
DESMOND ELLIOTT CHARITABLE TRUST

UNAUDITED

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2018

DESMOND ELLIOTT CHARITABLE TRUST

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DESMOND ELLIOTT CHARITABLE TRUST

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 JULY 2018**

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

**Charity registered
number** 1115496

Principal office Merlin Place
Milton Road
CB4 0DP

Literary Director Mrs Emma Manderson

Independent Examiner Peters Elworthy & Moore
Chartered Accountants
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
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DESMOND ELLIOTT CHARITABLE TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31 JULY 2018

CHAIRMAN'S INTRODUCTION

After the success of our 10th Anniversary year in 2017, we expected 2018 to be a challenging year in terms of matching those achievements.

As it turned out, the Desmond Elliott Prize in 2018 exceeded all expectations. The winning novel, *We That Are Young* was a triumph for the stunning emerging talent of author Preti Taneja. It is an extraordinary work of complexity and ambition. It also represented a second win for the tiny independent publisher, Galley Beggar Press, whose backing of the book in the UK was then endorsed by its publication in the USA by Knopf (part of the international Penguin Random House group).

In terms of capturing the essence of what the Desmond Elliott Prize is all about, *We That Are Young* was a near perfect example of the way in which outstanding new writing can be spotted and promoted by the Prize when it might otherwise slip unrecognised beneath the radar of public consciousness.

At the time of writing this report, Preti Taneja is on a promotion tour for the book in Australia and it has just been announced that the novel is to be dramatized for television. We could not be more proud of the accolades that both author and book are collecting.

As Trustees, we are also thrilled that the Desmond Elliott Prize equally recognises new talent which immediately bounds onto the best-seller lists and then remains there – for over 12 months! The run-away commercial success of Eleanor Oliphant is Completely Fine by Gail Honeyman, which was shortlisted by our judges, has been hugely well-deserved as are the awards it has garnered elsewhere.

Ultimately, the Desmond Elliott Prize exists to support first-time authors to continue writing and developing their careers. It does this by creating an awareness and interest in the new authors' work and builds a readership for the author to help them establish a writing career.

Over the eleven years of the Prize, the growing body of work by our alumni group of longlisted, shortlisted and winning authors is a testament to the value of literary prizes such as the Desmond Elliott Prize in spotting the literary stars of the future. It represents a wide range of genres, experimental writing styles and fresh and vibrant new voices.

It can be invidious to cherry-pick names from such an illustrious list but authors such as Tom Rob Smith, Rachel Joyce, Claire Fuller, Emma Healey, Jesse Burton, Kit de Waal and Sally Rooney are among those for whom the Prize has played a part in recognising their talent and helping to create the platform from which they have progressed their literary careers.

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.

DESMOND ELLIOTT CHARITABLE TRUST

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 JULY 2018

ACHIEVEMENTS AND PERFORMANCE

The Desmond Elliott Prize 2018 – Continuing the grand tradition as “the most prestigious prize for debut fiction in the UK”, Daily Telegraph

The Judging Panel

The panel of judges appointed by the Trustees for the 2018 Desmond Elliott Prize was chaired by Sarah Perry, best-selling author of *The Essex Serpent and Melmoth*, Sarah was joined by journalist and broadcaster, Samira Ahmed and by bookseller Chris White, publisher liaison for Waterstones.

Each year the judging panel is given the same briefing: the Prize must recognise writers who have outstanding emerging talent with the potential to establish and sustain a successful novel-writing career. The winning novel must be a page-turner, with a compelling narrative and memorable characters who live on after the final chapter.

The long-list

The 10 novels selected for the longlist are announced in March each year. The full list of the longlisted novels for 2018 is available on the Desmond Elliott Prize website: www.desmondelliottprize.org

As in previous years, the success of the longlisted authors was celebrated at a reception at Foyles' Bookshop in April. The Desmond Elliott Prize is unique in the way it recognises the writers selected for the longlist and for the fact that, whatever heights each individual may have already scaled in other careers, they all share the public spotlight for the first time as debut novelists when they are selected for the Desmond Elliott Prize longlist. They also all share the challenges presented by producing second and subsequent novels to follow-on from the success of their debut.

The short-list

The three shortlisted novels for the 2018 Desmond Elliott Prize, announced in May, were:

How to be Human by Paula Coccozza
Eleanor Oliphant is Completely Fine by Gail Honeyman
We That Are Young by Preti Taneja

Describing the shortlist, Sarah Perry said:

"Each of these three novels is distinguished by a striking and vivid narrative voice, a gift for storytelling, and a wise and humane gaze. It is thrilling to bring to readers' attention such deserving debuts."

"Taken together, what is perhaps most striking about these three books is their willingness to face, without flinching, and with tremendous grace and wit, the kinds of loneliness and isolation which thrive in the modern world. Importantly, these novels are each in their way bravely and urgently about the way we live now, and they demonstrate the vital part that art and literature can play in being both a consolation and a provocation."

All three novels had received substantial critical acclaim. Notwithstanding the identical briefing to the judges, as in previous years the shortlist represented a wide range of writing styles and genres. It should also be noted that the Desmond Elliott Prize is judged on a level playing-field for male and female writers. In a year when there was considerable media debate about the support available to aspiring women novelists, each of the three exceptionally strong contenders for the 2018 Prize were women.

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TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 JULY 2018

The "Awe inspiring" 2018 winner of the Desmond Elliott Prize – We That Are Young by Preti Taneja

In her speech at the reception in June 2018 to announce the winner of the Desmond Elliott Prize, Sarah Perry said:

"[The judges] were absolutely unanimous in our love and admiration for this novel, whose scope, ambition, skill and wisdom was, quite simply, awe inspiring. I recall how all three of us sat together, shaking our heads, saying: "If this is her first novel, what extraordinary work will come next?"

Preti Taneja's novel has received further critical acclaim from reviewers including:

"Revelatory. One of the most spirited and original novels of the year" – *Sunday Times*.

"Dazzlingly original [...] a masterpiece" – *the Spectator*

"Fearlessly carves a territory of its own" – *Publishers' Weekly*

Since winning the Desmond Elliott Prize in June 2018, the novel has been published in the USA and Canada by AA Knopf, in India by Penguin Random House, and in translation, including France, Germany and Denmark.

With such laudatory acclaim, the Trustees are immensely proud that the winner of the 2018 Prize looks set to continue the grand tradition of its predecessors and maintain the reputation of the Desmond Elliott Prize as "the most prestigious prize for debut fiction in the UK" as hailed by the *Daily Telegraph*.

The Desmond Elliott Prize at the 2018 Festival du Premier Roman, Chambéry – Innovation in Literature

For a fifth year, the Prize continued its valued association in 2018 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 novels from the Desmond Elliott Prize to be read in the English language by adult and student reading groups attending the Festival.

In May 2018, the selected Desmond Elliott Prize laureates, Emma Flint and David Savill (from our 2017 longlist) were in Chambéry to talk about their work.

David Savill is the author of *They are Trying to Break Your Heart*, a novel set in the darkest days of the Bosnian war. In a piece David has written for the Desmond Elliott Prize website, David describes how at Chambéry he sat down in one session with 60 young people from places as far apart as Iceland and Turkey to discuss Europe's migration issues and to explain the history of the Balkans as explored in his novel.

Author Emma Flint conducted a workshop via Skype from Chambéry to discuss her novel *Little Deaths*, with a reading club of students at school in Nepal. It was a wonderful session with a group of girls aged 12-14, in their Nepalese school uniform on the other side of the world discussing in English a novel about love, morality and obsession set in 1960's New York.

These are just two examples of how the Desmond Elliott Prize continues to work with our alumni authors to promote their work, encourage reading of new writing and taking that writing out to an international audience.

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

DESMOND ELLIOTT CHARITABLE TRUST

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 JULY 2018

promoting new writing talent in the UK. As a consequence, we have considerably expanded the interest in, and readership for, debut novelists.

Many of the Desmond Elliott Prize alumni are now regular guests at literary festivals throughout the UK and participate in literary debate in the press or broadcast media. 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 events.

The Trustees ensure that the website for the Desmond Elliott Prize is maintained up-to-date with the activities of authors and as a resource for other aspiring writers. Of particular value is the question-and-answer sessions conducted with a panel of literary agents; as well as the contributions from various alumni authors about their own route to publication as a debut novelist.

In our annual report for 2017, the Trustees acknowledged the recent willingness of mainstream commercial publishers to back new writers and to nurture their careers in the way that Desmond Elliott did in his lifetime. This move was welcomed by us – although it was then perhaps somewhat ironic that our 2018 winner was initially published only through the enthusiasm and support of one of the UK's smallest independent publishing houses.

At the time of writing this annual report, it has been announced by the Independent Booksellers' Association that there has, at last, been an upturn in the number of independent booksellers in the UK – with innovative and more bespoke approaches to the selling of books and the encouragement of reading. At a time when books must compete with boxed-sets for public attention, this is another trend to be warmly welcomed.

Impact of the Desmond Elliott Prize

The fact that the Desmond Elliott Prize now has an 11-year history further enables the Trustees to reflect on the impact the Prize has had in the world of literary fiction. We have worked hard, with the support of our professional advisory team, to liaise closely with the whole spectrum of publishing and bookselling to create and maintain an interest in supporting early-career novelists.

Commercial fiction sells through mass-market outlets supported by advertising campaigns and in-store promotions paid for by the publishers. In contrast, literary fiction is reliant on awards and media coverage to validate and promote the authors and their works. The year-round activity of the Desmond Elliott Prize helps to ensure that authors build a constituency with the book trade and with the readership. Our reputation for spotting the best emerging new talent and our ability to provide support with point-of-sale material and bespoke branding assists the authors in obtaining shelf-space for their books in the major bookstores that their publishers may not have achieved for them. In recent years we have worked with Waterstones, WHSmith, Gardeners, Bertrams, Foyles, Blackwells and the independent Booksellers' Association – a clean sweep.

In addition, through our collaboration with LoveReading (the UK's foremost book website) we provide content and offer promotions which bring new writing talent to the attention of their 150,000 subscribers.

We also continued our partnering arrangement with University College London (UCL) again this year, working with the Publishing MA students who reviewed our longlisted titles for their student website. Students are able to attend our events and gain first-hand experience of how such activities to promote books and authors are set up and managed, as well as having the personal opportunity to make connections with big names in the industry. It is key to our ethos and to the legacy of Desmond Elliott that we are able to play a role in supporting the next generation of publishers.

Our PR and media campaigns, in the traditional media and via digital/social media, have substantially extended the reach of the Desmond Elliott Prize and the recognised authors year on year. Our #DiscoverADebut messaging on Twitter, launched to celebrate our 10th Anniversary in 2017, has acquired 1 million followers.

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TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 JULY 2018

Mainstream press coverage of authors on the longlist and shortlist, as well as coverage of the judges and of the winning author herself, ranged from the BBC through to the Mail on Sunday, Guardian and in Marie Claire magazine. There was also extensive coverage in the book trade press.

On the Desmond Elliott Prize website, we once again facilitated a #AskAgent chat which involved the literary agents of all three 2018 shortlisted authors. The chat achieved over 31,000 impressions for the #DiscoverADebut messaging.

LOOKING AHEAD TO THE DESMOND ELLIOTT PRIZE 2019

We are delighted that the chief executive of The Booksellers' Association, Meryl Halls, will be a member of our judging panel for 2019. She joins Booker prize-winning author, Alan Hollinghurst (who will chair the judges), and Robbie Millen, literary editor of The Times.

The Trustees are extremely grateful each year to the panel of judges who have the challenge of scrutinising and assessing the annual batch of first novels. Despite the fact that our new judges will be given exactly the same brief as each of their predecessors, we have no doubt that their final selection of the winner for 2019 will represent another fresh, original voice from an exciting new talent.

We have had a record number of submissions for the 2019 Prize. These are currently being reviewed by our Literary Director, Emma Manderson prior to being presented to our judges. In keeping with past years, the longlist is announced in March, the shortlist in May and the 2019 Desmond Elliott Prize will be awarded in London on 19 June at our annual ceremony at Fortnum & Mason. This is always an eagerly-awaited event.

It just leaves me to thank, as I do each year, those who support the Trustees and work with us to achieve our charitable objectives and maintain the cachet of the Desmond Elliott Prize as part of the UK's literary ecology.

Grateful thanks go first to our Literary Director, Emma Manderson, whose unique eye for spotting new writing talent, year after year, is unrivalled.

Further grateful thanks go to Preena Gadher and her excellent team at Riot Communications, who mastermind all the media and PR for the Desmond Elliott Prize.

And certainly not least, we remain enormously grateful to Anthony Keates of Think BigBooks who manages our publisher and book trade liaison with huge knowledge and insight.

As a small charitable Trust with limited resources we are extremely fortunate to have the continuing support of our team to steer us through whatever 2019 might bring.

Finally, I should acknowledge that 2018 marked the 15th anniversary of the death in 2003 of Desmond Elliott, whose generosity in creating the Prize has enabled so many first-time authors to benefit from the work of the charity.

While memories fade, Desmond Elliott's legacy lives on through the annual Prize and through those he supported himself in his lifetime. It was notable that within a brief few weeks in the spring of 2018, Desmond Elliott's name appeared first in the obituaries for Penny Vincenzi – an author Desmond supported and mentored at the time she switched careers from journalism to fiction writing. His support was the platform from which she launched herself as a best-selling novelist.

Secondly, in the autobiography and television documentary to mark the 70th birthday of Andrew Lloyd Webber, Desmond was duly credited as the person who introduced Lloyd Webber to Tim Rice – and thereby changed the face of musical theatre for ever.

Both acknowledgements were well-deserved reminders of how Desmond had contributed to the careers of

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TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 JULY 2018

others, but my co-Trustees and I are confident that nothing would give Desmond greater pleasure than to see the successful careers of those writers who have been supported since his death by the Desmond Elliott Prize.

DALLAS MANDERSON
Chairman, Trustees

PRINCIPAL FUNDING

The principal source of funds for the Charity was the proceeds of the residuary estate of the late Desmond Christopher Elliott. These were originally 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. As permitted by charity law, the Trustees periodically resolve to de-restrict and expend funds from the permanent endowment (subject to Charity Commission approval) in order to cover the annual costs and activities involved in operating and awarding the Desmond Elliott Prize in line with the Charity's charitable objectives.

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.

FINANCIAL REVIEW

The results for the year ended 31 July 2018 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 £119,100 (2017 - £114,664) before investment gains and losses. After investment gains of £3,736 (2017 - £20,239) the overall deficit is £115,364 (2017 - £94,425).

As noted below a special resolution has been passed and approved by the Charity Commission whereby a further proportion of the endowment can be expended. The Trustees resolved to transfer the sum of £119,100 from the endowment fund to general, unrestricted funds, thereby clearing the deficit on general unrestricted funds.

After the agreed transfer to general funds and the gain on revaluation of investments assets, the remaining balance on the Endowment Fund was £196,367 as at 31 July 2018.

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 continues to be 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. During the course of the financial year to 31 July 2018, it has become more apparent that the Charity is unlikely to secure commercial sponsorship for the Desmond Elliott Prize once the Charity's own funds are exhausted.

At the time of preparing this report, other opportunities for continuing the Prize are under active discussion. The

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TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 JULY 2018

Trustees are satisfied that the Charity's remaining funds, after meeting all costs of the 2018 Prize, are sufficient to cover the costs of operating and awarding the Prize for 2019 and 2020, in the absence of any other funding or alternative arrangements becoming available

GOING CONCERN / RESERVES POLICY

The Trustees are satisfied that, subject to the notes above, the Charity has sufficient funds from its own resources to continue operate and award the Prize in 2019 and in 2020.

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:

- 4 July 2017 – To review the performance of the 2017 Desmond Elliott Prize over the past 12 months and the award of the Prize in June 2017 in the 10th anniversary year.
- 27 September 2017 – To conduct the annual investment management review with the charity's investment managers and to reappoint Clarity Taylor Vinters for the new financial year to continue as investment managers. To consider the future options for the Desmond Elliott Prize in light of proposed expenditure of the fund bequeathed by Desmond Elliott.
- 4 October 2017 – To review and approve the budget for the 2018 Desmond Elliott Prize. To consider further the opportunities for future commercial sponsorship of the Desmond Elliott Prize and the structure of the charity in the event of finding a commercial sponsor.
- 21 March 2018 – To review preparations for the 2018 Desmond Elliott Prize and to meet and brief the judging panel appointed for the 2018 Prize.
- 26 April 2018 – To review and approve annual Trustees' report and Financial Statements for the year ended 31 July 2017. To review the charity's obligations as regards compliance with the GDPR requirements for the charity's privacy policy and data handling processes.
- 26 June 2018 – To review the award of the 2018 Desmond Elliott Prize and the options available for the continuation of the Prize in 2019 and 2020.

Resolutions

- 27 September 2017 - Resolution to re-appoint Clarity TV as the charity's investment managers.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 JULY 2018

Resolution to sell investments once de-restricted and confirmation of concurrence received from Charity Commission (received 29 November 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 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.

TRUSTEES' RESPONSIBILITIES STATEMENT

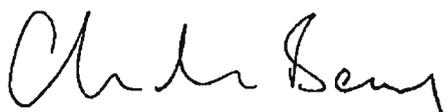
The Trustees are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 10 April 2019 and signed on their behalf by:



~~D. A. R. Manderson~~ Christine Berry
Trustee

DESMOND ELLIOTT CHARITABLE TRUST

INDEPENDENT EXAMINER'S REPORT FOR THE YEAR ENDED 31 JULY 2018

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 2018.

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

Your attention is drawn to the fact that the charity has prepared the accounts in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard 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.

I understand that this has been done in order for the accounts to provide a true and fair view in accordance with the Generally Accepted Accounting Practice effective for reporting periods beginning on or after 1 January 2015.

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.

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**INDEPENDENT EXAMINER'S REPORT (continued)
FOR THE YEAR ENDED 31 JULY 2018**

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: *Jocelyn Coplowe*

Dated: 15 April 2019

Mrs J Coplowe FCA

PETERS ELWORTHY & MOORE

Salisbury House
Station Road
Cambridge
CB1 2LA

DESMOND ELLIOTT CHARITABLE TRUST

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 JULY 2018**

	Note	Endowment funds 2018 £	Unrestricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
INCOME AND ENDOWMENTS FROM:					
Investments	3	-	5,257	5,257	8,921
TOTAL INCOME AND ENDOWMENTS		<u>-</u>	<u>5,257</u>	<u>5,257</u>	<u>8,921</u>
EXPENDITURE ON:					
Raising funds: Investment manager's fees		-	1,370	1,370	1,493
Charitable activities	4	-	122,987	122,987	122,092
TOTAL EXPENDITURE		<u>-</u>	<u>124,357</u>	<u>124,357</u>	<u>123,585</u>
NET EXPENDITURE BEFORE INVESTMENT GAINS					
Net gains on investments	8	3,736	(119,100)	(119,100)	(114,664)
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS		<u>3,736</u>	<u>(119,100)</u>	<u>(115,364)</u>	<u>(94,425)</u>
Transfers between Funds	11	(119,100)	119,100	-	-
NET EXPENDITURE BEFORE OTHER RECOGNISED GAINS AND LOSSES		<u>(115,364)</u>	<u>-</u>	<u>(115,364)</u>	<u>(94,425)</u>
NET MOVEMENT IN FUNDS		<u>(115,364)</u>	<u>-</u>	<u>(115,364)</u>	<u>(94,425)</u>
RECONCILIATION OF FUNDS:					
Total funds brought forward		311,731	-	311,731	406,156
TOTAL FUNDS CARRIED FORWARD		<u><u>196,367</u></u>	<u><u>-</u></u>	<u><u>196,367</u></u>	<u><u>311,731</u></u>

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

DESMOND ELLIOTT CHARITABLE TRUST

**BALANCE SHEET
AS AT 31 JULY 2018**

	Note	£	2018 £	£	2017 £
FIXED ASSETS					
Investments	8		156,313		259,774
CURRENT ASSETS					
Debtors	9	3,075		2,983	
Cash at bank and in hand		40,229		52,574	
		<u>43,304</u>		<u>55,557</u>	
CREDITORS: amounts falling due within one year	10	<u>(3,250)</u>		<u>(3,600)</u>	
NET CURRENT ASSETS			<u>40,054</u>		<u>51,957</u>
NET ASSETS			<u>196,367</u>		<u>311,731</u>
CHARITY FUNDS					
Endowment funds	11		<u>196,367</u>		<u>311,731</u>
TOTAL FUNDS			<u>196,367</u>		<u>311,731</u>

The financial statements were approved by the Trustees on 10 April 2019 and signed on their behalf, by:



Mr Dallas Anthony Robert Manderson
Trustee

Christine Boeey

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018

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 are satisfied that, subject to the notes above, the Charity has sufficient funds from its own resources to continue operate and award the Prize in 2019 and in 2020 and thus remains a going concern. 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.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

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.

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.

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

DESMOND ELLIOTT CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018

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

Support costs are those costs incurred directly in support of expenditure on the objects of the charity. Governance costs are those incurred in connection with administration of the charity and compliance with constitutional and statutory requirements.

Costs of raising funds are fees payable to the investment manager, which are accounted for in the period to which the fees relate.

Charitable activities and Governance costs are costs incurred on the charity's activities, including support costs and costs relating to the governance of the charity apportioned to charitable activities.

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.

DESMOND ELLIOTT CHARITABLE TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018**

1. ACCOUNTING POLICIES (continued)

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 2018 £	Total 2017 £
Income from investments	2,359	3,606
Interest	2,898	5,315
	5,257	8,921
	<hr/> <hr/>	<hr/> <hr/>
Total 2017	8,921	

DESMOND ELLIOTT CHARITABLE TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018**

4. ANALYSIS OF CHARITABLE EXPENDITURE BY ACTIVITIES

	Activities undertaken directly 2018 £	Support costs 2018 £	Total 2018 £	Total 2017 £
Promotion of the art of literature	114,722	8,265	122,987	122,092
	<u>114,722</u>	<u>8,265</u>	<u>122,987</u>	<u>122,092</u>
Total 2017	<u>113,449</u>	<u>8,643</u>	<u>122,092</u>	

5. DIRECT COSTS

	Total 2018 £	Total 2017 £
PR and media consultancy and associated fees	55,970	50,060
Telephone and internet	253	294
Publishers, book trade marketing and liason support	12,202	17,619
Accountancy and payroll	3,084	3,065
Bank charges	268	198
Prizes	10,000	10,000
Awards ceremony expenditure	9,840	7,872
Prize judging fees	1,500	1,500
Chambery Literary Festival	991	895
Staff costs	-	373
Office costs	471	681
Wages and salaries	20,143	20,892
	<u>114,722</u>	<u>113,449</u>
Total 2017	<u>113,449</u>	

DESMOND ELLIOTT CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018

6. SUPPORT COSTS

	Governance	Total
	£	2017
		£
Legal fees	2,310	2,310
Independent Examiner's fees	2,400	2,646
Wages and salaries	3,555	3,687
	<u>8,265</u>	<u>8,643</u>
Total 2017	<u>8,643</u>	

7. STAFF COSTS

Staff costs were as follows:

	2018	2017
	£	£
Wages and salaries	<u>23,698</u>	<u>24,579</u>

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

	2018	2017
	No.	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 (2017 - £NIL).

DESMOND ELLIOTT CHARITABLE TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018**

8. FIXED ASSET INVESTMENTS

	Listed Equity securities £	Fixed Interest securities £	Cash held at investment manager £	Total Securities £
MARKET VALUE				
At 1 August 2017	123,678	130,030	6,066	259,774
Additions	-	305	-	305
Disposals (proceeds £104,450, gain £408)	(45,515)	(58,527)	-	(104,042)
Revaluations	4,616	(1,288)	-	3,328
Movement in investment cash	-	-	(3,052)	(3,052)
	<u>82,779</u>	<u>70,520</u>	<u>3,014</u>	<u>156,313</u>
At 31 July 2018	<u>82,779</u>	<u>70,520</u>	<u>3,014</u>	<u>156,313</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

	2018 £	2017 £
Other debtors	<u>3,075</u>	<u>2,983</u>

DESMOND ELLIOTT CHARITABLE TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018**

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Accruals	3,250	3,600

11. STATEMENT OF FUNDS

STATEMENT OF FUNDS - CURRENT YEAR

	Brought Forward	Income	Expenditure	Transfers in/out	Gains/ (Losses)	Balance at 31 July 2018
	£	£	£	£	£	£
UNRESTRICTED FUNDS						
General Funds	-	5,257	(124,357)	119,100	-	-
ENDOWMENT FUNDS						
Endowment Funds	311,731	-	-	(119,100)	3,736	196,367
Total of funds	311,731	5,257	(124,357)	-	3,736	196,367

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 August 2017	Income	Expenditure	Transfers in/out	Gains/ (Losses)	Balance at 31 July 2018
	£	£	£	£	£	£
General Funds	-	8,921	(123,585)	114,664	-	-
Endowment Funds	406,156	-	-	(114,664)	20,239	311,731
Total of funds	406,156	8,921	(123,585)	-	20,239	311,731

DESMOND ELLIOTT CHARITABLE TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018**

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.

On 4 October 2017, a further resolution was passed for a further sum of £123,500 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 2018 a total of £682,845 (2017 - £563,745) 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
Year to 31 July 2018	124,357	5,257	119,100
Total	955,709	272,864	682,845

12. ANALYSIS OF NET ASSETS BETWEEN FUNDS

ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT YEAR

	Endowment funds 2018 £	Unrestricted funds 2018 £	Total funds 2018 £
Fixed asset investments	156,313	-	156,313
Current assets	40,054	3,250	43,304
Creditors due within one year	-	(3,250)	(3,250)
	196,367	-	196,367

DESMOND ELLIOTT CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018

12. ANALYSIS OF NET ASSETS BETWEEN FUNDS (continued)

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR 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)
	<u>311,731</u>	<u>-</u>	<u>311,731</u>

13. RELATED PARTY TRANSACTIONS

During the year payments amounting to £4,620 (2017 - £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 £1,370 (2017 - £1,493) gross of fee rebates that were re-invested.

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