

Company number: 1086582

Charity Number: 306694

The Arvon Foundation Limited

Trustees' Annual Report and Financial Statements
For the year ended 31 December 2016

The Arvon Foundation Limited

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The Arvon Foundation Limited

Reference and administrative information

For the year ended 31 December 2016

Company number 1086582
Charity number 306694

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

Trustees Trustees, who are also directors under company law, serving during the year and up to the date of this report were as follows:

Alistair Burtenshaw	Chair of Trustees
Dr Judith Abbott	Chair of Finance Committee
Patience Agbabi	(retired 9 July 2016)
Sir Andrew Cahn	(retired 26 April 2017)
Anthony Cohen	(retired 2 November 2016)
Kate Donaghy	(retired 27 April 2016)
Marion Gibbs	Chair of Nominations Committee
	(retired 2 November 2016)
Neil Harris	(appointed 2 November 2016)
	Chair of Properties Committee from
	25 May 2017
Ashley Holloway	(appointed 2 November 2016)
Nicholas Makoha	(appointed 2 November 2016)
Daljit Nagra	(appointed 2 November 2016)
Sophie Rochester	(retired 25 January 2016)
Meriel Schindler	Chair of Nominations Committee
	from 2 November 2016
Michael Symmons Roberts	(retired 2 November 2016)
Simon Trewin	
Mandy Kit de Waal	(appointed 2 November 2016)
Virginia Wedgwood	Chair of Properties Committee
	(retired 25 May 2017)
Honor Wilson-Fletcher	(appointed 2 November 2016)
Andrew Wimble	

Chief Executive and Artistic Director Ruth Borthwick (Company Secretary from 16 October 2016)

Director of Operations and Company Secretary Nicholas Murza-Murzicz (to 25 August 2016)
(Company Secretary to 17 August 2016)

Director of Finance and Resources Richard Haseldine (from 28 November 2016)

The Arvon Foundation Limited

Reference and administrative information

For the year ended 31 December 2016

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

The Arvon Foundation Limited

Trustees' annual report

For the year ended 31 December 2016

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 2016.

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

Structure, Governance and Management

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

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

Objects of the Charity

The Arvon Foundation's objects are:

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

The charity's primary activity is to provide residential and non-residential courses for individuals and groups which use creative writing to deliver its objects, with a particular focus on courses relating to poetry, literature, drama and music. In 2016 we launched our dedicated Writers' Retreat facility at the Clockhouse in the grounds of The Hurst in Shropshire. These activities are described below.

Method of Appointment and Election of Trustees

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

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

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

Policies adopted for the Induction and Training of Trustees

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

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

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

Public Benefit

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

Organisational Structure and Decision Making

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

- Finance Committee
- Properties Committee
- Nominations Committee

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

- The Chief Executive and Artistic Director
- The Director of Operations (until August 2016)
- The Director of Finance and Resources (from November 2016)

Between August and December 2016 the Chief Executive was supported by an Interim Finance Director. In addition, the charity's fundraising, communications, finance and central administration staff are based in the London office.

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

The Chief Executive and Artistic Director, the Director of Operations (to August 2016), the Director of Finance and Resources (from November 2016), the three Centre Directors, together with the Head of Learning and Participation, the Head of Development and the Head of Communications form the Senior Management Team ('SMT'). The SMT meets on a regular basis throughout the year.

Remuneration Policy

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

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

Arvon does not operate a charity discount, and maintains a detailed remuneration policy.

Related Party Relationships

The charity has no current related party relationships except those with the trustees and other key management personnel.

Risk Management

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

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

The Board of Trustees formally reviews the risks and mitigating measures annually. Risks assessed relate primarily to finance and assets, operations and the reputation of the charity. Key risks include the potential loss or significant reduction of Arts Council England funding, a failure to fundraise sufficient funds from other sources, and a substantial drop in the occupancy of Arvon's courses.

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

Objectives and Activities for 2016

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

Objectives set for the year:

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

"In 2016, Arvon will produce a public programme of residential writing courses in our centres located in Devon, Shropshire and Yorkshire to reach aspiring writers aged 18+. We will also offer residential weeks for schools and community groups, additionally with a focus on reaching young people and adults from disadvantaged backgrounds or with particular challenges.

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

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

Activities and outcomes:

i) Public "open" course programme

In 2016 Arvon ran 82 open courses for adults in a broad range of writing genres (2015: 80 open courses). Alongside the core courses in genres such as Starting to Write, Fiction, Poetry and Scriptwriting courses for stage, screen and radio, we devised new programmes including Popular Science, Flash Fiction and Poetry Retreat with Walking.

In total 1,081 writers attended our public residential courses, representing 83% occupancy (2015: 1,118 writers representing 86% occupancy).

ii) Learning and Participation programme

Arvon's Learning and Participation (L&P) programme worked with 22 schools and 19 partnerships with arts and community groups in 2016 (2015: 33 schools and 14 partnerships with arts and community groups). We were able to host 41 residential weeks in 2016, reaching around 610 participants for residential weeks at Arvon centres (2015: 47 residential weeks, reaching over 700 participants).

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

Schools

In total 352 state school students attended a week-long residential course of which over 64% were from schools outside London. Over 70 teachers a year engage with Arvon and develop their ability to support young people in improving their writing, reaching over 5,000 young people across classes who benefit from improvements in their teacher's practice as a result of engaging with Arvon. Each year 20 anthologies are produced and shared in events such as school assemblies, launch events to parents, and exhibitions, reaching over 2,000 individuals.

We have invested time in developing new relationships with state schools nationwide and continued to reach out to state schools in areas of high disadvantage, raising funds to provide five fully funded residential weeks in 2016. External pressures, including reduced school budgets and a tendency within the education system to place less value on the arts in schools, have led to an increase in cancellations by schools.

Partnerships

We hosted 19 residential weeks with partners in 2016, including: Start360, supporting young people at risk in Belfast; Foyle Young Poets, run by The Poetry Society; Virtual Schools, supporting looked after young people; Reform Radio based in Manchester; the Jerwood/ Arvon Mentoring Scheme, masterclass and retreat; and weeks exclusively for teacher and Arvon tutor development.

We established a three-year partnership with First Story, who work with state schools in areas of socio-economic disadvantage in the South West, London, the East Midlands and the North, to bring them to Arvon each summer. In addition, winners of an annual First Story National Writing Competition for state school pupils, led by First Story, will attend an Arvon course together each year. We also partnered with Commonword's Women in the Spotlight (WITS), a theatre development programme for BAME and/or queer women who want to write for and/or perform on

stage, to enable women to attend a residential course in 2016 to develop their work ready for performance.

There are several broader economic issues that have impacted on the partnership programme in 2016, including the extent of public sector financing constraints that have led to significant reductions in local authority budgets for spending on arts and culture, and have made it harder for partner community organisations to raise funds from trusts and foundations. We continue to seek ways of sustaining this work financially through attracting multi-year funding for programmes and through developing new offers to generate income.

Writing the Game

This project has continued to develop strongly in 2016, funded by Comic Relief in partnership with George Mitchell School and Leyton Orient Trust. In 2016, we shared our external evaluation of the project by Dr Caroline Murphy of Northumbria University. The evaluation found that 95% of participants identified that the project had contributed to improved outcomes in their writing skills and abilities as well as their enjoyment of writing, and the evaluation provided detailed evidence of improved well-being for young people with student feedback highlighting increased self-confidence and independence.

Arvon City courses

We hosted five non-residential city-based courses in Belfast, Canvey Island, London, Manchester and Wolverhampton, all in our geographical target areas, to broaden our audience and reach those who would not normally be able to attend a residential Arvon course. We supported individuals with specific grants to ensure that disadvantaged writers could participate.

Three courses with target groups took place in partnership with: The Belfast Inter Schools Creative Writing Network; Pop Up, and Hidden Stories – working with refugees and asylum seekers in Manchester. We also hosted two open Arvon City courses in partnership with JW3 and Writing West Midlands.

Jerwood/Arvon Mentoring scheme

Our Jerwood Arvon Mentoring Scheme recruited its eighth cohort in 2016 while simultaneously running the seventh year of the programme. This programme develops talent in writers through an 18 month programme of mentoring, a residential masterclass and retreat, a published anthology and a digital project. It has a strong track record of supporting writers who then go on to be published and win major competitions. Nine writers in the 2016 scheme were mentored by playwright Chris Thorpe, novelist Emma Jane Unsworth and poet Mona Arshi. The next year of the programme (2017) was launched in December 2016, with playwright Tim Crouch, novelist Jacob Ross and poet Pascale Petit as mentors.

Competitions

Arvon partnered with other organisations in a number of high profile writing competitions during 2016, offering winners the chance to participate in an Arvon course.

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

iii) **Research Project: Teachers as Writers**

We are investing to evaluate the impact of our work with teachers and schools, and to increase advocacy and marketing to schools. The Teachers as Writers research project 2015–17 is part of our strategic plan to better articulate the value of writers' engagement with teachers to improve outcomes for pupils. Funded by Arts Council England, The Rayne Foundation and UK Literacy Association, this research is in partnership with the University of Exeter and Open University and findings have been shared in May 2017 (www.teachersaswriters.org).

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

Objectives set for the year:

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

“As part of our Audience Development Plan, we have identified two priority audiences that have traditionally a low engagement with the arts and with whom we wish to deepen our engagement. They are: under 25 year olds, and those with low/no income. We have also developed a strategic plan to deepen and extend our engagement with: Black, Asian and Minority Ethnic (BAME) writers; disabled writers, and residents of England outside the South of the country (London, the South East and the South West).

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

Activities and outcomes:

i) Equality Action Plan and Audience Development Plan

We continue to work hard to increase the diversity of our audience, focusing on our target groups. In 2016 we continued to work on implementation of our Equality Action Plan and Audience Development Plan, both intended to enable us to broaden our audience and work with trusted partners to understand individual needs of participants and remove barriers to engagement.

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

We have continued to develop key strands of our work with schools, partnerships with arts and community groups, writer development and teacher development. We plan to continue these in 2017–19, with multi-year funding from trusts and foundations and individuals. These include: state schools from disadvantaged areas; young people at risk in Belfast; young people in care, through partnership with Virtual Schools; children who struggle with writing, through our Writing the Game football and writing project, in partnership with Leyton Orient Trust; and our partnership with First Story to enable pupils from disadvantaged areas in the North and South West of England to participate in Arvon residential weeks during the school summer holidays over the next three years.

ii) Grants and financial assistance

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

We also offer grants to practising state school English teachers as part of an initiative to encourage and support creative writing in schools and for teachers to develop their own personal creativity.

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

In 2016, the scheme awarded a total of £76,150 in bursaries for our residential and city courses (2015: £69,136), including bursaries of £54,670 from restricted income funds. Of the total

bursaries awarded, £57,460 was awarded to 153 individual beneficiaries (2015: £51,411 to 135 individual beneficiaries) who came on open courses or an Arvon city course, representing 12% (2015: 12%) of all the people who participated on Arvon courses and retreats.

The total figure also includes financial assistance of £18,690 provided by Arvon from unrestricted funds to disadvantaged groups across a number of residential partnership and state school course weeks to enable them to participate (2015: £17,725). Five bursaries were awarded to individuals through partnership relationships enabling individuals from marginalised groups to attend our open programme courses.

The demand for this scheme continues to increase, as does the size of the average award. We continue to work to secure more funds to support our commitment to provide opportunities to writers on low incomes. We increased the volume of funds available by 15% compared to 2015, although the opening of the Clockhouse Writers' Retreats in 2016 saw a rise in our total audience numbers, meaning that the proportion of our audience who benefited from bursaries remained at the same level as in the previous year.

3. TO ESTABLISH A NEW OFFERING TO TALENTED WRITERS.

Objectives set for the year:

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

Activities and outcomes:

In March 2016 our refurbishment of the Clockhouse at The Hurst was completed, and in May 2016 we opened the Clockhouse Writers' Retreat to the public. This facility offers modest apartments to accommodate four writers on retreat at our Shropshire writing centre. The suites each contain a study, living room and bathroom.

We treated 2016 as a pilot year for the Clockhouse. We tested two different offers to writers: a six day and a three day retreat (over a weekend). These have proved highly successful with 89% of places sold and the core offering – the six day retreat – at 95% occupancy. Reaction has been very positive with over 70% of writers agreeing that the retreat was value for money. This evidence proved our earlier research which suggested that there was an unfulfilled need for writers' retreats in the UK and that Arvon was a trusted brand to lead on this.

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

Objectives set for the year:

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

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

Activities and outcomes:

i) Arvon’s Centres

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

ii) Sustainability and resilience of the business model

Over the course of the last year we have advanced our objective to increase our financial resilience on two fronts: by addressing our lack of financial expertise in the Executive team; and by undertaking a thorough review of our Business Model.

In the autumn of 2016, following an organisational review led by an external HR consultant, which recommended that we appoint a qualified accountant with experience of working in a charity setting to lead on Arvon’s financial management, we restructured the Executive to create a new role, Director of Finance and Resources. Richard Haseldine started work at the end of November. He has overhauled our internal monitoring systems and is creating a culture of deeper financial accountability with budget holders across the charity. We are now working towards developing the financial templates for the new Business Plan 2018–2020 so that senior managers are closely involved in its drafting. We plan to replace our financial accounting software for the beginning of 2018 with an upgraded system and we will shortly begin the task of selecting and scoping new financial software, and considering training needs for finance staff.

We have been working on a comprehensive review of our Business Model, facilitated by consultant Chris Tchen, working with staff and trustees. The objective is to ensure that our model is fit to

deliver our key strategic aims and vision in a sustainable way. We have analysed the external environment (trends in how writers learn their craft; changes in the publishing industry; changing requirements of funders and donors). We have developed our knowledge of competitors and their offers; and we have also performed an internal analysis, looking at our core competencies; audience feedback to our work; feedback from Arts Council England; our writing houses and their unique qualities; response to our programme; and pricing. We are now preparing pilots that will be included in the 2018 programme, based on ideas and evidence that has emerged from this review. It has been a very positive and challenging exercise which has stimulated valuable new thinking and cooperation across the whole team, both staff and trustees.

iii) Environmental sustainability

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

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

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

iv) Fundraising

In view of the challenges presented by public sector financing constraints, in particular the impact on our work with schools and partnerships, Arvon prioritises the development of our fundraising capability and opportunities for income diversification in order to secure long term financial sustainability. We continue to build strong relationships with donors and have seen a corresponding increase in our privately fundraised income in 2016. Arvon is grateful to Arts Council England, all trusts, foundations and corporate supporters and the many generous individual donors for their valuable support during the year.

The Arvon Foundation Limited

Trustees' annual report

For the year ended 31 December 2016

Excluding grants from Arts Council England, we generated a total of £403,481 of fundraised income in 2016 (against a target of £361,936), as set out in the table below:

	2016	2015
	£	£
Grants from trusts and foundations	294,771	264,260
Rayne Foundation grant for 'Teachers as Writers'*	15,000	–
Public sector grants (excluding ACE)	2,500	–
Friends Scheme	37,891	34,141
Other donations (including Gift Aid)	53,319	59,316
	<hr/>	<hr/>
Total fundraised income	403,481	357,717

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

On this basis, 18% of Arvon's income in 2016 came from private fundraising. Just over 75% of this income came from trusts and foundations, largely supporting the Learning and Participation programme through core or project funding. Since 2014 we have focused on securing support for multiple years to provide increased security of funding. Such commitments allow us to develop highly effective relationships with partners, improving delivery and increasing reach. By the end of 2016, £226,907 of funding commitments had been secured for 2017, and a further £169,772 for 2018.

Following the completion of Arvon's capital campaign to renovate The Hurst in 2013, we have sought to engage individuals in supporting Arvon's revenue activities. In 2016 donations from individuals represented c. 19% of Arvon's fundraised income, including 9% which came through Arvon's Friends scheme, which had approximately 700 members at the end of 2016. Donations from individuals ranged from one-off gifts of £10 to a donation of £18,750 towards Arvon's Schools Programme.

Arvon is particularly grateful to The McGrath Trust for their generous support over the past decade. We were delighted to gain a renewed commitment from the trust to support Arvon's cross-community work with young people from Northern Ireland over the next three years.

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 demonstrating the impact and reach of our work and we continue to refine the information we gather.

- For every course and for our grant scheme, we ask for both feedback and equal opportunities data from course participants, tutors and staff. This is collated and analysed by an independent evaluator who provides us with detailed regular analysis of trends and recommendations for improvement. For some projects, we engage in extended evaluation to measure impact over time and this information is used to shape future activities.
- We use key measures, including booking rates, numbers of schools and partnership courses run, plus demographic and equal opportunities information (particularly region, age, ethnic diversity and income levels) and levels of engagement online.

Financial Review

The Arvon Foundation's total income in 2016 was £2,228,725, compared to £1,837,813 in 2015, an increase of c. 21%. Income from donations (including grants) grew by c. 2.8% from £850,735 to £874,772, reflecting a strong increase in grants from trusts and foundations to support our work.

Income from creative writing courses and retreats grew by c. 3.8% from £943,391 in 2015 to £978,965 in 2016, reflecting in part the launch of the Writers' Retreat at the Clockhouse in May 2016.

We received income totalling £164,269 (2015: £nil) in respect of the research project 'Teachers as Writers', led by Arvon and delivered in partnership with the University of Exeter and Open University. This income included research grant funding of £143,269 from Arts Council England and a grant of £15,000 from The Rayne Foundation.

A further important factor in the uplift in income in 2016 has been the increase in royalties deriving from Arvon's copyright interest in the works of John Osborne, which grew from £23,502 in 2015 to £174,454 in 2016. This increase was largely attributable to the successful West End production of John Osborne's play "The Entertainer" in late 2016. We do not expect the charity's income from royalties to remain at this unusually high level in 2017 and subsequent years.

In addition to the Arts Council England research grant for 'Teachers as Writers' mentioned above, we also received the following grant income from Arts Council England during the year:

	2016	2015
	£	£
ACE Small Capital Grants programme	98,024	138,176
ACE Catalyst funding	–	10,000
ACE National Portfolio funding	388,267	335,722
ACE: other grants	–	9,120
Total Arts Council England funding excl. Teachers as Writers	<u>486,291</u>	<u>493,018</u>

Including Teachers as Writers research funding of £143,269, our total income from Arts Council England in 2016 was £629,560, equivalent to c. 28% of total income (2015: £493,018, equivalent to c. 27% of total income).

The charity's total expenditure in 2016 was £2,194,829, compared to £2,023,812 in 2015, an increase of c. 8.5%. Staff costs (excluding training and recruitment) increased from £806,505 to £881,024. This is partly attributable to an increase of approximately £30,000 in costs of agency staff, including costs of our Interim Finance Director in the second half of 2016. Total costs of the Teachers as Writers research project in 2016 (including support costs) were £155,726 (2015: £240).

After net gains on investments of £34,926 (2015: net losses on investments of £12,185), the charity recorded net income for the year of £68,822 (2015: net expenditure of £198,184).

Of this amount, net income on unrestricted funds only was £8,653 (income of £1,622,331, less expenditure of £1,615,478 plus net gains on investments of £1,800), compared to net expenditure on unrestricted funds in 2015 of £155,995. (Net expenditure on unrestricted funds in 2015 of £155,995 was largely offset by the gain of £129,368 on disposal of a property which had previously been used for charitable purposes but had become surplus to the charity's operational requirements.)

Following transfers from restricted income funds to unrestricted funds of £36,050 in 2016, our total unrestricted funds have increased by £44,703 to £632,250 (2015: £587,547). The balances on restricted income funds and endowment funds were £3,676,711 (2015: £3,685,718) and £324,805 (2015: £291,679) respectively.

Reserves Policy

Arvon's total funds of £4,633,766 at 31 December 2016 are made up of the following elements:

- Restricted Funds totalling £3,676,711 at 31 December 2016. These are funds held for specific purposes. They include £3,460,175 held as Freehold Property which cannot be disposed of without adhering to certain conditions. The remaining £216,536 represents funds held for projects as stipulated by the donors. Details of these are set out in note 19 to the Financial Statements.
- A Permanent Endowment Fund totalling £324,805 at 31 December 2016. This fund is invested to raise income to pay for bursaries for participants who would otherwise be unable to afford the full costs of an Arvon course.
- Unrestricted Funds of £632,250 at 31 December 2016. These are made up of two elements:
 - Designated Fixed Assets Fund of £224,742 at 31 December 2016. 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.

- Free Reserves totalling £407,508 at 31 December 2016. These funds are intended, first, to allow Arvon to cope with unexpected events such as a sudden fall in income or major unanticipated expenditure without resort to disproportionate reduction in planned expenditure and, secondly, to allow Arvon stability and time to restructure in the event of a radical change to the funding of the organisation or serious misadventure.

The Trustees have reviewed the main funding risks and calls on unplanned expenditure facing Arvon from the Risk Register and considered how much of any potential shortfall should be provided for through free reserves. The Trustees consider that a target range of 4–6 months of total unrestricted expenditure is required. The level of free reserves at 31 December 2016 of £407,508 is equivalent to approximately 3.1 months of unrestricted expenditure at 2016 levels (excluding agent's commission on royalties income) (2015: 3.1 months). However, it is planned that these reserves will reach the target level in the next two to three years. The level of reserves is monitored by Trustees on an annual basis.

Investment Policy

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

With this in mind, the investments are split between equities, bonds and cash. At the start of the year, the equities and bonds were in four different Common Investment Funds. During the year, one of these investment funds, the Chariguard Overseas Equity Fund, was wound up by the Manager of the Fund, Allianz Global Investors, and the capital value of our investment was returned to us in cash as at 30 June 2016.

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

Cash is held in a mixture of fixed term and instant access accounts at banks chosen in accordance with Arvon's policy.

The Trustees intend to conduct a full review of Arvon's investment policy in 2017.

Plans for the Future

In 2017, Arvon aims to continue progress on its 2015–17 business plan:

1 To produce high quality residential writing courses that champion creativity in our unique writing houses in England.

In 2017, Arvon plans to produce 86 residential writing courses in our centres located in Devon, Shropshire and Yorkshire. These courses, run through our open programme, will reach more than 1,050 aspiring writers.

We will also offer 48 residential weeks for schools and community groups, additionally reaching over 700 young people and adults, many from disadvantaged backgrounds.

Within the programme, we will continue to demonstrate our commitment to delivering innovative artistic opportunities to writers by offering new and developing genres, including writing for performance, science fiction and fantasy, children's TV and ghostwriting with the purpose of widening the audience of writers we can support. Every course will be tutored by published writers chosen for their expertise and their ability to share their skill and knowledge of the craft of writing.

Talent development is at the heart of Arvon's work. We will run the eighth year Jerwood Arvon Mentoring Scheme, supported by Jerwood Charitable Foundation to mentor emerging writers. The programme offers an annual opportunity to twelve writers to be mentored by three professional writers – novelists, playwrights and poets. The scheme responds to the need of talented, unpublished writers from all walks of life to develop skills and learn the craft from an established writer as part of Arvon's community of writers. We maintain links with them afterwards to monitor their progress and the long term impact on their careers.

2 To extend our reach and support for writers from all parts of society, and to advocate for the possibility of transformation through creative writing.

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

We have identified two priority audiences that have traditionally a low engagement with the arts and with whom we wish to deepen our engagement. They are: under 25 year olds, and those with low/no income. We have also developed a strategic plan to deepen and extend our engagement with: Black, Asian and Minority Ethnic (BAME) writers, disabled writers, and residents of England outside the South of the country (London, the South East and the South West).

We will continue to make progress on our Equality Action Plan and Audience Development Plan to reach new audiences.

3 To establish a new offering to talented writers.

Building on the successful pilot year for the Clockhouse Writers' Retreat in 2016, we have increased the three-day retreat to four days and have had a noticeable uptake in demand. We have also introduced seasonal pricing with a higher rate between April and September.

4 To make sure our business model is sustainable and resilient, to enable us to be bold and ambitious.

Over the first six months of 2017 we have been reviewing our business model to ensure Arvon is prepared for the challenges over the next ten years and beyond. The current economic and fundraising environments pose a number of challenges to Arvon's long-term financial sustainability, and therefore we plan to undertake considerable work to strengthen our resilience in this area.

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

Trustees' Liability

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

The total number of such guarantees at 31 December 2016 was 13 (2015: 15). The trustees are members of the charitable company but this entitles them only to voting rights. The trustees have no beneficial interest in the charity.

Employee Involvement and Employment of the Disabled

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

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

Statement of Responsibility in Relation to Fundraising

Arvon's trustees and senior managers take their responsibility to donors and compliance with laws and regulations relating to fundraising very seriously. Trustees oversee the overall approach and

monitor standards of fundraising. Arvon's fundraising is performed by in-house fundraisers who are members of the Institute of Fundraising and work with due regard to the Code of Fundraising Practice. Arvon does not use third party companies to fundraise on its behalf and currently the majority of fundraised income comes from trusts and foundations. Arvon has not received any complaints in 2016 relating to fundraising and has now included information on its website to make clear to the public how they might give feedback on Arvon's fundraising practice. Steps are in progress to ensure that Arvon manages all data in line with the General Data Protection Regulation when it comes into effect in May 2018.

Statement of Trustees' Responsibilities

The trustees, who are also the directors of The Arvon Foundation Limited for the purposes of company law, are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the trustees to prepare the annual report and financial statements for each financial year which give a true and fair view of the charity's financial activities during the period and of its financial position at the end of the period. In preparing financial statements giving a true and fair view, the trustees should follow best practice and:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles set out in Charities SORP (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping proper 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

The Arvon Foundation Limited

Trustees' annual report

For the year ended 31 December 2016

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. In view of the fact that Sayer Vincent have acted as auditor of the charitable company since 2008, the trustees believe that it would be in the interests of good governance to put the audit contract for the financial year ending 31 December 2017 out to competitive tender, and a resolution to that effect will be put to the Annual General Meeting.

Approved by the trustees on 8 July 2017 and signed on their behalf by:

Alistair Burtenshaw – Chair

Independent auditors' report

To the members of

The Arvon Foundation Limited

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

Opinion

We have audited the financial statements of The Arvon Foundation Limited (the 'charitable company') for the year ended 31 December 2016 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the charitable company's affairs as at 31 December 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Companies Act 2006

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

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

Independent auditors' report

To the members of

The Arvon Foundation Limited

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent auditors' report

To the members of

The Arvon Foundation Limited

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

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.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions

Independent auditors' report

To the members of

The Arvon Foundation Limited

are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Noelia Serrano (Senior statutory auditor)

13 July 2017

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 2016

	Note	Unrestricted £	Restricted £	Endowment £	2016 Total £	Unrestricted £	Restricted £	Endowment £	2015 Total £
Income from:									
Donations and legacies	2	434,787	439,985	-	874,772	397,124	453,611	-	850,735
Charitable activities	3								
Creative writing courses and retreats		978,965	-	-	978,965	943,391	-	-	943,391
Teachers as Writers research project		6,000	158,269	-	164,269	-	-	-	-
Investments	4	12,899	8,140	-	21,039	14,938	4,251	-	19,189
Other	5	189,680	-	-	189,680	24,498	-	-	24,498
Total income		1,622,331	606,394	-	2,228,725	1,379,951	457,862	-	1,837,813
Expenditure on:									
Raising funds	6	(207,891)	-	-	(207,891)	(125,475)	-	-	(125,475)
Charitable activities	6								
Creative writing courses and retreats		(1,369,493)	(444,087)	-	(1,813,580)	(1,410,471)	(487,866)	-	(1,898,337)
Teachers as Writers research project		(20,462)	(135,264)	-	(155,726)	-	-	-	-
Other	6	(17,632)	-	-	(17,632)	-	-	-	-
Total expenditure		(1,615,478)	(579,351)	-	(2,194,829)	(1,535,946)	(487,866)	-	(2,023,812)
Net gains / (losses) on investments		1,800	-	33,126	34,926	-	-	(12,185)	(12,185)
Net income / (expenditure)	7	8,653	27,043	33,126	68,822	(155,995)	(30,004)	(12,185)	(198,184)
Transfers between funds		36,050	(36,050)	-	-	27,465	(27,465)	-	-
Other recognised gains:									
Gain on revaluation of property held for sale		-	-	-	-	129,368	-	-	129,368
Net movement in funds		44,703	(9,007)	33,126	68,822	838	(57,469)	(12,185)	(68,816)
Reconciliation of funds:									
Total funds brought forward		587,547	3,685,718	291,679	4,564,944	586,709	3,743,187	303,864	4,633,760
Total funds carried forward		632,250	3,676,711	324,805	4,633,766	587,547	3,685,718	291,679	4,564,944

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 2016

	Notes	£	Total funds 2016 £	Total funds 2015 £
Fixed assets:				
Tangible fixed assets	12		3,684,917	3,669,502
Investments	13		467,945	483,946
			<u>4,152,862</u>	<u>4,153,448</u>
Current assets:				
Property held for sale		-	162,833	
Debtors	14	63,535	144,962	
Cash at bank and in hand		792,932	493,808	
		<u>856,467</u>	<u>801,603</u>	
Liabilities:				
Creditors: amounts falling due within one year	15	(375,563)	(390,107)	
Net current assets			<u>480,904</u>	<u>411,496</u>
Total net assets	17		<u><u>4,633,766</u></u>	<u><u>4,564,944</u></u>
The funds of the charity:				
Endowment fund	18		324,805	291,679
Restricted income funds:				
Tangible fixed assets: Restricted	19	3,460,175	3,475,722	
Other restricted income funds		216,536	209,996	
Total restricted funds			3,676,711	3,685,718
Unrestricted funds:				
Designated funds: Tangible fixed assets	20	224,742	193,780	
Free Reserves				
Revaluation reserve: Property held for sale		-	129,368	
Revaluation reserve: Investments		6,211	15,673	
General funds		401,297	248,726	
Total Free Reserves		<u>407,508</u>	<u>393,767</u>	
Total unrestricted funds			<u>632,250</u>	<u>587,547</u>
Total charity funds	17		<u><u>4,633,766</u></u>	<u><u>4,564,944</u></u>

The financial statements on pages 26 to 45 were approved by the Board of Trustees on 8 July 2017 and signed on its behalf by:

Alistair Burtenshaw
Chair

The notes on pages 29 to 45 form an integral part of these financial statements.

The Arvon Foundation Limited

Statement of cash flows

For the year ended 31 December 2016

	Note	2016 £	£	2015 £	£
Cash flows from operating activities					
Net cash provided by / (used in) operating activities	21	248,744		(153,449)	
Cash flows from investing activities:					
Dividends and interest from investments per the SOFA		21,039		19,189	
(Increase) in debtors (investing activities)		(2,900)		-	
Proceeds from sale of investments	13	178,939		-	
Proceeds from sale of property (held in 'current assets')		162,833		-	
Acquisition of tangible fixed assets	12	(109,637)		(156,430)	
(Decrease) / increase in creditors (investing activities)		(71,882)		40,774	
		<u>178,392</u>		<u>(96,467)</u>	
Net cash provided by / (used in) investing activities			178,392		(96,467)
Change in cash and cash equivalents in the year			427,136		(249,916)
Cash and cash equivalents at the beginning of the year			493,808		743,724
Cash and cash equivalents at the end of the year	22		<u>920,944</u>		<u>493,808</u>

1 Accounting policies

a) 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") (August 2014);
- 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with FRS 102' ("Charities SORP (FRS 102)") (effective 1 January 2015), issued by the Charity Commission and the Office of the Scottish Charity Regulator in their role as the joint SORP-making body.

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

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

b) Public benefit entity

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

c) Going concern

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

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

d) Income

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

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

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

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

e) 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.

f) Fund accounting

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

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

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.

1 Accounting policies (continued)

g) 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.

h) Allocation of support costs

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

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

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

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

- Cost of raising funds c. 11%
- Creative writing courses and retreats c. 89%

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

i) Operating leases

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

j) Tangible fixed assets

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

Where fixed assets have been revalued, any excess between the revalued amount and the historic cost of the asset will be shown as a revaluation reserve in the balance sheet.

1 Accounting policies (continued)

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

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

k) Fixed asset investments

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

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

l) 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.

m) 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.

n) Pensions

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

2 Income from donations and legacies

	Unrestricted funds £	Restricted funds £	2016 Total £	2015 Total £
Arts Council England: Small Capital Grants Programme	-	98,024	98,024	138,176
Arts Council England: Catalyst Funding	-	-	-	10,000
Arts Council England: National Portfolio Funding	388,267	-	388,267	335,722
Arts Council England: other grants	-	-	-	9,120
Other Public Sector grants	-	2,500	2,500	-
Grants from trusts and foundations	527	294,244	294,771	264,260
Friends Scheme	37,891	-	37,891	34,141
Other donations (incl. Gift Aid)	8,102	45,217	53,319	59,316
	<u>434,787</u>	<u>439,985</u>	<u>874,772</u>	<u>850,735</u>

3 Income from charitable activities

	Unrestricted funds £	Restricted funds £	2016 Total £	2015 Total £
Creative writing course and retreat fees	978,965	-	978,965	943,391
Teachers as Writers research project				
Arts Council England: Research Grant	-	143,269	143,269	-
Rayne Foundation grant	-	15,000	15,000	-
Participant course fees (schools)	6,000	-	6,000	-
Subtotal: Teachers as Writers	6,000	158,269	164,269	-
Total income from charitable activities	984,965	158,269	1,143,234	943,391

4 Income from investments

	Unrestricted funds £	Restricted funds £	2016 Total £	2015 Total £
Bank interest	11,055	150	11,205	7,787
Dividends	1,844	7,990	9,834	11,402
	12,899	8,140	21,039	19,189

5 Other income

	Unrestricted funds £	Restricted funds £	2016 Total £	2015 Total £
John Osborne royalties (gross of agent's commission)	174,454	-	174,454	23,502
Government Renewable Heat Incentive payments (The Hurst)	11,798	-	11,798	-
Other miscellaneous income	3,428	-	3,428	996
	189,680	-	189,680	24,498

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6 Analysis of expenditure

	Charitable activities			Support costs			2016 Total £	2015 Total £
	Costs of raising funds £	Creative writing courses and retreats £	Teachers as Writers research project £	Other expenditure £	Governance costs £	Other support costs £		
Staff costs (note 8)	115,277	452,086	9,021	-	41,170	263,470	881,024	806,505
Staff training	1,116	4,466	-	-	-	2,392	7,974	14,099
Recruitment	-	-	-	-	-	10,684	10,684	8,610
Cost of tutors	-	388,311	16,533	-	-	-	404,844	406,685
Books	-	556	-	-	-	-	556	521
Accommodation and property running*	-	202,799	2,494	-	-	-	205,293	223,024
Property repairs and maintenance**	-	135,076	-	-	-	-	135,076	155,900
Travel (staff)	654	5,149	84	-	-	7,194	13,081	22,817
Motor vehicle expenses	-	4,665	-	-	-	-	4,665	4,310
Learning & Participation project costs	-	28,434	1,594	-	-	-	30,028	10,772
Evaluation costs	-	11,356	-	-	-	-	11,356	9,256
Academic research project costs	-	-	120,000	-	-	-	120,000	-
Licence fee to occupy office space (note 7)	10,185	-	-	-	5,093	35,650	50,928	49,571
Office and IT equipment	-	-	-	-	-	3,875	3,875	1,531
Audit fees (see note 7)	-	-	-	-	14,304	-	14,304	15,504
Other fees paid to the auditors (note 7)	-	-	-	-	7,130	-	7,130	4,750
Bank and credit card charges	-	-	-	-	-	14,167	14,167	22,904
Postage***	240	-	-	-	-	1,357	1,597	2,095
Printing and stationery***	647	-	-	-	-	9,311	9,958	25,209
Telephone costs	400	-	-	-	-	7,594	7,994	6,501
Fundraising communications and events	4,615	-	-	-	-	-	4,615	2,796
Communications and marketing costs	-	-	-	-	-	54,150	54,150	60,753
IT cost and website/DB development	15,938	-	-	-	-	22,540	38,478	32,401
Insurance	-	-	-	-	1,135	24,396	25,531	27,100
Governance costs: meetings	-	-	-	-	5,188	-	5,188	6,733
Governance costs: other	-	-	-	-	2,104	-	2,104	-
Legal and professional costs	-	-	-	-	13,781	4,594	18,375	10,064
Agent's commission on royalties	-	-	-	17,632	-	-	17,632	-
Depreciation charges (note 7)	-	-	-	-	-	94,222	94,222	93,401
	149,072	1,232,898	149,726	17,632	89,905	555,596	2,194,829	2,023,812
Governance costs	9,698	80,207	-	-	(89,905)	-	-	-
Other support costs	49,121	500,475	6,000	-	-	(555,596)	-	-
Total expenditure 2016	207,891	1,813,580	155,726	17,632	-	-	2,194,829	2,023,812
Total expenditure 2015	125,475	1,898,337	-	-	-	-	2,023,812	

Of the total expenditure, £1,615,478 was from unrestricted funds (2015: £1,535,946) and £579,351 was from restricted income funds (2015: £487,866).

Total support costs (Governance costs + Other support costs) were £645,501 (2015: £132,127).

Notes:

* Excludes property repair and maintenance costs

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

*** Excludes production and distribution costs of marketing materials

7 Net income / (expenditure) for the year

This is stated after charging:

	2016 £	2015 £
Depreciation	94,222	93,401
Operating lease rentals:		
Property: licence fee to occupy office space (including VAT)	50,928	49,571
Auditors' remuneration (excluding VAT):		
Audit: current year	10,800	10,700
Audit: prior year underprovision	1,120	2,220
VAT advice	1,300	–
Other services	4,642	3,958
	94,222	93,401

8 Staff costs and employee benefits, trustee remuneration and expenses

Staff costs were as follows:

	2016 £	2015 £
Salaries and wages	727,146	691,569
Employer's National Insurance contributions (social security costs)	63,068	61,777
Employer's contribution to defined contribution pension schemes	33,191	26,710
Agency staff (including agency fees)	51,127	20,996
Termination payments	5,029	–
Other staff costs	1,463	5,453
	881,024	806,505

During the year there was one employee whose total employee benefits (excluding employer pension costs) fell within the banding £60,000 to £69,999 (2015: one). Employer payments in the year to a defined contribution pension scheme in respect of this employee totalled £3,210 (2015: £3,047).

The key management personnel of the charity consists of the Trustees and the Executive. In this context the 'Executive' means the Chief Executive, the Director of Operations (to August 2016) and the Director of Finance and Resources (from November 2016). The total employee benefits including pension contributions of the key management personnel (excluding trustees) in the year were £122,464 (2015: £116,212). A staff loan balance of £2,738 (for season ticket costs) was outstanding at the year end in relation to one member of the Executive (2015: £5,835 relating to two members of the Executive). (See note 14.)

No member of the Board of Trustees was paid any remuneration or received any other benefits from an employment with the charity in the year (2015: none). Four trustees (2015: four) received payment for professional or other services supplied to the charity, as permitted by its Memorandum of Association, totalling £3,229 (2015: £4,523). This includes payments for tutoring or being the guest speaker at Arvon courses.

Trustees' expenses, representing the payment or reimbursement of travel, accommodation and subsistence costs, totalled £1,085 (2015: £894) and were incurred by five (2015: three) trustees relating to attendance at meetings of the 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:

	2016 No.	2015 No.
Full-time staff	16.3	15.4
Part-time staff	20.3	18.4
Total average head count	36.6	33.8

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:

	2016 No.	2015 No.
Raising funds	2.7	2.4
Charitable activities	16.0	14.9
Communications and marketing	2.2	1.9
Other support, central (including governance)	3.4	3.5
Total full-time equivalent employees	24.3	22.7

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

10 Related party transactions

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

Aggregate donations from related parties including trustees and their close family members during the year were £25,850 (2015: £22,049), including associated Gift Aid claims outstanding at the year end of £8,950. Of total donations of £25,850 from related parties, £24,131 was included in restricted income funds.

11 Taxation

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

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12 Tangible fixed assets

	Freehold land and buildings £	Fixtures and fittings, plant and machinery £	Computer equipment, website and database £	Motor vehicles £	Total £
Historical cost					
At the start of the year	4,304,326	202,914	40,009	27,543	4,574,792
Additions	63,454	36,792	9,391	-	109,637
Disposals	-	(9,471)	-	-	(9,471)
At the end of the year	4,367,780	230,235	49,400	27,543	4,674,958
Accumulated depreciation					
At the start of the year	642,811	202,914	40,009	19,556	905,290
Disposals	-	(9,471)	-	-	(9,471)
Charge for the year	79,000	7,366	2,348	5,508	94,222
At the end of the year	721,811	200,809	42,357	25,064	990,041
Net book value					
At the start of the year	3,661,515	-	-	7,987	3,669,502
At the end of the year	3,645,969	29,426	7,043	2,479	3,684,917

'Freehold Land and Buildings' at 31 December 2016 includes £410,000 in respect of the historical cost of land which is not depreciated (2015: £410,000).

All of the above assets are used for charitable purposes.

13 Investments

	2016 £	2015 £
Shares in Common Investment Funds:		
Fair value at the start of the year	383,946	396,131
Disposal proceeds	(178,939)	-
Net gains / (losses) on revaluation	34,926	(12,185)
Fair value at the end of the year	239,933	383,946
Historic cost at the end of the year	199,410	329,410
Investments comprise:		
	2016 £	2015 £
Shares in Common Investment Funds at fair value (see above)	239,933	383,946
Cash at bank held pending reinvestment (Endowment Fund)	128,012	-
Cash on 5 year fixed term deposit	100,000	100,000
Total investments	467,945	483,946

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

	2016 £	2015 £
Aberdeen Asset Mgt: Charity Select UK Equity	151,575	134,362
RCM (Allianz): Chariguard Overseas Equity	-	166,216
M&G Securities Ltd: Charibond	68,398	64,728
M&G Securities Ltd: Charifund	19,960	18,640
Total	239,933	383,946

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14 Debtors

	2016 £	2015 £
Trade debtors	19,180	35,240
Other debtors (grants and donations receivable)	5,592	24,500
Staff loans	2,738	5,835
Prepayments	12,145	5,142
Accrued income	23,880	74,245
	<u>63,535</u>	<u>144,962</u>

15 Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	104,376	65,143
Taxation and social security	18,857	33,917
Other creditors	-	139
Accruals	29,028	114,989
Deferred income (Note 16)	223,302	175,919
	<u>375,563</u>	<u>390,107</u>

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.

	2016 £	2015 £
Balance at the beginning of the year	175,919	154,246
Amount released to income in the year	(175,919)	(154,246)
Amount deferred in the year	223,302	175,919
	<u>223,302</u>	<u>175,919</u>

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

	Unrestricted General £	Unrestricted Designated £	Restricted £	Endowment £	Total funds £
Tangible fixed assets	-	224,742	3,460,175	-	3,684,917
Investments	143,140	-	-	324,805	467,945
Net current assets	264,368	-	216,536	-	480,904
	<u>407,508</u>	<u>224,742</u>	<u>3,676,711</u>	<u>324,805</u>	<u>4,633,766</u>

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

	Unrestricted General £	Unrestricted Designated £	Restricted £	Endowment £	Total funds £
Tangible fixed assets	-	193,780	3,475,722	-	3,669,502
Investments	192,267	-	-	291,679	483,946
Net current assets	201,500	-	209,996	-	411,496
	<u>393,767</u>	<u>193,780</u>	<u>3,685,718</u>	<u>291,679</u>	<u>4,564,944</u>

18a Endowment fund (current year)

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

18b Endowment fund (prior year)

	At the start of the year £	Net losses on investments £	At the end of the year £
Endowment fund	303,864	(12,185)	291,679

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

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19a Restricted income funds (current year)

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

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19b Restricted income funds (prior year)

	At 1 January 2015 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 December 2015 £
<u>Tangible fixed assets: Restricted</u>					
The Hurst Property	2,984,095	-	(63,221)	154,942	3,075,816
Lumb Bank Property	209,838	-	(7,670)	-	202,168
Totleigh Barton Property	238,498	-	(7,295)	(33,465)	197,738
<u>For Bursaries</u>					
Endowment fund income account	63,860	4,251	(36,036)	-	32,075
ALCS	-	5,000	-	-	5,000
Amazon	-	15,000	(15,000)	-	-
The Elizabeth & Gordon Bloor Trust	-	2,175	(2,175)	-	-
The D'Oyly Carte Charitable Trust	-	4,500	(4,500)	-	-
The Barbara and Philip Denny Charitable Trust	-	5,000	(5,000)	-	-
Other bursary funders	-	1,425	(1,425)	-	-
<u>For L&P courses and projects:</u>					
The Eranda Foundation	15,000	-	(15,000)	-	-
Paul Hamlyn Foundation (Writing the Game)	33,161	-	(24,767)	-	8,394
Claremont Bursary Fund	5,195	-	-	-	5,195
NA Grant Esq	-	2,200	-	-	2,200
Jerwood Charitable Foundation – Mentoring	23,598	55,817	(48,642)	-	30,773
The Equitable Charitable Trust	-	13,850	(13,850)	-	-
The McGrath Trust	-	29,504	(14,752)	-	14,752
Comic Relief (Writing the Game)	-	10,489	-	-	10,489
John Laing Charitable Trust	15,000	22,000	(15,000)	-	22,000
John Lyon's Charity	-	33,000	-	-	33,000
Kate Donaghy grant	15,000	-	(15,000)	-	-
Betsy Tobin & Peter Sands	-	-	(3,000)	3,000	-
Hedley Foundation	-	-	(3,000)	3,000	-
Other funders	3,500	-	(500)	-	3,000
Jeremy Hosking (Writing the Game)	-	19,000	(13,600)	-	5,400
<u>Teachers as Writers Research Project</u>					
Arts Council England – Teachers as Writers	-	-	(240)	-	(240)
The Rayne Foundation	15,000	-	-	-	15,000
<u>For core costs</u>					
Tudor Trust	-	20,000	(20,000)	-	-
Esmée Fairbairn Foundation	-	40,000	(40,000)	-	-
Weston Jerwood Creative Bursaries	-	11,475	(6,750)	-	4,725
<u>Capital Building projects</u>					
The Hurst capital project	(5,800)	-	-	-	(5,800)
The Hurst Clockhouse capital fund	110,000	-	-	(25,671)	84,329
Arts Council England: Small Capital Grants	-	138,176	(86,761)	(129,271)	(77,856)
The John S Cohen Foundation	-	5,000	(5,000)	-	-
<u>Other projects</u>					
Arts Council England Catalyst Funding	-	10,000	(5,000)	-	5,000
The Hollick Family Charitable Trust	7,229	10,000	(8,602)	-	8,627
Finnis Scott Foundation – The Hurst grounds	1,568	-	(1,568)	-	-
Hurst Woodlands	8,445	-	(4,512)	-	3,933
Total restricted funds	3,743,187	457,862	(487,866)	(27,465)	3,685,718

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

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

- b) Bursary funds, including Endowment fund income account. These funds provide financial support to attend an Arvon course to adult applicants on low incomes who would otherwise not be able to meet the full cost of a creative writing course fee, or to teachers. The Endowment fund income account is a restricted fund established to receive the income arising from the investments held within the Arvon Endowment Fund in order to apply these resources to provide bursaries to applicants on low incomes. Bursaries are provided in the form of fee reductions granted to participants on courses.
- c) The Eranda Rothschild Foundation. Supporting Arvon's Schools Programme, enabling state school pupils from areas of disadvantage to attend an Arvon residential week.
- d) Writing the Game – Grants from Paul Hamlyn Foundation, Jeremy Hosking and Comic Relief to fund the second major phase of this project for under 18s which aims to harness young people's love of football to encourage a life-long interest in writing and words. In this phase we have aimed to foster supportive relationships between young people and the learning centres at the football club in their community.
- e) Claremont Bursary Fund. Fund for bursaries for students from Claremont Fan Court School to participate in a creative writing course at Arvon. The bursary is awarded biannually to the winner of the Claremont Fan Court School Poetry Competition.
- f) Jerwood Charitable Foundation – Mentoring. A project funded by Jerwood Charitable Foundation supporting the writing talent of the future with a year-long mentoring programme led by leading writers.
During the year further costs totalling £6,974 incurred in 2015 were identified as relating to this restricted fund and a corresponding transfer has been made from this fund to general funds to reflect this re-allocation.
- g) The McGrath Trust. Supporting courses for young people from Northern Ireland.
During the year further costs totalling £14,752 incurred in 2015 were identified as relating to this restricted fund and a corresponding transfer has been made from this fund to general funds to reflect this re-allocation.
- h) John Laing Charitable Trust. Supporting courses for state school pupils from disadvantaged areas in Northumbria.
- i) John Lyon's Charity. Supporting Arvon's UpWrite programme providing young people in care the opportunity to participate in a residential week and pre/post residential arts activities.
- j) Kate Donaghy. Supporting a residential week for pupils from Ashington High School in Northumberland.
- k) Crenham Award. A new annual award aimed at increasing access to creative writing for marginalised young people and vulnerable adults. Supported by The Tedworth Charitable Trust, The John S Cohen Foundation and a number of other trusts and individual donors.

- l) Teachers as Writers research project. Led by Arvon and delivered in partnership with the University of Exeter and Open University, Teachers as Writers is a two-year research project offering teachers sustained opportunities to write and build co-mentoring relationships with professional writers in order to improve student outcomes. Supported by Arts Council England and The Rayne Foundation.
- m) Tudor Trust. Funding towards the salary costs of the Head of Learning and Participation.
- n) Esmee Fairbairn Foundation. Funding towards the salary costs of the Head of Learning and Participation and supporting the Learning and Participation programme.
- o) Weston Jerwood Creative Bursaries. Funding towards the salary costs of the Digital Communications Officer.
- p) The Hurst Capital Project. This fund related to the costs associated with the major refurbishment of the Hurst property between 2010 and 2014. A negative balance remained on this fund at the end of 2014 in the anticipation of specific funding being received in a subsequent period to meet excess project costs incurred totalling £5,800. It has been decided to transfer an amount of £5,800 to this fund from general funds in 2016 in order to eliminate this negative balance as at 31 December 2016 and close this restricted fund.
- q) The Hurst Clockhouse capital fund. Fundraised income from private sources donated in 2014 to fund the major alterations at the Clockhouse building in the grounds of The Hurst to provide a permanent provision for writers' retreats, alongside capital grant funding from Arts Council England (see note 19r) below).

Transfers out from this fund in the year totalling £75,458 represent fixed asset additions as follows:

The Hurst: fixed asset additions (freehold property) in relation to the Clockhouse refurbishment, transfer out to restricted fund 'The Hurst Property' (£):	(50,679)
Fixed asset additions (fixtures and fittings) in relation to the Clockhouse refurbishment, transfer out to 'tangible fixed asset fund: unrestricted' (£):	(24,779)
Total transfers out from restricted 'Hurst Clockhouse capital fund' (£):	(75,458)

- r) Arts Council England: Small Capital Grants programme award to fund the major alterations at the Clockhouse building in the grounds of The Hurst to provide a permanent provision for writers' retreats, and to upgrade the office building at Lumb Bank.

Transfers out from this fund in the year totalling £5,119 represent fixed asset additions as follows:

Fixed asset additions (fixtures and fittings), transfer out to 'tangible fixed asset fund: unrestricted' (£):	(5,119)
Total transfers out from restricted fund 'ACE: Small Capital Grants' (£):	(5,119)

- s) Arts Council England: Catalyst Funding. A grant enabling Arvon to grow its fundraising capacity.
- t) The Hollick Family Charitable Trust. Supporting the Hollick Arvon Caribbean Writing Prize.
- u) Finnis Scott Foundation. Support for the restoration of the Hurst grounds and gardens.
- v) Hurst Woodlands fund. Grants made in earlier periods by Felix Dennis and others to support the management and development of the woodland at The Hurst.

20a Unrestricted funds (current year)

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

20b Unrestricted funds (prior year)

	At 1 January 2015 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 December 2015 £
Designated funds:					
Tangible fixed asset fund: Unrestricted	207,507	-	(15,215)	1,488	193,780
Total designated funds	207,507	-	(15,215)	1,488	193,780
Free Reserves:					
Revaluation reserve: Property held for sale	-	129,368	-	-	129,368
Revaluation reserve: Investments	15,673	-	-	-	15,673
General funds	363,529	1,379,951	(1,520,731)	25,977	248,726
Total Free Reserves	379,202	1,509,319	(1,520,731)	25,977	393,767
Total unrestricted funds	586,709	1,509,319	(1,535,946)	27,465	587,547

20 Unrestricted funds (continued)

Purposes of unrestricted funds

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

Transfers in to this fund totalling £46,184 relate to fixed asset additions as follows:

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

- b) Revaluation reserve: property held for sale. This fund relates to 3 South Street, Sheepwash, Devon. The property was transferred from 'tangible fixed assets' to 'current assets: property held for sale' as at 31 December 2015 and revalued at that date to fair value less costs of sale (£170,000 less £7,167 = £162,833) based on the actual agreed sale price of the property on disposal in March 2016. An unrealised gain of £129,368 was recognised as at 31 December 2015 and taken to the 'Revaluation reserve: property held for sale'. On completion of the sale in March 2016 this gain has been realised and the corresponding amount transferred to general funds.

- c) Revaluation reserve: investments. This fund reflects the excess of fair value over the historic cost of those investments held in unrestricted funds. The transfer out of £9,967 relates to the release to general funds of the amount recognised as unrealised gains as at 31 December 2015 in relation to part of our investment in the RCM (Allianz): Chariguard Overseas Equity fund held in unrestricted funds, on the disposal of this investment in June 2016.

- d) Net transfers in to general funds of £129,201 can be analysed as follows:

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

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

	2016 £	2015 £
Net income / (expenditure) for the year (as per the statement of financial activities)	68,822	(198,184)
Depreciation charges	94,222	93,401
(Gains) / losses on investments	(34,926)	12,185
Dividends and interest from investments per the SOFA	(21,039)	(19,189)
Decrease / (increase) in debtors (operating activities)	84,327	(74,378)
Increase in creditors (operating activities)	57,338	32,716
Net cash provided by / (used in) operating activities	248,744	(153,449)

22 Analysis of cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	792,932	493,808
Investments: cash held in Endowment Fund pending reinvestment (see note 13)	128,012	-
Total cash and cash equivalents	920,944	493,808

23 Legal status of the charity

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

24 Contingencies

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