

Financial Statements

For the year ended 31 December 2018

THE KESWICK CONVENTION TRUST

Company No: 03913741

Charity No: 1083584

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THE KESWICK CONVENTION TRUST – COMPANY LIMITED BY GUARANTEE

Reference information

ADDRESS: Rawnsley Centre
Main Street
Keswick
Cumbria
CA12 5NP

REGISTERED CHARITY NUMBER: 1083584

COMPANY REGISTRATION NO: 03913741

WORKING NAME: Keswick Ministries

GOVERNING DOCUMENT: Memorandum and Articles of Association

TRUSTEES: Mr S Adam, Treasurer
Mr J Chatfield
Dr T Chester, Chairman
Mr D Gascoigne
Mrs C Heath-Whyte
Mr S Hale
Mrs E McQuoid
Mr M Salter
Rev A Paine
Mrs A Putt
Rev Dr M Sleeman

MINISTRY DIRECTOR
& CEO: Rev Dr J Robson

COO: Mr D Sawday

COMPANY SECRETARY: Mr S Overend

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

ACCOUNTANTS: Robinson + Co, Oxford Chambers, New Oxford Street, Workington, CA14 2LR

SOLICITORS: Anthony Collins Solicitors LLP Ellis-Fermor & Negus Limited
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, 1 Market Square, Penrith CA11 7SN

REPORT OF THE DIRECTORS

The Directors present their Annual Report and Financial Statements for the year ended 31 December 2018.

DIRECTORS AND OFFICERS

The following directors held office for the whole of the year to 31 December 2018 and to the date of this report unless otherwise stated:

Mr S Adam, Treasurer
Mr D Burnside (resigned 17 January 2019)
Mr J Chatfield (retired 23 April 2019)
Dr T Chester, Chairman
Mr D Gascoigne
Mrs C Heath-Whyte (appointed 14 May 2018)
Mr S Hale
Mrs E McQuoid
Mr M Salter
Rev A Paine
Mrs A Putt
Rev Dr M Sleeman

KESWICK MINISTRIES VISION

Keswick Ministries exists to refresh, inspire and equip Christians to love and live for Christ in His world. God's purpose is to bring his blessing to all nations (Gen12:3). All God's people are called to participate in this missionary purpose wherever we may be. Keswick Ministries helps Christians to fulfil that calling, so that directed and guided by God's word they will grow in the power of his Spirit.

Keswick Ministries has a long history of sending out Christians into the world to lead others by teaching the truths contained in the Bible and serving in all walks of life, including some of the poorest and most disadvantaged areas of this country and around the world.

We achieve these aims through Bible Teaching at our Summer Convention, through the resources that flow from this, in our programme of Training courses and the publication of books that support discipleship. Underlying this is encouragement and support for mission.

We are now extending our own mission into an all year round Ministry through the Derwent Project. This seeks to address the spiritual need of the nation for in-depth Bible teaching. The Derwent Project creates a facility which will help inspire and equip many more Christians of all ages and backgrounds with a variety of callings, so they can return to their homes, places of work and ministries to help further God's mission in whichever capacity they serve.

The Derwent Project centres on the site of Keswick's former Pencil Factory which adjoins the Rawnsley site where Keswick Ministries already has offices and hosts youth activities in the summer. The use of the Pencil Factory site will allow the Convention to be brought together in one place and provide a facility for all year round training courses and conferences. Planning Permission has already been granted and an element of youth activity is planned to be hosted on the site during the 2019 Convention. The first Convention will be held on the combined site in 2020.

We are thankful for the prayers and donations of thousands of supporters for our work. With building about to start we are now embarking on a major fundraising programme for the balance of funds needed to deliver the Derwent Project.

THE KESWICK CONVENTION

In 2018 the Convention marked its 143rd year and once again attracted more than 12,500 people of all ages, and from all parts of the world to hear world leading Bible teaching. Bible teaching and services were held in the main marquee at our Skiddaw Street site and relayed to overflow facilities at three other venues. There was also an active and very popular children's and youth programme which served age groups from the crèche through to young adults. All who attend these programmes gain a combination of Christian teaching and activities aligned with the adult services.

We live streamed the Bible Readings, Evening Celebrations and Keswick Lectures via YouTube and this was warmly received by supporters from around the world. After the services, mp3s of the main teaching are posted on the Keswick Ministries website and talks are available, for free, through our partnership with web-based Clayton TV. We also partner with Essential Christian who sell CDs, DVDs and USB recordings. BBC Radio 4 recorded Sunday Worship at the Convention and this has now become a regular annual feature.

The Convention relies on over 600 volunteers who enable us to deliver the event safely and effectively. Again this is a very popular way to serve. Keswick Ministries provides accommodation and travel expenses and many volunteers return year after year to help at Keswick. We are hugely indebted to these volunteers, without whom the Convention could not take place.

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, café, finance, fundraising and reception teams). We provide training for those leading children's and youth work and we carry out safeguarding checks. There were no incidents of concern during the event.

THE DERWENT PROJECT

The Derwent Project is an enormous opportunity for Keswick Ministries to extend our work into year round ministry. There is no doubt that our nation and the world have an important need for straightforward Bible-based teaching. This extends both to existing Christians and to those who want to consider more deeply the promises and blessings that flow from Christian faith. We also believe that Christians who serve provide a significant example to others and an encouragement to find out more of biblical values and truths.

We know this approach is warmly received by supporters who attend the Convention in the summer and would also be welcomed throughout the year. The purchase of the former Pencil Factory site, which adjoins our Rawsley site, provided the opportunity to launch the Derwent Project and we have been grateful for the enthusiastic prayers and financial support both from Conventioneers and other Christians and Christian groups around the country. It allows us to build a beacon of refreshment and sending out where Christians come to deepen their knowledge and faith in the Lord. We want to see youth leaders equipped to speak to children and teenagers; ministers, lay-leaders and every Christian inspired to serve. A true place of restoration, reflection and growth for all Christians.

The combined sites mean we can both hold the Convention on one location and have the space and facilities to run Teaching and Training courses and conferences throughout the year.

We have rebased our offices at the Rawsley site, which in due time will release our Skiddaw Street site for alternative uses.

While the Project has required a considerable amount of management and staff focus we are hugely encouraged by the significant progress we have made.

In summary the principal goals of the Derwent Project are to secure the future of the three-week summer Keswick Convention on an integrated site. Provide Christian teaching, and training all year round, and encourage other churches particularly in the North by providing facilities, resources and teaching.

We are also committed to ensuring that the local town of Keswick benefits from our activities. This will be achieved by making facilities available for local groups to use, and by attracting businesses to hold conferences within the Pencil Factory Building and use local facilities while here.

The Derwent Project was launched at the 2015 Convention and has been given a significant profile since then in each of the Convention's three weeks, with a dedicated evening discussion period supported by presentations and video. We have been very encouraged by the overwhelmingly positive response to the project, and the appeal for financial support.

We have also committed to a very active programme of engagement with the local community, presenting the positive case for Ministry and the Derwent Project, and explaining the benefits which will flow to the local area.

Funding raised so far has allowed us to purchase the site, obtain Planning Permission and commence work. There is still a considerable amount of money needed to complete the project.

Keswick Ministries is now embarking on an active and integrated fundraising programme that reaches out to supporters and Christian organisations inviting them to partner with Keswick in this ministry.

TEACHING AND TRAINING EVENTS

In preparation for the delivery of the Derwent Project we launched a programme of Teaching and Training courses and workshops in 2017/18. The programme was refined and developed in 2018/19 with 12 courses being run. The 2019/20 programme will be launched at the Convention.

The focus of the Teaching and Training events is on biblically focussed teaching that helps refresh, inspire and equip Christians, both church members and those in leadership positions.

As word spreads the courses and workshops are attracting increasing numbers of delegates with some courses starting to "sell out". Feedback from delegates is overwhelmingly positive.

GIVING AND INCOME

There is no charge to attend the Convention. We want to be open to all people just as a church is. We encourage giving through collections at the event and throughout the year. Each week we also have an evening event dedicated to the Derwent Project to explain the finances and the funding needed.

Total giving, year round and at Convention, to the General Fund and to The Derwent Fund reached a record level in 2017 with several larger gifts in support of the Derwent Project. 2018 giving has held up well. Additional income streams include the letting of our facilities to other groups and organisations. Some space at Skiddaw Street has been let at a pepper-corn rent to a church run toddlers group.

The flat standing areas at Rawnsley Centre and the former Pencil Factory Site are used to supply car parking spaces for visitors to the town. This has become an important source of income for us. Keswick Ministries owns the entire share capital of Keswick Convention Projects (Rawnsley) Limited, a trading company that operates these car parking facilities

When Keswick Ministries acquired the Pencil Factory site this included a building that houses the Keswick Pencil Museum whose holding company now leases that building from us.

The Directors permit a bookshop to operate during the Convention selling Christian literature that align with our values and beliefs. 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.

ACHIEVEMENTS, PERFORMANCE AND FUTURE PLANS

KEY PERFORMANCE INDICATORS:

Financial:

- We aim to cover annual running costs each year. A number of one-off costs mean that this wasn't achieved in 2018. For 2019 we have planned and budgeted for a nominal surplus.
- For the Derwent Project we have raised £4.4m of our £7m target and have every confidence of achieving the full amount.

Non-Financial:

- The annual three-week Convention continues to be our main activity and it receives very 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. We have also increased our engagement with the local community, and relaunched our Town Liaison Forum, meeting quarterly with members of the local community, businesses and statutory agencies.
- Keswick Ministries partners with different Christian organisations to help take forward its objectives.

RISK MANAGEMENT

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. A revised Risk Management framework was put in place adopting best practice from the April 2017 Mazars Charity Conference and guidance from the Charity Commission. We are advised on Health and Safety issues by an external consultancy firm. Thirtyone:eight (formerly CCPAS) advise us on safeguarding.

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 Chief Operating Officer 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. We refreshed our Town Liaison Forum in November 2017, meeting with business, Town Council and official agencies representative on a quarterly basis.

The Finance and General Purposes Committee oversees the Risk Register, and the Trustees receive a Risk Management report annually in November, with an update in April. 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 reassessed to £7m at the 2016 Convention. A Christian Trust purchased the Pencil Factory site in Keswick on behalf of Keswick Ministries in 2015. Thanks to the generous giving of our supporters we were able to purchase the site a year earlier than planned in 2017, and the Trust generously agreed to forgo £0.4m plus the £0.1m paid in lease payments since 2015. The trustees are taking a prudent and responsible approach to the phasing of the project, linked to the availability of funds.

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.

The trustees have given consideration to the various possible outcomes of Brexit, and concluded that none carry a material risk.

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.

Throughout 2018 the staff team was headed up by Ministry Director, James Robson assisted by James Devenish, Business Director. In April 2018, following James Devenish's decision to leave after the summer's Convention, David Sawday was appointed to the new position of Chief Operating Officer, with Simon Overend the new Head of Operations reporting to him. In August James Devenish agreed to stay on in a part-time capacity as Head of Special Projects.

During the year James Robson has prepared a Vision document which articulates Keswick Ministries mission and five year horizon to help planning, resourcing and delivery. The Trustees (directors) have unanimously supported this document. Through 2018 a business strategy group also met on three occasions to develop the plan that will support the vision.

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.

Local Engagement

- We are committed to the benefits of the Convention and the Derwent Project also flowing through to the town of Keswick. We want Keswick Ministries and its operation to be a source of pride and benefit locally. So throughout 2018 a number of initiatives were put in place to improve engagement within the town. These include the relaunch of the Town Liaison Forum, a local sourcing policy, a Friends of Keswick loyalty scheme for local business, the Enjoy Keswick website to tell Conventioners about local businesses. We also now regularly attend Town Council meetings, and promote an open dialogue with local stakeholders.

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. A new trustee was appointed in 2018; this followed the appointment of two new trustees in 2017.

Reputation:

- Areas of reputational risks include – ministry, morality, health and safety, safeguarding (including 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. We also subscribe to relevant publications, and to Companies House and Charity Commission email updates.

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 development of the ministry under the Lord's leading.

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. We have also partnered again with Living Leadership to deliver a Pastoral Refreshment Conference; an event held over three days "to provide an oasis for those in church leadership." A third PRC was held in February 2019 and was fully booked.

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.

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.

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 16.

Total income amounted to £2,008,604 compared to a previous year's total of £3,388,076.

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. In June 2017, we were able to purchase the site from the Trust which had acquired it in order to sell onto us. Giving to the Derwent project, in what is now the fourth year, has reduced from previous years, last year being an exceptional year for income. In addition to the generous giving to the Derwent project, general giving has held up reasonably well. We are thankful for the continuing high number of people attending the Convention, and the intention is to accommodate the Convention on one integrated site from 2020, and to build a conference facility, which can be used for a variety of ministries throughout the year. In the year £550,858 was given to the project (2017 - £2,004,726) - see Note 16.

Legacies of £110,610 (2017 - £42,799) were recognised during the year, with £96,018 in unrestricted income and £14,592 in restricted income.

Total expenditure in the year amounted to £1,809,104 compared to £1,673,773 in the previous year. Much of this increase is accounted for by one-off costs relating to this year's Convention and costs, including professional fees, relating to the Derwent Project. An analysis of the costs is shown in the Notes 4 and 5.

The Restricted Funds at the year-end, amounting to £868,237 (2017 - £736,710), relate mainly to the Derwent Project. Of the total, £2,868 relates to the Missionary Hospitality Fund, which enables the support of missionaries who benefit from attending the Convention. In 2018 income of £21,324 was received in support of the MHF (2017 - £7,287).

In 2018 there was net unrestricted expenditure of £86,703 (2017 – net income of £15,621).

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 twofold:

- To raise sufficient funds to meet the cost of the Trust's current activities and to develop new activities.
- To raise sufficient additional money to prepare the new site to host the Convention in 2020, and to refurbish the Pencil Factory building thereafter to provide further accommodation for Convention activities, currently held in rented marquees, and conference facilities to host ministry activities in pursuit of our objectives at other times of the year.

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.

FUNDRAISING

Keswick Ministries is fortunate in having a large and loyal supporter base who have supported the charity for many years, and who give generously in support of our financial needs.

When our Derwent Project was launched in the summer of 2015, the financial needs of the project were laid before our supporters, with supporting material, and they have responded magnificently. Each year at the Convention, we take the opportunity to update our supporters on our plans and progress, and to share with them how they can support us.

A new member of staff was recruited in the summer of 2015 into the role of communications and fundraising. With their departure at the end of 2017, we have employed David Sawday, who has significant communications experience, to the new role of COO, including communications and fundraising. We have also engaged Redina Kolaneci, Head of the Institute of Christian Fundraisers, to work with us on a consultancy basis to help with the next steps of our fundraising campaign, including approaches to trusts. In addition, we are being assisted by our two Ministers at Large, former trustees with charity fundraising experience.

We have worked with design agencies to produce quality campaign material. We are registered with the Fundraising Regulator and comply with their standards. These areas are overseen by our Treasurer and the Finance & General Purposes Committee of the Council.

We have not used external agencies or third parties to specifically fundraise on our behalf, and have taken a responsible approach to seeking funds for the protection of all our supporters, including those who may be deemed vulnerable.

We have not had any complaints about our fundraising, but were any to be received, they would be taken seriously and handled at a senior level.

RESERVES POLICY

In addition to the Designated Reserves set out in Note 16, 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 £301,990 are considered more than adequate.

It is anticipated that Derwent Project Restricted funds of £865,369 and Designated funds of £300,000 will be used over the next 12-18 months in support of the refurbishment of the former Pencil Factory, and the redevelopment of the site.

The Designated Fixed Assets represent the net book value thereof, less a loan from a supportive charity, on favourable terms.

TANGIBLE FIXED ASSETS

The assets and related depreciation, including rates of depreciation are set out in Notes 1 and 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.

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.

Liquid funds are invested with a view to maintaining their value, pending planned expenditure in the short to medium term.

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.

In preparing this report the trustees have taken advantage of the small company exemptions provided by section 415A of the Companies Act 2006.

By order of the Directors



Tim Chester (Chairman)

Date: 18/5/2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KESWICK CONVENTION TRUST

OPINION

We have audited the financial statements of Keswick Convention Trust (the 'charity') for the year ended 31 December 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2018 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.

BASIS OF 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 charity 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 charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

OTHER INFORMATION

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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 Directors' Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

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 Directors' 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 and proper 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 specific 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 and from the requirement to prepare a Strategic Report.

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the trustees' responsibilities statement set out on page 12, 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 charity'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 charity or to cease operations, or have no realistic alternative but to do so.

AUDITORS 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

USE OF THE AUDIT REPORT

This report is made solely to the 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 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 company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

Signed:



Name: Vincent Marke

(Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

One St Peter's Square
Manchester
M2 3DE

Date: 6 June 2019

THE KESWICK CONVENTION TRUST – COMPANY LIMITED BY GUARANTEE

**Statement of Financial Activities (including income and expenditure account)
For the year ended 31 December 2018**

	Note	Unrestricted Funds	Restricted Funds	Total Funds	2017 Total funds (note 22)
		£	£	£	£
Income and endowments from:					
Donations and legacies	3	1,080,448	572,182	1,652,630	3,085,949
Charitable activities		67,390	-	67,390	70,782
Other trading activities		38,512	-	38,512	42,804
Investments	3	177,980	-	177,980	116,618
Rents and licence income		63,273	-	63,273	62,751
Other		8,819	-	8,819	9,172
Total		1,436,422	572,182	2,008,604	3,388,076
Expenditure on:					
Raising funds	5	74,673	49,425	124,098	198,117
Charitable activities	4, 5	1,448,452	236,554	1,685,006	1,475,656
Total		1,523,125	285,979	1,809,104	1,673,773
Net income		(86,703)	286,203	199,500	1,714,303
Revaluation of investment property	9	830,000	-	830,000	230,424
Transfers between funds	16	154,676	(154,676)	-	-
Net movement in funds		897,973	131,527	1,029,500	1,944,727
Reconciliation of funds:					
Total funds brought forward		5,285,199	736,710	6,021,909	4,077,182
Total funds carried forward		6,183,172	868,237	7,051,409	6,021,909

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

All income and expenditure derives from continuing activities.

THE KESWICK CONVENTION TRUST – COMPANY LIMITED BY GUARANTEE

**Balance Sheet
As at 31 December 2018**

Company number: 03913741

	Note	Total Funds 2018 £	Total funds 2017 £
Fixed assets			
Tangible assets	8	4,351,182	4,211,016
Investments	9	1,982,720	1,152,720
Deposits	11	35,261	41,353
<i>Total fixed assets</i>		6,369,163	5,405,089
Current assets			
Debtors	10	354,778	311,916
Cash at bank and in hand	11	1,705,299	1,187,499
<i>Total current assets</i>		2,060,077	1,499,415
Liabilities			
Creditors: amounts falling due within on year	12	77,831	132,595
Net current assets		1,982,246	1,366,820
Total assets less current liabilities		8,351,409	6,771,909
Long Term Loans	13	1,300,000	750,000
Total net assets or liabilities		7,051,409	6,021,909
The funds of the charity:			
Restricted income funds	15, 16, 17	868,237	736,710
Unrestricted funds – Designated	16, 17	5,881,182	4,991,016
Unrestricted funds – General	16, 17	301,990	294,183
Total charity funds		7,051,409	6,021,909

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 *18 May* 2019
and signed on their behalf by



T Chester (Chairman)

THE KESWICK CONVENTION TRUST – COMPANY LIMITED BY GUARANTEE

Statement of Cash Flows
For the year ended 31 December 2018

	Note	2018 £	2017 £
Cash (used in)/provided by operating activities	21	(31,605)	2,240,793
Cash flows from investing activities:			
Interest		3,343	3,344
Rents from investments		174,637	113,274
Purchase of tangible fixed assets	8	(184,667)	(3,453,774)
Cash used in investing activities		(6,687)	(3,337,156)
Cash flows from financing activities:			
Raising of borrowing	13	550,000	750,000
Net cash flows from financing activities		550,000	750,000
Increase/(Decrease) in cash and cash equivalents in the year		511,708	(346,363)
Cash and cash equivalents at the beginning of the year		1,228,852	1,575,215
Total cash and cash equivalents at the end of the year	11	1,740,560	1,228,852

**Notes to the Financial Statements
For the year ended 31 December 2018**

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 and registered in England and Wales.

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 4 to 12.

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

The Trustess 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.

There are no material uncertainties about the entity's ability to continue to operate.

d. Income

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

Income which is received for a specific purpose is 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.

Donations in kind are reported at fair value, in accordance with accounting standards.

e. Expenditure

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.

Wages and salaries have been split between funds on the basis of estimated time spent by staff members on the Derwent project.

**Notes to the Financial Statements
For the year ended 31 December 2018**

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 less than 100 days access bank balances and cash floats.

i. Creditors and provisions for liabilities

Includes purchases invoiced but not yet paid. Concessionary loans are measured at amortised cost.

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 16.

Investments in subsidiaries are recognised by the charity at cost less and provision for impairment.

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.

Investments in subsidiary undertakings are recognised at cost less any provision for impairment.

m. Public benefit concessionary loans

Public benefit concessionary loans are initially measured at cost with the carrying amount adjusted in subsequent years to reflect repayments and any impairment as determined necessary by the Trustees.

n. 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 2018

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. 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 on the basis of the net income derived from rental income. 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.

Discount rates in the range 7.5% to 8.5% are considered appropriate and have been used for these calculations.

3. Income

Donations and legacies:	2018	2017
	£	£
Legacies	110,610	42,799
Unrestricted donations	984,430	1,031,137
Restricted donations	557,590	2,012,013
	1,652,630	3,085,949

Gifts in kind in the 2017 figures consist of:

A £400,000 reduction in 2017 in amount paid to the Trust which purchased the Pencil Factory site on our behalf.

A £100,000 effective "refund" of the lease payments made to the trust in 2017.

There are no unfulfilled conditions or contingencies in respect of these transactions. The above transactions are included within restricted donations.

Investments:	2018	2017
	£	£
Interest received	3,343	3,344
Rental income	174,637	113,274
	177,980	116,618

**Notes to the Financial Statements
For the year ended 31 December 2018**

Continued

4. Analysis of expenditure on charitable activities

Activity	Activities undertaken directly £	Support costs £	Total £
<u>Restricted funds</u>			
Missionary Hospitality Fund	20,068	-	20,068
Derwent Project	29,587	186,899	216,486
<u>Unrestricted funds</u>			
Charitable activities	988,072	290,142	1,278,214
Other	63,780	106,458	170,238
Total	1,101,507	583,499	1,685,006

Charitable activities 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 2018
Continued

5. Analysis of costs - 2018

	Unrestricted Funds				Restricted Funds				Total Funds
	Raising funds £	Charitable activities £	Other £	Total unrestricted £	Raising funds £	Charitable activities £	Other £	Total Restricted £	
Support cost									
Governance	1,147	13,597	3,385	18,129	-	-	-	-	18,129
Finance	1,762	17,188	13,611	32,561	-	-	-	-	32,561
Information Technology	4,006	8,011	4,006	16,023	-	-	-	-	16,023
Human Resources (salaries and pension contributions)	29,637	170,735	17,194	217,566	46,617	150,729	-	197,346	414,912
Fees	-	12,626	8,417	21,043	-	36,170	-	36,170	57,213
Other (including depreciation and insurance)	38,121	67,985	59,845	165,951	2,808	-	-	2,808	168,759
	74,673	290,142	106,458	471,273	49,425	186,899	-	236,324	707,597
Direct costs									
Other Charitable	-	988,072	63,780	1,051,852	-	49,655	-	49,655	1,101,507
	-	988,072	63,780	1,051,852	-	49,655	-	49,655	1,101,507
Total	74,673	1,278,214	170,238	1,523,125	49,425	236,554	-	285,979	1,809,104

Analysis of costs - 2017

	Unrestricted Funds				Restricted Funds				Total Funds
	Raising funds £	Charitable activities £	Other £	Total unrestricted £	Raising funds £	Charitable activities £	Other £	Total Restricted £	
Support cost									Total
Governance	1,284	16,417	4,188	21,889	-	-	-	-	21,889
Finance	1,848	14,866	11,114	27,828	-	-	-	-	27,828
Information Technology	3,863	7,725	3,862	15,450	-	1,072	-	1,072	16,522
Human Resources (salaries and pension contributions)	25,527	174,425	15,316	215,268	96,850	115,960	-	212,810	428,078
Fees	-	1,004	670	1,674	-	15,940	-	15,940	17,614
Other (including depreciation and insurance)	38,843	58,099	45,459	142,401	29,902	11,276	-	41,178	183,579
	71,365	272,536	80,609	424,510	126,752	144,248	-	271,000	695,510
Direct costs									
Other Charitable	-	871,252	64,680	935,932	-	42,331	-	42,331	978,263
	-	871,252	64,680	935,932	-	42,331	-	42,331	978,263
Total	71,365	1,143,788	145,289	1,360,442	126,752	186,579	-	313,331	1,673,773

**Notes to the Financial Statements
For the year ended 31 December 2018**

Continued

6. Auditor's remuneration

The company incurred the following charges from the auditor:

	2018	2017
	£	£
Audit fee – 2017	3,911	10,750
Audit fee – 2018	13,219	-
Tax advice and consultancy	-	6,003
	17,130	16,753

7. Staff costs, related parties and volunteers

	2018	2017
	£	£
Wages and salaries	346,560	363,530
Social Security costs	30,394	31,259
Pension contributions	37,959	33,288
	414,913	428,077

The Trust operates a defined contribution pension scheme.

No employee earned £60,000 per annum or more (2017 - 1 falling in the band £60,000 to £70,000). (In 2017, this included a payment in lieu of notice for the period January to March 2018).

The average number of full time equivalent employees was 12 (2017 - 11) and the average headcount was 14 (2017 - 14).

Trustees' and Chief Executive Remuneration

	2018	2017
	£	£
Trustees	<u>14,942</u>	<u>11,614</u>
Ministry Director (CEO) & Business Director/COO	<u>139,542</u>	<u>114,463</u>

The above remuneration is considered to be the remuneration of the key management personnel. James Robson led the organisation, assisted by Business Director, James Devenish. James Devenish resigned from his role as Business Director as of 31 August 2018. David Sawday was appointed on 1 April 2018 and commenced the role as Chief Operating Officer.

Mrs E McQuoid, a trustee director, received remuneration of £14,264 (2017 – £11,078), under an employment contract, in respect of Commissioning Editor services. A contribution of £678 (2017 - £536) 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.

Expenses of £4,590 (2017 – £5,137) were reimbursed to 7 (2017 – 7) directors for travel and meeting expenses in the year.

THE KESWICK CONVENTION TRUST – COMPANY LIMITED BY GUARANTEE

Notes to the Financial Statements For the year ended 31 December 2018

Continued

7. Staff costs, related parties and volunteers (continued)

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 £	Freehold land & buildings Rawnsley £	Equipment & Furniture £	Assets under Construction £	Total £
COST					
At 1 January 2018	977,427	638,748	141,185	3,182,765	4,940,125
Additions	-	1,279	28,712	154,676	184,667
Disposals	-	-	-	-	-
At 31 December 2018	977,427	640,027	169,897	3,337,441	5,124,792
DEPRECIATION					
At 1 January 2018	460,155	143,447	125,507	-	729,109
Charge for the year	19,546	12,801	12,154	-	44,501
Disposals	-	-	-	-	-
At 31 December 2018	479,701	156,248	137,661	-	773,610
NET BOOK VALUE					
At 31 December 2018	497,726	483,779	32,236	3,337,441	4,351,182
At 31 December 2017	517,272	495,301	15,678	3,182,765	4,211,016

The Convention Centre at Skiddaw Street, with a net book value of £497,726 secures a loan on favourable terms from a supportive charitable trust.

**Notes to the Financial Statements
For the year ended 31 December 2018**

Continued

9. Investments

Basis of valuation	Investment Property Fair Value £	Quoted Investments Valuation £	Unquoted Investments Cost £	Total £
Cost or valuation at 1 January 2018	1,150,000	2,715	5	1,152,720
Disposals at cost or valuation	-	-	-	-
Gains/(losses) on valuation	830,000	-	-	830,000
Transfer to current assets	-	-	-	-
Cost or Valuation at 31 December 2018	1,980,000	2,715	5	1,982,720

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

	2018 £	2017 £
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 year end for both subsidiaries is 31 December 2018.

The aggregate share capital and reserves of Keswick Convention Projects (Rawnsley) Limited is a deficit of £750 and its turnover for the year was £153,410 resulting in a loss of £756.

Keswick Convention Project Limited aggregate share capital and reserves at 31 December 2018 was £5,479 and its turnover for the year was £29,968 resulting in a net profit before tax and donations to the parent company of £5,476.

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 2018**

Continued

10. Debtors

	2018	2017
	£	£
Trade debtors	2,571	10,074
Payments in advance – accommodation	52,938	60,256
Prepayments and accrued income	261,525	230,612
Amounts owed by group undertakings	10,693	5,366
Other debtors	27,051	5,608
	354,778	311,916

11. Cash and cash equivalents

	2018	2017
	£	£
Cash in hand	698,942	1,187,499
Notice deposits (less than three months)	1,006,357	-
Current asset	1,705,299	1,187,499

	2018	2017
	£	£
Longer term deposits	35,261	41,353
Non-current asset	35,261	41,353
Total cash	1,740,560	1,228,852

12. Creditors: amounts falling due within one year

	2018	2017
	£	£
Trade creditors	22,478	13,921
Other creditors	5,115	-
Accruals	34,934	102,765
Deferred income	15,304	15,909
	77,831	132,595

Deferred income relates to deposits for centre bookings and course fees falling in the next financial year. The deferred income recognised at 31 December 2018 represents amounts received and deferred in the year. The deferred income recognised at 31 December 2017 was released in full to income during the year.

THE KESWICK CONVENTION TRUST – COMPANY LIMITED BY GUARANTEE

Notes to the Financial Statements For the year ended 31 December 2018

Continued

13. Creditors: amounts falling due after one year

Concessionary loans	2018	2017
	£	£
Due between 2 and 5 years	550,000	-
Due after 5 years	750,000	750,000
	1,300,000	750,000

The £750,000 loan is concessionary; from a supportive Christian Trust; at zero interest; repayable by the tenth anniversary, and secured by a first charge on the Skiddaw Street Convention Centre.

The £550,000 loan is concessionary; from supportive individuals; at zero interest; repayable by the fifth anniversary, and is unsecured.

14. Financial instruments

	2018	2017
	£	£
Financial assets measured at amortised cost	13,264	15,440
Cash and cash equivalents	1,740,560	1,228,852
Financial liabilities measured at amortised cost	1,322,478	763,921

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

15. Restricted funds

	Balance		Movement		Balance
	1 January		Income	Expenditure	31 December
	2018		2018	and Transfers	2018
	£		£	2018	£
Missionary Hospitality Fund	1,612		21,324	20,068	2,868
Derwent Project Fund	735,098		550,858	420,587	865,369
	736,710		572,182	440,655	868,237

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. Further information in respect of the Derwent Project can be found in the directors report.

Restricted funds are held in liquid assets.

THE KESWICK CONVENTION TRUST – COMPANY LIMITED BY GUARANTEE

**Notes to the Financial Statements
For the year ended 31 December 2018**

Continued

16. Summary of fund movements

	Balance 1 Jan 2018	Income	Expenditure	Gain on revaluation of investment property	Transfers	Balance 31 December 2018
Fund						
<u>Designated Funds</u>						
Fixed Asset	4,611,016	-	44,501	830,000	184,667	5,581,182
Fabric & Refurbishment	80,000	-	-	-	(80,000)	-
Derwent Project Fund	300,000	-	-	-	-	300,000
General Funds	294,183	1,436,422	1,478,624	-	50,009	301,990
Unrestricted Funds	5,285,199	1,436,422	1,523,125	830,000	154,676	6,183,172
<u>Restricted Funds</u>						
Missionary Hospitality Fund	1,612	21,324	20,068	-	-	2,868
Derwent Project Fund	735,098	550,858	265,911	-	(154,676)	865,369
Restricted Funds	736,710	572,182	285,979	-	(154,676)	868,237
Total Funds	6,021,909	2,008,604	1,809,104	830,000	-	7,051,409

Designated Funds

The Fixed Asset Fund represents the total amounts invested, from general funds and special appeals in the past, in tangible fixed assets and investment properties less depreciation and borrowings secured thereon. Included within the Fixed Asset Fund is £1,212,418 (2017: £382,418) of non-distributable reserves, arising from revaluation.

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

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

Transfers of £154,676 relates to the capitalisation of fixed assets purchased in respect of the Derwent Project.

Transfers of £29,991 relate to the capitalisation of fixed assets purchased in respect of the general fund.

Transfers of £80,000 relate to the release of the Fabric and Refurbishment fund to the general fund.

THE KESWICK CONVENTION TRUST – COMPANY LIMITED BY GUARANTEE

**Notes to the Financial Statements
For the year ended 31 December 2018**

Continued

17. Analysis of net assets between funds

2018	Tangible Assets	Investments & Deposits	Net Current Assets/(liabilities)	Long Term Concessionary Loan	Total
	£	£	£	£	£
Unrestricted – designated	4,351,182	1,980,000	300,000	(750,000)	5,881,182
Unrestricted – general	-	35,266	816,724	(550,000)	301,990
Total unrestricted	4,351,182	2,015,266	1,116,724	(1,300,000)	6,183,172
Missionary Hospitality Fund	-	2,715	153	-	2,868
Derwent Project Fund	-	-	865,369	-	865,369
Total restricted	-	2,715	865,522	-	868,237
Total funds	4,351,182	2,017,981	1,982,246	(1,300,000)	7,051,409

2017	Tangible Assets	Investments	Net Current Assets	Long Term Concessionary Loan	Total
	£	£	£	£	£
Unrestricted – designated	4,211,016	1,150,000	380,000	(750,000)	4,991,016
Unrestricted – general	-	41,358	252,825	-	294,183
Total unrestricted	4,211,016	1,191,358	632,825	(750,000)	5,285,199
Missionary Hospitality Fund	-	2,715	(1,103)	-	1,612
Derwent Project Fund	-	-	735,098	-	735,098
Total restricted	-	2,715	733,995	-	736,710
Total funds	4,211,016	1,194,073	1,366,820	(750,000)	6,021,909

**Notes to the Financial Statements
For the year ended 31 December 2018**

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18. Related party transactions

Keswick Convention Projects (Rawnsley) Limited is a wholly owned subsidiary of Keswick Convention Trust. For the year ended 31 December 2018 Keswick Convention Projects (Rawnsley) Limited was charged rent of £147,161 (2017 - £103,921) by Keswick Convention Trust, of which £10,693 (2017 - £5,366) remained outstanding as at the year end.

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

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 £4,223 (2017 - £7,929).

During the year the Trustees made donations to the Charity of £9,530 (2017 - £9,782). Of this £1,420 (2017 - £3,509) was in relation to the Derwent Project. The project has the full support of the Trustees.

Mr S Hale, a trustee director, is a partner in Ellis-Fermor LLP, solicitors, which received £nil (2017 - £3,006), in respect of professional legal services during the year. At the year end the amount owing to Ellis-Fermor in creditors was £nil (2017: nil).

19. Financial commitments

At 31 December 2018 the charity had total future minimum lease payments under non-cancellable operating leases as follows:

	2018	2017
	£	£
Not later than one year	-	-
Later than one year but not later than five years	-	-
	<hr/>	<hr/>
	-	-

The expense included within the Statement of Financial Activities in the year totalled £nil (2017: £13,630).

20. Pension commitments

The charity operates a defined contribution pension scheme compliant with auto enrolment. 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 £37,959 (2017: £33,288). Contributions totalling £5,115 (2017: £nil) were payable to the fund at the balance sheet date.

The pension commitments are a liability of the unrestricted funds, in line with the expense.

**Notes to the Financial Statements
For the year ended 31 December 2018**

Continued

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

	2018	2017
	£	£
Net income for the reporting period	199,500	1,714,303
Adjustments in respect of:		
Depreciation charges	44,501	33,086
Interest received	(3,343)	(3,344)
Rental income	(174,637)	(113,274)
Decrease/(increase) in debtors	(42,862)	530,738
Increase/(decrease) in creditors	(54,764)	78,884
Loss on disposal of fixed asset	-	400
	(31,605)	2,240,793

22. 2017 SOFA comparatives

	Unrestricted Funds £	Restricted Funds £	Total Funds £
Income and endowments from:			
Donations and legacies	1,073,936	2,012,013	3,085,949
Charitable activities	70,782	-	70,782
Other trading activities	42,804	-	42,804
Investments	116,618	-	116,618
Rents and licence income	62,751	-	62,751
Other	9,172	-	9,172
Total	1,376,063	2,012,013	3,388,076
Expenditure on:			
Raising funds	71,365	126,752	198,117
Charitable activities	1,289,077	186,579	1,475,656
Total	1,360,442	313,331	1,673,773
Net (expenditure)/income	15,621	1,698,682	1,714,303
Gain on investment property	230,424	-	230,424
Transfers between funds	2,608,474	(2,608,474)	-
Net movements in funds	2,854,519	(909,792)	1,944,727
Reconciliation of funds:			
Total funds brought forward	2,430,680	1,646,502	4,077,182
Total funds carried forward	5,285,199	736,710	6,021,909

**Notes to the Financial Statements
For the year ended 31 December 2018**

Continued

23. Post balance sheet events

The trustees were pleased to receive formal planning approval for the Derwent Project from the Lake District National Park on 3 May 2019. This follows the unanimous approval of the Development Committee in February 2019, and includes the conditions that we have been discussing with the planning team since then.

