



Company number: 1086582

Charity Number: 306694

The Arvon Foundation Limited

Trustees' Annual Report and Financial Statements
For the year ended 31 December 2018

The Arvon Foundation Limited

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For the year ended 31 December 2018

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The Arvon Foundation Limited

Reference and administrative information

For the year ended 31 December 2018

Country of Registration	England and Wales
Country of Incorporation	United Kingdom
Company number	1086582
Charity number	306694
VAT registration number	287 9329 41
Registered and Principal Office address	Free Word 60 Farringdon Road London EC1R 3GA
Founders	John Fairfax and John Moat
Trustees	Trustees serving during the year and up to the date of this report (who are also the directors of The Arvon Foundation Limited under company law) were as follows: Jeremy Treglown Chair of Trustees Dr Judith Abbott Chair of Finance Committee Lee Bilson Alison Flood (appointed 13 November 2018) Neil Harris Chair of Properties Committee Ashley Holloway Christian Lewis (appointed 13 November 2018) Nicholas Makoha Daljit Nagra Meriel Schindler Chair of Nominations Committee Jonathan Teckman (appointed 31 January 2018) Mandy Kit de Waal (resigned 17 April 2019) Andrew Wimble
Chief Executive and Artistic Director, Company Secretary	Ruth Borthwick Hon. FRSL (to 17 April 2019) Andrew Kidd (from 17 April 2019)
Director of Finance and Resources	Richard Haseldine

The Arvon Foundation Limited

Reference and administrative information

For the year ended 31 December 2018

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

The Arvon Foundation Limited

Trustees' annual report

For the year ended 31 December 2018

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 2018.

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)").

About Arvon

The first Arvon writing course took place in Beaford, North Devon, in 1968. It was taught and run by Arvon's founders, the poets John Fairfax and John Moat, with the original aim of providing time and space away from school for young people to write poetry. John Moat wrote that they were inspired to create Arvon as "a space where individuals, and in particular young committed writers, could be given a sanctuary away from, as we saw it, the creative deprivation imposed by the system of standard education – and there offered...the guidance of experienced writers". As we have celebrated Arvon's 50th Anniversary in 2018 we reflect that the insight and inspiration of the founders remain as relevant and compelling today as they were then.

Objects of the Charity

The Arvon Foundation's objects are:

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

The charity's primary activity to deliver its charitable objects is to provide residential and non-residential writing courses for individuals, schools and groups, led by highly respected authors, with a particular focus on courses relating to poetry, fiction, non-fiction writing and drama. Over its 50-year history, Arvon has supported the development of thousands of writers. We are the UK's "home for creative writing", where anyone, regardless of writing experience, can step away from their normal routine, immerse themselves in the creative process, be inspired by experienced writers and release their imaginative potential. We also provide a unique dedicated Writers' Retreat facility at The Clockhouse in the grounds of The Hurst in Shropshire.

These activities are described below.

Our Vision

We believe that writing can change lives for the better.

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

Our Mission

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

Our Values

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

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

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

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

Our Artistic Offer

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

- i) Open Programme
- ii) Retreats
- iii) Mentoring and Online Support
- iv) Residential Courses with Schools and Under-18s
- v) Residential Courses with Partner Organisations
- vi) Arvon City
- vii) Professional Development (including research projects)

i) Open Programme

The Open Programme is a year-round festival of mostly five-day creative writing residential courses at our three writing centres located in Devon, Shropshire and Yorkshire, including a number of tutored and untutored retreat weeks and some shorter courses.

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

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

ii) Retreats

In 2016 Arvon opened the Writers' Retreat at The Clockhouse at our Shropshire site as a resource for talented writers looking to further their writing independently, without facilitation from a tutor. It is designed as a comfortable facility which provides everything a writer needs to be as productive as possible. The building is able to accommodate up to four writers at a time and is fully catered and independent of the main house.

iii) Mentoring and Online Support

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

This strand includes the following projects:

- The Jerwood/Arvon Mentoring Programme, a biennial award for emerging writers.
- Partnerships with regional and national competitions and talent development programmes such as SI Leeds Literary Prize, Commonword's Diversity YA Fiction Prize, New Writing North and Foyle Young Poets.
- Arvon 1-1: one-to-one online tutorials and mentoring.
- Online writing advice for Arvon Friends membership (free to 18 to 25-year-old writers).

iv) Residential Courses with Schools and Under-18s

Arvon hosts five-day residential creative writing courses for primary and secondary schools at the three Arvon writing centres. We work to raise funds to subsidise visits by some state schools in areas of disadvantage across England and aim to build sustained relationships with schools, encouraging continued work in the classroom and enrichment activities. Ages range from 10 to 18, with multi-year projects including work with schools based in north-east England, and 'Writing the Game', a strand which aims to transform young people's lives through linking writing with football.

v) Residential Courses with Partner Organisations

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

This strand includes:

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

vi) Arvon City

Arvon City is a three day non-residential course programme held in UK cities. It is delivered in collaboration with regional partners able to reach out to potential local participants who prefer a shorter course close to home.

vii) Professional Development (including research projects)

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

- Arvon Tutor Development – a programme of learning and development for new and established writing tutors, including an annual residential week for up to 16 Arvon tutors.
- Arvon Teacher Development – including an annual residential exclusively for teachers; research programmes with teachers and writers; and Open Programme grants for teachers.

Structure, Governance and Management

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

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

Method of Appointment and Election of Trustees

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

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 Arvon's organisational structure and practices. Trustees are invited to make visits to a writing centre while a course is running. Training is offered to trustees where appropriate, either individually or collectively.

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

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

Public Benefit

The trustees confirm that they have complied with the duty set out in section 17(5) of the Charities Act 2011 to have regard to the public benefit guidance issued by the Charity Commission when exercising any powers or duties to which the guidance is relevant. The review of objectives and

activities set out below gives examples of how Arvon has furthered its charitable purposes for the public benefit.

Organisational Structure and Decision Making

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

- Finance Committee.
- Properties Committee.
- Nominations Committee.

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

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

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

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

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

Remuneration Policy

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

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

Related Party Relationships

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

Risk Management

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

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

The Board of Trustees formally reviews the risks and mitigating measures at least annually. Risks assessed relate primarily to finance and assets, operations and the reputation of the charity. Key risks include: the potential failure to fundraise sufficient funds in order to achieve the charity's objectives; an erosion in the quality of accommodation provided at the writing centres or a failure to continue to meet the expectations of users in this regard; a substantial drop in the occupancy rate of Arvon's courses; the potential loss or significant reduction of Arts Council England funding in the future, or other factors leading to a material erosion of the charity's free reserves.

Proposed mitigating actions include: maintaining adequate reserves and healthy cashflow; avoiding becoming over-reliant on fundraising; developing long-term strategic plans for developing/upgrading the writing centres; plans for effective ongoing property maintenance, and implementation of strong safeguarding and health and safety procedures at all three of our centres.

Arvon's Business Plan 2018–22

During the year under review Arvon began implementing its new Business Plan for the period 2018–22. The Business Plan has four strategic aims. These are to:

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

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

Arvon is unique amongst creative writing course producers in terms of the breadth of its offer. We programme courses for writers at all stages of their journey – from school age and beginners to the emerging and experienced, as well as courses for professional writers and teachers designed to help them share their skill and craft with the next generation of artists.

On our Open Programme we will continue to offer Starting to Write courses across popular genres, encouraging new writers to come to Arvon. For the emerging writer, we will offer Work-in-Progress weeks and Tutored Retreats.

The Writers' Retreat at The Clockhouse and our Centre Retreats are pitched at the more experienced writer. We are also interested in the opportunities The Clockhouse model affords us to reach out to writers worldwide.

We are in the process of introducing online one-to-one tutorials and mentoring, allowing writers to receive personal feedback from Arvon tutors.

We will continue producing the biennial Jerwood/Arvon Mentoring Programme, a year-long mentoring opportunity for emerging writers.

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

Finally, our Professional Development strand will offer support both to writers new to tutoring, and to established tutors who wish to improve their practice.

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

While Arvon intends to increase its reach and support for writers from all parts of society, we have identified priority audiences that traditionally have a low engagement with the arts and with whom we wish to deepen our engagement. They are:

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

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

Arvon is committed to increasing the reach of our work with writers who have limited access to the arts and who could benefit most from the transformative power of writing. As part of this aim we have commissioned Dr Caroline Murphy to help us develop an evaluation framework to measure the impact on participants' mental health and wellbeing. The framework, underpinned by a Theory of Change, aims to help inform how we can better meet the complex needs of vulnerable people.

Arvon's Learning and Participation programme is specifically targeted at audiences that traditionally have a low engagement with the arts. Our schools programme will aim to engage over 500 young people on our intensive residential writing courses each year, and at least 50 teachers, reaching over 5,000 pupils benefiting from improved teaching of writing. In addition, we will reach over 500 young people with workshops, newly developed publications and events. Our partnership programme aims to work with over 150 vulnerable and marginalised individuals each year through partnerships with arts and community groups.

3 Strengthen Arvon's financial resilience and sustainability

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

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

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

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

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

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

Objectives and Activities for 2018

In this section we review the strategies we have put in place and the activities we have undertaken to achieve the objectives set for the year under each of these core aims.

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

Objectives:

We set the following objectives for the **Open Programme** in 2018; to:

- Reach over 1,000 writers through Open Programme residential courses.
- Produce 86 residential writing courses and retreats (achieving at least 81% occupancy).
- Pilot four short residential courses in fiction and poetry.

The objectives set for the **Writers' Retreat at The Clockhouse** 2018 were to:

- Welcome over 120 writers to The Clockhouse.
- Research potential funders for a grants scheme to support talented writers on low incomes to attend The Clockhouse.

We introduced **online one-to-one tutorials and mentoring**, allowing writers to receive personal feedback from Arvon tutors. In 2018 we aimed to pilot at least 15 online tutorials.

We planned to increase the **online writing advice available to Arvon Friends** and introduce free access to 18 to 25-year-olds.

We agreed to continue our partnership with The Literary Consultancy ('TLC') to provide **Free Reads** to ten Arvon grant recipients, and we aimed to collaborate with other organisations supporting talent development, connecting them to our Open Courses and mentoring opportunities where appropriate.

Learning and Participation programme

We set the following objectives for 2018; to:

- Reach over 500 under-18s including school pupils.
- Run 32 residential weeks for schools and under-18s.

- Provide additional pre- and post-course workshops reaching a further 500 young people and an estimated 5,000 through participation in events in schools and communities and engaging in work created online.
- Launch at least one anthology of writing by under-18s.
- Run 10 residential weeks for young people (16–25) and adults in partnership with arts and community organisations working with vulnerable and marginalised groups.
- Reach over 120 adults participating in weeks for those who struggle with writing and literacy and weeks for talented writers.
- Research and implement at least one potential talent development partnership for a residential week.
- Host at least one fully-funded Arvon City Course with a partner.

Professional Development: in 2018 we began a two-year research partnership, *The Craft of Writing*, aimed at developing teachers' creative writing and teaching pedagogy. This was focused at Lumb Bank where we ran short courses for teachers, aiming to reach over 100 teachers in the North of England.

Activities and outcomes:

Open Programme

In 2018 Arvon ran 92 open courses for adults in a broad range of writing genres (2017: 84 open courses). The figures for 2018 include four short residential courses, piloted for the first time during the year. 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 'Writing with Ted Hughes', 'Starting to Write with the Brontës' and Spoken Word.

In total 1,162 writers attended our residential open courses, representing 82% occupancy (2017: 1,149 writers representing 82% occupancy).

Writers' Retreat at The Clockhouse

In 2018 142 writers attended The Clockhouse, with 89% capacity booked (a small increase from 88.5% in 2017).

We have not made the progress we hoped for in identifying potential funders for grants to support talented writers on low incomes to attend The Clockhouse as the focus in 2018 has remained on raising grant funds for the Open Programme.

Mentoring and Online Support

The eighth cohort of the Jerwood/Arvon Mentoring Programme completed their year on this unique writer development scheme in 2018, culminating in the production of a group anthology called "Midnight Listening", and an anthology launch event and playwrights' showcase evening, both held at Free Word in London in June 2018. This was the largest cohort to date in this programme, with twelve emerging writers being offered a year of intensive one-to-one support, four mentees each in the categories of poetry, playwriting and fiction. This programme has already benefited 75 writers since being launched in 2009; recent achievements by Jerwood/Arvon alumni include: Richard Scott's *Soho* (Faber & Faber, 2018) being shortlisted for the T.S. Eliot Prize and the Forward Prizes' Felix Dennis Award for Best First Collection; Andrew Thompson winning Best Writer at The Stage Debut Awards 2018; and Stephanie Scott signing an international deal for her forthcoming novel *The Sentence* (Weidenfeld & Nicholson, June 2019). The mentors on the 2017-18 programme were Tim Crouch, Pascale Petit and Jacob Ross. In 2019 the ninth iteration of the programme was also launched and opened for applications to work with 2019-20 mentors Hannah Lowe, Evan Placey and Nicholas Royle.

In 2018 we designed and piloted 12 online one-to-one tutorials, to which the response was excellent. Writers receive an hour's one-to-one feedback on their fiction work-in-progress, delivered via Skype. We are calling this new online offering 'Arvon 1-1'.

We added 48 new tips and exercises to the Friends premium content on our website. We launched Arvon 18-25, a free young writers' scheme giving 18-25 year olds free access to our online writing advice.

Arvon continued its partnership with The Literary Consultancy ('TLC') in 2018, acting as a regional writing partner for the Arts Council England-funded TLC Free Reads scheme which offers free manuscript assessments to low-income writers, including Arvon grant recipients and those who attend courses on income-based concessions and bursaries. During 2018, TLC offered Free Reads recipients the opportunity to apply to have extracts of their forthcoming novels featured in the new Free Reads anthology in collaboration with the literary agency A.M. Heath, edited by Jacob Ross.

Learning and Participation programme

Arvon's Learning and Participation (L&P) programme worked with 20 schools, plus 20 partnerships with arts and community groups (of which, 12 adult partnership weeks and 8 for under-18s) in 2018 (2017: 20 schools and 20 partnerships with arts and community groups). We were able to host 40 residential weeks and one Arvon City course in 2018, reaching 539 course participants (2017: 40 residential weeks and one Arvon City course, 563 participants).

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

Schools

In total 419 school aged students attended a week-long residential course of which over 45% were from schools outside London, and 31% BAME. We worked with over 70 teachers who accompanied groups and developed their ability to support young people in improving their writing, reaching 5,450 young people across classes who benefit from improvements in their teacher's practice as a result of engaging with Arvon. In 2018, 20 anthologies were produced and shared in events such as school assemblies, launch events to parents, and exhibitions, reaching over 2,400 individuals.

We have invested time in developing new relationships with state schools nationwide and continued to reach out to state schools in areas of high disadvantage, raising funds to provide funded residential weeks in 2018. We are continuing to develop our work with schools in the North East of England in areas of deprivation. External pressures, including reduced school budgets, cut-backs to enrichment activities out of the classroom, staff shortages and a tendency within the education system to place less value on the arts in schools, have led to an increase in cancellations by schools.

Partnerships

We hosted 20 residential weeks with partners in 2018, including 12 adult partnership weeks reaching 120 adults, of whom 59% were from outside London and the South East of England and 14% were disabled. Partnerships included: Start360, supporting young people at risk in Belfast; Apples and Snakes; Sensing Culture, in partnership with Arthur Conan Doyle Museum and RNIB; Foyle Young Poets, run by The Poetry Society; Virtual Schools, supporting looked-after young people; the Jerwood/ Arvon Mentoring Scheme, masterclass and retreat; weeks exclusively for teachers; and Arvon tutor development.

We continued our partnership with First Story, who work with state schools in areas of socio-economic disadvantage in the South West, London, the East Midlands and the North, bringing groups to Arvon each summer.

Writing the Game

This project continued to develop strongly in 2018, funded by Comic Relief in partnership with George Mitchell School and Leyton Orient Trust. In 2018 the evaluation found that 96% of participants believed that the project had contributed to improved outcomes in their writing skills and abilities as well as their enjoyment of writing, and the evaluation provided detailed evidence of improved well-being for young people, with student feedback highlighting increased self-confidence and independence.

Arvon City courses

In 2018 we hosted one non-residential city-based course aimed at broadening our audience and reaching those who would not normally be able to attend a residential Arvon course. The five days

took place at Tate Modern in London as part of the Tate Exchange programme and were aimed at looked-after children and their foster carers in partnership with Virtual Schools in London.

Competitions

Arvon partnered with other organisations in a number of high-profile writing competitions during 2018, 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; YA Diversity Fiction Prize in partnership with Commonword; the Poetry Business 16–25 New Poets Prize; The Northern Writers Awards; and Writing Magazine.

Professional Development

We are investing in research and evaluation of the impact of our work with teachers and schools, and increasing our advocacy and marketing to schools.

In partnership with the University of Exeter and Open University, we delivered *The Craft of Writing* project as part of the new *Learning about Culture* national programme. Funded by Education Endowment Foundation (EEF) and the Royal Society for the Encouragement of Arts, Manufactures and Commerce (RSA), the programme will help 100 teachers support over 2,800 of their pupils more effectively to develop their motivation and confidence to write and their writing skills. Full project details are available at www.arvon.org/thecraftofwriting.

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

Objectives:

We set the following objectives for 2018; to:

- Seek and secure funding for at least one fully-funded partnership with an organisation working with under-26s.
- Run 32 residential weeks for schools and under-18s.
- Reach 500 young people through follow-up workshops and events.
- Develop and pilot Arvon 18–25 membership, including discounted pricing of late availability places.
- Partner with at least one organisation to offer grants to those on low/no income.
- Increase our grant scheme fund by 5% through our #OPENTOALL campaign.
- Pilot a new offer to writers of three-day courses at Lumb Bank aiming to reach different audiences from those who can afford the time and resource to come to Arvon for a five-day course.
- Host and fund at least one partnership through the Crenham Award aimed at vulnerable and marginalised adults.

- Host at least two partnerships with organisations supporting BAME writers.

Activities and outcomes:

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 2018 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.

In 2018 25% of tutors across all our programmes identified as Black, Asian and Minority Ethnic (BAME). BAME course attendees have increased from 10% in 2012 to 14.7% in 2018, exceeding our KPI target of 14.5%. 38% of course attendees across all our programmes had an income of under £29,000, marginally below our KPI target of 40%. 30% of all course attendees were under 26. 9.6% of open programme attendees identified themselves as disabled, above our KPI target of 9%. 41% of people attending our programmes were from outside the South of England, reaching our KPI target of 41%.

In 2018 we secured funding to support ten residential courses for young people and adults in partnership with arts and community organisation working with vulnerable and marginalised groups. In autumn 2018 we introduced half-price concessionary rates on courses with late availability, offering these to writers aged 18–25 and people on income-related state benefits. 25 people took up this offer. In 2018 we developed more partnerships with diverse-led organisations including WRITTEN, which supports BAME fiction writers for a Fiction: Work in Progress course led by Kerry Young and Patrice Lawrence, with Jacob Ross as guest. We have continued to build strong collaborations with diverse-led writing competitions, to offer winners a chance to take part in an Arvon course, including SI Leeds and the Commonword YA Fiction Prize.

Another key partnership week was with Portsmouth Museum and the Conan Doyle Collection, with funding from Healthy Living Foundation and RNIB (Royal National Institute of Blind People). As part of Sensing Culture (a project led by RNIB to help improve visitor experience for blind and partially sighted people in museums), The Hurst welcomed nine blind or visually impaired, and seven sighted writers for a week-long residential writing course. The group were taught by novelists Jake Arnott and Kerry Young, with guest tutor script writer, actor and director, Mandy Redvers-Rowe. The aim of the week was to use the CD collection as a starting point to inspire writing about identity, mystery and history.

As part of our Crenham Award initiative supporting vulnerable and marginalised groups, we have been developing partnerships with two organisations during 2018, and we plan to host these groups at our centres in 2019 / 2020.

Grants and financial assistance

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

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

In 2018, the scheme awarded £44,535 in individual bursaries for our residential courses (2017: £49,363), including grants of £43,025 from restricted income Bursary funds. Bursaries were awarded to 104 individual beneficiaries (2017: 125) who came on open courses, representing 9% (2017: 11%) of all the people who participated on Arvon open courses.

The demand for this Grant Fund continues to increase. We continue to work to secure more funds to support our commitment to provide opportunities to writers on low incomes. Over 80 individuals supported the Grant Fund for 2019 as part of Arvon's 50th birthday celebrations.

3. STRENGTHEN ARVON'S FINANCIAL RESILIENCE AND SUSTAINABILITY.

Objectives:

We set the following objectives for 2018; to:

- Introduce our new Sage 50 financial accounting software.
- Restructure and streamline our finance function to increase accounting centralisation.
- Produce monthly management accounts on a timely basis.
- Develop new income streams based on the initiatives agreed during the Business Model Review in 2017 (including short courses, online tutorials, more flexible pricing, Arvon 18–25 half price late availability concessions, talent development partnerships).
- Revise our fundraising strategy.
- Increase individual giving to Arvon's work with young people and vulnerable groups and to our grants scheme.
- Begin work on a plan to invest in our writing centres over the four-year Business Plan period.
- Develop an environmental sustainability action plan.

Activities and outcomes:

Financial procedures and reporting methods

The new Sage 50 financial accounting system was implemented with effect from the beginning of the 2018 financial year. The new package integrates accounts from all four of our locations and allows for much more efficient analysis of the charity's financial performance and position through the year. At the same time we have introduced a more centralised accounting function and continued to make progress towards more timely production of internal management accounts.

Development of new income streams

During 2018 we have implemented a series of initiatives which arose from a comprehensive Business Model Review carried out in the prior year, the main features of which are:

- Introduction of differential pricing at The Hurst to reflect the extra benefit of that centre's fully en-suite accommodation.
- Introduction of shorter courses for teachers, with two three-day short courses at Lumb Bank in 2018 and 2019 as part of the Craft of Writing project.
- Introduction of shorter courses on the Open Programme to meet lifestyle needs, with highly successful pilots at Lumb Bank during the year.
- Introduction of online mentoring tutorials.
- Commitment to a regular "Winter Warmer" season to allow for a more responsive programme.
- Offering unsold places at a discount to a younger age band to address age imbalance and bring in additional income. We successfully launched the Arvon 18-25 scheme in 2018 to start this opportunity. Places are offered at a discount on selected courses within 12 weeks of the course start date.

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 to secure long term financial sustainability. We continue to build strong relationships with donors. Arvon is grateful to Arts Council England, all trusts and foundations 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 2018

Excluding grants from Arts Council England, we recognised a total of £441,851 of fundraised income in 2018 (2017: £372,241), as set out in the table below:

	2018	2017
	£	£
Grants from trusts and foundations	345,564	232,767
Public sector grants (excluding ACE)	6,000	-
Friends Scheme (including Angels)	37,183	44,351
Other donations (including Gift Aid)	49,716	35,875
Donated goods, facilities and services	3,388	2,267
Legacies	-	56,981
	<hr/>	<hr/>
Total fundraised income	441,851	372,241

On this basis, c. 21% of Arvon's income in 2018 came from private fundraising (2017: almost 20%), of which 78% came from trusts and foundations (2017: 74% where legacies are excluded from the total), largely supporting the Learning and Participation programme through core or project funding.

The Development team had a fundraising target for the year of £390,404 (2017: £341,907). (This figure relates to the financial year in which funded activities were planned to take place, rather than the year in which the related income is recognised in the accounts, and it excludes legacies and donated goods, facilities and services.) We fully achieved our fundraising targets for both the Learning & Participation programme and unrestricted donations from individuals. Fundraising for the Grant Fund fell short of our ambitious target for the year, although this was partly the result of a decision to carry forward donations raised through our 50th Anniversary campaign to fund grants in 2019 rather than in the year under review.

Environmental sustainability

Arvon pursues an ambitious sustainability policy in relation to the environmental impacts of its activity at all levels of the organisation. We are committed to reducing our environmental 'footprint', particularly in the way we run our 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; increase sustainable sources of heating and power; reduce waste; and obtain 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. We are currently working to develop a revised Environmental Sustainability Action Plan for the period 2019-21.

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

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

Following on from the great success of our work at The Hurst to improve the residential facility and teaching space, and enable greater access across the site, we plan to make Lumb Bank, The Ted Hughes Arvon Centre, the subject of a capital programme to achieve similar impact and improvement.

Objectives:

We set the following objectives for 2018; to:

- Begin the advocacy and fundraising campaign.
- Raise sufficient funds to appoint an architect to work on the master plan.

Activities and outcomes:

During 2018 we have raised funds to enable us to commission two surveys of the whole Lumb Bank site in preparation for the redevelopment project: a preliminary ecological appraisal report and a 3-D electronic topographical and measured building survey. Both have been successfully completed and delivered. We have not yet appointed an architect or a capital fundraiser.

We recognise that the planned redevelopment of Lumb Bank is dependent on securing public funding. We intend to apply to the next round of Arts Council England's 'Capital: Large Grants' fund.

Evaluation and Assessment of Achievement of Objectives

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

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

Financial Review

The Arvon Foundation's total income in 2018 was £2,056,901, compared to £1,902,702 in 2017, an increase of c. 8%. Income from donations (including grants) and legacies grew by c. 9% from £760,508 to £830,118, reflecting primarily an increase of c. £112,800 in the level of grants from trusts and foundations recognised in the year, offset by a fall in legacies received from almost £57,000 in 2017 to £nil in 2018.

Income from fees paid for creative writing courses, tutorials and retreats was essentially flat at £1,068,434 in 2018 compared to £1,072,064 in 2017. In addition to this we generated £32,268 from The Craft of Writing project and £2,800 from other charitable activities in 2018, giving total income from charitable activities of £1,103,502 for the year (2017: £1,072,064), an increase of c. 3%.

We received a substantial contribution to income of £36,443 in 2018 from royalties deriving from Arvon's copyright interest in the works of John Osborne (2017: £43,531).

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

	2018 £	2017 £
ACE National Portfolio funding*	388,267	388,267
Total Arts Council England funding	388,267	388,267

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

Our total income from Arts Council England in 2018 of £388,267 was equivalent to c. 19% of total income (2017: £388,267, equivalent to c. 20% of total income).

The charity's total expenditure in 2018 was £2,044,660, compared to £2,029,954 in 2017, an increase of c. 0.7%. Staff costs (excluding training and recruitment) fell again from £865,835 to £863,373. Total costs of the Teachers as Writers and The Craft of Writing research projects in 2018 were £55,622, compared to £26,098 (Teachers as Writers only) in 2017.

After net losses on investments of £5,362 (2017: net gains of £3,842), the charity recorded net income for the year of £6,879 (2017: net expenditure of £123,410). Of this amount, net income on unrestricted funds only was £24,429 (income of £1,626,687 less expenditure of £1,602,258), compared to net income on unrestricted funds in 2017 of £41,541.

Following transfers from unrestricted funds to restricted income funds of £36,322 in 2018, our total unrestricted funds have decreased by £11,893 to £646,440 (2017: £658,333). The balances

on restricted income funds and endowment funds were £3,548,520 (2017: £3,524,386) and £322,275 (2017: £327,637) respectively.

Reserves Policy

Arvon's total funds of £4,517,235 at 31 December 2018 are made up of the following elements:

- Restricted Funds totalling £3,548,520 at 31 December 2018. These are funds held for specific purposes. They include £3,358,074 held as Freehold Property which cannot be disposed of without adhering to certain conditions. The remaining £190,446 represents funds held for projects as stipulated by the donors or in accordance with restrictions on the use of investment income from the Endowment Fund. Details of these are set out in note 19 to the Financial Statements.
- A Permanent Endowment Fund totalling £322,275 at 31 December 2018. 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 £646,440 at 31 December 2018. These are made up of three elements:
- Designated Fixed Assets Fund of £230,086 at 31 December 2018. This is a fund which comprises the unrestricted funds held in fixed assets which cannot be utilised elsewhere in the charity in the short term.
- A designated fund totalling £27,000 created by the trustees as at the end of 2018 by a transfer from General funds (Free Reserves) in order to cover the costs of building works required to the atrium area of The Hurst ('The Hurst building works fund'). These costs have been incurred in the first half of 2019.
- Free Reserves totalling £389,354 at 31 December 2018. 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 have set a target range of 4–6 months of total expenditure from unrestricted funds (equivalent to a range of approximately £535,000 to £800,000). The charity intends to carry out a review of its free reserves policy over the coming six months to assess whether this target level remains appropriate or whether it should be amended. The level of free reserves at 31 December 2018 of £389,354 is equivalent to approximately 2.9 months of expenditure from unrestricted funds at 2018 levels (2017: 3.0 months). The level of reserves is monitored by Trustees on a quarterly 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.

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

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

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 2018 was 13 (2017: 10). The trustees are members of the charitable company but this entitles them only to voting rights. The trustees have no beneficial interest in the charity.

Employee Involvement and Employment of the Disabled

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

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

Statement of Responsibility in Relation to Fundraising

Arvon's trustees and senior managers take their responsibility to donors and compliance with laws and regulations relating to fundraising very seriously. Trustees oversee the overall approach and monitor standards of fundraising. Arvon's fundraising is performed by in-house fundraisers who are members of the Institute of Fundraising. Arvon does not use third party professional fundraisers or commercial participators. Arvon nevertheless observes and complies with the relevant fundraising regulations and codes. During the year there was no non-compliance with these regulations and codes and Arvon received no complaints relating to its fundraising practice.

Measures have been taken to ensure that Arvon manages all personal data in line with the General Data Protection Regulation, which came into effect in May 2018.

Statement of Trustees' Responsibilities

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

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

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

The trustees are responsible for keeping 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 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 2019 out to competitive tender, and a resolution to that effect will be put to the Annual General Meeting.

Approved by the trustees on 6 July 2019 and signed on their behalf by:

Jeremy Treglown – Chair

Independent auditor's report

To the members of

The Arvon Foundation Limited

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

Opinion

We have audited the financial statements of The Arvon Foundation Limited (the 'charitable company') for the year ended 31 December 2018 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 2018 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.

Independent auditor's report

To the members of

The Arvon Foundation Limited

Other information

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Independent auditor's report

To the members of

The Arvon Foundation Limited

Responsibilities of trustees

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

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

Independent auditor's report

To the members of

The Arvon Foundation Limited

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.

Use of our report

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

Noelia Serrano (Senior statutory auditor)

16 July 2019

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 2018

	Note	Unrestricted £	Restricted £	Endowment £	2018 Total £	Unrestricted £	Restricted £	Endowment £	2017 Total £
Income from:									
Donations and legacies	2	435,740	394,378	-	830,118	497,186	263,322	-	760,508
Charitable activities	3								
Creative writing courses and retreats		1,068,434	-	-	1,068,434	1,072,064	-	-	1,072,064
The Craft of Writing research project		-	32,268	-	32,268	-	-	-	-
Other charitable activities		2,800	-	-	2,800	-	-	-	-
Investments	4	2,297	3,568	-	5,865	3,832	3,905	-	7,737
Other	5	117,416	-	-	117,416	62,393	-	-	62,393
Total income		1,626,687	430,214	-	2,056,901	1,635,475	267,227	-	1,902,702
Expenditure on:									
Raising funds	6	(160,864)	(20,153)	-	(181,017)	(176,465)	(2,155)	-	(178,620)
Charitable activities	6								
Creative writing courses and retreats		(1,419,022)	(376,580)	-	(1,795,602)	(1,414,196)	(406,757)	-	(1,820,953)
Research projects: 'Teachers as Writers' and 'The Craft of Writing'		(15,953)	(39,669)	-	(55,622)	-	(26,098)	-	(26,098)
Other charitable activities		(2,800)	(6,000)	-	(8,800)	-	-	-	-
Other	6	(3,619)	-	-	(3,619)	(4,283)	-	-	(4,283)
Total expenditure		(1,602,258)	(442,402)	-	(2,044,660)	(1,594,944)	(435,010)	-	(2,029,954)
Net (losses) / gains on investments		-	-	(5,362)	(5,362)	1,010	-	2,832	3,842
Net income / (expenditure)	7	24,429	(12,188)	(5,362)	6,879	41,541	(167,783)	2,832	(123,410)
Transfers between funds		(36,322)	36,322	-	-	(15,458)	15,458	-	-
Net movement in funds		(11,893)	24,134	(5,362)	6,879	26,083	(152,325)	2,832	(123,410)
Reconciliation of funds:									
Total funds brought forward		658,333	3,524,386	327,637	4,510,356	632,250	3,676,711	324,805	4,633,766
Total funds carried forward		646,440	3,548,520	322,275	4,517,235	658,333	3,524,386	327,637	4,510,356

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 2018

	Notes	£	Total funds 2018 £	Total funds 2017 £
Fixed assets:				
Tangible fixed assets	12		3,588,160	3,615,206
Investments	13		422,275	427,637
			<u>4,010,435</u>	<u>4,042,843</u>
Current assets:				
Debtors	14	207,772	63,097	
Cash at bank and in hand		663,478	845,026	
		<u>871,250</u>	<u>908,123</u>	
Liabilities:				
Creditors: amounts falling due within one year	15	(364,450)	(440,610)	
			<u>506,800</u>	<u>467,513</u>
Net current assets			<u>506,800</u>	<u>467,513</u>
Total net assets	17		<u><u>4,517,235</u></u>	<u><u>4,510,356</u></u>
The funds of the charity:				
Endowment fund	18		322,275	327,637
Restricted income funds:	19			
Tangible fixed assets: Restricted		3,358,074	3,395,462	
Other restricted income funds		190,446	128,924	
Total restricted funds			3,548,520	3,524,386
Unrestricted funds:	20			
Designated fund: Tangible fixed assets		230,086	219,744	
Designated fund: The Hurst building works		27,000	44,000	
Free Reserves				
General funds		389,354	394,589	
Total Free Reserves		<u>389,354</u>	<u>394,589</u>	
Total unrestricted funds			<u>646,440</u>	<u>658,333</u>
Total charity funds	17		<u><u>4,517,235</u></u>	<u><u>4,510,356</u></u>

The financial statements on pages 31 to 52 were approved by the Board of Trustees on 6 July 2019 and signed on its behalf by:

Jeremy Treglown
Chair

The notes on pages 34 to 52 form an integral part of these financial statements.

The Arvon Foundation Limited

Statement of cash flows

For the year ended 31 December 2018

	Note	2018 £	£	2017 £	£
Cash flows from operating activities:					
Net income / (expenditure) for the year (as per the statement of financial activities)		6,879		(123,410)	
Depreciation charges		97,596		93,329	
Losses / (gains) on investments per the SOFA		5,362		(3,842)	
Dividends and interest from investments per the SOFA		(5,865)		(7,737)	
(Increase) / decrease in debtors		(144,675)		438	
(Decrease) / increase in creditors		(76,160)		65,047	
Net cash provided by operating activities			(116,863)		23,825
Cash flows from investing activities:					
Dividends and interest from investments per the SOFA		5,865		7,737	
Purchase of tangible fixed assets	12	(70,550)		(23,618)	
Proceeds from sale of investments	13	-		155,120	
Maturing long-term cash deposit		-		100,000	
Net cash provided by investing activities			(64,685)		239,239
Change in cash and cash equivalents in the year			(181,548)		263,064
Cash and cash equivalents at the beginning of the year			1,184,008		920,944
Cash and cash equivalents at the end of the year	21		1,002,460		1,184,008

1 Accounting policies

a) Statutory information

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

b) Basis of preparation

The financial statements have been prepared in accordance with:

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

The financial statements have been prepared on the going concern basis (see note 1d) below). Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

c) Public benefit entity

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

d) Going concern

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

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

e) Income

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

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

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

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

1 Accounting policies (continued)

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

f) Interest receivable

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

g) Fund accounting

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

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

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

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

h) Expenditure and irrecoverable VAT

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

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

Expenditure is classified under the following activity headings:

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

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

1 Accounting policies (continued)

i) Allocation of support costs

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

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

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

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

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

Support costs allocated to the research projects 'Teachers as Writers' and 'The Craft of Writing' are in line with cost allocations for overheads agreed with the project partners in the specific context of these projects.

j) Operating leases

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

1 Accounting policies (continued)

k) Tangible fixed assets

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

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

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

● Freehold property (excl. replacement roofing as below)	50 years
● Replacement roofing (within Freehold property)	20 years
● Motor vehicles	5 years
● Fixtures, fittings, plant and machinery	5 years
● Computers and other office equipment	4 years

l) Fixed asset investments

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

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

m) Debtors

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

n) Creditors and provisions

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

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

o) Pensions

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

2 Income from donations and legacies

	Unrestricted funds £	Restricted funds £	2018 Total £	Unrestricted funds £	Restricted funds £	2017 Total £
Arts Council England: National Portfolio Funding	388,267	-	388,267	388,267	-	388,267
Other Public Sector grants	-	6,000	6,000	-	-	-
Grants from trusts and foundations	-	345,564	345,564	-	232,767	232,767
Friends Scheme (including Angels)	37,183	-	37,183	44,351	-	44,351
Other donations	214	37,873	38,087	750	28,055	28,805
Gift Aid reclaimed	6,688	4,941	11,629	4,570	2,500	7,070
Donated goods, facilities and services	3,388	-	3,388	2,267	-	2,267
Legacies	-	-	-	56,981	-	56,981
	435,740	394,378	830,118	497,186	263,322	760,508

3 Income from charitable activities

	Unrestricted funds £	Restricted funds £	2018 Total £	2017 Total £
Creative writing courses, tutorials and retreat fees	1,068,434	-	1,068,434	1,072,064
The Craft of Writing research project Contractual income: University of Exeter and The Open University (ultimately funded by Education Endowment Foundation and RSA)	-	32,268	32,268	-
Other charitable activities	2,800	-	2,800	-
Total income from charitable activities	1,071,234	32,268	1,103,502	1,072,064

All income in the prior year was unrestricted.

4 Income from investments

	Unrestricted funds £	Restricted funds £	2018 Total £	Unrestricted funds £	Restricted funds £	2017 Total £
Bank interest	2,169	497	2,666	3,635	-	3,635
Dividends	128	3,071	3,199	197	3,905	4,102
	2,297	3,568	5,865	3,832	3,905	7,737

5 Other income

	2018 Total £	2017 Total £
John Osborne royalties (gross of agent's commission)	36,443	43,531
Government Renewable Heat Incentive payments (The Hurst)	17,943	10,660
Compensation payment received	45,000	-
Other miscellaneous income	18,030	8,202
	117,416	62,393

All income in the current and prior year was unrestricted.

6a Analysis of expenditure (current year)

	Charitable activities					Support costs		2018 Total £	2017 Total £
	Costs of raising funds £	Creative writing courses, tutorials and retreats £	Research projects: Teachers as Writers and The Craft of Writing £	Other charitable activities £	Other expenditure £	Governance costs £	Other support costs £		
Residential courses: tutor and guest fees	-	318,202	5,313	-	-	-	-	323,515	324,026
Residential courses: tutor and guest expenses	-	47,197	493	-	-	-	-	47,690	42,734
Residential courses/retreats: other variable costs	-	117,109	1,289	765	-	-	-	119,163	122,791
Writing Centres: repairs and maintenance*	-	53,038	1,200	-	-	-	-	54,238	70,833
Writing Centres: admin and property running costs**	-	161,705	2,118	765	-	-	-	164,588	147,506
Learning & Participation (non-resid): tutor/mentor fees	-	9,200	3,192	-	-	-	-	12,392	29,063
Learning & Participation (non-resid): other project costs	-	44,529	4,597	-	-	-	-	49,126	49,902
Academic research project costs	-	-	22,190	-	-	-	-	22,190	19,522
Online tutorials costs	-	3,070	-	-	-	-	-	3,070	-
Other charitable activities: project costs	-	-	-	3,126	-	-	-	3,126	-
Lumb Bank Redevelopment project costs	-	-	-	-	-	-	17,252	17,252	-
Fundraising: events and other non-staff costs	6,890	-	-	-	-	-	-	6,890	1,017
Marketing and communications: non-staff costs	-	-	-	-	-	-	59,552	59,552	62,019
Staff costs (note 8)	112,491	474,345	9,830	4,144	-	34,431	228,132	863,373	865,835
Staff training and professional development	246	3,887	-	-	-	-	1,478	5,611	7,640
Staff recruitment	935	736	-	-	-	-	6,888	8,559	2,433
Staff travel and subsistence	534	4,524	-	-	-	-	5,620	10,678	15,503
National: central admin and office costs***	10,675	-	-	-	-	5,179	86,152	102,006	83,920
Insurance	-	-	-	-	-	1,293	29,254	30,547	28,707
Audit fees (see note 7)	-	-	-	-	-	13,534	-	13,534	13,692
Other fees paid to the auditors (note 7)	-	-	-	-	-	-	2,884	2,884	5,220
Fees for evaluation reports, other professional services and consultancy	-	-	-	-	-	-	21,263	21,263	24,299
Trustee meeting costs, incl. travel and accommodation	-	-	-	-	-	1,419	-	1,419	5,747
Costs of trustee recruitment (incl. advertising)	-	-	-	-	-	779	-	779	9,933
Agent's commission on royalties	-	-	-	-	3,619	-	-	3,619	4,283
Depreciation charges (note 7)	-	-	-	-	-	-	97,596	97,596	93,329
	131,771	1,237,542	50,222	8,800	3,619	56,635	556,071	2,044,660	2,029,954
Governance costs	5,664	50,971	-	-	-	(56,635)	-	-	-
Other support costs	43,582	507,089	5,400	-	-	-	(556,071)	-	-
Total expenditure 2018	181,017	1,795,602	55,622	8,800	3,619	-	-	2,044,660	2,029,954
Total expenditure 2017	178,620	1,820,953	26,098	-	4,283	-	-	2,029,954	

Notes:

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

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

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

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Notes to the financial statements

For the year ended 31 December 2018

6b Analysis of expenditure (prior year)

	Charitable activities				Support costs		2017 Total £
	Costs of raising funds £	Creative writing courses and retreats £	Teachers as Writers research project £	Other expenditure £	Governance costs £	Other support costs £	
Residential courses: tutor and guest fees	-	324,026	-	-	-	-	324,026
Residential courses: tutor and guest expenses	-	42,734	-	-	-	-	42,734
Residential courses/retreats: other variable costs	-	122,791	-	-	-	-	122,791
Writing Centres: repairs and maintenance*	-	70,833	-	-	-	-	70,833
Writing Centres: admin and property running costs**	-	124,505	-	-	-	23,001	147,506
Learning & Participation (non-resid): tutor/mentor fees	-	28,391	672	-	-	-	29,063
Learning & Participation (non-resid): other project costs	-	43,998	5,904	-	-	-	49,902
Academic research project costs	-	-	19,522	-	-	-	19,522
Fundraising: events and other non-staff costs	1,017	-	-	-	-	-	1,017
Marketing and communications: non-staff costs	-	-	-	-	-	62,019	62,019
Staff costs (note 8)	110,863	473,081	-	-	37,831	244,060	865,835
Staff training	1,070	4,125	-	-	-	2,445	7,640
Staff recruitment	1,124	-	-	-	-	1,309	2,433
Staff travel and subsistence	775	6,201	-	-	-	8,527	15,503
National:central admin and office costs***	11,374	-	-	-	5,032	67,514	83,920
Insurance	-	-	-	-	948	27,759	28,707
Audit fees (see note 7)	-	-	-	-	13,692	-	13,692
Other fees paid to the auditors (note 7)	-	-	-	-	5,220	-	5,220
Fees for evaluation reports, other professional services and consultancy	-	15,359	-	-	8,190	750	24,299
Trustee meeting costs, incl. travel and accommodation	-	-	-	-	5,747	-	5,747
Costs of trustee recruitment (incl. advertising)	-	-	-	-	9,933	-	9,933
Agent's commission on royalties	-	-	-	4,283	-	-	4,283
Depreciation charges (note 7)	-	-	-	-	-	93,329	93,329
	126,223	1,256,044	26,098	4,283	86,593	530,713	2,029,954
Governance costs	8,659	77,934	-	-	(86,593)	-	-
Other support costs	43,738	486,975	-	-	-	(530,713)	-
Total expenditure 2017	178,620	1,820,953	26,098	4,283	-	-	2,029,954

Notes:

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

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

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

7 Net income / (expenditure) for the year

This is stated after charging:

	2018 £	2017 £
Depreciation	97,596	93,329
Property: licence fee to occupy office space (including VAT)	51,794	50,194
Auditors' remuneration (excluding VAT):		
Audit: current year	11,667	11,250
Audit: prior year (overprovision)/underprovision	(250)	160
VAT and other tax advice	2,431	4,350
	<u>97,596</u>	<u>93,329</u>

8 Staff costs and employee benefits, trustee remuneration and expenses

Staff costs were as follows:

	2018 £	2017 £
Salaries and wages	758,538	762,471
Employer's National Insurance contributions (social security costs)	64,830	66,170
Employer's contribution to defined contribution pension schemes	35,960	33,546
Agency and freelance staff (including agency fees)	3,334	1,080
Other staff costs	711	2,568
	<u>863,373</u>	<u>865,835</u>

During the year there was one employee whose total employee benefits (excluding employer pension costs) fell within the banding £60,000 to £69,999 (2017: one). Employer payments in the year to a defined contribution pension scheme in respect of this employee totalled £3,243 (2017: £3,210).

The key management personnel of the charity consists of the Trustees and the Executive. In this context the 'Executive' means the Chief Executive and the Director of Finance and Resources. The total employee benefits including pension contributions of the key management personnel (excluding trustees) in the year were £126,420 (2017: £124,922). No staff loans were outstanding at the year end in relation to any employees (2017: none).

No member of the Board of Trustees was paid any remuneration or received any other benefits from an employment with the charity in the year (2017: none). One trustee (2017: two) received payment for professional or other services supplied to the charity, as permitted by its Memorandum of Association, totalling £435 (2017: £1,958). 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 £1,172 (2017: £1,264) and were incurred by four (2017: six) trustees relating to attendance at meetings of the trustees and visits to the writing centres or in support of Learning & Participation projects.

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:

	2018 No.	2017 No.
Full-time staff	13.5	16.4
Part-time staff	26.7	22.6
Total average head count	40.2	39.0

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:

	2018 No.	2017 No.
Raising funds	2.6	2.8
Charitable activities	15.5	16.0
Communications and marketing	1.9	1.6
Other support, central (including governance)	4.3	3.7
Total full-time equivalent employees	24.3	24.1

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, their close family members and members of the Senior Management Team) during the year were £2,905 (2017: £594), including associated Gift Aid claims outstanding at the year end of £568 (2017: £119). Of total donations of £2,905 from related parties, £2,180 was included in restricted income funds.

11 Taxation

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

12 Tangible fixed assets

	Freehold land and buildings £	Fixtures and fittings, plant and machinery £	Computers and other office equipment, website and database £	Motor vehicles £	Total £
Historical cost					
At the start of the year	4,383,238	230,057	42,968	27,543	4,683,806
Additions	51,902	14,785	3,863	-	70,550
Disposals	-	(178,578)	(32,374)	-	(210,952)
At the end of the year	4,435,140	66,264	14,457	27,543	4,543,404
Accumulated depreciation					
At the start of the year	801,982	202,433	37,371	26,814	1,068,600
Disposals	-	(178,578)	(32,374)	-	(210,952)
Charge for the year	81,531	11,719	3,617	729	97,596
At the end of the year	883,513	35,574	8,614	27,543	955,244
Net book value					
At the start of the year	3,581,256	27,624	5,597	729	3,615,206
At the end of the year	3,551,627	30,690	5,843	-	3,588,160

'Freehold Land and Buildings' at 31 December 2018 includes £410,000 in respect of the historical cost of land which is not depreciated (2017: £410,000).

All of the above assets are used for charitable purposes.

13 Investments

	2018 £	2017 £
Shares in Common Investment Funds:		
Fair value at the start of the year	88,655	239,933
Disposal proceeds	-	(155,120)
Net (losses) / gains on revaluation	(5,362)	3,842
Fair value at the end of the year	83,293	88,655
Historic cost at the end of the year	75,410	75,410
Investments comprise:		
	2018 £	2017 £
Shares in Common Investment Funds at fair value (see above)	83,293	88,655
Cash at bank held pending reinvestment (Endowment Fund)	238,982	238,982
Cash at bank held pending reinvestment (General Funds)	100,000	100,000
Total investments	422,275	427,637

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

	2018 £	2017 £
M&G Securities Ltd: Charibond	64,780	67,300
M&G Securities Ltd: Charifund	18,513	21,355
Total	83,293	88,655

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For the year ended 31 December 2018

14 Debtors

	2018 £	2017 £
Trade debtors	104,083	8,595
Other debtors	58,000	2,315
Prepayments	22,098	15,116
Accrued income	23,591	37,071
Total	207,772	63,097

15 Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	45,443	76,841
PAYE taxation and social security (National Insurance contributions)	19,043	18,625
VAT payable	7,235	51,228
Holiday pay accrual	5,546	5,268
Other accruals	47,299	29,763
Deferred income (Note 16)	239,884	258,885
Total	364,450	440,610

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.

	2018 £	2017 £
Balance at the beginning of the year	258,885	223,302
Amount released to income in the year	(258,885)	(195,551)
Amount deferred in the year	239,884	231,134
Balance at the end of the year	239,884	258,885

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

	Unrestricted General £	Unrestricted Designated £	Restricted £	Endowment £	Total funds £
Tangible fixed assets	–	230,086	3,358,074	–	3,588,160
Investments	100,000	–	–	322,275	422,275
Net current assets	289,354	27,000	190,446	–	506,800
Net assets at the end of the year	389,354	257,086	3,548,520	322,275	4,517,235

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

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

18a Endowment fund (current year)

	At the start of the year £	Unrealised losses on investments £	At the end of the year £
Endowment fund	327,637	(5,362)	322,275

18b Endowment fund (prior year)

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

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

The Arvon Foundation Limited

Notes to the financial statements

For the year ended 31 December 2018

19a Restricted income funds (current year)

	At 1 January 2018 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 December 2018 £
<u>Tangible fixed assets: Restricted</u>					
The Hurst Property	3,001,882	-	(65,672)	43,734	2,979,944
Lumb Bank Property	208,172	-	(9,285)	-	198,887
Totleigh Barton Property	185,408	-	(6,165)	-	179,243
<u>For Bursaries (to individuals incl. teachers)</u>					
Endowment fund income account	25,250	3,568	(7,500)	-	21,318
Mark Haddon and Sos Eltis	-	12,500	(12,500)	-	-
The Barbara and Philip Denny Charitable Trust	-	6,000	(6,000)	-	-
The Harold Hyam Wingate Foundation	-	5,000	-	-	5,000
The Francis W Reckitt Arts Trust	-	6,000	(3,000)	-	3,000
The Garrick Charitable Trust	-	5,000	(5,000)	-	-
Authors' Licensing and Collecting Society	-	5,000	(5,000)	-	-
Other general bursary funders	2,977	19,754	(3,225)	-	19,506
The David Pease Award	-	4,000	(800)	-	3,200
<u>For L&P courses and projects:</u>					
The Eranda Rothschild Foundation	-	30,000	(30,000)	-	-
The Ernest Cook Trust	-	8,000	(8,000)	-	-
Paul Hamlyn Foundation (Writing the Game)	6,646	-	(5,046)	-	1,600
Comic Relief (Writing the Game)	19,896	11,047	(26,426)	-	4,517
Claremont Bursary Fund	4,570	-	-	-	4,570
Jerwood Charitable Foundation (t/a Jerwood Arts from February 2019) – Mentoring	-	89,016	(30,150)	(5,162)	53,704
The McGrath Trust	15,735	47,661	(38,531)	-	24,865
John Laing Charitable Trust	28,650	-	(28,650)	-	-
Community Foundation serving Tyne & Wear and Northumberland	-	1,000	(1,000)	-	-
John Lyon's Charity	6,682	33,000	(33,766)	-	5,916
The Mercers' Charitable Foundation	-	10,000	-	-	10,000
Unwin Charitable Trust	-	5,000	-	-	5,000
<u>Donations to fund Crenham Award:</u>					
The Tedworth Charitable Trust	1,870	10,000	-	-	11,870
NA Grant Esq	400	-	-	-	400
The John Booth Charitable Foundation	200	-	-	-	200
The John S Cohen Foundation	630	3,400	-	-	4,030
Other donations: Crenham Award	3,402	300	-	-	3,702
<u>Teachers as Writers Research Project</u>					
Arts Council England: Research Grant – Teachers as Writers	11,666	-	(11,666)	-	-
<u>The Craft of Writing Research Project</u>					
The Open University and University of Exeter	-	32,268	(30,568)	(1,700)	-
<u>For core costs</u>					
Esmée Fairbairn Foundation	-	50,000	(50,000)	-	-
<u>Lumb Bank Redevelopment Project</u>					
Lumb Bank Redevelopment: Preparation Costs					
The John S Cohen Foundation	-	25,000	(17,202)	-	7,798
Other donors	-	50	(50)	-	-
<u>Other projects</u>					
The British Council: International Writers' Residency and Translating Ted Hughes	-	6,000	(6,000)	-	-
Other	350	1,650	(1,200)	(550)	250
Total restricted income funds	3,524,386	430,214	(442,402)	36,322	3,548,520

The Arvon Foundation Limited

Notes to the financial statements

For the year ended 31 December 2018

19b Restricted income funds (prior year)

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

19 Restricted Income Funds (continued)

Purposes of restricted funds:

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

Expenditure charged to these funds in the year totalling £81,122 (2017: £80,171) relates to the depreciation charges against freehold property assets held within restricted funds; a further £409 of depreciation has been charged during the year against elements of freehold property held within the designated fund 'Tangible fixed assets: Unrestricted' (2017: £nil) (see note 12). Transfers in of £43,734 (2017: £15,458) relate to fixed asset additions to freehold properties in the year as shown below:

	2018	2017
Lumb Bank: fixed asset additions in relation to bathroom refurbishment work, transfer in from general funds (£):	–	15,458
The Hurst: fixed asset additions in relation to basement fire protection improvement works, transfer in from designated fund 'The Hurst building works' (£):	43,734	–
Total transfers in to Restricted Tangible Fixed Asset funds (£):	43,734	15,458

- 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) Ernest Cook Trust. Supporting Arvon's Schools Programme.
- e) Writing the Game – Grants from Paul Hamlyn Foundation and Comic Relief towards a project for under 18s which aims to harness young people's love of football to encourage a life-long interest in writing and words. The remaining balance on the Paul Hamlyn Foundation restricted fund of £1,600 as at 31 December 2018 has been spent in June 2019 to fund the final production costs for the national Learning Resource for Writing the Game 2012–18.
- f) Claremont Bursary Fund. Fund for bursaries for students from Claremont Fan Court School to participate in a creative writing course at Arvon.
- g) Jerwood Charitable Foundation (t/a Jerwood Arts from February 2019) – 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. Costs totalling £5,162 were incurred in relation to this project in the final quarter of 2017 prior to receipt of the related grant income. These costs were charged to general funds in 2017 and a corresponding transfer has been made in 2018 from this fund back to general funds following receipt of further income.
- h) The McGrath Trust. Supporting courses for young people from Northern Ireland.
- i) John Laing Charitable Trust. Supporting courses for state school pupils from disadvantaged areas in Northumbria.
- j) Community Foundation serving Tyne & Wear and Northumberland. A grant in support of Arvon's Schools Programme in Northumberland.
- k) 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.
- l) The Mercers' Charitable Foundation. A grant in support of Arvon's Schools Programme.
- m) Unwin Charitable Trust. A grant in support of Arvon's Schools Programme.

19 Restricted Income Funds (continued)

- n) Crenham Award. An 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.
- o) Teachers as Writers research project. Led by Arvon and delivered in partnership with the University of Exeter and Open University. This two-year research project (2015–17) offered teachers sustained opportunities to write and build co-mentoring relationships with professional writers in order to improve student outcomes. We have agreed an extended project completion date of 31 May 2019 to enable Arvon to work with partners to disseminate findings and learning from the project. Supported by Arts Council England and The Rayne Foundation.
- p) The Craft of Writing. Arvon is the arts partner for this two-year project (2018–19), working in collaboration with the University of Exeter and Open University to design and lead professional development including short residential courses and development days for 96 primary schools in the North of England. The programme is being evaluated by the Behaviour Insights Team and University College London focusing on improved outcomes in writing, creativity and self-efficacy for pupils. Supported by the Education Endowment Foundation (EEF) and the Royal Society for the encouragement of Arts, Manufactures and Commerce (RSA) as part of the national *Learning about Culture* initiative. Initial costs totalling £1,700 were incurred in relation to this project in the final quarter of 2017 prior to receipt of the related income. These costs were charged to general funds in 2017 and a corresponding transfer has been made in 2018 from this fund back to general funds following receipt of project income.
- q) Esmée Fairbairn Foundation. Funding towards the salary costs of the Head of Learning and Participation and supporting the Learning and Participation programme.
- r) Lumb Bank Redevelopment fund: a fund to provide support towards the costs of the capital redevelopment of Lumb Bank (preparatory phase).
- s) The British Council: a grant to support two projects. International Writers' Residency: Arvon provided a six-day writing retreat at The Clockhouse for a displaced writer from Turkey on a residency in London with English PEN; Translating Ted Hughes: Arvon provided a six-day retreat at The Clockhouse for three translators to write new versions of Ted Hughes' poems followed by a showcase event at Europe House in London.

The Arvon Foundation Limited

Notes to the financial statements

For the year ended 31 December 2018

20a Unrestricted funds (current year)

	At 1 January 2018 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 December 2018 £
Designated funds:					
Tangible fixed asset fund: Unrestricted	219,744	740	(16,474)	26,076	230,086
The Hurst building works	44,000	-	(266)	(16,734)	27,000
Total designated funds	263,744	740	(16,740)	9,342	257,086
Free Reserves:					
General funds	394,589	1,625,947	(1,585,518)	(45,664)	389,354
Total Free Reserves	394,589	1,625,947	(1,585,518)	(45,664)	389,354
Total unrestricted funds	658,333	1,626,687	(1,602,258)	(36,322)	646,440

20b Unrestricted funds (prior year)

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

20 Unrestricted funds (continued)

Purposes of unrestricted funds

- a) Tangible fixed asset fund: Unrestricted. Expenditure charged to this fund in the year totalling £16,474 (2017: £13,158) relates to depreciation charges against the tangible fixed asset categories 'Fixtures and fittings, plant and machinery', 'computers and other office equipment' and 'motor vehicles' as well as a charge of £409 (2017: £nil) against those elements of 'freehold property' held within designated funds (see note 12).

Income shown in this fund of £740 (2017: £nil) relates to a donation of fixed assets (garden equipment at Lumb Bank).

Transfers in to this fund totalling £26,076 (2017: £8,160) relate to fixed asset additions as follows:

	2018	2017
Fixed asset additions (land and buildings), transfer in from general funds (£):	8,168	-
Fixed asset additions (fixtures and fittings, plant and machinery), transfer in from general funds (£):	13,495	6,957
Fixed asset additions (fixtures and fittings, plant and machinery), transfer in from restricted funds (£):	550	-
Fixed asset additions (computers and other office equipment), transfer in from general funds (£):	3,863	1,203
Total transfers in to Tangible Fixed Asset fund: Unrestricted (£)	26,076	8,160

- b) The Hurst building works. The trustees decided to transfer an amount of £44,000 from the General funds to this designated fund as at the end of 2017 to cover the costs of building works required to the basement area of The Hurst. These costs were incurred between February and April 2018 (capital expenditure of £43,734, current expenditure charged to this fund of £266). As at the end of 2018 the trustees have decided to transfer a further amount of £27,000 from the General funds to this designated fund in order to cover the costs of building works required to the atrium area of The Hurst. These costs were incurred in the first half of 2019.

Net transfers out of this designated fund of £16,734 (2017: transfer in of £44,000) can be analysed as follows:

	2018	2017
Transfer in from general funds to cover costs of building works to basement area of The Hurst (£):	-	44,000
Transfer out to 'The Hurst Property' restricted fund: fixed asset additions in relation to basement fire protection improvement works (see above) (£):	(43,734)	-
Transfer in from general funds to cover costs of building works to atrium area of The Hurst (£):	27,000	-
Total net transfers (out of) / in to The Hurst building works fund (£):	(16,734)	44,000

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

20 Unrestricted funds (continued)

d) Net transfers out of general funds of £45,664 (2017: net transfers out of £61,407) can be analysed as follows:

	2018	2017
Transfer out to 'Lumb Bank Property' restricted fund: fixed asset additions in relation to bathroom refurbishment work (£):	–	(15,458)
Transfers out to 'Tangible fixed asset fund: Unrestricted' in respect of fixed asset additions, as noted above (£):	(25,526)	(8,160)
Transfer in from 'Revaluation reserve: investments' (see above) (£):	–	6,211
Transfer in from restricted fund 'Jerwood Charitable Foundation – Mentoring' as noted above	5,162	–
Transfer in from restricted fund 'The Open University and University of Exeter re The Craft of Writing Research Project' as noted above	1,700	–
Transfer out to designated fund 'The Hurst building works' (see above) (£):	(27,000)	(44,000)
Total net transfers (out of) / in to General funds (£):	(45,664)	(61,407)

21 Analysis of cash and cash equivalents

	2018	2017
	£	£
Cash at bank and in hand	663,478	845,026
Investments: cash held in Endowment Fund pending reinvestment (see note 13)	238,982	238,982
Investments: cash on deposit pending reinvestment (General funds) (see note 13)	100,000	100,000
Total cash and cash equivalents	1,002,460	1,184,008

22 Legal status of the charity

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

23 Contingencies

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

24 Capital commitments

As at 31 December 2018 the charity had capital commitments totalling £26,556 (including VAT) in relation to building works planned to the atrium area of The Hurst. The work under the contract entered into with the building contractors took place in the first half of 2019 and no costs incurred under the contract have been recognised as at 31 December 2018.