

Company number: 1086582

Charity Number: 306694

The Arvon Foundation Limited

Trustees' Annual Report and Financial Statements
For the year ended 31 December 2017

The Arvon Foundation Limited

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The Arvon Foundation Limited

Reference and administrative information

For the year ended 31 December 2017

Country of Registration England and Wales
Country of Incorporation United Kingdom
Company number 1086582
Charity number 306694
VAT registration number 287 9329 41

Registered and Principal Office address Free Word Centre
60 Farringdon Road
London
EC1R 3GA

Trustees Trustees serving during the year and up to the date of this report (who are also the directors of The Arvon Foundation Limited under company law) were as follows:

Alistair Burtenshaw	Chair of Trustees (retired 1 November 2017)
Jeremy Treglown	Chair of Trustees (appointed 1 November 2017)
Dr Judith Abbott	Chair of Finance Committee (appointed 8 July 2017)
Lee Bilson	(retired 26 April 2017)
Sir Andrew Cahn	Chair of Properties Committee from 25 May 2017
Neil Harris	
Ashley Holloway	
Nicholas Makoha	
Daljit Nagra	
Meriel Schindler	Chair of Nominations Committee (appointed 31 January 2018)
Jonathan Teckman	(retired 9 October 2017)
Simon Trewin	
Mandy Kit de Waal	
Virginia Wedgwood	Chair of Properties Committee (retired 25 May 2017)
Honor Wilson-Fletcher	(retired 9 October 2017)
Andrew Wimble	

Chief Executive and Artistic Director, Company Secretary Ruth Borthwick Hon. FRSL

Director of Finance and Resources Richard Haseldine

The Arvon Foundation Limited

Reference and administrative information

For the year ended 31 December 2017

Other Names used by the Charity	Arvon The Arvon Foundation
Our Writing Centres	Lumb Bank The Ted Hughes Arvon Centre Heptonstall Hebden Bridge West Yorkshire HX7 6DF The Hurst The John Osborne Arvon Centre Clunton Craven Arms Shropshire SY7 0JA Totleigh Barton Sheepwash Beaworthy Devon EX21 5NS
Website	www.arvon.org
Bankers	The Co-operative Bank P.O. Box 101 1 Balloon Street Manchester M60 4EP
Solicitors	Farrer & Co. 66 Lincoln's Inn Fields London WC2A 3LH
Auditor	Sayer Vincent LLP Chartered Accountants and Statutory Auditors Invicta House 108-114 Golden Lane London EC1Y 0TL

The Arvon Foundation Limited

Trustees' annual report

For the year ended 31 December 2017

This document comprises the Trustees' annual report (incorporating the Directors' Report as required by company law) and the audited financial statements of The Arvon Foundation Limited for the year ended 31 December 2017.

Reference and administrative information set out on pages 1 and 2 forms part of this report. The financial statements appear in the format required by the Companies Act 2006, the Financial Reporting Standard applicable in the UK and the Republic of Ireland ("FRS 102") and the Statement of Recommended Practice for Accounting and Reporting by Charities Preparing their Accounts in Accordance with FRS 102 ("Charities SORP (FRS 102)").

Structure, Governance and Management

The Arvon Foundation Limited is a charitable company limited by guarantee without share capital, incorporated on 13 December 1972 and registered as a charity on 28 March 1973.

The Memorandum of Association and Articles of Association of The Arvon Foundation Limited form the governing documents of the charity.

Objects of the Charity

The Arvon Foundation's objects are:

"to promote and assist in the advancement of education of students of educational establishments and others in the arts and crafts including the arts of poetry and literature, drama, music, dancing, mime, painting, sculpture and the graphic arts, and to extend and increase the appreciation, knowledge and understanding of such persons of the arts and crafts in all their forms."

The charity's primary activity is to provide residential and non-residential courses for individuals and groups which use creative writing to deliver its objects, with a particular focus on courses relating to poetry, literature, drama and music. We also provide a unique dedicated Writers' Retreat facility at The Clockhouse in the grounds of The Hurst in Shropshire. These activities are described below.

Method of Appointment and Election of Trustees

The management of the charitable company is the responsibility of the body of trustees, referred to as the "Board of Trustees" (or as the "Council of Management" in the governing documents of the charitable company). Trustees are selected with a view to ensuring an appropriate mix of backgrounds, skills and expertise. A Nominations Committee advises the Board on the selection and recruitment of new trustees and may recommend various methods of recruitment including public advertisement.

Trustees are elected by the Board for a period of four years and have the option of stepping down or putting their name forward for re-election for a further four year period in accordance with the articles of association and the procedures agreed by the Board.

The trustees who served during the year and up to the date of this report are shown on page 1.

Policies adopted for the Induction and Training of Trustees

All trustees are issued with the Charity Commission booklet setting out the duties and responsibilities of trustees. New trustees also receive an Induction Guide, which includes the Memorandum and Articles of Association, the latest Trustees' Annual Report and Financial Statements, management accounts and other briefing documentation explaining the organisational structure and practices. Trustees are invited to make visits to a writing centre while a course is running. Training is offered to trustees where appropriate, either individually or collectively.

The induction and ongoing training of trustees is reviewed regularly with a view to enhancing their skills and knowledge relating to charity affairs.

Board and governance reviews are carried out from time to time.

Public Benefit

The trustees confirm that they have complied with the duty set out in section 17(5) of the Charities Act 2011 to have regard to the public benefit guidance issued by the Charity Commission when exercising any powers or duties to which the guidance is relevant. The review of objectives and activities set out below gives examples of how Arvon has furthered its charitable purposes for the public benefit.

Organisational Structure and Decision Making

The Board meets four times per year and receives reports from the Executive and trustee committees:

- Finance Committee
- Properties Committee
- Nominations Committee

The charity's staff team is led by the Executive, based in the London office, which comprises:

- The Chief Executive and Artistic Director
- The Director of Finance and Resources

In addition, the charity's fundraising, communications, finance and central administration staff are based in the London office.

Each of our three writing centres is managed by a Centre Director, who is responsible for the management of the centre, and is supported by an Assistant Centre Director, an Administrator and staff hosting our residential courses. Part time cleaning and groundskeeping staff are also employed at the writing centres. The Centre Directors report directly to the Executive.

The Chief Executive and Artistic Director, the Director of Finance and Resources, the three Centre Directors, together with the Head of Learning and Participation, the Head of Development and the Head of Communications and Digital form the Senior Management Team ('SMT'). The SMT meets on a regular basis throughout the year.

Remuneration Policy

Trustees review and agree any changes to staff remuneration for all employees annually, as part of the following year's budgeting process.

Annual salary reviews are led by the Finance Committee and take into consideration inflation and other cost of living increases, staff retention, opportunities for staff progression, recognition of changes in responsibility, staff overall remuneration and benefits, Arvon's financial circumstances and the wider economic and political environment. The Finance Committee makes a recommendation to the Board, normally at its October meeting, for implementation from the beginning of the next financial year in January.

Related Party Relationships

The charity has no current related party relationships except those with the trustees and other key management personnel. (Related party transactions, including those with trustees who act as tutors or guest speakers on Arvon courses, are disclosed in notes 8 and 10 to the Financial Statements.)

Risk Management

The trustees have implemented a risk management policy which identifies the significant risks which the organisation faces and proposes measures to mitigate those risks and the potential harm arising from them.

The Executive produces a risk register for the organisation and reports to the Finance Committee on the major risks to the organisation which have been identified and on measures in place or planned in order to manage and mitigate those risks.

The Board of Trustees formally reviews the risks and mitigating measures annually. Risks assessed relate primarily to finance and assets, operations and the reputation of the charity. Key risks

include the potential failure to fundraise sufficient funds in order to achieve the charity's objectives, a substantial drop in the occupancy rate of Arvon's courses and the potential loss or significant reduction of Arts Council England funding in the future, or other factors leading to a material erosion of the charity's free reserves.

Proposed mitigating actions include maintaining adequate reserves and healthy cashflow, avoiding becoming over-reliant on fundraising, and maintaining strong health and safety procedures at all our three centres.

Objectives and Activities for 2017

1 TO PRODUCE HIGH QUALITY RESIDENTIAL WRITING COURSES THAT CHAMPION CREATIVITY IN OUR UNIQUE WRITING HOUSES IN ENGLAND.

Objectives set for the year:

"Arvon believes that creative writing can change lives for the better. We create spaces that are open to all, where anyone, regardless of writing experience, feels welcome and included as part of a community of writers.

"In 2017, Arvon will produce a public programme of residential writing courses in our centres located in Devon, Shropshire and Yorkshire to reach aspiring writers aged 18+. We will also offer residential weeks for schools and community groups, additionally with a focus on reaching young people and adults from disadvantaged backgrounds or with particular challenges.

"Within the programme, we will demonstrate our ambition to deliver innovative artistic opportunity to a wide range of writers and potential writers. Every course will be tutored by published writers chosen for their expertise and their ability to share their skill and knowledge of the craft of writing.

"Talent development is at the heart of Arvon's work. We will continue to run an annual award, supported by Jerwood Charitable Foundation, to mentor emerging writers."

Activities and outcomes:

i) Public "open" course programme

In 2017 Arvon ran 84 open courses for adults in a broad range of writing genres (2016: 82 open courses). Alongside the core courses in genres such as Starting to Write, Fiction, Poetry and Scriptwriting courses for stage, screen and radio, we devised new programmes including Short Story: Towards a Collection, Retreat with Singing and Science Fiction & Fantasy.

In total 1,149 writers attended our public residential courses, representing 82% occupancy (2016: 1,081 writers representing 83% occupancy).

ii) **Learning and Participation programme**

Arvon's Learning and Participation (L&P) programme worked with 20 schools and 20 partnerships with arts and community groups (of which, 8 adult partnership weeks and 12 for Under-18s) in 2017 (2016: 22 schools and 19 partnerships with arts and community groups). We were able to host 40 residential weeks and one Arvon City course in 2017, reaching 563 course participants (2016: 41 residential weeks, reaching around 610 participants).

We have continued to develop our work with schools and partnerships with arts and community groups, writer development and teacher development.

Schools

In total 412 school aged students attended a week-long residential course of which over 50% were from schools outside London, 320 were from state schools and 26% BAME. Over 70 teachers a year engage with Arvon and develop their ability to support young people in improving their writing, reaching over 5,000 young people across classes who benefit from improvements in their teacher's practice as a result of engaging with Arvon. In 2017, 20 anthologies were produced and shared in events such as school assemblies, launch events to parents, and exhibitions, reaching over 2,400 individuals.

We have invested time in developing new relationships with state schools nationwide and continued to reach out to state schools in areas of high disadvantage, raising funds to provide five fully funded residential weeks in 2017. We are continuing to develop our work with schools in the North East of England in areas of deprivation. External pressures, including reduced school budgets, cut-backs to enrichment activities out of the classroom, and a tendency within the education system to place less value on the arts in schools, have led to an increase in cancellations by schools.

Partnerships

We hosted 20 residential weeks with partners in 2017, reaching 136 adults, of whom 15% were disabled. Partnerships included: Start360, supporting young people at risk in Belfast; Apples and Snakes; Foyle Young Poets, run by The Poetry Society; Virtual Schools, supporting looked after young people; South West Young Laureate project; the Jerwood/ Arvon Mentoring Scheme, masterclass and retreat; weeks exclusively for teachers, and Arvon tutor development.

We continued our partnership with First Story, who work with state schools in areas of socio-economic disadvantage in the South West, London, the East Midlands and the North, to bring them to Arvon each summer. In addition, winners of an annual First Story National Writing Competition for state school pupils, led by First Story, will attend an Arvon course together in 2019. We partnered with Royal Exchange Manchester, New Writing North, Reform Radio and Hive South Yorkshire to lead *Fire in the Flint*, a professional development week for writers from the North who write for performance, aimed at developing their skills in facilitation and community work.

There are several broader economic issues that have impacted on the partnership programme in 2017, including the extent of public sector financing constraints leading to significant reductions in local authority budgets for spending on arts and culture, and partner community organisations having less capacity to raise funds from trusts and foundations. We continue to seek ways of sustaining this work financially through attracting funding from donors and developing new offers to generate income.

Writing the Game

This project has continued to develop strongly in 2017, funded by Comic Relief in partnership with George Mitchell School and Leyton Orient Trust. In 2017 the evaluation found that 95% of participants identified that the project had contributed to improved outcomes in their writing skills and abilities as well as their enjoyment of writing, and the evaluation provided detailed evidence of improved well-being for young people with student feedback highlighting increased self-confidence and independence.

Arvon City courses

In 2017 we hosted one non-residential city-based course aimed at broadening our audience and reaching those who would not normally be able to attend a residential Arvon course. We supported individuals with specific grants to ensure that disadvantaged writers could participate. The three-day course took place at Tate Modern in London as part of the Tate Exchange programme and was aimed at young writers based in the North of England. The course was developed in partnership with Hive South Yorkshire (a hub supporting young writers aged 14–19) and The Writing Squad, a programme supporting young writers across the North.

Jerwood/Arvon Mentoring scheme

The eighth cohort of the Jerwood/Arvon Mentoring Programme completed their year on this unique writer development scheme, culminating in the production of a group anthology called "Midnight Listening", launched at two events at Free Word Centre. This was the largest cohort to date in this programme, with twelve emerging writers being offered a year of intensive one-to-one support, four mentees each in the categories of poetry, playwriting and fiction. This programme has a strong track-record for accelerating writers' progress in their early careers, with many alumni going on to be published and win major competitions. In the past year former mentee Sarah Franklin had her novel *Shelter* published by Bonnier Zaffre, Stacey Sampson won the Mslexia women's novel writing competition for *The Salt in the Sky* and Dom Bury won the National Poetry Competition. It was a particularly successful year for poets in the current cohort, with mentees in this group winning several competitions including the Manchester Writing Prize, the Hippocrates Poetry and Medicine Prize, the Peggy Poole Award and the Saboteur Award for best pamphlet. The mentors on this year's programme were Tim Crouch, Pascale Petit and Jacob Ross.

Competitions

Arvon partnered with other organisations in a number of high profile writing competitions during 2017, offering winners the chance to participate in an Arvon course.

These included: Foyle Young Poets, run by The Poetry Society; the National Writing Competition for 11–18 year olds, run by creative writing charity First Story; Superheroes of Slam in partnership with Commonword; the Poetry Business 16–25 New Poets Prize; The Northern Writers Awards; the BBC's Verb New Voices 3; Stylist, and Writing Magazine.

iii) Research Project: Teachers as Writers

We are investing to evaluate the impact of our work with teachers and schools, and to increase advocacy and marketing to schools. The Teachers as Writers research project 2015–17 is part of our strategic plan to better articulate the value of writers' engagement with teachers to improve outcomes for pupils. Funded by Arts Council England, The Rayne Foundation and UK Literacy Association, this research is in partnership with the University of Exeter and Open University. The full research report *Teachers as Writers: A Report to Arts Council England on the value of writers' engagement with teachers to improve outcomes for all pupils*, written by the TAW research team led by Professor Teresa Cremin and Professor Debra Myhill was published in December 2017 (www.teachersaswriters.org).

Continuing our strong partnership with the University of Exeter and Open University, we are in Phase One (school recruitment) of *The Craft of Writing* project as part of the new *Learning about Culture* national programme. Funded by Education Endowment Foundation (EEF) and the Royal Society for the Encouragement of Arts, Manufactures and Commerce (RSA), our aim is to work with 48 primary teachers of Year 5 (9–10 year olds) across the North of England to continue to help teachers support pupils more effectively to develop their motivation and confidence to write and their writing skills. Full project details are available at www.arvon.org/thecraftofwriting.

2. TO EXTEND OUR REACH AND SUPPORT FOR WRITERS FROM ALL PARTS OF SOCIETY, AND TO ADVOCATE FOR THE POSSIBILITY OF TRANSFORMATION THROUGH CREATIVE WRITING.

Objectives set for the year:

“Arvon is committed to removing barriers to engagement in the arts. We aim to celebrate diversity, exploring all the artistic and creative opportunities it offers, and to further develop our understanding of its creative potential.

“As part of our Audience Development Plan, we have identified two priority audiences that have traditionally a low engagement with the arts and with whom we wish to deepen our engagement. They are: under 25 year olds, and those with low/no income. We have also developed a strategic

plan to deepen and extend our engagement with: Black, Asian and Minority Ethnic (BAME) writers; disabled writers, and residents of England outside the South of the country (London, the South East and the South West).

“Arvon launched The Crenham Award in 2016 to raise funds over three years to engage vulnerable and marginalised young people and adults in creative writing. We have also launched our #opentoall campaign to continue to expand our grants scheme to subsidise writers on low incomes. We will continue to develop our work with a range of new community partners, and expand our programme of advocacy in the education sector.”

Activities and outcomes:

i) Equality Action Plan and Audience Development Plan

We continue to work hard to increase the diversity of our audience, focusing on our target groups. In 2017 we continued to work on implementation of our Equality Action Plan and Audience Development Plan, both intended to enable us to broaden our audience and work with trusted partners to understand individual needs of participants and remove barriers to engagement.

We exceeded our target of 29% for under 26s across all open and L&P courses to achieve 31.3% (2016: 37%). Across all open and L&P courses we exceeded our target of reaching 10% Black, Asian and Minority Ethnic (BAME) writers on courses, with 13.7% across all programmes (2016: 16.2%). In 2017, 10% of our participants, across all course types, considered themselves disabled, against a target of 8% (2016: 12% against a target of 7.5%).

We have continued to develop key strands of our work with schools, partnerships with arts and community groups, writer development and teacher development. We plan to continue these in 2018–19, with funding from trusts and foundations and individuals. These include: state schools from disadvantaged areas; young people at risk in Belfast; young people in care, through partnership with Virtual Schools; children who struggle with writing, through our Writing the Game football and writing project, in partnership with Leyton Orient Trust; and our partnership with First Story to enable pupils from disadvantaged areas in the North and South West of England to participate in Arvon residential weeks during the school summer holidays.

ii) Grants and financial assistance

A fundamental part of the public benefit of Arvon's work is an objective that our activities remain open to all and that no-one is prevented from attending one of our courses due to a lack of financial means. To this end, we provide substantial subsidies for individuals and community organisations who would otherwise be unable to afford our courses, through our Grant Fund. These subsidies are funded in part by income from Arvon's Endowment Fund and by fundraising from charitable trusts and foundations, corporates and individuals.

We also offer grants to any practising teacher in a UK primary or secondary school or FE college as part of an initiative to encourage and support creative writing in schools and for teachers to develop their own personal creativity.

In addition, we offer opportunities to other charitable groups to enhance both their and our charitable activities. As part of this partnership programme, we provide financial support to work with other community and arts organisations representing disadvantaged groups who would benefit from time to write.

In 2017, the scheme awarded a total of £62,187 in bursaries for our residential courses (2016: £76,150), including bursaries of £40,993 from restricted income Bursary funds. Bursaries were awarded to 125 individual beneficiaries (2016: 153) who came on open courses, representing 11% (2016: 12%) of all the people who participated on Arvon open courses.

The total figure also includes financial assistance of £12,824 provided by Arvon from unrestricted funds to schools and disadvantaged groups across a number of residential partnership and state school course weeks to enable them to participate (2016: £18,690).

The demand for this Grant Fund continues to increase, as does the size of the average grant award. We continue to work to secure more funds to support our commitment to provide opportunities to writers on low incomes.

3. TO ESTABLISH A NEW OFFERING TO TALENTED WRITERS.

Objectives set for the year:

“We plan to realise our vision to create a new writers’ retreat at The Hurst, our Shropshire centre, to support Arvon’s commitment to talent development. Responding to clear demand from writers and publishers in London and Birmingham, it will provide a unique facility for writers in England, where writers can take the time and space to write without distraction, in a community of writers. The retreat opened in 2016.”

Activities and outcomes:

In 2017 we continued to offer six day retreats at The Clockhouse in the grounds of The Hurst, but extended the three day retreats piloted in 2016 (Friday to Monday morning) to four days (Thursday to Monday morning). It was a very successful year, selling at 88.5% capacity, with the four day retreat at 94%, and we received very positive feedback from guests.

4. TO MAKE SURE OUR BUSINESS MODEL IS SUSTAINABLE AND RESILIENT, TO ENABLE US TO BE BOLD AND AMBITIOUS.

Objectives set for the year:

“Between 2015 and 2018, we will review our business model to ensure Arvon is prepared for the challenges over the next ten years and beyond. The current economic and fundraising environments pose a number of challenges to Arvon’s long-term financial sustainability, and therefore we plan to undertake considerable work to strengthen our resilience in this area. During the period of this three-year business plan, we will undertake a thorough review of our business model to test long-standing assumptions, and to develop risk-based strategies to address areas of weakness.

“The results of this review will contribute to a revised business model and form the basis of our next business plan for the period 2018 to 2020.”

Activities and outcomes:

i) Arvon’s Centres

Arvon’s three centres are vital assets, providing the unique venues for our courses. They are all historic buildings, and two are listed. Supported by five-yearly condition surveys, we manage a long term programme of maintenance and improvements to bring the facilities up to modern standards while retaining the character of the sites.

ii) Sustainability and resilience of the business model

Over the course of the last year we have continued to advance our objective to increase our financial resilience both by strengthening our financial systems and by completing a thorough review of our Business Model.

In the second half of 2017 we began the process of preparing for adoption of a new up-to-date financial accounting software package in order to streamline and enhance our internal reporting systems and production of annual accounts. The new accounting system has been implemented with effect from the beginning of the 2018 financial year. At the same time we have introduced a more centralised accounting function.

During 2017 we completed a comprehensive review of our Business Model, facilitated by consultant Chris Tchen and involving senior management and trustees in a series of face to face meetings. The review explored all aspects of our activity and included an analysis of our competitors and the operating environment.

At the April 2017 Board meeting, trustees agreed that the Executive should realise a series of initiatives which came out of the review, the main features of which are:

- Introduction of differential pricing at The Hurst
 - The Hurst is our only writing house with en-suite accommodation, and we have introduced premium pricing in 2018 to reflect the extra value enjoyed by the residents there.
- Introduction of shorter courses for teachers
 - The success of the Teachers as Writers project and research findings have enabled us to secure further funding to develop a special course for teachers. This offer will involve 48 teachers from the northern region participating in two three-day short courses at Lumb Bank in 2018 and 2019. As we collect evidence of the benefits of these courses, this will form the basis of a new offer to teachers to generate future income.
- Introduction of shorter courses on the Open Programme to meet lifestyle needs
 - In response to audience feedback from non-bookers, we will pilot short course options at Lumb Bank in 2018. We will offer two courses: a four-day course during the week and a three-day long weekend option.
- Introduction of online mentoring tutorials to pilot initially to Open Programme participants after the course
 - 2018 will be the pilot year for the 1-1 online tutorials. Working with existing Arvon tutors we will test the idea with singular and multiple models across the year.
- Increase the number of schools courses at Totleigh Barton
 - Our Teachers as Writers work, based in the South-West of England, has had a distinct effect at Totleigh with more schools from the region signing up to come to the writing house for the first time, inspired by the teachers' own experience of Arvon.
- Exploration and piloting of complementary digital developments
 - The key to moving forward with this objective is the improvement in Arvon's website which is being refreshed in 2018.
- Commit to a regular "Winter Warmer" season to allow for a more responsive programme
 - The artistic team has committed to a regular season and we will grow it in 2019 from three to five weeks of courses.
- Offer unsold places at a discount to a younger age band to address age imbalance and bring in additional income
 - The Arvon 18-25 scheme will be launched in 2018 to start this opportunity. Places will be offered at a discount on selected courses within 12 weeks of the course start date.
- Offer partnership weeks to organisations working with talented/emerging writers

- We are in negotiation with three such organisations, aiming to offer them opportunities at Arvon in 2019.
- Increase the number of courses we offer to teachers
 - In 2018 the number of courses we offer to teachers will increase from one, to include an additional three short courses.

iii) Environmental sustainability

Arvon pursues an ambitious sustainability policy to integrate thinking about the environmental impacts of its activity at all levels of the organisation. We are committed to reducing our environmental 'footprint', particularly in the way we run our centres and courses. This agenda also supports long-term aims to strengthen the financial sustainability of the organisation and present an ethos consistent with the values we espouse through our artistic work.

Our key current priorities are: to improve land management, seek sustainable sources of heating and power, reduce waste and to source food for our centres from sustainable, local sources, including growing some of our own produce.

We monitor our performance closely using methods established by Julie's Bicycle for Arts Council England and in 2014 developed an Environmental Action Plan for 2015-18.

iv) Fundraising

In view of the challenges presented by public sector financing constraints, in particular the impact on our work with schools and partnerships, Arvon prioritises the development of our fundraising capability and opportunities for income diversification in order to secure long term financial sustainability. We continue to build strong relationships with donors. Arvon is grateful to Arts Council England, all trusts, foundations and corporate supporters and the many generous individual donors for their valuable support during the year.

Excluding grants from Arts Council England, we recognised a total of £372,241 of fundraised income in 2017 (2016: £403,481), as set out in the table below:

The Arvon Foundation Limited

Trustees' annual report

For the year ended 31 December 2017

	2017	2016
	£	£
Grants from trusts and foundations	232,767	294,771
Rayne Foundation grant for 'Teachers as Writers'*	-	15,000
Public sector grants (excluding ACE)	-	2,500
Friends Scheme (including Angels)	44,351	37,891
Other donations (including Gift Aid)	35,875	53,319
Donated goods, facilities and services	2,267	-
Legacies	56,981	-
	<hr/>	<hr/>
Total fundraised income	372,241	403,481

* Classified as 'income from charitable activities' in the financial statements

On this basis, almost 20% of Arvon's income in 2017 came from private fundraising (2016: 18%). If legacies of £56,981 and donated goods, facilities and services of £2,267 are excluded from this calculation, then the remaining private fundraising accounts for approximately 16% of Arvon's total income for the year, of which just under 75% came from trusts and foundations (2016: just over 75%), largely supporting the Learning and Participation programme through core or project funding.

The Development team had a fundraising target for the year of £341,907 (2016: £361,936). This figure excludes legacies and donated goods, facilities and services, and relates to the financial year in which funded activities were planned to take place. This basis of measuring fundraised income does not necessarily coincide with the financial year in which income is recognised in the accounts in accordance with accounting standards and the Charities SORP. The table below sets out total fundraised income as recognised in the accounts reconciled to performance against these operational fundraising targets:

The Arvon Foundation Limited

Trustees' annual report

For the year ended 31 December 2017

	2017 £	2016 £
Total fundraised income per financial statements (from table above)	372,241	403,481
Less: Donated goods, facilities and services	(2,267)	-
Less: Legacies	(56,981)	-
Total fundraised income excl. donated goods, facilities and services and legacies	312,993	403,481
Grants and donations recognised in 2015 accounts but counted against 2016 fundraising targets:	-	65,489
Grant recognised in 2016 accounts but counted as secured against 2015 fundraising targets:	-	(15,000)
Grants and donations recognised in 2016 accounts but counted against 2017 fundraising targets:	66,288	(66,288)
Grants and donations recognised in 2017 accounts but counted against 2018 fundraising targets:	(36,048)	-
Income counted against fundraising target for the year	343,233	387,682
Fundraising target for the year	341,907	361,936
Fundraising performance variance against target	1,326	25,746

Since 2014 we have focused on securing support for multiple years to provide increased security of funding. Such commitments allow us to develop highly effective relationships with partners, improving delivery and increasing reach. By the end of 2017, approximately £330,000 of funding commitments had been secured for 2018, and approximately £80,000 for 2019.

EVALUATION AND ASSESSMENT OF ACHIEVEMENT OF OBJECTIVES

Arvon uses a number of methods to assess the quality of its work and progress against its objectives:

- We evaluate all our projects in order to demonstrate the impact and reach of our work and we continue to refine the information we gather.
- For every course and retreat, and for our grant scheme, we ask for both feedback and equal opportunities data from course participants, tutors and staff. This is collated and analysed by an independent evaluator who provides us with detailed regular analysis of trends and recommendations for improvement. For some projects, we engage in extended evaluation to measure impact over time and this information is used to shape future activities.

- We use key measures, including booking rates, numbers of schools and partnership courses run, plus demographic and equal opportunities information (particularly region, age, ethnic diversity and income levels) and levels of engagement online.

Financial Review

The Arvon Foundation's total income in 2017 was £1,902,702, compared to £2,228,725 in 2016, a decrease of c. 15%. Income from donations (including grants) and legacies fell by c. 13% from £874,772 to £760,508, reflecting primarily a lower level of income from Arts Council England following the conclusion of our Small Capital Grants Programme award in 2016, and a reduction in grants from trusts and foundations recognised in the year of c. £62,000, offset by legacies received in 2017 of almost £57,000 (2016: £nil).

Income from creative writing courses and retreats grew by c. 9.5% from £978,965 in 2016 to £1,072,064 in 2017, following on from income growth of 3.8% achieved in the prior year.

We received a substantial contribution to income of £43,531 in 2017 from royalties deriving from Arvon's copyright interest in the works of John Osborne. This followed an unusually high level of royalties income of £174,454 in 2016 largely attributable to the successful West End production of John Osborne's play "The Entertainer" in that year.

We received the following grant income from Arts Council England during the year:

	2017 £	2016 £
ACE National Portfolio funding*	388,267	388,267
ACE Small Capital Grants programme*	–	98,024
ACE Research Grant: Teachers as Writers**	–	143,269
Total Arts Council England funding	<u>388,267</u>	<u>629,560</u>

* included in 'income from donations and legacies' in the financial statements

** included in 'income from charitable activities' in the financial statements

Our total income from Arts Council England in 2017 of £388,267 was equivalent to c. 20% of total income (2016: £629,560, equivalent to c. 28% of total income).

The charity's total expenditure in 2017 was £2,029,954, compared to £2,194,829 in 2016, a decrease of c. 7.5%. Staff costs (excluding training and recruitment) fell from £881,024 to £865,835. This is partly attributable to a drop of approximately £50,000 in costs of agency staff compared to the prior year. (2016 expenditure on agency staff included the costs of the Interim

Finance Director in the second half of the year.) Total costs of the Teachers as Writers research project in 2017 were £26,098, compared to £155,726 in 2016.

After net gains on investments of £3,842 (2016: £34,926), the charity recorded net expenditure for the year of £123,410 (2016: net income of £68,822). Of this amount, net income on unrestricted funds only was £41,541 (income of £1,635,475, less expenditure of £1,594,944 plus net gains on investments of £1,010), compared to net income on unrestricted funds in 2016 of £8,653.

Following transfers from unrestricted funds to restricted income funds of £15,458 in 2017, our total unrestricted funds have increased by £26,083 to £658,333 (2016: £632,250). The balances on restricted income funds and endowment funds were £3,524,386 (2016: £3,676,711) and £327,637 (2016: £324,805) respectively.

Reserves Policy

Arvon's total funds of £4,510,356 at 31 December 2017 are made up of the following elements:

- Restricted Funds totalling £3,524,386 at 31 December 2017. These are funds held for specific purposes. They include £3,395,462 held as Freehold Property which cannot be disposed of without adhering to certain conditions. The remaining £128,924 represents funds held for projects as stipulated by the donors or in accordance with restrictions on the use of investment income from the Endowment Fund. Details of these are set out in note 19 to the Financial Statements.
- A Permanent Endowment Fund totalling £327,637 at 31 December 2017. This fund is invested to raise income to pay for bursaries for participants who would otherwise be unable to afford the full costs of an Arvon course.
- Unrestricted Funds of £658,333 at 31 December 2017. These are made up of three elements:
 - Designated Fixed Assets Fund of £219,744 at 31 December 2017. This is a fund which comprises the unrestricted funds held in fixed assets which cannot be utilised elsewhere in the charity in the short term.
 - A designated fund totalling £44,000 created by the trustees as at the end of 2017 by a transfer from General funds (Free Reserves) in order to cover the costs of building works required to the basement area of The Hurst ('The Hurst building works fund'). These costs have been incurred between February and April 2018.
 - Free Reserves totalling £394,589 at 31 December 2017. These funds are intended, first, to allow Arvon to cope with unexpected events such as a sudden fall in income or major unanticipated expenditure without resort to disproportionate reduction in planned expenditure and, secondly, to allow Arvon stability and time to restructure in the event of a radical change to the funding of the organisation or serious misadventure.

The Trustees have reviewed the main funding risks and calls on unplanned expenditure facing Arvon from the Risk Register and considered how much of any potential shortfall should be

provided for through free reserves. The Trustees consider that a target range of 4–6 months of total unrestricted expenditure is required. The level of free reserves at 31 December 2017 of £394,589 is equivalent to approximately 3.0 months of unrestricted expenditure at 2017 levels (excluding agent's commission on royalties income) (2016: 3.1 months). The level of reserves is monitored by Trustees on an annual basis.

Investment Policy

The objective of the investment policy is to bear in mind the needs of both current and future generations of beneficiaries. For the endowment fund, the strategy is to maintain the capital value of the fund in real terms over the long term whilst providing a good level of annual income to contribute towards the charity's grant scheme.

With this in mind, the investments are split between equities, bonds and cash. At the start of the year, the equities and bonds were in three different Common Investment Funds. During the year, one of these investment funds, the Charity Select UK Equity Fund, was wound up by the Manager of the Fund, Aberdeen Asset Management, and the capital value of our investment was returned to us in cash in February 2017.

Arvon's investment policy includes a decision to place no restriction on the investments held on ethical grounds.

Cash is held on deposit accounts at banks chosen in accordance with Arvon's policy.

The Trustees intend to conduct a full review of Arvon's investment policy during 2018.

Plans for the Future

The Arvon Business Plan 2018–22 has four key aims. These are to:

- i) Broaden and deepen our offer to writers, so that Arvon provides a continuum of support in a writer's journey, from beginner to experienced
- ii) Celebrate and reflect the diversity of modern British society by increasing the reach of our work to writers from all backgrounds
- iii) Strengthen Arvon's financial resilience and sustainability
- iv) Renovate Lumb Bank, creating a fit-for-purpose northern hub for writers

1 Broaden and deepen our offer to writers, so that Arvon can develop talent, providing a continuum of support in a writer's journey, from beginner to experienced

Arvon is unique amongst creative writing course producers in terms of the breadth of its offer. We programme courses for writers at all stages of their journey – from school age and beginners to

the emerging and experienced, as well as courses for professional writers and teachers designed to help them share their skill and craft with the next generation of artists.

We are committed to the development of all writers, and we intend to broaden and deepen this offering by providing a continuum of support on the writer's journey across the seven strands of our programme: Open, Retreat, City, Mentoring and Online Support, Schools and Partnerships and Professional Development.

On our Open Programme we will continue to offer Starting to Write courses across popular genres, encouraging new writers to come to Arvon. We review our programme regularly to refresh it and so that we reflect the changing landscape of new forms of writing. For the emerging writer, we will offer Work-in-Progress weeks and Tutored Retreats.

In 2018 we aim to reach over 1,000 writers through the Open Programme.

The Writers' Retreat at The Clockhouse and our Centre Retreats are pitched at the more experienced writer. We aim to develop an arm of the grants scheme to support talented writers on low incomes to attend The Clockhouse so that by 2022 we will have created a pathway to help them on their way to publication. We are also interested in the opportunities The Clockhouse model affords us to reach out to writers worldwide.

In 2018 we aim to work with over 120 writers at The Clockhouse.

We will introduce online one-to-one tutorials and mentoring, allowing writers to receive personal feedback from Arvon tutors. We plan to increase the online writing advice available to Arvon Friends, and introduce free access to 18 to 25-year-olds.

We will continue producing the biennial Jerwood/Arvon Mentoring Programme, producing a year-long mentoring opportunity for 12 emerging writers. We will work in partnership with TLC to provide Free Reads to ten Arvon grant recipients a year, and will collaborate with other organisations supporting talent development, connecting them to our Open Courses and mentoring opportunities where appropriate.

Our schools courses, under-18 and adult partnerships, and City courses aim to reach not only those who struggle with writing and literacy, but also the gifted and talented. We will seek, wherever possible, to create long-term relationships with these partners to deepen our impact. We also intend to expand our partnership offering for organisations working with talented writers, so that emerging writers who are already in a support network can come to Arvon to grow their craft. We will approach writing course providers, such as University MAs and publishers with this new opportunity.

Finally, our Professional Development strand will offer support both to writers new to tutoring, and to established tutors who wish to improve their practice. We will begin a two-year research partnership, The Craft of Writing, aimed at developing teachers' creative writing and teaching

pedagogy. This will be focused at Lumb Bank where we will run short courses for teachers, aiming to reach over 100 teachers in the North of England.

2 Celebrate and reflect the diversity of modern British society by increasing the reach of our work to writers from all backgrounds

Arvon will increase the reach, depth and quality of experience for writers of all abilities, such that Arvon offers a 'writer's journey' from beginner, to emerging to experienced. While Arvon intends to increase its reach and support for writers from all parts of society, we have identified priority audiences that traditionally have a low engagement with the arts and with whom we wish to deepen our engagement. They are:

- Under-26s
- Low/no income
- Black, Asian and Minority Ethnic (BAME) writers
- Disabled writers
- UK residents outside the South of England (London, SE, SW)

Across the Open Programme we will offer grants through our #OPENTOALL campaign, and will initiate a Young Arvon Friends scheme including special offers and discount pricing of unfilled places to 18 to 25-year-olds.

Adopting the learning we have gleaned from the Arvon City model, during 2018 we will pilot a new offer to writers of three-day courses at Lumb Bank. These have been designed in response to research we have conducted with writers who are unable to come on a full week but who expressed interest in a shorter course. Our research suggests that this opportunity has the potential to reach different audiences from those who can afford the time and resource to come to Arvon over a five-day course. These courses will run over weekdays, as well as over the weekend so that we can properly test uptake.

Arvon is committed to increasing the reach of our work with writers who have limited access to the arts and who could benefit most from the transformative power of writing. As part of this aim we have commissioned Dr Caroline Murphy to help us develop an evaluation framework to measure the impact on participants' mental health and wellbeing. The framework, underpinned by a Theory of Change, aims to help inform how we can better meet the complex needs of vulnerable people, and to create a compelling and convincing narrative that articulates the impact of Arvon's programme for funders – strengthening our ability to establish new relationships with Trusts and Foundations.

Arvon's Learning and Participation programme is specifically targeted at audiences that traditionally have a low engagement with the arts and with whom we wish to deepen our engagement. Our schools programme will aim to engage over 500 young people on our intensive residential writing courses each year, and at least 50 teachers, reaching over 5,000 pupils benefiting from improved teaching of writing. In addition we will reach over 500 young people with workshops, newly-developed publications and events, with an estimated 5,000 young people

participating in events in schools and communities and engaging in work created online. Our partnership programme aims to work with over 150 vulnerable and marginalised individuals each year through partnerships with arts and community groups.

We will offer opportunities for children and young people to create their own content, including original creative writing and content for Arvon's blog. As an Arts Award Supporter, we will encourage schools and groups taking part in our residential programme to consider incorporating the Arts Award. Arvon has two trained Arts Award Advisors and can offer briefings and advice to teachers and group leaders.

3 Continue the work of building Arvon's financial resilience and sustainability

The outcomes of our recently conducted Business Model Review will inform this strategy to ensure that all of our planned activities in future will be either:

- Commercially sustainable (making a contribution to fixed costs and, where feasible, providing surpluses to grow the level of Arvon's reserves in line with the charity's free reserves target set by the Board of Trustees); or
- Underpinned by an ambitious, but realistic, fundraising strategy to deliver measurable benefits to key beneficiary groups (schools, disadvantaged young people, adults on low/no incomes); or
- New areas of activity targeted for medium- to long-term growth backed by robust business plans with a clear path to sustainability and surplus to the end of the life of this plan.

New initiatives will include new offers for Arvon Friends, concessions for late availability and more flexible pricing for rooms at centres. We will develop and extend the new offer of short courses and one-to-one online support for writers over the life of this plan.

We will increase fundraising from individuals for Arvon's work with young people and vulnerable groups, boosted by the interest we hope to generate from our 50th anniversary in 2018. In particular, we want to raise the profile of our Learning and Participation programme among our audience of course-goers in order to stimulate them to donate to its work.

We will engage Arvon alumni in helping to grow the Grant Fund to meet increasing demand. In 2016 we launched our first public fundraising campaign to support the Grant Fund, and we now plan to create powerful case studies illustrating the achievements of Arvon alumni who came to us via the Grants Scheme. These case studies will be the 'public face' of the Grant Fund.

4 Renovate Lumb Bank, creating a fit-for-purpose northern hub for writers

Following on from the great success of our work at The Hurst to improve the residential facility and teaching space, and enable greater access across the site, we plan to make Lumb Bank, The

Ted Hughes Arvon Centre, the subject of a capital programme to achieve similar impact and improvement.

As modern living standards increase and develop over time, the gap between what Lumb Bank can offer and the needs of our diverse visiting writers widens.

Lumb Bank is Arvon's most northerly writing house and reasonably close to significant centres of population: Bradford, Leeds and Manchester are all easily accessible. This location suggests that we have the opportunity to develop Lumb Bank as a resource that would give Arvon an even wider reach in the region than it currently enjoys. We believe it is desirable to vary our offer so that more people, particularly those from groups underrepresented at Arvon currently, can experience our offer at Lumb Bank and in doing so, re-invent the Arvon model for the next 50 years of our development.

Following on from the creation of the Writers' Retreat at The Clockhouse in the grounds of The Hurst, we have identified an opportunity to develop the Cottage at Lumb as a similar resource. We believe that we can attract great interest from supporters who would value the creation of the Ted Hughes Writer in Residence Bursary, for example.

In 2018 we will begin the advocacy and fundraising campaign, and appoint an architect to work on the master plan.

Trustees' Liability

The trustees of the charitable company each guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up.

The total number of such guarantees at 31 December 2017 was 10 (2016: 13). The trustees are members of the charitable company but this entitles them only to voting rights. The trustees have no beneficial interest in the charity.

Employee Involvement and Employment of the Disabled

Employees are consulted on issues of concern to them by means of regular staff meetings, including two full staff meetings per year, and are kept informed on specific matters directly by management. The company carries out exit interviews for all staff leaving the organisation and regular appraisals.

Arvon has a clear equal opportunities policy and is committed to encouraging and enabling participation in all our activities, and employment, by the widest range of people, including disabled workers.

Statement of Responsibility in Relation to Fundraising

Arvon's trustees and senior managers take their responsibility to donors and compliance with laws and regulations relating to fundraising very seriously. Trustees oversee the overall approach and monitor standards of fundraising. Arvon's fundraising is performed by in-house fundraisers who are members of the Institute of Fundraising. Arvon does not use third party professional fundraisers or commercial participators. Arvon nevertheless observes and complies with the relevant fundraising regulations and codes. During the year there was no non-compliance with these regulations and codes and Arvon received no complaints relating to its fundraising practice. Measures have been taken to ensure that Arvon manages all personal data in line with the General Data Protection Regulation, which came into effect in May 2018.

Statement of Trustees' Responsibilities

The trustees, who are also the directors of The Arvon Foundation Limited for the purposes of company law, are responsible for preparing the trustees' 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 and Wales requires the trustees to prepare the annual report and financial statements for each financial year which give a true and fair view of the charity's financial activities during the period and of its financial position at the end of the period. In preparing financial statements giving a true and fair view, the trustees should follow best practice and:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles set out in Charities SORP (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK 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 adequate accounting records which 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 Companies Act 2006. 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 not aware of any relevant audit information that has not been disclosed to the charity's auditors. The trustees have taken all the steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

The Arvon Foundation Limited

Trustees' annual report

For the year ended 31 December 2017

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

Auditor

Sayer Vincent LLP acted as auditor during the period under review. A resolution proposing their re-appointment will be put to the Annual General Meeting.

Approved by the trustees on 7 July 2018 and signed on their behalf by:

Jeremy Treglown – Chair

Independent auditor's report

To the members of

The Arvon Foundation Limited

Independent auditor's report to the members of The Arvon Foundation Limited.

Opinion

We have audited the financial statements of The Arvon Foundation Limited (the 'charitable company') for the year ended 31 December 2017 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the charitable company's affairs as at 31 December 2017 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
- Have been prepared in accordance with the requirements of the Companies Act 2006

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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the trustees' annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for

Independent auditor's report

To the members of

The Arvon Foundation Limited

the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- The information given in the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements
- The trustees' annual report has been prepared in accordance with applicable legal requirements

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- The financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of trustees' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit; or
- The trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' annual report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, the trustees (who are also the directors of the charitable company for the purposes of company law) 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

Independent auditor's report

To the members of

The Arvon Foundation Limited

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 charitable company'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 charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- 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. 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent auditor's report

To the members of

The Arvon Foundation Limited

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the charitable company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Noelia Serrano (Senior statutory auditor)

26 July 2018

for and on behalf of Sayer Vincent LLP, Statutory Auditor
Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

The Arvon Foundation Limited

Statement of financial activities (incorporating an income and expenditure account)

For the year ended 31 December 2017

	Note	Unrestricted £	Restricted £	Endowment £	2017 Total £	Unrestricted £	Restricted £	Endowment £	2016 Total £
Income from:									
Donations and legacies	2	497,186	263,322	–	760,508	434,787	439,985	–	874,772
Charitable activities	3								
Creative writing courses and retreats		1,072,064	–	–	1,072,064	978,965	–	–	978,965
Teachers as Writers research project		–	–	–	–	6,000	158,269	–	164,269
Investments	4	3,832	3,905	–	7,737	12,899	8,140	–	21,039
Other	5	62,393	–	–	62,393	189,680	–	–	189,680
Total income		1,635,475	267,227	–	1,902,702	1,622,331	606,394	–	2,228,725
Expenditure on:									
Raising funds	6	(177,215)	(2,155)	–	(179,370)	(207,891)	–	–	(207,891)
Charitable activities	6								
Creative writing courses and retreats		(1,413,446)	(406,757)	–	(1,820,203)	(1,369,493)	(444,087)	–	(1,813,580)
Teachers as Writers research project		–	(26,098)	–	(26,098)	(20,462)	(135,264)	–	(155,726)
Other	6	(4,283)	–	–	(4,283)	(17,632)	–	–	(17,632)
Total expenditure		(1,594,944)	(435,010)	–	(2,029,954)	(1,615,478)	(579,351)	–	(2,194,829)
Net gains on investments		1,010	–	2,832	3,842	1,800	–	33,126	34,926
Net (expenditure) / income	7	41,541	(167,783)	2,832	(123,410)	8,653	27,043	33,126	68,822
Transfers between funds		(15,458)	15,458	–	–	36,050	(36,050)	–	–
Net movement in funds		26,083	(152,325)	2,832	(123,410)	44,703	(9,007)	33,126	68,822
Reconciliation of funds:									
Total funds brought forward		632,250	3,676,711	324,805	4,633,766	587,547	3,685,718	291,679	4,564,944
Total funds carried forward		658,333	3,524,386	327,637	4,510,356	632,250	3,676,711	324,805	4,633,766

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in notes 18–20 to the financial statements.

The Arvon Foundation Limited

Balance sheet

Registered company number: 1086582
Charity number: 306694

As at 31 December 2017

	Notes	£	Total funds 2017 £	Total funds 2016 £
Fixed assets:				
Tangible fixed assets	12		3,615,206	3,684,917
Investments	13		427,637	467,945
			<u>4,042,843</u>	<u>4,152,862</u>
Current assets:				
Debtors	14	63,097	63,535	
Cash at bank and in hand		845,026	792,932	
		<u>908,123</u>	<u>856,467</u>	
Liabilities:				
Creditors: amounts falling due within one year	15	(440,610)	(375,563)	
			<u>467,513</u>	<u>480,904</u>
Net current assets			<u>467,513</u>	<u>480,904</u>
Total net assets	17		<u><u>4,510,356</u></u>	<u><u>4,633,766</u></u>
The funds of the charity:				
Endowment fund	18		327,637	324,805
Restricted income funds:				
Tangible fixed assets: Restricted	19	3,395,462	3,460,175	
Other restricted income funds		128,924	216,536	
Total restricted funds			3,524,386	3,676,711
Unrestricted funds:				
Designated fund: Tangible fixed assets	20	219,744	224,742	
Designated fund: The Hurst building works		44,000	-	
Free Reserves				
General funds		394,589	407,508	
Total Free Reserves		<u>394,589</u>	<u>407,508</u>	
Total unrestricted funds			<u>658,333</u>	<u>632,250</u>
Total charity funds	17		<u><u>4,510,356</u></u>	<u><u>4,633,766</u></u>

The financial statements on pages 30 to 48 were approved by the Board of Trustees on 7 July 2018 and signed on its behalf by:

Jeremy Treglown
Chair

The notes on pages 33 to 48 form an integral part of these financial statements.

The Arvon Foundation Limited

Statement of cash flows

For the year ended 31 December 2017

	Note	2017 £	£	2016 £	£
Cash flows from operating activities					
Net cash provided by operating activities	21		23,825		173,962
Cash flows from investing activities:					
Dividends and interest from investments per the SOFA		7,737		21,039	
Purchase of tangible fixed assets	12	(23,618)		(109,637)	
Proceeds from sale of investments	13	155,120		178,939	
Proceeds from sale of property (held in 'current assets')		-		162,833	
Maturing long-term cash deposit		100,000		-	
Net cash provided by investing activities			239,239		253,174
Change in cash and cash equivalents in the year			263,064		427,136
Cash and cash equivalents at the beginning of the year			920,944		493,808
Cash and cash equivalents at the end of the year	22		1,184,008		920,944

1 Accounting policies

a) Statutory information

The Arvon Foundation Limited is a charitable company limited by guarantee and is incorporated in England and Wales. Its registered office address and principal place of business is: Free Word Centre, 60 Farringdon Road, London EC1R 3GA.

b) Basis of preparation

The financial statements have been prepared in accordance with:

- The reporting requirements of the Companies Act 2006;
- The Financial Reporting Standard applicable in the UK and the Republic of Ireland ("FRS 102") (September 2015);
- 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with FRS 102' ("Charities SORP (FRS 102)") (effective 1 January 2015), issued by the Charity Commission and the Office of the Scottish Charity Regulator in their role as the joint SORP-making body.

The financial statements have been prepared on the going concern basis (see note 1d) below).

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

c) Public benefit entity

The Arvon Foundation Limited meets the definition of a public benefit entity under FRS 102.

d) Going concern

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

e) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and the amount can be measured reliably. In the case of a donation, entitlement usually arises immediately on its receipt. In the case of a grant, evidence of entitlement will usually exist when the formal offer of funding is communicated in writing to the charity. However, some grants contain terms or conditions that must be met before the charity has entitlement to the resources. Where grants or donations specify a time period within which the funds must be spent and the funds are received before the start of that period, then the income is deferred and only recognised in the statement of financial activities at the start of the relevant period.

Course and retreat income represents the value of the goods and services rendered to course and retreat participants during the year. Course and retreat fees are recognised in the accounts when the relevant course or retreat takes place. Where they relate to a course or retreat taking place in the following financial year, the income is deferred.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Gift Aid recoverable from HMRC in relation to donations recognised in the year is included in income on an accruals basis where there is a valid Gift Aid declaration from the donor.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the charity that a distribution will be made; or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

f) Interest receivable

Interest on funds held on deposit is recognised when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

g) Fund accounting

The Endowment fund is a trust established under a separate trust deed whose assets are invested to generate income in order to provide bursaries to participants on Arvon courses who are on low incomes and would not otherwise be able to afford the full cost of a course. It is a permanent endowment.

Restricted income funds can only be used for particular purposes (within the objects of the charity) specified by the donor or grantor or the terms of an appeal. Expenditure which meets these criteria is charged to the relevant fund.

1 Accounting policies (continued)

Designated funds are unrestricted funds of the charity set aside out of the general funds by the trustees for specific purposes or projects for the furtherance of particular aspects of the charity's objects, but over which the trustees retain full discretion. Designated funds include the unrestricted tangible fixed asset fund, representing the carrying value of those of the charity's tangible fixed assets which are not held in restricted funds.

General funds comprise the funds which are available to be used for any purpose within the charity's objects.

h) Expenditure and irrecoverable VAT

All expenditure is accounted for on an accruals basis and is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Expenditure is reported on an activity basis, as required by Charities SORP (FRS 102). This involves identifying the total cost of an activity, including direct, shared and indirect (or support) costs. Expenditure is classified under the following activity headings:

- Expenditure on raising funds relates to the costs incurred by the charity in seeking voluntary contributions from third parties, as well as the cost of any activities with a fundraising purpose
- Expenditure on charitable activities includes the costs of delivering creative writing courses, retreats and other educational and research activities undertaken to further the purposes of the charity and their associated support costs
- Other expenditure represents those items not falling into any other heading

Irrecoverable VAT is not separately analysed and is included as a cost against the activity for which the related expenditure was incurred.

i) Allocation of support costs

Resources expended are allocated to the particular activity where the cost relates directly to that activity. Support costs, including relevant staff costs, which are not directly attributable to activities for raising funds or charitable activities, are allocated to those categories on a basis consistent with the use of resources. Support costs include:

- Governance costs;
- Costs of the Finance function, including financial accounting, banking, budgeting, payroll management and day-to-day financial administration;
- Human resources management, recruitment, central office, general and administration costs;
- Costs of central information technology resources and telecommunications;
- Costs of general communications and marketing, including distribution of information about the aims, objectives and projects of the charity to potential beneficiaries and course participants;
- Senior general management (where not allocated as a direct cost to specific activities) and other central costs; and
- Depreciation charges in relation to tangible fixed assets.

Governance costs are those associated with the governance arrangements of the charity, including external audit, general legal advice for the trustees and costs associated with constitutional and statutory requirements and ensuring proper public accountability, e.g. the costs of preparing statutory accounts. Governance costs include any costs associated with the strategic as opposed to day-to-day management of the charity's activities and the cost of charity employees in respect of their time when involved in and preparing for meetings with trustees.

Depreciation charges are allocated in full as support costs to 'charitable activities: creative writing courses and retreats' to reflect the way in which the charity's tangible fixed assets are employed. Other support costs, including governance costs, are re-allocated to each of the principal activities on the following basis which is an estimate, based on relative proportion of direct costs incurred, of the amount attributable to each activity:

- | | |
|---|--------------------|
| ● Cost of raising funds | 10% (2016: c. 11%) |
| ● Creative writing courses and retreats | 90% (2016: c. 89%) |

Support costs allocated to the research project 'Teachers as Writers' are in line with cost allocations for overheads agreed with the project partners in the specific context of this project.

j) Operating leases

Licence fees for the occupation of office space, which are reviewed annually to adjust for general inflation, are charged to the statement of financial activities in line with the amounts payable for the year. Other rentals paid under operating leases are charged on a straight line basis over the term of the lease.

1 Accounting policies (continued)

k) Tangible fixed assets

Tangible assets are capitalised if their initial cost is £500 or greater. Depreciation costs are allocated as support costs to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Where fixed assets have been revalued, any excess between the revalued amount and the historic cost of the asset will be shown as a revaluation reserve within 'free reserves' as analysed in note 20 below.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

● Freehold property	50 years
● Motor vehicles	5 years
● Fixtures, fittings, plant and machinery	5 years
● Computer equipment	4 years

l) Fixed asset investments

Investments in quoted collective investment funds are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. Any change in fair value will be recognised in the statement of financial activities. Any excess of fair value over the historic cost of investments held in unrestricted funds will be shown as a revaluation reserve within 'free reserves' as analysed in note 20 below. Changes in fair value of investments held in the Endowment fund are shown as movements within the Endowment fund. Realised gains and losses are accounted for by reference to the sale proceeds and either the market value at the previous balance sheet date, or the cost of purchase, if later. Unrealised gains and losses are calculated by comparing the market value at the previous balance sheet date, or cost of purchase, if later, to the year end valuation. Any gain or loss arising in the period is shown under the heading "Net gains/(losses) on investments" in the statement of financial activities. The charity does not acquire put options, derivatives or other complex financial instruments.

Fixed asset investments include cash deposits which the charity intends to hold as part of its on-going investment activities for more than one year from the reporting date.

m) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

n) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due. Creditors also include deferred income.

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments.

o) Pensions

The amounts charged to the statement of financial activities for defined contribution pension schemes represent the employer contributions payable in the period.

2 Income from donations and legacies

	Unrestricted funds £	Restricted funds £	2017 Total £	2016 Total £
Arts Council England: Small Capital Grants Programme	-	-	-	98,024
Arts Council England: National Portfolio Funding	388,267	-	388,267	388,267
Other Public Sector grants	-	-	-	2,500
Grants from trusts and foundations	-	232,767	232,767	294,771
Friends Scheme (including Angels)	44,351	-	44,351	37,891
Other donations	750	28,055	28,805	37,339
Gift Aid reclaimed	4,570	2,500	7,070	15,980
Donated goods, facilities and services	2,267	-	2,267	-
Legacies	56,981	-	56,981	-
	497,186	263,322	760,508	874,772

3 Income from charitable activities

	Unrestricted funds £	Restricted funds £	2017 Total £	2016 Total £
Creative writing course and retreat fees	1,072,064	-	1,072,064	978,965
Teachers as Writers research project				
Arts Council England: Research Grant	-	-	-	143,269
Rayne Foundation grant	-	-	-	15,000
Participant course fees (schools)	-	-	-	6,000
Subtotal: Teachers as Writers	-	-	-	164,269
Total income from charitable activities	1,072,064	-	1,072,064	1,143,234

4 Income from investments

	Unrestricted funds £	Restricted funds £	2017 Total £	2016 Total £
Bank interest	3,635	-	3,635	11,205
Dividends	197	3,905	4,102	9,834
	3,832	3,905	7,737	21,039

5 Other income

	Unrestricted funds £	Restricted funds £	2017 Total £	2016 Total £
John Osborne royalties (gross of agent's commission)	43,531	-	43,531	174,454
Government Renewable Heat Incentive payments (The Hurst)	10,660	-	10,660	11,798
Other miscellaneous income	8,202	-	8,202	3,428
	62,393	-	62,393	189,680

6 Analysis of expenditure

	Charitable activities				Support costs		2017 Total £	2016 Total £
	Costs of raising funds £	Creative writing courses and retreats £	Teachers as Writers research project £	Other expenditure £	Governance costs £	Other support costs £		
Staff costs (note 8)	110,863	473,081	-	-	37,831	244,060	865,835	881,024
Staff training	1,070	4,125	-	-	-	2,445	7,640	7,974
Recruitment	1,124	-	-	-	-	1,309	2,433	10,684
Cost of tutors	-	398,123	672	-	-	-	398,795	404,844
Books	-	538	-	-	-	-	538	556
Accommodation and property running*	-	220,535	-	-	-	-	220,535	205,293
Property repairs and maintenance**	-	92,951	-	-	-	-	92,951	135,076
Travel (staff)	775	6,201	-	-	-	8,527	15,503	13,081
Motor vehicle expenses	-	4,105	-	-	-	-	4,105	4,665
Learning & Participation project costs	-	41,026	5,904	-	-	-	46,930	30,028
Evaluation costs	-	15,359	-	-	-	-	15,359	11,356
Academic research project costs	-	-	19,522	-	-	-	19,522	120,000
Licence fee to occupy office space (note 7)	10,039	-	-	-	5,019	35,136	50,194	50,928
IT equipment, office and general expenses	-	-	-	-	-	6,598	6,598	3,875
Audit fees (see note 7)	-	-	-	-	13,692	-	13,692	14,304
Other fees paid to the auditors (note 7)	-	-	-	-	5,220	-	5,220	7,130
Bank and credit card charges	-	-	-	-	-	15,576	15,576	14,167
Postage***	284	-	-	-	-	1,609	1,893	1,597
Printing and stationery***	607	-	-	-	-	8,732	9,339	9,958
Telephone costs	444	-	-	-	-	8,438	8,882	7,994
Fundraising communications and events	1,017	-	-	-	-	-	1,017	4,615
Communications and marketing costs	-	-	-	-	-	62,019	62,019	54,150
IT cost and website/DB development	-	-	-	-	-	14,426	14,426	38,478
Insurance	-	-	-	-	948	27,759	28,707	25,531
Governance costs: meetings	-	-	-	-	4,670	-	4,670	5,188
Governance costs: other	-	-	-	-	11,023	-	11,023	2,104
Legal and professional costs	-	-	-	-	8,190	750	8,940	18,375
Agent's commission on royalties	-	-	-	4,283	-	-	4,283	17,632
Depreciation charges (note 7)	-	-	-	-	-	93,329	93,329	94,222
	126,223	1,256,044	26,098	4,283	86,593	530,713	2,029,954	2,194,829
Governance costs	8,659	77,934	-	-	(86,593)	-	-	-
Other support costs	43,738	486,975	-	-	-	(530,713)	-	-
Total expenditure 2017	178,620	1,820,953	26,098	4,283	-	-	2,029,954	2,194,829
Total expenditure 2016	207,891	1,813,580	155,726	17,632	-	-	2,194,829	

Of the total expenditure, £1,594,944 was from unrestricted funds (2016: £1,615,478) and £435,010 was from restricted income funds (2016: £579,351). Total support costs (Governance costs + Other support costs) were £624,806 (2016: £645,501).

Notes:

* Excludes property repair and maintenance costs

** Includes non-staff costs of gardening and grounds maintenance

*** Excludes production and distribution costs of marketing materials

7 Net (expenditure) / income for the year

This is stated after charging:

	2017 £	2016 £
Depreciation	93,329	94,222
Property: licence fee to occupy office space (including VAT)	50,194	50,928
Auditors' remuneration (excluding VAT):		
Audit: current year	11,250	10,800
Audit: prior year underprovision	160	1,120
VAT and other tax advice	4,350	1,300
Other services	-	4,642
	<u>93,329</u>	<u>112,612</u>

8 Staff costs and employee benefits, trustee remuneration and expenses

Staff costs were as follows:

	2017 £	2016 £
Salaries and wages	762,471	727,146
Employer's National Insurance contributions (social security costs)	66,170	63,068
Employer's contribution to defined contribution pension schemes	33,546	33,191
Agency staff (including agency fees)	1,080	51,127
Termination payments	-	5,029
Other staff costs	2,568	1,463
	<u>865,835</u>	<u>881,024</u>

During the year there was one employee whose total employee benefits (excluding employer pension costs) fell within the banding £60,000 to £69,999 (2016: one). Employer payments in the year to a defined contribution pension scheme in respect of this employee totalled £3,210 (2016: £3,210).

The key management personnel of the charity consists of the Trustees and the Executive. In this context the 'Executive' means the Chief Executive, the Director of Operations (to August 2016) and the Director of Finance and Resources (from November 2016). The total employee benefits including pension contributions of the key management personnel (excluding trustees) in the year were £124,922 (2016: £122,464). No staff loans were outstanding at the year end in relation to any employees (2016: £2,738 relating to one member of the Executive for season ticket costs). (See note 14.)

No member of the Board of Trustees was paid any remuneration or received any other benefits from an employment with the charity in the year (2016: none). Two trustees (2016: four) received payment for professional or other services supplied to the charity, as permitted by its Memorandum of Association, totalling £1,958 (2016: £3,229). This includes payments for tutoring or being the guest speaker at Arvon courses.

Trustees' expenses, representing the payment or reimbursement of travel, accommodation and subsistence costs, totalled £1,264 (2016: £1,085) and were incurred by six (2016: five) trustees relating to attendance at meetings of the trustees and visits to the writing centres.

Details of other transactions with trustees and connected parties of trustees are disclosed in note 10.

9 Staff numbers

The average monthly head count (number of staff employed) during the year, analysed between full-time and part-time staff, was as follows:

	2017 No.	2016 No.
Full-time staff	16.4	16.3
Part-time staff	22.6	20.3
Total average head count	39.0	36.6

The figures above include casual relief workers within part-time staff.

The average monthly number of full-time equivalent employees during the year, analysed by activity, was as follows:

	2017 No.	2016 No.
Raising funds	2.8	2.7
Charitable activities	16.0	16.0
Communications and marketing	1.6	2.2
Other support, central (including governance)	3.7	3.4
Total full-time equivalent employees	24.1	24.3

The figures above include casual relief workers within 'charitable activities'.

10 Related party transactions

Payments made to trustees in relation to professional or other services supplied to the charity and trustees' expenses are disclosed in note 8 above.

Aggregate donations from related parties including trustees and their close family members during the year were £594 (2016: £25,850), including associated Gift Aid claims outstanding at the year end of £119 (2016: £8,950). Of total donations of £594 from related parties, £nil was included in restricted income funds.

11 Taxation

The charitable company is exempt from corporation tax as all its trading income is from primary purpose trading and all of its income is applied for charitable purposes.

12 Tangible fixed assets

	Freehold land and buildings £	Fixtures and fittings, plant and machinery £	Computer equipment, website and database £	Motor vehicles £	Total £
Historical cost					
At the start of the year	4,367,780	230,235	49,400	27,543	4,674,958
Additions	15,458	6,957	1,203	-	23,618
Disposals	-	(7,135)	(7,635)	-	(14,770)
At the end of the year	4,383,238	230,057	42,968	27,543	4,683,806
Accumulated depreciation					
At the start of the year	721,811	200,809	42,357	25,064	990,041
Disposals	-	(7,135)	(7,635)	-	(14,770)
Charge for the year	80,171	8,759	2,649	1,750	93,329
At the end of the year	801,982	202,433	37,371	26,814	1,068,600
Net book value					
At the start of the year	3,645,969	29,426	7,043	2,479	3,684,917
At the end of the year	3,581,256	27,624	5,597	729	3,615,206

'Freehold Land and Buildings' at 31 December 2017 includes £410,000 in respect of the historical cost of land which is not depreciated (2016: £410,000).

All of the above assets are used for charitable purposes.

13 Investments

	2017 £	2016 £
Shares in Common Investment Funds:		
Fair value at the start of the year	239,933	383,946
Disposal proceeds	(155,120)	(178,939)
Net gains on revaluation	3,842	34,926
Fair value at the end of the year	88,655	239,933
Historic cost at the end of the year	75,410	199,410
Investments comprise:		
	2017 £	2016 £
Shares in Common Investment Funds at fair value (see above)	88,655	239,933
Cash at bank held pending reinvestment (Endowment Fund)	238,982	128,012
Cash on 5 year fixed term deposit (General Funds)	-	100,000
Cash at bank held pending reinvestment (General Funds)	100,000	-
Total investments	427,637	467,945

Investments in Common Investment Funds at fair value are analysed by investment manager and fund in the table below:

	2017 £	2016 £
Aberdeen Asset Mgt: Charity Select UK Equity	-	151,575
M&G Securities Ltd: Charibond	67,300	68,398
M&G Securities Ltd: Charifund	21,355	19,960
Total	88,655	239,933

14 Debtors	2017 £	2016 £
Trade debtors	8,595	19,180
Other debtors	2,315	5,592
Staff loans	–	2,738
Prepayments	15,116	12,145
Accrued income	37,071	23,880
Total	63,097	63,535

15 Creditors: amounts falling due within one year	2017 £	2016 £
Trade creditors	76,841	104,376
PAYE taxation and social security (National Insurance contributions)	18,625	18,857
VAT payable	51,228	–
Holiday pay accrual	5,268	–
Other accruals	29,763	29,028
Deferred income (Note 16)	258,885	223,302
Total	440,610	375,563

16 Deferred income

Deferred income comprises income received during the year for courses and retreats taking place in future periods, as well as deferred income from grants and donations.

	2017 £	2016 £
Balance at the beginning of the year	223,302	175,919
Amount released to income in the year	(195,551)	(175,919)
Amount deferred in the year	231,134	223,302
Balance at the end of the year	258,885	223,302

17a Analysis of net assets between funds (current year)

	Unrestricted General £	Unrestricted Designated £	Restricted £	Endowment £	Total funds £
Tangible fixed assets	–	219,744	3,395,462	–	3,615,206
Investments	100,000	–	–	327,637	427,637
Net current assets	294,589	44,000	128,924	–	467,513
Net assets at the end of the year	394,589	263,744	3,524,386	327,637	4,510,356

17b Analysis of net assets between funds (prior year)

	Unrestricted General £	Unrestricted Designated £	Restricted £	Endowment £	Total funds £
Tangible fixed assets	–	224,742	3,460,175	–	3,684,917
Investments	143,140	–	–	324,805	467,945
Net current assets	264,368	–	216,536	–	480,904
Net assets at the end of the year	407,508	224,742	3,676,711	324,805	4,633,766

18a Endowment fund (current year)

	At the start of the year £	Realised and unrealised gains on investments £	At the end of the year £
Endowment fund	324,805	2,832	327,637

18b Endowment fund (prior year)

	At the start of the year £	Realised and unrealised gains on investments £	At the end of the year £
Endowment fund	291,679	33,126	324,805

The Endowment fund is a trust established under a separate trust deed whose assets are invested to generate income in order to provide bursaries to participants on Arvon courses who are on low incomes and would not otherwise be able to afford the full cost of a course. It is a permanent endowment. The Arvon Foundation Limited is the sole corporate trustee of the Endowment fund.

The Arvon Foundation Limited

Notes to the financial statements

For the year ended 31 December 2017

19a Restricted income funds (current year)

	At 1 January 2017 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 December 2017 £
<u>Tangible fixed assets: Restricted</u>					
The Hurst Property	3,066,603	-	(64,721)	-	3,001,882
Lumb Bank Property	201,999	-	(9,285)	15,458	208,172
Totleigh Barton Property	191,573	-	(6,165)	-	185,408
<u>For Bursaries (to individuals incl. teachers)</u>					
Endowment fund income account	21,345	3,905	-	-	25,250
Amazon	-	15,500	(15,500)	-	-
The Elizabeth & Gordon Bloor Charitable Trust	-	1,000	(1,000)	-	-
Mark Haddon and Sos Eltis	-	12,500	(12,500)	-	-
The Barbara and Philip Denny Charitable Trust	-	6,000	(6,000)	-	-
Harold Hyam Wingate Foundation	-	5,000	(5,000)	-	-
Other bursary funders	1,515	2,455	(993)	-	2,977
<u>For L&P courses and projects:</u>					
The Eranda Rothschild Foundation	30,000	-	(30,000)	-	-
Paul Hamlyn Foundation (Writing the Game)	6,646	-	-	-	6,646
Comic Relief (Writing the Game)	15,236	22,335	(17,675)	-	19,896
Claremont Bursary Fund	4,570	-	-	-	4,570
Jerwood Charitable Foundation – Mentoring	29,031	36,376	(65,407)	-	-
The McGrath Trust	11,457	44,556	(40,278)	-	15,735
John Laing Charitable Trust	25,000	25,000	(21,350)	-	28,650
John Lyon's Charity	4,051	33,000	(30,369)	-	6,682
Kate Donaghy grant	5,150	-	(5,150)	-	-
The Mercers' Company	-	1,500	(1,500)	-	-
<u>Donations to fund Crenham Award:</u>					
The Tedworth Charitable Trust	10,000	-	(8,130)	-	1,870
NA Grant Esq	2,200	-	(1,800)	-	400
The John Booth Charitable Foundation	1,000	-	(800)	-	200
Extension Trust	500	-	(500)	-	-
The John S Cohen Foundation	3,400	-	(2,770)	-	630
Other donations: Crenham Award	3,402	-	-	-	3,402
Other funders	500	-	(500)	-	-
<u>Teachers as Writers Research Project</u>					
Arts Council England: Research Grant – Teachers as Writers	37,765	-	(26,099)	-	11,666
<u>For core costs</u>					
Esmée Fairbairn Foundation	1,018	56,000	(57,018)	-	-
<u>Other projects</u>					
The Stanley Smith (UK) Horticultural Trust – The Hurst gardens	-	2,000	(2,000)	-	-
Other	2,750	100	(2,500)	-	350
Total restricted income funds	3,676,711	267,227	(435,010)	15,458	3,524,386

The Arvon Foundation Limited

Notes to the financial statements

For the year ended 31 December 2017

19b Restricted income funds (prior year)

	At 1 January 2016 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 December 2016 £
<u>Tangible fixed assets: Restricted</u>					
The Hurst Property	3,075,816	-	(64,721)	55,508	3,066,603
Lumb Bank Property	202,168	-	(8,114)	7,945	201,999
Totleigh Barton Property	197,738	-	(6,165)	-	191,573
<u>For Bursaries (to individuals incl. teachers)</u>					
Endowment fund income account	32,075	8,140	(18,870)	-	21,345
ALCS	5,000	-	(5,000)	-	-
Amazon	-	15,500	(15,500)	-	-
The Elizabeth & Gordon Bloor Charitable Trust	-	1,000	(1,000)	-	-
The D'Oyly Carte Charitable Trust	-	3,500	(3,500)	-	-
The Barbara and Philip Denny Charitable Trust	-	5,500	(5,500)	-	-
Harold Hyam Wingate Foundation	-	5,000	(5,000)	-	-
Other bursary funders	-	2,315	(800)	-	1,515
<u>For L&P courses and projects:</u>					
The Eranda Rothschild Foundation	-	60,000	(30,000)	-	30,000
Paul Hamlyn Foundation (Writing the Game)	8,394	-	(1,748)	-	6,646
Jeremy Hosking (Writing the Game)	5,400	4,750	(10,150)	-	-
Comic Relief (Writing the Game)	10,489	21,777	(17,030)	-	15,236
Claremont Bursary Fund	5,195	-	(625)	-	4,570
Jerwood Charitable Foundation – Mentoring	30,773	55,592	(50,360)	(6,974)	29,031
The McGrath Trust	14,752	34,700	(23,243)	(14,752)	11,457
John Laing Charitable Trust	22,000	25,000	(22,000)	-	25,000
John Lyon's Charity	33,000	-	(28,949)	-	4,051
Kate Donaghy grant	-	18,750	(13,600)	-	5,150
<u>Donations to fund Crenham Award:</u>					
The Tedworth Charitable Trust	-	10,000	-	-	10,000
NA Grant Esq	2,200	-	-	-	2,200
The John Booth Charitable Foundation	-	1,000	-	-	1,000
Extension Trust	-	500	-	-	500
The John S Cohen Foundation	-	3,400	-	-	3,400
Other donations: Crenham Award	-	3,402	-	-	3,402
Other funders	3,000	500	-	(3,000)	500
<u>Teachers as Writers Research Project</u>					
Arts Council England: Research Grant – Teachers as Writers	(240)	143,269	(105,264)	-	37,765
The Rayne Foundation	15,000	15,000	(30,000)	-	-
<u>For core costs</u>					
Tudor Trust	-	20,000	(20,000)	-	-
Esmée Fairbairn Foundation	-	40,000	(38,982)	-	1,018
Weston Jerwood Creative Bursaries	4,725	2,025	(6,750)	-	-
<u>Capital Building projects</u>					
The Hurst capital project	(5,800)	-	-	5,800	-
The Hurst Clockhouse capital fund	84,329	-	(8,871)	(75,458)	-
Arts Council England: Small Capital Grants	(77,856)	98,024	(15,049)	(5,119)	-
<u>Other projects</u>					
Arts Council England: Catalyst Funding	5,000	-	(5,000)	-	-
The Hollick Family Charitable Trust	8,627	-	(8,627)	-	-
Finnis Scott Foundation – The Hurst grounds	-	5,000	(5,000)	-	-
Hurst Woodlands fund	3,933	-	(3,933)	-	-
Other	-	2,750	-	-	2,750
Total restricted income funds	3,685,718	606,394	(579,351)	(36,050)	3,676,711

19 Restricted Income Funds (continued)

Purposes of restricted funds:

- a) The Hurst, Lumb Bank, Totleigh Barton Properties. These funds represent the accounting net book value of land and buildings (freehold property) to be used by Arvon for creative writing courses and retreats.

Expenditure charged to these funds in the year totalling £80,171 (2016: £79,000) relates to the depreciation charges against freehold property assets (see note 12). Transfers in totalling £15,458 (2016: £63,454) relate to fixed asset additions to freehold properties in the year (see note 12) and break down as follows:

	2017	2016
The Hurst: fixed asset additions in relation to the Clockhouse refurbishment, transfer in from restricted fund 'The Hurst Clockhouse capital fund' (£):	–	50,679
The Hurst: fixed asset additions in relation to the Clockhouse refurbishment, transfer in from general funds (£):	–	4,829
Lumb Bank: fixed asset additions in relation to bathroom refurbishment work, transfer in from general funds (£):	15,458	7,945
Total transfers in to Restricted Tangible Fixed Asset funds (£):	15,458	63,454

- b) Bursary funds, including Endowment fund income account. These funds provide financial support to attend an Arvon course to adult applicants on low incomes who would otherwise not be able to meet the full cost of a creative writing course fee, or to teachers. The Endowment fund income account is a restricted fund established to receive the income arising from the investments held within the Arvon Endowment Fund in order to apply these resources to provide bursaries to applicants on low incomes. Bursaries are provided in the form of fee reductions granted to participants on courses.
- c) The Eranda Rothschild Foundation. Supporting Arvon's Schools Programme, enabling state school pupils from areas of disadvantage to attend an Arvon residential week.
- d) Writing the Game – Grants from Paul Hamlyn Foundation and Comic Relief to fund the second major phase of this project for under 18s which aims to harness young people's love of football to encourage a life-long interest in writing and words. In this phase we have aimed to foster supportive relationships between young people and the learning centres at the football club in their community.
- e) Claremont Bursary Fund. Fund for bursaries for students from Claremont Fan Court School to participate in a creative writing course at Arvon. The bursary is awarded biannually to the winner of the Claremont Fan Court School Poetry Competition.
- f) Jerwood Charitable Foundation – Mentoring. A project funded by Jerwood Charitable Foundation supporting the writing talent of the future with a year-long mentoring programme led by leading writers.
- g) The McGrath Trust. Supporting courses for young people from Northern Ireland.
- h) John Laing Charitable Trust. Supporting courses for state school pupils from disadvantaged areas in Northumbria.
- i) John Lyon's Charity. Supporting Arvon's UpWrite programme providing young people in care the opportunity to participate in a residential week and pre/post residential arts activities.
- j) Kate Donaghy. Supporting a residential week for pupils from Ashington High School in Northumberland.
- k) The Mercers' Company. A grant in support of Arvon's Schools Programme.
- l) Crenham Award. An annual award aimed at increasing access to creative writing for marginalised young people and vulnerable adults. Supported by The Tedworth Charitable Trust, The John S Cohen Foundation and a number of other trusts and individual donors.
- m) Teachers as Writers research project. Led by Arvon and delivered in partnership with the University of Exeter and Open University, Teachers as Writers is a two-year research project offering teachers sustained opportunities to write and build co-mentoring relationships with professional writers in order to improve student outcomes. Supported by Arts Council England and The Rayne Foundation.
- n) Esmee Fairbairn Foundation. Funding towards the salary costs of the Head of Learning and Participation and supporting the Learning and Participation programme.
- o) The Stanley Smith (UK) Horticultural Trust. Support for the development of the gardens at The Hurst.

20a Unrestricted funds (current year)

	At 1 January 2017 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 December 2017 £
Designated funds:					
Tangible fixed asset fund: Unrestricted	224,742	-	(13,158)	8,160	219,744
The Hurst building works	-	-	-	44,000	44,000
Total designated funds	224,742	-	(13,158)	52,160	263,744
Free Reserves:					
Revaluation reserve: Investments	6,211	-	-	(6,211)	-
General funds	401,297	1,636,485	(1,581,786)	(61,407)	394,589
Total Free Reserves	407,508	1,636,485	(1,581,786)	(67,618)	394,589
Total unrestricted funds	632,250	1,636,485	(1,594,944)	(15,458)	658,333

20b Unrestricted funds (prior year)

	At 1 January 2016 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 December 2016 £
Designated funds:					
Tangible fixed asset fund: Unrestricted	193,780	-	(15,222)	46,184	224,742
Total designated funds	193,780	-	(15,222)	46,184	224,742
Free Reserves:					
Revaluation reserve: Property held for sale	129,368	-	-	(129,368)	-
Revaluation reserve: Investments	15,673	505	-	(9,967)	6,211
General funds	248,726	1,623,626	(1,600,256)	129,201	401,297
Total Free Reserves	393,767	1,624,131	(1,600,256)	(10,134)	407,508
Total unrestricted funds	587,547	1,624,131	(1,615,478)	36,050	632,250

20 Unrestricted funds (continued)

Purposes of unrestricted funds

- a) Tangible fixed asset fund: Unrestricted. Expenditure charged to this fund in the year totalling £13,158 (2016: £15,222) relates to depreciation charges against the tangible fixed asset categories 'Fixtures and fittings, plant and machinery', 'computer equipment' and 'motor vehicles' (see note 12).

Transfers in to this fund totalling £8,160 (2016: £46,184) relate to fixed asset additions as follows:

	2017	2016
Fixed asset additions (fixtures and fittings) in relation to the Clockhouse refurbishment, transfer in from restricted fund 'The Hurst Clockhouse capital fund' (£):	-	24,779
Other fixed asset additions (fixtures and fittings), transfer in from 'Restricted fund: ACE Small Capital Grants' (£):	-	5,119
Fixed asset additions (fixtures and fittings, plant and machinery), transfer in from general funds (£):	6,957	6,895
Fixed asset additions (computer equipment), transfer in from general funds (£):	1,203	9,391
Total transfers in to Tangible Fixed Asset fund: Unrestricted (£)	8,160	46,184

- b) The Hurst building works. The trustees have decided to transfer an amount of £44,000 from the General funds to this newly created designated fund as at the end of 2017 to cover the costs of building works required to the basement area of The Hurst. These costs have been incurred between February and April 2018.

- c) Revaluation reserve: investments. This fund reflects the excess of fair value over the historic cost of those investments held in unrestricted funds. The transfer out during 2017 of £6,211 relates to the release to General funds of the amount recognised as unrealised gains as at 31 December 2016 in relation to part of our investment in the Aberdeen Asset Management Charity Select UK equity fund held in unrestricted funds, on the disposal of this investment in February 2017.

- d) Net transfers out of general funds of £61,407 (2016: net transfers in of £129,201) can be analysed as follows:

	2017	2016
Transfer out to 'The Hurst Property' restricted fund: fixed asset additions in relation to the Clockhouse refurbishment (£):	-	(4,829)
Transfer out to 'Lumb Bank Property' restricted fund: fixed asset additions in relation to bathroom refurbishment work (£):	(15,458)	(7,945)
Transfers in from various restricted funds as noted above (Jerwood Charitable Foundation, The McGrath Trust, Others) (£):	-	24,726
Transfer out to 'The Hurst capital project' restricted fund, as noted above (£):	-	(5,800)
Transfers out to 'Tangible fixed asset fund: Unrestricted' in respect of fixed asset additions, as noted above (£):	(8,160)	(16,286)
Transfer in from 'Revaluation reserve: property held for sale' (see above) (£):	-	129,368
Transfer in from 'Revaluation reserve: investments' (see above) (£):	6,211	9,967
Transfer out to designated fund 'The Hurst building works' (see above) (£):	(44,000)	-
Total net transfers (out of) / in to General funds (£):	(61,407)	129,201

21 Reconciliation of net (expenditure) / income to net cash flow from operating activities

	2017 £	2016 £
Net (expenditure) / income for the year (as per the statement of financial activities)	(123,410)	68,822
Depreciation charges	93,329	94,222
Gains on investments per the SOFA	(3,842)	(34,926)
Dividends and interest from investments per the SOFA	(7,737)	(21,039)
Decrease in debtors	438	81,427
Increase / (decrease) in creditors	65,047	(14,544)
Net cash provided by operating activities	23,825	173,962

22 Analysis of cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	845,026	792,932
Investments: cash held in Endowment Fund pending reinvestment (see note 13)	238,982	128,012
Investments: cash on deposit pending reinvestment (General funds) (see note 13)	100,000	-
Total cash and cash equivalents	1,184,008	920,944

23 Legal status of the charity

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.

24 Contingencies

Arts Council England Lottery funding for the development of The Hurst totalled £1,650,000 between 2011 and 2014. This funding is conditional on The Hurst remaining as a writing centre for 30 years from 24 June 2011. If the condition is not met, the funding is liable for repayment to Arts Council England. Arts Council England has a fixed charge over the freehold of The Hurst and a floating charge over the assets of The Arvon Foundation Limited to the value of the Lottery funding.