

Company number: 1086582

Charity Number: 306694



# The Arvon Foundation Limited

Trustees' Annual Report and Financial Statements  
For the year ended 31 December 2021

# The Arvon Foundation Limited

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### For the year ended 31 December 2021

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## The Arvon Foundation Limited

### Reference and administrative information

For the year ended 31 December 2021

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**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**  
(to 25 May 2021) Free Word  
60 Farringdon Road  
London  
EC1R 3GA

**Registered office address**  
(from 25 May 2021) Lumb Bank  
Heptonstall, Hebden Bridge  
West Yorkshire  
HX7 6DF

**National office address**  
(from 25 May 2021) Unit 103  
Clerkenwell Workshops  
27/31 Clerkenwell Close  
London  
EC1R 0AT

**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:

Jeremy Treglown	Chair of Trustees (retired 27 January 2022)
Patricia Cumper	Chair of Trustees (appointed 27 January 2022)
Dr Judith Abbott	Chair of Finance Committee
Lee Bilson	Chair of Properties Committee from 21 October 2021
Joshua Cockcroft	
Kim Evans	Chair of Appointments and Remuneration Committee from 27 January 2021 (resigned 4 February 2022)
Alison Flood	
Neil Harris	Chair of Properties Committee to 21 October 2021
Sarah Harwood	
Christian Lewis	
Nicholas Makoha	

## The Arvon Foundation Limited

### Reference and administrative information

For the year ended 31 December 2021

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	Meriel Schindler	(retired 30 June 2021) Chair of Nominations Committee to 27 January 2021
	Jonathan Teckman Andrew Wimble	(retired 16 September 2022)
<b>Founders</b>	John Fairfax and John Moat	
<b>Chief Executive Officer</b>	Andrew Kidd	
<b>Chief Financial Officer and Operations Director</b>	Richard Haseldine	
<b>Deputy Chief Executive Officer</b>	Natasha Carlish (from 1 February 2021)	
<b>Artistic Director</b>	Mary Morris (from 1 February 2021)	
<b>Company Secretary</b>	Natasha Carlish	
<b>Other names used by the Charity</b>	Arvon The Arvon Foundation	
<b>Our Writing Houses</b>	Lumb Bank The Ted Hughes Arvon Writing House Heptonstall Hebden Bridge West Yorkshire HX7 6DF  The Hurst The John Osborne Arvon Writing House Clunton Craven Arms Shropshire SY7 0JA  Totleigh Barton Sheepwash Beaworthy Devon EX21 5NS	

## The Arvon Foundation Limited

### Reference and administrative information

For the year ended 31 December 2021

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<b>Website</b>	www.arvon.org
<b>Bankers</b>	Lloyds Bank plc 25 Gresham Street London EC2V 7HN
<b>Solicitors</b>	Farrer & Co. 66 Lincoln's Inn Fields London WC2A 3LH
<b>Auditor</b>	Sayer Vincent LLP Chartered Accountants and Statutory Auditors Invicta House 108-114 Golden Lane London EC1Y 0TL

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 2021.

Reference and administrative information set out on pages 1 to 3 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)").

## **Statement concerning the impact of the Coronavirus Pandemic (COVID-19) on Arvon**

From the third week of March 2020, Arvon's three writing houses and the Clockhouse Writers' Retreat facility were forced to close as the country went into lockdown. The Clockhouse was able to re-open in mid-August 2020 under strict Covid-secure, 'hotel-standard' conditions, and from September both Lumb Bank and Totleigh Barton were partially re-opened for private holiday lettings. From early November 2020, following the introduction of new national lockdown legislation, all residential activities again ceased and planned Covid-secure retreats at The Clockhouse, Lumb Bank and Totleigh had to be cancelled. The houses then remained closed until the spring of 2021. In accordance with the Government's 'unlocking roadmap', The Clockhouse reopened for single person retreats on 13 April 2021 and then expanded to full capacity from 17 May 2021. Lumb Bank also reopened for 6-person untutored retreats on 17 May, with Totleigh Barton reopening for 5-person untutored retreats the following week. From 21 June 2021, Lumb Bank offered three consecutive weeks of 6-person tutored retreats, and on 12 July 2021 The Hurst and Totleigh Barton both resumed standard tutored Arvon courses, with Lumb Bank resuming standard tutored courses the following week. Weekly participant capacity for all three houses was limited, until the end of September 2021, to 9 for Totleigh Barton, 11 for Lumb Bank and 13 for The Hurst. The houses returned to full capacity operation - 14/14/16 - from the beginning of October 2021. All of Arvon's digital activity, under the banner Arvon at Home, continued throughout the pandemic and will remain a new, essential part of Arvon's offer post-pandemic as well.

By March 2021, the cancellation of 12 months of residential courses is estimated to have resulted in the loss of approximately £1.1 million of gross income and c. £550,000 of contribution to the charity's fixed costs. However, Arvon was able to effectively mitigate these losses through a combination of local authority grants, individual donations and grants from funders in response to the crisis, the Government's Coronavirus Job Retention Scheme to support the employment costs of furloughed staff members and the highly successful launch, from April 2020, of our 'Fourth House', Arvon at Home, which offers weekly masterclasses, readings and 5-day courses online. Arvon at Home has been transformative for the charity in terms of both accessibility and reach. Over the course of 2021, the total sum of course engagements with Arvon was 10,157, comprising 4,606 individuals (compared to 4,282 in 2020 and 1,242 in 2019).

In addition, in October 2020 we were awarded a grant of £246,000 from the Government's Culture Recovery Fund, administered by Arts Council England, to fund vital expenditure in the period from October 2020 to March 2021. Further local authority grants were awarded in 2021, and Arvon also benefitted from receipt of a legacy of just over £300,000 in 2021.

Nevertheless, there remains a high level of general uncertainty in the charity's operating environment in the aftermath of the Covid-19 pandemic. In common with the experience of organisations across the arts sector and beyond, Arvon's income from charitable activities has continued to be negatively impacted since re-opening and uncertainty persists in the outlook for future course sales as audience activity adjusts post pandemic. The fundraising landscape post-Covid is challenging as a result of the impact on funders. Arvon plans to mitigate these risks and the challenges presented by high inflation and a worsening general economic outlook by introducing a more flexible approach to course pricing in response to inflation, by continuing to develop opportunities to broaden the charity's revenue streams and by making contingency plans for deeper cost savings and restructuring in the event that income falls short and / or deficits increase beyond the levels envisaged in current forecasts for the remainder of 2022 and 2023.

## About Arvon

The first Arvon writing course took place in Beaford, North Devon, in 1968. It was taught and run by Arvon's founders, the poets John Fairfax and John Moat, with the original aim of providing time and space away from school for young people to write poetry. John Moat wrote that they were inspired to create Arvon as "a space where individuals, and in particular young committed writers, could be given a sanctuary away from, as we saw it, the creative deprivation imposed by the system of standard education – and there offered . . . the guidance of experienced writers". The spirit and intentions of Arvon's founders remain as relevant and essential today as they were in 1968.

## 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 to deliver its charitable objects is to provide residential and non-residential writing courses for individuals, schools and groups, led by highly respected authors, with a particular focus on courses relating to poetry, fiction, non-fiction writing and drama. Since its foundation in 1968, Arvon has supported the development of thousands of writers. We are the UK's "home for creative writing", where anyone, regardless of writing experience, can step away from their normal routine, immerse themselves in the creative process, be inspired by experienced

writers and release their imaginative potential. 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.

## Our Vision

We believe that writing can change lives for the better.

Creative writing allows us to harness our imagination and find our voice. It creates new possibilities, new ideas, new futures. It unlocks our potential, our empathy and our hope. And we are keen to share this opportunity with as many people as possible.

## Our Mission

Arvon's mission is to be the UK's home for creative writing, where anyone, regardless of writing experience, can benefit from the transformative power of writing.

## Our Values

**INCLUSIVE:** Everyone is creative. We make spaces that are open to all, where anyone, regardless of writing experience, feels welcome and included as part of a community of writers.

**INSPIRING:** Step away from the routine, be inspired by writers and Arvon's beautiful locations and unlock your imaginative potential. Arvon is a place for contemplation, challenge and going beyond what you thought you were capable of achieving.

**SUPPORTIVE:** Creative writing is a craft that can be learnt, through guidance from experts, and through the peer support that comes from creative friendships with fellow writers. At Arvon writers teach writers, and everyone encourages each other to become a better writer.

**TRANSFORMATIVE:** Immersing yourself in creative writing nourishes the imagination, can deepen the connection to self and to the world, and can lead to dramatic change and progress.

## Our Artistic Offer

Arvon's main programme of work comprises seven strands of activity:

### Open Programme

The Open Programme is a year-round offer of mostly five-day tutored creative writing residential courses at our three writing houses located in Devon, Shropshire and Yorkshire, and now also in our fourth 'virtual house', Avon at Home.



The Open Programme is intended for writers from all ranges of experience and backgrounds aged 18+ and is open to bookings from the general public. Courses have a maximum capacity of between 14 and 16 participants. Grants are available to help people on a low income or none. Starting to Write courses are intended for beginner writers, our Work-in-Progress courses and Retreats are intended for emerging and experienced writers, and all remaining courses are intended for mixed abilities and cover multiple genres.

Every course is tutored by published writers chosen for their expertise and their ability to share their skill and knowledge of the craft of writing. We have a pool of tutors which we are constantly refreshing with new writers, as new genres emerge in the world of literature, and as emerging writers mature. Each year we have provided paid work for approximately 400 professional writers as tutors and guest readers.

With the advent of our online programme, Arvon at Home, this number has increased to over 500 a year, with Arvon at Home now embedded as a permanent part of our offer. The Arvon at Home programme includes a year-round programme of Online Writing Weeks, Online Writing Weekends, Online Writing Days, Online Evening Courses (a five-day engagement spread over five weeks), Masterclasses and How I Write Sessions. Arvon at Home has dramatically increased and improved access to Arvon.

#### Retreats

The Writers' Retreat at The Clockhouse at our Shropshire site is a resource for talented writers looking to further their writing independently, without facilitation from a tutor. It is designed to provide everything a writer needs to be as productive as possible. The building is able to accommodate up to four writers at a time and is fully catered and independent of the main house.

#### Mentoring and Online Support

Arvon offers mentoring and support as part of our commitment to talent development. We have begun to establish an Arvon online community, connecting writers to Arvon tutors and to each other, and making [www.arvon.org](http://www.arvon.org) a source of expertise on the craft of writing. This includes one-to-one tutorials and tips and exercises available to Arvon Friends.

This strand includes:

- The Jerwood/Arvon Mentoring Programme, a biennial award for emerging writers (last offered in 2020; we hope to resume the programme in 2023)
- Partnerships with regional, national and international competitions and talent development programmes such as SI Leeds Literary Prize, Commonword's Diversity Young Adult Fiction Prize, Obsidian, New Writing North, Foyle Young Poets and the Bocas Lit Fest, Trinidad and Tobago's annual literary festival
- Arvon 1-1: one-to-one online tutorials and mentoring
- Online writing advice for Arvon Friends membership (free to 18 to 25-year-old writers)

### Residential Courses with Schools and Under-18s

Arvon hosts five-day residential creative writing courses for primary and secondary schools at the three Arvon writing houses. We work to raise funds to subsidise visits by some state schools in areas of disadvantage across England and aim to build sustained relationships with schools, encouraging continued work in the classroom and enrichment activities. Ages range from 10 to 18, with occasional multi-year projects, including work with e.g. schools based in north-east England. In 2020, we also piloted online writing workshops for Children and Young People. These have now been embedded in our core offer, with monthly online workshops now offered at no charge to schools and individuals (and recorded to make them available for classroom use at a teacher's convenience).

### Residential Courses with Partner Organisations

Arvon hosts residential creative writing courses for community and arts organisations, particularly those supporting young people and adults who are vulnerable or marginalised. We collaborate with partners to raise funds to support participation in a residential week.

This strand has included:

- Multi-year partnerships with Foyle Young Poets and First Story, supporting talented young writers;
- The Crenham Award, working with marginalised adults;
- Work with young people in care through Virtual Schools across several London boroughs; and
- Start360, working in Belfast with vulnerable young people with complex needs.

### Arvon Live

Arvon Live is an emerging strand, which has evolved from a former initiative, Arvon City, and from what we have learned through the creation of Arvon at Home. Successfully piloted in October 2021, Arvon Live days recreate our online Masterclasses and How I Write sessions in a live setting, with up to 50 participants. Arvon Live is integral to our plans to amplify Arvon's community outreach, particularly in relation to our 'Arvon North' strategy for the redevelopment of Lumb Bank. (Other community outreach initiatives in 2021 included an Open Day at Lumb Bank (incorporating a Lumb Bank Redevelopment stakeholder engagement event led by Gagarin Studio, the architectural practice overseeing the first stages of the redevelopment project, poetry in the landscape and a pop-up exhibition of artworks inspired by the work and landscape of Ted Hughes) and an Arvon Community Day (Arvon tasters for Children and Young People, local schools and community groups).

### Professional Development (including research projects)

Arvon supports writers and teachers of writing to develop their practice. This strand includes:

Arvon Tutor Development – a programme of learning and development for new and established writing tutors, including an annual residential week for up to 16 Arvon tutors.

Arvon Teacher Development – including an annual residential exclusively for teachers; research programmes with teachers and writers; and Open Programme grants for teachers.

## **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.

## **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. From January 2021 the Nominations Committee was replaced by a newly constituted Appointments and Remuneration Committee.

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 pages 1–2.

## **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 Arvon's organisational structure and practices. Trustees are invited to make visits to a writing house 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 at least four times per year and receives reports from the Executive and trustee committees:

- Finance Committee
- Properties Committee
- Appointments and Remuneration Committee (from January 2021, replacing the Nominations Committee)

The charity's staff team is led by the Executive, which comprises:

- The Chief Executive Officer (until February 2021 this role was combined with that of Artistic Director)
- The Chief Financial Officer and Operations Director
- The Deputy Chief Executive Officer (from February 2021)
- The Artistic Director (from February 2021)

Each of the three writing houses is managed by a Director or Co-directors, who are responsible for the management of the house and are supported by a Deputy Director, a House Administrator and House Managers. Part-time housekeeping and gardening/groundskeeping staff are also employed at the writing houses. Our digital 'Fourth House', Arvon at Home, is overseen by two Co-directors.

The Chief Executive Officer, the Chief Financial Officer and Operations Director, the six Directors / Co-directors (two of whom are also Deputy Chief Executive and Artistic Director), together with the Director of Digital and Communications and the Head of Development form the Leadership Team (formerly known as the Senior Management Team). The Leadership Team meets on a regular basis throughout the year.

The Company Secretary is appointed by the Board of Trustees and is normally one of the members of the Executive.

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

## Remuneration Policy

Since its establishment in January 2021, the Appointments and Remuneration ('A&R') Committee has been responsible for overseeing the process of setting the remuneration of the Chief Executive Officer ('CEO') on behalf of the Board of Trustees. When the Chair of Trustees has completed the CEO's annual appraisal, he or she puts forward a proposal for discussion to the trustee members of the A&R Committee. The Committee considers the proposal of the Chair, taking into account relevant factors including performance, any updates to the CEO's job description and current market rates for CEOs in comparable arts sector organisations. The A&R Committee then forwards its recommendation to the Finance Committee, which considers the proposal in the light of the broader budgetary context. If the Finance Committee endorses the salary recommendation, it is presented to the full Board of Trustees for approval.

The CEO is responsible for overseeing the remuneration of all other employees, in particular for the annual salary review which is an important element of the annual budget setting process. As part of this process, the Chief Financial Officer makes a proposal for salary increases (with the exception of his own, which the CEO considers separately), taking 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 outcome of the salary review is incorporated into the proposed organisational budget, which is presented to the Finance Committee for its consideration. The Finance Committee then makes a recommendation to the Board, normally at its November 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, other key management personnel and their close family members. (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 quarterly 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 at least 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; an erosion in the quality of accommodation provided at the writing houses or a failure to continue to meet the expectations of users in this regard; a substantial drop in the occupancy rate of Arvon's courses; 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; developing long-term strategic plans for developing/upgrading the writing houses; plans for effective ongoing property maintenance, and implementation of strong safeguarding and health and safety procedures at all four of our houses.

As set out on pages 4–5 of this report, from early 2020 Arvon's residential activities were heavily exposed to the impact of the Covid-19 pandemic. Arvon has been able to mitigate the risks associated with Covid-19 in a number of important ways:

- We applied for and received support from local authorities in the form of Retail, Hospitality and Leisure sector grants in April 2020 and Local Restrictions Support Grants later in 2020 and in 2021;
- We made use of the Government's Coronavirus Job Retention Scheme from April 2020 to May 2021 in order to furlough members of staff where appropriate and have thereby received significant funding towards salary costs throughout the crisis;
- We successfully launched Arvon at Home, our new 'Fourth House', which offers weekly masterclasses, readings and 5-day courses online, and which has enabled us to reach significant new audiences during this period;
- We reduced the ongoing running costs of our writing houses as far as possible during periods of enforced closure and we have significantly reduced the costs of office space occupied by our National office from the beginning of 2021;
- We have benefited from the tremendous generosity of our supporters who made additional donations in response to the crisis and from the understanding of many funders who have shown flexibility over the timing of use of restricted funds granted prior to the start of the pandemic;
- We applied for and in October 2020 were awarded a grant of £246,000 from the Government's Culture Recovery Fund (administered by Arts Council England) which enabled us to fund vital expenditure in the period from October 2020 to March 2021.

## **Arvon's Business Plan 2018–22**

During the year under review Arvon continued the implementation of its Business Plan for the period 2018–22 (while also drawing up an additional business plan to cover the period from April 2022 to March 2023, as required by Arts Council England as a condition of its 2022–23 NPO extension). The 2018–22 Business Plan spells out four strategic aims. These are to:

- Broaden and deepen our offer to writers, so that Arvon provides a continuum of support in a writer's journey, from beginner to experienced;

- Celebrate and reflect the diversity of modern British society by increasing the reach of our work to writers from all backgrounds;
- Strengthen Arvon's financial resilience and sustainability;
- Renovate Lumb Bank, creating a fit-for-purpose northern hub for writers.

## Aims and Activities for 2021

As with most arts charities, 2021 was another irregular year for Arvon, with the first five months of the year restricted to digital activity. However, during this period we continued to reach more people than we had pre-pandemic, and from May 2021 we began to reopen the houses (see 'Statement concerning the impact of the Coronavirus Pandemic (COVID-19) on Arvon' – page 4 – for further detail), and by October 2021 we were offering full-capacity residential courses in all three houses, alongside continued activity in our fourth, 'digital house'.

### **BROADEN AND DEEPEN OUR OFFER TO WRITERS, SO THAT ARVON PROVIDES A CONTINUUM OF SUPPORT IN A WRITER'S JOURNEY.**

#### **Open Programme**

Over the course of 2021 Arvon offered a range of activity with total activities and attendance as follows:

- 46 Arvon online Live Guest readings – total attendance: 1,583
- 47 Arvon online Masterclasses – total attendance: 4,113
- 64 Arvon online Writing Weeks – total attendance: 674
- 10 Arvon online Craft of Writing Sessions – total attendance: 1,194
- 103 Arvon online 1:1s – total attendance: 87
- 39 Arvon residential writing weeks – total attendance: 412

Because Arvon's online Readings (now rebranded as 'How I Write' sessions), Masterclasses and Craft of Writing sessions have no caps on numbers, we have been able to continue offering an Arvon experience to a much larger audience (at much more affordable price points) than we did pre-pandemic. As a result, we maintained a year-on-year increase (vs 2019) of individual engagement with Arvon of 375%.

Our dedicated retreat space, The Clockhouse, reopened in April 2021, offering writing development opportunities to 182 individuals.

Finally, over 2021 we were able to offer short-term engagements to over 450 self-employed writers during what continued to be a challenging period for many.

#### **Mentoring and Online Support**

The Jerwood/Arvon mentoring programme has benefited 84 writers since being launched in 2009; recent achievements by Jerwood/Arvon alumni include: Ella Frears being shortlisted for the T.S.

## The Arvon Foundation Limited

### Trustees' annual report

#### For the year ended 31 December 2021

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Eliot Prize and her debut collection *Shine, Darling* (Offord Road Books, 2020) being shortlisted for the Forward Prizes' Felix Dennis Award for Best First Collection along with Rachel Long's *My Darling From the Lions* (Picador, 2020); Sarah Franklin publishing her second novel *How to Belong* (Zaffre, 2020) and Dom Bury and Romalyn Ante publishing their debut collections *Rite of Passage* (Bloodaxe, 2021) and *Antiemetic for Homesickness* (Penguin, 2020).

The ninth cohort on the Jerwood/Arvon Mentoring Programme ran from 2019–2020, with 9 mentees having been selected out of a pool of nearly 350 applicants who had participated in Arvon courses over the previous two years. The scheme was suspended in 2021 due to the pandemic, and we hope to revive it in 2023.

In 2021 we also ran 103 online Arvon one-to-one tutorials, as we continued to grow this unique offer.

Finally, we added 26 new writing tips and exercises to the Friends premium content on our website.

#### Learning and Partnerships programme

Arvon's celebrated Learning and Partnerships programme was significantly impacted by the pandemic in 2020, but in 2021 we were delighted to fully revive the offer, and in the second half of the year we were able to programme nine L&P groups for residential writing weeks.

Highlights included the Tri-Borough Virtual School group, supporting young people in care from Kensington & Chelsea, Hammersmith & Fulham and Westminster; Grenfell Dedicated Service, supporting bereaved and survivors of the Grenfell Tower tragedy; Ralph Thoresby School, and Apples and Snakes, an adult partnership, both of which we were able to fully fund.

Having piloted online CYP workshops in 2020, we further developed this new, entirely free-to-access offer in 2021, with 15 additional workshops created.

Arvon's L&P programme is now overseen by our Learning and Partnerships Manager, who works closely with the Artistic Director and a team of individuals from across the organisation to steer this vitally important part of our work.

#### Competitions

Arvon continued to partner with other organisations in a number of high-profile writing competitions during 2021, offering winners the chance to participate in an Arvon course. These included: Foyle Young Poets, run by The Poetry Society; Diversity Young Adult Fiction Prize in partnership with Commonword; the Harvill Secker BAME Crime Writing Competition; The SI Leeds Prize for Black and Asian Women Writers; The Poetry Business 16–25 New Poets Prize; The Northern Writers Awards; and the Johnson and Amoy Achong Caribbean Writers Prize in association with the Bocas Lit Fest.



**2. CELEBRATE AND REFLECT THE DIVERSITY OF MODERN BRITISH SOCIETY BY INCREASING THE REACH OF OUR WORK TO WRITERS FROM ALL BACKGROUNDS.**

**Equality Action Plan and Audience Development Plan**

We continued to work hard to increase the diversity of our audience in 2021, focusing on our target groups, and since the start of the pandemic we have made significant progress against a number of KPIs, with targets significantly exceeded for writers of colour (18.6% against 14.5% target) and disabled writers (21% against 12% target). The low-income participant target was also exceeded (44% vs 40%), with the only target not met being 6% for under-26s for our Open Programme.

Arvon at Home has made our offer dramatically more accessible, with our How I Write sessions now entirely free-to-access (with an option to donate to Arvon) and our most costly digital offer – our Online Writing Weeks – still priced at less than 50% of the cost of a Residential Writing Week. Arvon at Home is also more accessible for participants with physical and/or mental health disabilities and those unable to travel or internationally based (we regularly reach participants from continental Europe, Asia and the Americas).

Arvon also made positive use of accessibility features offered by its digital platform, with close captioning now enabled for all Arvon at Home events and courses and with offers especially tailored for disabled participants.

Over the last two years we have continued to develop partnerships with diverse-led organisations including Bi'an – The UK Chinese Writers' Network, Africa Writes festival and Commonword. We have continued to build strong collaborations with diverse-led writing competitions, to offer winners a chance to take part in an Arvon course, including the SI Leeds Literary Prize and the Commonword Diversity Young Adult Fiction Prize. We continue to strengthen our partnership with the Bocas Lit Fest in Trinidad and Tobago to support the creative development of the winners of the Johnson and Amoy Achong Caribbean Writers' Prize by providing mentoring and the opportunity to take part in an Arvon residential course. We also fostered a partnership with Obsidian, a writing development programme for Black writers founded by Arvon trustee Nick Makoha, offering all its 50 participants a free Arvon Masterclass and two participants, selected by Obsidian's tutors, a complimentary place on an Arvon at Home Writing Week.

**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 by 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 Arvon and in part by fundraising from charitable trusts and foundations, corporate donors and individuals.

In 2021, we awarded £31,905 in bursaries to 67 individuals through our main bursary programme. We also for the first time introduced self-identifying concessions across the Open programme, benefiting hundreds of individuals on low incomes.

As we return to normal operations, we will continue to work to secure more funds to support our commitment to provide opportunities to writers on low incomes.

### **3. STRENGTHEN ARVON'S FINANCIAL RESILIENCE AND SUSTAINABILITY.**

#### **Development of new income streams**

In 2020, Arvon created the first major new income stream in its history. While our existing digital offer, Arvon's 1:1 programme, saw target-beating growth in 2021, it was the launch of Arvon at Home that not only provided vitally important income over a uniquely difficult period but also pointed the way forward for Arvon in a post-pandemic world. Our Fourth House is now a permanent part of Arvon's offer, providing access to Arvon for thousands more people each year, and also providing Arvon with an additional and (for the first time) scalable income stream.

#### **Fundraising**

Arvon prioritises the development of our fundraising capability and opportunities for income diversification to secure long-term financial sustainability, by continuing to build strong relationships with donors and via our longstanding relationship with Arts Council England. Arvon is grateful to Arts Council England, all trusts and foundations and the many generous individual donors for their valuable support each year.

Arvon delivered two successful crowdfunding campaigns in 2021, raising over £28,000 towards the Learning Programme. We secured funding towards piloting new activities with state schools ranging from in-person workshops for primary schools in West Yorkshire to online workshops for secondary school students.

In addition to local authority grants awarded over periods of lockdown, in October 2020 we were awarded a grant of £246,000 from the Government's Culture Recovery Fund, administered by Arts Council England, of which £221,400 was received in 2020 and the balance in 2021.

#### **Environmental sustainability**

Arvon pursues an ambitious sustainability policy in relation to 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 houses 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; increase sustainable sources of heating and power; reduce waste; and obtain food for our houses 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.

Throughout 2020 and 2021, we participated in Arts Council England's Environmental Accelerator Programme as an 'Accelerator Peer'. As the houses reopened in 2021, we turned our attention to putting in place policies that will effect significant improvements on our impact going forward.

#### **4. RENOVATE LUMB BANK, CREATING A FIT-FOR-PURPOSE NORTHERN HUB FOR WRITERS.**

Following the great success of our work at The Hurst to improve the residential facility and teaching space, and to enable greater access across the site, Arvon has long planned to make Lumb Bank, The Ted Hughes Arvon Writing House, the subject of its next capital programme.

Despite funding delays and the complexities of the pandemic, in late 2020 we resolved to press forward with the project, regardless of impediments, and the Co-directors of Lumb Bank devised a visioning plan for how Lumb Bank's redevelopment could produce positive impacts not just for Arvon and its attendees but also for the Calder Valley and, by extension, the North of England as a whole: 'Arvon North'.

In spring 2021, when Arvon was compelled to relocate its London-based National Office, as a result of the closure of Free Word, a decision was taken to move the charity's registered office address to Lumb Bank, in large part to underscore our commitment to Arvon North.

Also in early 2021, an esteemed retired architect, Harry Butterworth, was retained as an advisor, and five architectural practices were invited to submit expressions of interest, from which a shortlist was drawn up for interview. As a result of this process, a Calderdale based firm, Gagarin Studio, were appointed to take the project to RIBA Stage 3 and submission of a planning application by the end of 2021, which was accomplished.

In December 2021 Arvon submitted an application to Arts Council England's Capital Investment Programme for support of its ambition to redevelop Lumb Bank. In March 2022, we were offered a grant of £725,000 towards the costs of the project, and we formally entered into a funding agreement with ACE in April 2022. This was the largest award for a Northern based organisation in ACE's capital investment round.

## **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. All of this data is now collated and evaluated in-house, enabling us to rapidly respond to issues and to refine

our offer accordingly. 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 2021 was £1,895,294, compared to £1,730,810 in 2020, an increase of c. 9.5%. Income from donations (including grants) and legacies fell by around 13% from £1,181,837 to £1,025,742, following the receipt of a significant amount of financial support in the prior year from public sector sources in response to the Covid-19 crisis.

Income from fees paid for creative writing courses, tutorials and retreats grew by around 64% from £510,403 in 2020 to £837,712 in 2021, albeit this level of fee income remained at only around 72% of total income from charitable activities for 2019, the last full financial year before Covid.

We received a contribution to income of £6,303 in 2021 from royalties deriving from Arvon's copyright interest in the works of John Osborne (2020: £13,574). This further reduction in royalties income reflects the ongoing devastating impact of Covid-19 on theatres across the world.

We received the following grant income from Arts Council England and other public sector sources during the year:

	2021	2020
	£	£
ACE National Portfolio funding	395,411	395,411
Government Coronavirus Job Retention Scheme	50,980	213,673
Local Authority Support Grants (Coronavirus)	62,770	63,334
DCMS Culture Recovery Fund grant	24,600	221,400
Other Public Sector grants	20,576	10,310
	<hr/>	<hr/>
Total public sector funding	554,337	904,128

Our total income from public sector sources (Arts Council England, central and local government) in 2021 of £554,337 was equivalent to c. 29% of total income (2020: £904,128, equivalent to c. 52% of total income).

The charity's total expenditure in 2021 was £1,866,972, compared to £1,578,258 in 2020, an increase of c. 18%. Staff costs (excluding training and recruitment) rose by around 8.4% from £889,405 to £964,428. Variable costs of residential courses and retreats (including tutor and guest fees) rose from £116,357 in 2020 to £229,274 in 2021, while tutor and guest fees for the

online programme grew from £106,289 to £164,619. Property running and administrative costs for the writing houses increased from £84,953 in 2020 to £101,507 in 2021.

After net gains on investments of £101 (2020: net losses of £2,987), the charity recorded net income for the year of £28,423 (2020: net income of £149,565). Within this figure, net income on unrestricted funds only was £153,260 (income of £1,759,869 less expenditure of £1,606,609), compared to net income on unrestricted funds in 2020 of £88,869.

Total net transfers from restricted income funds to unrestricted funds were £95,446 in 2021. The largest element of these net transfers related to a transfer of £106,711 from the restricted income fund 'DCMS: Culture Recovery Fund grant'. £52,440 of this represented the contribution from the Culture Recovery Fund grant to the costs of rethatching Totleigh Barton in the first quarter of 2021 and is a transfer to the designated 'Tangible fixed assets fund'. The balance of £54,271 represents that part of the grant set aside for reinflating Arvon's free reserves as at the end of March 2021, in accordance with the terms of the grant award.

Following net transfers from restricted income funds to unrestricted funds, our total unrestricted funds have increased by £248,706 to £944,017 (2020: £695,311). The balances on restricted income funds and endowment funds were £3,270,087 (2020: £3,490,471) and £323,484 (2020: £323,383) respectively.

## Reserves Policy

Arvon's total funds of £4,537,588 at 31 December 2021 are made up of the following elements:

Restricted Funds totalling £3,270,087 at 31 December 2021. These are funds held for specific purposes. They include £3,134,554 held as Freehold Property which cannot be disposed of without adhering to certain conditions. The remaining £135,533 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.

An Endowment Fund totalling £323,484 at 31 December 2021. The income from this fund is used to pay for bursaries for participants who would otherwise be unable to afford the full costs of an Arvon course. The Endowment Fund was originally established in 1993 as a permanent endowment. However, in May 2022 the Board of Trustees of Arvon, acting as the charity trustee of the fund, passed written resolutions to free the capital in the fund from the restrictions on its expenditure. The Charity Commission confirmed their consent to these resolutions on 12 August 2022, and from that date the capital in the Endowment Fund can be spent as if it were income. The trustees have committed to set aside £275,000 of the capital held in the Endowment Fund towards the costs of the planned redevelopment of Lumb Bank.

Unrestricted Funds of £944,017 at 31 December 2021. These are made up of four elements:

- Designated Fixed Assets Fund of £364,131 at 31 December 2021. 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.
- National Office Rent Deposit Fund of £5,857 at 31 December 2021. This fund represents the amount paid as a rent deposit under the terms of the charity's occupation agreement for rented office premises in Clerkenwell, London.
- Designated Property Maintenance Fund of £80,000 at 31 December 2021. This fund has been created by a transfer from General funds as at 31 December 2021 in order to ringfence resources for necessary maintenance and improvements of the charity's freehold buildings and estates, and may also be used in future for replacement of vehicles owned by the charity.
- Free Reserves totalling £494,029 at 31 December 2021. 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 set a target range for free reserves of 3–4 months of total expenditure from unrestricted funds. Prior to Covid, this target range was calculated with reference to the historical annual expenditure of the year under review. However, 2020 and 2021 levels of expenditure are considered to be untypical due to the impacts of Covid-19 on the charity's operations and therefore an unrepresentative measure for this purpose. Therefore, in this report we have used the level of expenditure from unrestricted funds according to the annual budget set for 2022 of c. £1.95 million as the reference point. This gives a free reserves target range of approximately £487,500 to £650,000. The level of free reserves at 31 December 2021 of £494,029 is equivalent to 3 months of expenditure from unrestricted funds at 2022 budget levels (2020: 3.1 months of expenditure from unrestricted funds based on actual 2019 pre-Covid expenditure figures). The level of reserves is monitored by Trustees on a quarterly basis.

## Investment Policy

Since 2017 the endowment fund has held £238,982 (equivalent to approximately 74% of the value of the fund at 31 December 2021) in the form of cash deposits following the closure of two investment funds in which the charity previously held shares. These cash deposits have been held pending determination of a revised investment strategy, including consideration of whether the assets of the fund could be best deployed in developing the charity's own properties. The remainder of the endowment fund's assets remain invested in specialist charity common investment funds.

As part of the charity's strategy to redevelop Lumb Bank, the trustees have committed to setting aside £275,000 of the capital held in the endowment fund as Arvon's contribution to the costs of the redevelopment. As noted above, the Charity Commission has given its consent to the resolutions passed by the Board of Trustees of Arvon, acting as the charity trustee of the endowment fund, to release the restrictions on the expenditure of capital in the fund. These

resolutions have therefore taken effect from 12 August 2022. The trustees also intend to dispose of the remaining investment funds held in the endowment fund in the second half of 2022 in order to provide liquid cash resources for the Lumb Bank redevelopment project.

## **Trustees' Liability**

The trustees of the charitable company each undertake to contribute an amount not exceeding £1 to the assets of the charity in the event of a winding up while they are a member of the charitable company or within one year after they cease to be a member.

The total number of such guarantees at 31 December 2021 was 13 (2020: 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 in-person staff meetings per year, and are kept informed on specific matters directly by senior 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 Chartered 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.

## **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 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 the re-appointment of Sayer Vincent LLP will be put to the 2022 Annual General Meeting.

The Trustees' annual report has been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime.

Approved by the trustees on 16 September 2022 and signed on their behalf by:

Patricia Cumper – Chair



## Independent auditor's report

To the members of

The Arvon Foundation Limited

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### Opinion

We have audited the financial statements of The Arvon Foundation (the 'charitable company') for the year ended 31 December 2021 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 2021 and of its incoming resources and application of resources, including its income and expenditure for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- 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

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

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

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

## Independent auditor's report

To the members of

The Arvon Foundation Limited

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### 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 the other information contained within the annual report. 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. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### 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; and
- 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 directors 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.

## Independent auditor's report

To the members of

The Arvon Foundation Limited

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### 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 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.

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

### Capability of the audit in detecting irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management, and the finance committee, which included obtaining and reviewing supporting documentation, concerning the charity's policies and procedures relating to:
  - Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
  - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.

## Independent auditor's report

### To the members of

#### The Arvon Foundation Limited

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- We obtained an understanding of the legal and regulatory framework that the charity operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the charity from our professional and sector experience.
- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

## 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.

Joanna Pittman (Senior statutory auditor)

27 September 2022

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 2021

	Note	Unrestricted £	Restricted £	Endowment £	2021 Total £	Unrestricted £	Restricted £	Endowment £	2020 Total £
<b>Income from:</b>									
Donations and legacies	2	893,249	132,493	–	1,025,742	834,602	347,235	–	1,181,837
Charitable activities	3								
Creative writing courses and retreats		837,712	–	–	837,712	510,403	–	–	510,403
Other charitable activities		–	–	–	–	642	–	–	642
Investments	4	514	2,932	–	3,446	1,478	3,458	–	4,936
Other	5	28,394	–	–	28,394	32,992	–	–	32,992
<b>Total income</b>		<b>1,759,869</b>	<b>135,425</b>	<b>–</b>	<b>1,895,294</b>	<b>1,380,117</b>	<b>350,693</b>	<b>–</b>	<b>1,730,810</b>
<b>Expenditure on:</b>									
Raising funds	6	(169,902)	(8,163)	–	(178,065)	(164,361)	(11,174)	–	(175,535)
Charitable activities	6								
Creative writing courses and retreats		(1,434,699)	(252,200)	–	(1,686,899)	(1,123,615)	(275,836)	–	(1,399,451)
Other charitable activities		(1,600)	–	–	(1,600)	(1,800)	–	–	(1,800)
Other	6	(408)	–	–	(408)	(1,472)	–	–	(1,472)
<b>Total expenditure</b>		<b>(1,606,609)</b>	<b>(260,363)</b>	<b>–</b>	<b>(1,866,972)</b>	<b>(1,291,248)</b>	<b>(287,010)</b>	<b>–</b>	<b>(1,578,258)</b>
Net gains / (losses) on investments		–	–	101	101	–	–	(2,987)	(2,987)
<b>Net income / (expenditure)</b>	7	<b>153,260</b>	<b>(124,938)</b>	<b>101</b>	<b>28,423</b>	<b>88,869</b>	<b>63,683</b>	<b>(2,987)</b>	<b>149,565</b>
Transfers between funds		95,446	(95,446)	–	–	950	(950)	–	–
<b>Net movement in funds</b>		<b>248,706</b>	<b>(220,384)</b>	<b>101</b>	<b>28,423</b>	<b>89,819</b>	<b>62,733</b>	<b>(2,987)</b>	<b>149,565</b>
<b>Reconciliation of funds:</b>									
Total funds brought forward		695,311	3,490,471	323,383	4,509,165	605,492	3,427,738	326,370	4,359,600
<b>Total funds carried forward</b>		<b>944,017</b>	<b>3,270,087</b>	<b>323,484</b>	<b>4,537,588</b>	<b>695,311</b>	<b>3,490,471</b>	<b>323,383</b>	<b>4,509,165</b>

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 2021

	Notes	£	Total 2021 £	£	Total 2020 £
<b>Fixed assets:</b>					
Tangible fixed assets	12		<b>3,498,685</b>		3,465,388
Investments	13		–		84,401
			<b>3,498,685</b>		<b>3,549,789</b>
<b>Current assets:</b>					
Debtors	14	<b>65,244</b>		114,194	
Investments	13	<b>84,502</b>		–	
Cash at bank and in hand	21	<b>1,191,675</b>		1,026,220	
			<b>1,341,421</b>	<b>1,140,414</b>	
<b>Liabilities:</b>					
Creditors: amounts falling due within one year	15	<b>(302,518)</b>		(181,038)	
<b>Net current assets</b>			<b>1,038,903</b>		<b>959,376</b>
<b>Total net assets</b>	17		<b>4,537,588</b>		<b>4,509,165</b>
<b>The funds of the charity:</b>					
Endowment fund	18		<b>323,484</b>		323,383
Restricted income funds:	19				
Tangible fixed assets: Restricted		<b>3,134,554</b>		3,200,740	
Other restricted income funds		<b>135,533</b>		289,731	
Total restricted funds			<b>3,270,087</b>		3,490,471
Unrestricted funds:	20				
Designated fund: Tangible fixed assets		<b>364,131</b>		264,648	
Designated fund: National Office rent deposit		<b>5,857</b>		–	
Designated fund: Property maintenance		<b>80,000</b>		–	
<b>Free Reserves</b>					
General funds		<b>494,029</b>		430,663	
<b>Total Free Reserves</b>		<b>494,029</b>		430,663	
Total unrestricted funds			<b>944,017</b>		<b>695,311</b>
<b>Total charity funds</b>	17		<b>4,537,588</b>		<b>4,509,165</b>

The financial statements were approved by the Board of Trustees on 16 September 2022 and signed on its behalf by:

Patricia Cumper  
Chair

The Arvon Foundation Limited

Statement of cash flows

For the year ended 31 December 2021

	Note	2021 £	£	2020 £	£
<b>Cash flows from operating activities:</b>					
<b>Net income for the year (as per the statement of financial activities)</b>		<b>28,423</b>		149,565	
Depreciation charges	6, 12	110,089		107,193	
(Gains) / losses on investments per the SOFA		(101)		2,987	
Dividends and interest from investments per the SOFA		(3,446)		(4,936)	
Losses on disposals of fixed assets	6	10,347		-	
Decrease / (increase) in debtors		48,950		(24,925)	
Increase / (decrease) in creditors		121,480		(206,663)	
			<b>315,742</b>		<b>23,221</b>
<b>Cash flows from investing activities:</b>					
Dividends and interest from investments per the SOFA		3,446		4,936	
Purchase of tangible fixed assets	12	(153,733)		(28,913)	
			<b>(150,287)</b>		<b>(23,977)</b>
<b>Change in cash and cash equivalents in the year</b>		<b>165,455</b>		(756)	
Cash and cash equivalents at the beginning of the year		<b>1,026,220</b>		<b>1,026,976</b>	
<b>Cash and cash equivalents at the end of the year</b>	21	<b>1,191,675</b>		<b>1,026,220</b>	

**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 is Lumb Bank, Heptonstall, Hebden Bridge, West Yorkshire HX7 6DF.

**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)"), 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.

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.

**c) Public benefit entity**

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

**d) Going concern**

The financial statements have been prepared on the going concern basis, which assumes that the charity will continue in operation for a period of at least twelve months from the date of approval of these financial statements.

There has been a high level of uncertainty generally in the charity's operating environment since the start of the Covid-19 pandemic and in its aftermath, with Arvon's three physical writing houses forced to close for residential courses for over a year and then operating at reduced capacity until the end of September 2021. In common with the experience of organisations across the arts sector and beyond, Arvon's income from charitable activities has continued to be negatively impacted since re-opening and uncertainty persists in the outlook for future course sales as audience activity adjusts post-pandemic. The future effect on audience behaviour of high and rising general inflation, combined with the potential for a severe recession, is hard to predict. The fundraising landscape post-Covid is challenging as a result of the impact on funders. Rising inflation in the charity's own cost base also presents a heightened level of risk to the charity's cash and reserves levels over the coming 12-24 months.

Management intends to mitigate these risks by introducing a more flexible approach to course pricing in response to inflation, by continuing to develop opportunities to broaden the charity's revenue streams and by making contingency plans for deeper cost savings and restructuring in the event that income falls short and/or deficits increase beyond the levels envisaged in current forecasts for the remainder of 2022 and 2023. One of Arvon's key strategic objectives is to proceed with the planned redevelopment of Lumb Bank, as described in the Trustees' Annual Report. However, the trustees recognise the financial uncertainties connected with the costs of this project in the current environment and are keenly aware of the need to keep those risks under constant review in order to minimise risk to the operating stability of the charity.



**1 Accounting policies (continued)**

**d) Going concern (continued)**

The Executive have prepared and the trustees have reviewed forecasts of income and expenditure, cash flow, cash and free reserves balances, which demonstrate that, in spite of the general uncertainties outlined above, the charity will be able to meet its liabilities as they fall due and continue in operation for a period of at least twelve months from the date of approval of these financial statements. Based on these forecasts and the available information on the charity's financial position, the trustees consider that the financial statements can be prepared on a going concern basis.

**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. Claims made through the UK Government's Coronavirus Job Retention Scheme are recognised as income in the period in which the associated staff were furloughed. This income is considered to be unrestricted.

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.

**1 Accounting policies (continued)**

**g) Fund accounting**

The Endowment fund ('EF') 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. The EF was established in 1993 as a permanent endowment. The Arvon Foundation Limited is the sole corporate trustee of the EF. On 11 May 2022 the Board of Trustees of Arvon, acting as charity trustee of the EF, passed written resolutions (i) to fully align the charitable objects of the EF with those of Arvon and (ii) to free the capital within the EF from the restrictions on its expenditure, pursuant to Section 282 of the Charities Act 2011. The Charity Commission have confirmed that their consent to the above resolutions came into legal effect on 12 August 2022 and that from that date the capital of the EF can be spent as if it were income.

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.

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;

**1 Accounting policies (continued)**

**i) Allocation of support costs (continued)**

- 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;
- Depreciation charges in relation to tangible fixed assets; and
- Losses on disposals of 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. Losses on disposal of fixed assets have also been fully allocated as support costs to 'charitable activities: creative writing courses and retreats'. 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 approximate relative proportion of direct costs incurred, of the amount attributable to each activity:

- |   |     |
|---|-----|
| ▪ Cost of raising funds                 | 10% |
| ▪ Creative writing courses and retreats | 90% |

**j) Operating leases**

Licence fees for the occupation of office space and property lease rentals, 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.

**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.

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 buildings* (excl. replacement roofing as below)          | 50 years |
| ▪ Replacement roofing, excluding thatch (within Freehold buildings) | 20 years |
| ▪ Thatch roofing (within Freehold buildings)                        | 15 years |
| ▪ Motor vehicles  | 5 years  |
| ▪ Fixtures, fittings, plant and machinery                           | 5 years  |
| ▪ Computers and other office equipment                              | 4 years  |

\* Land is not depreciated.

The tangible fixed asset category 'Asset under development' relates to the capitalised costs of professional fees (including architects' and cost consultants' fees) and other charges incurred during the year in the preparation of designs up to RIBA Stage 3 and the preparation of a statutory planning application in respect of the planned capital redevelopment of Lumb Bank. Subject to planning permission and the achievement of fundraising targets, the charity plans to begin the main construction phase of the redevelopment project in 2024. No depreciation is charged on the 'Asset under development'.

**1 Accounting policies (continued)**

**l) Fixed asset investments / Current 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. 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.

The trustees intend to dispose of the charity's investments in collective investment funds (held within the Endowment fund) in the second half of 2022, in order to help fulfil the commitment under Arvon's funding agreement with Arts Council England to contribute £275,000 towards the planned redevelopment of Lumb Bank. Therefore, the fair value of investments held has been reclassified on the balance sheet from "Fixed asset investments" to "Current asset investments" as at 31 December 2021.

**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.

Notes to the financial statements

For the year ended 31 December 2021

2 Income from donations and legacies

	Unrestricted funds £	Restricted funds £	2021 Total £	Unrestricted funds £	Restricted funds £	2020 Total £
Arts Council England: National Portfolio Funding	395,411	-	<b>395,411</b>	395,411	-	395,411
Government Coronavirus Job Retention Scheme	50,980	-	<b>50,980</b>	213,673	-	213,673
Local Authority Support Grants (Coronavirus)	62,770	-	<b>62,770</b>	63,334	-	63,334
DCMS Culture Recovery Fund grant	-	24,600	<b>24,600</b>	-	221,400	221,400
Other Public Sector grants	19,694	882	<b>20,576</b>	-	10,310	10,310
Grants from trusts and foundations	1,000	36,500	<b>37,500</b>	23,500	77,900	101,400
Friends Scheme (including Angels)	35,891	-	<b>35,891</b>	35,573	-	35,573
Other donations	18,947	67,109	<b>86,056</b>	80,494	36,625	117,119
Gift Aid reclaimed / recoverable	6,868	3,402	<b>10,270</b>	21,114	1,000	22,114
Donated goods, facilities and services	-	-	-	1,503	-	1,503
Legacies	301,688	-	<b>301,688</b>	-	-	-
	<b>893,249</b>	<b>132,493</b>	<b>1,025,742</b>	<b>834,602</b>	<b>347,235</b>	<b>1,181,837</b>

3 Income from charitable activities

	2021 Total £	2020 Total £
Fees for creative writing courses, tutorials, masterclasses, guest readings and retreats (including online programme)	<b>837,712</b>	510,403
Other charitable activities	-	642
Total income from charitable activities	<b>837,712</b>	<b>511,045</b>

All income in the current and prior year was unrestricted.

4 Income from investments

	Unrestricted funds £	Restricted funds £	2021 Total £	Unrestricted funds £	Restricted funds £	2020 Total £
Bank interest	514	644	<b>1,158</b>	1,478	996	2,474
Dividends	-	2,288	<b>2,288</b>	-	2,462	2,462
	<b>514</b>	<b>2,932</b>	<b>3,446</b>	<b>1,478</b>	<b>3,458</b>	<b>4,936</b>

5 Other income

	2021 Total £	2020 Total £
John Osborne royalties (gross of agent's commission)	<b>6,303</b>	13,574
Government Renewable Heat Incentive payments (The Hurst)	<b>5,932</b>	8,940
Private lettings (including holiday lettings)	<b>6,837</b>	9,008
Insurance claims	-	350
Other miscellaneous income	<b>9,322</b>	1,120
	<b>28,394</b>	<b>32,992</b>

All income in the current and prior year was unrestricted.

The Arvon Foundation Limited

Notes to the financial statements

For the year ended 31 December 2021

6a Analysis of expenditure (current year)

	Charitable activities			Support costs			2021 Total £	2020	Total £
	Costs of raising funds £	Creative writing courses, tutorials and retreats £	Other charitable activities £	Other expenditure £	Governance costs £	Other support costs £			
Residential courses: tutor and guest fees	-	130,876	-	-	-	-	<b>130,876</b>		74,730
Residential courses: tutor and guest expenses	-	17,451	-	-	-	-	<b>17,451</b>		9,778
Residential courses/retreats: other variable costs	-	80,947	-	-	-	-	<b>80,947</b>		31,849
Writing Houses: repairs and maintenance*	-	37,760	-	-	-	-	<b>37,760</b>		48,629
Writing Houses: admin and property running costs**	-	101,507	-	-	-	-	<b>101,507</b>		84,953
Writing Houses: private lettings: variable costs	1,620	-	-	-	-	-	<b>1,620</b>		2,500
Learning Programme (non-resid): tutor/mentor fees	-	14,846	-	-	-	-	<b>14,846</b>		8,125
Learning Programme (non-resid): other project costs	-	3,784	-	-	-	-	<b>3,784</b>		8,002
Arvon at Home (online programme): tutor and guest fees	-	164,619	-	-	-	-	<b>164,619</b>		106,289
Arvon at Home (online programme): other costs	-	12,456	-	-	-	-	<b>12,456</b>		7,881
Other charitable activities: project costs	-	-	1,600	-	-	-	<b>1,600</b>		1,800
Fundraising: non-staff costs	3,390	-	-	-	-	-	<b>3,390</b>		2,712
Marketing and communications: non-staff costs	-	-	-	-	-	15,384	<b>15,384</b>		18,523
Staff costs (note 8)	116,413	570,292	-	-	46,122	231,601	<b>964,428</b>		889,405
Staff training and professional development	-	2,662	-	-	646	600	<b>3,908</b>		3,842
Staff recruitment	-	1,086	-	-	-	-	<b>1,086</b>		1,649
Staff travel and subsistence	-	1,510	-	-	-	2,127	<b>3,637</b>		3,247
National: central admin and office costs***	6,199	5,078	-	-	526	88,994	<b>100,797</b>		101,586
Insurance	-	-	-	-	1,794	37,002	<b>38,796</b>		37,650
Audit fees (see note 7)	-	-	-	-	14,520	-	<b>14,520</b>		13,249
Other fees paid to the auditors (note 7)	3,600	-	-	-	-	504	<b>4,104</b>		-
Fees for professional services and consultancy	-	-	-	-	-	23,111	<b>23,111</b>		13,158
Trustee meeting costs, incl. travel and accommodation	-	-	-	-	646	-	<b>646</b>		36
Costs of trustee recruitment (incl. advertising)	-	-	-	-	4,855	-	<b>4,855</b>		-
Agent's commission on royalties	-	-	-	408	-	-	<b>408</b>		1,472
Losses on disposals of fixed assets (note 7)	-	-	-	-	-	10,347	<b>10,347</b>		-
Depreciation charges (note 7)	-	-	-	-	-	110,089	<b>110,089</b>		107,193
	131,222	1,144,874	1,600	408	69,109	519,759	1,866,972		1,578,258
Governance costs	6,911	62,198	-	-	(69,109)	-	-		-
Other support costs	39,932	479,827	-	-	-	(519,759)	-		-
<b>Total expenditure 2021</b>	<b>178,065</b>	<b>1,686,899</b>	<b>1,600</b>	<b>408</b>	<b>-</b>	<b>-</b>	<b>1,866,972</b>		<b>1,578,258</b>
Total expenditure 2020	175,535	1,399,451	1,800	1,472	-	-	1,578,258		

Notes:

\* Includes non-staff costs of grounds maintenance and forestry work.

\*\* Includes Writing Houses office costs, IT, telecoms, fuel, water rates, non-staff gardening, business rates; excludes property repair and maintenance costs.

\*\*\* Includes licence fee to occupy office space; office lease rental costs; National Office IT equipment, software and licences; IT support and consultancy; bank and merchant services / credit card charges; costs of telecoms, postage, stationery and photocopiers.

The Arvon Foundation Limited

Notes to the financial statements

For the year ended 31 December 2021

6b Analysis of expenditure (prior year)

	Charitable activities			Support costs			2020 Total £
	Costs of raising funds £	Creative writing courses, tutorials and retreats £	Other charitable activities £	Other expenditure £	Governance costs £	Other support costs £	
Residential courses: tutor and guest fees	-	74,730	-	-	-	-	74,730
Residential courses: tutor and guest expenses	-	9,778	-	-	-	-	9,778
Residential courses/retreats: other variable costs	-	31,849	-	-	-	-	31,849
Writing Houses: repairs and maintenance*	-	48,629	-	-	-	-	48,629
Writing Houses: admin and property running costs**	-	84,953	-	-	-	-	84,953
Writing Houses: private holiday lettings: variable costs	2,500	-	-	-	-	-	2,500
Learning Programme (non-resid): tutor/mentor fees	-	8,125	-	-	-	-	8,125
Learning Programme (non-resid): other project costs	-	8,002	-	-	-	-	8,002
Arvon at Home (online programme): tutor and guest fees	-	106,289	-	-	-	-	106,289
Arvon at Home (online programme): other costs	-	7,881	-	-	-	-	7,881
Other charitable activities: project costs	-	-	1,800	-	-	-	1,800
Fundraising: non-staff costs	2,712	-	-	-	-	-	2,712
Marketing and communications: non-staff costs	-	-	-	-	-	18,523	18,523
Staff costs (note 8)	114,125	536,675	-	-	40,773	197,832	889,405
Staff training and professional development	739	911	-	-	-	2,192	3,842
Staff recruitment	224	976	-	-	-	449	1,649
Staff travel and subsistence	-	978	-	-	-	2,269	3,247
National: central admin and office costs***	13,952	8,391	-	-	2,729	76,514	101,586
Insurance	-	-	-	-	1,522	36,128	37,650
Audit fees (see note 7)	-	-	-	-	13,249	-	13,249
Fees for professional services and consultancy	828	-	-	-	3,360	8,970	13,158
Trustee meeting costs, incl. travel and accommodation	-	-	-	-	36	-	36
Agent's commission on royalties	-	-	-	1,472	-	-	1,472
Depreciation charges (note 7)	-	-	-	-	-	107,193	107,193
	135,080	928,167	1,800	1,472	61,669	450,070	1,578,258
Governance costs	6,167	55,502	-	-	(61,669)	-	-
Other support costs	34,288	415,782	-	-	-	(450,070)	-
<b>Total expenditure 2020</b>	<b>175,535</b>	<b>1,399,451</b>	<b>1,800</b>	<b>1,472</b>	<b>-</b>	<b>-</b>	<b>1,578,258</b>

Notes:

\* Includes non-staff costs of grounds maintenance and forestry work.

\*\* Includes Writing Houses office costs, IT, telecoms, fuel, water rates, non-staff cleaning, non-staff gardening, business rates; excludes property repair and maintenance costs.

\*\*\* Includes licence fee to occupy office space; National Office IT equipment, software and licences; IT support and consultancy; bank and merchant services / credit card charges; costs of telecoms, postage, stationery and photocopiers.

Notes to the financial statements

For the year ended 31 December 2021

**7 Net income / (expenditure) for the year**

This is stated after charging:

	2021 £	2020 £
Depreciation	110,089	107,193
Losses on disposal of tangible fixed assets	10,347	–
Property: licence fee to occupy office space (including irrecoverable VAT)	10,521	54,574
Property: rent on office lease (including irrecoverable VAT)	14,220	–
Auditor's remuneration (excluding VAT):		
Audit: current year	10,600	10,100
Audit: prior year under provision	1,500	1,028
VAT and other tax advice	420	–
Independent examination of Culture Recovery Fund expenditure	3,000	–
	<b>3,000</b>	<b>–</b>

**8 Staff costs and employee benefits, trustee remuneration and expenses**

Staff costs were as follows:

	2021 £	2020 £
Salaries and wages	851,719	786,491
Employer's National Insurance contributions (social security costs)	69,941	65,343
Employer's contribution to defined contribution pension schemes	40,268	36,269
Other staff costs	2,500	1,302
	<b>964,428</b>	<b>889,405</b>

During the year there was one employee whose total employee benefits (excluding employer pension contributions) fell within the banding £60,000 to £69,999 (2020: one). Employer payments in the year to a defined contribution pension scheme in respect of this employee totalled £3,414 (2020: £3,232).

The key management personnel of the charity consists of the Trustees and the Executive. Until 31st January 2021, the 'Executive' comprised the Chief Executive Officer and the Chief Financial Officer & Operations Director. With effect from 1st February 2021, the Executive was expanded to include the Deputy CEO (also Director of The Hurst and The Clockhouse) and the Artistic Director (also Director of Totleigh Barton). The total employee benefits including pension contributions of the key management personnel (excluding trustees) in the year were £210,372 (2020: £127,418). No staff loans were outstanding at the year end in relation to any employees (2020: none).

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 (2020: none). One trustee (2020: one) received payment for professional or other services supplied to the charity, as permitted by its Memorandum of Association, totalling £2,215 (2020: £1,304). 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 relating to attendance at meetings of the trustees and visits to the writing houses, totalled £646 (2020: £nil) and were incurred by nine trustees.

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:

	2021 No.	2020 No.
Full-time staff	13.2	12.9
Part-time staff	28.5	28.9
<b>Total average head count</b>	<b>41.7</b>	<b>41.8</b>

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:

	2021 No.	2020 No.
Raising funds	2.7	2.8
Charitable activities	17.7	16.5
Communications and marketing	1.7	1.3
Other support, central (including governance)	5.0	4.5
<b>Total full-time equivalent employees</b>	<b>27.1</b>	<b>25.1</b>

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, members of the Senior Management Team and their respective close family members) during the year were £1,061 (2020: £12,739), including Gift Aid claims outstanding at the year end of £137 (2020: £2,538). Of total donations of £1,061 from related parties, £988 was included in restricted income funds.

**11 Taxation**

The charitable company is exempt from corporation tax as all its trading income beyond primary purpose trading falls below the small trading tax exemption limit and all of its income is applied for charitable purposes.

12 Tangible fixed assets

	Freehold land and buildings £	Asset under development £	Fixtures and fittings, plant and machinery £	Computers and other office equipment £	Motor vehicles £	Total £
<b>Historical cost</b>						
At the start of the year	4,475,463	-	90,100	35,403	27,543	<b>4,628,509</b>
Additions	78,314	47,047	11,088	17,284	-	<b>153,733</b>
Disposals	(11,650)	-	-	(1,149)	-	<b>(12,799)</b>
At the end of the year	<b>4,542,127</b>	<b>47,047</b>	<b>101,188</b>	<b>51,538</b>	<b>27,543</b>	<b>4,769,443</b>
<b>Accumulated depreciation</b>						
At the start of the year	1,050,352	-	63,649	21,577	27,543	<b>1,163,121</b>
Disposals	(1,516)	-	-	(936)	-	<b>(2,452)</b>
Charge for the year	87,514	-	12,257	10,318	-	<b>110,089</b>
At the end of the year	<b>1,136,350</b>	<b>-</b>	<b>75,906</b>	<b>30,959</b>	<b>27,543</b>	<b>1,270,758</b>
<b>Net book value</b>						
At the start of the year	3,425,111	-	26,451	13,826	-	3,465,388
At the end of the year	<b>3,405,777</b>	<b>47,047</b>	<b>25,282</b>	<b>20,579</b>	<b>-</b>	<b>3,498,685</b>

'Freehold Land and Buildings' at 31 December 2021 includes £410,000 in respect of the historical cost of land which is not depreciated (2020: £410,000).

All of the above assets are used (or, in the case of the 'Asset under development', are intended to be used) for charitable purposes.

13 Investments

	2021 £	2020 £
<b>Shares in Common Investment Funds:</b>		
Fair value at the start of the year	<b>84,401</b>	87,388
Net gains / (losses) on revaluation	<b>101</b>	(2,987)
Fair value at the end of the year	<b>84,502</b>	84,401
Historic cost at the end of the year	<b>75,410</b>	75,410
Investments comprise:		
	2021 £	2020 £
Shares in Common Investment Funds at fair value (see above)	<b>84,502</b>	84,401
<b>Total investments</b>	<b>84,502</b>	84,401

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

	2021 £	2020 £
M&G Securities Ltd: Charibond	<b>64,271</b>	66,557
M&G Securities Ltd: Charifund	<b>20,231</b>	17,844
<b>Total</b>	<b>84,502</b>	84,401

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<b>14 Debtors</b>		<b>2021</b>	<b>2020</b>
		<b>£</b>	<b>£</b>
<b>Long term debtors (receivable after more than one year)</b>			
National Office rent deposit paid		5,857	-
<b>Short term debtors</b>			
Trade debtors		18,390	1,121
Other debtors		1,743	2,985
Prepayments		20,428	22,454
Accrued income		18,826	87,634
<b>Total debtors</b>		<b>65,244</b>	<b>114,194</b>

<b>15 Creditors: amounts falling due within one year</b>		<b>2021</b>	<b>2020</b>
		<b>£</b>	<b>£</b>
Trade creditors		28,645	24,545
PAYE taxation and social security (National Insurance contributions)		20,270	18,105
VAT payable		5,236	3,497
Holiday pay accrual		11,130	4,533
Other accruals		25,191	16,197
Deferred income (Note 16)		212,046	114,161
<b>Total</b>		<b>302,518</b>	<b>181,038</b>

**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.

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Balance at the beginning of the year	114,161	260,112
Amount released to income in the year	(51,565)	(124,470)
Amount refunded in the year (course cancellations)	(5,847)	(117,040)
Amount deferred in the year	155,297	95,559
Balance at the end of the year	<b>212,046</b>	<b>114,161</b>

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

	Unrestricted General £	Unrestricted Designated £	Restricted £	Endowment £	<b>Total funds £</b>
Tangible fixed assets	-	364,131	3,134,554	-	<b>3,498,685</b>
Net current assets	494,029	85,857	135,533	323,484	<b>1,038,903</b>
<b>Net assets at the end of the year</b>	<b>494,029</b>	<b>449,988</b>	<b>3,270,087</b>	<b>323,484</b>	<b>4,537,588</b>

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

	Unrestricted General £	Unrestricted Designated £	Restricted £	Endowment £	Total funds £
Tangible fixed assets	-	264,648	3,200,740	-	3,465,388
Fixed asset investments	-	-	-	84,401	84,401
Net current assets	430,663	-	289,731	238,982	959,376
<b>Net assets at the end of the year</b>	<b>430,663</b>	<b>264,648</b>	<b>3,490,471</b>	<b>323,383</b>	<b>4,509,165</b>

18a Endowment fund (current year)

	At 1 January 2021 £	Unrealised gains on investments £	At 31 December 2021 £
<b>Endowment fund</b>	<b>323,383</b>	<b>101</b>	<b>323,484</b>

18b Endowment fund (prior year)

	At 1 January 2020 £	Unrealised losses on investments £	At 31 December 2020 £
<b>Endowment fund</b>	<b>326,370</b>	<b>(2,987)</b>	<b>323,383</b>

The Endowment fund ('EF') 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. The EF was established as a permanent endowment in 1993. The Arvon Foundation Limited is the sole corporate trustee of the EF. On 11 May 2022 the Board of Trustees of Arvon, acting as the charity trustee of the EF, passed written resolutions (i) to fully align the charitable objects of the EF with those of Arvon and (ii) to free the capital within the EF from the restrictions on its expenditure, pursuant to Section 282 of the Charities Act 2011. The Charity Commission have confirmed that their consent to the above resolutions came into legal effect on 12 August 2022 and that from that date the capital of the EF can be spent as if it were income.

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19a Restricted income funds (current year)

	At 1 January 2021 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 December 2021 £
<u>Tangible fixed assets: Restricted</u>					
The Hurst Property	2,848,600	-	(66,035)	15,558	2,798,123
Lumb Bank Property	185,227	-	(9,544)	-	175,683
Totleigh Barton Property	166,913	-	(6,165)	-	160,748
<u>For Bursaries (to individuals incl. teachers)</u>					
Endowment fund income account	15,912	2,932	-	-	18,844
The Barbara and Philip Denny Charitable Trust	6,000	6,000	(6,000)	-	6,000
The Derek Hill Foundation	3,000	-	(3,000)	-	-
The D'Oyly Carte Charitable Trust	3,500	-	(3,500)	-	-
The T. S. Eliot Foundation	16,850	8,500	(16,850)	-	8,500
Other general bursary funders	18,131	5,788	(2,555)	-	21,364
The David Pease Award	2,400	-	-	-	2,400
<u>For Learning Programme courses and projects:</u>					
Comic Relief (Writing the Game)	2,942	-	(600)	-	2,342
The Jerwood Charitable Foundation (t/a Jerwood Arts) – Mentoring	9,540	-	(9,540)	-	-
The McGrath Trust	12,587	-	-	-	12,587
John Lyon's Charity	23,063	-	(23,063)	-	-
The Mercers' Charitable Foundation	-	6,000	(3,600)	-	2,400
Unwin Charitable Trust	-	5,000	(5,000)	-	-
SHINE re Schools Programme	9,000	6,000	(1,500)	-	13,500
Normanby Charitable Trust re Schools Prog.	5,000	-	(5,000)	-	-
Amazon Literary Partnership	30,000	30,000	(53,622)	-	6,378
The Oliver Black Memorial Fund	-	16,902	-	-	16,902
Annie's Fund: Inspiring Young People to Write	-	11,759	-	-	11,759
Kevin Jackson Award	-	6,000	-	-	6,000
The Harold Hyam Wingate Foundation	-	5,000	-	-	5,000
Donations to fund Crenham Award	1,063	62	-	-	1,125
<u>DCMS: Culture Recovery Fund grant</u>	124,950	24,600	(42,839)	(106,711)	-
<u>Lumb Bank Redevelopment Project</u>					
Lumb Bank Redevelopment: Preparation Costs The John S Cohen Foundation	4,293	-	-	(4,293)	-
<u>Other projects</u>					
Calderdale Council: Natural Flood Management Scheme Grant (Lumb Bank)	-	882	(700)	-	182
The Margaret Ingram Bursary Fund for Trainee Gardener at The Hurst	1,250	-	(1,250)	-	-
Other	250	-	-	-	250
<b>Total restricted income funds</b>	<b>3,490,471</b>	<b>135,425</b>	<b>(260,363)</b>	<b>(95,446)</b>	<b>3,270,087</b>

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For the year ended 31 December 2021

19b Restricted income funds (prior year)

	At 1 January 2020 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 December 2020 £
<u>Tangible fixed assets: Restricted</u>					
The Hurst Property	2,914,272	-	(65,672)	-	2,848,600
Lumb Bank Property	189,602	-	(9,544)	5,169	185,227
Totleigh Barton Property	173,078	-	(6,165)	-	166,913
<u>For Bursaries (to individuals incl. teachers)</u>					
Endowment fund income account	15,328	3,458	(2,874)	-	15,912
The Barbara and Philip Denny Charitable Trust	-	6,000	-	-	6,000
The Derek Hill Foundation	-	3,000	-	-	3,000
The D'Oyly Carte Charitable Trust	-	3,500	-	-	3,500
The T. S. Eliot Foundation	8,350	8,500	-	-	16,850
Other general bursary funders	8,249	5,312	-	4,570	18,131
The David Pease Award	2,400	-	-	-	2,400
<u>For Learning Programme courses and projects:</u>					
The Eranda Rothschild Foundation	-	30,000	(30,000)	-	-
Comic Relief (Writing the Game)	2,942	-	-	-	2,942
Claremont Bursary Fund	4,570	-	-	(4,570)	-
The Jerwood Charitable Foundation (t/a Jerwood Arts) – Mentoring	18,790	5,900	(15,150)	-	9,540
The McGrath Trust	12,587	-	-	-	12,587
John Laing Charitable Trust	25,000	-	(25,000)	-	-
John Lyon's Charity	23,700	-	(637)	-	23,063
The Mercers' Charitable Foundation	10,000	-	(10,000)	-	-
Unwin Charitable Trust	-	5,000	(5,000)	-	-
The John Thaw Foundation	-	2,000	(2,000)	-	-
Hays Travel Foundation	2,500	-	(2,500)	-	-
The Sir James Knott Trust	1,500	-	(1,500)	-	-
SHINE re Schools Programme	-	9,000	-	-	9,000
Normanby Charitable Trust re Schools Prog.	-	5,000	-	-	5,000
Amazon Literary Partnership	-	30,000	-	-	30,000
<u>Donations to fund Crenham Award:</u>					
The Booker Prize Foundation	10,000	-	(10,000)	-	-
Other donations: Crenham Award	227	1,063	(227)	-	1,063
<u>DCMS: Culture Recovery Fund grant</u>	-	221,400	(90,331)	(6,119)	124,950
<u>Lumb Bank Redevelopment Project</u>					
<u>Lumb Bank Redevelopment: Preparation Costs</u>					
The John S Cohen Foundation	4,293	-	-	-	4,293
<u>Other projects</u>					
Calderdale Council: Natural Flood Management Scheme Grant (Lumb Bank)	100	10,310	(10,410)	-	-
The Margaret Ingram Bursary Fund for Trainee Gardener at The Hurst	-	1,250	-	-	1,250
Other	250	-	-	-	250
<b>Total restricted income funds</b>	<b>3,427,738</b>	<b>350,693</b>	<b>(287,010)</b>	<b>(950)</b>	<b>3,490,471</b>

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 £81,744 (2020: £81,381) relates to the depreciation charges against freehold property assets held within restricted funds; a further £5,770 of depreciation has been charged during the year against elements of freehold property held within the designated fund 'Tangible fixed assets: Unrestricted' (2020: £2,168) (see note 12). Transfers in of £15,558 (2020: £5,169) relate to fixed asset additions to freehold properties in the year as shown below:

	2021 £	2020 £
Lumb Bank: fixed asset additions in relation to bathroom installation work, transfer in from general funds:	-	5,169
The Hurst: fixed asset additions in relation to works to improve the condition of the stores area and prevent water ingress, transfer in from general funds:	<b>15,558</b>	-
	<b>15,558</b>	5,169

- 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 and cash deposits 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) Writing the Game – Grant funds from Comic Relief towards a project for under 18s which aims to harness young people's love of football to encourage a life-long interest in writing and words.
- d) The Jerwood Charitable Foundation (t/a Jerwood Arts) – Mentoring. A project funded by The Jerwood Charitable Foundation supporting the writing talent of the future with a year-long mentoring programme led by leading writers.
- e) The McGrath Trust. Supporting courses for young people from Northern Ireland.
- f) John Lyon's Charity. Supporting Arvon's First Lines programme providing young people in care the opportunity to participate in a residential week and pre/post residential arts activities.
- g) The Mercers' Charitable Foundation; Unwin Charitable Trust; SHINE; Normanby Charitable Trust: Grants in support of Arvon's Schools Programme.
- h) Amazon Literary Partnership. A donation towards the Learning Programme supporting courses for state schools, young people and vulnerable adults.
- i) The Oliver Black Memorial Fund. Crowdfunding income in support of the Learning Programme (courses for state schools, disadvantaged young people and vulnerable adults).
- j) Annie's Fund: Inspiring Young People to Write. Crowdfunding income in support of the Schools Programme.
- k) Kevin Jackson Award. Donations in memory of Kevin Jackson towards Arvon's Schools Programme.
- l) Harold Hyam Wingate Foundation. Grant to support 12 emerging playwrights to participate in an Arvon at Home course and follow-up online one-to-one tutorials.
- m) Crenham Award. An award aimed at increasing access to creative writing for marginalised young people and vulnerable adults. Supported by a number of trusts and individual donors.
- n) DCMS: Culture Recovery Fund grant. In October 2020 Arvon was awarded a grant of £246,000 from the Government's Culture Recovery Fund Grants programme ('CRF'), administered by Arts Council England. The grant is funded by resources from the Department for Digital, Culture, Media and Sport (DCMS). Announced in July 2020, the aim of the CRF was to help maintain England's cultural ecology during the Coronavirus pandemic by supporting culturally significant organisations which were financially sustainable before Covid-19 but were at imminent risk of failure. The funding was intended to allow organisations to reopen / restart their operations where appropriate or operate on a sustainable, cost-efficient basis so that they could reopen at a later date.

19 Restricted Income Funds (continued)

The grant awarded to Arvon was provided to fund essential business expenditure (including staff salaries), equipment purchases and building maintenance costs incurred between 1 October 2020 and 31 March 2021. Arvon received the first instalment (90%) of the grant in October 2020 (£221,400). The second instalment of 10% (£24,600) was paid in September 2021 following submission to Arts Council England of a completed activity report and an independently certified income and expenditure statement for the activity carried out during the grant funding period.

Transfers out of this fund totalling £106,711 (2020: £6,119) can be analysed as follows:

	2021 £	2020 £
Fixed asset additions (fixtures and fittings, plant and machinery), transfer out to 'Tangible fixed asset fund: Unrestricted':	-	(5,349)
Fixed asset additions (computers and other office equipment), transfer out to 'Tangible fixed asset fund: Unrestricted':	-	(770)
Fixed asset additions (land and buildings) in relation to rethatching of Totleigh Barton (part), transfer out to 'Tangible fixed asset fund: Unrestricted':	(52,440)	-
Transfer out to General funds (reflation of free reserves):	(54,271)	-
<b>Total transfers out</b>	<b>(106,711)</b>	<b>(6,119)</b>

- o) Lumb Bank Redevelopment fund: a fund to provide support towards the costs of the capital redevelopment of Lumb Bank. The transfer out of this fund to the designated fund 'Tangible fixed asset fund: Unrestricted' of £4,293 represents part of the capitalised costs of architects' fees incurred in relation to the Lumb Bank Redevelopment project (RIBA Stages 0-3) during the year ('Asset under development').
- p) Calderdale Council: Natural Flood Management Scheme Grant (Lumb Bank). A grant awarded by Calderdale Council under its Flood Recovery and Resilience Programme, whose aim is to reduce the impact of flooding in Calderdale. The funds awarded over the period 2019-21 have enabled Arvon to invest in measures at Lumb Bank, including earth bunds, Himalayan balsam control and woodland thinning, which will contribute to the management of flood risk in the area.
- q) The Margaret Ingram Bursary Fund. A grant awarded by an anonymous donor which funded a 13 week part-time post in 2021 for a trainee gardener to work and learn alongside the gardener at The Hurst.

20a Unrestricted funds (current year)

	At 1 January 2021 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 December 2021 £
<b>Designated funds:</b>					
Tangible fixed asset fund: Unrestricted	264,648	-	(38,692)	138,175	364,131
National Office rent deposit fund:	-	-	-	5,857	5,857
Property maintenance fund:	-	-	-	80,000	80,000
<b>Total designated funds</b>	<b>264,648</b>	<b>-</b>	<b>(38,692)</b>	<b>224,032</b>	<b>449,988</b>
<b>Free Reserves:</b>					
General funds	430,663	1,759,869	(1,567,917)	(128,586)	494,029
<b>Total Free Reserves</b>	<b>430,663</b>	<b>1,759,869</b>	<b>(1,567,917)</b>	<b>(128,586)</b>	<b>494,029</b>
<b>Total unrestricted funds</b>	<b>695,311</b>	<b>1,759,869</b>	<b>(1,606,609)</b>	<b>95,446</b>	<b>944,017</b>



20b Unrestricted funds (prior year)

	At 1 January 2020 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 December 2020 £
<b>Designated funds:</b>					
Tangible fixed asset fund: Unrestricted	266,716	–	(25,812)	23,744	<b>264,648</b>
<b>Total designated funds</b>	<b>266,716</b>	<b>–</b>	<b>(25,812)</b>	<b>23,744</b>	<b>264,648</b>
<b>Free Reserves:</b>					
General funds	338,776	1,380,117	(1,265,436)	(22,794)	<b>430,663</b>
<b>Total Free Reserves</b>	<b>338,776</b>	<b>1,380,117</b>	<b>(1,265,436)</b>	<b>(22,794)</b>	<b>430,663</b>
<b>Total unrestricted funds</b>	<b>605,492</b>	<b>1,380,117</b>	<b>(1,291,248)</b>	<b>950</b>	<b>695,311</b>

Purposes of unrestricted funds

- a) Tangible fixed asset fund: Unrestricted. Expenditure charged to this fund in the year totalling £38,692 (2020: £25,812) is made up of: depreciation charges of £22,575 (2020: £23,644) against the tangible fixed asset categories 'fixtures and fittings, plant and machinery' and 'computers and other office equipment'; a depreciation charge of £5,770 (2020: £2,168) against those elements of 'freehold property' held within designated funds (see note 12); and losses on disposals of tangible fixed assets in the year of £10,347 (2020: £nil).

Transfers in to this fund totalling £138,175 (2020: £23,744) relate to fixed asset additions as follows:

	2021 £	2020 £
Fixed asset additions (land and buildings), transfer in from general funds:	10,316	–
Fixed asset additions (land and buildings), transfer in from restricted funds:	52,440	–
Fixed asset additions (asset under development), transfer in from general funds:	42,754	–
Fixed asset additions (asset under development), transfer in from restricted funds:	4,293	–
Fixed asset additions (fixtures and fittings, plant and machinery), transfer in from general funds:	11,088	8,779
Fixed asset additions (fixtures and fittings, plant and machinery), transfer in from restricted funds:	–	5,349
Fixed asset additions (computers and other office equipment), transfer in from general funds:	17,284	8,846
Fixed asset additions (computers and other office equipment), transfer in from restricted funds:	–	770
<b>Total transfers in to Tangible Fixed Asset fund: Unrestricted</b>	<b>138,175</b>	<b>23,744</b>

- b) Designated fund: National Office rent deposit. In May 2021 the charity took on a new lease for office premises in Clerkenwell, London. This fund represents the amount of £5,857 paid as a deposit under the terms of the occupation agreement, which is to be refunded at the end of the tenancy. This amount is included in debtors on the balance sheet (see note 14).
- c) Designated fund: Property maintenance. The trustees have decided to create a new designated fund by a transfer from general funds of £80,000 as at 31 December 2021. The purpose of this fund is to ringfence resources for necessary maintenance and improvements of the charity's freehold buildings and estates and to allow for longer term forward planning based on quinquennial inspection reports. This fund may also be used in future for replacement of the vehicles used by the charity at each of the writing houses.

**20 Unrestricted funds (continued)**

d) Net transfers out of general funds of £128,586 (2020: transfers out of £22,794) can be analysed as follows:

	2021 £	2020 £
Transfers out to 'Tangible fixed asset fund: Restricted' in respect of fixed asset additions, as noted above:	(15,558)	(5,169)
Transfers out to 'Tangible fixed asset fund: Unrestricted' in respect of fixed asset additions, as noted above:	(81,442)	(17,625)
Transfer in from restricted fund 'DCMS: Culture Recovery Fund grant' (see note 19n):	54,271	-
Transfer out to designated fund 'National Office rent deposit' (see note 20b):	(5,857)	-
Transfer out to designated fund 'Property maintenance' (see note 20c):	(80,000)	-
<b>Total net transfers out of General funds:</b>	<b>(128,586)</b>	<b>(22,794)</b>

**21 Analysis of cash and cash equivalents**

	2021 £	2020 £
Cash at bank and in hand	1,191,675	1,026,220
<b>Total cash and cash equivalents</b>	<b>1,191,675</b>	<b>1,026,220</b>

**22 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.

**23 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 security 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. This security is in place for a period of 30 years from 24 June 2011.