

The Charlotte Aitken Trust

Annual Report and Financial Statements period from 1 July 2021 to 31 December 2022

Charity registration number: 1187395



The Charlotte Aitken Trust

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The Charlotte Aitken Trust

Reference and Administrative Details

Trustees	Sebastian Faulks CBE, FRSL, (Chair) Clare Alexander Rachel Cugnoni Lauren Howard Simon Murray
Senior Management / Leadership Team	Rachel Cugnoni, Grant Director Nick Feeny, Financial Director
Charity Registration Number	1187395
Principal Office	291 Gray's Inn Road LONDON WC1X 8QJ
Auditor	PKF Francis Clark Statutory Auditor Melville Building East Unit 18, 23 Royal William Yard PLYMOUTH Devon PL1 3GW
Investment Managers	Investec Wealth & Investment Limited 30 Gresham Street London EC2V 7QN

The Charlotte Aitken Trust

Trustees' Report

The trustees present the annual report together with the financial statements of the charity for the period ended 31 December 2022.

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) (second edition -October 2019) and the Charities Act 2011.

Objectives and activities

Objects and aims

To advance the education of the public in the subject of literature.

To promote the creative arts for the public benefit, especially literature, whether fiction, non-fiction, drama or poetry.

Objectives and activities for the public benefit

The chief purpose of the Trust, as laid out in its governing document, is: 'the education of the public in the appreciation of literature' in all its forms and the support of the creative arts, especially literature. The trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Trust's aims and objectives and in planning future activities and setting the grant making policy for the year.

The charity carries out these objectives by:

Funding prizes and grants, working where possible, though not exclusively, with existing charities

Given the young age of Charlotte Aitken at the time of her death, the charity is enthusiastic about engaging younger people in literature and some of its partnerships are with school programmes.

Fundraising disclosures

The charity does not actively fundraise and does not use any professional fund raisers or commercial participators.

Cost of raising funds in the accounts relate wholly to investment portfolio managers fees.

Public benefit

The trustees have reviewed the objects, goals, services and objectives of the charity and can confirm that The Charlotte Aitken Trust serves the public benefit. This trustees' annual report continues to evidence how the charity strives to meet need.

The trustees confirm that they have complied with the requirements of section 17 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission for England and Wales.

The Charlotte Aitken Trust

Trustees' Report (continued)

Grant making policies

CAT has established its grant making policy to achieve its objectives for the public benefit. Beneficiaries are required to provide regular reports on how the grant has been used.

The trustees receive applications from numerous bodies. They also, through the Grant Director, seek to initiate opportunities.

The charity has been robust in not accepting applications from established bodies if they do not align with its aims to fulfil the wishes of Gillon Aitken's will and its obligations under Charity Commission guidance.

Details of how to apply for grants are available on the charity's website.

How our grant and research programmes delivered public benefit: A review of our achievements and performance

Some examples:

The Sunday Times Young Writer of the Year Awards are considered to be the most important in the industry for the nurturing of young talent. CAT is the sole sponsor. There are considerable outreach and mentoring programmes attached to the prize.

The Young Vic is a successful charity with a strong community ethic that also produces commercially successful drama for West End and Broadway transfer. CAT has been the sole sponsor of its two most notable recent productions.

The Forward Foundation is the country's leading promoter of poetry, a minority form enjoying a renaissance.

Other future considerations include:

The Arvon Foundation has an unmatched record in encouraging writing talent. The restoration of its Yorkshire base, formerly the home of poet laureate Ted Hughes, will enable it to continue this work and to develop programmes for more people in the local community, a new direction it discovered during Covid lockdown.

First Story is a charity with a proven record of working with young people in challenging schools.

The Charlotte Aitken Trust

Trustees' Report (continued)

Financial review

The total reserves of the charity at 31 December 2022 were £6,922,411 (2021: nil) of which £6,272,411 related to general unrestricted funds and £650,000 related to designated unrestricted funds.

At 31 December 2022 the charity had general unrestricted 'free reserves' of £6,272,411 (2021: nil).

The Trust was established and endowed by a bequest from the estate of Gillon Aitken. The work of the Charlotte Aitken Trust is entirely dependent upon the income and investment returns from this endowment.

The bulk of the proceeds from Gillon Aitken's estate were finally settled and received during the last quarter of 2021 and as at 31st December 21 the Trust had assets of around £7.7m. The value of these investments has suffered from the general adverse global investment conditions and the value of the funds have fallen by nearly 10% during the period. However, as it is not the intention to establish a permanent fund the trustees have continued to make donations during the period.

Policy on reserves

The trust has no restricted reserves. The current intention is to run the unrestricted general and designated funds down over a period of around 25 years.

Investment policy and objectives

In the last quarter of 2021 the Trust appointed Investec Wealth & Investment Ltd (Investec) as their investment advisors and, apart from an amount held at the bank to meet any immediate needs, the funds have been placed with them. Investec have been instructed to pursue an investment strategy of seeking to maximise total returns within the constraints of a medium to low risk investment strategy. Additionally, in keeping with the general ethos and goals of a charity, they are also required to adopt an ethical investment policy. The trustees monitor compliance with these restrictions which have been maintained throughout the period.

At the last trustee meeting it was decided that there would be no significant changes to the investment strategy. The performance and general investment tactics will continue to be reviewed and discussed with Investec quarterly.

The Charlotte Aitken Trust

Trustees' Report (continued)

Plans for the future

CAT intends to continue spending down its capital as well as the interest.

It hopes to renew its major partnerships with the Sunday Times and Young Vic but is open to similar projects, including the Women's Prize for non-fiction, starting in 2023-4.

It would like to explore the possibility of giving grants to overseas writers or publishers, particularly from Russia and India, areas of particular interest to Gillon Aitken, but will first explore how these align with its public benefit obligations.

Structure, governance and management

Nature of governing document

The Charlotte Aitken Trust was registered with the Charity Commission as a Charitable Incorporated Organisation (CIO) on 15 January 2020, and is governed by its trust deed dated 19 December 2019. It was financially dormant until it received its first donation on 29 September 2020.

The CIO was established with funds from the estate of Gillon Aitken, literary agent, chairman of Aitken Alexander, who died in October 2016, in the name of his only daughter, Charlotte, who predeceased him. The Charlotte Aitken Trust (CAT) was not fully operational until 2021 and the terms of trustees appointed before then are deemed to have begun in that year.

New trustees are appointed by the existing trustees and serve for five years after which they may put themselves forward for re-appointment. The Constitution provides for a minimum of 3 trustees, to a maximum of 7 trustees, with no more than 3 trustees due for re-appointment in any one year.

At the quarterly trustees' meetings, the trustees agree the broad strategy and areas of activity for the charity, including consideration of grant making, investment, risk management policies and performance. The day-to-day administration of grants and the processing and handling of applications prior to consideration by the trustees is delegated to the Grant Director.

The Chair, Grant and Finance Directors meet at least once between main trustee meetings and are in regular contact via e-mail and/or telephone.

The trustees have formally approved arrangements complying with the ICSA guide 'Recruitment, Appointment and Induction of Charity Trustees' selected for their experience, empathy and knowledge of the charity and to keep the skills and composition of the trustee body and succession planning under review. The trustees have also developed a code of conduct for trustees including formal statements of role and responsibilities.

The Charlotte Aitken Trust

Trustees' Report (continued)

On appointment new trustees will sign a model trustee declaration statement committing them to giving of their time and expertise. The induction process follows the ICSA good practice guide with a formal induction programme for any newly appointed trustee which includes an initial meeting with the Chair and the trustees, followed by a series of short meetings with the Grant Director on investments, the grant making process, powers and responsibilities of the trustee board and the sub committees. The welcome pack includes a brief history of the Trust, trustee board minutes, a copy of the last three years' of annual reports and accounts, a copy of the constitution and a copy of the Charity Commission's guidance 'The Essential Trustee: What You Need to Know' and 'Charities and Public Benefit'.

All trustees give of their time freely, except the Grant Director, whose appointment in September 2022 was notified to the Charity Commission. Details of trustee expenses and related party transactions are disclosed in note 8 to the accounts. Trustees are required to disclose all relevant interests and register them with the Chair and in accordance with the Trust's policy withdraw from decisions where a conflict of interest arises.

Risk management

When the Charlotte Aitken Trust was first established the trustees carefully considered the risks to which the charity might be exposed focussing on three main areas: - day to day operations, investment performance and the effectiveness of the grants distributed.

Each of these areas was reviewed and the major risks identified. Systems and procedures were established to manage and mitigate these risks taking into account the probability and severity of the potential damage of the risk. Where the trustees did not think that they had sufficient expertise themselves to judge properly either the risks of the appropriate mitigating procedures they sought external advice and assistance from the Charity Commission and professionals.

As the charity becomes more established and the activity increases the trustees continue to assess the risks and the suitability of the procedures on an ongoing basis. In addition an annual overview review is carried out.

Disclosure of information to auditor

Each trustee has taken steps that they ought to have taken as a trustee in order to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information. The trustees confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

The annual report was approved by the trustees of the charity on 29/9/23 and signed on its behalf by:



Sebastian Faulks CBE, FRSL, (Chair)
Trustee

The Charlotte Aitken Trust

Statement of Trustees' Responsibilities

The trustees are responsible for preparing the trustees' report and the financial statements in accordance with the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

The law applicable to charities requires the trustees to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make 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; and
- 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, the Charities (Accounts and Reports) Regulations 2008, and the provisions of the constitution. The trustees 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.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charity's website. Legislation governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the trustees of the charity on 28/9/23 and signed on its behalf by:


Sebastian Faulks CBE, FRSL, (Chair)
Trustee

The Charlotte Aitken Trust

Independent Auditor's Report to the Members of The Charlotte Aitken Trust

Opinion

We have audited the financial statements of The Charlotte Aitken Trust (the 'charity') for the period from 1 July 2021 to 31 December 2022, which comprise the Statement of Financial Activities, Balance Sheet, 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 United Kingdom Accounting Standards, comprising Charities SORP - FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and applicable law (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 December 2022 and of its incoming resources and application of resources, including its income and expenditure, for the period 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 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 original financial statements were 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.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

The Charlotte Aitken Trust

Independent Auditor's Report to the Members of The Charlotte Aitken Trust (continued)

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.

Other Matter

Due to the charity being under the audit threshold last year, the corresponding figures are unaudited.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

We have nothing to report in respect of the following matters where the Charities (Accounts and Report) Regulations 2008 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities (set out on page 7), 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.

Auditor Responsibilities for the audit of the financial statements

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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The Charlotte Aitken Trust

Independent Auditor's Report to the Members of The Charlotte Aitken Trust (continued)

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:

As part of our audit planning, through discussions with management, we obtained an understanding of the legal and regulatory framework that is applicable to the charity and the sector in which it operates to identify the key laws and regulations affecting the charity.

The key laws and regulations we identified were General Data Protection Regulations (GDPR) and employment laws. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, primarily the Charities Act, relevant tax compliance regulations in the UK and reporting framework (Charities SORP - FRS102).

We discussed with management how the compliance with these laws and regulations is monitored and we discussed the policies and procedures in place. We also identified the individuals who deal with any issues if they arise. As part of our planning procedures, we assessed the risk of any non-compliance with laws and regulations on the charity's ability to continue and the risk of material misstatement in the accounts.

Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved the following:

- Enquiries of management and those charged with governance regarding their knowledge of any non-compliance with laws and regulations that could affect the financial statements;
- Reviewed legal and professional costs to identify any possible non compliance or legal costs in respect of non compliance; and
- Reviewed trustee meeting minutes

As part of our enquiries we discussed with management whether there have been any known instances, allegations or suspicions of fraud, of which there were none.

We also evaluated the risk of fraud through management override including that arising from management's incentives. The key risks we identified were misappropriation of investment income and completeness of income.

In response to the identified risk, as part of our audit work we:

- Reviewed income supporting documentation and compared it to how it has been recognised in the financial statements;
- Reviewed estimates and judgements made in the accounts for any indication of bias and challenged assumptions used by management in making those estimates;

Because of the inherent limitation of an audit, there is a risk that we will not detect all irregularities, including those leading to non-compliance with laws and regulations is from the events and transactions reflected in the financial statements as we are less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment, collusion, omission or misrepresentation.

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

The Charlotte Aitken Trust

Independent Auditor's Report to the Members of The Charlotte Aitken Trust (continued)

- 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 purpose 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the charity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the charity audit. We remain solely responsible for our audit opinion.

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.

The Charlotte Aitken Trust

Independent Auditor's Report to the Members of The Charlotte Aitken Trust (continued)

Use of our report

This report is made solely to the charity trustees, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the trustees those matters we are required to state to trustees in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.



.....
Duncan Leslie (Senior Statutory Auditor)
PKF Francis Clark , Statutory Auditor

Melville Building East
Unit 18, 23 Royal William Yard
PLYMOUTH
Devon
PL1 3GW

Date: 03/10/2023

The Charlotte Aitken Trust

Statement of Financial Activities

Period from 1 July 2021 to 31 December 2022

(Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted funds £	Total 2022 £
Income and Endowments from:			
Donations and legacies	2	7,629,980	7,629,980
Investment income	3	187,995	187,995
Total income		<u>7,817,975</u>	<u>7,817,975</u>
Expenditure on:			
Raising funds	4	(38,005)	(38,005)
Charitable activities	5	(206,350)	(206,350)
Total expenditure		<u>(244,355)</u>	<u>(244,355)</u>
Realised and unrealised (losses) on investment assets		<u>(651,209)</u>	<u>(651,209)</u>
Net income		<u>6,922,411</u>	<u>6,922,411</u>
Net movement in funds		<u>6,922,411</u>	<u>6,922,411</u>
Reconciliation of funds			
Total funds carried forward	13	<u>6,922,411</u>	<u>6,922,411</u>
		Unrestricted funds £	Total 2021 £
Income and Endowments from:			
Donations and legacies	2	<u>25,000</u>	<u>25,000</u>
Total income		<u>25,000</u>	<u>25,000</u>
Expenditure on:			
Charitable activities	5	<u>(25,000)</u>	<u>(25,000)</u>
Total expenditure		<u>(25,000)</u>	<u>(25,000)</u>
Net income/(expenditure)		<u>-</u>	<u>-</u>
Net movement in funds		<u>-</u>	<u>-</u>
Reconciliation of funds			
Total funds carried forward	13	<u>-</u>	<u>-</u>

All of the charity's activities derive from continuing operations during the above two periods.

The funds breakdown for 2022 and 2021 is shown in note 13.

The Charlotte Aitken Trust

Balance Sheet

31 December 2022

	Note	2022 £
Fixed assets		
Investments	10	5,779,728
Current assets		
Debtors	11	5,712
Cash at bank and in hand		<u>1,145,971</u>
		1,151,683
Creditors: Amounts falling due within one year	12	<u>(9,000)</u>
Net current assets		<u>1,142,683</u>
Net assets		<u>6,922,411</u>
Funds of the charity:		
Unrestricted income funds		
Designated funds		650,000
General funds		<u>6,272,411</u>
Total funds	13	<u>6,922,411</u>

The financial statements on pages 13 to 24 were approved by the trustees, and authorised for issue on 28/9/23 and signed on their behalf by:


.....
Sebastian Faulks CBE, FRSL, (Chair)
Trustee

The Charlotte Aitken Trust

Cash Flow Statement

Period from 1 July 2021 to 31 December 2022

	Note	2022 £
Cash flows from operating activities		
Net income		6,922,411
Adjustments to cash flows from non-cash items		
Investment income	3	(187,995)
Revaluation of investments		<u>624,185</u>
		7,358,601
Working capital adjustments		
Increase in debtors	11	(5,712)
Increase in creditors	12	<u>9,000</u>
Net cash flows from operating activities		<u>7,361,889</u>
Cash flows from investing activities		
Interest receivable and similar income	3	492
Purchase of investments	10	(9,534,724)
Sale of investments		3,130,811
Income from dividends	3	<u>187,503</u>
Net cash flows from investing activities		<u>(6,215,918)</u>
Net increase in cash and cash equivalents		1,145,971
Cash and cash equivalents at 1 July		<u>-</u>
Cash and cash equivalents at 31 December		<u><u>1,145,971</u></u>

All of the cash flows are derived from continuing operations during the above period.

The Charlotte Aitken Trust

Notes to the Financial Statements

Period from 1 July 2021 to 31 December 2022

1 Accounting policies

Statement of compliance

The financial statements have been prepared in accordance with the second edition of the Charities Statement of Recommended Practice issued in October 2019, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011.

Basis of preparation

The Charlotte Aitken Trust meets the definition of a public benefit entity under FRS 102. The accounts (financial statements) have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant note(s) to these accounts.

Going concern

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern.

Judgements and key sources of estimation uncertainty

In the application of the charity's accounting policies, which are described in this note, the trustees are required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historically known factors and experience. Therefore, the trustees do not perceive there to be critical areas of judgement or key sources of estimation uncertainty in the formulation of the financial statements.

Income and endowments

Voluntary income including donations, gifts, legacies and grants that provide core funding or are of a general nature is recognised when the charity has entitlement to the income, it is probable that the income will be received and the amount can be measured with sufficient reliability.

Donations and legacies

Legacies are recognised by the charity when the following criteria have been met:

- When it has sufficient evidence that a gift has been left to it and the executor is satisfied that the property in question will not be required to satisfy claims in the estate;
- When it is probable that it will be received - receipt is normally deemed to be probable when there has been grant of probate; the executors have established that there are sufficient assets in the estate, after settling any liabilities, to pay the legacy; and any conditions attached to the legacy are either within the control of the charity or have been met.
- When the charity is able to estimate with sufficient accuracy the amount receivable.

Donations are recognised on a receivable basis when receipt is probable and the amount can be reliably measured.

The Charlotte Aitken Trust

Notes to the Financial Statements

Period from 1 July 2021 to 31 December 2022 (continued)

Investment income

Dividends are credited to the income and expenditure account when received together with any associated tax credits. Interest is accrued on cash deposits.

Expenditure

All expenditure is recognised once there is a legal or constructive obligation to that expenditure, the probable settlement is required and the amount can be measured reliably. All costs are allocated to the applicable expenditure heading that aggregate similar costs to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources.

Raising funds

These are costs incurred in attracting voluntary income and the management of investments.

Charitable activities

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Grant expenditure

Grants payable are payments made to third parties in the furtherance of the charitable objects of the Trust. Grants are accounted for when the recipient has a reasonable expectation that they will receive a grant and the trustees have agreed to pay the grant without condition, or the recipient has a reasonable expectation that they will receive a grant and any condition attaching to the grant is outside the control of the Trust.

Grant provisions

Provisions for grants are made when the intention to make a grant has been communicated to the recipient but there is uncertainty about either the timing of the grant or the amount of grant payable.

Governance costs

These include the costs attributable to the charity's compliance with constitutional and statutory requirements, including audit, strategic management and trustees' meetings and reimbursed expenses.

Taxation

The charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charity for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The Charlotte Aitken Trust

Notes to the Financial Statements

Period from 1 July 2021 to 31 December 2022 (continued)

Fixed asset investments

Fixed asset investments, other than programme related investments, are included at market value at the balance sheet date. Realised gains and losses on investments are calculated as the difference between sales proceeds and their market value at the start of the period, or their subsequent cost, and are charged or credited to the Statement of Financial Activities in the period of disposal.

Unrealised gains and losses represent the movement in market values during the period and are credited or charged to the Statement of Financial Activities based on the market value at the period end.

Fund structure

Unrestricted income funds are general funds that are available for use at the trustees' discretion in furtherance of the objectives of the charity.

Designated funds are unrestricted funds set aside for specific purposes at the discretion of the trustees.

Financial instruments

Classification

The charity holds the following financial instruments:

- Short term trade and other debtors and creditors; and
- Cash and bank balances

All financial instruments are classified as basic.

Recognition and measurement

The charity has chosen to apply the recognition and measurement principles in FRS102. Financial instruments are recognised when the charity becomes party to the contractual provisions of the instrument and de-recognised when in the case of assets, the contractual rights to cash flows from the assets expire or substantially all the risks and rewards of ownership are transferred to another party, or in the case of liabilities, when the charity's obligations are discharged, expire or are cancelled.

These instruments are initially measured at transaction price, including transaction costs, and are subsequently carried at the un-discounted amount of the cash or other consideration expected to be paid or received, after taking account of impairment adjustments.

The Charlotte Aitken Trust

Notes to the Financial Statements

Period from 1 July 2021 to 31 December 2022 (continued)

2 Income from donations and legacies

	Unrestricted funds General £	Total 2022 £	Total 2021 £
Donations and legacies;			
Donations from individuals	3,862	3,862	-
Legacies and bequests	<u>7,626,118</u>	<u>7,626,118</u>	<u>25,000</u>
	<u>7,629,980</u>	<u>7,629,980</u>	<u>25,000</u>

3 Investment income

	Unrestricted funds General £	Total 2022 £
Income from dividends;		
Dividends and distributions receivable from listed investments	187,503	187,503
Interest receivable and similar income;		
Interest receivable on bank deposits	<u>492</u>	<u>492</u>
	<u>187,995</u>	<u>187,995</u>

The Charlotte Aitken Trust

Notes to the Financial Statements

Period from 1 July 2021 to 31 December 2022 (continued)

4 Expenditure on raising funds

a) Investment management costs

	Unrestricted funds General £	Total 2022 £
Other investment management costs; Amounts payable to investment managers	38,005	38,005
	<u>38,005</u>	<u>38,005</u>

5 Expenditure on charitable activities

	Note	Unrestricted funds General £	Total 2022 £	Total 2021 £
Grant funding of activities		192,540	192,540	25,000
Allocated support costs		1,101	1,101	-
Governance costs		12,709	12,709	-
		<u>206,350</u>	<u>206,350</u>	<u>25,000</u>

Analysis of grants

	Grants to institutions	
	2022 £	2021 £
Institution		
Sunday Times - Young Writer of the Year Award	80,000	-
Young Vic - production sponsor	45,000	-
R N I B - Talking Books Project	25,000	-
Forward Arts Foundation - Poetry prizes	22,540	-
Appledore Book Festival	20,000	-
Bronte Parsonage	-	25,000
	<u>192,540</u>	<u>25,000</u>

The support costs associated with grant-making are £Nil (30 June 2021 - £Nil).

The Charlotte Aitken Trust

Notes to the Financial Statements

Period from 1 July 2021 to 31 December 2022 (continued)

6 Analysis of governance and support costs

Support costs allocated to charitable activities

	Basis of allocation	Governance costs £	Other support costs £	Total 2022 £
Trustee consultancy fees	100%	1,089	-	1,089
Trustees' expenses	100%	2,620	-	2,620
Bank charges	100%	-	754	754
Office costs	100%	-	347	347
Audit fees	100%	6,000	-	6,000
Other non-audit services	100%	3,000	-	3,000
		<u>12,709</u>	<u>1,101</u>	<u>13,810</u>

Governance costs

	Unrestricted funds General £	Total 2022 £
Audit fees		
Audit of the financial statements	6,000	6,000
Other fees paid to auditors	3,000	3,000
Trustees' remuneration and expenses	<u>3,709</u>	<u>3,709</u>
	<u>12,709</u>	<u>12,709</u>

7 Net incoming resources

Net incoming resources for the period include:

	2022 £
Audit fees	6,000
Other non-audit services	<u>3,000</u>

The Charlotte Aitken Trust

Notes to the Financial Statements

Period from 1 July 2021 to 31 December 2022 (continued)

8 Trustees' remuneration and expenses

During the year three trustees were reimbursed a total of £2,620 in respect of travel and subsistence costs incurred in connection with the charity.

During the year Rachel Cugnoni, Trustee and Grant Director received consultancy fees of £1,089.

9 Taxation

The charity is a registered charity and is therefore exempt from taxation.

10 Fixed asset investments

Other investments

	Listed investments £	Total £
Cost or Valuation		
Additions	9,534,724	9,534,724
Disposals	(3,130,811)	(3,130,811)
Revaluation	(624,185)	(624,185)
At 31 December 2022	<u>5,779,728</u>	<u>5,779,728</u>
Net book value		
At 31 December 2022	<u>5,779,728</u>	<u>5,779,728</u>

Under historical costs principles, the historical cost of investments at 31 December 2022 was £6,311,378 (2021: £nil). All of the above investments were listed on a recognised stock exchange.

The following investment represented more than 5% of the total investments held at 31 December 2022 and as a consequence is required to be separately disclosed:

Holding	Security	Market Value
8,181	Vanguard Funds PLC S&P 500 Ucits	492,506

11 Debtors

	2022 £
Accrued income	<u>5,712</u>

The Charlotte Aitken Trust

Notes to the Financial Statements

Period from 1 July 2021 to 31 December 2022 (continued)

12 Creditors: amounts falling due within one year

	2022 £
Accruals	<u>9,000</u>

13 Funds

	Incoming resources £	Resources expended £	Transfers £	Balance at 31 December 2022 £
Unrestricted funds				
General	7,817,975	(895,564)	(650,000)	6,272,411
Designated	<u>-</u>	<u>-</u>	<u>650,000</u>	<u>650,000</u>
Total funds	<u>7,817,975</u>	<u>(895,564)</u>	<u>-</u>	<u>6,922,411</u>

Designated unrestricted funds relate to commitments for projects due to take place in 2022/23 and 2023/24.

	Incoming resources £	Resources expended £	Balance at 30 June 2021 £
Unrestricted funds			
General	<u>25,000</u>	<u>(25,000)</u>	<u>-</u>

14 Analysis of net assets between funds

	General £	Unrestricted funds Designated £	Total funds at 31 December 2022 £
Fixed asset investments	5,779,728	-	5,779,728
Current assets	501,683	650,000	1,151,683
Current liabilities	<u>(9,000)</u>	<u>-</u>	<u>(9,000)</u>
Total net assets	<u>6,272,411</u>	<u>650,000</u>	<u>6,922,411</u>

The Charlotte Aitken Trust

Notes to the Financial Statements

Period from 1 July 2021 to 31 December 2022 (continued)

15 Analysis of net funds

	At 1 July 2021 £	Financing cash flows £	At 31 December 2022 £
Cash at bank and in hand	-	1,145,971	1,145,971
Net funds	-	1,145,971	1,145,971

16 Related party transactions

Trustees' remuneration is disclosed in note 8. There were no other related party transactions in the period.

17 Control

The charity is controlled by the board of Trustees.

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BRISTOL	EXETER	PLYMOUTH	POOLE	SALISBURY	SOUTHAMPTON	TAUNTON	TORQUAY	TRURO
0117 403 9800	01392 667000	01752 301010	01202 663600	01722 337661	02380 012890	01823 275925	01803 320100	01872 276477
