

The Royal Literary Fund

Trustees' report and financial statements

Registered Charity number 219952
31 March 2021

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Contents

Reference and administrative information	1
Trustees' annual report	3
Statement of trustees' responsibilities in respect of the trustees' annual report and financial statements	12
Independent auditor's report to the trustees of The Royal Literary Fund	13
Statement of financial activities	18
Balance sheet	20
Cash flow statement	21
Notes to the financial statements	22
Some applicants helped during the year	36
Extracts from thank you letters from recent beneficiaries	38
Members	39

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
2018-2020 Philip Gwyn Jones (*Acting President*)
2020 Hilary Hale (*Acting President*)

Patron

Her Majesty The Queen

President and Chair

2020 Sir Ian Blatchford

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
2008 Kate Pool
2008 Hilary Spurling CBE

Reference and administrative information *(continued)*

	<i>General Committee as at 31st March 2021</i>		<i>Registrars</i>
2016	Terence Blacker	2011	Paula Johnson
2016	Michael Symmons Roberts	2015	Hilary Hale
2016	Joanna Trollope CBE	2016	Dan Franklin
2018	Ellah Wakatama Allfrey OBE		<i>Treasurers</i>
2018	Brenda Gardner	2012	Mark Le Fanu OBE
2020	Sir Ian Blatchford	2014	Bruce Hunter
2020	George Graham	2019	Colin Luke
2020	Mark Lawson		<i>Staff</i>
2020	Fiona Sampson MBE	1999	Eileen Gunn
2020	Dreda Say Mitchell MBE		<i>Chief Executive</i>
2020	Marianne Velmans		
	<i>Bankers</i>	1999	Steve Cook
1790	Coutts & Co		<i>Director of Education</i>
	440 Strand		
	London	2006	David Swinburne
	WC2R 0QS		<i>Director of Digital</i>
	<i>Accountants</i>	2018	Katharine McMahon
2017	Taxing Matters		<i>Education Projects Manager</i>
	54 Park Lane	1996	Vanessa Holt
	Reigate		<i>Assistant</i>
	Surrey		
	RH2 8JX		<i>Solicitors</i>
		1900	Farrer & Co
			66 Lincoln's Inn Fields
			London
			WC2A 3LH
			<i>Auditor</i>
		2009	Moore Kingston Smith LLP
			Devonshire House
			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 231st Annual General Meeting of the Royal Literary Fund held at the Science Museum Board Room, Exhibition Road, London SW7 2DD on Thursday 11th November 2021.

Introduction

The Fund was delighted to announce the appointment of a new President, Sir Ian Blatchford (Director and CEO of the Science Museum). Sir Ian said *“I am a true believer in the power of great writing, so I am honoured to be able to play a part in the life of this extraordinary benevolent fund, created more than two centuries ago by writers, for writers. Never has the work of the RLF felt more important as the publishing industry continues to grapple with the ongoing market changes. The unique and diverse voices of British novelists, biographers, playwrights and poets are needed more than ever in these uncertain political and economic times”*.



All at the RLF welcomed Sir Ian’s great energy, knowledge and involvement in the cultural world to help further the RLF’s mission to serve all writers in need.

The RLF’s educational programmes continued to expand, both its flagship Fellowship Scheme providing work for 115 writers in 82 university/college posts, as well as new initiatives to help marginalised groups such as refugees through reading/writing workshops in a wide range of community settings

During the year, RLF grants and pensions were made with 35 new applicants and 51 previous applicants receiving help. Along with grants and pensions continuing from other years, altogether 229 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.

During the year, many Fellows, past and present, were commissioned and paid to produce original material to 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) has expanded to a five times a week schedule. A Friday email newsletter informs over 500 subscribers of new content.

Trustees' Report *(continued)*

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.

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 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 monitors all its 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 had been undertaken.

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

The General Committee

The composition of the General Committee has remained as outlined in the 2020 annual report with the following changes: A new President, Sir Ian Blatchford, was elected. Five new trustees joined the Fund: George Graham, Mark Lawson, Fiona Sampson, Dreda Say Mitchell and Marianne Velmanns. Four trustees resigned from the Fund: Tessa Hadley, Meg Rosoff, Philip Gwyn Jones and Frances Fyfield.

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

Trustees' Report *(continued)*

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 2020-2021

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 £1,509,506. The total number of individual writers assisted with grants or pensions during the year 1st April 2020 to 31st March 2021 was 229.

The Fund also helps older writers by awarding 'pensions' (renewable five-year grants). At 31st March 2020, the Fund had a commitment to 106 pensioners: Seven new pensions were awarded, 14 pensions were renewed and three 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 £680,092.

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.

Associated education projects continued to thrive, including 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; Bridge workshops for London schools in partnership with the British Library; workshops delivered to USDAW members at various sites across the North of England; sixteen groups across all four nations of the UK in the Reading Round scheme; and a new programme

Trustees' Report *(continued)*

of workshops aimed at helping marginalised groups, such as asylum-seekers, develop confidence with self-expression and reading.

In its 22nd year, the Fellowship scheme took on 41 new recruits:

Laura Barnett, Juliet Clare Bell, Andrea Bennett, Tessa Boase, Simon Booker, Penny Boxall, Clare Chambers, Martyn Crucefix, Martin Day, Paul Dodgson, Sophie Duffy, Jonathan Edwards, Robin Etherington, Fiona Evans, Clare Fisher, Rebecca Goss, Peter Hollywood, Zoe Howe, Adriana Hunter, Inbali Iserles, Liz Jobey, Marianne Kavanagh, Helen Kelly, Martin MacInnes, Kathryn Maris, Lucasta Miller, Clare Morgan, Polly Morland, Lois Pryce, Marnie Riches, Kate Rhodes, Lawrence Sail, Caroline Smailes, Jon Stock, Sara Taylor, Stuart Walton, Sara Wheeler, Karl Whitney, Christopher Woodall, Aisha Zia.

They were joined by 13 former Fellows returning to the scheme and 61 others continuing from the previous year. In total, 115 writers worked as RLF Fellows at 82 university/college postings, 12 of which were new, including Hull University, London South Bank University and Portsmouth University.

Due to UK government restrictions on freedom of movement it was impossible for Fellows to work on campus from the lead up to Easter 2020 until the end of the summer term. Fellows were also unable to return to campus in the academic year beginning autumn 2020. New systems were created to enable Fellows to provide online tutorials.

Grants to other organisations

Grants of £200,000 were made to the Covid Emergency Fund administered by the Society of Authors. The RLF was a prime mover in setting this up last year when it became apparent that professional authors were losing money from cancelled speaking engagements etc.

Financial Review

The RLF's charitable funds at 31 March 2021 totalled £181,712,910, compared with £156,955,597 in 2020. A strong recovery in financial markets, following the turbulence experienced in early 2020, helped the Fund to achieve an investment performance of 17% in the year, regaining in full the value lost in the prior year.

The Fund's investments are managed on a total return basis, so that charitable expenditure is supported both by investment income such as dividends and bond coupons and by capital gains harvested from the growing portfolio. During the year investment income totalled £2,825,034, compared with £3,496,972 in the previous year, while investment management fees, classed as "Raising Funds", were £1,161,631, down from £1,316,344 in the previous year. Net expenditure before gains on investments amounted to a deficit of £3,597,014, up from £3,289,429 in the previous year; in the current environment of very low interest rates and bond yields annual deficits at this level are to be anticipated but the Trustees believe current levels of expenditure are sustainable over the long term, given the steady growth in the investment portfolio.

Trustees' Report *(continued)*

The Fund has structured its portfolio with the objective of achieving growth in its real value so as to support over the long term a target rate of spending of 3 ¼% of the average asset value over the three previous years, without taking on undue risk. The investment policy is reviewed annually to ensure that the resources needed to meet our commitments will be secured. The Trustees have engaged Cambridge Associates, a firm of investment consultants, to advise them on investment strategy.

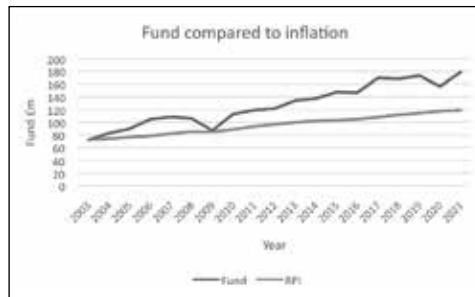
Asset allocation at year end was:

Asset allocation

Equity	55%
Fixed income	17%
Property	5%
Non-marketable alternatives	11%
Cash	12%
<i>Total</i>	<i>100%</i>

The very strong performance of equities during the year caused the composition of the portfolio to diverge from the long-term target asset allocation. Since the year end the Fund has moved to rebalance the portfolio, increasing its investments in fixed income and property funds. In making these adjustments to its portfolio the Fund does not seek to anticipate short-term market movements or time entry into or exit from particular asset classes, but to follow a long-term approach to asset allocation.

Since the inception of the current investment strategy in 2003, the Fund has achieved its objective of growing the real value of its investments to support its charitable expenditure. Weathering significant market downturns in 2008-9 and again in 2020, the portfolio has generated sufficient investment income and capital gains to support the Fund's growing charitable expenditure while still increasing in value by an average 5.2% per year, compared with inflation, measured by the Retail Price Index, of 2.8% per year, as shown in the chart below.



The Trustees have assessed the ability of the Fund to meet its future obligations and believe that, despite the volatility of annual investment returns, it remains

Trustees' Report *(continued)*

well positioned to sustain its charitable expenditure for the foreseeable future. The financial statements have therefore been prepared on the going concern basis.

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 £3.5 m and £5 m of funds which will be allocated to free reserves.

The net assets of the Fund at 31st March 2021 were 181,712,910 of which restricted funds represented £82,856 and expendable endowment £176,528,753 and a further £371,423 was tied up in the Fund's fixed assets. Thus, the level of free reserves stood at £5,101,301. 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.

Trustees' Report *(continued)*

Risk Management Statement

Risk is managed by the trustees and executive staff. A Risk Register indicating impact, appetite is reviewed annually and approved by the General Committee.

The following were identified as major risks:

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

£4.9m 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. The Fund is therefore a going concern.

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

The Risk Register is updated annually.

The Fund carries a comprehensive range of insurances; 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.

Impact of Covid-19 on Operations

During the pandemic restrictions, face to face interactions were suspended for grant applications and Education. Trustee and staff meetings, home visits, and student sessions were replaced with online activities.

The Fund's preparations have enabled it to continue all of its areas of work, and to help writers who have had work cancelled during the pandemic by direct grants to eligible writers, and donations to the Society of Authors' emergency fund.

The level of investments held, as detailed in the accounts and the financial sections of this report, are significantly in excess of the commitments at year end, and the trustees conclude that the charity has not been materially affected and continues to be a going concern.

Trustees' Report *(continued)*

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 Digital.
- 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.

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 set in progress the appointment of a new CEO, to join Sir Ian Blatchford, the President, in consolidating the work and governance of the Fund and to take it forward with new initiatives. Early in the new year, Edward Kemp, formerly Director of RADA, was appointed as CEO.

Preparations were made to launch in April a new online platform featuring contemporary writers who reflect the UK's widening literary culture www.writersmosaic.org.uk

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. The Education Projects Manager will be developing further 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. There will be more workshops delivered in partnership with a variety of trade unions, with the British Library's education department, and with NHS trusts.

Related Party Transactions

There were no related party transactions.

Trustees' Report *(continued)*

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

Mark Le Fanu OBE

Hon Treasurer

11th November 2021

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 2021 which comprise the Statement of Financial Activities, the Summary Income and Expenditure Account, 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 2021, 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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

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, 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.

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.

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

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the charity.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the charity and considered that the most significant are the Charities Act 2011, the Charity SORP, and UK financial reporting standards as issued by the Financial Reporting Council.
- We obtained an understanding of how the charity complies with these requirements by discussions with management.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.

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

- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and obtaining additional corroborative evidence as required.

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 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.

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

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.

Date:

The Royal Literary Fund

Statement of financial activities

for the year ended 31 March 2021

	Note	Unrestricted funds £	Restricted funds £	Expendable Endowment funds £	2021 Total funds £
Income					
<i>Income from:</i>					
Donations and legacies	3	7,880	–	–	7,880
Royalties	4	218,304	–	–	218,304
Investments	2	2,821,774	3,260	–	2,825,034
Total Income		<u>3,047,958</u>	<u>3,260</u>	<u>–</u>	<u>3,051,218</u>
Expenditure					
<i>Expenditure on</i>					
Raising Funds	7	–	–	(1,161,631)	(1,161,631)
Charitable activities	8	(5,457,501)	(29,100)	–	(5,486,601)
Total Expenditure		<u>(5,457,501)</u>	<u>(29,100)</u>	<u>(1,161,631)</u>	<u>(6,648,232)</u>
Net Expenditure before gains on investments		(2,409,543)	(25,840)	(1,161,631)	(3,597,014)
Exchange losses		–	–	(3,410,398)	(3,410,398)
Net gains on investments		–	–	31,764,725	31,764,725
Net (expenditure)/income	5	<u>(2,409,543)</u>	<u>(25,840)</u>	<u>27,192,696</u>	<u>24,757,313</u>
Transfers between funds		<u>2,500,000</u>	<u>–</u>	<u>(2,500,000)</u>	<u>–</u>
Net movement in funds		90,457	(25,840)	24,692,696	24,757,313
Fund balances brought forward		5,010,844	108,696	151,836,057	156,955,597
Fund balances carried forward		<u>5,101,301</u>	<u>82,856</u>	<u>176,528,753</u>	<u>181,712,910</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 2021

	Note	Unrestricted funds £	Restricted funds £	Expendable Endowment funds £	2020 Total funds £
Income					
<i>Income from:</i>					
Donations and legacies	3	19,145	–	–	19,145
Royalties	4	304,036	–	–	304,036
Investments	2	3,493,660	3,312	–	3,496,972
Total Income		<u>3,816,841</u>	<u>3,312</u>	<u>–</u>	<u>3,820,153</u>
Expenditure					
<i>Expenditure on</i>					
Raising Funds	7	–	–	(1,316,344)	(1,316,344)
Charitable activities	8	(5,788,238)	(5,000)	–	(5,793,238)
Total Expenditure		<u>(5,788,238)</u>	<u>(5,000)</u>	<u>(1,316,344)</u>	<u>(7,109,582)</u>
Net Expenditure before gains on investments		(1,971,397)	(1,688)	(1,316,344)	(3,289,429)
Exchange gains		–	–	2,022,187	2,022,187
Net losses on investments		–	–	(15,201,951)	(15,201,951)
Net expenditure	5	<u>(1,971,397)</u>	<u>(1,688)</u>	<u>(14,496,108)</u>	<u>(16,469,193)</u>
Transfers between funds		<u>2,000,000</u>	<u>–</u>	<u>(2,000,000)</u>	<u>–</u>
Net movement in funds		28,603	(1,688)	(16,496,108)	(16,469,193)
Fund balances brought forward		<u>4,982,241</u>	<u>110,384</u>	<u>168,332,165</u>	<u>173,424,790</u>
Fund balances carried forward		<u>5,010,844</u>	<u>108,696</u>	<u>151,836,057</u>	<u>156,955,597</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 2021

	Note	2021 £	2021 £	2020 £	2020 £
Fixed Assets					
Tangible fixed assets	10		371,423		413,773
Investments	12		162,146,444		135,477,349
			<u>162,517,867</u>		<u>135,891,122</u>
Current Assets					
Debtors	13	762,532		655,659	
Cash at bank and in hand		20,475,002		22,514,463	
		<u>21,237,534</u>		<u>23,170,122</u>	
Creditors: Amounts falling due within one year	14	<u>(988,715)</u>		<u>(1,022,448)</u>	
Net Current Assets			<u>20,248,819</u>		<u>22,147,674</u>
Total Assets less Current Liabilities			182,766,686		158,038,796
Creditors: Amounts falling due in more than one year	15		<u>(1,053,776)</u>		<u>(1,083,199)</u>
Net Assets	19		<u>181,712,910</u>		<u>156,955,597</u>
Funds					
Restricted funds			82,856		108,696
Unrestricted funds			5,101,301		5,010,844
Expendable endowment funds			176,528,753		151,836,057
	19		<u>181,712,910</u>		<u>156,955,597</u>

The financial statements were approved by the General Committee on the 11th November 2021 and signed on its behalf by:

Mark Le Fanu OBE
Hon Treasurer

Eileen Gunn
Secretary

The Royal Literary Fund

Cash flow statement

for the year ended 31 March 2021

	Note	2021 £	2021 £	2020 £	2020 £
Net cash used in operating activities			(3,017,367)		(1,269,279)
Cash flows from investing activities					
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(4,463)		(4,079)	
Purchase of fixed asset investments		(33,664,003)		(17,945,030)	
Proceeds of sale from fixed assets		17,004		–	
Proceeds from sale of investments		34,583,661		38,110,106	
Net cash provided by investing activities			932,199		20,160,997
Change in cash and cash equivalents in the reporting period	20		(2,085,168)		18,891,718
Change in cash and cash equivalents at the beginning of the year			(2,085,168)		18,891,718
Net cash at the start of the year	20		22,678,656		3,786,938
Net cash at the end of the year	20		20,593,488		22,678,656

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

Net expenses before other recognised gains and losses		(3,597,014)		(3,289,429)
Depreciation		29,858		35,426
(Gain) on disposal of fixed assets		(46)		–
Investment management fees		1,076,813		1,320,478
Foreign exchange movements		(356,948)		284,261
(Increase)/Decrease in debtors		(106,874)		214,441
(Decrease)/Increase in creditors		(63,156)		165,544
Net cash outflow from operating activities			(3,017,367)	(1,269,279)

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 and considering the impact of Covid 19, 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 funds

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	2021 £	2020 £
	Income from fixed interest securities	1,070,109	1,771,286
	Income from managed or unitised funds	1,750,116	1,707,442
	Interest on cash deposits held by investment managers	3	1,193
	Interest on other cash deposits	4,806	17,051
		<u>2,825,034</u>	<u>3,496,972</u>

All investment income is held as unrestricted income except for £3,260 (2020: £3,312) which has been classified as restricted income relating to income from managed or unitised funds.

Notes (continued)

3	Donations & legacies	2021	2020
		£	£
	<i>Legacies</i>		
	P McWhinnie	1,000	–
	P Taylor	–	2,000
		<u>1,000</u>	<u>12,000</u>
	<i>Donations</i>		
	C Lambert	–	1,000
	R Lumsden	–	509
	Peter Daniels Publisher Services	–	4,000
	The Kington Oliphant of Gask Trust	1,104	1,345
	Other donations under £500	776	291
		<u>1,880</u>	<u>7,145</u>
	Total	<u><u>2,880</u></u>	<u><u>19,145</u></u>
4	Royalties	2021	2020
		£	£
	<i>Royalties</i>		
	E Marsh	92	304
	Rupert Brooke	16	187
	Patrick Hamilton	30,267	10,487
	W Somerset Maugham	44,695	78,445
	GK Chesterton	5,845	6,249
	LE Collis	5,000	3,500
	Pooh Properties Trust	93,750	150,000
	Arthur Ransome	37,954	41,775
	Eden Philpotts	1,139	–
	Henry Reed	111	481
	Hugh Whitmore	47	–
	Colin MacInnes	1,154	639
	Anon	1,806	3,511
	Lawson	77	95
	NF Simpson	119	178
	M Robson	58	–
	P Clough	900	7,942
	M Steen	–	51
	M Hocking	274	192
		<u>223,304</u>	<u>304,036</u>

Notes *(continued)*

5	Net incoming resources is stated after charging	2021	2020
		£	£
	Depreciation	29,858	35,426
	Payments under operating leases	1,688	1,688
	Amounts paid to auditors		
	Audit fees – current year	16,500	15,900
	Audit fee – prior year over accrual	<u>(300)</u>	<u>(960)</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	2021	2020
		£	£
	Investment management fees	1,161,631	1,316,344
		<u>1,161,631</u>	<u>1,316,344</u>

Notes (continued)

8	Charitable Activities	2021		2020	
		Education £	Grant Making £	Education £	Grant Making £
	Direct costs				
	Fellowships	2,916,727	–	3,178,984	–
	Staff costs	273,241	125,936	253,708	116,654
	Temporary staff		7,389		
	Advertising	–	82,062	–	41,161
	Literary Festivals	–	–	5,992	–
	Outright grants	–	555,251	–	465,417
	Instalment grants	–	314,500	–	592,753
	Pensions – total				
	commitments payable	–	737,571	–	755,463
	Office costs	7,671	1,996		
	Royal Society of Literature	–	–	–	15,000
	The Society of Authors	–	200,000	–	100,000
	Support costs				
	<i>Governance costs</i>				
	Audit fees	8,100	8,100	7,470	7,470
	Professional fees	18,880	18,880	16,526	13,520
	<i>Other support costs</i>				
	Staff costs	–	23,919	–	22,596
	Recruitment	6,000	6,000	–	–
	Office expenses	32,315	32,315	42,578	40,454
	Postage, printing, stationery, telephone & IT	9,945	9,945	10,485	10,485
	Website	30,000	30,000	30,548	30,548
	Depreciation	14,929	14,929	17,713	17,713
	Total charitable activity				
	costs by sector	<u>3,317,808</u>	<u>2,168,793</u>	<u>3,564,004</u>	<u>2,229,234</u>

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

Grants Paid to Individuals

The aggregate amount of grants and pensions paid to individuals during the year was £1,509,506 (2020- £1,654,828). The total number of grants awarded to other charities was 1 (2020 – 2). At the year end £1,897,988 (2020 – £2,034,413) of grants and pensions were committed and a liability has been recognised in the accounts to reflect this. (See notes 14 and 15).

The total number of grants awarded and paid to individuals in the year was 229 (2020 – 214).

Notes *(continued)*

9 Employees

The average number of employees during the year was 5 (2020:5)

	2021	2020
Education	3	3
Grant Making	2	2
	<u>5</u>	<u>5</u>
	2021	2020
	£	£
Staff costs:		
Wages, salaries and benefits	337,411	309,985
Social security costs	39,102	37,631
Other pension costs (see note 17)	46,582	45,342
	<u>423,095</u>	<u>392,958</u>

The Charity considers its key management personnel comprise the Chief Executive Officer, the Director of Education and the Director of Digital. The total employment benefits including employer pension contributions of the key management personnel were £353,726 (2020: £334,142).

1 employee (2020: 0) earned between £90,000 and £100,000 per annum. Total employer pension contributions for this individual was £13,890 (2020: £0).

2 employees (2020: 2) earned between £80,000 and £90,000 per annum. Total employer pension contributions for these individuals were £24,995 (2020: £25,667).

0 employees (2020: 1) earned between £70,000 and £80,000 per annum. Total employer pension contributions for this individual was £0 (2020: £11,656).

No reimbursements of out of pocket expenses were made to trustees in 2021. Reimbursement amounting to £4,364 was made in 2020 to 5 trustees. 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 2020	613,020	77,622	35,032	93,558	819,232
	Additions	–	–	4,463	–	4,463
	Disposals	–	–	–	(38,073)	(38,073)
	At 31 March 2021	613,020	77,622	39,495	55,485	785,622
	Depreciation					
	At 1 April 2020	268,744	62,201	24,410	50,104	405,459
	Charge for the year	12,260	3,856	3,771	9,971	29,858
	Disposals	–	–	–	(21,118)	(21,118)
	At 31 March 2021	281,004	66,057	28,181	38,957	414,199
	Net Book Value					
	At 31 March 2021	332,016	11,565	11,314	16,528	371,423
	At 1 April 2020	344,276	15,421	10,622	43,454	413,773

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.

Notes *(continued)*

12	Fixed Asset Investments	2021 £	2020 £
	Fixed interest securities	29,577,972	29,021,048
	Managed or unitised funds	132,449,986	106,292,108
		<u>162,027,958</u>	<u>135,313,156</u>
	Cash deposits held by investment managers	118,486	164,193
		<u>162,146,444</u>	<u>35,477,349</u>
	<i>Quoted investments</i>		
	Market value as at 1 April 2020	135,313,154	170,262,734
	Additions	33,664,003	17,945,030
	Disposals	(34,583,661)	(38,110,106)
	Net gains/(losses)	31,764,725	(15,201,954)
	Investment management fees	(1,076,813)	(1,320,478)
	Exchange gain	(3,053,450)	1,737,928
		<u>162,027,958</u>	<u>135,313,154</u>
	Market value as at 31 March 2021	<u>162,027,958</u>	<u>135,313,154</u>
	Historical cost as at 31 March 2021	<u>102,700,206</u>	<u>100,360,479</u>
	Geographical Analysis		
	United Kingdom	102,586,215	105,181,826
	Overseas	59,560,229	30,295,523
		<u>162,146,444</u>	<u>135,477,349</u>

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 Midcap UK Equity, £16,075,043 (2020: £11,127,031); Blackrock MSCI, £13,794,025 (2020: £0); Stewart Investors Global Emerging Markets, £17,508,849 (2020: £0) Loomis Sayles Global Opp Bond Fund, £19,694,428 (2020: £19,041,902); Overstone Global Equity Hedge Fund, £17,864,371 (2020: £13,379,516); Cedar Rock Capital Fund, £32,998,567 (2020: £27,670,628), Charities Property Fund, £8,754,947 (2020: £8,902,321) and Pantheon RLF 2014 Fund £9,145,537 (2020: £5,474,392).

Notes *(continued)*

13	Debtors	2021	2020
		£	£
	Employees' expense float	6,000	6,000
	Prepayments and accrued income	756,532	649,659
		<u>762,532</u>	<u>655,659</u>

All debtors fall due within one year.

14	Creditors: amounts falling due within one year	2021	2020
		£	£
	Accrued expenditure	53,281	55,974
	Tax and social security	16,130	15,258
	Other creditors	2	2
	Accrued grants and pension commitments	919,302	951,214
		<u>988,715</u>	<u>1,022,448</u>

15	Creditors: amounts falling due in more than one year	2021	2020
		£	£
	Accrued grants and pension commitments	<u>1,053,776</u>	<u>1,083,199</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:

	2021	2020
	£	£
Minimum lease payments due in:		
- less than one year	<u>—</u>	<u>1,688</u>

17 Pension Scheme

The company operates a defined contribution pension scheme. Contributions of £46,582 (2020: £45,341) were charged to the profit and loss account as they became payable in accordance with the rules of the scheme. There were no contributions (2020: nil) outstanding at the year end.

Notes *(continued)*

18 Analysis of Movements on the Funds

	Unrestricted Funds	Restricted Funds	Expendable Endowment Funds	2021
	General £	JB Priestley Fund £	General £	Total £
Opening funds	5,010,844	108,696	151,836,057	156,955,597
Income	3,047,958	3,260	–	3,051,218
Expenditure	(5,457,501)	(29,100)	(1,161,631)	(6,648,232)
	<u>2,601,301</u>	<u>82,856</u>	<u>150,674,426</u>	<u>153,358,583</u>
Fund transfers	2,500,000	–	(2,500,000)	–
Other net recognised gains	–	–	28,354,327	28,354,327
Closing value of funds	<u>5,101,301</u>	<u>82,856</u>	<u>176,528,753</u>	<u>181,712,910</u>

	Unrestricted Funds	Restricted Funds	Expendable Endowment Funds	2020
	General £	JB Priestley Fund £	General £	Total £
Opening funds	4,982,241	110,384	168,332,165	173,424,790
Income	3,816,841	3,312	–	3,820,153
Expenditure	(5,788,238)	(5,000)	(1,316,344)	(7,109,582)
	<u>3,010,844</u>	<u>108,696</u>	<u>167,015,821</u>	<u>170,135,361</u>
Fund transfers	2,000,000	–	(2,000,000)	–
Other net recognised losses	–	–	(13,179,764)	(13,179,764)
Closing value of funds	<u>5,010,844</u>	<u>108,696</u>	<u>151,836,057</u>	<u>156,955,597</u>

Notes *(continued)*

18 Analysis of Movements on the Funds *(continued)*

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.

19 Analysis of Net Assets between Funds

	Unrestricted Funds	Restricted Funds	Expendable Endowment Funds	2021
	General £	JB Priestley Fund £	General £	Total £
Fixed assets	371,423	–	–	371,423
Investments	–	108,696	162,037,748	162,146,444
Net current assets	5,783,654	(25,840)	14,491,005	20,248,819
Creditors due in more than one year	(1,053,776)	–	–	(1,053,776)
Closing value of funds	<u>5,101,301</u>	<u>82,856</u>	<u>176,528,753</u>	<u>181,712,910</u>

Within expendable endowment funds is included £135,835,767 of material investments, as disclosed in note 12.

Notes *(continued)*

19 Analysis of Net Assets between Funds *(continued)*

	Unrestricted Funds	Restricted Funds	Expendable Endowment Funds	2020
	General £	JB Priestley Fund £	General £	Total £
Fixed assets	413,773	–	–	413,773
Investments	–	110,384	135,366,965	135,477,349
Net current assets	5,680,270	(1,688)	16,469,092	22,147,674
Creditors due in more than one year	(1,083,199)	–	–	(1,083,199)
Closing value of funds	<u>5,010,844</u>	<u>108,696</u>	<u>151,836,057</u>	<u>156,955,597</u>

Within expendable endowment funds is included £104,514,178 of material investments, as disclosed in note 12.

20 Net Cash

	Cash b/fwd £	Cash £	Cash c/fwd £
Cash in hand, at bank	22,514,463	(2,039,461)	20,475,002
Cash deposits held by Investment Managers	164,193	(45,707)	118,486
Total	<u>22,678,656</u>	<u>(2,085,168)</u>	<u>20,593,488</u>

21 Capital commitments

There were no capital commitments at 31 March 2021 (2020: Nil).

22 Related party transactions

There were no related party transactions in the year. (2020: Nil).

Some applicants helped during the year

A sports journalist's earnings had decreased dramatically since March 2020 as the independent magazine sector had shut down and sporting events and exhibitions had been cancelled. The trustees made him a grant.



A writer of YA fiction and non-fiction, continued to work where he could, but all venues for workshops and writing courses were now closed. The trustees made him a grant.



A playwright was receiving treatment for bowel cancer. He lived on the state pension. A new play had been postponed, which would have allowed him to spend a little more. The trustees made him an annual grant for three years.



A nature writer made a steady income from his writing from journalism, books and face to face talks and tours. Much of his work had been cancelled because of the pandemic. The trustees made him a grant.



An award-winning translator and his wife had both suffered ill health, loss of income and fewer translating commissions. The trustees made him a grant.



A novelist had lost earnings from her travel website which provided a crucial part of other income. This had had a huge impact on her and her partner's financial circumstances. The trustees made her a grant.



A poet was weighed down by his financial situation and finding it difficult to write. He had accumulated debts including rent arrears. The trustees made him an annual grant and cleared debts.



An acclaimed novelist had been diagnosed with early onset Alzheimer's disease. Her health was deteriorating. The trustees made her a grant to help with care.



A poet suffered from mental health issues including OCD and anxiety. He was carer for his partner who also had health problems. They subsisted on benefits. The grant from the Fund was a great help to them. The trustees renewed an annual grant.



A writer of poetry in English and Gaelic, suffered from clinical depression and spent long periods in hospital. She had recently suffered several falls and chest infections and was currently in hospital. The trustees made her an annual grant.



A novelist had separated from his partner and had had to rent a new place. A teaching job had been delayed. He was a recovering drug addict and alcoholic. The trustees made him a grant.



An acclaimed scriptwriter was living on a low income. He had lost investments due to fraud. He was suffering from Parkinson's disease and early-stage Alzheimer's. The trustees cleared a large loan.



An author's first novel had been shortlisted for the Booker Prize and resulted in large literary earnings. He had been living on these as his second book had not sold well. He was worried and depressed about his future. The trustees made him a grant.



A writer of fiction and non-fiction had demanding teaching commitments which this year required additional hours to convert to online classes. She was exhausted and had little time for writing. The trustees made her a grant to help reduce her hours.



A novelist had had delays and cancellations caused by the pandemic. She was worried about running up debts before taking up an RLF Fellowship in the Autumn. The trustees made her a grant.



A crime writer was living in a shepherd's hut he had built in a friend's garden. The facilities were spartan and cold. The trustees made him an annual grant so that he was able to look for more conventional accommodation.



A novelist's latest book had been delayed when her publisher was sold to another company. Her husband had developed a serious back condition and had been unable to work. He was receiving surgery and treatment. The trustees made her a grant.



An acclaimed writer of fiction and non-fiction relied on her income from renting out her spare room on Airbnb. This had stopped since March 2020. She had large debts. The Committee cleared her debts.



An author of books on true crime had been teaching in Saudi Arabia in order to clear debts and make some savings. He had had to return home at the start of the first lockdown. The trustees made him a grant.



The widow of a writer for children, who had died in 2019, had several health problems and was struggling to make ends meet. The trustees made her a grant and cleared debts.



An acclaimed writer had had a long and distinguished career in several genres. He and his wife (also a writer) lived on a low income. The trustees made him an annual grant.



A poet and novelist's work as a creative writing tutor had reduced, and anxiety about the pandemic was affecting her ability to write. The Committee made her an annual grant for three years.

Extracts from thank you letters from recent beneficiaries

I will never be able to adequately express what this support means to me, and what a difference your generosity will make to my immediate day to day life, and to my mental health, my professional confidence, and my sense of hope for the future. You have allowed me to have faith again in the dream of my life's work, work which I can now re-commit to with renewed purpose and belief.

I wanted to say thank you for everything the RLF has done for me in the last twelve months. I looked back recently at pictures from this time last year, including a photo I had taken of your letter. It was a turning point for me after a very hard period. I remain hugely grateful.

The grant was credited to my bank account yesterday and will be of the greatest assistance as I redefine my writing life in the face of the pandemic severe restrictions on travel. I just wish all of life proceeded with the care and efficiency shown at the RLF.

I was suffering with fear of debt and inhibited creative activity. This grant bestowal is valuable on so many levels. Of course, it alleviates financial anxiety with our house – but it has done something even more important. I have found fresh determination to write and recover.

What unbelievably wonderful news! Thank you so much for organising all the logistics for this and please thank the trustees for taking the time to read my work and having confidence in my ability. I am completely bowled over – and thoroughly relieved too. I appreciate this so very, very much.

I can't thank you and the Fund enough for your generosity and your kindness. It's a life changing amount of money for us, it will give me the time to keep writing, and to hopefully get that new deal. And it will take that terrible weight off my shoulders, the fear of not being able to provide for the family. It's more than that, though, I feel like it has given me back some of the confidence that I've lost in the last few years, for which I am so thankful! It has given me a real sense of excitement and enthusiasm and positivity for the future.

Again, my heartfelt thanks. I have received the official letter of confirmation, and this is to confirm that the money was indeed credited to our bank account yesterday. This will not only mean we can survive financially during my husband's forthcoming operation and recovery period, but also takes away so many of the associated worries we can so do without at this time. It also means I can relax now and concentrate on writing the new books Headline are looking for. We are very, very grateful.

Thank you again.

I am very grateful for this award – thank you so much. It has relieved a huge amount of pressure and will really help me move forward. Please thank the trustees for me. I am also delighted to know the trustees enjoyed my books and feel very much encouraged.

Oh my word. I wasn't expecting anything like that! What an amazingly generous offer and a fabulous vote of confidence in my work. I feel pretty gobsmacked. (for the want of a better word!) Wow. That will enable me to do so much and find so much time in which to write. I can't thank you enough.

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as at 31st March 2021

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