

---

**DESMOND ELLIOTT CHARITABLE TRUST**

---

**UNAUDITED**

**TRUSTEES' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JULY 2016**

---

DESMOND ELLIOTT CHARITABLE TRUST

---

TRUSTEES  
FOR THE YEAR ENDED 31 JULY 2016

---

**Trustees**

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

---

**DESMOND ELLIOTT CHARITABLE TRUST**

---

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY AND ADVISERS  
FOR THE YEAR ENDED 31 JULY 2016**

---

**Charity registered number**

1115496

**Principal office**

Merlin Place, Milton Road, CB4 0DP

**Literary Director**

Mrs Emma Manderson

**Independent Examiner, Mrs J Coplowe, FCA**

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 2016

---

#### CHAIRMAN'S INTRODUCTION

Once again I have the pleasure to present the Annual Report and the Financial Statements for the Desmond Elliott Charitable Trust, for the year ended 31 July 2016.

#### OBJECTIVES

The principal objective for the charity is to promote for public benefit the art of literature and, specifically, the work of new writers. The charity fulfils this function through the annual award of the Desmond Elliott Prize for the best first work of fiction published in book form in the UK and Eire.

Full details of the charity's activities can be found on our website: [www.desmondelliottprize.org.uk](http://www.desmondelliottprize.org.uk).

#### ACHIEVEMENTS AND PERFORMANCE

##### **The Desmond Elliott Prize – Celebrating another strong year for new writing talent**

The Trust administers and awards the annual Desmond Elliott Prize for debut fiction (£10,000 to the winning author). Our achievements in 2016 confirm the elite status of the Prize among the pantheon of literary awards.

Fulfilling the vision and ambition of its founder, Desmond Elliott, the Prize recognises the very best new writing talent to emerge each year. As both a publisher and also a renowned literary agent in his own right, Desmond Elliott wished to ensure that, following his death in 2003, his Estate would continue his lifetime's work of discovering new authors and helping them to establish a sustainable career as a novelist.

2016 was the ninth year of the Desmond Elliott Prize and we celebrated yet another strong year for contenders. Under the chairmanship of Iain Pears, the judging panel (appointed each year by the Trustees) selected an acclaimed short-list before finally settling on our 2016 winner, "The Glorious Heresies" by Lisa McInerney.

Speaking at the Awards Party in June 2016, Pears said: "Lisa is a genuinely exciting writer – there is electricity running through her prose. This is a complex, unusual, violent book, bleak but with welcome humour, and she manages a huge cast with confidence; there is never any doubt that she is in complete control, right to the unexpected but perfect ending. I know what it is to try and control a complicated text, and spent years learning my trade. She has done it on her first outing, and that is close to astounding."

We were delighted that Lisa McInerney's novel also won the Bailey's Prize for Women's Fiction in 2016. Lisa McInerney is clearly an author to watch in 2017 when the sequel to "The Glorious Heresies" will be published. In the meantime, "The Glorious Heresies" has itself been optioned for television and is expected to make its transition to the small screen in due course.

The much-applauded "Mrs Engels" by Gavin McCrea was short-listed by our judges together with the accomplished "The House at the Edge of the World" by Julia Rochester. The three short-listed novels for the 2016 Desmond Elliott Prize affirms the ability of the Prize to discover new talent and maintain its reputation as "The UK's most prestigious prize for debut fiction" (Daily Telegraph).

In this way, we continue each year to bring to the attention of the reading public a pipeline of exciting, sometimes challenging, always engaging new writing. Literature is a constantly evolving art form. Desmond Elliott was passionate in his belief that new writers need nurturing and encouragement to find their voice and experiment with fresh and vibrant writing styles. Once again, in 2016, the Desmond Elliott Prize has fulfilled that vision.

##### **The Desmond Elliott Prize at the Bath Literature Festival**

In February 2016, the Desmond Elliott Prize was featured at the 21st Annual Bath Literature Festival which highlighted the support that the Prize gives to first-time novelists.

---

## DESMOND ELLIOTT CHARITABLE TRUST

---

### TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 JULY 2016

---

Our 2015 award-winning novel, "Our Endless Numbered Days" was selected as the "Big Bath Read" for the Festival. Its author, Claire Fuller, presented two "Meet the Author" sessions and described the progression of her career following the success of her debut novel. Claire Fuller's novel has particularly enjoyed widespread success among book groups throughout the UK. This followed its inclusion as a Richard and Judy book club recommendation. Claire Fuller's second novel, "Swimming Lessons" is recently published (January 2017) to considerable critical acclaim. Its review in the Sunday Times said: "Powerful, pleasing and pleasurable, Fuller's second novel looks set to continue her stealthy march on success".

#### **The Desmond Elliott Prize at the Festival du Premier Roman, Chambéry – Innovation in Literature**

For a third successive year, the Prize continued its valued association with this annual literary festival in Chambéry, France. The Festival encourages students from across Europe to read new fiction in the English language.

Accompanied by the Literary Director of the Prize, Claire Fuller (winner, 2015) and Carys Bray (author of "A Song for Issy Bradley" short-listed 2015) attended the Festival in May 2016. Students from France, Germany, Italy and Portugal had read both novels before coming together at the Festival. Claire Fuller and Carys Bray hosted workshops and supported the students in their work on an Erasmus project on innovation in literature.

As in previous years, all the English language novels selected for the Festival were from the previous year's Desmond Elliott Prize long-list. Despite the fact that many of the novels are available in translation, the Festival du Premier Roman attaches great value to reading fiction in the language in which it was first written. The Trustees are proud to have this association with the Festival and to promote the long-listed novels to an international readership.

#### **THE 2016 DESMOND ELLIOTT PRIZE**

Many of our activities and achievements in relation to the 2016 Desmond Elliott Prize are already summarised above. As this demonstrates, the Prize is about very much more than simply the winning title in any year. By actively highlighting the wide and eclectic range of emerging new writing talent in any given year, we are supporting that talent and bringing it to the attention of an increasingly broad readership.

Nevertheless, the high point of our activity inevitably focuses on the award to our winning novel. The Trustees appoint an independent judging panel each year.

The judges for the 2016 Prize were:

Iain Pears (Chair) – author  
Katy Guest – Literary Editor  
Sam Baker – Journalist

Details of all the authors and books long-listed for the 2016 Prize are on the website: [www.desmondelliottprize.org.uk](http://www.desmondelliottprize.org.uk)

The Desmond Elliott Prize is the only literary award to host a reception for all the long-listed authors, together with their publishers, editors and agents, to celebrate the long-list. The 2016 long-list reception was held at Foyles Bookshop in April 2016.

Following the announcement of the short-list of novels in May 2016, the Desmond Elliott Prize 2016 was awarded to Lisa McInerney for "The Glorious Heresies".

Praise for the novel from the Prize describes it as:

"Morality tale, diabolical comedy or tragedy of errors? All these and more, for here is ambition unconfined: a many-storied edifice, gritty, witty and wise, linguistically dazzling and metaphorically intoxicating. Lisa McInerney

---

## DESMOND ELLIOTT CHARITABLE TRUST

---

### TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 JULY 2016

---

may have graffitied with cacophonous colours the pretty Irish façade but she has gifted us in its place a symphony in concrete music that sings with internal harmonies."

"The Glorious Heresies" is published by John Murray. Mark Richards, Publisher at John Murray, says of the Desmond Elliott Prize:

"Thank you again for all the support of the Desmond Elliott Prize for Lisa's novel; it really was invaluable. More generally, it's such a great prize, and makes such a big difference in helping bring excellent debuts to wide attention."

I wish, as always, to thank those who support the Trustees in continuing the work of the Charitable Trust.

Our Literary Director is Emma Manderson. Emma is responsible for all the administration of the Prize and, most particularly, for overseeing the literary integrity of the Prize. Emma continues each year to demonstrate her unrivalled ability to spot the very best new writing talent.

I also wish to thank Riot Communications whose PR support is hugely valued. Their infectious enthusiasm and innovative campaigns capture perfectly the spirit of Desmond Elliott and the qualities of the Desmond Elliott Prize.

This year, our team has welcomed the addition of Anthony Keates. Anthony has imaginatively devised a range of retail campaigns that will actively engage the book trade with the 2017 Prize and widen the reach to prospective book buyers and readers.

#### **DELIVERING PUBLIC BENEFIT AS A CHARITABLE TRUST**

As a charitable trust, we have a legal obligation to deliver public benefit. Our charitable objectives are to deliver that benefit by encouraging new writing and wider readerships. The Trustees continue to have regard to the Charity Commission's guidance on public benefit.

The charity fulfils its obligation to deliver public benefit in a number of ways. As we approach our 10th anniversary of the Desmond Elliott Prize in 2017, we are particularly proud of the track-record we have established for discovering, recognising and promoting new writing talent in the UK.

As noted in our previous Trustees' Annual Report, when the Desmond Elliott Prize was first launched in 2007, the book world in the UK was at low ebb. The future of new writing and its ability to draw in new readerships was under threat.

We have worked hard over the past 10 years to help turn-around this situation. We continue to work closely with selected partners where we can show that our championing of debut novels has the greatest impact for public benefit.

While our established partnerships have continued during 2016, we have also embraced more widely the opportunities presented by social media to promote our long-listed, short-listed and winning novels. This has vastly expanded the reach of the Desmond Elliott Prize. It has enabled us to connect more directly with those readers who are interested in new writing and who actively wish to seek out and support debut authors. The power of word of mouth recommendations and profiling on social media can be transformative of an author's reputation.

This is particularly important to first-time novelists who are emerging into the world as writers for the first time. After facing the challenges of finding a publisher for their debut work, authors then have to contend with the difficulties of obtaining review space in the mainstream media as well as space on the bookshops' shelves. The spotlight that is shone by recognition from the Desmond Elliott Prize helps to draw valuable attention to debut fiction. Recognition by the Desmond Elliott Prize has become a hallmark of quality for the reader.

---

## DESMOND ELLIOTT CHARITABLE TRUST

---

### TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 JULY 2016

---

Our various partnerships are highlighted on our website: [www.desmondelliottprize.org.uk](http://www.desmondelliottprize.org.uk). In 2016 we added Love Reading ([www.lovereadings.co.uk](http://www.lovereadings.co.uk)) to our selected list of partners. This also significantly increased the reach of the Prize's selected novels to regular users of Love Reading. It has added to the community of readers who follow the authors that we support.

#### PLANS FOR THE 2017 PRIZE AND BEYOND

##### Looking ahead to the 10th Desmond Elliott Prize in 2017: "Celebrating Ten Years of Dazzling Debuts"

At the time of preparing this report, submissions for the 2017 Desmond Elliott Prize have closed. Our judging panel for 2017 will shortly be announced. There is already a sense of excitement and anticipation about our 10th anniversary year.

The Desmond Elliott Prize will, as is now our tradition, be awarded in London in June 2017. Throughout the year, we shall be supporting the long-listed authors and the short-listed authors with a full book-trade campaign as well as a high-profile publicity and marketing campaign.

Authors representing the Desmond Elliott Prize are already receiving invitations to attend Literary Festivals throughout the UK, as well as appearing on their own publishers' publicity tours. All our activities and author appearances will be posted on our website as arrangements are finalised throughout the year.

The excitement felt by the Trustees about the potential for the Prize – and all our authors – to reach new heights in 2017 is tempered only by the regret that Desmond Elliott himself is not here to see what has been achieved by the authors the Prize has championed. We know he would be exceptionally proud of all the writers who, in the past decade, have built acclaimed careers in association with the Desmond Elliott Prize.

#### FINANCIAL REVIEW

The results are summarised on the Statement of Financial Activities on page 12 which sets out the income and expenditure for the year and shows an overall net deficit of £88,933 (2015: £74,861) before investment gains and losses. After investment gains of £9,418 the overall deficit is £79,515 (2015: £52,988).

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 £88,933 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 £9,418 the remaining balance on the Endowment Fund was £406,156.

#### 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.

#### RESERVES POLICY

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

---

## DESMOND ELLIOTT CHARITABLE TRUST

---

### TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 JULY 2016

---

#### 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.

#### STRUCTURE, GOVERNANCE AND MANAGEMENT

##### Appointment of Trustees

The Trustees are the founding Trustees of the Charity. They are appointed to 5-year terms of office with the current term expiring on 31 July 2016, at the financial year end. By resolution dated 12 January 2016, each of the three Trustees was re-appointed to serve a further term of office for five years commencing 1 August 2016 and expiring on 31 July 2021.

##### 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:

- 13 August 2015 – strategy meeting to consider long-term future of the Desmond Elliott Prize in the context of its impending 10th Anniversary in 2017 and potential options for seeking sponsorship. Initial planning for 2016 Prize.
- 12 October 2015 – meeting to conduct annual review investment strategy with Investment managers. To pass a Resolution for the reappointment of Clarity TV as the Trust's investment managers for 12 months; and Resolution to reappoint Riot Communications as the Trust's PR advisers for 2016 Prize. To consider appointment of judging panel for 2016 Prize. To approve budget and proposed publicity campaign for 2016 Prize. To commission research from Anthony Keates on the profile of the Prize from publishers and booksellers to inform future strategy discussions.
- 12 January 2016 – to pass Resolution to reappoint Trustees for further term of office commencing 1 August 2016. To pass a Resolution to reappoint PEM as the Trust's auditors. To progress arrangements for 2016 Prize.

---

## DESMOND ELLIOTT CHARITABLE TRUST

---

### TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 JULY 2016

---

- 23 March 2016 – to receive and approve statutory accounts from PEM for the financial year ended 31 July 2015. To receive report into research from Anthony Keates and agree terms of reference for additional consultancy support for the 2016 Prize in response to that research. To meet and brief the judges appointed to the 2016 judging panel. To give final approval to the arrangements for the 2016 Prize.
- 7 July 2016 – meeting to review performance of the 2016 Prize. Review Rules of the Prize and agree amendments to the Rules for 2017. Resolution to reappoint Riot Communications for the 2017 Prize and to appoint Anthony Keates as marketing consultant for 12 months from 1 August 2016. To make appropriate arrangements for the Trust's financial year end on 31 July 2016.

#### Resolutions

12 October 2015: Resolution to reappoint Clarity TV as the charity's investment managers; and Resolution to reappoint Riot Communications as the charity's PR consultants for 2016 Prize.

12 January 2016; Resolution to reappoint Trustees. Resolution to reappoint PEM as the Trust's auditors.

7 July 2016: Resolution to appoint Riot Communications as PR consultants for 2017 Prize and to appoint Anthony Keates as marketing consultant both for period of 12 months from 1 August 2017.

#### 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 on-going financial risk, the Trustees have, throughout the course of this financial year, kept under review the issue of expenditure to maintain the Prize commensurate with Desmond Elliott's wishes, against the income generated by the balance of the investment fund. Currently, the annual expenditure of administering and awarding the Prize is met solely from the charity's own invested funds, with capital being released into unrestricted funds to meet these expenses as and when appropriate. The Trustees have continued to consider the potential for obtaining external sponsorship for the Prize as the charity's own funds are depleted.

---

DESMOND ELLIOTT CHARITABLE TRUST

---

TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 JULY 2016

---

**TRUSTEES' RESPONSIBILITIES STATEMENT**

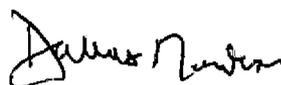
The Trustees are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 24 March 2017 and signed on their behalf by:



**D. A. R. Manderson**  
Trustee

---

**DESMOND ELLIOTT CHARITABLE TRUST**

---

**INDEPENDENT EXAMINER'S REPORT  
FOR THE YEAR ENDED 31 JULY 2016**

---

**INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF DESMOND ELLIOTT CHARITABLE TRUST**

I report on the financial statements of the charity for the year ended 31 July 2016 which are set out on pages 12 to 22.

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. My work has been undertaken so that I might state to the charity's Trustees those matters I am required to state to them in an Independent Examiner's Report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the charity and the charity's Trustees as a body, for my work or for this report.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS 102) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has been withdrawn.

This has been done in order for the financial statements to provide a true and fair view in accordance with the Generally Accepted Accounting Practice effective for reporting periods beginning on the after 1 January 2015.

**RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND EXAMINER**

The charity's Trustees are responsible for the preparation of the financial statements, and they consider that an audit is not required for this year under section 144(2) of the Charities Act 2011 (the Act) and that an independent examination is needed.

It is my responsibility to:

- examine the financial statements under section 145 of the Act;
- follow the procedures laid down in the general Directions given by the Charity Commission under section 145(5)(b) of the Act; and
- state whether particular matters have come to my attention.

**BASIS OF INDEPENDENT EXAMINER'S REPORT**

My examination was carried out in accordance with the general Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the financial statements presented with those records. It also includes consideration of any unusual items or disclosures in the financial statements, and seeking explanations from you as Trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently no opinion is given as to whether the financial statements present a 'true and fair view' and the report is limited to those matters set out in the statement below.

---

DESMOND ELLIOTT CHARITABLE TRUST

---

INDEPENDENT EXAMINER'S REPORT (continued)  
FOR THE YEAR ENDED 31 JULY 2016

---

**INDEPENDENT EXAMINER'S STATEMENT**

In connection with my examination, no matter has come to my attention:

- (1) which gives me reasonable cause to believe that in any material respect the requirements:
- to keep accounting records in accordance with section 130 of the Act; and
  - to prepare financial statements which accord with the accounting records, Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard in the UK and Republic of Ireland (FRS 102) and in other respects comply with the accounting requirements of the Act.
- have not been met; or
- (2) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the financial statements to be reached.

Signed: *Judith Coplowe*

Dated: *6 April 2017*

Mrs J Coplowe FCA

**PETERS ELWORTHY & MOORE**

Chartered Accountants

Salisbury House  
Station Road  
Cambridge  
CB1 2LA

DESMOND ELLIOTT CHARITABLE TRUST

STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE YEAR ENDED 31 JULY 2016

	Note	Endowment funds 2016 £	Unrestricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
<b>INCOME AND ENDOWMENTS FROM:</b>					
Investments	3	-	14,047	14,047	13,325
Other income: Royalties		-	25	25	(1,978)
<b>TOTAL INCOME AND ENDOWMENTS</b>		-	<b>14,072</b>	<b>14,072</b>	<b>11,347</b>
<b>EXPENDITURE ON:</b>					
Raising funds: Investment manager's fees		-	3,050	3,050	3,574
Charitable activities	4	-	99,955	99,955	82,634
<b>TOTAL EXPENDITURE</b>		-	<b>103,005</b>	<b>103,005</b>	<b>86,208</b>
<b>NET EXPENDITURE BEFORE INVESTMENT GAINS</b>					
Net gains on investments	8	9,418	(88,933)	(88,933)	(74,861)
<b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>		<b>9,418</b>	<b>(88,933)</b>	<b>(79,515)</b>	<b>(52,988)</b>
Transfers between Funds	11	(88,933)	88,933	-	-
<b>NET EXPENDITURE BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>		<b>(79,515)</b>	<b>-</b>	<b>(79,515)</b>	<b>(52,988)</b>
<b>NET MOVEMENT IN FUNDS</b>		<b>(79,515)</b>	<b>-</b>	<b>(79,515)</b>	<b>(52,988)</b>
<b>RECONCILIATION OF FUNDS:</b>					
Total funds brought forward		485,671	-	485,671	538,659
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>406,156</b>	<b>-</b>	<b>406,156</b>	<b>485,671</b>

All activities relate to continuing operations.

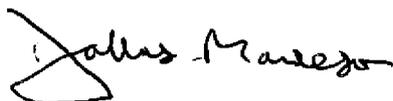
The notes on pages 14 to 22 form part of these financial statements.

**DESMOND ELLIOTT CHARITABLE TRUST**

**BALANCE SHEET  
AS AT 31 JULY 2016**

	Note	£	2016 £	£	2015 £
<b>FIXED ASSETS</b>					
Investments	8		387,280		376,447
<b>CURRENT ASSETS</b>					
Debtors	9	1,922		1,994	
Cash at bank and in hand		21,285		120,377	
		<u>23,207</u>		<u>122,371</u>	
<b>CREDITORS:</b> amounts falling due within one year	10	(4,331)		(13,147)	
<b>NET CURRENT ASSETS</b>			<u>18,876</u>		109,224
<b>NET ASSETS</b>			<u>406,156</u>		<u>485,671</u>
<b>CHARITY FUNDS</b>					
Endowment funds	11		<u>406,156</u>		485,671
<b>TOTAL FUNDS</b>			<u>406,156</u>		<u>485,671</u>

The financial statements were approved and authorised for issue by the Trustees on 24 March 2017 and signed on their behalf, by:



**Mr Dallas Anthony Robert Manderson**  
Trustee

The notes on pages 14 to 22 form part of these financial statements.

---

DESMOND ELLIOTT CHARITABLE TRUST

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2016

---

**1. ACCOUNTING POLICIES**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant notes to these accounts. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 and Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and Charities Act 2011. The Trustees have also decided to early adopt Update Bulletin 1 of the Charities SORP (FRS102)(effective 1 January 2016).

Desmond Elliott Charitable Trust constitutes a public benefit entity as defined by FRS 102.

**First time adoption of FRS 102**

These financial statements are the first financial statements of Desmond Elliott Charitable Trust prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of Desmond Elliott Charitable Trust for the year ended 31 July 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the Trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015.

Reconciliations to previous UK GAAP for the comparative figures are included in note 14.

**1.2 Going concern**

The Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the financial statements continue to be prepared on the going concern basis.

**1.3 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.

Investment income, gains and losses are allocated to the appropriate fund.

---

DESMOND ELLIOTT CHARITABLE TRUST

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2016

---

1. ACCOUNTING POLICIES (continued)

1.4 Income

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

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

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

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

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. All expenses including support costs and governance costs are allocated to the applicable expenditure headings.

All resources expended are inclusive of irrecoverable VAT.

1.6 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the balance sheet date, unless fair value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'Gains/(losses) on investments' in the Statement of Financial Activities.

1.7 Gains and losses

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value. Realised and unrealised gains and losses are combined in the Statement of Financial Activities.

1.8 Debtors

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

---

DESMOND ELLIOTT CHARITABLE TRUST

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2016

---

1. ACCOUNTING POLICIES (continued)

1.9 Cash at Bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.10 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.11 Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

2. INCOME AND EXPENDITURE

All income and expenditure for both the current and prior year relates to unrestricted funds.

3. INVESTMENT INCOME

	Total 2016 £	Total 2015 £
Income from investments	6,485	6,273
Interest	7,562	7,052
	<u>14,047</u>	<u>13,325</u>

**DESMOND ELLIOTT CHARITABLE TRUST**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2016**

**4. ANALYSIS OF RESOURCES EXPENDED BY ACTIVITIES**

	Activities undertaken directly 2016 £	Support costs 2016 £	Total 2016 £	Total 2015 £
Direct costs	92,254	7,701	99,955	82,634

**5. DIRECT COSTS**

	Activities £	Total 2016 £	Total 2015 £
Consultancy and associated fees *1	43,078	43,078	33,562
Telephone and internet	259	259	439
Marketing *2	6,036	6,036	-
Accountancy and payroll	3,012	3,012	3,043
Bank charges	143	143	67
Website design	564	564	726
Reimbursement of trustee expenses	62	62	1,679
Prizes	10,000	10,000	10,000
Awards ceremony expenditure	8,937	8,937	8,191
Prize judging fees	1,500	1,500	1,600
Chambery Literary Festival	692	692	642
Wages and salaries	17,971	17,971	15,861
	<u>92,254</u>	<u>92,254</u>	<u>75,810</u>

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

\*2 - 2015 fees were incorporated within consultancy fees and expenses

**6. SUPPORT COSTS**

	Governance £	Total 2015 £
Legal fees	2,310	2,082
Audit fees	220	1,944
Independent Examiners fees	2,000	-
Wages and salaries	3,171	2,798
	<u>7,701</u>	<u>6,824</u>

---

DESMOND ELLIOTT CHARITABLE TRUST

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2016

---

7. STAFF COSTS

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	<u>21,142</u>	<u>18,659</u>

The average number of persons employed by the charity during the year was as follows:

	2016 No.	2015 No.
Number of part time employees	1	1

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

The charity considers its key management personnel to be the Trustees.

None of the Trustees received any remuneration in respect of their services during the year.

During the year £62 (2015: £1,679) of reimbursement of trustee expenses was made to one trustee (2015: one trustee).

8. FIXED ASSET INVESTMENTS

	Listed Equity securities £	Unlisted Fixed Interest securities £	Total Securities £
<b>Market value</b>			
At 1 August 2015	198,582	177,865	376,447
Additions	23,772	1,414	25,186
Disposals (proceeds £23,772, loss £517)	(21,663)	(2,625)	(24,288)
Revaluations	7,742	2,193	9,935
At 31 July 2016	<u>208,433</u>	<u>178,847</u>	<u>387,280</u>

---

DESMOND ELLIOTT CHARITABLE TRUST

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2016

---

8. FIXED ASSET INVESTMENTS (continued)

Investments at market value comprise:

	2016 £	2015 £
Listed investments	208,433	198,581
Unlisted investments	178,847	177,866
Total market value	<u>387,280</u>	<u>376,447</u>

All the fixed asset investments are held in the UK.

All investments are carried at their fair value. Investment in equities and fixed interest securities are all traded in quoted public markets, primarily the London Stock Exchange. Holdings in common investment funds, unit trusts and open-ended investment companies are at the bid price. The basis of fair value for quoted investments is equivalent to the market value, using the bid price. Asset sales and purchases are recognised at the date of trade at cost (that is their transaction value).

The Charity is operating an investment policy that provides for a degree of diversification of holdings within different unit trust and equity investments. Potential returns have been sought from a combination of capital appreciation and income return. These returns have been sought from a combination of the assets used in 'Balanced Return' portfolios, but also include a wider range of possible investments that are more volatile, but provide a higher potential return.

The Charity manages risk by instructing expert advisors and operating an investment policy that provides a high degree of diversification of holdings and investment asset classes that are quoted on recognised stock exchanges.

The Charity does not make use of derivatives as it takes the view that investments are held for their longer term growth and annual income.

The Charity has no material investment holdings in markets subject to exchange controls or trading restrictions.

9. DEBTORS

	2016 £	2015 £
Other debtors	<u>1,922</u>	<u>1,994</u>

10. CREDITORS: Amounts falling due within one year

	2016 £	2015 £
Accruals	<u>4,331</u>	<u>13,147</u>

**DESMOND ELLIOTT CHARITABLE TRUST**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2016**

**11. SUMMARY OF FUNDS**

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
General funds	-	14,072	(103,005)	88,933	-	-
Endowment funds	485,671	-	-	(88,933)	9,418	406,156
	<u>485,671</u>	<u>14,072</u>	<u>(103,005)</u>	<u>-</u>	<u>9,418</u>	<u>406,156</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 2016 a total of £449,081 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
Year to 31 July 2016	103,005	14,072	88,933
Total	<u>707,767</u>	<u>258,686</u>	<u>449,081</u>

---

DESMOND ELLIOTT CHARITABLE TRUST

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2016

---

12. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Endowment funds 2016 £	Unrestricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Fixed asset investments	387,280	-	387,280	376,447
Current assets	18,876	4,331	23,207	122,371
Creditors due within one year	-	(4,331)	(4,331)	(13,147)
	<u>406,156</u>	<u>-</u>	<u>406,156</u>	<u>485,671</u>

13. RELATED PARTY TRANSACTIONS

During the year payments amounting to £4,620 (2015: £4,164) 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 £3,050 (2015: £3,574) gross of fee rebates that were re-invested.

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

---

DESMOND ELLIOTT CHARITABLE TRUST

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2016

---

14. FIRST TIME ADOPTION OF FRS 102

It is the first year that the charity has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 July 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 August 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below.

<b>RECONCILIATION OF TOTAL FUNDS</b>	<b>Notes</b>	<b>1 August 2014</b>	<b>31 July 2015</b>
		£	£
Total funds under previous UK GAAP	A	538,659	485,671
Total funds reported under FRS 102		<u>538,659</u>	<u>485,671</u>

<b>Reconciliation of net (expenditure)</b>	<b>Notes</b>	<b>31 July 2015</b>
		£
Net (expenditure) previously reported under UK GAAP		(74,861)
Investment gains	A	21,873
Net movement in funds reported under FRS 102		<u>(52,988)</u>

Explanation of changes to previously reported funds and net income/expenditure:

A Investment gains now reported as a component of net income