

The Royal Literary Fund

Trustees' report and financial statements

Registered Charity number 219952
31 March 2019

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The Royal Literary Fund

Registered Charity 219952

Reference and administrative information

Founder and Resident Visitor

1790-1816 The Reverend David Williams

Past Presidents

1799-1801 The Marquess of Bute
1801-1838 The Duke of Somerset KG
1838-1863 The Marquess of Lansdowne KG
1863-1875 The Earl Stanhope FRS
1875-1893 The Earl of Derby KG FRS
1894-1903 The Marquess of Crewe KG
1903 The Rt. Hon. W E H Lecky OM
1904-1922 The Lord Tennyson GCMG
1922-1940 The Earl of Crawford and Balcarres KT
1941-1951 The Earl of Ilchester GBE
1951-1962 The Lord Gorell CBE MC
1962-1966 Frank Swinnerton
1966-1976 John Lehmann CBE FRSL
1976-1984 Janet Adam Smith OBE
1984-1990 Arthur Crook
1990-2003 Sir Stephen Tumim
2004-2005 Peter Janson-Smith
2005-2015 Sir Ronald Harwood
2015-2018 Tracy Chevalier

Patron

Her Majesty The Queen

Acting President and Chair

2018 Philip Gwyn Jones

Honorary Members

1992 Nicholas Baring
1997 Dame Margaret Drabble
1997 Sir Michael Holroyd
2000 Claire Tomalin
2000 Philip Ziegler cvo
2007 Derek Parker
2007 Fiona Clark
2007 Jill Black
2008 Kate Pool
2008 Hilary Spurling CBE

Reference and administrative information *(continued)*

	<i>General Committee as at 31 March 2019</i>		<i>Registrars</i>
2009	Richard Holmes OBE	2010	Frances Fyfield
2010	Colin Luke	2011	Paula Johnson
2011	Simon Brett OBE	2015	Hilary Hale
2011	Philip Gwyn Jones		<i>Treasurers</i>
2014	Nick Hern	2012	Mark Le Fanu OBE
2015	Susan Hitch	2014	Bruce Hunter
2016	Terence Blacker		<i>Staff</i>
2016	Dan Franklin		1999 Eileen Gunn
2016	Michael Symmons Roberts		<i>Chief Executive</i>
2016	Joanna Trollop CBE		1999 <i>Steve Cook</i>
2018	Ellah Wakatama Allfrey OBE		<i>Director of Education</i>
2018	Brenda Gardner		2006 David Swinburne
2018	Meg Rosoff		<i>Director of Operations</i>
2019	Liz Berry		2018 Katharine McMahon
2019	Tessa Hadley		<i>Education Projects Manager</i>
	<i>Bankers</i>		1996 Vanessa Holt
1790	Coutts & Co		<i>Assistant</i>
	440 Strand		<i>Solicitors</i>
	London		1900 Farrer & Co
	WC2R 0QS		66 Lincoln's Inn Fields
	<i>Accountants</i>		London
2017	Taxing Matters		WC2A 3LH
	54 Park Lane		<i>Auditor</i>
	Reigate		2009 Kingston Smith LLP
	Surrey		Devonshire House
	RH2 8JX		60 Goswell Road
			London
			EC1M 7AD

The dates give the year of election or appointment as appropriate.

Trustees' Annual Report

Report of the General Committee presented to the 229th Annual General Meeting of the Royal Literary Fund held at St Bride's Foundation, Bride Lane, London EC4Y 8EQ on Wednesday 13th November 2019.

Introduction

The Royal Literary Fund was proud to mark twenty years of the Fellowship Scheme. Conceived by former trustee, Hilary Spurling, and developed by Steve Cook, the Director of Education, assisted by David Swinburne, the Director of Operations, from 2007, it has deployed over 550 writers within the UK Higher Education Sector since 1999.

During the year, RLF grants and pensions were made with 34 new applicants and 52 previous applicants receiving help. Along with grants and pensions continuing from other years, altogether 216 writers and their dependants were served by the Fund in this way. The Fund helped many writers in difficult circumstances, some suffering illness, bereavement or financial setbacks. Examples of their situations are given at the back of this report. Extracts are also provided there from the many letters of thanks indicating the difference the grants have made to the recipients.

In order to reach as many writers as possible requiring help, the Fund increased publicity about its grants and pensions, spreading the word among writers' organisations and professionals in the publishing world, by word of mouth, Twitter, Facebook, emails, advertisements and leaflets. It engaged a PR company to maximise publicity.

The RLF's educational programmes continued to flourish, both its flagship Fellowship Scheme providing work for 101 writers in over 50 universities, as well as new initiatives to help marginalised groups such as refugees through reading/writing workshops in a wide range of community settings. A new part-time Education Projects Manager, Katharine McMahon (a former Fellow), joined the team in April.

During the year, many Fellows, past and present, were commissioned and paid to produce original material for the 'Showcase' section of the RLF website: articles, podcasts, video and short recorded talks on topics such as 'My Reading Habits'. Overall, 50 written articles were published in the Collected strand and 50 Writers Aloud podcasts released; the popular short audio pieces (Vox) continue on a twice weekly schedule. A Friday email newsletter informs over 500 subscribers of new content.

Work continued on the development of the dedicated database of the Fund's archives, building on the catalogue of RLF records at the British Library. This will be an enhanced resource for academics and local and family historians.

Further sponsorship of talks at literary festivals helped publicise the Fund's work. During the year there were talks at the Newcastle Poetry Festival, Borderlines Book Festival in Carlisle, the Chalke Valley History Festival and at festivals in Scarborough, Cambridge, Manchester, Isle of Wight, Harrogate, Cardiff and at the Bare Lit Festival in London.

Trustees' Report *(continued)*

Maintaining the RLF's charitable funds while ensuring sufficient income to provide for the Fund's beneficiaries and writers on the Fellowship Scheme (and its associated educational projects) was a key feature of the financial planning decisions made by the Committee with the help of its professional advisors. Careful management of its investments has enabled the Fund to continue to meet all of its charitable objectives.

Organisational Structure

The Fund was established in 1790. Its objects are: i) *to help published writers of approved literary merit and their families in need*, and more generally, ii) *the advancement of public education and the improvement of public taste in the field of literary work*. It was incorporated and granted a Charter in 1818, and in 1842 this was made a Royal Charter. Subsequently, the Charter has been revised by Order of the Privy Council in 1968, 2002 and 2006.

The General Committee is made up of 20–25 trustees and is responsible for policy and grant-making decisions at its monthly meetings in accordance with the bye-laws of the Fund's Charter.

The trustees have considered the Charity Commission's guidance on public benefit, including the guidance – *Public Benefit: Running a Charity (PB2)* – when reviewing the Fund's aims and objectives and in reaching its grant-making decisions. In particular, the trustees have ensured that these decisions are in line with the aims and objectives they have set, that is, all grants and pensions are awarded to writers of approved literary merit or their dependants and are to relieve poverty.

The Fund's strategy is to continually monitor all procedures and key activities to ensure that they are effective and up to date and comply with the appropriate Charity Commission guidance and the Fund's values. Sub-committees and working parties, which meet regularly, initiate this process and make recommendations to the General Committee. A governance review was initiated at the end of the financial year.

There are four sub-committees: Education, Communications, Finance, and Strategy & Liaison. (The latter is made up of the President, three principal staff members, the Chairs of the other sub-committees, plus two treasurers and three registrars.) Sub-committees consider more specific aspects of the Fund's work, make decisions on smaller matters, and bring major recommendations to the General Committee for approval.

Executive decisions are delegated to the Chief Executive, the Director of Education and the Director of Operations in their respective areas of responsibility.

The General Committee

The composition of the General Committee has remained as outlined in the 2018 annual report with the following changes: One trustee resigned from the

Trustees' Report *(continued)*

Fund: The President, Tracy Chevalier, was replaced by Philip Gwyn Jones as Acting President. Two new trustees were appointed: Liz Berry and Tessa Hadley.

Trustees are selected for their knowledge and experience in writing, publishing and the literary world in general. The Fund's policy is to maintain a diverse Committee of trustees who bring different skills to the table. New trustees are provided with an induction pack containing background details on the Fund's past and current work. They also meet separately with staff to learn about the workings of the Fund, and are assigned an existing trustee to look after them and answer questions as needed. All new trustees sign a confidentiality agreement. All trustees have to declare an interest in any of the applicants at the start of consideration of applications at each monthly meeting.

All trustees are apprised of changes in legislation affecting the Fund's activities.

Review of Activities for the Year 2018-2019

Grants and Pensions

Writers who apply to the Fund for grants and pensions must submit samples of their published work. These are read by two members of the General Committee, who then report at the monthly meeting and recommend whether or not the criterion for literary merit is satisfied. If it is, the writer's circumstances are considered and, if need is established, a grant is made on the basis of the criteria set out in the Fund's Charter.

The total sum of grants and pensions made to beneficiaries during the year was £1,517,047. The total number of individual writers assisted with grants or pensions during the year 1st April 2018 to 31st March 2019 was 216. 28 were helped with grants for the first time and 25 who had received a previous grant were helped again, the remainder receiving further instalments of previously awarded grants.

The Fund also helps older writers by awarding 'pensions' (renewable five-year grants). At 31st March 2018, the Fund had a commitment to 111 pensioners: Seven new pensions were awarded, 25 pensions were renewed and seven pensioners died during the year.

Pensions are committed to beneficiaries for a minimum period of five years subject to confirmation that there is still a need and there has been no material change of circumstances. Consequently, the accounting treatment in the Statement of Financial Activities in accordance with the requirements of the relevant statement of recommended practice for charities means that the full five year charge is recognised in the statements. The annual cash expenditure on pension grants for the year was £726,063.

RLF Education

The RLF Fellowships offer professional writers the opportunity to work for one or two days a week in a university helping students to develop their academic writing skills.

Trustees' Report *(continued)*

In its 20th year, the Fellowship scheme took on 33 new recruits:

Rebecca Abrams, Judith Allnatt, Ros Barber, Sally Bayley, A.K. Benedict, Michael Bird, Julian Birkett, Caroline Brothers, Trish Cooke, Amanda Dalton, Susie Day, Philip Eade, Tim Ecott, Emylia Hall, John Harrison, Becca Heddle, Sally Kindberg, Lucy Lethbridge, Andrew Martin, Paul Mason, Bernie McGill, Christopher Moncrieff, Vayu Naidu, Stephanie Norgate, Lizzie Nunnery, Dan Richards, Carina Rodney, Dyan Sheldon, Martin Sketchley, Rhiannon Tise, Mirza Waheed, Heidi Williamson and Tamar Yellin.

They were joined by 15 former Fellows returning to the scheme and 53 others continuing from the previous year. In total, 101 writers worked as RLF Fellows at over 50 university and college postings, including eight new ones: Brasenose College, Oxford; Brighton University; Cambridge University Earth Sciences; Cardiff University Law Faculty; Exeter College, Oxford; Strathclyde University; Westminster University Cavendish Campus; Westminster University Marylebone Campus.

Associated education projects continued to thrive and expand, including training for 10 new Consultant Fellows in partnership with Aston and Sheffield universities; an expanded round of workshops for schools through the Bridge programme in Scotland reaching as far north as Shetland, as well as increased involvement with the LEAPS widening participation programme; and a new programme of workshops aimed at helping marginalised groups, such as refugees, develop confidence with self-expression and reading. From October, the RLF set up a Fellowship at the British Library to provide writing advice to users of the Reading Rooms.

Grants to other organisations

The RLF does not generally provide funds to external organisations, with one exception: an annual grant of £15,000 is paid to the Royal Society of Literature, and this appears on page 25 of the Annual Accounts.

Financial Review

The RLF's charitable funds were £173,424,790 compared to £168,271,495 in 2018. During the year, total resources expended exceeded total incoming resources by £3,290,944; this compares to a figure of £2,925,456 last year. The annual deficit is after investment management fees of approximately, £1.4 million that are classed as "Raising funds". The current low level of interest rates and bond yields means that insufficient investment income is available to cover charitable expenditure and an annual deficit is to be expected, as will be the case for many other charities that rely on endowment income. However, annual deficits are sustainable over the long term because of the capital gains and consequent growth of the RLF's charitable funds, as explained below.

Trustees' Report *(continued)*

The Fund's investments are held to provide a source of income to meet the Fund's charitable purposes over the long term without taking undue risk. The Fund engages Cambridge Associates, a firm of investment consultants, to advise it on its investment strategy. The asset allocation of the Fund at year end was approximately 58% in equities, 14% in bonds, 16% in alternative investments, 6% in property and 6% in cash. The investments in equities and bonds are through listed collective investment schemes or unit trusts which provide both diversification and liquidity. Alternative investments are made up of private equity and hedge funds, and are less easy to realise at short notice. The Fund reviews its investment policy annually to ensure that the income needed to meet its commitments will be secured.

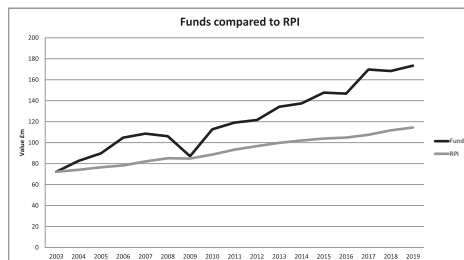
As a whole, the 2018/19 year was a good one for financial markets – the FTSE All-Share index rose about 3%, but this belies significant falls during the second half of 2018, which were more than compensated for by an even more significant rally in the first quarter of 2019. The fund made no attempt to anticipate or react to these market gyrations.

Over several years the net income of the Fund has fluctuated, as has the level of the charity funds, and total resources expended usually exceeds total incoming resources. However, during this time of volatility the Fund has followed stable financial policies with regard to setting the levels of expenditure and investments.

The investment policy of the Fund aims to achieve growth in the real value of the fund that will support the target rate of spending over the long term without taking on undue risk. This target rate of spending was raised in 2016/17 from 3% p.a. to 3¼% p.a. Since this is a long-term target, no attempt is made to anticipate short-term movements in the markets.

This investment policy was first adopted in 2002. After seventeen years it is possible to gauge the success of this policy (see the graph below). In 2003, when the policy was first implemented, the level of charity funds was £72.1m. By 2019 the level of funds had grown to £170.5m a rate of increase of 5.6% p.a. compared with an increase in the same period of the Retail Price Index of 2.9% p.a. In 2009, when global stock markets were significantly lower, the actual level of funds was £88.0m, still above the level it would have been if it had increased in line with inflation of £84.7m.

This suggests that despite the volatility of the annual figures, the level of charitable expenditure of the Fund over the last sixteen years has been sustainable.



Trustees' Report *(continued)*

The Committee is able to confirm that the Fund's assets are available and adequate to fulfil the obligations of each of its separate funds and that its investments, as managed by its investment managers, have been acquired in accordance with the powers available to the General Committee under the Charter.

Reserves

The majority of the Fund's reserves are derived from its share of the sale of the merchandising rights to Winnie the Pooh. The trustees consider these funds to be primarily an investment fund held to produce income to balance the needs of both current and future beneficiaries as required by charity law. These funds are termed expendable endowment.

The trustees have assessed the average level of expenditure for the foreseeable future as described above. In order to meet the Fund's current and expected charitable commitments to beneficiaries the trustees plan to maintain the real value of the capital funds over the long-term and set the Fund's investment policy accordingly.

Additionally, the Fund holds free reserves to ensure that it is able to meet the needs of its current and future beneficiaries given potential future risks. These can be broken down into three categories:

- short-term tactical needs such as temporary setbacks in funding or cash-flow difficulties;
- contingency needs to enable the Fund to take advantage of strategic development opportunities and to meet unexpected calls on the Fund;
- long-term strategic needs to reduce the risk posed by large external changes in the environment in which the Fund operates, in particular large falls in the stock market.

To manage this risk the Fund believes it should retain between 6 and 12 months' expenditure to be held in cash or easily liquidated funds. This equates to between £2.2m and £3.5m of funds which will be allocated to free reserves.

The net assets of the Fund at 31st March 2019 were £173,424,790 of which restricted funds represented £110,384 and expendable endowment £168,332,165 and a further £445,120 was tied up in the Fund's fixed assets. Thus, the level of free reserves stood at £4,537,121. The reserves policy is reviewed annually and performance monitored during the year as part of the Fund's monthly budgetary requirements and general financial management.

Risk Management Statement

Risk is managed by the trustees and executive staff via the Strategy and Liaison sub-committee. A Risk Register indicating impact, appetite and action was drawn up and approved by the General Committee.

Trustees' Report *(continued)*

The following were identified as major risks:

Fall in Global Markets – mitigated by a conservative target spending rate.

£3.9m is held in easily accessible free reserves in case of extreme fall in markets. Most of the Fund's investment portfolio could be liquidated at short notice if necessary.

Breach of beneficiaries' confidentiality – All trustees and staff sign a confidentiality statement. Papers circulated at monthly trustee meetings are not retained at home but shredded in the office. Appropriate security measures are in place to protect data held on the office computer system.

Loss of key member of staff – all staff have passwords to others' computers and know main aspects of others' jobs. Extensive files, agendas and minutes are available. The accountant has agreed to take on Chief Executive's financial accounting work in an emergency. There are two members of staff conversant with online banking, the Chief Executive and the Director of Education.

Risk Register is reviewed annually by the Strategy and Liaison sub-committee in the first instance.

The Fund is fully insured; an annual budget is agreed and adhered to; a monthly statement of expenditure and income is presented and discussed at each meeting of the trustees; regular meetings are held with the Fund's investment managers to review performance. Its systems and operations are regularly monitored and discussed at trustee meetings and sub-committees to ensure that the Fund continues to be protected.

Remuneration

At present staff remuneration is reviewed annually by the Remuneration Panel. Its main tasks are to:

- Determine the remuneration of all staff on the payroll, taking into account details in the Chief Executive's letter to Remuneration Panel, which provides current figures and relevant information, for the three key management personnel – Chief Executive, Director of Education and Director of Operations.
- Determine pension arrangements and ensure that contractual terms on termination are fair to the individual and the charity, that poor performance is not rewarded.
- Recommend its decision to the General Committee for its approval.

In determining the RLF's remuneration policy, the Panel takes into account that as an organisation it has few employees; it wishes therefore to recognise the broader than normal range of skills and competencies required by each role.

Trustees' Report *(continued)*

The appropriateness and relevance of the remuneration policy is reviewed annually, including reference to comparisons with other charities and/or Higher Education managers ensuring the RLF remains sensitive to the broader issues, e.g. pay and employment conditions elsewhere.

Future Plans

The RLF will continue to raise its profile to publicise its services to published writers, and will be working with a PR agency to maximise this activity. RLF trustees and Fellows are encouraged to spread the word to other writers.

An expansion of the in-house database of RLF beneficiaries was also planned, to facilitate management of the Fund's records.

The main Fellowship Scheme will be expanded to take account of an increase in quality applicants in particular regions. A new cohort of 20 lecturers will start work in the autumn bringing the Reading Round Scheme to new locations across the UK. The new Education Projects Manager will be developing links with community organisations and charities nationwide to find how best to reach marginalised groups who would benefit from advice on reading and writing from a team of former Fellows.

Related Party Transactions

See note 22.

Auditor

A resolution for re-appointment of Moore Kingston Smith as Auditor of the charity is to be proposed at the forthcoming Annual General Meeting.

The trustees who held office at the date of approval of this trustees' annual report confirm that, so far as they are each aware, there is no relevant audit information of which the charity's Auditor is unaware. Each trustee has been made aware of the relevant audit information and it has been established that the Charity's Auditor is aware of that information.

By order of the board
Bruce Hunter
Hon Treasurer
13th November 2019

3 Johnson's Court
off Fleet Street
London EC4A 3EA

Statement of trustees' responsibilities in respect of the trustees' annual report and financial statements

Statement of Trustees' Responsibilities

The trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

The law applicable to charities in England and 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 methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records that 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 and the Charity (Accounts and Reports) Regulations 2008. 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.

Independent auditor's report to the trustees of The Royal Literary Fund

Opinion

We have audited the financial statements of The Royal Literary Fund for the year ended 31 March 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2019, and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Independent auditor's report to the trustees of The Royal Literary Fund *(continued)*

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- the charity has not kept adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we required for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 11, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent auditor's report to the trustees of The Royal Literary Fund *(continued)*

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the charity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention

Independent auditor's report to the trustees of The Royal Literary Fund *(continued)*

in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Chapter 3 of Part 8 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the charity and charity's trustees as a body, for our audit work, for this report, or for the opinion we have formed.

Moore Kingston Smith LLP

Statutory auditor

Devonshire House
60 Goswell Road
London
EC1M 7AD

Moore Kingston Smith LLP is eligible to act as auditor in terms of Section 1212 of the Companies Act 2006.

The Royal Literary Fund

Statement of financial activities

for the year ended 31 March 2019

	Note	Unrestricted funds £	Expendable Restricted funds £	Endowment funds £	2019 Total funds £
Income					
<i>Income from:</i>					
Donations and legacies	3	9,854	-	-	9,854
Royalties	4	298,494	-	-	298,494
Investments	2	2,752,423	3,506	-	2,755,929
Total Income		<u>3,060,771</u>	<u>3,506</u>	<u>-</u>	<u>3,064,277</u>
Expenditure					
<i>Expenditure on</i>					
Raising Funds	7	-	-	(1,350,639)	(1,350,639)
Charitable activities	8	(4,994,582)	(10,000)	-	(5,004,582)
Total Expenditure		<u>(4,994,582)</u>	<u>(10,000)</u>	<u>(1,350,639)</u>	<u>(6,355,221)</u>
Net Expenses before gains on investments		(1,933,811)	(6,494)	(1,350,639)	(3,290,944)
Exchange gains/(losses)		-	-	2,711,326	2,711,326
Net gains on investments		-	-	5,732,913	5,732,913
Net (expenditure)/income	5	<u>(1,933,811)</u>	<u>(6,494)</u>	<u>7,093,600</u>	<u>5,153,295</u>
Transfers between funds		2,500,000	-	(2,500,000)	-
Net Movement in funds		566,189	(6,494)	4,593,600	5,153,295
Fund balances brought forward		<u>4,416,052</u>	<u>116,878</u>	<u>163,738,565</u>	<u>168,271,495</u>
Funds balances carried forward		<u>4,982,241</u>	<u>110,384</u>	<u>168,332,165</u>	<u>173,424,790</u>

The incoming resources and resulting net movement in funds arise from continuing operations. The charity has no recognised gains or losses other than the net movement in funds in the year.

The Royal Literary Fund

Statement of financial activities

for the year ended 31 March 2019

	Note	Unrestricted funds £	Expendable Restricted funds £	Endowment funds £	2018 Total funds £
Income					
<i>Income from:</i>					
Donations and legacies	3	604,550	-	-	604,550
Royalties	4	259,050	-	-	259,050
Investments	2	2,507,628	3,550	-	2,511,178
Other income		-	-	-	-
Total Income		<u>3,371,228</u>	<u>3,550</u>	<u>-</u>	<u>3,374,778</u>
Expenditure					
Expenditure on					
Raising Funds	7	-	-	(1,362,908)	(1,362,908)
Charitable activities	8	(4,932,326)	(5,000)	-	(4,937,326)
Total Expenditure		<u>(4,932,326)</u>	<u>(5,000)</u>	<u>(1,362,908)</u>	<u>(6,300,234)</u>
Net Expenses before gains on investments					
		(1,561,098)	(1,450)	(1,362,908)	(2,925,456)
Exchange gains/(losses)					
Net gains on investments		-	-	(4,209,608)	(4,209,608)
Net (expenditure)/income	5	<u>(1,561,098)</u>	<u>(1,450)</u>	<u>267,448</u>	<u>(1,295,100)</u>
Transfers between funds					
		2,500,000	-	(2,500,000)	-
Net Movement in funds		<u>938,902</u>	<u>(1,450)</u>	<u>(2,232,552)</u>	<u>(1,295,100)</u>
Fund balances brought forward					
		<u>3,477,150</u>	<u>118,328</u>	<u>165,971,117</u>	<u>169,566,595</u>
Funds balances carried forward					
		<u>4,416,052</u>	<u>116,878</u>	<u>163,738,565</u>	<u>168,271,495</u>

The incoming resources and resulting net movement in funds arise from continuing operations. The charity has no recognised gains or losses other than the net movement in funds in the year.

The Royal Literary Fund

Balance sheet

at 31 March 2019

	Note	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Tangible fixed assets	10		445,120		451,045
Investments	12		170,490,395		159,497,635
			<u>170,935,515</u>		<u>159,948,680</u>
Current assets					
Debtors	13	870,100		1,333,088	
Cash at bank and in hand		3,559,278		9,087,925	
		<u>4,429,378</u>		<u>10,421,013</u>	
Creditors: Amounts falling within one year	14	(894,810)		(900,335)	
				<u>(900,335)</u>	
Net current assets			3,534,568		9,520,678
Total assets less current liabilities			<u>174,470,083</u>		<u>169,469,358</u>
Creditors: amounts falling due in more than one year	15		(1,045,293)		(1,197,863)
Net assets	19		<u>173,424,790</u>		<u>168,271,495</u>
Funds					
Restricted funds			110,384		116,878
Unrestricted funds			4,982,241		4,416,052
Expendable endowment funds			168,332,165		163,738,565
	19		<u>173,424,790</u>		<u>168,271,495</u>

The financial statements were approved by the General Committee on the 13th November 2019 and signed on its behalf by:

Bruce Hunter
Hon Treasurer

Eileen Gunn
Secretary

The Royal Literary Fund

Cash flow statement

for the year ended 31 March 2019

	<i>Note</i>	2019 £	2019 £	2018 £	2018 £
Net cash used in operating activities			(1,436,672)		(2,982,004)
Cash flows from investing activities					
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(42,693)		(76,495)	
Purchase of fixed asset investments		(7,933,610)		(9,840,027)	
Proceeds from sale of investments		3,944,149		5,332,580	
Net cash provided by investing activities			(4,032,154)		(4,583,942)
Change in cash and cash equivalents in the reporting period	<i>20</i>		(5,468,826)		(7,565,946)
Change in cash and cash equivalents at the beginning of the year			(5,468,826)		(7,565,946)
Net cash at the start of the year	<i>20</i>		9,255,764		16,821,710
Net cash at the end of the year	<i>20</i>		3,786,938		9,255,764

Reconciliation of changes in net expenses before other recognised gains and losses to net cash flow

	2019 £	2018 £
Net expenses before other recognised gains and losses	(3,290,944)	(2,925,456)
Depreciation	41,787	39,677
Loss/(Gain) on disposal of fixed assets	6,831	(4,261)
Investment management fees	1,241,032	1,128,465
Foreign exchange movements	259,729	(518,568)
(Increase)/Decrease in debtors	462,988	(762,363)
Increase/(Decrease) in creditors	(158,095)	60,502
Net cash outflow from operating activities	(1,436,672)	(2,982,004)

The Royal Literary Fund

Notes *(forming part of the financial statements)*

1 Accounting policies

Basis of accounting

The financial statements have been prepared 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) (effective 1 January 2015) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) and the Companies Act 2006. The Royal Literary Fund meets the definition of a public benefit entity under FRS 102 and is a registered charity. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

The trustees have assessed whether the use of the going concern basis is appropriate and have considered possible events or conditions that might cast significant doubt on the ability of the charity to continue as a going concern. In particular the trustees have considered the charity's forecasts and projections and have taken account of pressures on donation and investment income. After making enquiries the trustees have concluded that there is a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. The charity therefore continues to adopt the going concern basis in preparing its financial statements.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statement are rounded to the nearest pound.

Incoming resources

All income is included when the charity has entitlement to the income, there is probability of receipt and the amount can be measured. Donations are recognised on a receipts basis unless the donor specifies that the donation relates to a future period or that certain pre-conditions must be fulfilled before use. Interest income is included on a receivable basis.

Expenditure

Expenditure is classified under the principal categories of charitable and other expenditure rather than the type of expense, in order to provide more useful information to users of the financial statements. Resources expended are included in the Statement of Financial Activities (SOFA) on an accruals basis.

Charitable activities comprise direct expenditure including direct staff costs attributable to the activity. Support costs, including governance costs, have been allocated to activities based on the average staff time spent.

Notes *(continued)*

1 Accounting policies *(continued)*

Depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets, except freehold land, by equal instalments over their estimated useful economic lives as follows:

Freehold buildings	-	2% of cost per annum
Fixtures and fittings	-	25% of written down value per annum
Office equipment	-	25% of written down value per annum
Motor vehicles	-	25% of written down value per annum

Rentals payable under operating leases are charged to the Statement of Financial Activities as incurred over the term of the lease.

Grants and pensions

Liabilities for pensions and grants are recognised in the balance sheet when the Fund has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. One off grants are recognised when they are awarded. Instalment grants and pensions are awarded over a three and five year period respectively. Annual payments are made based on the initial award on application. Pensions are reviewed for renewal after the five year period.

Operating leases

Operating lease rentals are charged to the income and expenditure account on a straight line basis over the period of the lease.

Post-retirement benefits

The amount charged against profits represents the contributions payable to employees' private pension schemes in respect of the accounting period.

Funds

Unrestricted funds

These funds are used to satisfy the provision of the charter of The Royal Literary Fund and are used at the discretion of the Trustees.

Income for the fund is generated through donations, but is mainly derived from the expendable endowment fund.

Designated funds

The income funds of the charity include designated funds, which have been set aside out of general unrestricted funds. These funds are used for the same purposes as general funds.

Restricted funds

The JB Priestley fund is the only restricted fund. From the fund, both capital and income, allotments of grants are made to writers of promise, as specified by the donor. Awards are made on an occasional basis, when a suitable candidate applies to the Fund for a grant.

Notes *(continued)*

1 Accounting policies *(continued)*

Expendable endowment

From funds obtained from the sale of its share of the commercial rights to Winnie the Pooh received from AA Milne Estate, the Fund invested money in an investment portfolio. It is from this portfolio that income is generated every year to fund the majority of the grant making programme.

The Trustees have the power to release the expendable endowment funds to the Fund's unrestricted income funds, which may be spent on charitable activities.

Investments

Investments are shown at market value in accordance with Statement of Recommended Practice "Accounting and Reporting by Charities".

Realised gains or losses on the sale of investments represent sale proceeds, less market value brought forward and investment management fees and commissions.

Unrealised gains or losses represent the movement between the brought forward and carried forward market value of the investments in the period.

Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments. Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument. Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

With the exceptions of prepayments and deferred income all other debtor and creditor balances are considered to be basic financial instruments under FRS 102. See notes 13,14 and 15 for the debtor and creditor notes.

Judgements and key sources of estimation uncertainty

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Notes (continued)

1 Accounting policies (continued)

The most significant estimates and assumptions which affect the carrying amount of assets and liabilities in the accounts relate to:

Useful Economic Lives - The annual depreciation charge for fixed assets is sensitive to change in the estimated useful economic lives and residual value of the assets. These are reassessed annually and amended where necessary to reflect current circumstances.

Cash and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand. Liquid resources are included within fixed asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market. Liquid resources comprise term deposits of less than one year.

Foreign currencies

Transactions in foreign currencies are recognised at the rate of exchange at the date of the transaction. Monetary assets and liabilities are translated into sterling at the exchange rate on the balance sheet date. Exchange differences are recognised through the statement of financial activities. The charity does not own any non-monetary assets abroad.

2	Investment income	2019	2018
		£	£
	Income from fixed interest securities	564,837	845,262
	Income from managed or unitised funds	2,178,928	1,659,963
	Interest on cash deposits held by investment managers	3,890	140
	Interest on other cash deposits	8,274	5,813
		<hr/>	<hr/>
		2,755,929	2,511,178
		<hr/>	<hr/>

All investment income is held as unrestricted income except for £3,506 (2018: £3,550) which has been classified as restricted income relating to income from managed or unitised funds.

3	Donations & legacies	2019	2018
	<i>Legacies</i>	£	£
	E Murch	301	531
	A Garrett	(179)	602,540
		<hr/>	<hr/>
		122	603,071
		<hr/>	<hr/>

Notes *(continued)*

3 Donations & legacies *(continued)*

Donations

Ancastre Trust	-	100
Anon	-	100
E Lugg	60	50
M Hamilton	25	25
B Williams	5	5
J Sharkey	-	25
A Lloyd	3,200	-
A Jackson	50	-
A Taylor	50	-
P Daniels	5,000	-
A Thomason	7	-
The Kington Oliphant of Gask Trust	1,335	1,174
	<u>9,732</u>	<u>1,479</u>
Total	<u>9,854</u>	<u>604,550</u>

4	Royalties	2019	2018
	<i>Royalties</i>	£	£
	E Marsh	60	130
	Rupert Brooke	463	810
	Patrick Hamilton	16,686	25,031
	W Somerset Maugham	45,064	39,059
	GK Chesterton	14,983	11,736
	LE Collis	3,501	4,100
	Pooh Properties Trust	165,000	112,500
	Arthur Ransome	39,067	54,177
	Henry Reed	2,585	207
	Pinero	34	-
	Colin Maclnnes	811	863
	Anon	1,194	1,421
	Eden Phillpotts	-	517
	FN Simpson	7,500	-
	Gersh	339	-
	P Clough	983	7,894
	M Steen	77	170
	M Hocking	147	371
	E Marshall	-	-
	G Webb	-	64
		<u>298,494</u>	<u>259,050</u>

Notes (continued)

5	Net incoming resources is stated after charging:	2019	2018
		£	£
	Depreciation	41,788	39,677
	Payments under operating leases	1,688	1,688
	Amounts paid to auditor – audit fees current year	15,240	14,560
	– audit fees prior year over accrual	<u>(680)</u>	<u>-</u>
6	Taxation		
	The Royal Literary Fund, as a registered charity, is exempt from taxation on its income and gains falling within Section 505 of the Taxes Act 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that they are applied to its charitable objectives. No tax charge has arisen in the year.		
7	Raising Funds	2019	2018
	Investment management fees	1,350,639	1,362,908
		<u>1,350,639</u>	<u>1,362,908</u>
8	Charitable Activities	2019	2018
		Grant	Grant
		Making	Making
	Education	£	Education
	£	£	£
	Direct Costs		
	Fellowships	2,884,086	-
	Staff costs	243,313	111,409
	Advertising	-	26,926
	Literary Festivals	14,730	-
	Outright grants	-	529,552
	Instalment grants	-	259,135
	Pensions –		
	total commitments payable	-	603,503
	Royal Society of Literature		
	(1 grant in each year)	-	15,000
	Support costs		
	<i>Governance costs</i>		
	Audit fees	7,830	7,830
	Professional fees	13,253	13,529
	<i>Other support costs</i>		
	Staff costs	-	22,141
	Temporary staff	26,400	-
	Office expenses	50,352	45,123
	Postage, printing, stationery,		
	Telephone & IT	12,346	12,346
	Website	31,995	31,995
	Depreciation	20,894	20,894
	Total charitable activity costs		
	by sector	<u>3,305,199</u>	<u>1,699,383</u>
		<u>2,961,592</u>	<u>1,975,734</u>

All grants given in the year were to provide support to those classified as having literary merit by the trustees.

Notes *(continued)*

8 Charitable activities *(continued)*

Grants paid to individuals

The aggregate amount of grants and pensions paid to individuals during the year was £1,517,047 (2018 - £1,602,239). The total number of grants awarded to institutions was 1 (2018 - 1). At the year end £1,994,848 (2018 - £2,043,522) of grants and pensions were committed and a liability has been recognised in the accounts to reflect this. (See notes 15 and 16).

The total number of grants awarded and paid to individuals in the year was 96 (2018-2019).

9 Employees

The average number of employees during the year was 5 (2018:4)

	2019	2018
Education	3	2
Grant Making	2	2
	<u>5</u>	<u>4</u>

	2019	2018
Staff costs:	£	£
Wages, salaries and benefits	303,458	254,336
Social security costs	35,245	29,825
Other pension costs (see note 17)	42,105	37,497
	<u>380,808</u>	<u>321,658</u>

The Charity considers its key management personnel comprise the Chief Executive Officer, the Director of Education and the Director of Operations. The total employment benefits including employer pension contributions of the key management personnel were £316,588 (2018: £299,504)

1 employee (2018: 1) earned between £80,000 and £90,000 per annum. Total employer pension contributions for this individual were £12,180 (2018: £12,012).

2 employees (2018: 2) earned between £70,000 and £80,000 per annum. Total employer pension contributions for these individuals were £22,416 (2018: £22,416).

Reimbursements of out of pocket expenses amounting to £5,017 (2018: £4,568) were made to 3 trustees (2018: 4 trustees) in the year. These expenses related to travel costs incurred in relation to work carried out for the charity.

Notes *(continued)*

10	Tangible fixed assets				
	Freehold buildings	Fixtures and fittings	Office equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 April 2018	613,020	77,622	26,333	84,272	801,247
Additions	-	-	4,620	38,073	42,693
Disposals	-	-	-	(28,787)	(28,787)
At 31 March 2019	<u>613,020</u>	<u>77,622</u>	<u>30,953</u>	<u>93,558</u>	<u>815,153</u>
Depreciation					
At 1 April 2018	244,224	50,206	17,508	38,264	350,202
Charge for the year	12,260	6,854	3,361	19,312	41,787
Disposals	-	-	-	(21,956)	(21,956)
At 31 March 2019	<u>256,484</u>	<u>57,060</u>	<u>20,869</u>	<u>35,620</u>	<u>370,033</u>
Net book value					
At 31 March 2019	<u>356,536</u>	<u>20,562</u>	<u>10,084</u>	<u>57,938</u>	<u>445,120</u>
At 1 April 2018	<u>368,796</u>	<u>27,416</u>	<u>8,825</u>	<u>46,008</u>	<u>451,045</u>

11 **Intangible fixed assets**
The Fund owns the copyright to the works of several authors. The Committee does not consider it practical to place a value on these copyrights, so they are not shown in the balance sheet.

The archives of the Fund from 1790 up to 1939 have been placed at the British Library on indefinite loan. The archives consist of the records of cases, minutes, annual reports and matters of administration and are of considerable interest to scholars and researchers.

12	Fixed asset investments	
	2019 £	2018 £
Fixed interest securities	23,955,022	18,838,420
Managed or unitised funds	146,307,713	140,491,377
	<u>170,262,735</u>	<u>159,329,797</u>
Cash deposits held by investment managers	227,660	167,838
	<u>170,490,395</u>	<u>159,497,635</u>

Notes *(continued)*

12	Fixed asset investments <i>(continued)</i>	2019	2018
	<i>Quoted investments</i>	£	£
	Market value as at 1 April 2018	159,329,797	153,787,390
	Additions	7,933,610	9,840,027
	Disposals	(3,944,149)	(5,318,080)
	Net gains	5,732,911	5,839,965
	Investment management fees	(1,241,032)	(1,128,465)
	Exchange gain	2,451,597	(3,691,040)
		<hr/>	<hr/>
	Market value as at 31 March 2019	170,262,734	159,329,797
		<hr/>	<hr/>
	Historical cost as at 31 March 2019	107,467,126	102,311,857
		<hr/>	<hr/>
	Geographical Analysis		
	United Kingdom	137,169,665	127,303,973
	Overseas	33,320,729	32,193,662
		<hr/>	<hr/>
		170,490,394	159,497,635
		<hr/>	<hr/>

The following investments represent more than 5% of the value of the portfolio. Their year end market values have also been stated for clarity. Blackrock ChariTrak FD A, £10,321,630 (2018:10,148,473); Blackrock Midcap UK Equity £14,260,506 (2018: £14,588,241); Loomis Sayles Global Opp Bond Fund, £20,010,805 (2018 £14,930,971); Overstone Global Equity Hedge Fund, £17,301,620 (2018: £16,927,755); Pine Grove Offshore Fund Ltd, £14,507,955 (2018: £14,550,527), Cedar Rock Capital Fund, £41,866,635 (2018: £36,952,729), Capital Emerging Markets Total Opportunities (ETOP) £16,428,774 (2018: £16,482,639) and Charities Property Fund £9,135,015 (2018 £9,011,617).

13	Debtors	2019	2018
		£	£
	Employees' expense float	6,000	6,000
	Prepayments and accrued income	864,100	1,327,088
		<hr/>	<hr/>
		870,100	1,333,088
		<hr/>	<hr/>

All debtors fall due within one year.

Notes *(continued)*

14	Creditors: amounts falling due within one year		
		2019	2018
		£	£
	Accrued expenditure	51,812	41,638
	Tax and social security	14,745	13,038
	Other creditors	214	-
	Accrued grants and pension commitments	828,039	845,659
		<u>894,810</u>	<u>900,335</u>

15	Creditors: amounts falling due in more than one year		
		2019	2018
		£	£
	Accrued grants and pension commitments	1,045,293	1,197,863
		<u>1,045,293</u>	<u>1,197,863</u>

The trustees have accrued for grants and pensions awarded in the year, which are payable over a three and five year period, respectively. Although pension payments are subject to an annual review, the Fund accepts a 'no changes in circumstances' return. Since the assessment of the beneficiary's financial well being is outside the Fund's control, a full accrual for this commitment has been made this year.

16 Commitments
Annual commitments under other non-cancellable operating leases are as follows:

		2019	2018
		£	£
	Minimum lease payments due in:		
	- less than one year	1,219	1,625
	- two to five years	-	1,219
	In the second to fifth years inclusive	<u>1,219</u>	<u>2,844</u>

17 **Pension scheme**

The company operates a defined contribution pension scheme. Contributions of £42,105 (2018: £37,497) were charged to the profit and loss account as they became payable in accordance with the rules of the scheme. There were no contributions (2018: nil) outstanding at the year end

Notes *(continued)*

18 Analysis of movements on the funds

	Unrestricted Funds	Restricted Funds	Expendable Endowment Funds	2019
	JB Priestley		General	Total
	General	Fund	General	Total
	£	£	£	£
Opening funds	4,416,052	116,878	163,738,565	168,271,495
Income	3,060,771	3,506	-	3,064,277
Expenditure	(4,994,582)	(10,000)	(1,350,639)	(6,355,221)
	2,482,241	110,384	162,387,926	164,980,551
Fund transfers	2,500,000	-	(2,500,000)	-
Other net recognised gains	-	-	8,444,239	8,444,239
Closing value of funds	4,982,241	110,384	168,332,165	173,424,790

The general fund and designated funds are unrestricted and are used to satisfy the provision of the charter of The Royal Literary Fund. There are sufficient funds to enable this to occur.

The JB Priestley Fund is restricted to be spent on young writers of promise.

The designated funds above are in relation to substantial legacies received from the above named individuals which can be spent on general use to help writers. They have been designated as a mark of gratitude for the substantial sums of money these individuals have contributed.

The transfer from the expendable endowment to general unrestricted has been made in order that free reserves are maintained at a level of between 6 and 12 months expenditure as per the reserves policy.

Notes *(continued)*

19 Analysis of Net Assets between Funds

	Unrestricted Funds	Restricted Funds	Expendable Endowment Funds	2019
		JB Priestley		
	General	Fund	General	Total
	£	£	£	£
Fixed assets	445,120	-	-	445,120
Investments	-	110,384	170,380,011	170,490,395
Net current assets	5,582,414	-	(2,047,846)	3,534,568
Creditors due in more than one year	(1,045,293)	-	-	(1,045,293)
Closing value of funds	4,982,241	110,384	168,332,165	173,424,790

Within expendable endowment funds is included £143,686,278 of material investments, as disclosed in note 12.

	Unrestricted Funds	Restricted Funds	Expendable Endowment Funds	2018
		JB Priestley		
	General	Fund	General	Total
	£	£	£	£
Fixed assets	451,045	-	-	451,045
Investments	-	116,878	159,380,757	159,497,635
Net current assets	5,162,870	-	4,357,808	9,520,678
Creditors due in more than one	(1,197,863)	-	-	(1,197,863)
Closing value of funds	4,416,052	116,878	163,738,565	168,271,495

Within expendable endowment funds is included £133,592,952 of material investments, as disclosed in note 12.

Notes *(continued)*

20	Net Cash	Cash b/f £	Cash Flow £	Cash c/f £
	Cash in hand, at bank	9,087,925	(5,528,647)	3,559,278
	Cash deposits held by Investment Managers	167,839	59,821	227,660
	Total	<u>9,255,764</u>	<u>(5,468,826)</u>	<u>3,786,938</u>

21 **Capital commitments**
There were no capital commitments at 31 March 2019 (2018: Nil).

22 **Related party transactions**
There were no related party transactions in the year.

Some applicants helped during the year

An acclaimed poet had suffered from debilitating migraines for decades. These had worsened in the past few years to the extent that she was often unable to read or write. She had had to cancel or postpone commissioned projects. The trustees made her a substantial grant.



A novelist was the main breadwinner for her family of five children. Her husband suffered from depression and could not work. She was exhausted trying to make ends meet. The trustees made her a grant and cleared her debts.



An award-winning poet had been born with a rare congenital disorder. This affected her daily life in many extreme ways including increased expenditure. The trustees made her an annual grant.



A writer of YA fiction's husband had been diagnosed in 2015 with early onset Alzheimer's at the age of 51. He had deteriorated badly since then and now needed round the clock care. The writer had a full-time job. Care was provided during the day by Social Services. She requested a grant to enable her to work four days a week instead of five, so that she could write. The trustees provided an annual grant.



An award winning children's writer's husband had died suddenly in middle age causing emotional trauma and financial implications. The trustees made her a grant.



An acclaimed writer of nonfiction had suffered a serious stroke affecting his mobility and requiring care assistance. He had recently moved to a care home. The trustees made him a pension.



An emerging playwright had suffered from insomnia and depression and had had to give up full-time work. She had had accumulated debts and had had to move back in with her parents. The trustees cleared her debts.



An author who worked as a school teacher to supplement his earnings from writing had been unemployed for nearly a year. His most recent employer had terminated his contract because of an issue the school had with one of his books. The trustees made him a grant.



An award-winning writer had been diagnosed with multiple sclerosis. Her health was deteriorating. She required funds to make necessary adaptations to her house so that she could maintain independence as long as possible. The trustees made her a substantial grant.



An acclaimed radio playwright had been her mother's main carer for nearly ten years. This had resulted in delayed deadlines and missed commissions. The trustees made her a grant.

A playwright had suffered serious health problems, and had recently been diagnosed with inoperable lung cancer. She was receiving palliative care. The trustees made her a grant.



A writer of historical fiction had had a difficult few years. Following a divorce she had had to care for both of her parents as they each became very ill. After their deaths she was emotionally in a fragile state and unable to work. The trustees made her a grant and cleared debts.



A crime writer had spent two years as his father's primary carer. He had had little time to write and had had to postpone deadlines. The trustees made him a grant.



The widow of an acclaimed children's writer was managing his literary estate. She required professional advice of various kinds but was unable to afford it. The trustees made her a grant.



A writer of non-fiction suffered from bipolar disorder. Recently this had been exacerbated by burglaries in his flat. He had had to stop work and delay deadlines. The trustees made him a grant.



A playwright supplemented her income by working in the restaurant sector. She had had to give this up because she was suffering from alcoholism. The trustees made her a grant and cleared debts.



An acclaimed novelist had been the main carer for his wife until she died of Alzheimer's disease. He was beginning to recover and had started work on a new novel. The trustees made him an annual pension.



A poet had developed self-harming addictive behaviour. This was PTSD as a result of childhood abuse. She was in need of funds to cover therapy. The trustees made her a grant to be paid directly to the therapist.



An acclaimed non-fiction author had had a long and distinguished career until 2008 when publishing contracts became difficult to obtain. He was concerned about his reducing income. The trustees made him an annual pension.



A writer of non-fiction had sustained a career for more than twenty-five years. His income and opportunities had decreased in recent years. He had moved to the countryside to reduce costs but was struggling with debts. The trustees made him a grant.



A poet and writer of non-fiction had been diagnosed with cancer and had had to give up teaching appointments which supplemented his literary earnings. The trustees made him a grant to clear debts.



A writer of memoirs had moved to a rural location, unable to afford the cost of living in London. She had applied for many jobs but had been unsuccessful. She was struggling to meet her outgoings. The trustees made her an annual grant for three years.

Extracts from thank you letters from recent beneficiaries

I just wanted to write and thank you for the help you and the Royal Literary Fund have given me. I'm getting back on my feet and coping better with my condition and the situation it has put me in. I have some good news and that is that the novel I was writing has found a publisher. I really can't thank you and the trustees enough for giving me help at a very hard time in my life and career.

Please convey to the trustees my profound gratitude for the assistance they have given me. Apart from the material difference the pension will make to me and my wife, the Fund's generosity will give us a blessed relief from anxiety. I am proud to be recognised by the Fund in this way.

I wanted to thank you (and the RLF) wholeheartedly for the grant you have awarded me. It is such a weight off my shoulders, I really cannot articulate it. This morning, my head feels clear, lucid in a way it hasn't felt for a while now. I am about to do some writing, without having to wrestle away and compartmentalise my anxieties first. The shift from where I was at this time last week to now is as different as night and day. Thank you so much.

Thank you so much for the wonderful news, and please please do thank the panel for this extremely generous grant - I know it was a considered decision but also a kind and inclusive and possibly borderline one. I'm sure you hear this a lot but I just burst into tears when I read your email. It's such a relief to feel there's going to be support that gives breathing room to do what I love most, when what I love most and worked so hard for was feeling to be in jeopardy.

I wanted to write, now that the dust has settled a bit, to say a proper and heartfelt thank-you to the Royal Literary Fund for the grant that I received. I hope that you can pass my thanks along to everyone there. It really was a life-changing moment, and I consider myself extremely fortunate to have been given this opportunity to remain living here and to keep writing.

I am so very grateful for your no-holds-barred grant. It has been a shocking year for us, and the thought of having to accept new commissions and performances, while needing to look after my daughter, was making me physically sick. I feel as if I've jumped fairytales and ended up with the donkey who spits gold. This is a huge relief. And it's wonderful to know too that there is actual, unqualified generosity in the world.

Thank you for the wonderful pension I've been awarded and for the chance it has given me to work for years to come. I've very grateful. I don't know how I would have survived without the support and peace of mind the RLF has provided over many years. I owe the Fund a great deal.

I must express my profound gratitude to you and the Committee of the Royal Literary Fund. My first thought was, "I can carry on writing!" and at that moment all the worry and tension of the past few months began to disperse, and carried on dispersing all weekend. I start work this morning with a clear head, a fresh heart and renewed enthusiasm.

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as at 31 March 2019

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Janet Barber
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