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**DESMOND ELLIOTT CHARITABLE TRUST**

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**UNAUDITED**

**TRUSTEES' REPORT AND FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 31 OCTOBER 2019**

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**DESMOND ELLIOTT CHARITABLE TRUST**

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**DESMOND ELLIOTT CHARITABLE TRUST**

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS  
FOR THE PERIOD ENDED 31 OCTOBER 2019**

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**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  
CB4 0DP

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## DESMOND ELLIOTT CHARITABLE TRUST

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### TRUSTEES' REPORT FOR THE PERIOD ENDED 31 OCTOBER 2019

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#### CHAIRMAN'S INTRODUCTION

For the reasons set out more fully below, this will be the final report of the Trustees and the Desmond Elliott Charitable Trust will be wound up with effect from 31 October 2019.

That statement is made with both a huge measure of pride – because the Trustees are handing over the prestigious Desmond Elliott Prize for debut fiction to continue as part of an exciting new venture under the auspices of the National Centre for Writing - and an element of sadness that, after 12 years, our own connection with the literary prize we have created and championed is coming to an end.

Our previous report, for the year to 31 July 2018, noted that the generous legacy to create the Prize, bequeathed by Desmond Elliott in his Will, would be fully spent out by 2020. The transfer of the Prize to the National Centre for Writing secures its continuity for the foreseeable future.

#### **National Centre for Writing Early Career Awards incorporating the Desmond Elliott Prize**

As from 1 September 2019, the Desmond Elliott Prize has become part of a national programme, supported by Arts Council England, the University of East Anglia and the Laura Kinsella Foundation and managed by the National Centre for Writing, to support authors through the vital first stages of establishing a writing career.

The Desmond Elliott Prize will continue to be awarded annually under the new management of the National Centre for Writing. It will be accompanied by a range of other awards, bursaries, residencies and activities all specifically designed to assist writers of literary fiction to find their voice and a readership for their work.

The Early Career Awards has the potential to be transformative in its ability to provide a platform for encouraging and promoting new writers. The prestige of the Desmond Elliott Prize – and the literary stars it has spotted and promoted over the past 12 years – demonstrates how important such support is to the literary culture and heritage of the UK and Ireland.

As founder Trustees of the Desmond Elliott Charitable Trust, set up to commemorate the work of Desmond Elliott as both a publisher and literary agent, we believe that he too would be immensely proud that his philanthropy is the platform on which the new Early Career Awards programme will be built.

We are thrilled to be handing over the Desmond Elliott Prize to the stewardship of the National Centre for Writing. Arrangements for the 2020 Prize have already been announced by the National centre for Writing: [www.nationalcentreforwriting.org.uk](http://www.nationalcentreforwriting.org.uk)

#### 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](http://www.desmondelliottprize.org.uk).

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## DESMOND ELLIOTT CHARITABLE TRUST

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### TRUSTEES' REPORT (continued) FOR THE PERIOD ENDED 31 OCTOBER 2019

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#### ACHIEVEMENTS AND PERFORMANCE

##### **The 2019 Desmond Elliott Prize - "the most prestigious prize for debut fiction in the UK" Daily Telegraph**

In light of the above news, the following is a short report in relation to the 2019 Desmond Elliott Prize.

In another year that was hallmarked by the high number of submissions and the quality of the entries, the winning novel for 2019 was *Golden Child* by Claire Adam.

It was only fitting that, in what turned out to be the final year of the Desmond Elliott Prize in its original form, we were so fortunate that Alan Hollinghurst, former Man Booker Prize-winner himself, agreed to chair our judging panel. He was joined on the judging panel by Robbie Millen, literary editor of the Times, and by Meryl Halls, managing director of the Booksellers' Association. Speaking at the awards ceremony in London on 19 June 2019, Alan Hollinghurst said:

"It is important to say that this prize, more than most, is about more than winning: it's about attending to, and tending for, the newcomers — and over its twelve years it has shone the warmth of its attention on a marvelous body of work, creating a kind of informal community of the strongest new talent, many of whom have already gone on to do even finer things. All the authors on this year's longlist are writers whose second novels I'm already curious about. It is very interesting to be in on the start of a career, and the Desmond Elliott Prize plays a vital part in encouraging such careers. But it's important to say too that nothing that happens or doesn't happen for these writers in the years ahead will lessen the achievement of these first novels. These are marvelous books in themselves, whatever further achievements they may give promise of."

All ten of the 2019 long-listed novels can be viewed on the archived Desmond Elliott Prize website ([www.desmondelliottprize.org.uk](http://www.desmondelliottprize.org.uk)). The three shortlisted novels, were *Devoured* by Anna Mackmin and *Hold* by Michael Donkor, alongside *Golden Child*. All three novels explored aspects of family life and the complexity of family relationships.

Addressing the short-listed novelists directly, author-to-author, before announcing the award of the Prize to Claire Adam, Alan Hollinghurst said:

"The judges' final decision was unanimous, though only reached after a long discussion in which all three of us acknowledged the strong claim on the Prize made by each of the three novels: we warmly commend them all and we congratulate their writers. Novel-writing is not a competitive sport, and none of you writing your novels had the remotest suspicion that a year or two down the line you would be thrust into this contest with two other writers you had never even heard of. Bookies take bets on you, as if you were running, but "shortlistedness" is a curiously passive condition, at once happy and anxious, in which you are required to wait while others argue the merits of something you've already done."

In 12 years, the Desmond Elliott Prize has gathered an alumni group of 120 debut novelists. It has avidly followed their progress as they established their careers. The Prize has also championed the importance of the independent publishers who have, from year-to-year- featured heavily as their authors have emerged onto the public stage through the long-lists and short-lists for the Prize. Like Desmond Elliott himself, the small and independent publishing houses are often the pioneers for spotting and supporting new writing talent.

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## DESMOND ELLIOTT CHARITABLE TRUST

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### TRUSTEES' REPORT (continued) FOR THE PERIOD ENDED 31 OCTOBER 2019

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#### 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. During the past financial year, the Trustees have continued to have regard to the Charity Commission's guidance on public benefit.

The charity has fulfilled its obligation to deliver public benefit in a number of ways. 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 over a period in which literary fiction, in particular, was in something of a nadir but is now again receiving wider cultural support – as demonstrated by the launch of the Early Career Awards by the National Centre for Writing.

Without the recognition given to new writing talent by awards such as the Desmond Elliott Prize many debut novelists would struggle to establish themselves in a writing career beyond the initial publication of their first work. The wider support given by the Prize, in addition to the financial award, has enabled new writers to experiment with form; find their voice and generate new readerships.

More generally, in 2019, we continued our relationship with the Festival du Premier Roman, in Chambéry in France, which encourages an international readership for debut novels. We also maintained our relationship with the publishing Masters' course at University College London to encourage the next generation of publishers to support and nurture new writing talent.

#### Impact of the Desmond Elliott Prize – from 2007 to 2019 ... and beyond

The impact of the Desmond Elliott Prize over its 12-year history to date is amply demonstrated by the new form it will adopt as it moves over to the National Centre for Writing. The award of substantial grant funding by Arts Council England, together with significant support from other participating partners in the National Centre for Writing Early Career Awards will create major new opportunities for writers at the start of their careers.

As the Trustees sign off on this final report, it is appropriate to acknowledge with grateful thanks, the support, encouragement and enthusiasm that so many have shown for the Desmond Elliott Prize. This includes the authors, the many judges, the publishers and book trade, the literary critics, bloggers and everyone who has raised the profile of the Prize in print, on the air and through social media. It has all been enormously appreciated.

Finally, the Trustees reserve their very special grateful thanks to Emma Manderson, Literary Director; to Riot Communications; and to Anthony Keates at ThinkBigBooks. They have all made huge contributions to the success of the Prize and made the Trustees' management of the annual award an unalloyed pleasure.

In handing over the Desmond Elliott Prize to the board of the National Centre for Writing, the Trustees know the Prize will be in safe hands and look forward to watching its impact grow in stature in future years.

#### 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.

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## DESMOND ELLIOTT CHARITABLE TRUST

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### TRUSTEES' REPORT (continued) FOR THE PERIOD ENDED 31 OCTOBER 2019

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#### INVESTMENT POLICY

The Trustees regularly reviewed the performance of their investment portfolio as a routine aspect of the financial management of the charity. Since the National Centre for Writing will manage the award going forwards the Trustees made the decision to liquidate the remaining investments during the period. Subsequent to this, an interim transfer of funds amounting to £100,000 were transferred to the National Centre for Writing (see direct costs - note 5). A final distribution will be made once all assets and liabilities have been settled (as set out in note 15).

#### FINANCIAL REVIEW

The results for the period ended 31 October 2019 are summarised on the Statement of Financial Activities on page 9 which sets out the income and expenditure for the year and shows an overall net deficit of £186,519 (2018 - £119,100) before investment gains and losses. After investment gains of £3,180 (2018 - £3,736) the overall deficit is £183,339 (2018 - £115,364).

As noted below a special resolution has been passed and approved by the Charity Commission whereby the remaining endowment funds can be derestricted. The Trustees resolved to transfer the sum of £199,547 from the endowment fund to general, unrestricted funds, thereby clearing the deficit on general unrestricted funds and presenting all remaining funds as at 31 October 2019 as unrestricted. A breakdown of these remaining funds can be seen in note 15.

#### STRUCTURE, GOVERNANCE AND MANAGEMENT

##### Organisational structure and decision making

The Trustees are the founding Trustees of the Charity. All served for the whole period as follows:

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

The Trustees continued to be up to date with the requirements of good governance by the Charity Commission. No further training requirements were identified during the period.

The Trustees have met periodically throughout the financial year from 1 August 2018 to manage and oversee the performance of the Desmond Elliott Prize and to manage the Charitable Trust which funded its activities.

##### Resolutions

At a meeting of the Trustees held on 24 July 2019, the Trustees approved the proposal to transfer the Desmond Elliott Prize and the assets of the charity to the National Centre for Writing and for the charitable trust to be wound up once the transfer had taken place. The Trustees approved Resolutions to give effect to this transfer.

On 30 July 2019 the Charity Commission confirmed its authority to the Trustees to de-restrict the balance of the Trust's funds and make a transfer of those funds to the National Centre for Writing.

The Trustees will give notice to the Charity Commission on or by 30 November 2019 that the charitable trust is wound up and should be removed from the register of charities.

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**DESMOND ELLIOTT CHARITABLE TRUST**

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**TRUSTEES' REPORT (continued)  
FOR THE PERIOD ENDED 31 OCTOBER 2019**

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**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, was employed by the Trust on a part-time basis as its Literary Director. Mrs Manderson's employment ended on 31 July 2019.

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 21 November 2019 and signed on their behalf by:



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

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## DESMOND ELLIOTT CHARITABLE TRUST

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### INDEPENDENT EXAMINER'S REPORT FOR THE PERIOD ENDED 31 OCTOBER 2019

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#### 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 period ended 31 October 2019.

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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**DESMOND ELLIOTT CHARITABLE TRUST**

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**INDEPENDENT EXAMINER'S REPORT (continued)  
FOR THE PERIOD ENDED 31 OCTOBER 2019**

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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: *Judith Coplowe*

Dated: 25 November 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 PERIOD ENDED 31 OCTOBER 2019**

|  | Note | Endowment<br>funds<br>2019<br>£ | Unrestricted<br>funds<br>2019<br>£ | Total<br>funds<br>2019<br>£ | Total<br>funds<br>2018<br>£ |
|--|------|---------------------------------|------------------------------------|-----------------------------|-----------------------------|
| <b>INCOME AND ENDOWMENTS FROM:</b>   |      |                                 |                                    |                             |                             |
| Investments  | 3    | -                               | 4,089                              | 4,089                       | 5,165                       |
| Other income   |      | -                               | 150                                | 150                         | 92                          |
| <b>TOTAL INCOME AND ENDOWMENTS</b>   |      | -                               | <b>4,239</b>                       | <b>4,239</b>                | <b>5,257</b>                |
| <b>EXPENDITURE ON:</b>   |      |                                 |                                    |                             |                             |
| Raising funds: Investment manager's fees                                   |      | -                               | 1,058                              | 1,058                       | 1,370                       |
| Charitable activities  | 4    | -                               | 189,700                            | 189,700                     | 122,987                     |
| <b>TOTAL EXPENDITURE</b>   |      | -                               | <b>190,758</b>                     | <b>190,758</b>              | <b>124,357</b>              |
| <b>NET EXPENDITURE BEFORE INVESTMENT GAINS</b>                             |      |                                 |                                    |                             |                             |
| Net gains on investments   | 9    | -                               | (186,519)                          | (186,519)                   | (119,100)                   |
|  |      | 3,180                           | -                                  | 3,180                       | 3,736                       |
| <b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>                         |      | <b>3,180</b>                    | <b>(186,519)</b>                   | <b>(183,339)</b>            | <b>(115,364)</b>            |
| Transfers between Funds  | 12   | (199,547)                       | 199,547                            | -                           | -                           |
| <b>NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES</b> |      | <b>(196,367)</b>                | <b>13,028</b>                      | <b>(183,339)</b>            | <b>(115,364)</b>            |
| <b>NET MOVEMENT IN FUNDS</b>   |      | <b>(196,367)</b>                | <b>13,028</b>                      | <b>(183,339)</b>            | <b>(115,364)</b>            |
| <b>RECONCILIATION OF FUNDS:</b>  |      |                                 |                                    |                             |                             |
| Total funds brought forward  |      | 196,367                         | -                                  | 196,367                     | 311,731                     |
| <b>TOTAL FUNDS CARRIED FORWARD</b>   |      | -                               | <b>13,028</b>                      | <b>13,028</b>               | <b>196,367</b>              |

The notes on pages 11 to 20 form part of these financial statements.

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DESMOND ELLIOTT CHARITABLE TRUST

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BALANCE SHEET  
AS AT 31 OCTOBER 2019

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|   | Note | £             | 31 October<br>2019<br>£ | £             | 31 July<br>2018<br>£ |
|---|------|---------------|-------------------------|---------------|----------------------|
| <b>FIXED ASSETS</b>                                       |      |               |                         |               |                      |
| Investments   | 9    |               | 147                     |               | 156,313              |
| <b>CURRENT ASSETS</b>                                     |      |               |                         |               |                      |
| Debtors   | 10   | 12,881        |                         | 3,075         |                      |
| Cash at bank and in hand                                  |      | -             |                         | 40,229        |                      |
|   |      | <u>12,881</u> |                         | <u>43,304</u> |                      |
| <b>CREDITORS: amounts falling due within<br/>one year</b> | 11   | -             |                         | (3,250)       |                      |
| <b>NET CURRENT ASSETS</b>                                 |      |               | <u>12,881</u>           |               | <u>40,054</u>        |
| <b>NET ASSETS</b>   |      |               | <u>13,028</u>           |               | <u>196,367</u>       |
| <b>CHARITY FUNDS</b>                                      |      |               |                         |               |                      |
| Endowment funds   | 12   | -             |                         |               | 196,367              |
| Unrestricted funds  | 12   | 13,028        |                         |               | -                    |
| <b>TOTAL FUNDS</b>  |      |               | <u>13,028</u>           |               | <u>196,367</u>       |

The financial statements were approved by the Trustees on 21 November 2019 and signed on their behalf, by:



**Mr Dallas Anthony Robert Manderson**  
Trustee

The notes on pages 11 to 20 form part of these financial statements.

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## DESMOND ELLIOTT CHARITABLE TRUST

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2019

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#### 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. These accounts have not been prepared on the going concern basis as the Trustees have made the decision to wind up the charity. 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 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.

##### 1.3 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.

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## DESMOND ELLIOTT CHARITABLE TRUST

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2019

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#### 1. ACCOUNTING POLICIES (continued)

##### 1.4 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.

Grants payable are charged in the year when the offer is made except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

All expenditure is inclusive of irrecoverable VAT.

##### 1.5 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.

##### 1.6 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.

##### 1.7 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.

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**DESMOND ELLIOTT CHARITABLE TRUST**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 OCTOBER 2019**

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**1. ACCOUNTING POLICIES (continued)**

**1.8 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.

**1.9 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.

**1.10 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**

|                         | <b>Total<br/>2019<br/>£</b> | <b>Total<br/>2018<br/>£</b> |
|-------------------------|-----------------------------|-----------------------------|
| Income from investments | 2,111                       | 2,359                       |
| Interest                | 1,978                       | 2,806                       |
|                         | <u>4,089</u>                | <u>5,165</u>                |
| Total 2018              | <u>5,165</u>                |                             |

**DESMOND ELLIOTT CHARITABLE TRUST**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 OCTOBER 2019**

**4. ANALYSIS OF CHARITABLE EXPENDITURE BY ACTIVITIES**

|                                    | <b>Direct costs<br/>(note 5)<br/>2019<br/>£</b> | <b>Donations<br/>(note 6)<br/>2019<br/>£</b> | <b>Support<br/>costs<br/>(note 7)<br/>2019<br/>£</b> | <b>Total<br/>2019<br/>£</b> | <b>Total<br/>2018<br/>£</b> |
|------------------------------------|---|--|--|-----------------------------|-----------------------------|
| Promotion of the art of literature | 82,050  | 100,000                                      | 7,650  | 189,700                     | 122,987                     |
| Total 2018                         | 114,722   | -  | 8,265  | 122,987                     |                             |

**5. DIRECT COSTS**

|   | <b>Direct costs<br/>2019<br/>£</b> | <b>Total<br/>2019<br/>£</b> | <b>Total<br/>2018<br/>£</b> |
|---|------------------------------------|-----------------------------|-----------------------------|
| PR and media consultancy and associated fees        | 34,159                             | 34,159                      | 55,970                      |
| Telephone and internet                              | 277                                | 277                         | 253                         |
| Publishers, book trade marketing and liason support | 4,623                              | 4,623                       | 12,202                      |
| Accountancy and payroll                             | 5,676                              | 5,676                       | 3,084                       |
| Bank charges  | 114                                | 114                         | 268                         |
| Prizes  | 10,000                             | 10,000                      | 10,000                      |
| Awards ceremony expenditure                         | 7,928                              | 7,928                       | 9,840                       |
| Prize judging fees                                  | 1,600                              | 1,600                       | 1,500                       |
| Chambery Literary Festival                          | 578                                | 578                         | 991                         |
| Office costs  | 399                                | 399                         | 471                         |
| Wages and salaries                                  | 16,696                             | 16,696                      | 23,698                      |
|   | <u>82,050</u>                      | <u>82,050</u>               | <u>118,277</u>              |
| Total 2018  | <u>114,722</u>                     | <u>114,722</u>              |                             |

**6. DONATIONS**

|  | <b>Donations<br/>2019<br/>£</b> | <b>Total<br/>2019<br/>£</b> | <b>Total<br/>2018<br/>£</b> |
|--|---------------------------------|-----------------------------|-----------------------------|
| Interim donation of residual funds made to National Centre for Writing | 100,000                         | 100,000                     | -                           |

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**DESMOND ELLIOTT CHARITABLE TRUST**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**7. SUPPORT COSTS**

|                             | <b>Support<br/>costs<br/>2019<br/>£</b> | <b>Total<br/>2019<br/>£</b> | <b>Total<br/>2018<br/>£</b> |
|-----------------------------|---|-----------------------------|-----------------------------|
| Legal fees                  | 5,130                                   | 5,130                       | 2,310                       |
| Independent Examiner's fees | 2,520                                   | 2,520                       | 2,400                       |
|                             | <u>7,650</u>                            | <u>7,650</u>                | <u>4,710</u>                |
| Total 2018                  | <u>8,265</u>                            | <u>8,265</u>                |                             |

**8. STAFF COSTS**

Staff costs were as follows:

|                    | <b>2019<br/>£</b> | <b>2018<br/>£</b> |
|--------------------|-------------------|-------------------|
| Wages and salaries | <u>16,696</u>     | <u>23,698</u>     |

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

|                               | <b>2019<br/>No.</b> | <b>2018<br/>No.</b> |
|-------------------------------|---------------------|---------------------|
| 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 (2018 - £NIL).

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**DESMOND ELLIOTT CHARITABLE TRUST**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**9. FIXED ASSET INVESTMENTS**

|   | Listed Equity<br>securities<br>£ | Fixed Interest<br>securities<br>£ | Cash held at<br>investment<br>manager<br>£ | Total<br>Securities<br>£ |
|---|----------------------------------|-----------------------------------|--|--------------------------|
| <b>MARKET VALUE</b>                           |                                  |                                   |  |                          |
| At 1 August 2018                              | 82,779                           | 70,520                            | 3,014                                      | 156,313                  |
| Additions                                     | -                                | 119                               | -  | 119                      |
| Disposals (proceeds £156,598, gain<br>£3,180) | (82,779)                         | (70,639)                          | -  | (153,418)                |
| Movement in investment cash                   | -                                | -                                 | (2,867)                                    | (2,867)                  |
|   | <u>-</u>                         | <u>-</u>                          | <u>(2,867)</u>                             | <u>(2,867)</u>           |
| At 31 October 2019                            | <u>-</u>                         | <u>-</u>                          | <u>147</u>                                 | <u>147</u>               |

All the fixed asset investments were held in the UK, prior to being liquidated in the period.

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 operated an investment policy that provided for a degree of diversification of holdings within different unit trust and equity investments. Returns were sought from a combination of capital appreciation and income return.

The Charity managed risk by instructing expert advisors and operating an investment policy that provided for 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 had no material investment holdings in markets subject to exchange controls or trading restrictions.

**10. DEBTORS**

|  | 31 October<br>2019<br>£ | 31 July<br>2018<br>£ |
|--|-------------------------|----------------------|
| Taylor Vinters LLP client ledger balance | 9,806                   | -                    |
| Tax recoverable                          | 3,075                   | 3,075                |
|  | <u>12,881</u>           | <u>3,075</u>         |

**DESMOND ELLIOTT CHARITABLE TRUST**

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**11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

|          | <b>31 October<br/>2019</b> | <b>31 July<br/>2018</b> |
|----------|----------------------------|-------------------------|
|          | £                          | £                       |
| Accruals | -                          | 3,250                   |
|          | <u>          </u>          | <u>          </u>       |

**12. STATEMENT OF FUNDS**

**STATEMENT OF FUNDS - CURRENT YEAR**

|                           | Brought<br>Forward<br>£ | Income<br>£       | Expenditure<br>£  | Transfers<br>in/out<br>£ | Gains/<br>(Losses)<br>£ | Balance at<br>31 October<br>2019<br>£ |
|---------------------------|-------------------------|-------------------|-------------------|--------------------------|-------------------------|---------------------------------------|
| <b>UNRESTRICTED FUNDS</b> |                         |                   |                   |                          |                         |                                       |
| General Funds             | -                       | 4,239             | (190,758)         | 199,547                  | -                       | 13,028                                |
|                           | <u>          </u>       | <u>          </u> | <u>          </u> | <u>          </u>        | <u>          </u>       | <u>          </u>                     |
| <b>ENDOWMENT FUNDS</b>    |                         |                   |                   |                          |                         |                                       |
| Endowment Funds           | 196,367                 | -                 | -                 | (199,547)                | 3,180                   | -                                     |
|                           | <u>          </u>       | <u>          </u> | <u>          </u> | <u>          </u>        | <u>          </u>       | <u>          </u>                     |
| Total of funds            | <u>196,367</u>          | <u>4,239</u>      | <u>(190,758)</u>  | <u>-</u>                 | <u>3,180</u>            | <u>13,028</u>                         |

**STATEMENT OF FUNDS - PRIOR YEAR**

|                 | Balance at<br>1 August<br>2017<br>£ | Income<br>£       | Expenditure<br>£  | Transfers<br>in/out<br>£ | Gains/<br>(Losses)<br>£ | Balance at<br>31 July 2018<br>£ |
|-----------------|-------------------------------------|-------------------|-------------------|--------------------------|-------------------------|---------------------------------|
| General Funds   | -                                   | 5,257             | (124,357)         | 119,100                  | -                       | -                               |
|                 | <u>          </u>                   | <u>          </u> | <u>          </u> | <u>          </u>        | <u>          </u>       | <u>          </u>               |
| Endowment Funds | 311,731                             | -                 | -                 | (119,100)                | 3,736                   | 196,367                         |
|                 | <u>          </u>                   | <u>          </u> | <u>          </u> | <u>          </u>        | <u>          </u>       | <u>          </u>               |
| Total of funds  | <u>311,731</u>                      | <u>5,257</u>      | <u>(124,357)</u>  | <u>-</u>                 | <u>3,736</u>            | <u>196,367</u>                  |

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**DESMOND ELLIOTT CHARITABLE TRUST**

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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.

On 15 November 2018, a further resolution was passed for a further sum of £100,000 to be freed from restriction.

On 24 July 2019, a further resolution was passed for a further sum of an estimated £100,000 to be freed from restriction.

On 30 July 2019, the Charity Commission gave its permission to derestrict the balance on the endowment in its entirety. As a result of this derestriction all remaining funds were transferred to unrestricted reserves by 31 October 2019.

Historically, annual transfers were made from the endowment fund equal to the net operating costs of the charity. As at 31 October 2019 a total of £882,392, which includes the transfer of the residual funds totalling £13,028 as at 31 October 2019 (2018 - £682,845), has been transferred to unrestricted funds. An analysis of the historical spend is as follows:

|                           | <b>Expenditure</b> | <b>Income</b> | <b>Deficit</b> |
|---------------------------|--------------------|---------------|----------------|
|                           | £                  | £             | £              |
| 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        |
| Period to 31 October 2019 | 190,758            | 4,239         | 186,519        |
|                           | <hr/>              | <hr/>         | <hr/>          |
| Total                     | 1,146,467          | 277,103       | 869,364        |
|                           | <hr/> <hr/>        | <hr/> <hr/>   | <hr/> <hr/>    |

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**DESMOND ELLIOTT CHARITABLE TRUST**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**13. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

**ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT YEAR**

|                         | Endowment<br>funds<br>2019<br>£ | Unrestricted<br>funds<br>2019<br>£ | Total<br>funds<br>2019<br>£ |
|-------------------------|---------------------------------|------------------------------------|-----------------------------|
| Fixed asset investments | -                               | 147                                | 147                         |
| Current assets          | -                               | 12,881                             | 12,881                      |
|                         | <u>-</u>                        | <u>13,028</u>                      | <u>13,028</u>               |

**ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR**

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

**14. RELATED PARTY TRANSACTIONS**

During the year payments amounting to £5,130 (2018 - £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 £1,058 (2018 - £1,370) 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. This employment terminated on 31 July 2019.

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**DESMOND ELLIOTT CHARITABLE TRUST**

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**15. POST BALANCE SHEET EVENTS**

As disclosed in the Trustees' annual report, at a meeting of the Trustees held on 24 July 2019, the Trustees approved the proposal to transfer the Desmond Elliott Prize and assets of the charity to the National Centre for Writing (registered charity number 1110725). The charitable trust will be wound up once the transfer has taken place. In expectation of this, an interim transfer of funds amounting to £100,000 were transferred to the National Centre for Writing during the period (see direct costs - note 5).

A final distribution of the remaining Taylor Vinters client ledger balance will be made once all residual balances as at 31 October 2019 summarised below have been settled.

All liabilities had been settled by 31 October 2019 and therefore the only transactions yet to be settled are balances due to the charity.

The investments account balance represents dividend income accruing on the former investment holdings. These will not be remitted until approximately six months after the sale of the investments concerned, which took place in September 2019.

Since the charitable trust's own bank accounts have been closed as part of winding up, Taylor Vinters LLP have put arrangements in place for these monies to be remitted to the client ledger. Taylor Vinters LLP have signed a formal undertaking which details that they agree to forward these monies, without delay, directly onto the National Centre for Writing as and when they are received.

|  | <b>As at<br/>31 October<br/>2019<br/>£</b> |
|--|--|
| Income tax recoverable from HMRC                 | <b>3,075</b>                               |
| Client ledger balance with Taylor Vinters LLP    | <b>9,806</b>                               |
| Investments account balance with Clarity Limited | <b>147</b>                                 |
| <b>Total</b>                                     | <b>13,028</b>                              |