------------|--------------------|
|   |      | £                  | £                  |
| <b>Fixed Assets</b>                                   |      |                    |                    |
| Tangible fixed assets                                 | 14   | 433,430            | 437,893            |
| Heritage assets                                       | 15   | 1,173,644          | 1,060,261          |
| Investments   | 16   | 1,638,899          | 1,694,759          |
| <b>Total fixed assets</b>                             |      | <u>3,245,973</u>   | <u>3,192,913</u>   |
| <b>Current Assets</b>                                 |      |                    |                    |
| Livestock   |      | 25,320             | 25,320             |
| Debtors   | 17   | 133,474            | 58,299             |
| Short term deposits                                   |      | 1,167,462          | 992,628            |
| Cash at bank and in hand                              |      | 222                | 200                |
| <b>Total current assets</b>                           |      | <u>1,326,478</u>   | <u>1,076,447</u>   |
| <b>Creditors: Amounts falling due within one year</b> | 18   | <u>(154,379)</u>   | <u>(117,251)</u>   |
| <b>Net Current Assets excluding pension liability</b> |      | 1,172,099          | 959,196            |
| <b>Net assets</b>                                     |      | 4,418,072          | 4,152,109          |
| Pension Fund liability                                | 27   | <u>(2,241,000)</u> | <u>(2,256,000)</u> |
| <b>Net Assets including pension liability</b>         |      | <u>2,177,072</u>   | <u>1,896,109</u>   |
| <b>The funds of the charity</b>                       |      |                    |                    |
| Unrestricted - General Fund                           | 19   | 425,825            | 439,722            |
| Unrestricted - Designated Funds                       | 20   | 872,658            | 579,750            |
| Unrestricted - Pension Fund                           | 21   | (2,241,000)        | (2,256,000)        |
| Restricted Funds                                      | 22   | 3,119,589          | 3,132,637          |
| <b>Total charity funds</b>                            |      | <u>2,177,072</u>   | <u>1,896,109</u>   |

The notes on pages 28 to 51 form part of these financial statements.

Signed 

Mick Davies  
Chair of Trustees on behalf of the Trustees  
8th September 2022



## Statement of cash flows for the year ended 31<sup>st</sup> March 2022

|   | 2022             | 2021            |
|---|------------------|-----------------|
|   | £                | £               |
| <b>Cash flows from operating activities</b>                         |                  |                 |
| Net movement in funds   | 280,963          | (263,584)       |
| Add back depreciation charge  | 91,251           | 102,732         |
| Investment (gains)/ losses  | (51,725)         | (333,269)       |
| Profit on disposal of fixed assets                                  | (960)            | 0               |
| Income on investing activities retained in portfolio                | (15,591)         | (16,722)        |
| (Gain)/loss on pension scheme                                       | (15,000)         | 414,000         |
| (Increase)/decrease in debtors                                      | (75,175)         | 123,849         |
| Increase in creditors   | 37,128           | 12,912          |
| <b>Net cash provided by/(used in) operating activities</b>          | <b>250,891</b>   | <b>39,918</b>   |
| <b>Cashflows from investing activities:</b>                         |                  |                 |
| Proceeds from the sale of fixed assets                              | 960              | 0               |
| Purchase of property, plant and equipment                           | (200,171)        | (21,713)        |
| Investment manager's fees deducted from portfolio                   | 11,443           | 10,821          |
| Funds transferred (to)/from investment portfolio                    | 111,733          | (1,905)         |
| <b>Net cash provided by investing activities</b>                    | <b>(76,035)</b>  | <b>(12,797)</b> |
| <b>Change in cash and cash equivalents in the reporting period</b>  | <b>174,856</b>   | <b>27,121</b>   |
| Cash and cash equivalents at the beginning of the reporting period  | 992,828          | 965,707         |
| <b>Cash and cash equivalents at the end of the reporting period</b> | <b>1,167,684</b> | <b>992,828</b>  |
| <b>Analysis of cash and cash equivalents</b>                        |                  |                 |
| Cash in hand  | 222              | 200             |
| Current account   | 245,321          | 229,811         |
| Notice deposits (less than 3 months)                                | 922,141          | 762,817         |
| <b>Total cash and cash equivalents</b>                              | <b>1,167,684</b> | <b>992,828</b>  |

The notes on pages 28 to 51 form part of these financial statements.



## Notes to the financial statements for the year ended 31<sup>st</sup> March 2022

### 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 2019) – (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 inflow of £174,856 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 £500 has been set by the Trustees.

It is Malvern Hills Trust's objective to preserve and manage the land held by the charity. 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 on a straight-line basis over their expected useful lives on the following bases:

|                                    |                 |
|------------------------------------|-----------------|
| Vehicles and equipment             | 16.67 % of cost |
| Parking meters                     | 10 % 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

Part of 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.



The land held by Malvern Hills Trust is reported in the Balance Sheet at cost. The land is inalienable, so the Trustees do not believe the expense of having the land valued for the purposes of these accounts would be good use of the charity's funds, as the cost would exceed the benefit. Malvern Hills Trust also has some small areas of land which were donated to the charity which are not shown in the accounts. The Trustees believe that the expense of having this land valued to include it in the accounts would exceed the benefits provided by the valuation, as this land is also inalienable.

## **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 (LGPS), a multi-employer scheme. The LGPS is a defined benefit scheme. Contributions are accounted for in accordance with FRS102. Further details are given in note 26 to the 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 or
- 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.

Further explanation of the nature and purpose of each fund is included in notes 19-22 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 27 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

|          | 2022          | 2021         |
|----------|---------------|--------------|
|          | £             | £            |
| Gifts    | 11,326        | 2,244        |
| Legacies | 613           | 3,000        |
|          | <u>11,939</u> | <u>5,244</u> |

The income from donations and legacies was £11,939 (2021 £5,244) of which £3,932 was unrestricted (2021 £4,594) and £8,007 restricted (2021 £650).

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

|                             | 2022          | 2021          |
|-----------------------------|---------------|---------------|
|                             | £             | £             |
| Rental income               | 32,144        | 27,350        |
| Easements and wayleaves     | 6,474         | 7,689         |
| Sales of books and leaflets | 197           | 889           |
|                             | <u>38,815</u> | <u>35,928</u> |

Rental income and easements and wayleaves in both years is unrestricted. £168 of the sales of books and leaflets (2021 £889) were restricted.

### 5 Analysis of other income

|                                    | 2022          | 2021         |
|------------------------------------|---------------|--------------|
|                                    | £             | £            |
| Employment allowance               | 4,000         | 4,000        |
| Compensation for works             | 911           | 1,741        |
| Profit on disposal of fixed assets | 960           | 0            |
| Other                              | 7,710         | 3,369        |
|                                    | <u>13,581</u> | <u>9,110</u> |

All of the above income is unrestricted.



## 6 Analysis of expenditure

|                          | Estate manage't | Wardening      | Car parks     | PR           | Governance    | Office costs   | Total 2022       | 2021             |
|--------------------------|-----------------|----------------|---------------|--------------|---------------|----------------|------------------|------------------|
|                          | £               | £              | £             | £            | £             | £              | £                | £                |
| Salaries (note 10)       | 320,301         | 98,794         | 3,809         | 0            | 60,584        | 166,188        | 649,676          | 618,459          |
| Direct expenses          | 269,851         | 10,726         | 29,808        | 4,579        | 6,091         | 0              | 321,055          | 319,536          |
| Rates and water          | 2,889           | 0              | 1,254         | 0            | 0             | 2,235          | 6,378            | 5,653            |
| Electricity & gas        | 2,582           | 0              | 1,549         | 0            | 0             | 2,737          | 6,868            | 4,475            |
| Insurance                | 25,971          | 0              | 0             | 0            | 1,633         | 890            | 28,494           | 30,328           |
| Maintenance of buildings | 1,078           | 0              | 0             | 0            | 0             | 4,382          | 5,460            | 2,549            |
| Depreciation             | 87,006          | 0              | 0             | 0            | 0             | 4,245          | 91,251           | 102,732          |
| Investment management    | 9,493           | 0              | 0             | 0            | 0             | 0              | 9,493            | 9,017            |
| Support costs (note 8)   | 23,777          | 0              | 11,621        | 0            | 16,078        | 34,928         | 86,404           | 90,291           |
|                          | <u>742,948</u>  | <u>109,520</u> | <u>48,041</u> | <u>4,579</u> | <u>84,386</u> | <u>215,605</u> | <u>1,205,079</u> | <u>1,183,040</u> |

Expenditure was £1,205,079 (2021 £1,183,040) of which £1,107,731 was unrestricted (2021 £1,063,468) and £97,348 was restricted (2021 £119,572).

## 7 Summary analysis of expenditure and related income for charitable activities

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

|   | M'gt of hills and commons | Car Parks       | Total 2022         | Total 2021         |
|---|---------------------------|-----------------|--------------------|--------------------|
|   | £                         | £               | £                  | £                  |
| <b>Income</b>                                       |                           |                 |                    |                    |
| Levy on Council Tax payers in precepted parishes    | 566,950                   | 0               | 566,950            | 534,850            |
| Stewardship grants                                  | 287,053                   | 0               | 287,053            | 82,258             |
| Less provision for non-payment of grants by the RPA | 0                         | 0               | 0                  | (151,470)          |
| Other grants (see note below)                       | 23,574                    | 0               | 23,574             | 27,441             |
| Car park takings                                    | 0                         | 418,059         | 418,059            | 412,659            |
| Total income from charitable activities             | <u>877,577</u>            | <u>418,059</u>  | <u>1,295,636</u>   | <u>905,738</u>     |
| Expenditure   | <u>(1,172,467)</u>        | <u>(32,612)</u> | <u>(1,205,079)</u> | <u>(1,183,040)</u> |
| Net contribution/(cost funded by other income)      | <u>(294,890)</u>          | <u>385,447</u>  | <u>90,557</u>      | <u>(277,302)</u>   |

The Charity entered into a Countryside Stewardship grant agreement in 2018 with Natural England, for the North & Central hills. The grant was due to be paid in arrears and had been accounted for on an accruals basis. The first payment was received in full for 2018. Without consulting the Charity, the Rural Payments Agency (RPA), who have taken over the administration of the grant unilaterally changed the agreement in 2018 without consulting the charity. This only



came to light when the Charity chased payment of the 2019 grant. At 31<sup>st</sup> March 2021 the Charity was in dispute with the RPA over their non-payment of the grant. A resolution was not reached before the accounts for the year ended 31<sup>st</sup> March 2021 were signed. As a prudent measure, the Charity therefore excluded the accrued grant income (£151,470) from those accounts, which is reflected in the comparative figures in these accounts.

Resolution was reached with the RPA in November 2021. Grants payable under the agreements for 2019 and 2020 were paid, apart from £1,700 which is still being queried (and continues to be excluded from the accounts).

## 8 Analysis of support costs

|                         | Estate<br>m'tce | Governance    | Car<br>parks  | Office<br>costs | Total<br>2022 | Total<br>2021 |
|-------------------------|-----------------|---------------|---------------|-----------------|---------------|---------------|
|                         | £               | £             | £             | £               | £             | £             |
| Telephones              | 1,326           | 0             | 0             | 1,783           | 3,109         | 3,192         |
| Cleaning                | 1,455           | 0             | 0             | 1,456           | 2,911         | 2,866         |
| Postage                 | 0               | 0             | 0             | 3,458           | 3,458         | 2,772         |
| Office equipment        | 0               | 0             | 0             | 2,290           | 2,290         | 2,099         |
| Printing and stationery | 0               | 0             | 0             | 5,747           | 5,747         | 5,455         |
| Travelling              | 0               | 0             | 0             | 461             | 461           | 449           |
| IT                      | 0               | 0             | 0             | 12,284          | 12,284        | 9,974         |
| Legal fees              | 8,565           | 4,378         | 8,980         | 0               | 21,923        | 30,499        |
| Audit fee               | 0               | 7,200         | 0             | 0               | 7,200         | 6,675         |
| Other professional fees | 5,769           | 3,482         | 0             | 4,523           | 13,774        | 17,565        |
| Subscriptions           | 0               | 0             | 0             | 2,016           | 2,016         | 2,198         |
| Training                | 4,535           | 0             | 0             | 219             | 4,754         | 1,605         |
| Miscellaneous           | 0               | 1,018         | 0             | 691             | 1,709         | 1,784         |
| Recruitment             | 2,127           | 0             | 0             | 0               | 2,127         | 0             |
| Bank charges            | 0               | 0             | 2,641         | 0               | 2,641         | 3,158         |
|                         | <u>23,777</u>   | <u>16,078</u> | <u>11,621</u> | <u>34,928</u>   | <u>86,404</u> | <u>90,291</u> |

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

This is stated after charging:

|                                       | 2022   | 2021    |
|---------------------------------------|--------|---------|
|                                       | £      | £       |
| Depreciation                          | 91,251 | 102,732 |
| Auditor's remuneration:<br>Audit fees | 7,200  | 6,675   |



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

|   | 2022           | 2021           |
|---|----------------|----------------|
|   | £              | £              |
| Salaries and wages                                      | 456,918        | 424,769        |
| Social security costs                                   | 41,569         | 35,833         |
| Pension costs   | 131,753        | 133,274        |
| Group life assurance                                    | 1,946          | 1,659          |
| FRS 102 - pension adjustment                            | 24,000         | 9,000          |
| FRS 102 - short term compensated absence charge to SOFA | (6,510)        | 13,924         |
|   | <u>649,676</u> | <u>618,459</u> |

No employees had benefits (excluding employer’s NI and pension costs) in excess of £60,000 (2021 £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 (2021 £nil). No travelling expenses were reimbursed to trustees during the year (2021 £nil). No charity trustee received payment for professional or other services supplied to the charity (2021 £nil).

The key management personnel comprise the Chief Executive Officer, the Conservation Manager, the Operations 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 £212,911 (2021 £217,354).

**11 Staff numbers**

The average monthly head count was 20 staff (2021: 19 staff) and the average monthly number of full-time equivalent employees (including part-time staff) during the year were as follows:

|                    | 2022      | 2021        |
|--------------------|-----------|-------------|
| Wardens            | 3.7       | 3.1         |
| Field Staff        | 6.6       | 6.6         |
| Office based staff | 6.7       | 5.8         |
|                    | <u>17</u> | <u>15.5</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, son of Trustee Christopher Rouse, was paid £490 for post-knocking services.



## 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 -<br>Land &<br>buildings<br>(note 15)<br>£ | Other land | Office<br>building<br>£ | Improv-<br>ements to<br>land and<br>buildings<br>£ | Car parks<br>£ | Vehicles<br>and<br>equipment<br>£ | Office<br>equipment<br>£ | Total<br>£ |
|-----------------------|---|------------|-------------------------|--|----------------|-----------------------------------|--------------------------|------------|
| <b>Cost</b>           |   |            |                         |  |                |                                   |                          |            |
| 1st April 2021        | 1,060,261   | 102,733    | 138,770                 | 889,232  | 160,460        | 430,337                           | 57,885                   | 2,839,678  |
| Additions             | 113,382   | 0          | 0                       | 40,200   | 0              | 43,496                            | 3,093                    | 200,171    |
| Disposals             | 0   | 0          | 0                       | 0  | 0              | (1,800)                           | 0                        | (1,800)    |
| At 31st March<br>2022 | 1,173,643   | 102,733    | 138,770                 | 929,432  | 160,460        | 472,033                           | 60,978                   | 3,038,049  |
| <b>Depreciation</b>   |   |            |                         |  |                |                                   |                          |            |
| At 1st April<br>2021  | 0   | 0          | 22,199                  | 769,864  | 160,460        | 337,350                           | 51,651                   | 1,341,524  |
| Charge in the<br>year | 0   | 0          | 2,775                   | 58,813   | 0              | 25,418                            | 4,245                    | 91,251     |
| On disposals          | 0   | 0          | 0                       | 0  | 0              | (1,800)                           | 0                        | (1,800)    |
| At 31st March<br>2022 | 0   | 0          | 24,974                  | 828,677  | 160,460        | 360,968                           | 55,896                   | 1,430,975  |
| <b>Net book value</b> |   |            |                         |  |                |                                   |                          |            |
| 31st March<br>2022    | 1,173,643   | 102,733    | 113,796                 | 100,755  | 0              | 111,065                           | 5,082                    | 1,607,074  |
| 31st March<br>2021    | 1,060,261   | 102,733    | 116,571                 | 119,368  | 0              | 92,987                            | 6,234                    | 1,498,154  |

'Other land' is in-by-land at Hollybed Common, purchased pursuant to an order made by the Charity Commission under S105 of the Charities Act 2011. This land forms part of the inalienable assets of the charity.



## 15 Heritage Assets

Land and buildings (heritage assets) are held for the purposes of the charity. Details of the Lands Acquisition policy are given in the trustees' report. Under the Malvern Hills Acts, land can only be sold in very limited circumstances and so is considered inalienable.

| 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)   |        |
|         |   | <hr/>  | 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  |
| 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  |
|         | Sub-total   | <hr/>  | 94,907 |



## 15 Heritage assets - continued

| Year    |  | £               | £                       |
|---------|--|-----------------|-------------------------|
|         | Sub total b/fwd  |                 | 94,907                  |
| 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 | Land on 4 areas on East side Worcestershire Beacon, Black Hill and       |                 | 1,395                   |
| 2009/10 | Small parcels of land  |                 | 7,495                   |
| 2010/11 | Small parcels of land  |                 | 2,229                   |
| 2011/12 | Small parcels of land  |                 | 4,945                   |
| 2012/13 | Small parcels of land  |                 | 200                     |
| 2018/19 | Land at Castlemorton   |                 | 7,505                   |
| 2018/19 | Land at Holywell   |                 | 13,684                  |
| 2018/19 | Land at Castlemorton (named Brook Meadow, Snookes Croft & Plant's Piece) |                 | 297,399                 |
| 2021/22 | Land at The Purlieu, West Malvern Road                                   |                 | 113,382                 |
|         | Total to 31 <sup>st</sup> March 2022                                     |                 | <u><u>1,173,643</u></u> |

This land is shown at cost and is not revalued. As the land is inalienable, the Trustees do not consider the expense of having the land valued would generate any benefit for the Charity.



## 16 Investments

Investments are held to provide capital growth and a return for the charity. There are two investment portfolios. One holds the Land Purchase (1992) Fund (formerly named the Lands Acquisition fund) and the other the Lands Maintenance Fund and the Parliamentary Fund. Income earned on the Land Purchase (1992) portfolio is retained within the fund and reinvested. Income on the Parliamentary and Lands Maintenance portfolio is transferred to the Trust's current account each month.

The movement on the funds during the year was:

|                      | LP             | Parl & LM      | Combined         | 2021             |
|----------------------|----------------|----------------|------------------|------------------|
|                      | £              | £              | £                | £                |
| Opening Market Value | 1,019,972      | 674,787        | 1,694,759        | 1,353,684        |
| Additions            | 35,900         | 16,500         | 52,400           | 331,003          |
| Disposal proceeds    | (150,044)      | (16,798)       | (166,842)        | (330,127)        |
| Equalisations        | (20)           | (70)           | (90)             | (323)            |
| Gains                | 14,953         | 36,773         | 51,726           | 333,269          |
| Change in cash       | 10,572         | (3,626)        | 6,946            | 7,253            |
| Closing market value | <u>931,333</u> | <u>707,566</u> | <u>1,638,899</u> | <u>1,694,759</u> |

The historical cost of investments at the balance sheet date was £1,322,552 (2021 £1,403,493). At the Balance Sheet date, the Land Purchase (1992) portfolio was invested in the following classes of investment:

|                         | 2022 |                | 2021 |                  |
|-------------------------|------|----------------|------|------------------|
|                         | %    | £              | %    | £                |
| UK Bonds                | 3.3  | 30,316         | 4.3  | 44,280           |
| Overseas bonds          | 9.3  | 86,637         | 9.9  | 100,713          |
| UK equities             | 23.9 | 222,700        | 25.0 | 255,352          |
| North American equities | 26.8 | 249,161        | 25.6 | 261,232          |
| European equities       | 6.9  | 64,298         | 7.4  | 75,389           |
| Japanese equities       | 3.5  | 32,569         | 3.5  | 35,939           |
| Asia pacific equities   | 6.3  | 58,535         | 7.0  | 71,171           |
| Emerging markets        | 1.4  | 13,263         | 1.3  | 13,423           |
| Absolute return         | 4.7  | 43,623         | 4.1  | 41,580           |
| Global investments      | 3.6  | 33,740         | 3.9  | 39,778           |
| Property                | 2.4  | 22,606         | 2.0  | 20,047           |
| Other investments       | 4.3  | 39,886         | 3.7  | 37,641           |
| Cash                    | 3.7  | 33,999         | 2.3  | 23,427           |
|                         |      | <u>931,333</u> |      | <u>1,019,972</u> |



## 16 Investments - continued

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

|                         | 2022 |                | 2021 |                |
|-------------------------|------|----------------|------|----------------|
|                         | %    | £              | %    | £              |
| UK Bonds                | 4.2  | 29,725         | 4.8  | 32,214         |
| Overseas bonds          | 8.6  | 60,692         | 9.2  | 62,070         |
| UK equities             | 23.9 | 169,321        | 25.2 | 170,049        |
| North American equities | 26.8 | 189,760        | 23.8 | 160,762        |
| European equities       | 6.1  | 43,268         | 6.7  | 45,545         |
| Japanese equities       | 3.1  | 22,245         | 3.5  | 23,465         |
| Asia pacific equities   | 5.8  | 41,174         | 6.0  | 40,764         |
| Emerging markets        | 1.5  | 10,470         | 1.6  | 10,597         |
| Absolute return         | 4.1  | 29,201         | 2.0  | 13,649         |
| Global investments      | 7.2  | 51,082         | 7.8  | 52,530         |
| Property                | 1.0  | 7,150          | 1.0  | 7,053          |
| Other investments       | 5.3  | 37,349         | 5.4  | 36,334         |
| Cash                    | 2.3  | 16,129         | 2.9  | 19,755         |
|                         |      | <u>707,566</u> |      | <u>674,787</u> |

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

## 17 Debtors

|  | 2022           | 2021          |
|--|----------------|---------------|
|  | £              | £             |
| Trade debtors                              | 16,379         | 1,510         |
| VAT receivable                             | 4,350          | 0             |
| Other debtors                              | 895            | 1,897         |
| Accrued income                             | 63,240         | 163,345       |
| Less: RPA amounts due removed (see note 7) |                | 0 (151,470)   |
| Prepayments                                | <u>48,610</u>  | <u>43,017</u> |
|  | <u>133,474</u> | <u>58,299</u> |

Debtors are measured at the settlement value less any provision for bad debts. No bad debts were written off during the year (2021 £nil).

Details of the amount due from the RPA which was excluded from the prior year accounts are given in note 7.



## 18 Creditors: amounts falling due within one year

|                                      | 2022           | 2021           |
|--------------------------------------|----------------|----------------|
|                                      | £              | £              |
| PAYE and National Insurance          | 11,766         | 7,978          |
| VAT payable                          | 0              | 4,247          |
| Trade creditors                      | 40,532         | 17,099         |
| Accrued charges                      | 64,163         | 45,018         |
| Other creditors                      | 4,418          | 2,648          |
| Deferred income                      | 13,549         | 13,800         |
| FRS102 compensated absence provision | 19,951         | 26,461         |
|                                      | <u>154,379</u> | <u>117,251</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 1 <sup>st</sup> April 2021  | 13,800        |
| Released to the SOFA in the year       | (13,800)      |
| Received in the year                   | <u>13,549</u> |
| Balance at 31 <sup>st</sup> March 2022 | <u>13,549</u> |

## 19 General fund

|   | 2022           | 2021           |
|---|----------------|----------------|
|   | £              | £              |
| General fund - balance 1 <sup>st</sup> April 2021 | 439,722        | 334,668        |
| Incoming resources                                | 1,046,622      | 1,013,661      |
| Resources expended                                | (929,298)      | (913,850)      |
| Transfers   | (131,221)      | 5,243          |
| Balance 31 <sup>st</sup> March 2022               | <u>425,825</u> | <u>439,722</u> |

Transfers made during the year were:

| Transfer details                          | Reason                                   | £                |
|---|--|------------------|
| From Parliamentary fund                   | To transfer investment income            | 13,393           |
| From Lands Maintenance fund               | To transfer investment income            | 5,025            |
| From Boost 4 Biodiversity fund            | To cover project costs (contractor)      | 2,013            |
| From Farming in Protected Landscapes fund | To cover project costs                   | 3,062            |
| From Picnic bench donations               | To cover material and staff costs        | <u>3,113</u>     |
| Net from restricted funds                 |  | <u>26,606</u>    |
| From Stewardship designated fund          | To cover staff costs                     | 1,063            |
| To Tree Disease fund designated fund      | To cover costs arising from tree disease | (12,890)         |
| To Election Expenses designated fund      | To cover costs of elections to the Board | (10,000)         |
| To Ash Dieback fund                       | To cover car park repair costs           | <u>(136,000)</u> |
| Net to designated funds                   |  | <u>(157,827)</u> |



## 20 Designated funds

### Current year

|  | Balance<br>1st April<br>2021<br>£ | Movement<br>incoming<br>£ | Resources<br>outgoing<br>£ | Transfers<br>(to)/from<br>other<br>funds<br>£ | Balance 31st<br>March 2022<br>£ |
|--|-----------------------------------|---------------------------|----------------------------|---|---------------------------------|
| Gift fund                                  | 458,104                           | 653                       | (1,785)                    | (4,522)                                       | 452,450                         |
| HLS, BPS & grazing reserve fund            | 110,745                           | 16,409                    | (15,764)                   | (1,063)                                       | 110,327                         |
| Countryside Stewardship fund               | (60,076)                          | 276,939                   | (89,794)                   | 0   | 127,069                         |
| Tree disease fund                          | 10,085                            | 0                         | 0                          | 12,890  | 22,975                          |
| Ash Dieback fund                           | 0                                 | 36                        | (40,005)                   | 136,000                                       | 96,031                          |
| Fundraising support fund                   | 10,000                            | 0                         | 0                          | 0   | 10,000                          |
| Governance Review - legal                  | 34,010                            | 0                         | 0                          | 0   | 34,010                          |
| Governance Review - public<br>consultation | 889                               | 0                         | 0                          | 0   | 889                             |
| Election expenses fund                     | 7,493                             | 0                         | (5,286)                    | 10,000  | 12,207                          |
| Dog campaign                               | 3,500                             | 0                         | 0                          | 0   | 3,500                           |
| Car Park repair fund                       | 5,000                             | 0                         | (1,800)                    | 0   | 3,200                           |
|  | <b>579,750</b>                    | <b>294,037</b>            | <b>(154,434)</b>           | <b>153,305</b>                                | <b>872,658</b>                  |

### Prior year

|                               | Balance<br>1st April<br>2020<br>£ | Movement<br>incoming<br>£ | Resources<br>outgoing<br>£ | Transfers<br>(to)/from<br>other<br>£ | Balance 31st<br>March 2021<br>£ |
|-------------------------------|-----------------------------------|---------------------------|----------------------------|--------------------------------------|---------------------------------|
| Gift fund                     | 464,243                           | 75                        | (4,294)                    | (1,920)                              | 458,104                         |
| Higher Level Stewardship fund | 166,157                           | 14,719                    | (69,031)                   | (1,100)                              | 110,745                         |
| Countryside Stewardship fund  | 81,703                            | (76,402)                  | (65,377)                   | 0                                    | (60,076)                        |
| Tree disease fund             | 9,000                             | 0                         | (1,915)                    | 3,000                                | 10,085                          |
| Fundraising support fund      | 10,000                            | 0                         | 0                          | 0                                    | 10,000                          |
| Governance Review - legal     | 34,010                            | 0                         | 0                          | 0                                    | 34,010                          |
| Governance Review - public    | 889                               | 0                         | 0                          | 0                                    | 889                             |
| Election expenses fund        | 2,493                             | 0                         | 0                          | 5,000                                | 7,493                           |
| Dog campaign                  | 3,500                             | 0                         | 0                          | 0                                    | 3,500                           |
| Car Park repair fund          | 0                                 | 0                         | 0                          | 5,000                                | 5,000                           |
|                               | <b>771,995</b>                    | <b>(61,608)</b>           | <b>(140,617)</b>           | <b>9,980</b>                         | <b>579,750</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. During the year, £4,522 was transferred to the restricted 'Community Woodland' fund to cover the Trust's contribution to the project costs. It is anticipated that a significant part of this fund will be needed in the next 2-10 years to cover the cost of managing Ash Dieback.
- 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 Tree Disease fund is to cover costs arising from tree diseases.
- The Ash Dieback fund was set up during the year to cover the cost of managing Ash Dieback. The current best estimate of the cost over the next 5-10 years is £320,000.



- The Fundraising support fund is to cover costs of future fundraising activities.
- The Governance review funds are to cover the costs of any future work approved by the Board.
- The Election expenses fund is to cover the cost of the 4-yearly elections to the Board and any by-elections. A by-election was held in May 2021 and a second one became necessary in May 2022. Additional funds have been transferred from the General fund to cover the costs of both by-elections. The next planned elections will be held in Autumn 2023.
- The Dog campaign fund is to cover the costs of a campaign which was started in 2019/20. Work on the campaign has been delayed by COVID-19.
- The car park repair fund is to cover the cost of car park repairs to be completed in 2022/23.

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

## 21 Unrestricted pension fund

### Current year

|              | Balance 1st<br>April 2021 | Movement<br>incoming | Resources<br>outgoing | Transfers & other<br>losses | Balance 31st<br>March 2022 |
|--------------|---------------------------|----------------------|-----------------------|-----------------------------|----------------------------|
|              | £                         | £                    | £                     | £                           | £                          |
| Pension Fund | (2,256,000)               | 0                    | (24,000)              | 39,000                      | (2,241,000)                |

### Prior year

|              | Balance 1st<br>April 2020 | Movement<br>incoming | Resources<br>outgoing | Transfers & other<br>losses | Balance 31st<br>March 2021 |
|--------------|---------------------------|----------------------|-----------------------|-----------------------------|----------------------------|
|              | £                         | £                    | £                     | £                           | £                          |
| Pension Fund | (1,842,000)               | 0                    | (9,000)               | (405,000)                   | (2,256,000)                |

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 26.



## 22 Restricted funds

### Current year

|                                | Balance<br>1st April<br>2021<br>£ | Movement<br>incoming<br>£ | Resources<br>outgoing<br>£ | Transfers<br>(to)/from<br>other funds<br>£ | Net gains/(losses)<br>on investments<br>£ | Balance 31st<br>March 2022<br>£ |
|--------------------------------|-----------------------------------|---------------------------|----------------------------|--|---|---------------------------------|
| Lands Maintenance fund         | 185,339                           | 5,025                     | (1,088)                    | (5,025)                                    | 9,337                                     | 193,588                         |
| SDF fund                       | 453                               | 0                         | 0                          | 0  | 0   | 453                             |
| Nature of the Malverns book    | 2,733                             | 168                       | 0                          | 0  | 0   | 2,901                           |
| Gifts                          | 9,707                             | 0                         | (2,110)                    | (766)                                      | 0   | 6,831                           |
| Tree planting                  | 700                               | 565                       | (444)                      | 0  | 0   | 821                             |
| Picnic bench donations         | 183                               | 7,442                     | (1,712)                    | (3,113)                                    | 0   | 2,800                           |
| Community Woodland             | 0                                 | 0                         | (4,522)                    | 4,522                                      | 0   | 0                               |
| Boost4Biodiversity             | 2,979                             | 1,243                     | (821)                      | (2,012)                                    | 0   | 1,389                           |
| FIPL Foothill Connections fund | 0                                 | 11,232                    | (8,436)                    | (2,296)                                    | 0   | 500                             |
| Urban tree challenge fund      | 0                                 | (8,223)                   | 0                          | 0  | 0   | (8,223)                         |
| Land Purchase (1992) fund      | 1,021,614                         | 15,591                    | (5,527)                    | (113,382)                                  | 14,953                                    | 933,249                         |
| Parliamentary fund             | 509,485                           | 13,393                    | (2,878)                    | (53,593)                                   | 27,435                                    | 493,842                         |
| Capital Outlay Discharged fund | 1,399,444                         | 0                         | (61,588)                   | 153,582                                    | 0   | 1,491,438                       |
|                                | <b>3,132,637</b>                  | <b>46,436</b>             | <b>(89,126)</b>            | <b>(22,083)</b>                            | <b>51,725</b>                             | <b>3,119,589</b>                |

### Prior year

|                                | Balance<br>1st April<br>2020<br>£ | Movement<br>incoming<br>£ | Resources<br>outgoing<br>£ | Transfers<br>(to)/from<br>other<br>funds<br>£ | Net<br>gains/(loss<br>es) on<br>investmen<br>ts<br>£ | Balance<br>31st<br>March<br>2021<br>£ |
|--------------------------------|-----------------------------------|---------------------------|----------------------------|---|--|---------------------------------------|
| Lands Maintenance fund         | 156,512                           | 4,353                     | (989)                      | (4,353)                                       | 29,816   | 185,339                               |
| SDF fund                       | 453                               | 0                         | 0                          | 0   | 0  | 453                                   |
| Nature of the Malverns book    | 1,844                             | 889                       | 0                          | 0   | 0  | 2,733                                 |
| Gifts                          | 9,707                             | 0                         | 0                          | 0   | 0  | 9,707                                 |
| Tree planting                  | 50                                | 650                       | 0                          | 0   | 0  | 700                                   |
| Picnic bench donations         | 183                               | 0                         | 0                          | 0   | 0  | 183                                   |
| Community Woodland             | 40,955                            | 0                         | (42,875)                   | 1,920   | 0  | 0                                     |
| Boost4Biodiversity             | 0                                 | 3,729                     | (750)                      | 0   | 0  | 2,979                                 |
| Land Purchase (1992) fund      | 794,466                           | 16,722                    | (5,413)                    | 0   | 215,839  | 1,021,614                             |
| Parliamentary fund             | 426,249                           | 12,790                    | (2,616)                    | (14,552)                                      | 87,614   | 509,485                               |
| Capital Outlay Discharged fund | 1,464,611                         | 0                         | (66,929)                   | 1,762   | 0  | 1,399,444                             |
|                                | <b>2,895,030</b>                  | <b>39,133</b>             | <b>(119,572)</b>           | <b>(15,223)</b>                               | <b>333,269</b>                                       | <b>3,132,637</b>                      |

- The Lands Maintenance fund formed part of the consideration for the disposal of the land at Townsend Way for the purpose of providing income for the maintenance of the land forming the roadside verges.
- The SDF (Sustainable Development Fund) fund is for information boards at North and Tank Quarries.
- The Nature of the Malverns book was a joint venture project to produce a high quality book showing the nature of the area. The book was published in May 2018. The funds generated from the project are to be used to support conservation projects.
- The Gifts fund comprises legacies and donations made for specified projects to improve the amenities of the Malvern Hills.
- The Tree Planting fund received donations for planting trees at Thirds Wood.



- Picnic bench donations are for benches at the Community Woodland.
- The Community Woodland fund is for work at the woodland at Townsend Way, funded by an S106 grant from Malvern Hills District Council. Work on the project was completed during the year.
- The Boost4Biodiversity fund is from Severn Trent, to fund pond works.
- The FIPL fund (Farming in Protected Landscapes) is a grant to support conservation projects within the AONB.
- The UTCF fund (Urban Tree Challenge Fund) is a grant from the Forestry Commission to support tree planting in urban areas.
- 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 Land Purchase (1992) 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 Trust's general purposes. During the year, £13,393 investment income was transferred to the General Fund (2021 £12,790).
- The Land Purchase (1992) fund (formerly called the Lands Acquisition fund) was set up in 1992 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.

## 23 Analysis of net assets between funds

### Current year

|                              | Heritage assets  | Investments      | Tangible fixed assets | Pension liability  | Other net assets | Total            |
|------------------------------|------------------|------------------|-----------------------|--------------------|------------------|------------------|
|                              | £                | £                | £                     | £                  | £                | £                |
| <b>Restricted funds</b>      |                  |                  |                       |                    |                  |                  |
| Capital Outlay Discharged    | 1,173,644        | 0                | 317,284               | 0                  | 510              | 1,491,438        |
| Parliamentary fund           | 0                | 513,978          | 0                     | 0                  | (20,136)         | 493,842          |
| Land Purchase (1992) fund    | 0                | 931,333          | 0                     | 0                  | 1,916            | 933,249          |
| Lands Maintenance fund       | 0                | 193,588          | 0                     | 0                  | 0                | 193,588          |
| Nature of the Malverns       | 0                | 0                | 0                     | 0                  | 2,901            | 2,901            |
| SDF fund                     | 0                | 0                | 0                     | 0                  | 453              | 453              |
| Gift fund                    | 0                | 0                | 0                     | 0                  | 6,831            | 6,831            |
| Tree planting                | 0                | 0                | 0                     | 0                  | 821              | 821              |
| Picnic benches               | 0                | 0                | 0                     | 0                  | 2,800            | 2,800            |
| FIPL Foothill Connections fd | 0                | 0                | 0                     | 0                  | 500              | 500              |
| Urban Tree Challenge fund    | 0                | 0                | 0                     | 0                  | (8,223)          | (8,223)          |
| Boost4Biodiversity           | 0                | 0                | 0                     | 0                  | 1,389            | 1,389            |
|                              | <b>1,173,644</b> | <b>1,638,899</b> | <b>317,284</b>        | <b>0</b>           | <b>(10,238)</b>  | <b>3,119,589</b> |
| <b>Unrestricted funds</b>    |                  |                  |                       |                    |                  |                  |
| General fund                 | 0                | 0                | 116,146               |                    | 309,679          | 425,825          |
| Designated funds             | 0                | 0                | 0                     | 0                  | 872,658          | 872,658          |
| Pension fund                 | 0                | 0                | 0                     | (2,241,000)        | 0                | (2,241,000)      |
|                              | <b>0</b>         | <b>0</b>         | <b>116,146</b>        | <b>(2,241,000)</b> | <b>1,182,337</b> | <b>(942,517)</b> |
|                              | <b>1,173,644</b> | <b>1,638,899</b> | <b>433,430</b>        | <b>(2,241,000)</b> | <b>1,172,099</b> | <b>2,177,072</b> |

## 23 Analysis of net assets between funds - continued

Prior year

|                           | Heritage assets  | Investments      | Tangible fixed assets | Pension liability  | Other net assets | Total              |
|---------------------------|------------------|------------------|-----------------------|--------------------|------------------|--------------------|
|                           | £                | £                | £                     | £                  | £                | £                  |
| <b>Restricted funds</b>   |                  |                  |                       |                    |                  |                    |
| Capital Outlay Discharged | 1,060,261        | 0                | 339,183               | 0                  | 0                | 1,399,444          |
| Parliamentary fund        | 0                | 492,595          | 0                     | 0                  | 16,890           | 509,485            |
| Land Purchase (1992) fund | 0                | 1,019,971        | 0                     | 0                  | 1,643            | 1,021,614          |
| Lands Maintenance fund    | 0                | 182,193          | 0                     | 0                  | 3,146            | 185,339            |
| Nature in Malvern book    | 0                | 0                | 0                     | 0                  | 2,733            | 2,733              |
| SDF fund                  | 0                | 0                | 0                     | 0                  | 453              | 453                |
| Gift fund                 | 0                | 0                | 0                     | 0                  | 9,707            | 9,707              |
| Tree planting             | 0                | 0                | 0                     | 0                  | 700              | 700                |
| Picnic benches            | 0                | 0                | 0                     | 0                  | 183              | 183                |
| Boost4Biodiversity        | 0                | 0                | 0                     | 0                  | 2,979            | 2,979              |
|                           | <u>1,060,261</u> | <u>1,694,759</u> | <u>339,183</u>        | <u>0</u>           | <u>38,434</u>    | <u>3,132,637</u>   |
| <b>Unrestricted funds</b> |                  |                  |                       |                    |                  |                    |
| General fund              | 0                | 0                | 98,710                | 0                  | 341,012          | 439,722            |
| Designated funds          | 0                | 0                | 0                     | 0                  | 579,750          | 579,750            |
| Pension fund              | 0                | 0                | 0                     | (2,256,000)        | 0                | (2,256,000)        |
|                           | <u>0</u>         | <u>0</u>         | <u>98,710</u>         | <u>(2,256,000)</u> | <u>920,762</u>   | <u>(1,236,528)</u> |
|                           | <u>1,060,261</u> | <u>1,694,759</u> | <u>437,893</u>        | <u>(2,256,000)</u> | <u>959,196</u>   | <u>1,896,109</u>   |

## 24 Post balance sheet events and capital commitments

At 31<sup>st</sup> March 2022, no capital expenditure had been contracted for (2021 £nil). Capital expenditure which had been approved but not contracted at the year-end was £nil (2021 £nil).

Under the Higher Level and Countryside Stewardship schemes, the charity is contracted to make 6-monthly payments to graziers from the grants received. Malvern Hills Trust's contracts with graziers have an annual break clause. The annual payments committed at 31<sup>st</sup> March 2022 total £92,657 (2021 £63,910).

The two Higher Level Stewardship schemes end in 2023. The Countryside Stewardship schemes are for a 10-year period and have a 5-year break clause. The Countryside Stewardship Scheme for the North & Central Hills ends in 2028, the scheme for the Southern Hills ends in 2030 and the scheme for Castlemorton Common ends in 2031.



## 25 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:

|                           | 2022          | 2021          |
|---------------------------|---------------|---------------|
|                           | £             | £             |
| Within the next 12 months | 21,836        | 21,086        |
| Within 1-5 years          | 40,526        | 44,550        |
| 5 years plus              | 11,146        | 18,252        |
|                           | <u>73,508</u> | <u>83,888</u> |

## 26 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 2019 and was updated by the actuary on an FRS102 basis as at 31st March 2022.

The employer's contribution (including the FRS102 adjustment) for the period was £113,000 (2021: £125,000).

The amounts recognised in the Balance Sheet are as follows:

|                                     | 2022               | 2021               |
|-------------------------------------|--------------------|--------------------|
|                                     | £                  | £                  |
| Present value of funded obligations | (4,473,000)        | (4,452,000)        |
| Fair value of plan assets           | 2,232,000          | 2,196,000          |
|                                     | <u>(2,241,000)</u> | <u>(2,256,000)</u> |
| Amounts recognised as:              |                    |                    |
| Liabilities                         | (2,241,000)        | (2,256,000)        |
| Assets                              | 0                  | 0                  |
| Net amount recognised               | <u>(2,241,000)</u> | <u>(2,256,000)</u> |



## 26 Defined benefit pension scheme - continued

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

|  | 2022             | 2021             |
|--|------------------|------------------|
|  | £                | £                |
| Current service cost                                     | 90,000           | 82,000           |
| Interest on pension liabilities                          | 92,000           | 91,000           |
| Past service cost  | 0                | 0                |
| Administration costs                                     | 1,000            | 1,000            |
| Expected return on plan assets                           | (46,000)         | (49,000)         |
| Contributions by employer                                | <u>(113,000)</u> | <u>(116,000)</u> |
| Total pension cost charged within net incoming resources | 24,000           | 9,000            |
| Remeasurements (Actuarial (gain)/loss)                   | <u>(39,000)</u>  | <u>405,000</u>   |
| Total amount (credited)/charged to SOFA                  | <u>(15,000)</u>  | <u>414,000</u>   |

The cumulative amount of actuarial loss recognised is £777,000 (2021 £816,000).

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

|   | 2022             | 2021             |
|---|------------------|------------------|
|   | £                | £                |
| Opening defined benefit obligation      | 4,452,000        | 3,876,000        |
| Current service cost                    | 90,000           | 82,000           |
| Interest on pension liabilities         | 92,000           | 91,000           |
| Member contributions                    | 15,000           | 17,000           |
| Actuarial (gains)/losses on liabilities | (22,000)         | 536,000          |
| Past service cost                       | 0                | 0                |
| Benefits/transfers paid                 | <u>(154,000)</u> | <u>(150,000)</u> |
| Benefit obligation at end of period     | <u>4,473,000</u> | <u>4,452,000</u> |

### Explanation of the “interest” figure in the above table

As part of the annual pension deficit calculation, the Actuary estimates the future benefit cashflows, and then reduces them in line with assumed future investment returns to get an estimate of the money needed now to pay the benefits. The process of reducing the future cashflows is called discounting, and the assumed future rate of return is called the discount rate. When the Actuaries update the calculations for the following year, they need to remove one year’s discounting (as the benefit payments are all now one year closer), and it is this removal of discounting that is referred to as “interest” on the benefit obligation in the accounting schedule.

The Actuaries have to follow FRS 102 as issued by the Financial Reporting Council in setting the discount rate, which must be based on high quality (typically taken to mean at least AA rated) corporate bond yields at the accounting date.



**26 Defined benefit pension scheme - continued**

The “interest” figure for the year 2021/22 uses the 31/03/2021 rate of 2.1 % (2020/21 uses the 31/03/2020 discount rate of 2.4 %)

Changes in the plan assets during the period to 31<sup>st</sup> March 2022 were as follows:

|   | 2022             | 2021             |
|---|------------------|------------------|
|   | £                | £                |
| Fair value of plan assets at beginning of period                  | 2,196,000        | 2,034,000        |
| Expected return on scheme assets                                  | 46,000           | 49,000           |
| Administration expenses   | (1,000)          | (1,000)          |
| Remeasurements (assets) (Actuarial gains/(losses) on plan assets) | 17,000           | 131,000          |
| Employer contributions  | 113,000          | 116,000          |
| Member contributions  | 15,000           | 17,000           |
| Benefits/transfers paid   | <u>(154,000)</u> | <u>(150,000)</u> |
| Fair value of plan assets at end of period                        | <u>2,232,000</u> | <u>2,196,000</u> |

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

|                       | Fair value at<br>31st March<br>2022 | Fair value at<br>31st March<br>2021 |
|-----------------------|-------------------------------------|-------------------------------------|
|                       | £                                   | £                                   |
| <b>Asset category</b> |                                     |                                     |
| Equities              | 1,007,000                           | 935,000                             |
| Other bonds           | 788,000                             | 870,000                             |
| Property              | 136,000                             | 123,000                             |
| Other                 | 301,000                             | 268,000                             |
|                       | <u>2,232,000</u>                    | <u>2,196,000</u>                    |

|                                 | 2022   | 2021   |
|---------------------------------|--------|--------|
|                                 | £      | £      |
| Experience gains on assets      | 17,000 | 0      |
| Experience gains on liabilities | 22,000 | 81,000 |

Weighted average assumptions used to determine benefit obligations at:

|                              | 2022  | 2021  |
|------------------------------|-------|-------|
| Discount rate                | 2.8 % | 2.1 % |
| Rate of increase in salaries | 4.9 % | 4.2 % |
| Rate of increase in pension  | 3.5 % | 2.8 % |
| Rate of CPI inflation        | 3.4 % | 2.7 % |



**26 Defined benefit pension scheme - continued**

Weighted average assumptions used to determine net pension cost for period ended 31<sup>st</sup> March 2022:

|   | 2022  | 2021  |
|---|-------|-------|
| Discount rate                                   | 2.80% | 2.10% |
| Rate of pension increase                        | 3.50% | 2.80% |
| Assumed life expectations on retirement age 65: |       |       |
| Retiring today - males                          | 22.6  | 22.7  |
| Retiring today - females                        | 25    | 25.1  |
| Retiring in 20 years - males                    | 24.1  | 24.4  |
| Retiring in 20 years - females                  | 27.0  | 27.1  |

**Contributions**

The employer expects to contribute £116,000 in the period to 31<sup>st</sup> March 2023.

The contributions payable by the employers are reassessed at each triennial valuation. The next actuarial valuation of the Worcestershire County Council Pension Fund will be carried out with an effective date of 31<sup>st</sup> March 2022.

**27 Financial instruments**

|  | 2022             | 2021            |
|--|------------------|-----------------|
|  | £                | £               |
| Financial assets measured at fair value            | 1,638,899        | 1,157,684       |
| Financial assets measured at settlement value      | 1,247,303        | 1,051,127       |
| Financial liabilities measured at settlement value | <u>(104,695)</u> | <u>(62,117)</u> |

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



**28 Statement of Financial Activities for the year ended 31st March 2021**

|  | Note      | Unrestricted funds | Restricted funds | Total funds 2021 | Total funds 2020 |
|--|-----------|--------------------|------------------|------------------|------------------|
|  |           | £                  | £                | £                | £                |
| <b>Income and endowments from:</b>                         |           |                    |                  |                  |                  |
| Donations and legacies                                     | 3         | 4,594              | 650              | 5,244            | 299,020          |
| Charitable activities:                                     |           |                    |                  |                  |                  |
| Management of the hills and commons                        | 7         | 489,350            | 3,729            | 493,079          | 727,429          |
| Car parks  |           | 412,659            | 0                | 412,659          | 289,167          |
| Other trading activities                                   | 4         | 35,039             | 889              | 35,928           | 42,400           |
| Investments:   |           |                    |                  |                  |                  |
| Bank deposits  |           | 1,302              | 0                | 1,302            | 3,145            |
| Investment portfolio                                       |           | 0                  | 33,865           | 33,865           | 48,172           |
| Other  | 5         | 9,110              | 0                | 9,110            | 6,002            |
| <b>Total income</b>  |           | <b>952,054</b>     | <b>39,133</b>    | <b>991,187</b>   | <b>1,415,335</b> |
| <b>Expenditure on:</b>                                     |           |                    |                  |                  |                  |
| Charitable activities                                      | 6         | 1,057,324          | 110,555          | 1,167,879        | 1,182,153        |
| Other expenditure  | 6         | 6,144              | 9,017            | 15,161           | 0                |
| <b>Total expenditure</b>                                   |           | <b>1,063,468</b>   | <b>119,572</b>   | <b>1,183,040</b> | <b>1,182,153</b> |
| Net gains/(losses) on investments                          | 16        | 0                  | 333,269          | 333,269          | (150,702)        |
| <b>Net income/(expenditure)</b>                            |           | <b>(111,414)</b>   | <b>252,830</b>   | <b>141,416</b>   | <b>82,480</b>    |
| <b>Transfers between funds</b>                             |           |                    |                  |                  |                  |
|  |           | 15,223             | (15,223)         | 0                | 0                |
| <b>Other recognised gains/(losses)</b>                     |           |                    |                  |                  |                  |
| Actuarial gains/(losses) on defined benefit pension scheme | 26        | (405,000)          | 0                | (405,000)        | 12,000           |
| <b>Net movement in funds</b>                               |           | <b>(501,191)</b>   | <b>237,607</b>   | <b>(263,584)</b> | <b>94,480</b>    |
| <b>Reconciliation of funds:</b>                            |           |                    |                  |                  |                  |
| Total funds brought forward                                |           | (735,337)          | 2,895,030        | 2,159,693        | 2,065,213        |
| <b>Total funds carried forward</b>                         | <b>23</b> | <b>(1,236,528)</b> | <b>3,132,637</b> | <b>1,896,109</b> | <b>2,159,693</b> |



**MALVERN HILLS CONSERVATORS**

England & Wales - Charity number 515804

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# Accounts

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**Malvern Hills Trust**

**Trustees' Report and Financial statements  
For the year ended 31<sup>st</sup> March 2021**



**Trustees' Report and Financial statements**

**For the year ended 31<sup>st</sup> March 2021**

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## 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  
10 Temple Back  
Bristol  
BS1 6FL

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 BSc (Hons)                    |
| Secretary to the Board             | Susan Satchell LI.B (Hons)                   |
| Conservation Manager               | Jonathan Bills MSc                           |
| Operations Manager                 | Paul Saunder (to 30 <sup>th</sup> June 2021) |
| Finance and Administration Manager | Cheryl Gentry BSc ACA                        |



## Trustees

Note – As at 31/3/21

*FAR – sits on Finance, Administration and Resources Committee*

*LM – sits on Land Management Committee*

*GC – sits on Governance Committee*

*SC – sits on Staffing Committee*

*\* has served for more than 9 years*

## Elected trustees

|                     |   |
|---------------------|---|
| Priory Ward:        | David Watkins (appointed 7 <sup>th</sup> May 2021)<br>John Watts FAR (resigned 13 <sup>th</sup> October 2021) |
| Chase Ward:         | Graeme Crisp LM   |
| Wells Ward:         | Richard Fowler LM   |
| West Ward:          | Charles Penn FAR and GC   |
| Dyson Perrins Ward: | Trevor Parsons LM   |
| Malvern Link Ward:  | Richard Bartholomew FAR, SC and GC  |
| Pickersleigh Ward:  | David Core FAR and GC   |
| Colwall Parish:     | Helen Stace LM *<br>Stephen Braim LM and GC   |
| Guarlford Parish:   | David Fellows FAR and GC  |
| Mathon Parish:      | Christopher Rouse LM *  |

## Nominated trustees

|                                 |   |
|---------------------------------|---|
| Malvern Hills District Council: | Mick Davies FAR and SC (Board Chair)<br>John Michael FAR<br>Sarah Rouse FAR (Board Vice Chair)<br>Mark Dyde FAR<br>Cynthia Palmer LM, GC and SC |
| Colwall Parish Council:         | Gwyneth Rees LM and SC *  |
| Mathon Parish Council:          | David Baldwin LM and SC *   |
| Church Commissioners:           | David Bryer LM and GC (resigned 31 <sup>st</sup> July 2020)   |
| Herefordshire Council:          | Helen I'Anson LM and SC<br>Ellie Chowns (from 19 <sup>th</sup> November 2020)<br>Tony Johnson (resigned 24 <sup>th</sup> September 2020)        |
| Worcestershire County Council:  | John Raine FAR, SC and GC<br>Lucy Hodgson FAR   |

Worcestershire County Council on behalf of the following parishes:-

|               |  |
|---------------|--|
| Castlemorton: | Chris Atkins LM and GC   |
| Newland:      | Tom Yapp LM *  |
| Powick:       | Martin Cordey FAR and CCC * (resigned 19 <sup>th</sup> August 2020)<br>Michelle Alexander LM (from 2 <sup>nd</sup> October 2020, resigned 31 <sup>st</sup> May 2021) |

## Staff

Malvern Hills Trust employed 19 staff (16 full time equivalent) during the year. Details of staff numbers are given in note 11 to the financial statements.

During the year, Robin Hill retired as a Warden with the Board's best wishes and Tracy Sutton was welcomed onto the Wardening team in August 2020 and left in August 2021. Ben Taylor joined as Warden in May 2021. Paul Saunder, Operations Manager retired at the end of June 2021. The Board is very grateful for Paul's service to the Trust spanning a quarter of a century, during which time he has been central to the running of the organisation. George Banner (Field Staff) took up a secondment to a 12-month post as Estate manager in March 2021 and James Trigger joined the Field Staff for 10 months in June 2021. Peter Kelsall was welcomed as Operations Manager in August 2021.



## Report of the trustees for the year ended 31<sup>st</sup> March 2021

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 2021.

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 statutory name remains 'Malvern Hills Conservators'.

Malvern Hills Trust was set up by Act of Parliament in 1884 and governed by 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 2019).

### 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 as guided by the adopted Land Management Plan. 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.

Under clause 29 of the Malvern Hills Act 1884, Malvern Hills Trust may acquire 'for the purpose of preserving unenclosed and free from building any lands within 9 miles of Great Malvern Abbey (Priory) ..... which (they) may regard as proper to be so preserved as part of or in connexion with the range of the Malvern Hills or for the purpose of maintaining any common or commonable rights which may subsist over or affecting such lands'.

Potential land acquisitions are considered by the trustees, in accordance with the charity's Land Acquisition Policy. The trustees will consider acquiring a piece of land where the acquisition is consistent with the powers specified above and where acquisition would further the objectives of the organisation. The criteria in the policy are:

- To own and protect the ridge of the Hills and the steep slopes on either side,
- To own and protect land on the lower slopes which contributes to the landscape and setting of the Hills and Commons,
- To maintain common or commonable rights,
- To keep land open for the recreation and enjoyment of the public,
- To conserve habitats or species which are nationally or regionally scarce and/or are typical of the local area,
- To conserve features of archaeological or geological interest/importance,
- To improve access to the existing land holding for management,
- To divert public pressure/damaging activities away from over-used or sensitive areas of the existing land holding.

### 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. The Trust also aims to run a series of free themed events 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. Unfortunately, due to the COVID-19 pandemic, these did not take place in 2020/21.

A 5-year Business Plan was prepared and adopted by the Board of Trustees in 2017 and is reviewed at least annually. The Business Plan sets out the strategic priorities and plans for the charity, a number of which have been disrupted in the past year by COVID-19.

### **COVID-19 and its impact**

In the early months of the 2020/21 financial year, the impact of the COVID-19 full lockdown restrictions hit all areas of the Trust's operations. Income was lost through the closure of the car parks but has been recovered during a very busy period post-lockdown. Reduced staff capacity through furloughing, the loss of volunteer support and restrictions on contractors all reduced the capacity to carry out planned work.

In the first 2 months of 2020/21, conservation work was affected by the furloughing of staff and diversion of staff away from conservation work to carry out essential COVID-19 related tasks and to support the Wardening service. Woodland assessments which should have been carried out in April 2021 did not happen. Communications work to help prevent unlawful and damaging mountain biking activity was delayed. Events were cancelled and the Trust's ability to engage with the public continues to be partly reduced.

The requirement for staff to work at home where possible has impacted on efficiency and communication, with significant amounts of time being spent on video conferences with colleagues and trustees. However, IT systems have worked well.

The impact of the COVID-19 crisis on the Trust's future activities is considered in the 'plans for future periods' section of this report.

### **Volunteers**

Malvern Hills Trust normally receives enormous support from the work of volunteers for activities such as wardening, litter picking, recording, habitat management, conservation, archiving and administrative support. Social distancing restrictions have meant that in 2020/21 the input of volunteers had to be largely curtailed. The impact of the loss of volunteers is very significant. The volunteer warden service was lost for several months. Conservation projects such as thistle pulling, rubbish picking and some biological recording were halted, as were some mapping and research projects. In the office, the volunteer team that assists with the Trust's archive and vital administration support with telephone answering and recording car park pass sales was unable to work.

Consequently, the estimated volunteer contribution during the year was much reduced from previous years. The equivalent of 43 workings days (7.5 hours) was spent on the hills and commons and 15 working days on office work. The contribution of all volunteers is gratefully acknowledged and it is hoped they will all be back in the not too distant future.



## Stewardship

At 31<sup>st</sup> March 2021, a significant proportion of the charity's land (around 57 %) is under the Department for the Environment and Rural Affairs (Defra) Countryside Stewardship Scheme and Higher Level Stewardship Scheme. A further application for land at Castlemorton (approximately 21 % of the landholding) is currently underway. The schemes provide funding for certain land management activities including grazing, which is the most effective way to maintain significant parts of the hills and commons. The grazing programme is complemented by management work carried out by staff, contractors and a dedicated team of volunteers.

The Countryside Stewardship grant agreement for the North & Central hills was set up in 2018 with Natural England. The grant was due to be paid in arrears and has been accounted for on an accruals basis. The 2018 annual payment of £79,489 was received in full.

Without consulting the Charity, the Rural Payments Agency (RPA), who have taken over the administration of the grant unilaterally changed the agreement in 2018. This only came to light when the Charity chased payment of the 2019 grant, when the RPA withheld £68,007 of the annual grant due. No payment has been received for 2020.

The Charity is now in dispute with the RPA over the non-payment of the grant and alteration of the agreed grant terms. To date the RPA has not responded to any of the Charity's repeated requests for information. It is felt that a resolution is unlikely to be reached before the accounts are signed. As a prudent measure, the Charity has excluded the accrued grant income from these accounts and will not account for any further payments under this agreement until the dispute has been settled. The total amount excluded is £151,470. This calculation of this amount had been based on the signed grant agreement.

## Key achievements

Key achievements in the year are as follows:

- Meeting the many challenges arising from the global pandemic,
- Maintaining over 1,200 hectares open and accessible to the public,
- The adoption of the new Land Management Plan, covering the period 2021- 2026,
- Countryside Stewardship funding was secured for the Southern Hills, for a 10-year period commencing January 2021,
- A further application for Countryside Stewardship funding for Castlemorton Common has been made for the 10-year period commencing 1<sup>st</sup> January 2022,
- New hedges were laid at the land at Castlemorton purchased in 2019,
- MHT successfully managed unprecedented visitor numbers in summer 2020,
- Sale of car park passes was brought in-house, following the cessation of sales by of the third-party outlets due to the pandemic,



- Improvements to the Community Woodland in Townsend Way funded by a grant from MHDC are now largely completed,
- MHT’s conservation work was recognised by Natural England as several areas were upgraded from ‘unfavourable recovering’ condition to ‘favourable’,
- Restoration work was carried out to ponds on Castlemorton Common, funded by a grant from Worcestershire County Council’s Natural Networks programme,
- Further waymarked mountain biking routes have been established to encourage responsible cycling on the Hills,
- Replacement of signage continued, following the rebranding started in 2017.

## 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 are appointed for a four-year term. There were 5 vacancies at the time this report was approved. Eleven trustees 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>Seats</b> |
|-----------------------|--------------|
| Priory Ward           | 1            |
| Chase Ward            | 1            |
| Wells Ward            | 1            |
| West Ward             | 1            |
| Dyson Perrins Ward    | 1            |
| Malvern Link Ward     | 1            |
| Pickersleigh Ward     | 1            |
| Guarford 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 |
| Worcestershire County Council to represent the parishes of 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 31st October 2019, with new trustees taking up their seats on 1<sup>st</sup> November 2019. The next elections will take place in October 2023 and new trustees will take up their seats on 1<sup>st</sup> November 2023.

Following appointment, trustees are asked to attend training sessions to ensure that they understand their duties and responsibilities under the Malvern Hills Acts and their responsibilities as charity trustees and under other legislation which affects the land which they manage. 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 normally meets at least five times a year in January, March, June, September and November to make decisions and 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 raise issues. The annual meeting of levy payers was held immediately before the Board meeting in September 2020. At this meeting, at which creditors, levy 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 Board's annual meeting in November at which committee members and representatives to serve on outside bodies are also appointed.

### **The impact of COVID-19 on governance**

The COVID-19 virus control measures brought in from March 2020 meant that Board meetings could no longer be held in person. Following a decision taken at a meeting of the Board on 12<sup>th</sup> March 2020, the trustees unanimously agreed to putting the following arrangements in place during the COVID-19 'emergency period':

- All meetings of the Board and Committees were suspended until further notice,
- The public desk at the Trust's office was closed,
- A temporary increase was made to the CEO's delegated authority to authorise unbudgeted expenditure during the 'emergency period' to £20,000 in total (£10,000 for a single item), to be reviewed September 2021,
- A temporary delegation of the exercise of Board powers was given to a sub group comprising the Chairs and Vice Chairs of Board, Land Management Committee, Finance Administration and Resources Committee, Staffing Committee and Governance Committees for the 'emergency period', the exercise of such powers to be limited to making any urgent decisions including authorising unbudgeted expenditure (in addition to the CEO's authority) of up to £40,000 in total and



- The subgroup was given permission to adopt its own administrative arrangements (for example to hold meetings by conference call, Skype or other online facility), or agreement by written communication.

For the purpose of these arrangements, an urgent decision was defined as an item of business which if not discussed or decided upon might reasonably be expected to result in prejudice of an operational, financial, reputational or legal nature to the interests of the Trust.

The sub group, which was named the COVID-19 Contingency Committee (CCC) met regularly via video link during April, May and June 2020.

Board meetings re-started in June 2020 and Committee meetings re-started in September 2020, via video link with a live stream on YouTube.

Work on the modernisation of the Trust's governing Acts was suspended during the COVID-19 crisis. The Trust is currently taking steps to investigate and cost the options available before deciding how to proceed. This has already been a lengthy project and it is likely now to take significant additional time before completion because of the recent necessity for a Parliamentary process.

### **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**

Ordinarily there are four committees. Their functions are set out below. The Board of Trustees considers committee reports and adopts, declines or amends their recommendations at the following Board meeting.

#### **Land Management Committee**

This committee has oversight of 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 some applications for easements and wayleaves and making recommendations to the Board thereon,



- Overseeing 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 oversight of the following areas:

- Finance, including reviewing the adequacy of financial controls, quarterly and 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,
- Fundraising.

The committee also has authority to approve unbudgeted expenditure within agreed limits.

### **Governance Committee**

The Governance Committee has oversight of and advises the Board on 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,
- Ensuring that the charity has appropriate risk management systems in place and that risks are 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 for staff,
- 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.

### Charity Governance Code

The Charity Governance Code was published in July 2017 and revised in 2020 as a reference document to help charities work towards effective governance and the right leadership structure. The Code sets out principles and recommended practice. All trustees are encouraged to meet the principles and outcomes of the Code by either applying the recommended practice or explaining what they have done instead or why they have not applied it.

As a charity governed by statute it is impossible at present for the Trust to adopt all recommended practice as set out in the Code but it has been used as the foundation for formulating the Trust's proposed governance changes. When the COVID-19 pandemic took hold, the Trust was in the process of undertaking a detailed audit of how far the Trust was complying with the Code and where improvements could be achieved within the existing statutory framework. Hopefully this work will be completed during 2021/22 and the outcomes acted upon by the Board.

### Financial Review

The financial results are set out on pages 24 to 51. There was a total net decrease in funds of £263,584 (2019/20 increase £94,480). Details of a dispute with the RPA over Countryside Stewardship funding due are given on page 8 of the Trustees' report and in note 7 to the accounts.

Net expenditure before transfers on the unrestricted funds was £111,414 (2019/20 net income of £255,965). The net movement on the unrestricted funds after transfers and the FRS 102 pension adjustment was an outflow of £501,191 (2019/20 inflow £290,674).



In addition, there was a net inflow of funds on the restricted funds of £237,607 (note 22) (2019/20 net outflow £196,194).

Total reserves at the financial year end were £1,896,109 (2020 £2,159,693), of which £3,132,637 is restricted (of which £1,060,261 is inalienable, see notes 14 and 15 to the financial statements).

### Principal funding sources

Under powers in the Malvern Hills Acts, Malvern Hills Trust charges a levy to Council Tax payers in the Malvern Hills District Council wards of Chase, Dyson Perrins, Malvern Link, Pickersleigh, Priory, Wells and West Malvern and the parishes of Guarlford, Colwall and Mathon. The average band D levy payable in 2020/21 was £38.13 (2019/20 £37.02). The total levy received by the charity was £534,850 (2019/20 £519,250).

Revenue from car parks is the second principal funding source. The total received in 2020/21 was £412,659 (2019/20 £289,167). Car park takings are used to fund the charity's work including maintaining the car parks for public use.

Donations and legacies received totalled £5,244 (2019/20 £299,020).

### Significant financial impacts

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

- The dispute with the RPA, resulting in the exclusion from the accounts of accrued income totalling £151,470, which MHT believe is due to the Charity, until the dispute is resolved,
- The very high visitor numbers led to much increased takings from the car parks,
- The annual tree safety survey identified essential work to a large number of trees, resulting in the Board needing to approve an additional £24,000 over and above the original budget of £16,120 for treework,
- The Board maintained its policy of updating vehicles, plant and machinery, spending £21,713,
- Future replacement costs for a failing drainage field serving the public lavatories at British Camp were estimated at £40,000 to £50,000. Work continues to be delayed by the COVID-19 pandemic,
- Sales of the 'Nature in Malvern' book covered the Trust's share of its cost and raised a further £889 this year towards conservation work, making a total of £2,733 available,

### Acknowledgements

Malvern Hills Trust gratefully acknowledges the financial support of Defra Rural Development Programme for England, Worcestershire County Council, Herefordshire Council, Malvern Hills District Council, Natural Networks (through Worcestershire County



Council and European Growth Funding), Severn Trent's Boost4Biodiversity scheme and Malvern Hills Area of Outstanding Natural Beauty (AONB) partnership.

### **Investment powers and policy**

The Trust has placed the Land Purchase (1992) Fund (formerly called the Land Acquisition Fund), Land Maintenance Fund and Parliamentary Fund under investment with Brewin Dolphin. The trustees have provided Brewin Dolphin with written investment policies for both funds, which are reviewed annually. The Trust's principal objective from the investment of the Land Purchase (1992) Fund is to generate a return (net of costs, including reinvestment of earnings) sufficient to maintain the purchasing value of the Land Purchase (1992) Fund. The Trust aims to produce the best financial return with a moderate level of risk.

The Trust'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 acknowledge 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, sector and security. The Trust's investment policies provide that 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, with the advice of the Trust's Investment Manager, is charged with recommending to the trustees a suitable asset allocation strategy, 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 estimated annual yield (year ended 31<sup>st</sup> March 2021) on the Land Purchase (1992) portfolio was 1.6% and on the Parliamentary and Land Maintenance portfolio 2.6%. The portfolio return gross of fees on the Land Purchase (1992) portfolio was 29.5% (net of fees 28.57%) against the benchmark of 23.58% and on the Parliamentary and Land



Maintenance portfolio it was 24.46 % (net of fees 23.55 %) against a benchmark of 23.54 % . The trustees receive a full report from Brewin Dolphin in June and December and an interim report in March and September.

Since March 2021, the global impacts of COVID-19 on investments has been a major risk. The Trust is receiving regular information and briefings from its Investment Manager through this turbulent period.

The Trust's assets are invested in line with the long term interests of the charity. Malvern Hills Trust exists to protect the Malvern Hills and commons. Climate change poses a threat to the unique environment for which the Trust cares. The trustees therefore agreed to exclude any fossil fuel, mining and quarrying companies from the investment portfolios by 31<sup>st</sup> March 2021 and this target has been achieved. The trustees also exclude individual investments which are perceived to conflict with the charity's purpose.

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

The Trust's free reserves are defined as those funds which the charity has available freely to spend on its charitable objectives.

The free reserves are calculated by starting from the total unrestricted funds value from the accounts. To comply with accounting rules the amount of the pension deficit is included as part of the unrestricted funds shown in the accounts, although it is a liability that will never crystallise. This deficit value is therefore added back when calculating the free reserves. The net book value of fixed assets (not available as cash) and the value of committed (designated) funds are then deducted, to come to the free reserve total. In summary, the calculation is as follows:

Total unrestricted funds\*

Less:

Committed designated funds

Net book value of fixed assets funded from the general fund

The defined benefit pension scheme surplus/(deficit)

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

\*Unrestricted funds comprise the general fund, designated funds and surplus/(deficit) on the defined benefit pension scheme

The level of free reserves required will vary from time to time depending on the Trust'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.

In setting the policy, the trustees have ensured that the contributions required under the defined benefit pension scheme, including those to cover the actuarial deficit, can be met from projected cash flows.

The Trust's policy is to aim to maintain the free reserves level above £300,000. This threshold has been set by the trustees taking into account the following factors:

- The need to hold funds to maintain the viability of the Trust 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,
- To fund everyday essential expenditure in the event that income streams are unexpectedly interrupted,
- The need to provide working capital for the Trust, both for day to day work and for future (possibly grant-funded) development,
- The need to provide a degree of protection against fluctuations in investment income.

The policy was adopted in June 2018 and updated in January 2021. At 31<sup>st</sup> March 2021 the level of reserves as defined above was £817,105. The balance is higher than the target level due to the receipt of a generous unrestricted legacy in 2019/20 and very high car park takings in 2020/21. Plans are being drawn up on how best to use the legacy. A large part of the reserve is likely to be needed for the costs arising from Ash Dieback. Details of all the designated funds are given in note 20 to the financial statements.

The financial impact of the COVID-19 crisis will not fully be known until such time as all restrictions are lifted. High visitor numbers in summer 2020 have helped offset losses incurred during the first full lockdown period.

### **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 shown in these financial statements are accounted for under FRS 102, with details being given in note 26. The pension figures reflected in these financial statements have been provided by Mercer, the Actuary to the Fund.

The FRS 102 accounting deficit at the year end has been calculated as £2.256 million (2019/20 £1.842 million). The increase is due to low discount rates and increasing CPI rates leading to a significant increase in the valuation of scheme liabilities. The employer's contribution rate during the year was 21.8% (2019/20 18.2%).



The most recent Actuarial valuation was carried out at 31<sup>st</sup> March 2019. This valuation provides the basis for the calculation of future contributions to WCCPF. The Trust's deficit (that is the excess of pension liabilities over assets) in WCCPF at 31<sup>st</sup> March 2019 was £926,000 (69% funding level). This was an improvement over the position at the 2016 valuation (deficit of £1,092,000, 57% funding level).

The Trust 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 Business Plan and budgets include provision for these payments. The deficit recovery period following the 2019 Actuarial Valuation is 15 years. The deficit payments in 2020/21 totalled £63,600 (2019/20 £72,000). The amount due for 2021/22 is £66,100.

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

### Plans for future periods

Much of the routine work of the charity is carried out on an on-going basis. The Land Management Plan, which was updated this year, will be followed to meet its conservation and public access objectives. The car parks and paths will continue to be maintained to facilitate public access to the charity's land.

The cost of tree work is likely to increase significantly in future years, particularly as a result of Ash Dieback. Work is on-going as how best to fund this work, the total cost of which is highly likely to be in six figures. This is a major financial challenge to the organisation.

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

- Continued review and implementation of the 5-year Business Plan,
- Agreement on the new Countryside Stewardship scheme for Castlemorton Common,
- Fund-raising opportunities will be pursued as outlined in the Business Plan, but are vulnerable to a shift in charitable giving towards health-related charities as a result of the COVID-19 crisis,
- Resolve the dispute with the RPA,
- Habitat and access improvements will be undertaken in accordance with the Land Management Plan,
- Restoration works at the Donkey Sheds in Happy Valley will be carried out,
- Essential refurbishment works will be carried out at the charity's premises at the Lower Shed and Manor House and
- Work on consideration of the consolidation and updating of the Trust's governing Acts 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. Salaries were last independently benchmarked in 2018. The salary of the Chief Executive Officer is set by the Board, following an annual appraisal.

## 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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England & 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 (FRS 102),
- 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping proper accounting records that 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 governing Acts. 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.

In so far as the trustees are aware:

- there is no relevant audit information of which the charity's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The trustees are responsible for the maintenance and integrity of the 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.

## Risk management

The trustees have in place a formal risk management process to assess business risks and implement risk management strategies.

The risk management process involves 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. At each meeting of the board Trustees are updated on any significant changes to the level of risk, particularly any categories that are gauged to be entering the highest risk category, and any appropriate actions considered.

The key risks identified this year were:

- COVID-19 crisis – as referred to above, the impact of this is far-reaching. Specific Health and Safety risks arise both from changes to working practices and protection of public-facing staff. Financial risks arising from the crisis include a reduction in investment returns, delays in income payments and the impairment of financial assets,
- A significant increase in treework costs as a result of Ash Dieback and other environmental factors,
- Changes in Government policy leading to reductions in available grant funding,
- Local campaigns by individuals and groups diverting organisational resources and focus,
- Pension commitments – the pension liability (accounting deficit) under the LGPS is disclosed in detail in note 26 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, the trustees have each taken appropriate steps to make themselves aware of any information relevant to the audit and to establish that the auditor is aware of that information.

By order of the Board of Trustees

Mick Davies (Chair)  
9<sup>th</sup> September 2021



## 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 2021 which comprise the Statement of Financial Activities, the Balance sheet, the Statement of cash flows and the related notes, 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).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2021 and of its incoming resources and application of resources, including its income and expenditure 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 United Kingdom, including the Financial Reporting Council'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 Auditors' report thereon. Our opinion on the financial statements does not cover the other information and 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 where the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the Trustees' report is inconsistent in any material respect with the financial statements;
- or



- sufficient and proper 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 Trustees' responsibilities statement, the Trustees responsible for the preparation of the financial statements and for being satisfied that they 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.

## Auditors' 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 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 an Auditors' 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.

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 procedures undertaken in order to identify and assess risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, are as follows:

- We have considered the nature of the industry and sector, control environment and business performance;
- We have considered the results of our enquiries of management and the board about their own identification and assessment of the risks of irregularities;
- For any matters identified we have obtained and reviewed the charity's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations.
- We have considered the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud, which included incorrect recognition of income and accounting estimates, and these were identified as the greatest potential area for fraud.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the charitable company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Charities SORP (FRS 102) - Accounting and Reporting by Charities and the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and Charities Act 2011.



In addition, we have considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the charity's ability to operate or to avoid a material penalty. These included occupational health and safety regulations, employment legislation and Data Protection Regulations.

Our procedures to respond to the risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- Documenting and validating the control environment for income and debtors and carrying out walkthrough testing;
- Undertaking substantive sample-based testing or proof in total calculations on all material revenue streams to ensure revenue has been recognised appropriately and accurately;
- enquiring of management and those charged with governance concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading and reviewing minutes of meetings of those charged with governance; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; and assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from an error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed 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.

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 Auditors' Report.

## Use of our report

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 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 its members, as a body, for our audit work, for this report, or for the opinions we have formed.

For and on behalf of Bishop Fleming LLP  
10 Temple Back  
Bristol  
BS1 6FL

Date: 9th September 2021

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



## Statement of Financial Activities for the year ended 31<sup>st</sup> March 2021

|  | Note | Unrestricted funds | Restricted funds | Total funds 2021 | Total funds 2020 (note 28) |
|--|------|--------------------|------------------|------------------|----------------------------|
|  |      | £                  | £                | £                | £                          |
| <b>Income and endowments from:</b>                         |      |                    |                  |                  |                            |
| Donations and legacies                                     | 3    | 4,594              | 650              | 5,244            | 299,020                    |
| Charitable activities:                                     |      |                    |                  |                  |                            |
| Management of the hills and commons                        | 7    | 489,350            | 3,729            | 493,079          | 727,429                    |
| Car parks  |      | 412,659            | 0                | 412,659          | 289,167                    |
| Other trading activities                                   | 4    | 35,039             | 889              | 35,928           | 42,400                     |
| Investments:   |      |                    |                  |                  |                            |
| Bank deposits  |      | 1,302              | 0                | 1,302            | 3,145                      |
| Investment portfolio                                       |      | 0                  | 33,865           | 33,865           | 48,172                     |
| Other  | 5    | 9,110              | 0                | 9,110            | 6,002                      |
| <b>Total income</b>  |      | <b>952,054</b>     | <b>39,133</b>    | <b>991,187</b>   | <b>1,415,335</b>           |
| <b>Expenditure on:</b>                                     |      |                    |                  |                  |                            |
| Charitable activities                                      | 6    | 1,057,324          | 110,555          | 1,167,879        | 1,182,153                  |
| Other expenditure  | 6    | 6,144              | 9,017            | 15,161           | 0                          |
| <b>Total expenditure</b>                                   |      | <b>1,063,468</b>   | <b>119,572</b>   | <b>1,183,040</b> | <b>1,182,153</b>           |
| Net gains/(losses) on investments                          | 16   | 0                  | 333,269          | 333,269          | (150,702)                  |
| <b>Net income/(expenditure)</b>                            |      | <b>(111,414)</b>   | <b>252,830</b>   | <b>141,416</b>   | <b>82,480</b>              |
| <b>Transfers between funds</b>                             |      | <b>15,223</b>      | <b>(15,223)</b>  | <b>0</b>         | <b>0</b>                   |
| <b>Other recognised gains/(losses)</b>                     |      |                    |                  |                  |                            |
| Actuarial gains/(losses) on defined benefit pension scheme | 26   | (405,000)          | 0                | (405,000)        | 12,000                     |
| <b>Net movement in funds</b>                               |      | <b>(501,191)</b>   | <b>237,607</b>   | <b>(263,584)</b> | <b>94,480</b>              |
| <b>Reconciliation of funds:</b>                            |      |                    |                  |                  |                            |
| Total funds brought forward                                |      | (735,337)          | 2,895,030        | 2,159,693        | 2,065,213                  |
| <b>Total funds carried forward</b>                         | 23   | <b>(1,236,528)</b> | <b>3,132,637</b> | <b>1,896,109</b> | <b>2,159,693</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 27 to 51 form part of these financial statements.



## Balance Sheet as at 31<sup>st</sup> March 2021

|   | Note | 2021               | 2020               |
|---|------|--------------------|--------------------|
|   |      | £                  | £                  |
| <b>Fixed Assets</b>                                   |      |                    |                    |
| Tangible fixed assets                                 | 14   | 437,893            | 518,912            |
| Heritage assets                                       | 15   | 1,060,261          | 1,060,261          |
| Investments   | 16   | 1,694,759          | 1,353,684          |
| <b>Total fixed assets</b>                             |      | <u>3,192,913</u>   | <u>2,932,857</u>   |
| <b>Current Assets</b>                                 |      |                    |                    |
| Livestock   |      | 25,320             | 25,320             |
| Debtors   | 17   | 58,299             | 182,148            |
| Short term deposits                                   |      | 992,628            | 965,535            |
| Cash at bank and in hand                              |      | 200                | 172                |
| <b>Total current assets</b>                           |      | <u>1,076,447</u>   | <u>1,173,175</u>   |
| <b>Creditors: Amounts falling due within one year</b> | 18   | <u>(117,251)</u>   | <u>(104,339)</u>   |
| <b>Net Current Assets excluding pension liability</b> |      | 959,196            | 1,068,836          |
| <b>Net assets</b>                                     |      | 4,152,109          | 4,001,693          |
| Pension Fund liability                                | 27   | <u>(2,256,000)</u> | <u>(1,842,000)</u> |
| <b>Net Assets including pension liability</b>         |      | <u>1,896,109</u>   | <u>2,159,693</u>   |
| <b>The funds of the charity</b>                       |      |                    |                    |
| Unrestricted - General Fund                           | 19   | 439,722            | 334,668            |
| Unrestricted - Designated Funds                       | 20   | 579,750            | 771,995            |
| Unrestricted - Pension Fund                           | 21   | (2,256,000)        | (1,842,000)        |
| Restricted Funds                                      | 22   | 3,132,637          | 2,895,030          |
| <b>Total charity funds</b>                            |      | <u>1,896,109</u>   | <u>2,159,693</u>   |

The notes on pages 27 to 51 form part of these financial statements.

Signed

Mick Davies  
Chair of Trustees on behalf of the Trustees  
9th September 2021



**Statement of cash flows for the year ended 31<sup>st</sup> March 2021**

|  | 2021<br>£       | 2020<br>£       |
|--|-----------------|-----------------|
| <b>Cash flows from operating activities</b>                            |                 |                 |
| Net movement in funds  | (263,584)       | 94,480          |
| Add back depreciation charge   | 102,732         | 116,277         |
| Investment (gains)/ losses   | (333,269)       | 150,702         |
| Profit on disposal of fixed assets                                     | 0               | (1,950)         |
| Income on investing activities retained in portfolio                   | (16,722)        | (25,361)        |
| Loss on pension scheme   | 414,000         | 8,000           |
| Decrease in stock  | 0               | 0               |
| decrease in debtors  | 123,849         | 182,493         |
| Increase/(decrease) in creditors                                       | 12,912          | (6,903)         |
| <b>Net cash provided by/(used in) operating activities</b>             | <b>39,918</b>   | <b>517,738</b>  |
| <br><b>Cashflows from investing activities:</b>                        |                 |                 |
| Proceeds from the sale of fixed assets                                 | 0               | 1,950           |
| Purchase of property, plant and equipment                              | (21,713)        | (101,725)       |
| Investment manager's fees deducted from portfolio                      | 10,821          | 8,947           |
| Funds transferred (to)/from investment portfolio                       | (1,905)         | 53,741          |
| <b>Net cash provided by investing activities</b>                       | <b>(12,797)</b> | <b>(37,087)</b> |
| <br><b>Change in cash and cash equivalents in the reporting period</b> | <b>27,121</b>   | <b>480,651</b>  |
| Cash and cash equivalents at the beginning of the reporting period     | 965,707         | 485,056         |
| <b>Cash and cash equivalents at the end of the reporting period</b>    | <b>992,828</b>  | <b>965,707</b>  |
| <br><b>Analysis of cash and cash equivalents</b>                       |                 |                 |
| Cash in hand   | 200             | 172             |
| Current account  | 229,811         | 200             |
| Notice deposits (less than 3 months)                                   | 762,817         | 965,335         |
| <b>Total cash and cash equivalents</b>                                 | <b>992,828</b>  | <b>965,707</b>  |

The notes on pages 27 to 51 form part of these financial statements.



## Notes to the financial statements for the year ended 31<sup>st</sup> March 2021

### 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 2019) – (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 inflow of £27,121 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 £500 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 on a straight-line basis over their expected useful lives on the following bases:

|                                    |                 |
|------------------------------------|-----------------|
| Vehicles and equipment             | 16.67 % of cost |
| Parking meters                     | 10 % 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

Part of 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 (LGPS), a multi-employer scheme. The LGPS is a defined benefit scheme. Contributions are accounted for in accordance with FRS102. Further details are given in note 26 to the 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.

Further explanation of the nature and purpose of each fund is included in notes 19-22 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 27 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

|          | 2021         | 2020           |
|----------|--------------|----------------|
|          | £            | £              |
| Gifts    | 2,244        | 7,020          |
| Legacies | 3,000        | 292,000        |
|          | <u>5,244</u> | <u>299,020</u> |

The income from donations and legacies was £5,244 (2020 £299,020) of which £4,594 was unrestricted (2020 £297,820) and £650 restricted (2020 £1,200).

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

|                             | 2021          | 2020          |
|-----------------------------|---------------|---------------|
|                             | £             | £             |
| Rental income               | 27,350        | 32,389        |
| Easements and wayleaves     | 7,689         | 6,889         |
| Sales of books and leaflets | 889           | 3,122         |
|                             | <u>35,928</u> | <u>42,400</u> |

Rental income in both years is unrestricted. £nil of the easements and wayleaves (2020 £280) and £889 of the sales of books and leaflets (2020 £2,952) were restricted.

### 5 Analysis of other income

|                                    | 2021         | 2020         |
|------------------------------------|--------------|--------------|
|                                    | £            | £            |
| Employment allowance               | 4,000        | 3,000        |
| Compensation for works             | 1,741        | 0            |
| Profit on disposal of fixed assets | 0            | 1,950        |
| Other                              | 3,369        | 1,052        |
|                                    | <u>9,110</u> | <u>6,002</u> |

All of the above income is unrestricted.



## 6 Analysis of expenditure

Expenditure on charitable activities:

|                          | Estate<br>manage't | Wardening      | Car parks     | PR           | Governance     | Administ'n     | Total 2021       | 2020             |
|--------------------------|--------------------|----------------|---------------|--------------|----------------|----------------|------------------|------------------|
|                          | £                  | £              | £             | £            | £              | £              | £                | £                |
| Salaries (note 10)       | 315,291            | 90,833         | 3,741         | 0            | 61,438         | 147,156        | 618,459          | 622,645          |
| Direct expenses          | 276,142            | 12,647         | 24,888        | 3,104        | 2,755          | 0              | 319,536          | 277,747          |
| Rates and water          | 3,496              | 0              | 0             | 0            | 0              | 2,157          | 5,653            | 8,545            |
| Heat and light           | 1,896              | 0              | 0             | 0            | 0              | 2,579          | 4,475            | 6,367            |
| Insurance                | 28,058             | 0              | 0             | 0            | 0              | 2,270          | 30,328           | 29,876           |
| Maintenance of buildings | 1,679              | 0              | 0             | 0            | 0              | 870            | 2,549            | 2,649            |
| Depreciation             | 95,041             | 0              | 0             | 0            | 0              | 7,691          | 102,732          | 116,277          |
| Investment management    | 9,017              | 0              | 0             | 0            | 0              | 0              | 9,017            | 8,947            |
| Support costs (note 8)   | 7,190              | 0              | 3,635         | 0            | 46,781         | 32,685         | 90,291           | 109,100          |
|                          | <u>737,810</u>     | <u>103,480</u> | <u>32,264</u> | <u>3,104</u> | <u>110,974</u> | <u>195,408</u> | <u>1,183,040</u> | <u>1,182,153</u> |

Expenditure on charitable activities was £1,183,040 (2020 £1,182,153) of which £1,063,468 was unrestricted (2020 £1,102,149) and £119,572 was restricted (2020 £80,004).

## 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 | Car Parks       | Total 2021         | Total 2020         |
|---|---------------------------------|-----------------|--------------------|--------------------|
|   | £                               | £               | £                  | £                  |
| <b>Income</b>                                       |                                 |                 |                    |                    |
| Levy on Council Tax payers in precepted parishes    | 534,850                         | 0               | 534,850            | 519,250            |
| Stewardship grants                                  | 82,258                          | 0               | 82,258             | 192,394            |
| Less provision for non-payment of grants by the RPA | (151,470)                       | 0               | (151,470)          | 0                  |
| Other grants (see note below)                       | 27,441                          | 0               | 27,441             | 15,785             |
| Car park takings                                    | 0                               | 412,659         | 412,659            | 289,167            |
| Total income from charitable activities             | <u>493,079</u>                  | <u>412,659</u>  | <u>905,738</u>     | <u>1,016,596</u>   |
| Charitable expenditure                              | <u>(1,150,776)</u>              | <u>(32,264)</u> | <u>(1,183,040)</u> | <u>(1,182,153)</u> |
| Net contribution/(cost funded by other income)      | <u>(657,697)</u>                | <u>380,395</u>  | <u>(277,302)</u>   | <u>(165,557)</u>   |

The Charity entered into a Countryside Stewardship grant agreement in 2018 with Natural England, for the North & Central hills. The grant was due to be paid in arrears and had been accounted for on an accruals basis. The first payment was received in full for 2018. Without consulting the Charity, the Rural Payments Agency (RPA), who have taken over the administration



of the grant unilaterally changed the agreement in 2018 without consulting the charity. This only came to light when the Charity chased payment of the 2019 grant. The Charity is currently in dispute with the RPA over their non-payment of the grant. Effective communication with the RPA is difficult to achieve. It is therefore felt that a resolution is unlikely to be reached before the accounts are signed. As a prudent measure, the Charity has excluded the accrued grant income from these accounts and will not account for any further payments under this agreement until the dispute has been settled. The total amount under dispute is £151,470.

The Charity received grant income under the Coronavirus Job Retention Scheme (CJRS) totaling £13,479, being government assistance of 80 % of the cost of furloughed staff. This income has been accounted for under the accruals model and included in 'other grants'.

## 8 Analysis of support costs

|                         | Estate<br>m'tce | Governa<br>nce | Car<br>parks | Office<br>costs | Total<br>2021 | Total<br>2020  |
|-------------------------|-----------------|----------------|--------------|-----------------|---------------|----------------|
|                         | £               | £              | £            | £               | £             | £              |
| Telephones              | 1387            | 0              | 0            | 1,805           | 3,192         | 2,988          |
| Cleaning                | 900             | 0              | 0            | 1,966           | 2,866         | 3,586          |
| Postage                 | 0               | 0              | 0            | 2,772           | 2,772         | 881            |
| Office equipment        | 0               | 0              | 0            | 2,099           | 2,099         | 2,908          |
| Printing and stationery | 0               | 0              | 0            | 5,455           | 5,455         | 6,547          |
| Travelling              | 0               | 0              | 0            | 449             | 449           | 1,310          |
| IT                      | 0               | 0              | 0            | 9,974           | 9,974         | 10,072         |
| Legal fees              | 1,548           | 26,530         | 2,421        | 0               | 30,499        | 26,789         |
| Audit fee               | 0               | 6,675          | 0            | 0               | 6,675         | 7,000          |
| Other professional fees | 1,113           | 13,237         | 0            | 3,215           | 17,565        | 30,284         |
| Subscriptions           | 0               | 0              | 0            | 2,198           | 2,198         | 1,018          |
| Training                | 1605            | 0              | 0            | 0               | 1,605         | 10,701         |
| Miscellaneous           | 637             | 339            | 0            | 808             | 1,784         | 1,345          |
| Bank charges            | 0               | 0              | 1,214        | 1,944           | 3,158         | 3,671          |
|                         | <b>7,190</b>    | <b>46,781</b>  | <b>3,635</b> | <b>32,685</b>   | <b>90,291</b> | <b>109,100</b> |



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

This is stated after charging:

|                         | 2021    | 2020    |
|-------------------------|---------|---------|
|                         | £       | £       |
| Depreciation            | 102,732 | 116,277 |
| Auditor's remuneration: |         |         |
| Audit fees              | 6,675   | 7,000   |

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

|   | 2021           | 2020           |
|---|----------------|----------------|
|   | £              | £              |
| Salaries and wages                                      | 424,769        | 415,435        |
| Social security costs                                   | 35,833         | 42,331         |
| Pension costs   | 133,274        | 135,873        |
| Group life assurance                                    | 1,659          | 1,641          |
| Casual staff  | 0              | 1,365          |
| FRS 102 - pension adjustment                            | 9,000          | 20,000         |
| FRS 102 - short term compensated absence charge to SOFA | 13,924         | 6,000          |
|   | <u>618,459</u> | <u>622,645</u> |

No employees had benefits in excess of £60,000 (2019 £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 (2020 £nil). No travelling expenses were reimbursed to trustees during the year (2020 £nil). Travelling expenses paid on behalf of trustees were £nil (2020 £190 for three journeys). No charity trustee received payment for professional or other services supplied to the charity (2020 £nil).

The key management personnel comprise the Chief Executive Officer, the Conservation Manager, the Operations 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 £217,354 (2020 £217,301).



## 11 Staff numbers

The average monthly head count was 19 staff (2020: 18 staff) and the average monthly number of full-time equivalent employees (including part-time staff) during the year were as follows:

|                    | 2021        | 2020        |
|--------------------|-------------|-------------|
| Wardens            | 3.1         | 3           |
| Field Staff        | 6.6         | 6.6         |
| Office based staff | 5.8         | 6.5         |
|                    | <u>15.5</u> | <u>16.1</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: -

- Worcestershire County Council has the power to appoint trustees to the charity. It made one grant to the charity during the year of £10,700 (2020 two grants totalling £15,017). 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>£ | Other land | 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>£ |
|-----------------------|--|------------|-------------------------|--|----------------|--------------------------------|--------------------------|------------|
| <b>Cost</b>           |  |            |                         |  |                |                                |                          |            |
| 1st April 2020        | 1,060,261  | 102,733    | 138,770                 | 887,471  | 160,460        | 416,833                        | 56,937                   | 2,823,465  |
| Additions             | 0  | 0          | 0                       | 1,761  | 0              | 19,004                         | 948                      | 21,713     |
| Disposals             | 0  | 0          | 0                       | 0  | 0              | (5,500)                        | 0                        | (5,500)    |
| At 31st March<br>2021 | 1,060,261  | 102,733    | 138,770                 | 889,232  | 160,460        | 430,337                        | 57,885                   | 2,839,678  |
| <b>Depreciation</b>   |  |            |                         |  |                |                                |                          |            |
| At 1st April 2020     | 0  | 0          | 19,424                  | 705,709  | 160,460        | 311,964                        | 46,735                   | 1,244,292  |
| Charge in the year    | 0  | 0          | 2,775                   | 64,155   | 0              | 30,886                         | 4,916                    | 102,732    |
| On disposals          | 0  | 0          | 0                       | 0  | 0              | (5,500)                        | 0                        | (5,500)    |
| At 31st March<br>2021 | 0  | 0          | 22,199                  | 769,864  | 160,460        | 337,350                        | 51,651                   | 1,341,524  |
| <b>Net book value</b> |  |            |                         |  |                |                                |                          |            |
| 31st March 2021       | 1,060,261  | 102,733    | 116,571                 | 119,368  | 0              | 92,987                         | 6,234                    | 1,498,154  |
| 31st March 2020       | 1,060,261  | 102,733    | 119,346                 | 181,762  | 0              | 104,869                        | 10,202                   | 1,579,173  |

'Other land' is in-by-land at Hollybed Common, purchased pursuant to an order made by the Charity Commission under S105 of the Charities Act 2011. This land forms part of the inalienable assets of the charity.



## 15 Heritage Assets

Land and buildings (heritage assets) are held for the purposes of the charity. Details of the Lands Acquisition policy are given in the trustees' report. 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                                     | <u>(85)</u> |               |
|         |   |             | 16,007        |
| 1926    | Price & Laird's land, The Wyche (portion)   |             | 999           |
| 1927    | Miss Cabrera's land and mineral rights  |             | 687           |
| 1928    | Major Raper's land and mineral rights   |             | 517           |
| 1931    | West of England quarries  |             | 24,654        |
| 1931    | 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 to be known as Brrok Meadow, Snookes Croft and Plants Piece) |             | 2,061         |
| 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         |
|         | Sub-total   |             | <u>94,907</u> |



## 15 Heritage assets - continued

| Year    |  | £               | £                |
|---------|--|-----------------|------------------|
|         | Sub total b/fwd  |                 | 94,907           |
| 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 | Land on 4 areas on East side Worcestershire Beacon, Black Hill and Jubilee |                 | 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              |
| 2018/19 | Land at Castlemorton   |                 | 7,505            |
| 2018/19 | Land at Holywell   |                 | 13,684           |
| 2018/19 | Land at Castlemorton   |                 | 297,399          |
|         | Total to 31 <sup>st</sup> March 2021                                       |                 | <u>1,060,261</u> |



## 16 Investments

Investments are held to provide capital growth and a return for the charity. There are two investment portfolios. One holds the Land Purchase (1992) Fund (formerly named the Lands Acquisition fund) and the other the Lands Maintenance Fund and part of the Parliamentary Fund. Income earned on the Land Purchase (1992) portfolio is retained within the fund and reinvested. Income on the Parliamentary and Lands Maintenance portfolio is transferred to the Trust's current account each month.

The movement on the funds during the year was:

|                      | LP               | Parl & LM      | Combined<br>2021 | 2020             |
|----------------------|------------------|----------------|------------------|------------------|
|                      | £                | £              | £                | £                |
| Opening Market Value | 792,334          | 561,350        | 1,353,684        | 1,541,714        |
| Additions            | 192,856          | 138,147        | 331,003          | 297,840          |
| Disposal proceeds    | (180,867)        | (149,260)      | (330,127)        | (322,313)        |
| Equalisations        | (23)             | (300)          | (323)            | 1,217            |
| Gains/(losses)       | 215,839          | 117,430        | 333,269          | (150,702)        |
| Change in cash       | (168)            | 7,421          | 7,253            | (14,072)         |
| Closing market value | <u>1,019,971</u> | <u>674,788</u> | <u>1,694,759</u> | <u>1,353,684</u> |

The historical cost of investments at the balance sheet date was £1,403,493 (2020 £1,386,893). At the Balance Sheet date, the Land Purchase (1992) portfolio was invested in the following classes of investment:

|                         | 2021 |                  | 2020 |                |
|-------------------------|------|------------------|------|----------------|
|                         | %    | £                | %    | £              |
| UK Bonds                | 4.3  | 44,280           | 9.5  | 75,115         |
| Overseas bonds          | 9.9  | 100,713          | 5.8  | 46,336         |
| UK equities             | 25.0 | 255,352          | 26.9 | 213,515        |
| North American equities | 25.6 | 261,232          | 22.9 | 181,331        |
| European equities       | 7.4  | 75,389           | 7.4  | 58,606         |
| Japanese equities       | 3.5  | 35,939           | 3.2  | 25,436         |
| Asia pacific equities   | 7.0  | 71,171           | 4.7  | 37,326         |
| Emerging markets        | 1.3  | 13,423           | 1.2  | 9,551          |
| Absolute return         | 4.1  | 41,580           | 4.7  | 36,974         |
| Global investments      | 3.9  | 39,778           | 3.9  | 30,512         |
| Property                | 2.0  | 20,047           | 2.2  | 17,084         |
| Other investments       | 3.7  | 37,641           | 4.7  | 36,953         |
| Cash                    | 2.3  | 23,427           | 3.0  | 23,595         |
|                         |      | <u>1,019,972</u> |      | <u>792,334</u> |



## 16 Investments - continued

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

|                         | 2021 |                | 2020 |                |
|-------------------------|------|----------------|------|----------------|
|                         | %    | £              | %    | £              |
| UK Bonds                | 4.8  | 32,214         | 11.5 | 64,521         |
| Overseas bonds          | 9.2  | 62,070         | 4.1  | 23,101         |
| UK equities             | 25.2 | 170,049        | 28.6 | 160,668        |
| North American equities | 23.8 | 160,762        | 20.6 | 115,737        |
| European equities       | 6.7  | 45,545         | 6.3  | 35,405         |
| Japanese equities       | 3.5  | 23,465         | 2.4  | 13,384         |
| Asia pacific equities   | 6.0  | 40,764         | 4.6  | 25,884         |
| Emerging markets        | 1.6  | 10,597         | 1.3  | 7,540          |
| Absolute return         | 2.0  | 13,649         | 2.2  | 12,466         |
| Global investments      | 7.8  | 52,530         | 7.4  | 41,551         |
| Property                | 1.0  | 7,053          | 2.6  | 14,553         |
| Other investments       | 5.4  | 36,335         | 6.1  | 34,206         |
| Cash                    | 2.9  | 19,755         | 2.2  | 12,334         |
|                         |      | <u>674,788</u> |      | <u>561,350</u> |

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

## 17 Debtors

|  | 2021          | 2020           |
|--|---------------|----------------|
|  | £             | £              |
| Trade debtors                              | 1,510         | 8,672          |
| Other debtors                              | 1,897         | 2,457          |
| Accrued income                             | 163,345       | 124,596        |
| Less: RPA amounts due removed (see note 7) | (151,470)     | 0              |
| Prepayments                                | 43,017        | 46,423         |
|  | <u>58,299</u> | <u>182,148</u> |

Debtors are measured at the settlement value less any provision for bad debts. No bad debts were written off during the year (2020 £nil).

Details of the amount due from the RPA which has been excluded from these figures are given in note 7.



## 18 Creditors: amounts falling due within one year

|                                      | 2021           | 2020           |
|--------------------------------------|----------------|----------------|
|                                      | £              | £              |
| PAYE and National Insurance          | 7,978          | 8,291          |
| VAT payable                          | 4,247          | 2,431          |
| Trade creditors                      | 17,099         | 8,606          |
| Accrued charges                      | 45,018         | 57,275         |
| Other creditors                      | 2,648          | 552            |
| Deferred income                      | 13,800         | 14,647         |
| FRS102 compensated absence provision | 26,461         | 12,537         |
|                                      | <u>117,251</u> | <u>104,339</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 1 <sup>st</sup> April 2020  | 14,647        |
| Released to the SOFA in the year       | (14,647)      |
| Received in the year                   | <u>13,800</u> |
| Balance at 31 <sup>st</sup> March 2021 | <u>13,800</u> |

## 19 General fund

|   | 2021           | 2020           |
|---|----------------|----------------|
|   | £              | £              |
| General Fund - balance 1 <sup>st</sup> April 2020 | 334,668        | 311,064        |
| Incoming resources                                | 1,013,661      | 865,747        |
| Resources expended                                | (913,850)      | (873,898)      |
| Transfers   | 5,243          | 31,755         |
| Balance 31 <sup>st</sup> March 2021               | <u>439,722</u> | <u>334,668</u> |

Transfers were made during the year were:

| Transfer details                     | Reason                                   | £               |
|--------------------------------------|--|-----------------|
| From Parliamentary fund              | To transfer investment income            | 12,790          |
| From Lands Maintenance fund          | To transfer investment income            | 4,353           |
| Net from restricted funds            |  | <u>17,143</u>   |
| From Stewardship designated fund     | To cover staff costs                     | 1,100           |
| To Tree Disease fund designated fund | To cover costs arising from tree disease | (3,000)         |
| To Election Expenses designated fund | To cover costs of elections to the Board | (5,000)         |
| To Car park repair fund              | To cover car park repair costs           | (5,000)         |
|                                      |  | <u>(11,900)</u> |



## 20 Designated funds

### Current year

|  | Balance           |                      | Resources<br>outgoing | Transfers                   | Balance 31st<br>March 2021 |
|--|-------------------|----------------------|-----------------------|-----------------------------|----------------------------|
|  | 1st April<br>2020 | Movement<br>incoming |                       | (to)/from<br>other<br>funds |                            |
|  | £                 | £                    | £                     | £                           | £                          |
| Gift fund                                  | 464,243           | 75                   | (4,294)               | (1,920)                     | 458,104                    |
| Higher Level Stewardship fund              | 166,157           | 14,719               | (69,031)              | (1,100)                     | 110,745                    |
| Countryside Stewardship fund               | 81,703            | (76,402)             | (65,377)              | 0                           | (60,076)                   |
| Tree disease fund                          | 9,000             | 0                    | (1,915)               | 3,000                       | 10,085                     |
| Fundraising support fund                   | 10,000            | 0                    | 0                     | 0                           | 10,000                     |
| Governance Review - legal                  | 34,010            | 0                    | 0                     | 0                           | 34,010                     |
| Governance Review - public<br>consultation | 889               | 0                    | 0                     | 0                           | 889                        |
| Election expenses fund                     | 2,493             | 0                    | 0                     | 5,000                       | 7,493                      |
| Dog campaign                               | 3,500             | 0                    | 0                     | 0                           | 3,500                      |
| Car Park repair fund                       | 0                 |                      | 0                     | 5,000                       | 5,000                      |
|  | <b>771,995</b>    | <b>(61,608)</b>      | <b>(140,617)</b>      | <b>9,980</b>                | <b>579,750</b>             |

### Prior year

|   | Balance 1st    |                      | Resources<br>outgoing | Transfers                | Balance 31st<br>March 2020 |
|---|----------------|----------------------|-----------------------|--------------------------|----------------------------|
|   | April 2019     | Movement<br>incoming |                       | (to)/from<br>other funds |                            |
|   | £              | £                    | £                     | £                        | £                          |
| Gift fund   | 184,810        | 292,429              | (12,996)              | 0                        | 464,243                    |
| Higher Level Stewardship fund                     | 153,866        | 104,463              | (80,603)              | (11,569)                 | 166,157                    |
| Countryside Stewardship fund                      | 60,401         | 94,991               | (73,689)              | 0                        | 81,703                     |
| Thirds Wood fund                                  | 4,346          | 183                  | 0                     | (4,529)                  | 0                          |
| Tree disease fund                                 | 6,000          | 0                    | 0                     | 3,000                    | 9,000                      |
| Mountain biking campaign                          | 948            | 0                    | 0                     | (948)                    | 0                          |
| Fundraising support fund                          | 10,000         | 0                    | 0                     | 0                        | 10,000                     |
| Charity Commission Scheme - legal<br>consultation | 36,346         | 0                    | (2,336)               | 0                        | 34,010                     |
| Election expenses fund                            | 19,792         | 0                    | (18,903)              | 0                        | 889                        |
| Dog campaign                                      | 16,086         | 0                    | (18,593)              | 5,000                    | 2,493                      |
|   | 4,330          | 302                  | (1,132)               | 0                        | 3,500                      |
|   | <b>496,925</b> | <b>492,368</b>       | <b>(208,252)</b>      | <b>(9,046)</b>           | <b>771,995</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. £1,920 was transferred to the restricted 'Community Woodland' fund to cover the Trust's contribution to the project costs.
- 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. See also note 7.



- The Tree Disease fund is to cover costs arising from tree diseases such as Ash Dieback.
- The Mountain Biking campaign has been completed and the balance on this fund transferred back to the General fund.
- The Fundraising support fund is to cover costs of future fundraising activities.
- The Governance review funds are to cover the costs of any future work approved by the Board.
- The Election expenses fund is to cover the cost of the 4-yearly elections to the Board and any by-elections. An election was held in October 2019. The next elections will be held in Autumn 2023.
- The Dog campaign fund is to cover the costs of a campaign which was started in 2019/20. Work on the campaign has been delayed by COVID-19.
- The car park repair fund is to cover the cost of car park repairs to be completed in 2021/22.

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

## 21 Unrestricted pension fund

### Current year

|              | Balance 1st April<br>2020 | Movement<br>incoming | Resources<br>outgoing | Transfers & other<br>losses | Balance 31st<br>March 2021 |
|--------------|---------------------------|----------------------|-----------------------|-----------------------------|----------------------------|
|              | £                         | £                    | £                     | £                           | £                          |
| Pension Fund | (1,842,000)               | 0                    | (9,000)               | (405,000)                   | (2,256,000)                |

### Prior year

|              | Balance 1st<br>April 2019 | Movement<br>incoming | Resources<br>outgoing | Transfers & other<br>losses | Balance 31st<br>March 2020 |
|--------------|---------------------------|----------------------|-----------------------|-----------------------------|----------------------------|
|              | £                         | £                    | £                     | £                           | £                          |
| Pension Fund | (1,834,000)               | 0                    | (20,000)              | 12,000                      | (1,842,000)                |

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 26.



## 22 Restricted funds

### Current year

|                                | Balance 1st April 2020 | Movement incoming | Resources outgoing | Transfers (to)/from other funds | Net gains/(losses) on investments | Balance 31st March 2021 |
|--------------------------------|------------------------|-------------------|--------------------|---------------------------------|-----------------------------------|-------------------------|
|                                | £                      | £                 | £                  | £                               | £                                 | £                       |
| Lands Maintenance fund         | 156,512                | 4,353             | (989)              | (4,353)                         | 29,816                            | 185,339                 |
| SDF fund                       | 453                    | 0                 | 0                  | 0                               | 0                                 | 453                     |
| Nature in Malvern book         | 1,844                  | 889               | 0                  | 0                               | 0                                 | 2,733                   |
| Gifts                          | 9,707                  | 0                 | 0                  | 0                               | 0                                 | 9,707                   |
| Tree planting                  | 50                     | 650               | 0                  | 0                               | 0                                 | 700                     |
| Picnic bench donations         | 183                    | 0                 | 0                  | 0                               | 0                                 | 183                     |
| Community Woodland             | 40,955                 | 0                 | (42,875)           | 1,920                           | 0                                 | 0                       |
| Boost4Biodiversity             | 0                      | 3,729             | (750)              | 0                               | 0                                 | 2,979                   |
| Land Purchase (1992) fund      | 794,466                | 16,722            | (5,413)            | 0                               | 215,839                           | 1,021,614               |
| Parliamentary fund             | 426,249                | 12,790            | (2,616)            | (14,552)                        | 87,614                            | 509,485                 |
| Capital Outlay Discharged fund | 1,464,611              | 0                 | (66,929)           | 1,762                           | 0                                 | 1,399,444               |
|                                | <u>2,895,030</u>       | <u>39,133</u>     | <u>(119,572)</u>   | <u>(15,223)</u>                 | <u>333,269</u>                    | <u>3,132,637</u>        |

### Prior year

|                                | Balance 1st April 2019 | Movement incoming | Resources outgoing | Transfers (to)/from other funds | Net gains/(losses) on investments | Balance 31st March 2020 |
|--------------------------------|------------------------|-------------------|--------------------|---------------------------------|-----------------------------------|-------------------------|
|                                | £                      | £                 | £                  | £                               | £                                 | £                       |
| Lands Maintenance fund         | 172,124                | 5,975             | (993)              | (5,863)                         | (14,731)                          | 156,512                 |
| SDF fund                       | 453                    | 0                 | 0                  | 0                               | 0                                 | 453                     |
| Nature in Malvern book         | (1,108)                | 2,952             | 0                  | 0                               | 0                                 | 1,844                   |
| Gifts                          | 9,707                  | 0                 | 0                  | 0                               | 0                                 | 9,707                   |
| Tree planting                  | 0                      | 50                | 0                  | 0                               | 0                                 | 50                      |
| Picnic bench donations         | 0                      | 1,150             | (967)              | 0                               | 0                                 | 183                     |
| Community Woodland             | 40,955                 | 0                 | 0                  | 0                               | 0                                 | 40,955                  |
| Pond restoration grant         | 0                      | 4,617             | (4,999)            | 382                             | 0                                 | 0                       |
| Lands Acquisition fund         | 867,605                | 24,642            | (5,097)            | 0                               | (92,684)                          | 794,466                 |
| Parliamentary fund             | 498,238                | 17,835            | (2,857)            | (43,680)                        | (43,287)                          | 426,249                 |
| Capital Outlay Discharged fund | <u>1,503,250</u>       | <u>0</u>          | <u>(65,091)</u>    | <u>26,452</u>                   | <u>0</u>                          | <u>1,464,611</u>        |
|                                | <u>3,091,224</u>       | <u>57,221</u>     | <u>(80,004)</u>    | <u>(22,709)</u>                 | <u>(150,702)</u>                  | <u>2,895,030</u>        |

- The Lands Maintenance fund formed part of the consideration for the disposal of the land at Townsend Way for the purpose of providing income 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 made for specified projects to improve the amenities of the Malvern Hills.
- The tree planting fund received donations for planting trees at Thirds Wood.



- Picnic bench donations are for benches at the Community Woodland.
- The Community Woodland fund is for work at the woodland at Townsend Way, funded by an S106 grant from Malvern Hills District Council and a £1,920 transfer from the designated gift fund.
- The Boost4Biodiversity fund is from Severn Trent, to fund pond works.
- 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 Trust's general purposes. During the year, £12,790 investment income was transferred to the General Fund (2020 £17,228).
- The Land Purchase (1992) fund (formerly called the Lands Acquisition fund) was set up in 1992 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.

## 23 Analysis of net assets between funds

### Current year

|                           | Heritage assets  | Investments      | Tangible fixed assets | Pension liability  | Other net assets | Total              |
|---------------------------|------------------|------------------|-----------------------|--------------------|------------------|--------------------|
|                           | £                | £                | £                     | £                  | £                | £                  |
| <b>Restricted funds</b>   |                  |                  |                       |                    |                  |                    |
| Capital Outlay Discharged | 1,060,261        | 0                | 339,183               | 0                  | 0                | 1,399,444          |
| Parliamentary fund        | 0                | 492,595          | 0                     | 0                  | 16,890           | 509,485            |
| Land Purchase (1992) fund | 0                | 1,019,971        | 0                     | 0                  | 1,643            | 1,021,614          |
| Lands Maintenance fund    | 0                | 182,193          | 0                     | 0                  | 3,146            | 185,339            |
| Nature in Malvern book    | 0                | 0                | 0                     | 0                  | 2,733            | 2,733              |
| SDF fund                  | 0                | 0                | 0                     | 0                  | 453              | 453                |
| Gift fund                 | 0                | 0                | 0                     | 0                  | 9,707            | 9,707              |
| Tree planting             | 0                | 0                | 0                     | 0                  | 700              | 700                |
| Picnic benches            | 0                | 0                | 0                     | 0                  | 183              | 183                |
| Boost4Biodiversity        | 0                | 0                | 0                     | 0                  | 2,979            | 2,979              |
|                           | <b>1,060,261</b> | <b>1,694,759</b> | <b>339,183</b>        | <b>0</b>           | <b>38,434</b>    | <b>3,132,637</b>   |
| <b>Unrestricted funds</b> |                  |                  |                       |                    |                  |                    |
| General fund              | 0                | 0                | 98,710                | 0                  | 341,012          | 439,722            |
| Designated funds          | 0                | 0                | 0                     | 0                  | 579,750          | 579,750            |
| Pension fund              | 0                | 0                | 0                     | (2,256,000)        | 0                | (2,256,000)        |
|                           | <b>0</b>         | <b>0</b>         | <b>98,710</b>         | <b>(2,256,000)</b> | <b>920,762</b>   | <b>(1,236,528)</b> |
|                           | <b>1,060,261</b> | <b>1,694,759</b> | <b>437,893</b>        | <b>(2,256,000)</b> | <b>959,196</b>   | <b>1,896,109</b>   |



## 23 Analysis of net assets between funds - continued

**Prior year**

|                           | Heritage assets  | Investments      | Tangible fixed assets | Pension liability  | Other net assets | Total            |
|---------------------------|------------------|------------------|-----------------------|--------------------|------------------|------------------|
|                           | £                | £                | £                     | £                  | £                | £                |
| <b>Restricted funds</b>   |                  |                  |                       |                    |                  |                  |
| Capital Outlay Discharged | 1,060,261        | 0                | 403,840               | 0                  | 510              | 1,464,611        |
| Parliamentary fund        | 0                | 404,838          | 0                     | 0                  | 21,411           | 426,249          |
| Lands Acquisition fund    | 0                | 792,334          | 0                     | 0                  | 2,132            | 794,466          |
| Lands Maintenance fund    | 0                | 156,512          | 0                     | 0                  | 0                | 156,512          |
| Nature in Malvern book    | 0                | 0                | 0                     | 0                  | 1,844            | 1,844            |
| SDF fund                  | 0                | 0                | 0                     | 0                  | 453              | 453              |
| Gift fund                 | 0                | 0                | 0                     | 0                  | 9,707            | 9,707            |
| Tree planting             | 0                | 0                | 0                     | 0                  | 50               | 50               |
| Picnic benches            | 0                | 0                | 0                     | 0                  | 183              | 183              |
| Community Woodland        | 0                | 0                | 0                     | 0                  | 40,955           | 40,955           |
|                           | <u>1,060,261</u> | <u>1,353,684</u> | <u>403,840</u>        | <u>0</u>           | <u>77,245</u>    | <u>2,895,030</u> |
| <b>Unrestricted funds</b> |                  |                  |                       |                    |                  |                  |
| General fund              | 0                | 0                | 115,072               | 0                  | 219,596          | 334,668          |
| Designated funds          | 0                | 0                | 0                     | 0                  | 771,995          | 771,995          |
| Pension fund              | 0                | 0                | 0                     | (1,842,000)        | 0                | (1,842,000)      |
|                           | <u>0</u>         | <u>0</u>         | <u>115,072</u>        | <u>(1,842,000)</u> | <u>991,591</u>   | <u>(735,337)</u> |
|                           | <u>1,060,261</u> | <u>1,353,684</u> | <u>518,912</u>        | <u>(1,842,000)</u> | <u>1,068,836</u> | <u>2,159,693</u> |

## 24 Post balance sheet events and capital commitments

At 31<sup>st</sup> March 2021, no capital expenditure had been contracted for (2020 £nil). Capital expenditure which had been approved but not contracted at the year-end was £nil (2020 £nil).

Under the Higher Level and Countryside Stewardship schemes, the charity is contracted to make 6-monthly payments to graziers from the grants received. Malvern Hills Trust's contracts with graziers on the North and Central hills and the Old Hills have an annual break clause. The annual payments committed at 31<sup>st</sup> March 2021 total £63,910 (2020 £123,401).

Two Higher Level Stewardship schemes ended in March 2020 (Castlemorton and Southern Hills). The remaining agreements end in 2023 and there is a 5-year break clause in those schemes. The Countryside Stewardship Scheme ends in 2028.



## 25 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:

|                           | 2021          | 2020           |
|---------------------------|---------------|----------------|
|                           | £             | £              |
| Within the next 12 months | 21,086        | 20,611         |
| Within 1-5 years          | 44,550        | 53,472         |
| 5 years plus              | 18,252        | 27,825         |
|                           | <u>83,888</u> | <u>101,908</u> |

## 26 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 2019 and was updated by the actuary on an FRS102 basis as at 31st March 2021.

The employer's contribution (including the FRS102 adjustment) for the period was £125,000 (2020: £139,000).

The amounts recognised in the Balance Sheet are as follows:

|                                     | 2021               | 2020               |
|-------------------------------------|--------------------|--------------------|
|                                     | £                  | £                  |
| Present value of funded obligations | (4,452,000)        | (3,876,000)        |
| Fair value of plan assets           | <u>2,196,000</u>   | <u>2,034,000</u>   |
|                                     | <u>(2,256,000)</u> | <u>(1,842,000)</u> |
| Amounts recognised as:              |                    |                    |
| Liabilities                         | (2,256,000)        | (1,842,000)        |
| Assets                              | <u>0</u>           | <u>0</u>           |
| Net amount recognised               | <u>(2,256,000)</u> | <u>(1,842,000)</u> |



**26 Defined benefit pension scheme - continued**

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

|  | <b>2021</b>           | <b>2020</b>         |
|--|-----------------------|---------------------|
|  | £                     | £                   |
| Current service cost                                     | 82,000                | 94,000              |
| Interest on pension liabilities                          | 91,000                | 95,000              |
| Past service cost  | 0                     | 1,000               |
| Administration costs                                     | 1,000                 | 1,000               |
| Expected return on plan assets                           | (49,000)              | (52,000)            |
| Contributions by employer                                | <u>(116,000)</u>      | <u>(119,000)</u>    |
| Total pension cost charged within net incoming resources | 9,000                 | 20,000              |
| Remeasurements (Actuarial loss/(gain))                   | <u>405,000</u>        | <u>(12,000)</u>     |
| Total amount (credited)/charged to SOFA                  | <u><u>414,000</u></u> | <u><u>8,000</u></u> |

The cumulative amount of actuarial loss recognised is £816,000 (2020 £411,000).

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

|   | <b>2021</b>             | <b>2020</b>             |
|---|-------------------------|-------------------------|
|   | £                       | £                       |
| Opening defined benefit obligation      | 3,876,000               | 3,984,000               |
| Current service cost                    | 82,000                  | 94,000                  |
| Interest on pension liabilities         | 91,000                  | 95,000                  |
| Member contributions                    | 17,000                  | 20,000                  |
| Actuarial (gains)/losses on liabilities | 536,000                 | (232,000)               |
| Past service cost                       | 0                       | 1,000                   |
| Benefits/transfers paid                 | <u>(150,000)</u>        | <u>(86,000)</u>         |
| Benefit obligation at end of period     | <u><u>4,452,000</u></u> | <u><u>3,876,000</u></u> |



## 26 Defined benefit pension scheme - continued

Changes in the plan assets during the period to 31<sup>st</sup> March 2021 were as follows:

|   | 2021             | 2020             |
|---|------------------|------------------|
|   | £                | £                |
| Fair value of plan assets at beginning of period                  | 2,034,000        | 2,150,000        |
| Expected return on scheme assets                                  | 49,000           | 52,000           |
| Administration expenses   | (1,000)          | (1,000)          |
| Remeasurements (assets) (Actuarial gains/(losses) on plan assets) | 131,000          | (220,000)        |
| Employer contributions  | 116,000          | 119,000          |
| Member contributions  | 17,000           | 20,000           |
| Benefits/transfers paid   | (150,000)        | (86,000)         |
| Fair value of plan assets at end of period                        | <u>2,196,000</u> | <u>2,034,000</u> |

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

|                       | Fair value at<br>31st March<br>2021 | Fair value at<br>31st March<br>2020 |
|-----------------------|-------------------------------------|-------------------------------------|
|                       | £                                   | £                                   |
| <b>Asset category</b> |                                     |                                     |
| Equities              | 935,000                             | 1,436,000                           |
| Government bonds      | -                                   | 148,000                             |
| Other bonds           | 870,000                             | 102,000                             |
| Property              | 123,000                             | 118,000                             |
| Other                 | 268,000                             | 218,000                             |
| Cash                  | -                                   | 12,000                              |
|                       | <u>2,196,000</u>                    | <u>2,034,000</u>                    |

|  | 2021   | 2020      |
|--|--------|-----------|
|  | £      | £         |
| Experience gains/(losses) on assets      | 0      | (220,000) |
| Experience gains/(losses) on liabilities | 81,000 | 232,000   |

Weighted average assumptions used to determine benefit obligations at:

|                              | 2021  | 2020  |
|------------------------------|-------|-------|
| Discount rate                | 2.1 % | 2.4 % |
| Rate of increase in salaries | 4.2 % | 3.6 % |
| Rate of increase in pension  | 2.8 % | 2.2 % |
| Rate of CPI inflation        | 2.7 % | 2.1 % |



## 26 Defined benefit pension scheme - continued

Weighted average assumptions used to determine net pension cost for period ended 31<sup>st</sup> March 2021:

|   | <b>2021</b> | <b>2020</b> |
|---|-------------|-------------|
| Discount rate                                   | 2.10 %      | 2.40 %      |
| Rate of pension increase                        | 2.80 %      | 2.20 %      |
| Assumed life expectations on retirement age 65: |             |             |
| Retiring today - males                          | 22.7        | 22.6        |
| Retiring today - females                        | 25.1        | 25          |
| Retiring in 20 years - males                    | 24.4        | 24.2        |
| Retiring in 20 years - females                  | 27.1        | 27.0        |

### Contributions

The employer expects to contribute £119,000 in the period to 31<sup>st</sup> March 2022.

The contributions payable by the employers are reassessed at each triennial valuation. The next actuarial valuation of the Worcestershire County Council Pension Fund will be carried out with an effective date of 31<sup>st</sup> March 2022.

## 27 Financial instruments

|  | 2021            | 2020            |
|--|-----------------|-----------------|
|  | £               | £               |
| Financial assets measured at fair value            | 1,157,684       | 1,353,684       |
| Financial assets measured at settlement value      | 1,051,127       | 1,103,977       |
| Financial liabilities measured at settlement value | <u>(62,117)</u> | <u>(65,881)</u> |

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



**28 Statement of Financial Activities for the year ended 31st March 2020**

|  | Note | Unrestricted funds | Restricted funds | Total funds 2020 | Total funds 2019 |
|--|------|--------------------|------------------|------------------|------------------|
|  |      | £                  | £                | £                | £                |
| <b>Income and endowments from:</b>                         |      |                    |                  |                  |                  |
| Donations and legacies                                     | 3    | 297,820            | 1,200            | 299,020          | 94,513           |
| Charitable activities:                                     |      |                    |                  |                  |                  |
| Management of the hills and commons                        | 7    | 722,812            | 4,617            | 727,429          | 731,643          |
| Car parks  |      | 289,167            | 0                | 289,167          | 269,281          |
| Other trading activities                                   | 4    | 39,168             | 3,232            | 42,400           | 34,973           |
| Investments:   |      |                    |                  |                  |                  |
| Bank deposits  |      | 3,145              | 0                | 3,145            | 2,691            |
| Investment portfolio                                       |      | 0                  | 48,172           | 48,172           | 55,719           |
| Other  | 5    | 6,002              | 0                | 6,002            | 37,576           |
| <b>Total income</b>  |      | <b>1,358,114</b>   | <b>57,221</b>    | <b>1,415,335</b> | <b>1,226,396</b> |
| <b>Expenditure on:</b>                                     |      |                    |                  |                  |                  |
| Charitable activities                                      | 6    | 1,102,149          | 80,004           | 1,182,153        | 1,185,930        |
| Other expenditure  | 6    | 0                  | 0                | 0                | 6,425            |
| <b>Total expenditure</b>                                   |      | <b>1,102,149</b>   | <b>80,004</b>    | <b>1,182,153</b> | <b>1,192,355</b> |
| Net gains/(losses) on investments                          | 16   | 0                  | (150,702)        | (150,702)        | 65,856           |
| <b>Net income/(expenditure)</b>                            |      | <b>255,965</b>     | <b>(173,485)</b> | <b>82,480</b>    | <b>99,897</b>    |
| <b>Transfers between funds</b>                             |      | <b>22,709</b>      | <b>(22,709)</b>  | <b>0</b>         | <b>0</b>         |
| <b>Other recognised gains/(losses)</b>                     |      |                    |                  |                  |                  |
| Actuarial gains/(losses) on defined benefit pension scheme | 27   | 12,000             | 0                | 12,000           | (167,000)        |
| <b>Net movement in funds</b>                               |      | <b>290,674</b>     | <b>(196,194)</b> | <b>94,480</b>    | <b>(67,103)</b>  |
| <b>Reconciliation of funds:</b>                            |      |                    |                  |                  |                  |
| Total funds brought forward                                |      | (1,026,011)        | 3,091,224        | 2,065,213        | 2,132,316        |
| <b>Total funds carried forward</b>                         | 24   | <b>(735,337)</b>   | <b>2,895,030</b> | <b>2,159,693</b> | <b>2,065,213</b> |

