

THE AUTHORS' FOUNDATION
TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE
YEAR ENDED 31 DECEMBER 2020

CHARITY No. 326605

THE AUTHORS' FOUNDATION

Charity Information

Trustees	The Management Committee of The Society of Authors Simon Brett Mark Le Fanu Imtiaz Dharker Tracy Chevalier
Charity Number	326605
Charity Offices	c/o The Society of Authors 24 Bedford Row London WC1R 4EH
Independent Examiner	Simon Goodridge FCA Knox Cropper LLP Chartered Accountants 65 Leadenhall Street London EC3A 2AD
Bankers	HSBC The Peak 333 Vauxhall Bridge Road Victoria London SW1V 1EJ
Investment Managers	Aberdeen Standard Capital Bow Bells House 1 Bread Street London EC4M 9HH

THE AUTHORS' FOUNDATION

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REPORT OF THE TRUSTEES OF THE AUTHORS' FOUNDATION

YEAR ENDED 31 DECEMBER 2020

The Trustees present their report and financial statements for the year ended 31st December 2020. The Trustees have adopted the provisions of the 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) (second edition effective 1 January 2019).

Trustees

Under the trust deed of the charity, the Society of Authors is authorised to appoint new Trustees. A list of trustees is shown in the Charity Information attached to these statements.

Investment powers and Risk Management

The Trust Deed authorises the Trustees to make and hold investments using the Capital Funds of the charity. These are shown in detail in the notes to the financial statements. The principal area of risk concerns the management of the investments, the income from which provides the principal source of funds from which the awards are paid. The investments are therefore kept under constant review by the investment managers.

Constitution, objects and policies

This charity was constituted under a Trust Deed dated 23rd February 1984 for the advancement of literature and the encouragement of creative writing. The purpose of the Foundation is to advance the education of the public by making grants and awards out of income to authors of outstanding literary merit to enable them to create and/or procure publication of literary works of educational value or artistic merit, and by promoting the publication and dissemination of literary works of educational value or artistic merit. The policy of the Authors' Foundation continues to be to pay grants in accordance with the Trust Deed out of the income generated by the investments and donations and to seek additional donations wherever possible.

The Restricted Endowment was created in September 2001 from donations totalling £1,650,000 from the Royal Literary Fund (RLF) to support the work of the Authors' Foundation. The donation was made on certain conditions to ensure that such an award falls within the object of its Charter, the conditions being that the whole of the annual income be spent; a member of the committee of the RLF should be a trustee of the Authors' Foundation; at least one member of the RLF committee should be appointed by the Authors' Foundation to be an assessor each year; the RLF's assessor should be satisfied that grants from the restricted fund be made towards time and research for works of public education and the improvement of public taste in the field of literary work, thus meeting the requirement of the RLF's Charter (Clause 3b); and that the Authors' Foundation should submit a draft and its final annual accounts to the RLF each year.

The RLF, when giving this donation, stated that the making of grants from this award should be entirely at the discretion of the Authors' Foundation. To make the matter clear, the RLF stated that the funds having been received from them on special trust, the distribution of the income is a matter solely for the Authors' Foundation.

Public Benefit

In reviewing the charity's aims and objectives and in planning future activities, the Trustees refer to the Charity Commissions general guidance on public benefit.

Reserves Policy

The Trustees policy is to operate on the basis of being able to continue to generate sufficient incoming resources to use toward meeting their charitable objectives and to accord with their principal terms. The Trustees are of the opinion that the funds remain sufficient to enable them to continue this ongoing objective. The charity has sufficient but not excessive funds to service its objective of making future charitable distributions.

Financial Review

The results for the year ended 31st December 2020 appear on pages 4 to 10. A total of 91 authors received grants from the Foundation in 2020 (2019: 138 authors).

REPORT OF THE TRUSTEES OF THE AUTHORS' FOUNDATION

YEAR ENDED 31 DECEMBER 2020

Restricted Endowment: The income from investments for the year amounted to £75,173 (2019: £102,211) and the fund-raising income for the year amounted to £10,000 (2019: £10,000). After payment of charitable awards amounting to £187,530 (2019: £179,850) and other expenditure totalling £58,348 (2019: £62,616) there was a Net decrease in Funds for the year of £160,705 (2019: £130,255 decrease) before including the capital movements on investments - the realised gain on the sale of investments of £253 (2019: £26,408 gain) and the unrealised increase in the market value of £10,261 (2019: £407,502 increase). The Accumulated Fund carried forward at 31st December 2020 stands at £3,395,179 (2019: £3,545,370).

Unrestricted Fund: The income from investments totalled £80,105 (2019: £104,996) and fund-raising income for the year amounted to £1,168 (2019: £1,786). Charitable awards paid were £141,470 (2019: £147,150) and other expenditure totalled £47,605 (2019: £50,496). The Net decrease in Funds for the year was £107,708 (2019: £90,773 decrease). The capital movements on investments consisted of realised deficit of £1,114 (2019: £nil) and the unrealised increase in market value was £6,457 (2019: £368,578 increase). The balance carried forward on the Accumulated Fund at the year-end is therefore £2,900,119 (2019: £3,002,484).

The trustees consider that both the Restricted Endowment and the Unrestricted Fund have sufficient income and capital to meet the obligations likely to be placed on each of the funds in the foreseeable future.

The Covid-19 pandemic has affected the way the charity and the Society of Authors works. The value of the charity's investment portfolio has recovered the losses suffered in March/April 2020 and has increased in value over the course of the whole year before disposals as set out in the notes to the financial statements. The charity anticipates being able to maintain its existing support for writers.

Statement of Trustees' Responsibilities


The Trustees are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

The law applicable to charities in England and Wales, the Charities Act 2011, 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 its incoming resources and application of resources for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and the principles of the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the charity will continue to operate.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the board of Trustees on 27 May 2021 and signed on their behalf by:



Joanne Harris – Chair of the Management Committee, The Society of Authors

THE AUTHORS' FOUNDATION
YEAR ENDED 31 DECEMBER 2020

Independent Examiner's Report to the Trustees of The Authors' Foundation Fund

I report to the trustees on my examination of the accounts of The Authors' Foundation Fund for the year ended 31 December 2020.

Responsibilities and basis of report

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

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

Independent Examiner's statement

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

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

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



Simon Goodridge FCA
Knox Cropper LLP
Chartered Accountants
65 Leadenhall Street
London
EC3A 2AD

Date: 1 June 2021

THE AUTHORS' FOUNDATION
STATEMENT OF FINANCIAL ACTIVITIES
YEAR ENDED 31 DECEMBER 2020

	Notes	Unrestricted Funds	Restricted Endowment	2020 Total Funds	2019 Total Funds
		£	£	£	£
Income and Endowments from:					
<i>Fund Raising Income</i>					
Donations and Legacies		-	10,000	10,000	10,500
CAF Fund Raising		1,168	-	1,168	1,286
		<u>1,168</u>	<u>10,000</u>	<u>11,168</u>	<u>11,786</u>
<i>Income from Investments</i>					
Dividends and Interest - Listed Investments	2	65,325	75,160	140,485	187,270
Dividends from other investments		14,700	-	14,700	19,600
Bank Interest		80	13	93	337
		<u>80,105</u>	<u>75,173</u>	<u>155,278</u>	<u>207,207</u>
<i>Other Income</i>		94	-	94	92
Total Income		<u>81,367</u>	<u>85,173</u>	<u>166,540</u>	<u>219,085</u>
Expenditure on:					
<i>Cost of Generating Funds</i>					
Investment Management Fees		19,405	20,969	40,374	49,012
<i>Direct Charitable Activities</i>					
Awards Paid		141,470	187,530	329,000	327,000
Support Costs	4	28,200	37,379	65,579	64,100
Total Expenditure		<u>189,075</u>	<u>245,878</u>	<u>434,953</u>	<u>440,112</u>
Net income/(expenditure) before investment gains/(losses)		(107,708)	(160,705)	(268,413)	(221,027)
Net gains/(losses) on investments	6	5,343	10,514	15,857	802,488
Net income/(expenditure)		<u>(102,365)</u>	<u>(150,191)</u>	<u>(252,556)</u>	<u>581,461</u>
Reconciliation of Funds:					
Total Funds Brought Forward		3,002,484	3,545,370	6,547,854	5,966,393
Total Funds Carried Forward		<u>£2,900,119</u>	<u>£3,395,179</u>	<u>£6,295,298</u>	<u>£6,547,854</u>

All income and expenditure have arisen from continuing activities.
The notes form part of these financial statements.

THE AUTHORS' FOUNDATION

BALANCE SHEET

31 DECEMBER 2020

		2020		2019	
Notes	£	£	£	£	£
Fixed Assets					
Listed Investments	5,6		6,254,401		6,294,544
Other Investments	5		49		49
			6,254,450		6,294,593
Current Assets					
Debtors	7	-		5,000	
Cash held by Investment Managers		42,314		254,352	
Cash at Bank		12,433		19,965	
		54,747		279,317	
Creditors					
Amounts falling due within one year	8	(13,899)		(26,056)	
Net Current Assets			40,848		253,261
Total Net Assets			£6,295,298		£6,547,854
Accumulated Funds					
Restricted Endowment Fund			3,395,179		3,545,370
Unrestricted Fund			2,900,119		3,002,484
Total Funds			£6,295,298		£6,547,854

The Financial Statements were approved by the Trustees on 21 May 2021 and signed on their behalf by:



 Joanne Harris – Chair of the Management Committee, The Society of Authors

The notes form part of these financial statements

THE AUTHORS' FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

1 ACCOUNTING POLICIES

- a) The Financial Statements of the charity, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention, as modified by the revaluation of investments, and include the results of the charity's operations, which are described in the Trustees' Report, all of which are continuing. The Financial Statements have been prepared in accordance with the Financial Reporting Standard 102 and the Charities SORP (FRS102 second edition) and in compliance with the Charities Act 2011.
- b) The income from Investments and Bank Interest received represents the actual income receivable in the year.
- c) Donations are accounted for when the charity is unconditionally entitled to receipt.
- d) Awards paid include all amounts payable in the year in accordance with the terms of the Trust Deed and in accordance with the charter of the Royal Literary Fund.
- e) Other expenditure is on the basis of amounts payable for the year and includes provisions for amounts paid after the Balance Sheet date.
- f) The Quoted Investments are included in the Financial Statements at market value to comply with the Statement of Recommended Practice. Other investments are stated at cost.
- g) The UK economy has been seriously affected by the Covid-19 pandemic. The charity's income is derived from its investment portfolio whose value has recovered the losses suffered in March/April 2020. The trustees believe that its investments will continue to provide sufficient resources in the foreseeable future to enable the charity to maintain its activities and that there are no other material uncertainties about the charity's ability to continue as a going concern.

2 INVESTMENT INCOME

			2020	2019
	Unrestricted Fund	Restricted Endowment Fund	Total	Total
	£	£	£	£
Non-Government Bond Funds (Global)	9,542	12,796	22,338	24,863
UK Corporate Bonds (Sterling fixed interest)	7,390	9,967	17,357	18,145
Charity Investment Fund (Multi Asset)	48,393	52,397	100,790	144,262
	<u>£65,325</u>	<u>£75,160</u>	<u>£140,485</u>	<u>£187,270</u>
			2019	
	Unrestricted Fund	Restricted Endowment Fund	Total	
	£	£	£	
Non-Government Bond Funds (Global)	10,621	14,242	24,863	
UK Corporate Bonds (Sterling fixed interest)	7,593	10,552	18,145	
Charity Investment Fund (Multi Asset)	66,925	77,337	144,262	
	<u>£85,139</u>	<u>£102,131</u>	<u>£187,270</u>	

THE AUTHORS' FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2020

3 AWARDS

Awards were paid to 91 individuals during the year (2019:138).

4 ANALYSIS OF SUPPORT COSTS

			2020	2019
	Unrestricted Fund £	Restricted Endowment Fund £	Total £	Total £
Administration Costs	22,756	30,164	52,920	50,400
Judges Fees and Expenses	3,328	4,412	7,740	8,570
Bank Charges	93	122	215	230
Other	-	-	-	136
Governance				
Independent Examiners Fees				
-current year	2,038	2,702	4,740	4,764
- prior year	(15)	(21)	(36)	-
	<u>£28,200</u>	<u>£37,379</u>	<u>£65,579</u>	<u>£64,100</u>

Comparative year

			2019
	Unrestricted Fund £	Restricted Endowment Fund £	Total £
Administration Costs	21,030	29,370	50,400
Judges Fees and Expenses	3,856	4,714	8,570
Bank Charges	103	127	230
Other	62	74	136
Governance			
Independent Examiners Fees			
-current year	2,063	2,701	4,764
- prior year	-	-	-
	<u>£27,114</u>	<u>£36,986</u>	<u>£64,100</u>

THE AUTHORS' FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2020

5 INVESTMENTS

	Unrestricted Fund £	Restricted Endowment Fund £	2020 Total £	2019 Total £
Listed Investments				
Non-Government Bond Funds				
ASC (Offshore) Global Fixed Interest	244,736	321,976	566,712	560,443
UK Corporate Bonds				
ASC (Offshore) Sterling Fixed Interest	259,669	319,217	578,886	576,392
Charity Investment Fund				
BNY Mellon Fund - Newton Growth & Income for Charities	2,447,171	2,661,632	5,108,803	5,157,709
Total Market Value	<u>£2,951,576</u>	<u>£3,302,825</u>	<u>£6,254,401</u>	<u>£6,294,544</u>
Historic Cost	<i>1,901,839</i>	<i>2,085,200</i>	<i>3,987,039</i>	<i>4,031,920</i>
Comparative year				
	Unrestricted Fund £	Restricted Endowment Fund £	2019 Total £	
Listed Investments				
Non-Government Bond Funds				
ASC (Offshore) Global Fixed Interest	239,411	321,032	560,443	
UK Corporate Bonds				
ASC (Offshore) Sterling Fixed Interest	245,401	330,991	576,392	
Charity Investment Fund				
BNY Mellon Fund - Newton Growth & Income for Charities	2,476,420	2,681,289	5,157,709	
Total Market Value	<u>£2,961,232</u>	<u>£3,333,312</u>	<u>£6,294,544</u>	
Historic Cost	<i>1,911,298</i>	<i>2,120,622</i>	<i>4,031,920</i>	

Other investments

The Foundation has a 49% shareholding in Eric Ambler Literary Management Limited, representing a nominal value of 49 £1 shares. A controlling 51% holding is held by Worldwritres Limited (formerly Legacy Books Limited) which is part of the Peter Fraser & Dunlop Group.

THE AUTHORS' FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2020

6 MOVEMENTS ON INVESTMENTS

			2020	2019
	Unrestricted Fund £	Restricted Endowment Fund £	Total £	Total £
Market Value as at beginning of year	2,961,233	3,333,311	6,294,544	5,702,056
Disposal Proceeds	(15,000)	(41,000)	(56,000)	(210,000)
Investment Gains	5,343	10,514	15,857	802,488
Market Value as at end of year	£2,951,576	£3,302,825	£6,254,401	£6,294,544
Analysis of Investment Gains				
Realised Gains/(Losses)	(1,114)	253	(861)	26,408
Unrealised Gains/(Losses)	6,457	10,261	16,718	776,080
	£5,343	£10,514	£15,857	£802,488

7 DEBTORS: Amounts falling due within one year

	2020 £	2019 £
Other Debtors	-	5,000
	£ -	£5,000

8 CREDITORS: Amounts falling due within one year

	2020 £	2019 £
Investment Managers Fees	9,159	12,400
Professional Fees	4,740	4,656
Awards to be paid	-	9,000
	£13,899	£26,056

9 NET ASSETS BY FUND

	Unrestricted Fund £	Restricted Endowment Fund £	2020 Total £
Fixed Asset Investments	2,951,625	3,302,825	6,254,450
Net Current Assets	(51,506)	92,354	40,848
Total	£2,900,119	£3,395,179	£6,295,298
<i>Comparative year</i>			2019
	Unrestricted Fund £	Restricted Endowment Fund £	Total £
Fixed Asset Investments	2,961,281	3,333,312	6,294,593
Net Current Assets	41,203	212,058	253,261
Total	£3,002,484	£3,545,370	£6,547,854

THE AUTHORS' FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2020

10 RELATED PARTY DISCLOSURES

The Society of Authors, which is a Trustee of the Foundation, carried out management services for the Foundation and charged management fee for the year amounting to £52,920 (2019: £50,400). There were no other related party transactions in the year.

11 COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted Funds £	Restricted Endowment £	2019 Total Funds £
Income and Endowments from:			
<i>Fund Raising Income</i>			
Donations and Legacies	500	10,000	10,500
CAF Fund Raising	1,286	-	1,286
	<u>1,786</u>	<u>10,000</u>	<u>11,786</u>
<i>Income from Investments</i>			
Dividends and Interest - Listed Investments	85,139	102,131	187,270
Dividends from other investments	19,600	-	19,600
Bank Interest	257	80	337
	<u>104,996</u>	<u>102,211</u>	<u>207,207</u>
<i>Other Income</i>	92	-	92
Total Incoming Resources	<u>106,874</u>	<u>112,211</u>	<u>219,085</u>
Expenditure on:			
<i>Cost of Generating Funds</i>			
Investment Management Fees	23,382	25,630	49,012
<i>Direct Charitable Activities</i>			
Awards Paid	147,150	179,850	327,000
Support Costs	27,114	36,986	64,100
Total Expenditure	<u>197,646</u>	<u>242,466</u>	<u>440,112</u>
Net income/(expenditure) before investment gains/(losses)	(90,773)	(130,255)	(221,027)
Net gains/(losses) on investments	368,578	433,910	802,488
Net income/(expenditure)	<u>277,806</u>	<u>303,655</u>	<u>581,461</u>
Total Funds Brought Forward	2,724,678	3,241,715	5,966,393
Total Funds Carried Forward	<u>£3,002,484</u>	<u>£3,545,370</u>	<u>£6,547,854</u>