
DESMOND ELLIOTT CHARITABLE TRUST

**TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015**

DESMOND ELLIOTT CHARITABLE TRUST

CONTENTS

	Page
Reference and administrative details of the charity, its Trustees and advisers	1
Trustees' report	2 - 8
Independent auditors' report	9 - 10
Statement of financial activities	11
Balance sheet	12
Notes to the financial statements	13 - 19

DESMOND ELLIOTT CHARITABLE TRUST

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 JULY 2015**

Trustees

Mr Dallas Anthony Robert Manderson
Mrs Christine Anne Berry
Ms Elizabeth Mary Thomson

Charity registered number

01115496

Principal office

Merlin Place, Milton Road, CB4 0DP

Literary Director

Mrs Emma Manderson

Independent auditors

Peters Elworthy & Moore, Salisbury House, Station Road, Cambridge, CB1 2LA

Bankers

HSBC, 79 Piccadilly, London, W1J 8EU

Solicitors

Taylor Vinters, Merlin Place, Milton Road, Cambridge, CB4 0DP

Investment Advisors

Clarity Global, Merlin Place, Milton Road, Cambridge, CB4 0DP

DESMOND ELLIOTT CHARITABLE TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31 JULY 2015

CHAIRMAN'S INTRODUCTION

As the Chairman of the Desmond Elliott Charitable Trust, I am delighted to present the Trustees' Annual Report and Financial Statements for the year ending 31 July 2015.

The Desmond Elliott Prize – “The UK’s most prestigious prize for debut fiction”

The Desmond Elliott Prize is unique among the pantheon of British book awards. Posthumously created at the direction of the renowned publisher and literary agent, Desmond Elliott, it recognises and celebrates the wide range of new writing talent which each year emerges into the spotlight. The Prize actively supports debut novelists as they step-out in public for the first time as published writers.

Novelists, of any age, at the start of their career need nurturing and encouragement. Throughout a lifetime in the book world, Desmond Elliott created an environment in which aspiring writers of new fiction could find their voice and provide them with the financial security to establish themselves.

Louise Doughty, chair of the judging panel for the Desmond Elliott Prize 2015, encapsulated this perfectly in her speech at the awards ceremony. Referencing the triumphant success of Hilary Mantel's two Booker Prize-winning novels, Louise gave a timely reminder of the less-lauded books that preceded *Wolf Hall* but in which Hilary Mantel honed her craft and developed her style. Louise Doughty exhorted publishers to invest in first-time writers to ensure the pipeline of new fiction is maintained.

The Desmond Elliott Prize has already made its mark on the literary stage. The distinctive character of the Prize ensures that its long-listed, short-listed and winning authors all bring to the table a diverse range of fresh and vibrant writing styles; compelling narratives and characters that live long in the memory after the final page has been turned.

Its acclaimed list of winning novels include the ambitious novel-in-verse of *The Marlowe Papers* by Ros Barber (2013); the deconstructed prose of *"A Girl is a Half-Formed Thing"* by Eimeer McBride (2014); the lyrical *'The Land of Decoration'* by Grace McLeen (2012); and the unforgettable *'The Girl With Glass Feet'* by Ali Shaw (2010).

The Desmond Elliott Prize Laureates dating from the inaugural Prize awarded in 2008, together with alumni from the Prize long-lists and short-lists have collectively gone on to achieve wider literary acclaim with their second, third and subsequent novels. This is truly the mark of a talent-spotting Prize which has earned the accolade of "The UK's most prestigious prize for debut fiction" from the Daily Telegraph.

International acclaim

In 2014 the Desmond Elliott Prize went international. The Festival du Premier Roman in Chambéry fosters links with first-time writers throughout Europe and encourages the reading of novels in their original language.

In 2014 and 2015 the Festival selected books exclusively from the Desmond Elliott Prize long-lists as the English-language novels; and invited authors and our Prize administrator to attend the Festival. We look forward to this relationship continuing in 2016. A substantial number of the Desmond Elliott Prize-winning novels are published in multiple translations throughout the world. However, we share with the Festival the value that attaches to reading fiction in the language in which it was first written.

Delivering public benefit as a charitable trust

In exercise of our powers to that end we have paid due regard to the published guidance from the Charity Commission on the operation of the Public Benefit requirement under the Charities Act 2011.

In the nine years of the Desmond Elliott Prize to date, its trajectory from start-up to a major literary prize has reflected the trustees' ambition to do full justice to Desmond Elliott's dedication to fiction-writing.

DESMOND ELLIOTT CHARITABLE TRUST

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 JULY 2015

Equally, we never lose sight of the fact that the Prize is administered through a charitable trust. Our charity objectives are to deliver public benefit by encouraging new writing and wider readerships. We believe we do this in a wide variety of ways as our successive annual reports have demonstrated.

Specifically, at the time we launched the Desmond Elliott Prize in 2007, the book world was already facing the challenges of technology and the E-reader. Self-publishing and recession were also about to hit. Investment in new fiction was low. Poor production values and the overall level of sales for debut novelists all combined to create a bleak picture for aspiring writers. It also meant that readers who enjoy "discovering a debut" were hard-pressed to indulge their passion. By any measure, the future of new writing and its ability to draw in new readerships was under threat.

Our activities as a charity, wholly committed to finding and promoting new writing talent has contributed to turning-around this situation. This is evidenced in a number of ways. Primarily, we have chosen to work very closely with selected partners where we calculated that our championing of debut novels could have the greatest impact for public benefit.

We have worked in conjunction with the Reading Agency (itself also a charity which exists to promote reading through UK libraries). This collaboration, over a time when there have been financial constraints in the public sector and for individuals' own discretionary spending on books, has widely fulfilled our objective to encourage more reading of new fiction. Libraries throughout the UK have participated in promoting the long-listed and short-listed novels with displays and events connected to the award of the Prize.

We have also worked closely with the Independent Booksellers' Association to support their promotions on the high street to publicise new work and develop enthusiasm for reading. The Prize strapline "Discover a Debut" works powerfully to draw attention to the pleasure to be derived from finding an exciting new author.

Our third collaboration has been with University College London (UCL) to support students studying either for the Master's Degree in publishing or the post-graduate publishing diploma. In conjunction with the course tutors, students are invited to shadow the Prize and the promotion of the novels selected for the long-list and the short-list. As a publisher himself, Desmond Elliott recognised the importance to the industry of encouraging young people to come into work in the book-trade.

In addition, the attention the Prize draws to the long-listed, short-listed and winning novels goes some way to mitigating the difficulty that debut writers often face in obtaining review space in mainstream media for their first novels. The publicity received for the books recognised by the Prize enables authors to have their work recognised in ways that might not otherwise happen. This year, for the first time, BBC Radio 4 broadcast a live interview on "Front Row" with the Prize-winning author immediately after the award of the 2015 Prize.

Celebrating the renaissance of the book

In the past two years or so, book-buyers have recognised again the inherent value of the book as a desirable object over the option of the E-reader. As a consequence, publishers have turned a corner in reverting to the creative, high-quality production values that Desmond Elliott himself always imbued in the books he took pride in publishing. The physical form of the book as well as its content was important to him – to entice the reader and to value the achievements of the writer.

In the nine years to date of the Desmond Elliott Prize, the charity has championed new writing and energetically encouraged the reading of new fiction. The books we have celebrated each year have received extensive media coverage, been turned into major films, adapted for the stage, featured at prestigious literary festivals – and also, we would like to think – they sit on many more bookshelves than they would have done had it not been for the Prize. More information can be found about all these books and their authors on our website: www.desmondelliottprize.org

DESMOND ELLIOTT CHARITABLE TRUST

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 JULY 2015

In presenting our Annual Report and Financial Statements for the past year, my co-trustees and I are much looking forward to building on this success in the years ahead.

The Trustees confirm that this annual report and the financial statements of the charity comply with the current statutory requirements, the requirements of the charity's governing document, and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Appointment of Trustees

The Trustees are the 'founding' Trustees of the charity. Their current term of office will expire on 4 June 2016.

Policies adopted for the induction and training of Trustees

The Trustees continue to be up to date with the requirements of good governance by the Charity Commission. No further training requirements have been identified during the year.

Organisational structure and decision making

The Trustees during the year were:

Mr Dallas Manderson (Chairman)
Ms Elizabeth Thomson
Mrs Christine Berry

In accordance with the Trust deed, there must be a minimum of three Trustees.

The Trustees have met throughout the year on the following dates:

- 1 August 2014 – to review the performance of the 2014 Desmond Elliott Prize and to make preparatory arrangements for the 2015 Prize.
- 18 November 2014 – to meet the Trust's investment manager and conduct the annual review of the investment strategy. To pass a Resolution for the re-appointment of Clarity TV as the Trust's investment manager and Riot Communications as the Trust's PR advisers. To approve the appointment of the Judging panel for the 2015 Prize. To approve the budget and outline marketing plan for the 2015 Prize.
- 14 January 2015 – to pass a Resolution to de-restrict further funds from the endowment (as permitted by s282 of the Charities Act 2011) to fund the continuing expenses of administering and awarding the annual Prize. To approve the marketing plan for the 2015 Prize.
- 17 March 2015 – a special meeting of Trustees to consider the options for seeking and obtaining sponsorship for the future continuation of the Prize after its original charitable endowment has been extinguished. The Trustees also resolved at this meeting to sell £100,000 of investments from the Trust's de-restricted funds.
- 23 March 2015 – to meet and brief the Judges for the 2015 Prize. To sign-off on the final approved plans for the marketing campaign for the 2015 Prize and for the award of the 2015 Prize on 1 July 2015.
- 6 July 2015 – to review the award of the 2015 Prize and to make appropriate arrangements for the Trust's financial year end on 31 July 2015.

DESMOND ELLIOTT CHARITABLE TRUST

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 JULY 2015

Trustee Resolution to Release Funds from Permanent Endowment

The Resolution of the Trustees dated 14 January 2015 to release further funds from permanent endowment into the charity's de-restricted funds received the concurrence of the Charity Commission on 25 February 2015.

Transactions with Trustees

During the course of the year, Mrs Christine Berry, one of the Trustees, has continued to be a partner in Taylor Vinters, the firm of legal advisers appointed by the Board to advise the charity.

Mrs Emma Manderson, wife of the Chairman of the Trustees, is employed by the charity on a part-time basis as Literary Director.

Appropriate governance arrangements are in place to avoid the risk of conflicts of interest arising out of these arrangements.

RISK MANAGEMENT

The Trustees have identified and evaluated the risks to which the charity might be exposed. The general risk management policy, adopted by the Trustees at their meeting on 19 March 2010, continues to be appropriate.

In relation to financial risk, the Trustees are mindful that the cost of administering and awarding the Desmond Elliott Prize on an annual basis in a way that is commensurate with Desmond Elliott's wishes, will ultimately exhaust the available funds held in the charitable trust. The income that can be generated from the invested funds is not sufficient to maintain the charity's operations on an annual basis.

The Trustees have therefore started to explore the options available to the charity to find sponsorship for the Prize which would secure its long-term future.

OBJECTIVES

The principal objective of the charity is to promote for public benefit the art of literature and, in particular, the work of new writers. The charity fulfils this function by annually awarding a prize of £10,000, the Desmond Elliott Prize, for the best first work of fiction published in book form in the UK and Eire.

Since the inaugural Desmond Elliott Prize was launched, it has been awarded as follows:

2008	Nikita Lalwani	"Gifted"
2009	Edward Hogan	"Blackmoor"
2010	Ali Shaw	"The Girl With Glass Feet"
2011	Anjali Joseph	"Saraswati Park"
2012	Grace Mcleen	"The Land of Decoration"
2013	Ros Barber	"The Marlowe Papers"
2014	Eimeer McBride	"A Girl is a Half-Formed Thing"

DESMOND ELLIOTT CHARITABLE TRUST

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 JULY 2015

THE 2015 DESMOND ELLIOTT PRIZE

The Judges for the 2015 Prize were:

Louise Doughty (Chair) – best-selling author
Viv Groskop – journalist and founder of the Bath Literary Festival
Jonathan Ruppin – Foyles Bookshop

Details of the ten long-listed novels and their writers appear on the charity's website: www.desmondelliottprize.org

The long-listed novels together with their authors, agents, publishers and publicists, were celebrated at a reception held on 28 April 2015 at Foyles Bookshop. The Desmond Elliott Prize is the only literary prize to recognise its long-listed authors in this way and the event continues to be one of the highlights in the Prize's calendar.

The short-list for the 2015 Prize was announced by the Judges as follows:

"A Song for Issy Bradley" by Carys Bray

"Emma is Missing" by Emma Healey

"Our Endless Numbered Days" by Claire Fuller.

The Prize was awarded at a ceremony held at Fortnum & Mason on 1 July 2015 to Claire Fuller for "Our Endless Numbered Days" published by the independent publisher Fig Tree.

Announcing the winning novel, Louise Doughty said:

"I call on the publishers of all the books on our wonderful shortlist to support these writers not only with their sparkling debuts but with their fourth, fifth, sixth novels. Short-termism in publishing is not only devastating for the authors who don't get the support they deserve, it's bad for business. The publishing industry needs to commit to its authors for the long-haul or we risk letting the next Hilary Mantel or Ian Rankin slip through our fingers. I fully expect to see Claire Fuller, Emma Healey and Carys Bray on prize shortlists, bestseller lists and in the literary pages of our newspapers for years to come and if they aren't, we should be asking why. Publishers, I am watching you."

PLANS FOR THE 2016 PRIZE AND BEYOND

The future of the Desmond Elliott Prize remains secure in the short-term thanks to the generosity of Desmond Elliott. However, as indicated above, the Trustees are mindful of the need for the charity to obtain sponsorship for the Prize if it is to continue in the long-term.

In the meantime, the Trustees continue to explore other new ways of extending the reach of the Prize. The website www.desmondelliottprize.org continues to be developed as a resource for new writers and readers interested in new fiction.

The Desmond Elliott Prize is now well-established amongst the elite echelon of the UK's annual literary prizes. The Trustees are grateful for the continuing hard work of their Literary Director, Emma Manderson. She has an unerring and unparalleled ability to spot the emerging new stars of the literary world. The Trustees also thank the PR team at Riot Communications for their imaginative PR campaigns to promote the books and authors recognised by the Prize.

DESMOND ELLIOTT CHARITABLE TRUST

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 JULY 2015

Submissions are already being invited for the 2016 Desmond Elliott Prize and the award will be made on 22 June 2016.

GOING CONCERN

After making appropriate enquiries, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

FINANCIAL REVIEW

The results are summarised on the Statement of Financial Activities on page 11 which sets out the incoming and outgoing resources for the year and shows an overall net deficit of £74,861 (2014: £68,677) before investment gains and losses. After investment gains of £21,873 the overall deficit is £52,988 (2014: £63,060).

As noted a special resolution has been passed and approved by the Charity Commission whereby a proportion of the endowment can be expended. The Trustees resolved to transfer the sum of £74,861 from the endowment fund to general, unrestricted funds, thereby clearing the deficit on general unrestricted funds.

After the agreed transfer to general funds and a gain on revaluation of investments assets of £21,873 the remaining balance on the Endowment Fund was £485,671.

RESERVES POLICY

It is the Trustees' policy to retain sufficient expendable reserves to enable the charity to continue to award the annual prize.

PRINCIPAL FUNDING

The principal source of funds for the Charity was the proceeds of the residuary estate of the late Desmond Christopher Elliott which have been applied as a permanent endowment to fund the inaugural and future awards of the Desmond Elliott Prize. The charity has no other source of funding. The permanent endowment is invested in accordance with an investment policy approved by the Trustees.

INVESTMENT POLICY

The Trustees regularly review the performance of their investment portfolio as a routine aspect of their financial management of the charity. No changes were made to the investment strategy during the course of the year.

DESMOND ELLIOTT CHARITABLE TRUST

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 JULY 2015**

TRUSTEES' RESPONSIBILITIES STATEMENT

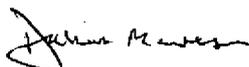
The Trustees are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England & Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping proper accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report was approved by the Trustees on 23/07/16 and signed on their behalf by:



D. A. R. Manderson
Trustee

DESMOND ELLIOTT CHARITABLE TRUST

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF DESMOND ELLIOTT CHARITABLE TRUST

We have audited the financial statements of Desmond Elliott Charitable Trust for the year ended 31 July 2015 set out on pages 11 to 19. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the charity's trustees, as a body, in accordance with section 145 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an Auditors' 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 its trustees, as a body, for our audit work, for this report, or for the opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

As explained more fully in the Trustees' responsibilities statement, the Trustees are responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditors under section 145 of the Charities Act 2011 and report to you in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 July 2015 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

DESMOND ELLIOTT CHARITABLE TRUST

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF DESMOND ELLIOTT CHARITABLE TRUST

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Peters Elworthy & Moore

Chartered Accountants
Statutory Auditors

Salisbury House
Station Road
Cambridge
CB1 2LA

Date:

Peters Elworthy & Moore are eligible to act as auditors in terms of section 1212 of the Companies Act 2006.

DESMOND ELLIOTT CHARITABLE TRUST

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 JULY 2015**

	Note	Endowment funds 2015 £	Unrestricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
INCOMING RESOURCES					
Incoming resources from generated funds:					
Investment income	2	-	13,325	13,325	16,939
Other incoming resources	3	-	(1,978)	(1,978)	3,841
TOTAL INCOMING RESOURCES		-	11,347	11,347	20,780
RESOURCES EXPENDED					
Costs of generating funds:					
Investment managers' fees		-	3,574	3,574	2,938
Charitable activities	5	-	75,810	75,810	78,855
Governance costs	6	-	6,824	6,824	7,664
TOTAL RESOURCES EXPENDED	4	-	86,208	86,208	89,457
NET RESOURCES EXPENDED BEFORE TRANSFERS					
		-	(74,861)	(74,861)	(68,677)
Transfers between Funds	11	(74,861)	74,861	-	-
NET RESOURCES EXPENDED BEFORE INVESTMENT ASSET DISPOSALS					
		(74,861)	-	(74,861)	(68,677)
Gains and losses on disposals of investment assets	8	8,474	-	8,474	(2,008)
NET RESOURCES EXPENDED BEFORE REVALUATIONS					
		(66,387)	-	(66,387)	(70,685)
Gains and losses on revaluations of investment assets	8	13,399	-	13,399	7,625
NET MOVEMENT IN FUNDS FOR THE YEAR		(52,988)	-	(52,988)	(63,060)
Total funds at 1 August 2014		538,659	-	538,659	601,719
TOTAL FUNDS AT 31 JULY 2015		485,671	-	485,671	538,659

The notes on pages 13 to 19 form part of these financial statements.

DESMOND ELLIOTT CHARITABLE TRUST

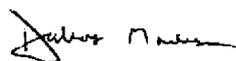
**BALANCE SHEET
AS AT 31 JULY 2015**

	Note	£	2015 £	£	2014 £
FIXED ASSETS					
Investments	8		376,447		531,988
CURRENT ASSETS					
Debtors	9	1,994		4,300	
Cash at bank		120,377		5,392	
		<u>122,371</u>		<u>9,692</u>	
CREDITORS: amounts falling due within one year	10	(13,147)		(3,021)	
NET CURRENT ASSETS			<u>109,224</u>		<u>6,671</u>
NET ASSETS			<u>485,671</u>		<u>538,659</u>
CHARITY FUNDS					
Endowment funds	11		485,671		538,659
TOTAL FUNDS			<u>485,671</u>		<u>538,659</u>

The financial statements were approved by the Trustees on behalf, by:

23 - 3 - 2016

and signed on their



D. A. R. Manderson

The notes on pages 13 to 19 form part of these financial statements.

DESMOND ELLIOTT CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008). The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005 and applicable accounting standards.

1.2 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Endowment funds are funds that generally cannot be spent under the terms of the legacy of the late Desmond Elliott, except as approved by the Charity Commission as set out in note 11. Income arising from the Endowment fund is classified as general, unrestricted funds as it can be applied at the discretion of the Trustees to meet the charitable objectives.

1.3 Incoming resources

All incoming resources are included in the Statement of Financial Activities when the charity has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

In accordance with this policy, legacies are included when the charity is advised by the personal representative of an estate that payment will be made or property transferred and the amount involved can be quantified.

Voluntary income comprises all donations and legacies receivable by the charity.

1.4 Resources expended

Expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities. Where costs cannot be directly attributed to particular activities they have been allocated on a basis consistent with the use of the resources.

1.5 Cash flow

The financial statements do not include a Cash flow statement because the charity, as a small reporting entity, is exempt from the requirement to prepare such a statement under the Financial Reporting Standard for Smaller Entities (effective April 2008).

1.6 Investments

Investments are stated at market value at the balance sheet date. The Statement of Financial Activities includes the net gains and losses arising on revaluations and disposals throughout the year.

DESMOND ELLIOTT CHARITABLE TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015**

2. INVESTMENT INCOME

	Total Unrestricted Funds 2015 £	Total Unrestricted Funds 2014 £
Income from investments	6,273	8,170
Interest	7,052	8,769
	13,325	16,939
	13,325	16,939

3. OTHER INCOMING RESOURCES

	Total Unrestricted Funds 2015 £	Total Unrestricted Funds 2014 £
Royalties	(1,978)	3,841
	(1,978)	3,841
	(1,978)	3,841

Royalty income is in deficit due to the reversal of prior years over accrued income. The royalty agreement ended on 31 December 2015.

4. ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE

	Staff costs 2015 £	Other costs 2015 £	Total 2015 £	Total 2014 £
Investment managers' fees	-	3,574	3,574	2,938
Costs of generating funds	-	3,574	3,574	2,938
Charitable expenditure (see note 5)	15,861	59,949	75,810	78,855
Governance (see note 6)	2,798	4,026	6,824	7,664
	18,659	67,549	86,208	89,457
	18,659	67,549	86,208	89,457

DESMOND ELLIOTT CHARITABLE TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015**

5. CHARITABLE EXPENDITURE

	Total 2015 £	Total 2014 £
Consultancy fees and associated expenses *1	33,562	30,114
Telephone and internet	439	220
Marketing *2	-	2,500
Accountancy and payroll	3,043	3,406
Bank charges	67	173
Website design	726	7,225
Entertaining	-	643
Reimbursement of Trustee expenses	1,679	1,253
Prizes	10,000	10,000
Awards ceremony expenditure	8,191	5,894
Prize judging fees	1,600	1,500
Chambery Literary Festival	642	-
Staff costs	15,861	14,542
National insurance	-	1,385
	75,810	78,855

*1 - Fees paid to Riot Communications for publicity and PR services

*2 - 2015 fees are incorporated within consultancy fees and expenses

6. GOVERNANCE COSTS

	Total Unrestricted Funds 2015 £	Total Unrestricted Funds 2014 £
Auditors' remuneration	1,944	2,052
Legal fees	2,082	2,802
Wages & salaries	2,798	2,566
National insurance	-	244
	6,824	7,664

DESMOND ELLIOTT CHARITABLE TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015**

7. STAFF COSTS

Staff costs were as follows:

	Total Unrestricted Funds 2015 £	Total Unrestricted Funds 2014 £
Wages and salaries	18,659	17,108
Social security costs	-	1,629
	<u>18,659</u>	<u>18,737</u>

The average monthly number of employees during the year was as follows:

	2015 No.	2014 No.
Number of part time employees	<u>1</u>	<u>1</u>

No employee received remuneration amounting to more than £60,000 in either year.

The above numbers do not include trustees who are not permitted to receive remuneration for their duties.

8. FIXED ASSET INVESTMENTS

	Listed Equity securities £	Unlisted Fixed Interest securities £	Total Securities £
Market value			
At 1 August 2014	310,490	221,498	531,988
Additions	30,158	30,158	60,316
Disposals (proceeds £237,730, realised gain £8,474)	(151,654)	(77,602)	(229,256)
Revaluations	9,587	3,812	13,399
At 31 July 2015	<u>198,581</u>	<u>177,866</u>	<u>376,447</u>

Investments at market value comprise:

	2015 £	2014 £
Listed investments	198,581	310,490
Unlisted investments	177,866	221,498
Total market value	<u>376,447</u>	<u>531,988</u>

All the fixed asset investments are held in the UK.

DESMOND ELLIOTT CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015

8. FIXED ASSET INVESTMENTS (continued)

Investments which individually represent 5% or more of the total portfolio are

	2015 £	2014 £
Henderson Cautious Managed Retail Class (Inc)	38,268	55,992
Invesco Perpetual Distribution (Inc)	63,632	93,817
Invesco Perpetual Monthly Income Plus Fund (Inc)	35,530	52,610
Jupiter Merlin Balanced Portfolio (Inc)	-	67,283
Jupiter Merlin Income Portfolio (Inc)	54,157	78,252
Henderson UK Property (Inc)	30,969	42,414
M&G Corporate Bond Fund	22,355	32,510
HSBC American Index Tracker	20,241	20,631
Jupiter Strategic Bond Fund	23,693	-
Other	87,602	88,479
	<u>376,447</u>	<u>531,988</u>

9. DEBTORS

	2015 £	2014 £
Other debtors	<u>1,994</u>	<u>4,300</u>

10. CREDITORS:
Amounts falling due within one year

	2015 £	2014 £
Accruals	<u>13,147</u>	<u>3,021</u>

DESMOND ELLIOTT CHARITABLE TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015**

11. SUMMARY OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
General funds	-	11,347	(86,208)	74,861	-	-
Endowment funds	538,659	-	-	(74,861)	21,873	485,671
	<u>538,659</u>	<u>11,347</u>	<u>(86,208)</u>	<u>-</u>	<u>21,873</u>	<u>485,671</u>

On 2 July 2008 the Trustees passed a resolution that the sum of £187,250 should be freed from restriction with respect to the expenditure of capital. A resolution was submitted to the Charity Commission and took effect from 2 September 2008.

On 24 September 2012 a further resolution was passed for a further sum of £200,000 to be freed from restriction.

On 25 February 2015 a further resolution was passed for a further sum of £200,000 to be freed from restriction.

Annual transfers are made from the endowment fund equal to the net operating costs of the charity. As at 31 July 2015 a total of £355,168 has been transferred to unrestricted funds. An analysis of the historical spend is as follows:

	Expenditure £	Income £	Deficit £
Year to 4 June 2007	48,366	35,844	12,522
Year to 4 June 2008	33,643	33,362	281
Period to 31 July 2009	84,526	48,043	36,483
Year to 31 July 2010	63,947	28,164	35,783
Year to 31 July 2011	58,303	28,794	29,509
Year to 31 July 2012	71,964	29,817	42,147
Year to 31 July 2013	68,348	8,463	59,885
Year to 31 July 2014	89,457	20,780	68,677
Year to 31 July 2015	86,208	11,347	74,861
Total	<u>604,762</u>	<u>244,614</u>	<u>360,148</u>

12. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Endowment funds 2015 £	Unrestricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Fixed asset investments	376,447	-	376,447	531,988
Current assets	109,224	13,147	122,371	9,692
Creditors due within one year	-	(13,147)	(13,147)	(3,021)
	<u>485,671</u>	<u>-</u>	<u>485,671</u>	<u>538,659</u>

DESMOND ELLIOTT CHARITABLE TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015**

13. RELATED PARTY TRANSACTIONS

During the year payments amounting to £4,164 (2014: £5,604) were paid to a firm of solicitors in which Mrs Berry, trustee, is a partner. In addition the charity's investment managers operate under a joint venture arrangement with the charity's solicitors. Investment managers fees paid during the year amounted to £1,639.

The wife of Mr Dallas Manderson, trustee, was employed by the charity as Literary Director of the Desmond Elliott Prize.