

Financial Statements

For the year ended 31 December 2016

THE KESWICK CONVENTION TRUST

Company No: 3913741

Charity No: 1083584

THE KESWICK CONVENTION TRUST – COMPANY LIMITED BY GUARANTEE

CONTENTS	PAGE
Information	1
Report of the Directors	2 - 9
Report of the Auditors	10-11
Statement of Financial Activities	12
Balance Sheet	13
Statement of Cash Flows	14
Notes to the Financial Statements	15 - 26

THE KESWICK CONVENTION TRUST – COMPANY LIMITED BY GUARANTEE

Reference Information

ADDRESS: Keswick Convention Centre
Skiddaw Street
Keswick
Cumbria CA12 4BY

REGISTERED CHARITY NUMBER: 1083584

COMPANY REGISTRATION NO: 03913741

WORKING NAME: Keswick Ministries

GOVERNING DOCUMENT: Memorandum and Articles of Association

DIRECTORS: Mr S Adam, Treasurer
Mr D Burnside
Mr J Chatfield
Dr T Chester
Mr D Gascoigne
Mr S Hale
Mrs E McQuoid
Rev A Paine
Mr J Risbridger, Chairman
Rev Dr M Sleeman

**MINISTRY DIRECTOR
& CEO:** Rev Dr J Robson

BUSINESS DIRECTOR: Mr J Devenish

COMPANY SECRETARY: Mr S Overend

AUDITORS: Mazars LLP
One St Peter's Square
Manchester
M2 3DE

SOLICITORS: Anthony Collins Solicitors LLP Ellis-Fermor Solicitors LLP
134 Edmund Street 2 Devonshire Avenue
Birmingham Beeston, Nottingham
B3 2ES NG9 1DS

CHARITY OBJECTS: The Trust exists to promote Bible Teaching at an annual Convention in Keswick and on other occasions with the aim of encouraging holy and Biblical life styles.

BANKERS: HSBC plc, Market Square, Keswick, Cumbria, CA12 5BG

REPORT OF THE DIRECTORS

The Directors present their Annual Report and Financial Statements for the year ended 31 December 2016.

DIRECTORS AND OFFICERS

The following directors held office for the whole of the year to 31 December 2016 and to the date of this report unless otherwise stated:

Mr S Adam, Treasurer
Mrs R Baughen (resigned 15 November 2016)
Rev Dr S Brady (retired 25 April 2017)
Mr D Burnside
Mr J Chatfield
Dr T Chester (appointed 8 June 2016)
Mr D Gascoigne
Mr S Hale
Mrs E McQuoid
Rev A Paine
Mr J Risbridger, Chairman
Mr D Ryan (retired 17 May 2016)
Rev Dr M Sleeman

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Keswick Convention Trust is both a company limited by guarantee, not having a share capital, and a registered charity; it was incorporated as a company on 1 September 2001 when the assets and liabilities of the Keswick Convention Trust were transferred to the company.

Under the Trust Deed directors are to be known as Trustees. The Council of Management consists of the Trustees and it now meets three times a year (previously it met twice), including an overnight meeting, to manage the Trust. Trustees serve for a term of three years; are re-electable for a maximum of a further three terms; and may remain in office until age 70 years.

New Trustees are appointed in accordance with the Charity's Memorandum and Articles of Association. The Council regularly reviews the skills mix required to manage the Charity and plans succession based on the known retirement dates of Trustees.

New Trustees are required to follow an induction process which consists of being introduced to the operations of the Trust, normally attending one Council meeting before being formally appointed and, where appropriate, are offered formal training in their responsibilities.

A procedure for Trustee appraisal is in place and takes place during the final year of their three-year term of appointment.

In January 2016 the Trustees asked the Hon Treasurer to lead a review of the structure of the organisation with a view to strengthening it in the light of the increasing workload arising from the Derwent Project.

Jonathan Lamb, who was Chief Executive and Minister at Large, retired at the end of August 2016 and two new posts were created, that of Ministry Director and Chief Executive, and Business Director. James Robson took up the role of Ministry Director and Chief Executive in September 2016. Having joined the staff team in November 2015 as Projects Director, James Devenish was appointed Business Director in March 2016. In support of The Derwent Project and the vision to develop the ministry (see Achievements and

REPORT OF THE DIRECTORS (continued)

Performance below), Jutta Devenish was appointed Director of Communications and Development on 1 September 2015. Simon Overend was the Company Secretary throughout the year.

There are two main committees which support the Council; the Ministry Committee, chaired by the chairman of the charity, which is responsible for the spiritual development of the ministry, and the Finance and General Purpose committee, chaired by the Hon Treasurer, which is responsible for the business and practical development.

Keswick Ministries partners with different Christian organisations to help take forward its objectives, including the recording, broadcasting and publishing of the teaching given at the Keswick Convention; the provision of a Convention programme for adults with learning difficulties and the provision of Convention bookshops.

Keswick Ministries has two trading subsidiaries to manage respectively the Rawnsley Centre and former Pencil Factory car park, and Crosthwaite campsite.

The Trustees regularly review the risks to which the charity is exposed, so that reasonable measures are taken to reduce and manage them and to provide insurance cover where this is possible. A risk review procedure is in place to identify the most significant risks and the Trustees check that appropriate remedial action has been taken. We are advised on Health and Safety issues by an external consultancy firm.

Trustees, staff and volunteers are instructed in the risk management policies that are appropriate to the work that they do. Expenditure is monitored and the financial situation is examined by the Business Director and Hon. Treasurer on a monthly basis so as to manage financial risk. Local public relations issues are taken seriously and regular consultative meetings are held with representative bodies across the town.

The Trustees receive a Risk Management report annually. The following have been identified as the main areas of risk:

Financial:

- **General:** The risk of not raising sufficient funds to cover annual running costs, which is mitigated by a very broad support base and adequate reserves.
- **Derwent Project:** A £5m fundraising project was launched at the 2015 Convention. Following consultation with planning authorities and others, this was upgraded to £7m at the 2016 Convention. A Christian Trust purchased the Pencil Factory site in Keswick on behalf of Keswick Ministries in 2015. There is an intention (but no contractual obligation) for us to purchase the site from this trust for the price of £3m, which is the amount the trust paid for it, by September 2018. At the year-end we have visibility of in excess of this amount, through current and promised giving, and have agreed to pay the trust one year early, for which they will generously forgo £0.4m.

Skills and Knowledge:

- The ministry relies on a broad range of skills and abilities to deliver its activities and, in particular, the annual Convention. The ministry is well served by its small staff team; by its Trustees who bring a broad mix of theological and business knowledge and experience; and by hundreds of volunteers. Policies, processes and procedures are maintained and reviewed.

Independence of Trustees:

- The breath and independence of the ministry is a key strength, and is maintained by a process of regular review of the needs and open discussion of those who might serve and complement the team.

REPORT OF THE DIRECTORS (continued)

Reputation:

- Areas of reputational risks include – ministry, morality, health and safety, child protection, company and charity compliance. We are well served by the Finance and General Purposes Committee, where we have finance, accounting and legal expertise, and by our professional advisors.

OBJECTIVES AND ACTIVITIES

The charity exists to promote Bible Teaching at an annual Convention in Keswick and on other occasions with the aim of encouraging holy and Biblical life styles.

In the pursuance of these objectives, the Trustees have -

- conducted the annual Convention for three weeks in the summer,
- been engaged in development activities to promote similar events throughout the country and abroad via International and UK consultations,
- published a number of new books and study guides,
- held our first Pastoral Refreshment Conference, in partnership with Living Leadership, and
- planned a number teaching events to be launched in 2017.

The aim of these events and activities is to bring about life transforming encounters with God's Word which issue in practical Christian living – to equip, encourage and refresh the people of God.

The Missionary Hospitality Fund supports the cost of attendance of missionaries at the annual Convention and also the costs of those attending other Keswick Ministries mission related activities.

Volunteers undertake a wide variety of practical tasks during the Convention (crèche, children, youth and young adults work, provision for people with learning disabilities, welcome team, catering, finance and reception teams).

The Trust relies on volunteer workers to a very large extent. During the annual Convention some 600 adults were engaged in this way.

No charge is made to attend the Convention, with the costs covered by the generous giving of supporters both at the event and year round.

Additionally, the Trustees have sought to raise funds by letting property for local community activities at times when the premises are not needed for their charitable activities. Income from such letting was significantly reduced following the serious flooding of December 2015. They also permit the use of some of the charity's land in Keswick for public car parking which is operated by Allerdale Borough Council and our subsidiary (see below).

The Directors permit a bookshop to operate during the Convention selling sympathetic Christian literature. This provides a source of rental income, and royalties are received from the sale of recordings and books.

The company owns the entire share capital of Keswick Convention Project Limited, a company that operates a campsite in the neighbourhood during the Convention and this made a nominal surplus before tax and enables a donation to the Convention in the coming year. During the past year the company made a charitable gift of over £3k to the Convention.

The company also owns the entire share capital of Keswick Convention Projects (Rawnsley) Limited, a trading company that operates car parking facilities at Rawnsley Centre and the former Pencil Factory Site, and this broke even after paying rent to the Convention.

REPORT OF THE DIRECTORS (continued)

Consolidated financial statements have not been prepared on the grounds that the results of the subsidiary undertakings would not be material to the group financial statements.

ACHIEVEMENTS, PERFORMANCE AND FUTURE PLANS

KEY PERFORMANCE INDICATORS:

Financial:

- We aim to cover annual running costs each year. The deficit on unrestricted funds is mainly attributable to the costs and loss of income following the flooding associated with storm Desmond in December 2015.
- The Derwent Project was launched at the 2015 Convention. At the 2016 year-end we have visibility of more than £3m of the £7m target through current and promised giving, and every confidence of achieving our target.

Non-Financial:

- The annual three-week Convention continues to be our main activity. Attendance continued to hold up, with full venues and good use of the live video relay of main meetings to our Rawnsley site. There has been lots of positive feedback on the quality of the ministry and the impact it has had on peoples' lives, including new commitments to Christ and offers to serve in the mission field. There were good sales of new Keswick Ministries titles, and other Christian resources.
- Good relations with the local Christian, and wider community, have been built on, with senior members of the staff team engaging widely.

THE KESWICK CONVENTION:

The 2016 Convention marked the 141st year of the Convention and attracted large crowds, with over 12,500 people attending, of all ages, and from all parts of the world. The children's and youth programme successfully attracted and served large numbers, and the young adult tracks were also well received. BBC Radio 4 recorded Sunday Worship at the event – this has now become a regular feature. In our third week we welcomed many representatives from overseas Keswicks for an "International Consultation"; this was a positive time of sharing and encouraging similar ministries across the globe.

We continued to post mp3s of the main teaching on the Keswick Ministries website, as well as making CD, DVD and USB recordings available for sale through our partnership with Essential Christian.

We live streamed the Bible Readings and Evening Celebrations via YouTube again, a facility made possible by the provision of fibre broadband in Keswick, and this was warmly received, with many favourable comments from around the world.

The summer event engaged over 600 volunteers, who enabled the Convention to be delivered safely and effectively. Training was provided for those leading children's and youth work, and safe-guarding checks were carried out with due efficiency, and with no incidents of concern during the event.

Total giving, year round and at Convention, to the General Fund and to The Derwent Fund held up well. Additional income streams include the letting of our facilities to other agencies, plus some rents – though these were lower than in previous years, as mentioned above, due to the December 2015 flooding.

Substantial work is being done in making preparations for the 2017 event, including making use of the old Pencil Factory site for the first time with a marquee that will seat 500 people.

REPORT OF THE DIRECTORS (continued)

THE DERWENT PROJECT

In its second year The Derwent Project continued to be a high priority, and to require the investment of significant management and staff time. All at Keswick Ministries are greatly appreciative of the positive engagement of our supporters, and others, and of the financial and prayer support that has been given.

We intend to acquire the freehold of The Pencil Factory Site in Keswick which, together with our existing Rawnsley site, form our new integrated Derwent site, during 2017, a year ahead of what was originally planned.

The project has four key goals:

Goal 1:

To secure the future of the three-week summer Keswick Convention, running a larger three-week event on an integrated site.

Goal 2:

To expand the reach of Keswick Ministries by the provision of Christian teaching events at other times throughout the year.

Goal 3:

To be available to encourage and resource churches in the UK and beyond, particularly serving Cumbria and the North, including Scotland.

Goal 4:

To provide a suitable office location to support Keswick Ministries' continued growth, which in due time will release Skiddaw Street and support our fundraising efforts.

Social Corporate Responsibility Goal

To provide a meeting venue for the benefit of the town of Keswick and beyond.

These goals will be met by development of the integrated Derwent site, including the provision of a new conference centre with appropriate auditorium.

Having been launched at the 2015 Convention, the project was given significant profile at the 2016 Convention with a presentation in each of the three weeks, supported by a new Sharing the Future brochure and video. We have been very encouraged by the overwhelmingly positive response to the project, and the appeal for financial support. (Because of The Derwent Project there were no appeals for external agencies, or the MHF in 2016.)

OTHER ACTIVITIES:

Keswick Ministries sustained its commitments in publishing, through the release of a Study Guide to coincide with the 2016 Convention theme, written by Derek Tidball. In addition, there was a new title in the Keswick Foundation series by Peter Lewis entitled Becoming Christlike, and a new series was launched call Food for the Journey – a series of 30-Day devotions based on previous Bible Reading series.

REPORT OF THE DIRECTORS (continued)

The staff also sustained and extended their work with other related events in the UK and around the world, and the CEO visited several UK 'Keswick' events. Links with UK "Keswicks" were strengthened by the "UK Consultation" held at the Hayes Conference Centre Swanwick in October. A Memorandum of Understanding is being introduced as a means of expressing mutual support with these other events but they will remain autonomous and financially independent of Keswick Ministries.

Representatives of international Keswicks joined us in the third week of the Convention as a means of strengthening ties and building fellowship and mutual support. It was a very positive time with much warm fellowship and mutual encouragement.

The new small Communications and Development (fundraising) team continue to do great work, with a monthly news and prayer letter to our loyal supporters, and good use of social media. Text giving has recently been introduced, and an app is planned for the 2017 Convention.

The Rawnsley buildings were badly affected by the flooding in December 2015. The need to repair much of the ground floor has coincided with the decision to move the staff team, who have outgrown the Skiddaw Street offices. As a result, part of the premises is being remodelled to provide the staff team with appropriate office space on the Derwent Site. The deployment of the Skiddaw Street centre for visiting church and youth groups, as well as the management of the Rawnsley building, remains a significant staff responsibility throughout the year.

The Council and staff remain committed to sustain the clear focus of the organisation around its primary charitable objectives, whilst also seeking to put in place the foundations for future growth.

FINANCIAL REVIEW

The income of Keswick Ministries comes mainly from voluntary donations made by those who support and attend the Convention, and its financial viability is dependent on this. Once again we are grateful to God for the financial provision in the year under review and to the many thousands who have given generously, in another year of economic difficulty in the UK.

The financial results are set out in the Statement of Financial Activities on page 12.

Total incoming resources amounted to £2,461,842 compared to a previous year's total of £2,052,152.

The Derwent Project was launched in July 2015 to enable the purchase of the old Derwent Pencil Factory site, which is immediately adjacent to our Rawnsley site. We are delighted to report that, not only has this effort been well supported in its second year but that general giving has also held up well. The number of people attending the Convention continues to grow and the intention is to accommodate the Convention on one integrated site, and to build a conference facility, which can be used for a variety of ministries throughout the year. In the year £1,147,963 was given to the project (see Note 14).

Legacies of £520,242 (2015 - £93,244) were received during the year.

Total resources expended in the year amounted to £1,489,915 compared to £1,342,827 in the previous year. Much of this increase is accounted for by the full year costs of the appointment of new staff during the previous year to support The Derwent Project, fundraising and the Convention administration. An analysis of the costs is shown in the Notes to the Financial Statements on pages 17 and 18.

REPORT OF THE DIRECTORS (continued)

The Restricted Funds at the year-end, amounting to £1,646,502 (2015 - £599,909), relate mainly to the Derwent Project. Of the total, £1,957 relates to the Missionary Hospitality Fund, which enables the support of missionaries who benefit from attending the Convention. This fund made possible the attendance 37 families and individuals, at a cost of £22,187. There have been no offerings in support of the MHF in the last two years while the current emphasis is on the Derwent project. So while this remains the priority, support for the missionaries attending the Convention will come from general giving.

In 2016 there was an excess of outgoings over unrestricted incoming resources of £74,666 (2015 – excess of income over outgoings of £140,487). The deficit on unrestricted funds is mainly attributable to the costs and loss of income following the flooding associated with storm Desmond in December 2015.

Once again the Trustees are thankful for the continuing high numbers attending the annual Convention and for their generosity in both prayer and giving, together with their time given voluntarily.

The Trustees' financial objectives are threefold:

- To raise sufficient funds to meet the cost of the Trust's current activities and to develop new activities.
- To pay a Christian Trust (The Lind Trust) who have helped us facilitate our potential future acquisition of the Pencil Factory Site.
- To raise sufficient additional money to prepare the new site and to build a Conference facility.

The pay of the senior staff is set so as to be fair in the light of prevailing rates in other Christian charities, and the locality, and to ensure that the right calibre of people can be recruited to key roles. The Trustees review salaries annually and usually make a cost of living increase to all staff.

DONATIONS AND LEGACIES

The activities of the charity are financed almost entirely by voluntary gifts throughout the year, offerings taken at the Convention and legacies. We gratefully acknowledge the many unrecorded gifts of time and expertise given by so many during the course of the year, without which our operating costs would increase greatly.

RESERVES POLICY

In addition to the Designated Reserves set out in Note 15, the directors have agreed a General Reserves policy designed to meet the required level of working capital given the cyclical nature of cash flow; General Reserves of £250,000 to £400,000 are considered appropriate. As such the General Reserves of £255,911 are considered adequate. Any excess above this figure is likely to be designated for The Derwent Project.

TANGIBLE FIXED ASSETS

The assets and related depreciation, including rates of depreciation are set out in Note 8.

PUBLIC BENEFIT

The Trustees have considered the public benefit guidance issued by the Charity Commission together with the supplemental guidance on the application of the public benefit test to charities whose aims include advancing religion. The Trustees are aware of their legal duty to have regard to the public benefit guidance and to report on this charity's compliance with the public benefit obligation.

The physical and spiritual refreshment gained by those who attend the Convention provides a direct public benefit by the deepening of the spiritual life of the individuals and, through the individuals, their church communities and, through those church communities, the wider communities in which the churches are set.

REPORT OF THE DIRECTORS (continued)

These benefits are directly related to the aims of the charity and the Trustees are conscious of the need, so far as they are able, to balance the delivery of the benefits against any possible detriment or harm.

Since the main Convention event is open to the public and no charge is made for attendance at the overwhelming majority of the programme, there is the widest possible reach from the charity's activities. Because there is no fee, those in poverty are not excluded from the opportunity to benefit as they can attend the meetings at no charge. The Trustees are conscious of the need to ensure that any private benefits are only incidental.

The work of the charity through the year in offering assistance and guidance to similar Conventions and meetings elsewhere has the effect of spreading the public benefit even wider.

INVESTMENT POLICY

The directors have powers to invest surplus funds in investments, securities and properties as they think fit, subject to the provisions of any relevant legislation. Property investment is for the dual purpose of active use by the charity and appropriate letting for periods not required for direct charitable purposes. During the year the Trustees have considered the investment policies, especially in the light of the low interest rates being paid. Given the active consideration that is being given to the timing of some of the major costs noted in this report, surplus funds are invested in a mix of Term and Instant Access bank deposits. Social, environmental and ethical considerations are considered in selecting the banks at an appropriate level of risk.

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors also confirm that as far as they are aware there is no relevant audit information of which the charity's auditors are unaware and they have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

By order of the Directors



J. Risbridger (Chairman)

Date 19th June, 2017

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KESWICK CONVENTION TRUST

We have audited the financial statements of The Keswick Convention Trust for the year ended 31 December 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cashflows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS102, "The Financial Reporting Standard in the UK and Republic of Ireland".

Respective responsibilities of trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement set out on page 9, 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors. This report is made solely to the charity'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 charity'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 charity and the charity's members as a body for our audit work, for this report, or for the opinions we have formed.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web site at www.frc.org.uk/auditscopeukprivate.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2016 and of its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on the 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' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KESWICK CONVENTION TRUST (continued)

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

We have nothing to report in respect of the following matters where 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 exemption in preparing the Trustees' Report.

J Fox

Janine Fox (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
One St Peter's Square, Manchester, M2 3DE
Date *23 June 2017*

THE KESWICK CONVENTION TRUST – COMPANY LIMITED BY GUARANTEE

**Statement of Financial Activities (including income and expenditure account)
For the year ended 31 December 2016**

	Note	Unrestricted Funds	Restricted Funds	Total Funds	2015 Total funds (note 22)
		£	£	£	£
Income and endowments from:					
Donations and legacies	3	1,005,886	1,153,879	2,159,765	1,721,166
Charitable activities		62,507	-	62,507	76,294
Other trading activities		44,833	-	44,833	49,777
Investments		117,230	-	117,230	139,748
Rents and licence income		53,035	-	53,035	41,778
Other		24,472	-	24,472	23,389
Total		1,307,963	1,153,879	2,461,842	2,052,152
Expenditure on:					
Raising funds	5	141,207	17,269	158,476	155,964
Charitable activities	4, 5	1,241,422	90,017	1,331,439	1,186,863
Total		1,382,629	107,286	1,489,915	1,342,827
Net Income		(74,666)	1,046,593	971,927	709,325
Transfers between funds		-	-	-	-
Net movement in funds	15	(74,666)	1,046,593	971,927	709,325
Reconciliation of funds:					
Total funds brought forward		2,505,346	599,909	3,105,255	2,395,930
Total funds carried forward		2,430,680	1,646,502	4,077,182	3,105,255

The Statement of Financial Activities includes all gains and losses recognised in the year.

All incoming resources and resources expended derive from continuing activities.

THE KESWICK CONVENTION TRUST – COMPANY LIMITED BY GUARANTEE

**Balance Sheet
As at 31 December 2016**

Company number: 03913741

	Note	Total Funds 2016 £	Total funds 2015 £
Fixed assets			
Tangible assets	8	560,304	564,185
Investments	9	1,152,720	1,974,900
<i>Total fixed assets</i>		1,713,024	2,539,085
Current assets			
Debtors	10	842,654	183,245
Cash at bank and in hand	11	1,575,215	494,815
<i>Total current assets</i>		2,417,869	678,060
Liabilities			
Creditors: amounts falling due within on year	12	53,711	111,890
<i>Net current assets</i>		2,364,158	566,170
<i>Total assets less current liabilities</i>		4,077,182	3,105,255
<i>Total net assets or liabilities</i>		4,077,182	3,105,255
The funds of the charity:			
Restricted income funds	14, 15, 16	1,646,502	599,909
Unrestricted funds – Designated	15, 16	2,174,769	2,194,185
Unrestricted funds – General	15, 16	255,911	311,161
<i>Total charity funds</i>		4,077,182	3,105,255

These financial statements have been prepared in accordance with the special provisions of the Companies Act 2006 relating to small companies.

Approved by the directors on *19th June 2017*
and signed on their behalf by



J. Risbridger (Chairman)

Statement of Cash Flows
For the year ended 31 December 2016

	Note	2016 £	2015 £
Cash used in operating activities	21	160,065	566,670
Cash flows from Investing activities:			
Dividends, interest and rents from investments		117,230	139,748
Purchase of tangible fixed asset		(19,075)	(4,182)
Purchase of investment property		-	(400,000)
Cash provided by (used in) Investing activities		98,155	(264,434)
Cash flows from financing activities:			
Repayment of borrowing / payment of deposit for property		-	(100,000)
Cash used in financing activities		-	(100,000)
Increase in cash and cash equivalents in the year		258,220	202,236
Cash and cash equivalents at the beginning of the year		1,316,995	1,114,759
Total cash and cash equivalents at the end of the year		1,575,215	1,316,995

**Notes to the Financial Statements
For the year ended 31 December 2016**

1. Accounting policies

a. Accounting convention

The charity is a public benefit entity and the accounts are prepared under the historical cost convention in accordance with FRS 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland, the Companies Act 2006 and Statement of Recommended Practice, Accounting and Reporting by Charities (SORP 102).

The Keswick Convention Trust is a private company limited by guarantee and is non-profit making. The Keswick Convention Trust is incorporated in the United Kingdom.

b. Consolidation

The charity's two subsidiaries are not consolidated on the grounds of immateriality.

c. Going concern

The company's business activities, its performance and position are set out in the Directors' report on pages 2 to 9.

The company's forecasts and projections show that the company should be able to operate within the working capital facilities available to it.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. They therefore continue to adopt the going concern basis of accounting in preparing the annual financial statements.

d. Incoming resources

Donations and Legacies consist of gifts, offerings, legacies and related Gift Aid claims.

Incoming resources, which are made for a specific purpose, are accounted for within a restricted fund.

Income is recognised in the year in which the company is entitled to receipt and the amount can be measured reliably. It is allocated to activities on an actual basis. In accordance with this policy, legacies are included when it is probable that it will be received.

e. Resources expended

Includes all expenditure directly relating to the objects of the charity, included on an accruals basis, inclusive of any VAT which cannot be recovered, and on the following basis:

Wherever possible, costs are allocated to activities on an actual basis. Costs shared between activities are apportioned between these activities. Support costs which are not attributable to a specific activity have been apportioned between the activities being supported.

**Notes to the Financial Statements
For the year ended 31 December 2016**

Continued

f. Financial instruments

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

g. Debtors

Includes amounts invoiced but not yet paid, together with payments in advance, less provisions for any doubtful debts.

h. Cash at bank and in hand

Equates to instant access bank balance and cash floats.

i. Creditors and provisions for liabilities

Includes purchases invoiced but not yet paid.

j. Fixed assets

Fixed assets are shown at original cost or, if donated, at their value on the date of the gift, less accumulated depreciation. Depreciation is calculated to write off the cost less estimated residual value of fixed assets over their estimated useful life. Land is not depreciated and buildings are depreciated at a rate of 2% on a straight-line basis; equipment and furniture are depreciated on a reducing balance basis at a rate of 30%.

The minimum capitalisation level is £1,000.

k. Fund accounting

The directors have retained the designated sums forming part of the charity's unrestricted funds to be used for particular purposes in the future as outlined in Note 15.

l. Investments

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value or at fair value as determined by the Trustees as shown in Note 9.

m. Operating leases (lessor)

Rentals paid under operating leases are recognised in income on a straight-line basis over the period of the lease.

**Notes to the Financial Statements
For the year ended 31 December 2016**

Continued

2. Judgements In applying accounting policies and key sources of estimation uncertainty

Investment properties

The Rawnsley site has been valued on the basis of the net income derived from car parking, tenants and occasional lettings. An informed view has been taken as to an appropriate rate of return, with income forecast over a 20 year period, informed by historic trends, known plans and any other pertinent external factors.

The Pencil Museum has been valued at the purchase price which is considered fair in relation to the value of the whole site.

3. Donations and Legacies

	2016 £	2015 £
Legacies	520,242	93,244
Unrestricted donations	910,644	912,006
Restricted donations	728,879	715,916
	2,159,765	1,721,166

4. Analysis of expenditure on charitable activities

Activity	Activities undertaken directly £	Support costs £	Total £
<u>Restricted funds</u>			
Missionary Hospitality Fund	22,187	-	22,187
Derwent Project	67,830	-	67,830
<u>Unrestricted funds</u>			
Annual Convention	848,300	303,011	1,151,311
Other	64,004	26,107	90,111
Total	1,002,321	329,118	1,331,439

Annual Convention costs include the year round costs of the Skiddaw Street Convention Centre and staff offices, and of the Rawnsley building.

THE KESWICK CONVENTION TRUST – COMPANY LIMITED BY GUARANTEE

**Notes to the Financial Statements
For the year ended 31 December 2016**

Continued

5. Analysis of costs

Support cost	Unrestricted Funds				Restricted Funds			Total £
	Raising funds £	Annual convention £	Other £	Total unrestricted £	Raising funds £	Charitable activities £	Total restricted £	
Governance	-	16,692	2,950	19,642	-	-	-	19,642
Finance	-	3,870	-	3,870	-	-	-	3,870
Information Technology	9,180	5,777	-	14,957	-	-	-	14,957
Human Resources	74,442	275,436	22,333	372,211	-	-	-	372,211
Fees	-	1,236	824	2,060	-	-	-	2,060
	83,622	303,011	26,107	412,740	-	-	-	412,740
Direct costs	£	£	£	£	£	£	£	£
Other charitable	57,585	848,300	64,004	969,889	17,269	90,017	107,286	1,077,175
	57,585	848,300	64,004	969,889	17,269	90,017	107,286	1,077,175
Total	141,207	1,151,311	90,111	1,382,629	17,269	90,017	107,286	1,489,915

**Notes to the Financial Statements
For the year ended 31 December 2016**

Continued

6. Auditors' Remuneration

The company incurred the following charges from the auditors:

	2016	2015
	£	£
Audit fee - 2015	2,350	7,350
Audit fee - 2016	8,600	-
Consultancy	850	750
Tax advice	-	12,750
	11,800	20,850

7. Staff costs, related parties and volunteers

	2016	2015
	£	£
Wages and salaries	316,742	233,677
Social Security costs	27,182	18,812
Pension contributions	28,287	15,500
	372,211	267,989

The Trust operates a defined contribution pension scheme.

No employee earned £60,000 per annum or more.

The average number of full time equivalent employees was 9 (2015 - 9) and the average headcount was 12 (2015 - 12).

Trustees' and Chief Executive Remuneration

	2016	2015
	£	£
Trustees	10,710	17,660
Ministry Director (CEO) & Business Director	93,871	51,939
Total of Trustees and Executive Remuneration	104,581	69,599

The above remuneration is considered to be the remuneration of the key management personnel.

Jonathan Lamb was CEO until the end of August 2016, and James Robson was part-time from September to December 2016; James Robson led the organisation, assisted by Business Director, James Devenish.

Expenses of £7,842 (2015 – £4,662) were reimbursed to 12 (2015 – 10) directors for travel and meeting expenses in the year.

Mrs E McQuoid, a trustee director, received remuneration of £10,200 (2015 – £10,000), under an employment contract, in respect of Commissioning Editor services. A contribution of £510 (2015 - £300) was also made to the charity defined contribution pension scheme.

Authority for the trustee director's employment is contained within the constitution of the charity.

**Notes to the Financial Statements
For the year ended 31 December 2016**

Continued

7. Staff costs, related parties and volunteers cont.

Mr S Hale, a trustee director, is a partner in Ellis-Fermor LLP, solicitors, which received £227 (2015 – £14,400), in respect of professional legal services during the year.

No trustee director received any remuneration in respect of their services as a Trustee of the charity.

The charity is extremely grateful to over 600 volunteers who assist during the three weeks of the Convention and at other times throughout the year. The volunteers undertake a wide variety of practical tasks in the areas of administration, children, youth, and young adults, crèche, stewarding, catering, finance, reception and provision for people with learning disabilities.

8. Fixed assets

	Freehold land & buildings Centre £	Equipment & Furniture £	Assets under Construction £	Total £
COST				
At 1 January 2016	977,427	125,260	-	1,102,687
Additions	-	7,876	11,199	19,075
At 31 December 2016	<u>977,427</u>	<u>133,136</u>	<u>11,199</u>	<u>1,121,762</u>
DEPRECIATION				
At 1 January 2016	421,058	117,444	-	538,502
Charge for the year	19,548	3,408	-	22,956
At 31 December 2016	<u>440,606</u>	<u>120,852</u>	<u>-</u>	<u>561,458</u>
NET BOOK VALUE				
At 31 December 2016	<u>536,821</u>	<u>12,284</u>	<u>11,199</u>	<u>560,304</u>
At 31 December 2015	<u>556,369</u>	<u>7,816</u>	<u>-</u>	<u>564,185</u>
Rate of depreciation	2%	30%	0%	
	Straight line	Reducing balance		

**Notes to the Financial Statements
For the year ended 31 December 2016**

Continued

9. Investments

Basis of valuation	Investment Property Fair Value £	Quoted Investments Valuation £	Unquoted Investments Cost £	Investment Deposits Cost £	Total £
Cost or valuation at 1 January 2016	1,150,000	2,715	5	822,180	1,974,900
Disposals at cost or valuation	-	-	-	-	-
Gains/(losses) on valuation	-	-	-	11,755	115
Transfer to current assets	-	-	-	(833,955)	(833,955)
Cost or Valuation at 31 December 2016	1,150,000	2,715	5	-	1,152,720

The fair value of the investment property has been calculated using the cash flows of rental income as a yield on the investment. No formal valuation has been obtained from a qualified independent valuer. There are no restrictions on the ability to realise proceeds on disposal of the properties or on the remittance of income.

Subsidiary Companies

	2016 £	2015 £
Wholly owned subsidiary:		
Keswick Convention Projects Ltd	3	3
Keswick Convention Projects (Rawnsley) Ltd	2	2
	5	5

Keswick Convention Project Limited, a company engaged in carrying out projects in connection with the Keswick Convention, and Keswick Convention Projects (Rawnsley) Limited, a company engaged in carrying out trading activities in support of the Keswick Convention, are both wholly owned trading subsidiaries, and incorporated in England. All shares held are ordinary £1 shares.

The aggregate share capital and reserves of Keswick Convention Projects (Rawnsley) Limited is £4 and its turnover for the year was £73,764 resulting in neither profit nor loss.

Keswick Convention Project Limited aggregate share capital and reserves at 31 December 2016 was £5,570 and its turnover for the year was £29,409 resulting in a net profit before tax and donations to the parent company of £1,479.

Consolidated financial statements have not been prepared on the grounds that the results of the subsidiary undertakings would not be material to group financial statements.

**Notes to the Financial Statements
For the year ended 31 December 2016**

Continued

10. Debtors

	2016	2015
	£	£
Trade debtors	28,612	38,216
Payments in advance – accommodation	38,885	29,861
Prepayments and accrued income	666,861	13,978
Amounts owed by group undertakings	8,296	1,190
Payment of deposit for property	100,000	100,000
	842,654	183,245

Included within debtors is an amount of £100,000 (2015 - £100,000) which falls due within greater than one year.

11. Cash and cash equivalents

	2016	2015
	£	£
Cash in hand	741,260	494,815
Notice deposits (less than three months)	833,955	-
	1,575,215	494,815

12. Creditors: amounts falling due within one year

	2016	2015
	£	£
Trade creditors	776	11,579
Other taxes and social security	8,307	8,493
Accruals and deferred income	44,628	91,818
	53,711	111,890

13. Financial instruments

	2016	2015
	£	£
Financial assets measured at amortised cost	842,654	183,245
Financial liabilities measured at amortised cost	53,711	111,890

Financial assets measured at amortised cost comprise trade and other debtors. Financial liabilities measured at amortised cost comprise trade and other receivables.

**Notes to the Financial Statements
For the year ended 31 December 2016**

Continued

14. Restricted funds

	Balance	Movement		Balance
	1 January 2016 £	Income 2016 £	Expenditure 2016 £	31 December 2016 £
Missionary Hospitality Fund	18,228	5,916	(22,187)	1,957
Derwent Project Fund	581,681	1,147,963	(85,099)	1,644,545
	599,909	1,153,879	(107,286)	1,646,502

The Missionary Hospitality Fund was established to receive gifts in order that accommodation can be provided and grants can be given enabling missionaries to attend the Convention and other Keswick Ministries mission related activities, together with associated administration costs.

The Derwent Project will secure the future of the Convention and allow for the growth of the ministry at other times of the year.

Restricted funds are held in liquid assets.

15. Summary of fund movements

Fund	Balance 1 Jan 2016	Income	Expenditure	Transfers	Balance 31 December 2016
Designated Funds					
Fixed Asset	1,814,185	-	(22,956)	3,540	1,794,769
Marquee Replacement	300,000	-	-	(300,000)	-
Fabric & Refurbishment	80,000	-	-	-	80,000
Derwent Project Fund	-	-	-	300,000	300,000
General Funds	311,161	1,307,963	(1,359,673)	(3,540)	255,911
Unrestricted Funds	2,505,346	1,307,963	(1,382,629)	-	2,430,680
Restricted Funds					
Missionary Hospitality Fund	18,228	5,916	(22,187)	-	1,957
Derwent Project Fund	581,681	1,147,963	(85,099)	-	1,644,545
Restricted Funds	599,909	1,153,879	(107,286)	-	1,646,502
Total Funds	3,105,255	2,461,842	(1,489,915)	-	4,077,182

Designated Funds

The Fixed Asset Fund represents the total amounts invested, from general funds and special appeals in the past, in tangible fixed assets less depreciation and investment properties. Included within the Fixed Asset Fund is £382,418 (2015: £382,418) of non-distributable reserves, arising from revaluation. The Marquee Replacement Fund represents amounts of the general fund set aside to replace the Convention Marquee.

The Fabric and Refurbishment Fund represents amounts of the general fund set aside to replace worn out equipment and furnishings.

The Derwent Project Fund represents amounts set aside in relation to the Derwent Project.

**Notes to the Financial Statements
For the year ended 31 December 2016**

Continued

16. Analysis of net assets between funds

	Tangible Assets £	Investments £	Net Current Assets £	Total £
Unrestricted – designated	549,105	1,150,000	475,664	2,174,769
Unrestricted – general	-	5	255,906	255,911
Total unrestricted	549,105	1,150,005	731,570	2,430,680
Missionary Hospitality Fund	-	2,715	(758)	1,957
Derwent Project Fund	11,199	-	1,633,346	1,644,545
Total restricted	-	2,715	1,632,588	1,646,502
Total funds	560,304	1,152,720	2,364,158	4,077,182

17. Post balance sheet events

As noted within the Directors' Report, there is an intention to acquire the former Pencil Factory Site. Due to the generosity of our supporters we have been able to make advance payments totalling £2.25m since the year end. It was in anticipation of being able to make these payments that funds previously classified as investments on the Balance Sheet, were transferred to cash at bank at the year end.

18. Related party transactions

Keswick Convention Projects (Rawnsley) Limited is a wholly owned subsidiary of Keswick Convention Trust. For the year ended 31 December 2016 Keswick Convention Projects (Rawnsley) Limited was charged rent of £68,906 (2015 - £104,978) by Keswick Convention Trust, of which £8,296 (2015 - £1,190) remained outstanding as at the year end.

At the year-end a provision has been made for the payment of a charitable donation in Keswick Convention Project Limited's accounts to Keswick Convention Trust for the sum of £1,591 (2015 - £3,605).

Keswick Convention Project Limited is a wholly owned subsidiary of Keswick Convention Trust. Keswick Convention Trust incurred no expenses on behalf of the subsidiary.

During the year the Trustees made donations to the Charity of £5,809 (2015 - £123,664). Of this £3,509 (2015 - £114,704) was in relation to the Derwent Project. The project has the full support of the Trustees.

**Notes to the Financial Statements
For the year ended 31 December 2016**

Continued

19. Financial commitments

At 31 December 2016 the charity had total future minimum lease payments under non-cancellable operating leases as follows:

	2016	2015
	£	£
Not later than one year	50,000	50,000
Later than one year but not later than five years	25,000	75,000
	<u>75,000</u>	<u>125,000</u>

The expense included within the Statement of Financial Activities in the year totalled £50,000 (2015: £36,370).

20. Pension commitments

The charity operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the charity in an independently administered fund. The pension cost charge represents contributions payable by the charity to the fund and amounted to £28,287 (2015: £15,500). Contributions totalling £nil (2015: £nil) were payable to the fund at the balance sheet date.

21. Reconciliation of net movement in funds to net cash flow from operating activities

	2016	2015
	£	£
Net income for the reporting period	971,927	709,325
Adjustments in respect of:		
Depreciation charges	22,956	22,900
Dividends, interest and rents from investments	(117,230)	(139,748)
(Increase)/decrease in debtors	(659,409)	(30,475)
Increase/(decrease) in creditors	(58,179)	4,668
	<u>160,065</u>	<u>566,670</u>

**Notes to the Financial Statements
For the year ended 31 December 2016**

Continued

22. 2015 SOFA comparatives

	Unrestricted Funds £	Restricted Funds £	Total Funds £
Income and endowments from:			
Donations and legacies	1,005,250	715,916	1,721,166
Charitable activities	76,294	-	76,294
Other trading activities	49,777	-	49,777
Investments	139,748	-	139,748
Rents and licence income	41,778	-	41,778
Other	23,389	-	23,389
Total	1,336,236	715,916	2,052,152
Expenditure on:			
Raising funds	89,142	66,822	155,964
Charitable activities	1,106,607	80,256	1,186,863
Total	1,195,749	147,078	1,342,827
Net income	140,487	568,838	709,325
Transfers between funds	-	-	-
Net movements in funds	140,487	568,838	709,325
Reconciliation of funds:			
Total funds brought forward	2,364,859	31,071	2,395,930
Total funds carried forward	2,505,346	599,909	3,105,255