

# Financial Statements

For the year ended 31 December 2020

## **THE KESWICK CONVENTION TRUST**

Company No: 03913741

Charity No: 1083584

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## ***THE KESWICK CONVENTION TRUST – COMPANY LIMITED BY GUARANTEE***

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### **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  
Dr T Chester  
Mr D Gascoigne  
Mr S Hale  
Mrs C Heath-Whyte  
Dr J McQuoid, Chairman (Appointed 23 April 2020)  
Rev A Paine  
Mrs A Putt  
Mr M Salter  
Rev Dr M Sleeman  
Mr J Taylor  
Mrs J Whitehouse

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 2020.

### DIRECTORS AND OFFICERS

The following directors held office for the whole of the year to 31 December 2020 and to the date of this report unless otherwise stated:

Mr S Adam, Treasurer  
Dr T Chester,  
Mr D Gascoigne  
Mrs C Heath-Whyte  
Mr S Hale  
Mrs E McQuoid (Resigned 23 April 2020)  
Dr J McQuoid, Chairman (Appointed 23 April 2020)  
Mr M Salter  
Rev A Paine  
Mrs A Putt  
Rev Dr M Sleeman  
Mr J Taylor  
Mrs J Whitehouse

### KESWICK MINISTRIES VISION

Keswick Ministries exists to 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 Teaching and Training courses and the publication of books and podcasts that support discipleship. Underlying this is encouragement and support for mission.

Over the last few years, we have been able to extend our activities into an all-year-round ministry, through the Derwent Project. As we look to address the spiritual need of the nation for in-depth Bible teaching and for the equipping of leaders to open the gospel to others, 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. The combination of the two sites allows the Convention to be brought together in one place and provides facilities for year-round training courses and conferences. Planning Permission has been granted and work is under way to restore the Pencil Factory. An area of the building was cleared to enable youth activity to be hosted on the site during the 2019 Convention. In 2020 the Covid pandemic meant that the three-week Convention in Keswick had to be cancelled. In its place the Pencil Factory building hosted a five-day Virtual Keswick Convention. The first Convention will be held on the combined site in 2021. These facilities will also be available to other visiting and local groups year-round; there has already been some use, and lots of expressions of interest in using the facilities once fully refurbished.

The Derwent Project represents a significant investment in a local facility and has involved a separate fundraising programme. We are thankful for the prayers and donations of thousands of supporters and a number of Christian trusts which have helped provide the funds needed to deliver the Derwent Project.

## **THE KESWICK CONVENTION AND COVID-19**

2020 marked the Keswick Convention's 145<sup>th</sup> year. Ordinarily we would have run a three-week convention, attracting 12-15,000 people of all ages, with a full programme of Bible teaching, seminars, worship and a very popular Children and Youth programme. Sadly, the global Covid pandemic meant that on 23<sup>rd</sup> March 2020 the trustees took the decision to cancel the 2020 Convention in Keswick. In April it was announced that we would run a one week on-line Virtual Keswick Convention.

The team rose to the challenges of organising and delivering the Virtual Keswick Convention (VKC) which was streamed via a specially built VKC website; sessions were also available via our You Tube channel. A slimmed down programme of Bible Readings, Seminars, Evening Celebrations and a Children and Youth programme was run over five days and accessed by an incredible 75,000 devices world-wide.

The trustees are grateful to all who made the virtual event possible and such a success, particularly given that it was delivered during a global pandemic.

We look forward to delivering a "nearer normal" three-week Convention in 2021, based on the Pencil Factory and Rawnsley sites, notwithstanding the need to comply with Covid guidelines, including social distancing and the wearing of face masks. The Prime Minister's announcement delaying the move to Step Four of the Road Map vindicated our decision to work with Step Three restrictions.

Whilst the Convention remains free to attend and therefore accessible to all, for the first time ever we introduced "registration" in April to gain an understanding of the number of people seeking to attend. We have subsequently invited people to "book" the sessions they plan to attend to enable us to manage attendance in a Covid compliant way.

To be Covid compliant we are moving away from a single large venue for main meetings and using three medium sized venues. Meetings will again be streamed and available on catch-up.

The Convention relies on over 650 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 (children, youth and young adults work, welcome team, catering, café, finance, gift processing and reception teams). We provide appropriate training, including safeguarding and counter terrorism awareness, and carry out the necessary DBS safeguarding checks.

## **RESOURCES**

Keswick Ministries continues to publish literature resources that build on and support the teaching of the Convention. In 2020 we published Longing – 2019 Year Book, and new titles in the popular daily devotional Food for the Journey series. Peter Maiden's Radical Gratitude was also published in time for the Convention, and shortly after his untimely death after a brave fight with cancer.

Our regular podcasts – The Keswick Podcast and Kes Talks – continue to be well received and can be accessed via all podcasting apps.

Recognising the wealth of excellent, and at times bewildering range of resources that are available, we have recently launched a "resource recommendation of the week" via our social media platforms.

## THE DERWENT PROJECT

The Derwent Project is an enormous opportunity, enabling 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 Rawnsley site, provided the opportunity to launch the Derwent Project and we have been grateful for the enthusiastic prayers and financial support both from Conventioners and other Christians and Christian groups around the country, and indeed from overseas. 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 Rawnsley site and been able to let the former office space and an adjoining room at Skiddaw Street to a local charity. We are also seeking to increase the usage of the accommodation and have had some early success making rooms available on Airbnb.

The Project has required a considerable amount of management and staff focus, and 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.
- to provide a facility for Christian teaching and training all year round.
- to serve churches and other Christian organisations in the UK and beyond, particularly serving Cumbria and the north.

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 at each Convention. In 2019 there were dedicated evening presentations including a video, and in the afternoons, there was a presentation and tour of the Pencil Factory building. During the Virtual Convention in 2020 the project was promoted via video. We have been very encouraged by the overwhelmingly positive response to the project, and the appeal for financial support.

We have committed to an 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. There have been a number of enquiries and expressions of interest in using the facilities, and some limited use has already been possible.

Funding raised so far has allowed us to purchase the site, obtain Planning Permission and commence work. This year there has been considerable progress on the site including the refurbishment work on the pencil factory building. Funding has enabled us to commit to the first phase of work which includes the installation of toilets, electrics, drainage, heating, and lighting. Significant funds still need to be raised to complete the refurbishment.

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

## **TEACHING AND TRAINING EVENTS**

As part of the extension of the ministry, our Teaching and Training courses and workshops go from strength to strength. These have run in each of the last four academic years. The 2020/21 programme was launched at the 2020 Convention, with 17 courses, including 7 monthly Hebrew Workshops, run over the period.

The focus of the Teaching and Training events is on biblical teaching that helps refresh, inspire and equip Christians, both church members and those in leadership positions. The courses are developed by the Ministry Director and often in collaboration with other Christian organisations.

Covid has meant that many courses have needed to be delivered on-line. This has meant that a number have been accessible to people who would not otherwise have been able to attend an event in Keswick; and indeed, some people have joined online from overseas.

A new initiative – Faith in the second half – in partnership with Faith in Later Life, was launched with great success. The planned in-person event had to be switched to an online offering, but it was well received. There are plans to run an event in Keswick in 2022.

We have also launched Churches Weekend Away, to allow smaller fellowships who might not be able to organise an event of their own to share with others. Keswick Ministries will provide Bible Teaching and worship. Events are planned for autumn 2022 and Spring 2023.

As word spreads the courses and workshops are attracting increasing numbers of delegates, many of whom have had no previous connection with us. Some courses are starting to “sell out”. Feedback from delegates is overwhelmingly positive, with many people returning when courses are run again.

## **THE KESWICK FELLOWSHIP**

Mini ‘Keswick’ events are held all over the country as part of the Keswick Fellowship.

Across the UK there are nearly 40 locations where Bible Weeks or local ‘Keswick’ events are taking place. Some identify themselves by the name Keswick, and others are in fellowship with the wider work but use other titles (whether Bible Weeks, Conventions, or other designations). They have a family-likeness but have no formal or legal association.

A number of these events have been running for many years, whilst others are just starting up. They are sometimes local events based in a town, and sometimes they are more regional in nature. The connection between the UK local / regional events and Keswick Ministries is informal and occasional, shaped by a mutually agreed memorandum of understanding, but has often been very fruitful – especially in exchanging prayer news, sharing speakers, helping one another with best practice ideas, and so on.

Understandably Covid has led to a number of these events moving on-line or having to be cancelled.

The Keswick Fellowship operates throughout the UK as a national network to encourage the leaders of Bible Conventions and local Keswick events through prayer, practical support and fellowship.

There is also an International Keswick Fellowship which is a looser association still, and which embraces events in parts of Europe, Asia, North America, Australia, Africa and the Caribbean.

A small consultation of international Keswicks took place in August 2016, which also affirmed the value of such informal networking and prayerful support. A similar two-day event was held in September 2019 for anyone who is part of the Keswick Fellowship in the UK and those planning to set up a new one.

## **GIVING AND INCOME**

There is no charge to attend the Convention. We want to be open to all people just as churches across the land are open to everyone. We encourage giving through collections at the event and throughout the year. During the Convention, and through printed and on-line resources, we explain the finances of the event and the funding needs of the Derwent project.

During 2019 we also launched a new fund-raising programme specifically for the Derwent Project. This involved a fundraising letter to all our supporters, events for donors in London and Glenridding (in Cumbria) and applications to Christian Trusts. In 2020 fundraising was lower-key due to the pandemic.

Total giving was at a record level in 2019 with several larger gifts in support of the Derwent Project. Not surprisingly, in the light of Covid, giving in 2020 was lower, but total income still covered all our expenditure. Additional income streams include the letting of our facilities to other groups and organisations, and car parking.

The flat standing areas at the Rawsley Centre and the former Pencil Factory Site are used to provide 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 (Rawsley) Limited, a trading company that operates these car parking facilities. During 2019 we also applied for planning permission to operate the flat standing at the Skiddaw Street site as a private permitted car park, and this was brought into use in Spring 2021. Spaces are available to Guest House owners and others for periods ranging from three days to one year. We are also providing an electric vehicle charging point at Skiddaw Street.

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 museum has been closed for an extended period due to Covid and we have allowed a rent-free period as part of the process of renewing the lease at a higher rental.

Ordinarily the directors permit a bookshop to operate during the Convention selling Christian literature that align with our values and beliefs. In 2020 this was on on-line provision. This provides a source of 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 would normally operate a campsite in the neighbourhood during the Convention. As a result of Covid and the cancellation of the 2020 Convention, the camp was also cancelled, with most costs rolled over. As a result, there will be no 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; this was achieved in 2020 despite all the challenges of Covid. For 2021 we have planned and budgeted for a nominal deficit which is covered by reserves. Early indications are that year-round giving is holding up well, but other income from accommodation and car parking has been severely hit, and by May 2021 was only just starting to show signs of recovery. Our expectation is that Covid and "staycations" will mean there is high demand for our accommodation and carparking during the rest of the year.
- For the Derwent Project we have raised £6.1m of our £8m target, with a further £1.4m of loans received, and have every confidence of achieving the full amount. Work is only being commissioned when we have clear visibility of available funds.



#### Non-Financial:

- The Convention continues to be our main activity and it receives very positive feedback in terms of 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.
- 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 continued our engagement with the local community, including our quarterly Town Liaison Forum with members of the local community, town councillors, businesses and statutory agencies.
- Keswick Ministries partners with different Christian organisations to help take forward its objectives.
- Significant site works have been undertaken on the Pencil Factory site, and refurbishment of the former Pencil Factory building is underway with a view to the ground floor being usable for the 2021 Convention.

#### 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 obtain insurance cover where this is financially sensible. 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 HS specialist.

Keswick Ministries take safeguarding seriously. We are committed to the safeguarding of children and adults with care and support needs and to ensuring their wellbeing. Thirtyone:eight (formerly CCPAS) advise us on safeguarding. We entered into a Service Agreement with Thirtyone:eight in December 2020, and have been undertaking a review of our policy and procedures.

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, via management accounts 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, Keswick Town Council and official agencies representatives on a quarterly basis as indicated above.

A review of our key policies has been undertaken and a system put in place to ensure their regular review by a trustee and staff "owner".

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 raising insufficient funds to cover annual running costs, which is mitigated by a very broad support base, adequate reserves, tight management of expenditure and the provision and review of monthly management accounts.

- **Derwent Project:** A £5m fundraising project was launched at the 2015 Convention. Following consultation with planning authorities and others, this was reassessed to £7.5m at the 2016 Convention and now stands at £8m due to cost inflation. 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. Phase One refurbishment of the former Pencil Factory commenced in autumn 2020, with the building due to be handed back by the contractors in time for the 2021 Convention. Future phases of work to complete the refurbishment are subject to us raising adequate 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.

#### **Convention 2021:**

- Planning for the 2021 Convention during the Covid pandemic, with a lack of certainty over just what would be allowed and what constraints we would need to comply with is particularly challenging. Linked to this some changes within the Children & Youth Team and a desire to ensure that they can deliver a compliant programme, has been an additional stretch.

### **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 former trust were transferred to the company.

Under the Trust Deed directors are known as Trustees. The Council of Management consists of the Trustees who meet three times a year, 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 are offered appropriate formal training in their responsibilities. A new process on "induction" and "buddying" at Convention has been introduced for newly appointed trustees, and all trustees have undertaken a Safeguarding for Trustees course facilitated by Thirtyone:eight.

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

Throughout 2020 the staff team was headed up by Ministry Director, James Robson assisted by David Sawday, Chief Operating Officer with Simon Overend the Head of Operations & Company Secretary reporting to him. In-line with Government Covid guidance staff have generally been working from home, using Zoom for daily devotions, weekly staff meeting, and other meetings.

The Keswick Ministries vision is articulated through a Vision Document prepared by Ministry Director, James Robson. It has a five-year horizon running to 2022 including planning, resourcing, and delivery. The Trustees (directors) have unanimously supported this document.

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 Purposes 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. Within the constraints of the pandemic, we have continued with a number of initiatives to build on engagement within the town. These include the Town Liaison Forum, a local sourcing policy, and the promotion of local businesses via our Enjoy Keswick website. We also regularly attend Keswick 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. Two new trustees were appointed in 2019 (both under 40 and one female); two trustees also left the board that year. Jeremy McQuoid was elected as a new trustee in April 2020 and took over the chairmanship in August 2020.

#### Reputation:

- Areas of reputational risks include – ministry, morality, health and safety, safeguarding, 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 sustaining the clear focus of the organisation around its primary charitable objectives, whilst also seeking to put in place the foundations for the future development of the ministry under the Lord's leading. Our values use the mnemonic CHRIST – Commitment, Humility, Respect, Integrity, Stewardship and Teamwork.

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 normally held over three days "to provide an oasis for those in church leadership." A fourth PRC was held online 2021. We plan for an "in-person" event again in February 2022 and already have a number of bookings. Other Teaching and Training events are also delivered in partnership with other organisations and appropriately gifted trainers.

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.

## **COVID-19**

As commented last year, for everyone in the world, Covid-19 has brought radical challenges, changes and trauma, and mid-2021 we are still living with its impact on many areas of our life and witness. Without wanting to minimise for a moment the deep and personal impacts on others, this continues to be a time of challenge and change for Keswick Ministries as well.

- As indicated above, on 23<sup>rd</sup> March 2020 we announced the cancellation the 2020 Convention in Keswick, the first time it has not run since the Second World War. A shorter on-line “Virtual Convention” was held, and very well received.
- We have rescheduled a number of the (only recently started / new) teaching and training events, with others proceeding as on-line events - making them accessible to more people.
- A number of the staff team have been furloughed, taking advantage of the Government’s Coronavirus Job Retention Scheme. Staff have generally worked from home wherever possible, and socially distanced when in the office.
- We recognised that there could be a significant loss of donor income from supporters not being able to attend the 2020 Convention in person, and from the effects of the pandemic on supporter’s ability to give. In cancelling the Convention in March 2020, we avoided many of the normal costs of running the event, with other expenditure already incurred rolled over to 2021.
- There has also been a loss of non-donor income from sources such as the cancellation of accommodation bookings, and the lack of use of car parks.
- Work on the Pencil Factory, as part of the Derwent Project, has been interrupted by contractors needing to self-isolate and by impacts on the supply chain.
- As stated above we plan to run a near normal three week Convention in 2021, subject to the Government’s Covid restrictions.

Mitigating the financial impact of the above, we are blessed by a broad and supportive donor base, reserves built up over recent years, and no commercial debt.

While there are a number of uncertainties and some significant challenges, our 2021 budget indicates no need for undue concern. The budget shows that, in the opinion of the Board of Trustees, there are no material uncertainties about the entity’s ability to continue to operate as a going concern. We continue to give thanks for the ways in which the Lord continues to meet our needs.

## **FINANCIAL REVIEW**

### **General**

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 continue the refurbishment of the Pencil Factory building 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 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 caught the vision for the work of the ministry and have given so generously towards it.

### **Summary of Financial Position**

The financial results are set out in the Statement of Financial Activities on page 20 and can best be described under two headings; The General Fund (unrestricted) and Derwent & Mission Hospitality Fund (restricted).

The General Fund had income for the year of £1,334,130 compared with £1,532,003 in 2019, a reduction of nearly 13%. Expenditure, at £784,831 was nearly 48% lower than 2019 (£1,509,103). Taken together, 2020 produced a net surplus of £549,299, compared with a net surplus of £22,900 in the previous year. The reason that both income and expenditure were well below the previous year's figures was that a decision was taken by the Trustees to cancel the three-week physical Convention due to the Covid-19 pandemic, and replace it with an on-line offering for only one week. The reduction in income from the Convention is partly offset by a higher level of legacy income (see note 3). Notwithstanding the disappointment of having to run a shorter virtual event, the overall financial position is very pleasing, and we are very thankful that giving to the General Fund has held up well in a year of great uncertainty.

With regards to the Derwent Project and Mission Hospitality Fund (Restricted Funds) the financial results in 2020 are also very pleasing. Income was £618,948 compared with £1,826,707 in the previous year. Expenditure was £281,587 (2019 - £381,951) leaving a net surplus of £337,361 (2019 - £1,444,756). 2019 included a large one-off gift for the Derwent Project of £900,000.

The Derwent Project, which is now in its sixth year, accounts for the vast majority of the restricted income and expenditure.

The Mission Hospitality Fund included in these numbers, has not had an appeal or special offering for the last five years because of the focus on Derwent. Income for this fund was £2,765 in the year compared with £5,849 in 2019, leaving a balance on the Fund of £3,524 (see note 16). This fund enables missionaries to attend, and benefit from, the Convention who otherwise wouldn't be able to do so.

The Restricted Funds balance at the year-end, of £1,140,789 (2019 - £2,162,404), relates almost entirely to the Derwent Project.

Total income (restricted and unrestricted) amounted to £1,953,078 compared to a previous year's total of £3,358,710. After deducting expenditure, the net surplus for the year was £886,660 (2019 - £1,467,656).

Once again the Trustees are thankful for the continuing high numbers supporting the ministry, and for their generosity in both prayer and giving.

## **DONATIONS AND LEGACIES**

The activities of the charity are financed almost entirely by voluntary gifts throughout the year, offerings taken during Convention and legacies. Legacies of £453,962 (2019 - £10,799) were recognised during the year.

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 the 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. Normally we update our supporters on plans and progress at the annual Convention, and by means of regular newsletters. Owing to the fact that we were unable to hold the Convention in 2020 due to the pandemic, we supplemented the newsletter updates with video clip updates, which we plan to continue.

We have worked with design agencies to produce quality campaign material and are registered with the Fundraising Regulator complying with their standards. In addition we have Trustees and a minister-at-large, who is a former trustee with fund-raising experience. 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 £906,042 are considered to be more than adequate. Following the 2021 Convention a decision will be taken as to whether some of the General Reserves could be used to fund the next phase of the Derwent Project.

It is anticipated that Derwent Project Restricted funds of £1,137,265 and Designated funds of £300,000 will be used over the next twelve months in support of the refurbishment of the former Pencil Factory, and the redevelopment of the site, subject to any delays as a result of Covid-19.

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

## **REMUNERATION POLICY**

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. Total pay and benefits in the year was £456,292 including £14,500 of redundancy costs (2019 - £401,626); this represents an increase of 10% (excluding the one off redundancy costs) (see note 7).

## **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. In 2020 much of this benefit was achieved through having the Convention available on-line, and accessed by people from all over the world.

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 may be 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. The trustees consider the performance of these investments to be satisfactory.

## 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:

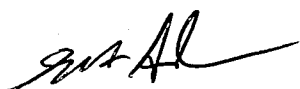
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare 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



Steve Adam (Treasurer)

Date: 19<sup>th</sup> July 2021

## **Independent auditor's report to the members of The Keswick Convention Trust**

### **Opinion**

We have audited the financial statements of The Keswick Convention Trust (the 'charity') for the year ended 31 December 2020 which comprise 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 2020 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 for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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**

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

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

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

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.



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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Trustees' Report and 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;
- the Directors' Report included within the Trustees' Report has been prepared in accordance with applicable legal requirements; and
- 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.

### **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' and Trustees' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of Trustees**

As explained more fully in the Directors' Responsibilities Statement set out on page 15, 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.

## **Auditor's responsibilities for the audit of the financial statements**

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the charity and its industry, we identified that the principal risks of non-compliance with laws and regulations related to the Charities Act 2011 the Charities Statement of Recommended Practice, UK tax legislation, pensions legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud, money laundering, non-compliance with implementation of government support schemes relating to COVID-19, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006.

We evaluated the trustees' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to determining useful economic lives of intangible assets and the pension deficit provision, and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the trustees and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the charity which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the trustees and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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](http://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 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.



Vincent Marke (Senior Statutory Auditor) for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

5th Floor  
3 Wellington Place  
Leeds  
LS1 4AP

Date

26 July 2021

**Statement of Financial Activities (including income and expenditure account)**  
**For the year ended 31 December 2020**

	Note	Unrestricted Funds	Restricted Funds	Total Funds	2019 Total funds (note 22)
		£	£	£	£
<b>Income and endowments from:</b>					
Donations and legacies	3	1,114,491	618,948	1,733,439	2,927,109
Charitable activities		22,279	-	22,279	72,128
Other trading activities		5,730	-	5,730	32,095
Investments	3	135,472	-	135,472	228,997
Rents and licence income		18,417	-	18,417	81,993
Other		37,741	-	37,741	16,388
<b>Total</b>		<b>1,334,130</b>	<b>618,948</b>	<b>1,953,078</b>	<b>3,358,710</b>
<b>Expenditure on:</b>					
Raising funds	5	73,760	104,144	177,904	178,184
Charitable activities	4, 5	711,071	177,443	888,514	1,712,870
<b>Total</b>		<b>784,831</b>	<b>281,587</b>	<b>1,066,418</b>	<b>1,891,054</b>
<b>Net income</b>		<b>549,299</b>	<b>337,361</b>	<b>886,660</b>	<b>1,467,656</b>
Revaluation of investment property	9	157,500	-	157,500	-
Transfers between funds	16	1,358,976	(1,358,976)	-	-
<b>Net movement in funds</b>		<b>2,065,775</b>	<b>(1,021,615)</b>	<b>1,044,160</b>	<b>1,467,656</b>
<b>Reconciliation of funds:</b>					
Total funds brought forward		6,356,661	2,162,404	8,519,065	7,051,409
<b>Total funds carried forward</b>		<b>8,422,436</b>	<b>1,140,789</b>	<b>9,563,225</b>	<b>8,519,065</b>

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

All income and expenditure derives from continuing activities.

**Balance Sheet**  
**As at 31 December 2020**

**Company number: 03913741**

	Note	Total Funds 2020 £	Total funds 2019 £
<b>Fixed assets</b>			
Tangible assets	8	5,828,894	4,504,711
Investments	9	2,140,220	1,982,720
Deposits	11	5,520	5,463
<i>Total fixed assets</i>		<b>7,974,634</b>	<b>6,492,894</b>
<b>Current assets</b>			
Debtors	10	718,696	253,736
Cash at bank and in hand	11	2,574,016	3,340,845
<i>Total current assets</i>		<b>3,292,712</b>	<b>3,594,581</b>
<b>Liabilities</b>			
Creditors: amounts falling due within one year	12	254,121	118,410
<b>Net current assets</b>		<b>3,038,591</b>	<b>3,476,171</b>
<b>Total assets less current liabilities</b>		<b>11,013,225</b>	<b>9,969,065</b>
Long Term Loans	13	1,450,000	1,450,000
<b>Total net assets or liabilities</b>		<b>9,563,225</b>	<b>8,519,065</b>
<b>The funds of the charity:</b>			
Restricted income funds	15, 16, 17	1,140,789	2,162,404
Unrestricted funds – Designated	16, 17	7,516,394	6,034,711
Unrestricted funds – General	16, 17	906,042	321,950
<b>Total charity funds</b>		<b>9,563,225</b>	<b>8,519,065</b>

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  
and signed on their behalf by



Steve Adam (Treasurer)

19<sup>th</sup> July 2021

**Statement of Cash Flows**  
**For the year ended 31 December 2020**

	Note	2020 £	2019 £
<b>Cash provided by operating activities</b>	21	<b>463,597</b>	<b>1,423,471</b>
<b>Cash flows from investing activities:</b>			
Interest		26,191	23,076
Rents from investments		109,281	205,921
Purchase of tangible fixed assets	8	(1,365,841)	(196,720)
<b>Cash (used in) / provided by investing activities</b>		<b>(1,230,369)</b>	<b>32,277</b>
<b>Cash flows from financing activities:</b>			
Raising of borrowing	13	-	150,000
<b>Net cash flows from financing activities</b>		<b>-</b>	<b>150,000</b>
(Decrease) increase in cash and cash equivalents in the year		(766,772)	1,605,748
Cash and cash equivalents at the beginning of the year		3,346,308	1,740,560
<b>Total cash and cash equivalents at the end of the year</b>	11	<b>2,579,536</b>	<b>3,346,308</b>

**Notes to the Financial Statements**  
**For the year ended 31 December 2020**

**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 15.

The company's forecasts and projections show that the company should be able to operate within the working capital facilities available to it. The forecasts and projections have since been amended to reflect the potential impact of Covid-19 and the impact of these are discussed on page 12.

The Trustees 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 2020**

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

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 2020**

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 and into perpetuity, 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 5 year period and into perpetuity, informed by historic trends, known plans and any other pertinent external factors.

Discount rates in the range 7.5% to 8.0% are considered appropriate and have been used for these calculations.

Derwent Project

As at the balance sheet date, VAT has been recovered in full, in respect of the Derwent Project. As at the balance sheet date, it is the trustees' intention to use The Pencil Factory for charitable purposes, and therefore recovering VAT in full.

**3. Income**

Donations and legacies:	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Legacies	453,962	10,799
Unrestricted donations	660,529	1,089,603
Restricted donations	618,948	1,826,707
	<b>1,733,439</b>	<b>2,927,109</b>
<hr/>		
Investments:	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Interest received	26,191	23,076
Rental income	109,281	205,921
	<b>135,472</b>	<b>228,997</b>
	<hr/>	<hr/>

**Notes to the Financial Statements**  
**For the year ended 31 December 2020**

Continued

**4. Analysis of expenditure on charitable activities**

<b>Activity</b>	<b>Activities undertaken directly £</b>	<b>Support costs £</b>	<b>Total £</b>
<u>Restricted funds</u>			
Missionary Hospitality Fund	250	-	250
Derwent Project	28,970	148,223	177,193
<u>Unrestricted funds</u>			
Charitable activities	256,476	306,582	563,058
Other	71,174	76,839	148,013
<b>Total</b>	<b>356,870</b>	<b>531,644</b>	<b>888,514</b>

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

**2019 comparative**

<b>Activity</b>	<b>Activities undertaken directly £</b>	<b>Support costs £</b>	<b>Total £</b>
<u>Restricted funds</u>			
Missionary Hospitality Fund	16,414	-	16,414
Derwent Project	92,197	154,058	246,255
<u>Unrestricted funds</u>			
Charitable activities	910,790	334,676	1,245,466
Other	113,261	91,474	204,735
<b>Total</b>	<b>1,132,662</b>	<b>580,208</b>	<b>1,712,870</b>

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

**Notes to the Financial Statements**  
**For the year ended 31 December 2020**  
Continued

**5. Analysis of costs - 2020**

	Unrestricted Funds			Restricted Funds				Total Funds	
	Raising funds	Charitable activities	Other	Total unrestricted	Raising funds	Charitable activities	Other		Total Restricted
<b>Support cost</b>									
Governance	498	7,705	3,105	11,308	3,105	-	-	3,105	14,413
Finance	638	6,022	5,210	11,870	484	-	-	484	12,354
Information Technology	917	1,284	917	3,118	550	-	-	550	3,668
Human Resources (salaries and pension contributions)	38,043	197,886	20,659	256,588	51,790	147,914	-	199,704	456,292
Fees	-	46,589	927	47,516	-	309	-	309	47,825
Other (including depreciation and insurance)	33,664	47,097	46,021	126,782	48,215	-	-	48,215	174,997
	73,760	306,583	76,839	457,182	104,144	148,223	-	252,367	709,549
<b>Direct costs</b>									
Other Charitable	-	256,476	71,173	327,649	-	29,220	-	29,220	356,869
	-	256,476	71,173	327,649	-	29,220	-	29,220	356,869
<b>Total</b>	73,760	563,059	148,012	784,831	104,144	177,443	-	281,587	1,066,418

**Analysis of costs - 2019**

	Unrestricted Funds				Restricted Funds				Total Funds
	Raising funds £	Charitable activities £	Other £	Total unrestricted £	Raising funds £	Charitable activities £	Other £	Total Restricted £	
<b>Support cost</b>									<b>Total</b>
Governance	1,098	9,044	2,875	13,017	2,875	-	-	2,875	15,892
Finance	1,646	19,755	17,661	39,062	1,247	-	-	1,247	40,309
Information Technology	6,016	8,423	6,016	20,455	3,610	-	-	3,610	24,065
Human Resources (salaries and pension contributions)	33,077	171,818	17,960	222,855	46,330	132,441	-	178,771	401,626
Fees	-	65,109	586	65,695	-	21,508	-	21,508	87,203
Other (including depreciation and insurance)	17,065	60,527	46,376	123,968	65,220	109	-	65,329	189,297
	58,902	334,676	91,474	485,052	119,282	154,058	-	273,340	758,392
<b>Direct costs</b>									
Other Charitable	-	910,790	113,261	1,024,051	-	108,611	-	108,611	1,132,662
	-	910,790	113,261	1,024,051	-	108,611	-	108,611	1,132,662
<b>Total</b>	58,902	1,245,466	204,735	1,509,103	119,282	262,669	-	381,951	1,891,054

**Notes to the Financial Statements**  
**For the year ended 31 December 2020**

Continued

**6. Auditor's remuneration**

The company incurred the following charges from the auditor:

	2020	Restated 2019
	£	£
Audit fee – 2018		(500)
Audit fee – 2019	(180)	12,000
Audit fee – 2020	12,600	-
Tax advice and consultancy	1,750	4,200
	<b>14,170</b>	<b>15,700</b>

**7. Staff costs, related parties and volunteers**

	2020	2019
	£	£
Wages and salaries	365,504	328,629
Social Security costs	29,382	26,666
Pension contributions	46,906	46,331
Redundancy	14,500	-
	<b>456,292</b>	<b>401,626</b>

The Trust operates a defined contribution pension scheme.

No employee earned £60,000 per annum or more (2019 – no employees falling in the band £60,000 to £70,000).

The average number of full time equivalent employees was 12 (2019 - 11) and the average headcount was 15 (2019 – 14).

**Trustees' and Chief Executive Remuneration**

	2020	2019
	£	£
Trustees	<u>5,314</u>	<u>13,956</u>
Ministry Director (CEO) & Business Director/COO	<u>113,164</u>	<u>109,426</u>

The above remuneration is considered to be the remuneration of the key management personnel. James Robson led the organisation, assisted by the Chief Operating Office, David Sawday.

Mrs E McQuoid, a trustee director (Resigned on 23 April 2020), received remuneration of £5,028 (2019 – £14,695), under an employment contract as a trustee up to the date of resignation, in respect of Commissioning Editor services. A contribution of £286 (2019 - £802) 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 £1,993 (2019 – £4,392) were reimbursed to 11 (2019 – 9) directors for travel and meeting expenses in the year.

**Notes to the Financial Statements**  
**For the year ended 31 December 2020**

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.

In a normal year, the charity would be expressing our extreme gratitude to the 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. In 2020 with the cancellation of the three week Convention in Keswick, and its replacement with a much shorter on-line event, the need for volunteers was significantly reduced. That said, we were assisted by volunteers at other times of the year, particularly in connected with the Derwent Project. The trustees wish to record their appreciation for all the offers of assistance that we made in 2020, and for all those who have already helped, and will help during 2021, when we again plan to run a three week Convention in Keswick.

**8. Fixed assets**

	Freehold land & buildings Centre £	Freehold land & buildings Rawnsley £	Equipment & Furniture £	Assets under Construction £	Total £
<b>COST</b>					
At 1 January 2020	977,427	669,935	177,414	3,496,736	5,321,512
Additions	-	-	6,865	1,358,976	1,365,841
Disposals	-	-	-	-	-
At 31 December 2020	977,427	669,935	184,279	4,855,712	6,687,353
<b>DEPRECIATION</b>					
At 1 January 2020	499,250	169,647	147,904	-	816,801
Charge for the year	19,549	13,399	8,710	-	41,658
Disposals	-	-	-	-	-
At 31 December 2020	518,799	183,046	156,614	-	858,459
<b>NET BOOK VALUE</b>					
At 31 December 2020	458,628	486,889	27,665	4,855,712	5,828,894
At 31 December 2019	478,177	500,288	29,510	3,496,736	4,504,711

The Convention Centre at Skiddaw Street, with a net book value of £458,628 secures a loan on favourable terms from a supportive charitable trust.

**Notes to the Financial Statements**  
**For the year ended 31 December 2020**

Continued

**9. Investments**

<b>Basis of valuation</b>	<b>Investment Property Fair Value £</b>	<b>Quoted Investments Valuation £</b>	<b>Unquoted Investments Cost £</b>	<b>Total £</b>
Cost or valuation at 1 January 2020	1,980,000	2,715	5	1,982,720
Disposals at cost or valuation	-	-	-	-
Gains on revaluation	157,500	-	-	157,500
Transfer to current assets	-	-	-	-
<b>Cost or Valuation at 31 December 2020</b>	<b>2,137,500</b>	<b>2,715</b>	<b>5</b>	<b>2,140,220</b>

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**

	<b>2020 £</b>	<b>2019 £</b>
Wholly owned subsidiary:		
Keswick Convention Projects Ltd	3	3
Keswick Convention Projects (Rawnsley) Ltd	2	2
	<b>5</b>	<b>5</b>

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 2020.

The aggregate share capital and reserves of Keswick Convention Projects (Rawnsley) Limited was £2 and its turnover for the year was £105,399 resulting in a profit of £3.

Keswick Convention Project Limited aggregate share capital and reserves at 31 December 2020 was £2,037 and its turnover for the year was £nil resulting in a net loss before tax of £3,436 and donations to the parent company of £nil.

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 2020**

Continued

**10. Debtors**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Trade debtors	4,323	5,656
Payments in advance – accommodation	63,551	52,166
Prepayments and accrued income	583,526	167,871
Amounts owed by group undertakings	1,107	28,043
Other debtors	66,189	-
	<b>718,696</b>	<b>253,736</b>

**11. Cash and cash equivalents**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Cash in hand	511,963	804,672
Notice deposits (less than three months)	2,062,053	2,536,173
Current asset	<b>2,574,016</b>	<b>3,340,845</b>

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Longer term deposits	5,520	5,463
Non-current asset	<b>5,520</b>	<b>5,463</b>

Total cash	<b>2,579,536</b>	<b>3,346,308</b>
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**12. Creditors: amounts falling due within one year**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Trade creditors	125,674	30,540
Other creditors	539	13,600
Accruals	113,911	48,048
Deferred income	13,997	26,222
	<b>254,121</b>	<b>118,410</b>

Deferred income relates to deposits for centre bookings and course fees falling in the next financial year. Deferred income has been recognised as follows:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Deferred income brought forward	26,222	15,304
Released to income during the year	(24,137)	(15,304)
Received during the year	11,912	26,222
Deferred income carried forward	<b>13,997</b>	<b>26,222</b>

**Notes to the Financial Statements**  
**For the year ended 31 December 2020**

Continued

**13. Creditors: amounts falling due after one year**

<b>Concessionary loans</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Due between 2 and 5 years	700,000	700,000
Due after 5 years	750,000	750,000
	<b>1,450,000</b>	<b>1,450,000</b>

The £750,000 loan is concessionary; from a supportive Christian Trust; at zero interest; repayable by 16 June 2027 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 31 December 2023 and is unsecured.

The £150,000 loan is concessionary; from a supportive individual; at zero interest; repayable by 31 December 2023.

**14. Financial instruments**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Financial assets measured at amortised cost	5,430	40,362
Cash and cash equivalents	2,579,536	3,346,308
Financial liabilities measured at amortised cost	1,575,674	1,480,540

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**

	<b>Balance</b>	<b>Movement</b>		<b>Balance</b>
	<b>1 January</b>	<b>Income</b>	<b>Expenditure</b>	<b>31 December</b>
	<b>2020</b>	<b>2020</b>	<b>and Transfers</b>	<b>2020</b>
	<b>£</b>	<b>£</b>	<b>2020</b>	<b>£</b>
Missionary Hospitality Fund	1,009	2,765	250	3,524
Derwent Project Fund	2,161,395	616,183	1,640,313	1,137,265
	<b>2,162,404</b>	<b>618,948</b>	<b>1,640,563</b>	<b>1,140,789</b>

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.



**Notes to the Financial Statements**  
**For the year ended 31 December 2020**

Continued

**16. Summary of fund movements**

	Balance 1 Jan 2020	Income	Expenditure	Gain on revaluation of investment property	Transfers	Balance 31 December 2020
<b>Fund</b>						
<u><b>Designated Funds</b></u>						
Fixed Asset	5,734,711	-	41,658	157,500	1,365,841	7,216,394
Derwent Project						
Fund	300,000	-	-	-	-	300,000
General Funds	321,950	1,334,130	743,173	-	(6,865)	906,042
<b>Unrestricted Funds</b>	<b>6,356,661</b>	<b>1,334,130</b>	<b>784,831</b>	<b>157,500</b>	<b>1,358,976</b>	<b>8,422,436</b>
<u><b>Restricted Funds</b></u>						
Missionary	1,009	2,765	250	-	-	3,524
Hospitality Fund						
Derwent Project	2,161,395	616,183	281,337	-	(1,358,976)	1,137,265
Fund						
Restricted Funds	2,162,404	618,948	281,587	-	(1,358,976)	1,140,789
<b>Total Funds</b>	<b>8,519,065</b>	<b>1,953,078</b>	<b>1,066,418</b>	<b>157,500</b>	<b>-</b>	<b>9,563,225</b>

**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 £1,369,918 (2019: £1,212,418) of non-distributable reserves, arising from revaluation.

The Derwent Project Designated Fund represents amounts set aside in relation to the Derwent Project. The Trustees expect the amount to be used within the year following.

**Transfers**

Transfers of £1,358,976 from the Derwent Restricted Fund to the General Fund relates to the capitalisation of fixed assets purchased in respect of the Derwent Project.

Transfers of £6,865 from the General Fund to the Fixed Asset Designated Fund relate to the capitalisation of fixed assets purchased in respect of the general fund.

**Notes to the Financial Statements**  
**For the year ended 31 December 2020**

Continued

**17. Analysis of net assets between funds**

<b>2020</b>	<b>Tangible Assets</b>	<b>Investments &amp; Deposits</b>	<b>Net Current Assets/(liabilities)</b>	<b>Long Term Concessionary Loan</b>	<b>Total</b>
	£	£	£	£	£
Unrestricted – designated	5,828,894	2,137,500	300,000	(750,000)	7,516,394
Unrestricted – general	-	5,525	1,600,517	(700,000)	906,042
<b>Total unrestricted</b>	<b>5,828,894</b>	<b>2,143,025</b>	<b>1,900,517</b>	<b>(1,450,000)</b>	<b>8,422,436</b>
Missionary Hospitality Fund	-	2,715	809	-	3,524
Derwent Project Fund	-	-	1,137,265	-	1,137,265
<b>Total restricted</b>	<b>-</b>	<b>2,715</b>	<b>1,138,074</b>	<b>-</b>	<b>1,140,789</b>
<b>Total funds</b>	<b>5,828,894</b>	<b>2,145,740</b>	<b>3,038,591</b>	<b>(1,450,000)</b>	<b>9,563,225</b>

<b>2019</b>	<b>Tangible Assets</b>	<b>Investments</b>	<b>Net Current Assets</b>	<b>Long Term Concessionary Loan</b>	<b>Total</b>
	£	£	£	£	£
Unrestricted – designated	4,504,711	1,980,000	300,000	(750,000)	6,034,711
Unrestricted – general	-	5,468	1,016,482	(700,000)	321,950
<b>Total unrestricted</b>	<b>4,504,711</b>	<b>1,985,468</b>	<b>1,316,482</b>	<b>(1,450,000)</b>	<b>6,356,661</b>
Missionary Hospitality Fund	-	2,715	(1,706)	-	1,009
Derwent Project Fund	-	-	2,161,395	-	2,161,395
<b>Total restricted</b>	<b>-</b>	<b>2,715</b>	<b>2,159,689</b>	<b>-</b>	<b>2,162,404</b>
<b>Total funds</b>	<b>4,504,711</b>	<b>1,988,183</b>	<b>3,476,171</b>	<b>(1,450,000)</b>	<b>8,519,065</b>

**Notes to the Financial Statements**  
**For the year ended 31 December 2020**

Continued

**18. Related party transactions**

Keswick Convention Projects (Rawnsley) Limited is a wholly owned subsidiary of Keswick Convention Trust. For the year ended 31 December 2020 Keswick Convention Projects (Rawnsley) Limited was charged rent of £84,647 (2019 - £174,312) by Keswick Convention Trust, of which £1,107 (2019 - £28,043) 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 £nil (2019 - £2,876).

During the year the Trustees made donations to the Charity of £3,940 (2019 - £4,680). Of this £2,020 (2019 - £1,270) was in relation to the Derwent Project. The project has the full support of the Trustees.

Mrs C Heath-Whyte, a trustee director, is a director of 10ofthose.com, a Christian book distribution company, which received £31 (2019 - £72) in respect of books purchased during the year. At the year end the amount owing to 10ofthose.com was £nil (2019 - £nil).

During the period remuneration of £10,617 was paid to Mrs E McQuoid from the date of her resignation as a trustee (23 April 2020). Her remuneration prior to this is disclosed in note 7 to the accounts. Mrs E McQuoid is the spouse of a trustee.

**19. Financial commitments**

At 31 December 2020 the charity had capital commitments totalling £1,836,700 (2019 : £nil).

**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 £46,905 (2019: £46,331). Contributions totalling £nil (2019: £12,465) 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 2020**

Continued

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

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Net income for the reporting period	886,660	1,467,656
Adjustments in respect of:		
Depreciation charges	41,658	43,191
Interest received	(26,191)	(23,076)
Rental income	(109,281)	(205,921)
(Increase)/Decrease in debtors	(464,960)	101,042
Increase in creditors	135,711	40,579
	<b>463,597</b>	<b>1,423,471</b>

**22. Analysis of changes in net funds**

	<b>At 1 January</b>		<b>At 31 December</b>
	<b>2020</b>	<b>Cash flows</b>	<b>2020</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Cash and cash equivalents	3,346,308	(766,772)	2,579,536
Debt due after one year	1,450,000	-	1,450,000
	<b>4,796,308</b>	<b>(766,722)</b>	<b>4,029,536</b>

## 23. 2019 SOFA comparatives

	Unrestricted Funds £	Restricted Funds £	Total Funds £
<b>Income and endowments from:</b>			
Donations and legacies	1,100,402	1,826,707	2,927,109
Charitable activities	72,128	-	72,128
Other trading activities	32,095	-	32,095
Investments	228,997	-	228,997
Rents and licence income	81,993	-	81,993
Other	16,388	-	16,388
<b>Total</b>	<b>1,532,003</b>	<b>1,826,707</b>	<b>3,358,710</b>
<b>Expenditure on:</b>			
Raising funds	58,902	119,282	178,184
Charitable activities	1,450,201	262,669	1,712,870
<b>Total</b>	<b>1,509,103</b>	<b>381,951</b>	<b>1,891,054</b>
<b>Net income</b>	<b>22,900</b>	<b>1,444,756</b>	<b>1,467,656</b>
Revaluation of investment property	-	-	-
Transfers between funds	150,589	(150,589)	-
<b>Net movement in funds</b>	<b>173,489</b>	<b>1,294,167</b>	<b>1,467,656</b>
<b>Reconciliation of funds:</b>			
Total funds brought forward	6,183,172	868,237	7,051,409
<b>Total funds carried forward</b>	<b>6,356,661</b>	<b>2,162,404</b>	<b>8,519,065</b>

