

Charity Registration No. 1184638

Company Registration No. 11592194 (England and Wales)

GRANTA TRUST
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

GRANTA TRUST

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Sigrid Rausing Jeremy Hardie Jonathan Cooper Lisa Appignanesi
Charity number	1184638
Company number	11592194
Registered office	12 Addison Avenue London W11 4QR
Independent examiner	Mark Cole FCA Bright Grahame Murray Emperor's Gate 114a Cromwell Road Kensington London SW7 4AG

GRANTA TRUST

CONTENTS

	Page
Trustees' report	1 - 2
Independent examiner's report	3
Statement of financial activities	4
Balance sheet	5
Notes to the financial statements	6 - 13

GRANTA TRUST

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 30 SEPTEMBER 2020

The trustees present their report and financial statements for the year ended 30 September 2020.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the Trust's Articles, the Companies Act 2006 and "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 2019)".

Objectives and activities

The Trust's objects are; the advancement of the literary arts in particular promotion of new emerging writing and the advancement of education through the promotion of literary and literacy cultures.

The trustees have paid due regard to guidance issued by the Charity Commission in deciding what activities the Trust should undertake.

Achievements and performance

During the period Granta Trust accepted the gift of that part of the operating business of Granta Publications which dealt with Granta magazine, the new poetry list, and the website. These activities were selected as enabling the charity to fulfil its charitable objectives. In 2020 trustees also made a small number of grants in the literary sphere. Trustees did not accept unsolicited applications but identified groups operating in the UK and working in innovative and effective ways to promote literacy and literary excellence across a wide geographic area. Trustees reviewed detailed applications and staff assessments. Trustees will receive reports on the funds awarded.

Financial review

It is the policy of the Trust that unrestricted funds which have not been designated for a specific use should be maintained at a level equivalent to between three and six months' expenditure. The trustees considers that reserves at this level will ensure that, in the event of a significant drop in funding, they will be able to continue the Trust's current activities while consideration is given to ways in which additional funds may be raised. This level of reserves has been maintained throughout the year.

Investment Policy

Cash balances not immediately needed are placed on short term deposit, when these are available at a more than notional rate of interest.

Risk management

The trustees has assessed the major risks to which the Trust is exposed, and are satisfied that systems are in place to mitigate exposure to the major risks.

Plans for future periods

For the first full year of operations, trustees' focus will be on oversight of the operating business, to satisfy themselves that it is operating effectively and in a way that fulfils the Trust's charitable purposes.

Structure, governance and management

Granta Trust is a company limited by guarantee. It is governed by its Memorandum and Articles of Association.

Related Parties and Conflicts of Interest

None of the trustees received remuneration or other benefits for their work for the charity. Any transactions between the Trust and the trustees or senior management or related parties must be disclosed to the Board.

Details of related party transactions are disclosed in note 13 to the accounts. Trustees are required to disclose all relevant interests and register them annually with the Trust's administration, and in accordance with the Trust's conflict of Interest Policy to withdraw from decisions where a conflict of interest arises.

GRANTA TRUST

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

The trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

Sigrid Rausing

Max Porter

(Resigned 15 April 2021)

Jeremy Hardie

Jonathan Cooper

Lisa Appignanesi

Details of method of recruitment and appointment of trustees

Trustees are appointed to the board on the basis of their skills and experience in either the literary or charitable field. Trustee appointments are for an initial period of three years.

None of the trustees has any beneficial interest in the company. All of the trustees are members of the company and guarantee to contribute £1 in the event of a winding up.

The company's current policy concerning the payment of trade creditors is to follow the CBI's Prompt Payers Code (copies are available from the CBI, Centre Point, 103 New Oxford Street, London WC1A 1DU).

The company's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

Details of organisational structure

Granta Trust employs seven staff to edit and sell the magazine, and to edit the poetry list. Other functions, including contract administration, production, marketing and publicity, finance and IT are outsourced to Granta Publications, which charges for time spent on the Trust's operations. The day to day management of the operations of the Trust is overseen by the Executive Management Board, which reports regularly to trustees.

The Trustees consider that the Board of Trustees, the Editor and Deputy Editor comprise the key management personnel of the charity in charge of directing and controlling the charity and its day to day operation.

Principal Office

The address of the principal office of the charity is 12 Addison Avenue, London, W11 4QR.

The trustees' report was approved by the Board of Trustees.

Jeremy Hardie

Trustee

Dated: 20 July 2021

GRANTA TRUST

INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF GRANTA TRUST

I report to the trustees on my examination of the financial statements of Granta Trust (the Trust) for the year ended 30 September 2020.

Responsibilities and basis of report

As the trustees of the Trust (and also its directors for the purposes of company law) you are responsible for the preparation of the financial statements in accordance with the requirements of the Companies Act 2006 (the 2006 Act).

Having satisfied myself that the financial statements of the Trust are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of the Trust's financial statements carried out under section 145 of the Charities Act 2011 (the 2011 Act). In carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

Independent examiner's statement

Since the Trust's gross income exceeded £250,000 your examiner must be a member of a body listed in section 145 of the 2011 Act. I confirm that I am qualified to undertake the examination because I am a member of , which is one of the listed bodies.

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

- 1 accounting records were not kept in respect of the Trust as required by section 386 of the 2006 Act; or
- 2 the financial statements do not accord with those records; or
- 3 the financial statements do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a true and fair view which is not a matter considered as part of an independent examination; or
- 4 the financial statements have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

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 financial statements to be reached.

Mark Cole FCA

Bright Grahame Murray
Emperor's Gate
114a Cromwell Road
Kensington
London
SW7 4AG

Dated: 28 July 2021

GRANTA TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Notes	Unrestricted funds 2020 £	Total 2019 £
<u>Income from:</u>			
Donations and legacies	3	369,415	-
		<hr/>	<hr/>
<u>Expenditure on:</u>			
Charitable activities	4	209,355	-
		<hr/>	<hr/>
Net income for the year/ Net movement in funds		160,060	-
Fund balances at 1 October 2019		-	-
		<hr/>	<hr/>
Fund balances at 30 September 2020		160,060	-
		<hr/> <hr/>	<hr/> <hr/>

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

GRANTA TRUST

BALANCE SHEET

AS AT 30 SEPTEMBER 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Tangible assets	9		42,850		-
Current assets					
Debtors	10	140,571		-	
Cash at bank and in hand		998,691		-	
		<u>1,139,262</u>		<u>-</u>	
Creditors: amounts falling due within one year	11	<u>(1,022,052)</u>		<u>-</u>	
Net current assets			117,210		-
Total assets less current liabilities			<u>160,060</u>		<u>-</u>
Income funds					
Unrestricted funds			160,060		-
			<u>160,060</u>		<u>-</u>

The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 30 September 2020.

The directors acknowledge their responsibilities for ensuring that the charity keeps accounting records which comply with section 386 of the Act and for preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its incoming resources and application of resources, including its income and expenditure, for the financial year in accordance with the requirements of sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Trustees on 20 July 2021

Jeremy Hardie
Trustee

Company Registration No. 11592194

GRANTA TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

1 Accounting policies

Charity information

Granta Trust is a private company limited by guarantee incorporated in England and Wales. The registered office is 12 Addison Avenue, London, W11 4QR.

1.1 Accounting convention

The financial statements have been prepared in accordance with the Trust's Articles, the Companies Act 2006 and "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 2019)". The Trust is a Public Benefit Entity as defined by FRS 102.

The Trust has taken advantage of the provisions in the SORP for charities applying FRS 102 Update Bulletin 1 not to prepare a Statement of Cash Flows.

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the Trust.

1.4 Income

Income is recognised when the Trust is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Donations are recognised once the Trust has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the Trust has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

GRANTA TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

1 Accounting policies

(Continued)

1.5 Expenditure

Recognition of Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

Governance Costs

Includes staff time and expenses for time spent in connection with trustees meetings, plus the cost of audit and professional fees. Salary costs, where appropriate, are charged in accordance with time spent.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Website costs	25% per annum
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The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

1.7 Impairment of fixed assets

At each reporting end date, the Trust reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

The Trust has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Trust's balance sheet when the Trust 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.

GRANTA TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

1 Accounting policies

(Continued)

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the Trust's contractual obligations expire or are discharged or cancelled.

1.10 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Trust is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.11 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

2 Critical accounting estimates and judgements

In the application of the Trust'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.

GRANTA TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

3 Donations and legacies

	Unrestricted funds	Total
	2020 £	2019 £
Donations and gifts	369,415	-
Donations and gifts		
The Hans and Märit Rausing Charitable Trust	500,000	-
Net liabilities taken on as part of Granta Magazine transfer (see below)	(130,585)	-
	369,415	-

As part of the transfer of the magazine trade from Granta Publications, The Hans and Märit Rausing Charitable Trust has made a donation of £1,000,000 to Granta Trust.

At the point of transfer of the magazine from Granta Publications, the total value of the identifiable assets and liabilities of that trade was a net liability position of £130,585. Therefore, this £130,585 has been set against the above mentioned £1,000,000 donation above, as in substance they formed part of the same accounting transaction.

The £1,000,000 donation represents a funding commitment for two accounting periods from the point of the donation, and therefore this donation is being recognised equally across the 2020 and 2021 accounting periods.

Sigrid Rausing has made a further commitment to secure an additional £2,000,000 in four annual instalments of £500,000. The substance of this commitment is to underwrite the costs associated with the magazine business, and as such the annual donations of £500,000 will be recognised in the Statement of Financial Activities in the year in which the funds are received, in order to match this commitment with the publications of the relevant magazines to which the commitment relates.

4 Charitable activities

	Magazine publication 2020 £	Grant Making 2020 £	Total 2020 £	Total 2019 £
Grant funding of activities (see note 5)	-	122,500	122,500	-
Share of support costs (see note 6)	17,796	-	17,796	-
Share of governance costs (see note 6)	67,059	2,000	69,059	-
	84,855	124,500	209,355	-

GRANTA TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

5 Grants payable

	Grant Making 2020 £	2019 £
Grants to institutions (5 grants):		
First Story	30,000	-
Medicine Unboxed	15,000	-
Royal Society of Literature	45,000	-
Republic of Consciousness	7,500	-
New Writing North	25,000	-
	<u>122,500</u>	<u>-</u>
-		

GRANTA TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

6 Support costs

	Support costs	Governance costs	2020	Support costs	Governance costs	2019	Basis of allocation
	£	£	£	£	£	£	
Staff costs	9,275	-	9,275	-	-	-	Based on staff contracts
Recharge of support costs	8,332	-	8,332	-	-	-	Based on time spent by staff
Bank charges	160	-	160	-	-	-	Support
IT licences	29	-	29	-	-	-	Support
Audit fees	-	4,000	4,000	-	-	-	Governance
Legal and professional	-	65,059	65,059	-	-	-	Governance
	<u>17,796</u>	<u>69,059</u>	<u>86,855</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Analysed between							
Charitable activities	<u>17,796</u>	<u>69,059</u>	<u>86,855</u>	<u>-</u>	<u>-</u>	<u>-</u>	

Governance costs includes a provision for the independent examination of these accounts for £4,000 (2019- £nil).

GRANTA TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

7 Trustees

None of the trustees (or any persons connected with them) received any remuneration or benefits from the Trust during the year.

8 Employees

The average monthly number of employees during the year was:

	2020 Number	2019 Number
Administrative	3	-
Employment costs	2020 £	2019 £
Wages and salaries	8,629	-
Other pension costs	646	-
	9,275	-

There were no employees whose annual remuneration was £60,000 or more.

9 Tangible fixed assets

	Website costs £
Cost	
Additions via transfer of trade	42,850
At 30 September 2020	42,850
Carrying amount	
At 30 September 2020	42,850

10 Debtors

	2020 £	2019 £
Amounts falling due within one year:		
Trade debtors	26,537	-
Other debtors	114,034	-
	140,571	-

GRANTA TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

11 Creditors: amounts falling due within one year

	Notes	2020 £	2019 £
Other taxation and social security		3,308	-
Deferred income	12	500,000	-
Trade creditors		53,098	-
Subscriptions liabilities		257,248	-
Accruals and deferred income		208,398	-
		<u>1,022,052</u>	<u>-</u>

12 Deferred income

	2020 £	2019 £
Deferred donations	<u>500,000</u>	<u>-</u>

Deferred income is explained in further detail in note 3.

13 Related party transactions

Included within Support Costs are staff and other overhead costs which are recharged from Granta Publications on an arm's length basis.

Sigrid Rausing is the ultimate controlling party of Granta Publications.

Included in the Grants made by the Trust is an amount of £45,000 to the Royal Society of Literature. At the time of making the grant, Lisa Appignanesi was the chair of the Royal Society of Literature. This Grant was made on an arm's length basis and in line with the Trust's usual grant making procedures.