
DESMOND ELLIOTT CHARITABLE TRUST

UNAUDITED

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2017

DESMOND ELLIOTT CHARITABLE TRUST

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DESMOND ELLIOTT CHARITABLE TRUST

**TRUSTEES
FOR THE YEAR ENDED 31 JULY 2017**

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 2017**

Charity registered number

1115496

Principal office

Merlin Place, Milton Road, CB4 0DP, 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 2017

CHAIRMAN'S INTRODUCTION

2017 marked the 10th Anniversary of the Desmond Elliott Prize for debut fiction, awarded annually by the Desmond Elliott Charitable Trust. It therefore gives me particular pleasure to present the Trustees' Annual Report and the Financial Statements for this milestone year in our charitable activities.

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 books for in the UK and Eire.

Full details of the charity's activities can be found on our website: www.desmondelliottprize.org.uk.

ACHIEVEMENTS AND PERFORMANCE

The Desmond Elliott Prize – “Celebrating ten years of Dazzling Debuts”

The literary world is well-served by a plethora of prizes and awards. When we launched the Desmond Elliott Prize, named in memory of its founder, the renowned publisher and literary agent, it was essential to ensure that the £10,000 annual Prize would continue Desmond Elliott's work in his lifetime of discovering new authors and helping them to establish a sustainable career as a novelist.

As importantly was the wish to ensure that debut fiction is recognised and brought to the attention of as wide a readership as possible. Many of the greatest writers in English literature would not enjoy the success they have achieved without support and encouragement through their first tentative steps on the rungs of the novelists' career ladder.

At the Awards Ceremony for the 2017 10th Anniversary Prize, chairman of the judging panel, Sam Leith said:

“The fact is that most first novels go un-reviewed, barely promoted, seldom displayed in bookshops, unbought and unread. Many singular talents wither on the vine. And publishers – for whom buying a first novel is usually a relatively cheap investment – may treat the debut as a one-off betting ticket rather than the beginning of a career. The old days in which careers would be patiently nurtured through several books because an editor believed in a talent are, for the most part, dwindling in the rear-view mirror.”

Sam Leith praised the Desmond Elliott Prize for continuing to “nurture and support the talent it has recognised.” He added: “I can honestly say that no other prize I've helped judge has seemed to me quite as important as this one.”

My co-trustees and I are genuinely delighted that in the 10 years from its inception, the Desmond Elliott Prize has fulfilled our ambition to be (as the Daily Telegraph describes it) “the most prestigious Prize for debut fiction in the UK.”

In that 10-year period, the Prize has actively promoted and supported one hundred first-time novelists who have featured in our annual long-list selection. Thirty of those authors have gone on to appear on the short-lists and we have 10 highly-acclaimed winners; of which the substantial majority have already gone on to achieve further success with their second and subsequent works, with film, theatre and television adaptations, and with world-wide translations.

The Desmond Elliott Prize is the only literary Prize in the UK which solely recognises first novels and does so with a level playing field for both male and female authors. We have been hugely fortunate in that the generous fund bequeathed by Desmond Elliott has allowed us to create the Prize in accordance with his wishes, and to maintain it without the need to fundraise or seek sponsorship which might have diluted Desmond Elliott's vision.

DESMOND ELLIOTT CHARITABLE TRUST

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 JULY 2017

This means that our extensive cannon of literary fiction and the authors we support represent a wide range of genres, experimental writing styles and fresh and vibrant new voices. In the decade of the Prize's existence, we are proud to see the resurgence of interest from publishers, booksellers and the public in supporting new writing. As I comment further below in relation to our public benefit impact, the effect of the Prize has been significant in contributing to this.

The Desmond Elliott Prize 2017

The Judging Panel

Our judging panel for 2017 was chaired by Sam Leith, literary editor of the Spectator. He was joined by Kamila Shamsie (who was subsequently herself a long-list contender for the 2017 Man Booker Prize); and by Iain Rushworth, luxury book-buyer for W H Smith Travel.

The long-list

The long-list of 10 novels is announced in March each year. It was wholly fitting that, for the 10th Anniversary prize, the quality of the submissions for 2017 was one of the highest we had received; resulting in an exceptionally strong long-list.

As in previous years, the Prize continued in what is now its tradition of hosting a reception at Foyles Bookshop to celebrate the announcement of the full long-list. We are the only Prize to recognise the achievement of the long-listed authors. The reception is therefore one of mutual celebration as each of our long-listed authors venture out onto the public stage, often for the first time in their writing careers.

The full long-list appears on the Prize's website: www.desmondelliottprize.org

The short-list

The three novels selected by the judging panel for the short-list were:

- "My Name is Leon" by Kit de Waal
- "Harmless Like You" by Rowan Hisayo Buchanan
- "Golden Hill" by Francis Spufford

All three novels were outstanding contenders for the 2017 Prize. All have been published to substantial literary acclaim.

The short-list was described in the following terms by the chairman of the judging panel, Sam Leith:

"The level of excellence – not just potential, but real accomplishment – shown by each of the three books on this list makes it clear that these aren't 'good for a debut' or 'promising first novels': they are fine novels tout court. Each shows technical command, each tells a compelling story, and each is given that vital extra depth by the imaginative capacity to inhabit real human feeling. I'm honoured to have had a role in selecting them."

The 2017 winner of the Desmond Elliott Prize: "Golden Hill" by Francis Spufford

Announcing the winning novel, Sam Leith described "Golden Hill" as:

"Miraculously constructed... at once so fabulously entertaining, so exquisitely wrought and so moving that it stands among not just the best first novels of the year, but the best novels of this or any year."

DESMOND ELLIOTT CHARITABLE TRUST

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 JULY 2017

The Desmond Elliott Prize at the Edinburgh International Literary Festival

In August 2017, the Desmond Elliott Prize 10th Anniversary was celebrated at the Edinburgh International Literary Festival with an event hosted by past chairman of judges, Chris Cleeve; together with former Desmond Elliott prize-winners, Claire Fuller and Lisa McLnerney.

Both authors read from their well-received, newly published, second novels. They spoke eloquently about the consequences for each of them of being recognised by winning the Desmond Elliott Prize and the importance of the Prize in attracting wide readerships.

The event at the Edinburgh International Literary Festival was hosted by the Prize in conjunction with the Scottish Book Trust.

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

For a further year, the Prize continued its valued association with this unique, annual literary festival in Chambéry, France. The Festival is dedicated to debut novels from across Europe. Each year, the Festival organisers invite our Literary Director, Emma Manderson, to select a dozen novels for consideration by adult and by student reading groups.

In May 2017, Tash Kavanagh, long-listed for the 2016 Prize for her novel, "Things We Have in Common," attended the Festival as, exceptionally, the laureate chosen by both senior and student readers. Her programme included round-table discussions, in-depth sessions with student classes, translation workshops as well as literary meetings and book-signing sessions.

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 is clear from what appears above, we are particularly proud of the track-record we have established for discovering, recognising and promoting new writing talent in the UK. As a consequence, we have considerably expanded the interest in, and readership for, debut novelists.

This is also demonstrated by the interest shown in our new Newsletter, which supporters have subscribed to from the Prize's website. Our social media activity has also expanded substantially as readers have sought out information about available new fiction and the first-time authors. The broader Desmond Elliott Prize 'community' is growing exponentially. Readers follow the Prize on social media, review the books and engage with the authors through blogs and personal appearances at book signing-sessions and literary festivals.

Our past annual reports have noted that support within the book trade for new writing was at a low ebb when we launched the Desmond Elliott Prize in 2007. There has been a marked turn-around over the past decade. This is borne out by the quality of production of the books themselves, the way in which audiences are attracted to events featuring new authors at literary festivals throughout the UK and in the number of appearances made by first-time novelists in the best-seller lists.

In past years, we have applauded the support given to first-time novelists by 'boutique' publishers who make it their mission to uncover new talent. Galley Beggar Press is a notable example and their courage with adventurous and sometimes demanding new voices has made them consistent contenders. Without their bravery, Eimear McBride may have remained unpublished, for it was only after her success with them that Faber – a leading and well-endowed independent – was willing to buy mass-market paperback rights. Without the Desmond Elliott Prize, such authors – and their publishers – would struggle for recognition. Scribe, a long-established Australian independent but a new voice in the UK, has also stood out from the pack with its

DESMOND ELLIOTT CHARITABLE TRUST

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 JULY 2017

commitment to bracing new fiction.

For too long, mainstream publishing allowed such challenger publishers to shoulder the risk but it does now seem that the major houses are looking beyond safe, me-too fiction that follows rather than leads in favour of some genuinely original voices. Moreover, the evidence suggests that these major publishers no longer see debut novelists as a "one-off betting ticket", as described by Sam Leith – rather that they recognise the importance of spotting new talent and then nurturing it. The investment in new fiction can never be simply about money but about the time and space to grow as a writer under the eye of a caring and engaged editor.

LOOKING AHEAD TO THE 2018 DESMOND ELLIOTT PRIZE AND BEYOND

Following the success of the 2017 10th Anniversary prize, the Trustees are keen to maintain the momentum and high profile of the Desmond Elliott Prize into 2018.

We are, however, also aware that (as our financial statements show) the cost of running the annual Prize in the way that fulfils Desmond Elliott's wishes has now substantially depleted his bequest to the charity. As Trustees, we fully recognise the fact that we shall have spent out the fund unless we are able to attract other financial support.

This has led us to continue our consideration of external fundraising and sponsorship. We have also explored the option of a collaboration or joint-venture with organisations with similar common purpose. As for sponsorship, at the time of writing, we are aware of other literary prizes actively seeking new sponsors and the likely conditions (as well as the uncertain longevity) attaching to sponsorship arrangements.

In the meantime, the 11th Desmond Elliott Prize will, as is now our tradition, be awarded in London in June 2018. 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.

In concluding this introduction to the Trustees' Report, 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, importantly, she oversees the literary integrity of the Prize. Emma continues each year to demonstrate her unrivalled ability to spot the very best new writing talent from the annual crop of debut novelists.

I also wish to thank Riot Communications for their PR support. They helped us devise and deliver an ambitious promotion campaign for the 10th Anniversary Prize, culminating in the collaboration with the Scottish Book Trust at the Edinburgh Literary Festival in August 2017.

In addition, Anthony Keates, as our retail market adviser, created our new Newsletter and he managed our engagement with the book trade to extend our reach to book buyers and readers.

FINANCIAL REVIEW

The results are summarised on the Statement of Financial Activities on page 11 which sets out the income and expenditure for the year and shows an overall net deficit of £114,664 (2016 - £88,933) before investment gains and losses. After investment gains of £20,239 the overall deficit is £94,425 (2016 - £79,515).

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 £114,664 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 £20,239 the remaining balance on the Endowment Fund was £311,731.

DESMOND ELLIOTT CHARITABLE TRUST

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 JULY 2017

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.

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 2021, at the financial year end.

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:

- 7 July 2016 – to review the performance of the 2016 Desmond Elliott Prize awarded in June 2016. To finalise plans and the budget for the 10th Anniversary year in 2017 of the Desmond Elliott Prize.

DESMOND ELLIOTT CHARITABLE TRUST

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 JULY 2017

- 1 September 2016 – to review financial position and consideration of future external funding options.
- 9 November 2016 – annual investment management review with Investment Managers. Approve draft management accounts for the year to 31 July 2016. Approve appointment of 2017 judging panel and approve draft PR and retail marketing campaign proposals.
- 22 February 2017 – to consider further the options for external funding and commission feasibility study into potential sponsorship opportunities for the Prize. To approve the detailed PR and retail marketing campaigns for the 10th Anniversary Prize.
- 24 March 2017 – to receive and approve statutory accounts from PEM for the financial year ended 31 July 2016. To meet and brief the judges appointed to the 2017 judging panel. To give final approval to the arrangements for the award of the 2017 Prize.
- 24 April 2017 – to review outcome of feasibility study into potential sponsorship opportunities and other third party collaborations.
- 4 July 2017 – initial review of performance of the 2017 10th Anniversary Prize and to make appropriate arrangements for the Trust's financial year end on 31 July 2017.

Resolutions

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

9 November 2016: Resolution to re-appoint Clarity TV as Investment Managers.

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 LLP, the firm of legal advisers appointed by the Trust to advise the charity.

Mrs Emma Manderson, wife of the Chairman of Trustees, is employed by the Trust on a part-time basis as its 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 or alternative funding as the charity's own funds are depleted.

DESMOND ELLIOTT CHARITABLE TRUST

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 JULY 2017

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 26 April 2018 and signed on their behalf by:


CHRISTINE BEELY

~~D. A. R. Manderson~~
Trustee

DESMOND ELLIOTT CHARITABLE TRUST

**INDEPENDENT EXAMINER'S REPORT
FOR THE YEAR ENDED 31 JULY 2017**

**INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF DESMOND ELLIOTT CHARITABLE TRUST
(the 'charity')**

I report to the charity Trustees on my examination of the accounts of the charity for the year ended 31 July 2017.

This report is made solely to the charity's Trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. 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.

RESPONSIBILITIES AND BASIS OF REPORT

As the Trustees of the charity you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 ('the 2011 Act').

I report in respect of my examination of the charity's accounts carried out under section 145 of the 2011 Act and in carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

INDEPENDENT EXAMINER'S STATEMENT

I have completed my examination. I can confirm that no matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

1. accounting records were not kept in respect of the charity as required by section 130 of the 2011 Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the applicable requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts give a 'true and fair' view which is not a matter considered as part of an independent examination.

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

Signed: *Justine Coplowe*

Dated: *2 May 2018*

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 2017**

	Note	Endowment funds 2017 £	Unrestricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
INCOME AND ENDOWMENTS FROM:					
Investments	3	-	8,921	8,921	14,047
Other income: Royalties		-	-	-	25
TOTAL INCOME AND ENDOWMENTS		-	8,921	8,921	14,072
EXPENDITURE ON:					
Raising funds: Investment manager's fees		-	1,493	1,493	3,050
Charitable activities	4	-	122,092	122,092	99,955
TOTAL EXPENDITURE		-	123,585	123,585	103,005
NET EXPENDITURE BEFORE INVESTMENT GAINS					
Net gains on investments	8	20,239	(114,664)	(114,664)	(88,933)
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS		20,239	(114,664)	(94,425)	(79,515)
Transfers between Funds	11	(114,664)	114,664	-	-
NET EXPENDITURE BEFORE OTHER RECOGNISED GAINS AND LOSSES		(94,425)	-	(94,425)	(79,515)
NET MOVEMENT IN FUNDS		(94,425)	-	(94,425)	(79,515)
RECONCILIATION OF FUNDS:					
Total funds brought forward		406,156	-	406,156	485,671
TOTAL FUNDS CARRIED FORWARD		311,731	-	311,731	406,156

The notes on pages 13 to 21 form part of these financial statements.

DESMOND ELLIOTT CHARITABLE TRUST

**BALANCE SHEET
AS AT 31 JULY 2017**

	Note	£	2017 £	£	2016 £
FIXED ASSETS					
Investments	8		259,774		391,384
CURRENT ASSETS					
Debtors	9	2,983		1,922	
Cash at bank and in hand		52,574		17,181	
		<u>55,557</u>		<u>19,103</u>	
CREDITORS: amounts falling due within one year	10	<u>(3,600)</u>		<u>(4,331)</u>	
NET CURRENT ASSETS			<u>51,957</u>		14,772
NET ASSETS			<u><u>311,731</u></u>		<u><u>406,156</u></u>
CHARITY FUNDS					
Endowment funds	11		<u>311,731</u>		<u>406,156</u>
TOTAL FUNDS			<u><u>311,731</u></u>		<u><u>406,156</u></u>

The financial statements were approved by the Trustees on 26 April 2018 and signed on their behalf, by:


Dallas Anthony Robert Manderson
 Mr Dallas Anthony Robert Manderson
 Trustee

The notes on pages 13 to 21 form part of these financial statements.

DESMOND ELLIOTT CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair' view. This departure has involved following the Charities SORP (FRS 102) published on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

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.

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

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.

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.

Income from investments is recognised when dividends or interest are declared and confirmed as receivable by the portfolio manager

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.

DESMOND ELLIOTT CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

1. ACCOUNTING POLICIES (continued)

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 expenditure is 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.

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.

DESMOND ELLIOTT CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2017

1. ACCOUNTING POLICIES (continued)

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 2017 £	Total 2016 £
Income from investments	3,606	6,485
Interest	5,315	7,562
	<u>8,921</u>	<u>14,047</u>
<i>Total 2016</i>	<u>14,047</u>	

4. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Activities undertaken directly 2017 £	Support costs 2017 £	Total 2017 £	Total 2016 £
Direct costs	<u>113,449</u>	<u>10,953</u>	<u>124,402</u>	<u>99,955</u>
<i>Total 2016</i>	<u>92,254</u>	<u>7,701</u>	<u>99,955</u>	

DESMOND ELLIOTT CHARITABLE TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2017**

5. DIRECT COSTS

	Activities	Total	Total
	£	2017	2016
		£	£
Consultancy and associated fees	50,060	50,060	43,078
Telephone and internet	294	294	259
Marketing	17,619	17,619	6,036
Accountancy and payroll	3,065	3,065	3,012
Bank charges	198	198	143
Website design	-	-	564
Reimbursement of trustee expenses	-	-	62
Prizes	10,000	10,000	10,000
Awards ceremony expenditure	7,872	7,872	8,937
Prize judging fees	1,500	1,500	1,500
Chambery Literary Festival	895	895	692
Staff costs	373	373	-
Exp type 13	681	681	-
Wages and salaries	20,892	20,892	17,971
	<u>113,449</u>	<u>113,449</u>	<u>92,254</u>
<i>At 31 July 2016</i>	<u>92,254</u>	<u>92,254</u>	

6. SUPPORT COSTS

	Governance	Total
	£	2016
		£
Legal fees	2,310	2,310
Audit fees	-	220
Independent Examiners fees	2,646	2,000
Wages and salaries	3,687	3,171
	<u>8,643</u>	<u>7,701</u>
<i>At 31 July 2016</i>	<u>7,701</u>	

DESMOND ELLIOTT CHARITABLE TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2017**

7. STAFF COSTS

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	<u>24,579</u>	<u>21,142</u>

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

	2017 No.	2016 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 there was no reimbursement of expenses to any trustees (2016 - £62 reimbursed to one trustee).

8. FIXED ASSET INVESTMENTS

	Listed Equity securities £	Fixed Interest securities £	Cash held at investment manager £	Total Securities £
MARKET VALUE				
At 1 August 2016	208,433	178,847	4,104	391,384
Additions	23,248	13,039	-	36,287
Disposals (proceeds £190,098, gain £3,264)	(122,789)	(64,045)	-	(186,834)
Revaluations	14,786	2,189	-	16,975
Movement in investment cash	-	-	1,962	1,962
At 31 July 2017	<u>123,678</u>	<u>130,030</u>	<u>6,066</u>	<u>259,774</u>

DESMOND ELLIOTT CHARITABLE TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2017**

8. FIXED ASSET INVESTMENTS (continued)

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

	2017	2016
	£	£
Other debtors	<u>2,983</u>	<u>1,922</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Accruals	<u>3,600</u>	<u>4,331</u>

DESMOND ELLIOTT CHARITABLE TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2017**

11. STATEMENT OF FUNDS

STATEMENT OF FUNDS - CURRENT YEAR

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 July 2017 £
UNRESTRICTED FUNDS						
General Funds	-	8,921	(123,585)	114,664	-	-
ENDOWMENT FUNDS						
Endowment Funds	406,156	-	-	(114,664)	20,239	311,731
Total of funds	<u>406,156</u>	<u>8,921</u>	<u>(123,585)</u>	<u>-</u>	<u>20,239</u>	<u>311,731</u>

STATEMENT OF FUNDS - PRIOR YEAR

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 July 2016 £
UNRESTRICTED FUNDS						
General Funds	-	14,072	(103,005)	88,933	-	-
	<u>-</u>	<u>14,072</u>	<u>(103,005)</u>	<u>88,933</u>	<u>-</u>	<u>-</u>
ENDOWMENT FUNDS						
Endowment Funds	485,671	-	-	(88,933)	9,418	406,156
	<u>485,671</u>	<u>-</u>	<u>-</u>	<u>(88,933)</u>	<u>9,418</u>	<u>406,156</u>
Total of funds	<u>485,671</u>	<u>14,072</u>	<u>(103,005)</u>	<u>-</u>	<u>9,418</u>	<u>406,156</u>

DESMOND ELLIOTT CHARITABLE TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2017**

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 2017 a total of £563,745 (2016 - £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
Year to 31 July 2017	123,585	8,921	114,664
	<hr/>	<hr/>	<hr/>
Total	831,352	267,607	563,745
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

12. ANALYSIS OF NET ASSETS BETWEEN FUNDS

ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT YEAR

	Endowment funds 2017	Unrestricted funds 2017	Total funds 2017
	£	£	£
Fixed asset investments	259,774	-	259,774
Current assets	51,957	3,600	55,557
Creditors due within one year	-	(3,600)	(3,600)
	<hr/>	<hr/>	<hr/>
	311,731	-	311,731
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

DESMOND ELLIOTT CHARITABLE TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2017**

12. ANALYSIS OF NET ASSETS BETWEEN FUNDS (continued)

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Endowment funds 2016 £	Unrestricted funds 2016 £	Total funds 2016 £
Fixed asset investments	387,280	-	387,280
Current assets	18,876	4,331	23,207
Creditors due within one year	-	(4,331)	(4,331)
	<u>406,156</u>	<u>-</u>	<u>406,156</u>

13. RELATED PARTY TRANSACTIONS

During the year payments amounting to £4,620 (2016 - £4,620) 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 £1,493 (2016 - £3,050) 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.