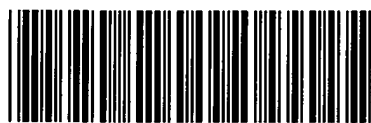


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THE TOLKIEN TRUST
ACCOUNTS FOR THE YEAR ENDED
31 DECEMBER 2015

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Charity Commission Reference No. 1150801

Company No. 8354834

THE TOLKIEN TRUST
TRUSTEES' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015

REFERENCE AND ADMINISTRATIVE DETAILS

Charity registration no	1150801
Company registration no	8354834
Registered Office	Prima House 267 Banbury Road Oxford OX2 7HT
Trustees	Christopher Reuel Tolkien Priscilla Mary Anne Reuel Tolkien Baillie Jean Tolkien Michael George Reuel Tolkien
Company Secretary	Cathleen Blackburn
Solicitors	Maier Blackburn LLP Prima House 267 Banbury Road Oxford OX2 7HT
Auditors	Critchleys LLP Greyfriars Court Paradise Square Oxford OX1 1BE
Investment Managers	Investec Wealth & Investment 2 Gresham Street London EC2V 7QN
Bankers	Lloyds Bank plc Oxford

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Tolkien Trust is a charitable company and was incorporated under the Companies Act on 10 January 2013. Its predecessor unincorporated charity, also named The Tolkien Trust, was established by a Declaration of Trust on 1 April 1977. On 12 April 2013 the unincorporated charity transferred all of its assets, liabilities and ongoing activities to the charitable company.

The constitution of the charitable company is set out in its Memorandum and Articles of Association which also establish the terms on which Trustees are appointed and exercise their powers. New Trustees are given guidance on their legal responsibilities as charity trustees, and all Trustees are kept up-to-date with relevant legal developments and Charity Commission guidance.

The Trustees make all strategic decisions relating to the charity, including decisions as to whom grants should be paid.

THE TOLKIEN TRUST

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

OBJECTS AND ACTIVITIES FOR THE PUBLIC BENEFIT

The objects of the Trust are to benefit such charitable institutions or purposes as the Trustees from time to time think fit. Accordingly, the Trust operates for the public benefit. The Trustees have complied with their duty under section 17(5) of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission.

GRANT-MAKING POLICY

The Trust makes donations annually to a wide range of charities and charitable causes, but with a recurrent emphasis upon those aimed at alleviating poverty and social, educational and healthcare disadvantage. Charities and causes are selected by the Trustees in their discretion on the basis of research undertaken on their behalf and, in the case of existing beneficiaries, the Trustees' assessment of the use made of grants previously given. Though many of the charities and causes receiving grants are based in the United Kingdom, the funds given are expended on charitable work both at home and abroad, including in areas of great need and deprivation such as Malawi, Rwanda, the Democratic Republic of Congo and Haiti and, more recently, Europe (for assistance to refugees fleeing the conflict in Syria).

As a solely grant-making charity, the Trust's emphasis is on focused and effective giving. Recipients of grants are therefore required to undergo monitoring and evaluation, which involves them in providing reports to the Trust on how their grants have been used and, in certain cases, meeting with the Trustees' representatives to discuss their achievements. The Trust now gives to fewer charities than previously but, where appropriate, aims to build closer relationships with beneficiaries with a view to maximising the impact of its giving. In some instances, the Trust makes grants which are conditional upon the raising of matched funding, enabling the charities concerned to leverage the Trust's contributions in order to increase their supporter base and income. The Trust may also challenge charities to identify the actions which would enable them to develop and grow, such as appointing a key member of staff or creating a new website enabling donors to give online, and help to fund these actions.

Further details can be found on the Trust's website at www.tolkientrust.org.

ACHIEVEMENTS AND PERFORMANCE

During the year the Trust made distributions from income to 50 charities.

PLANS FOR FUTURE PERIODS

The Trust plans to continue to work with a limited number of charities, developing and consolidating its current strategy, while at the same time acting on any recommendations arising from its regular monitoring, which may inform differences of approach.

FINANCIAL REVIEW

The Trust's chief assets consist of copyrights in certain works by J R R Tolkien, which provide royalty income, and cash and investments. The Trust does not engage in fund-raising. The Trust has no restricted funds and no endowment.

During the year the Trust received royalty income of £2,128,237 (2014: £1,497,005) and made grants totalling £1,243,500 (2014: £2,188,000). Further details are included in the statement of financial activities and related notes below.

THE TOLKIEN TRUST

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties affecting the Trust arise from its ownership of copyright assets. It is necessary from time to time to engage in legal action to defend these assets or to ensure that the Trust receives appropriate value from them, which can increase the operating costs of the Trust. The income earned from these assets may also fluctuate from year to year, often to a significant extent. The Trust deals with these risks and uncertainties by adding to net income from its reserves in order to try to achieve a consistent level of annual grant expenditure. (It should be noted, however, that this consistency is not always apparent when comparing the level of grant expenditure from year to year, given that grants to be paid out over a term of years are accounted for in full in the financial year in which they are initially agreed. Grants payable over a term of years also require the maintenance of sufficient reserves to enable the Trust to honour future grant commitments.)

INVESTMENT POLICY

The Trust has engaged investment managers to administer its investments. These consist of a medium risk portfolio of equities, fixed interest securities, unit trusts and other instruments invested to provide both income and capital appreciation. The return is measured on a total return basis. No individual investment exceeds 10% of the portfolio. No investments are made in derivatives. The Trust follows an ethical investment policy and does not invest in tobacco companies, companies whose main business is the manufacture of armaments or in companies providing gambling services. During the year, the Trust held around one-third of its reserves in investments and the balance in cash, liquidity being important when funding copyright defence. The Trust keeps this under review, and will continue to do so as the returns on cash deposits continue to fall.

INVESTMENT PERFORMANCE

The Trust has an agreed investment performance benchmark with its investment managers based on the Trustees' need to build capital to fund their grant making; their attitude to investment risk; and the timeframe for investment. Based on the answers to these questions they have agreed a benchmark with their investment managers which for 2015 was the WM Charity Index (Ex Property). The portfolio's risk rating is classified as "Medium", the objective is "Balanced" and there are agreed limitations as to the minimum and maximum amounts of each asset class that can be held.

The Trustees understand that over the long term this agreed format will allow the capital value of the portfolio to be at least retained in real terms and will generate a good level of income which over the medium term is a major contributor to the total returns generated from an equity-dominant portfolio. The Trustees also understand that investments do not move in a linear fashion and there will be years and periods perhaps longer than a year when the portfolio value may fall. However, they also understand that, based on historical returns, equity investment is necessary if the value of both the capital of the fund and income is to maintain its purchasing power when compared with inflation.

2015 turned out to be a positive year for investment markets despite concerns about the Chinese economy's weakening after a decade of strong growth and the implications that this weakening has and will continue to have on global growth. The oil price has been very weak also, as have all major commodity prices. This has been a benefit to consumers of such commodities but a big problem for those economies dependent on the production of them as they have seen their revenues from such sources collapse: these reductions in commodity prices can be seen as a transfer of cash from producers to suppliers.

During 2015 the Trust's portfolio generated a total return of +3.4% compared with the benchmark's return of +3.5%. Over the past 3 years to end December 2015 the cumulative return has been +28.9% compared to the benchmark's return of +28.7%. The Trustees monitor the performance of their investment managers carefully and are satisfied with the current arrangements.

THE TOLKIEN TRUST

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

RESERVES POLICY

The Trust maintains a general reserve, the balance on which as at 31 December 2015 was £27,996,551 (2014: £27,354,595). Reserves are held to enable the Trust to smooth out the fluctuations in its net income from year to year and thus to maintain a substantial level of annual grant expenditure over the longer term; to meet future grant commitments where grants are payable over a number of years; and to stand ready to defend its copyright interests whenever these come under threat.

TRUSTEES' RESPONSIBILITIES

The Trustees (who are also directors of The Tolkien Trust for the purposes of company law) are responsible for preparing the Trustees' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year. Under that law they have elected to prepare financial statements in accordance with the Financial Reporting Standard for Smaller Entities and Applicable Law (UK Generally Accepted Accounting Practice Applicable to Smaller Entities).

Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of the profit or loss of the charity for that year. In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Trustees are responsible for keeping proper accounting records that are sufficient to show and explain the Trust's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as the Trustees are aware, there is no relevant audit information of which the company's auditors are unaware, and each Trustee has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This report also includes a directors' report as required by company law.

The report has been prepared in accordance with the Small Companies Regime under Section 419(2) of the Companies Act 2006.

On behalf of the Trustees

P M A R Tolkien
P M A R Tolkien (Trustee)

23/9/16
(Date)

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE TOLKIEN TRUST FOR THE YEAR ENDED 31 DECEMBER 2015

We have audited the financial statements of The Tolkien Trust for the year ended 31 December 2015 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cashflows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's Trustees, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement set out on page 4, the trustees (who are also the directors of the charitable company for purposes of company law) are responsible for the preparation of financial statements which give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2015 and of its incoming resources and application of resources, including its income and expenditure, 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 Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE TOLKIEN TRUST (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2015

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 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;
- 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 the explanations we require for audit; or
- the Trustees were not entitled to prepare the Trustees' Report in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a strategic report.

Robert Kirtland
Senior Statutory Auditor
for and on behalf of Critchleys LLP
Statutory Auditor



27/9/2016

Greyfriars Court
Paradise Square
Oxford, OX1 1BE

THE TOLKIEN TRUST

STATEMENT OF FINANCIAL ACTIVITIES
(including income and expenditure account)
FOR THE YEAR ENDED 31 DECEMBER 2015

		2015 £	2014 £
Income from	Note	Unrestricted	Unrestricted
Investments			
Interest receivable		190,939	200,799
Dividends received		176,985	162,508
Royalty income		<u>2,128,237</u>	<u>1,497,005</u>
Total income		<u>2,496,161</u>	<u>1,860,312</u>
Expenditure on			
Raising funds			
Investment management costs	2	488,002	784,192
Charitable activities	3	<u>1,463,320</u>	<u>2,358,051</u>
Total expenditure		<u>1,951,322</u>	<u>3,142,243</u>
Net income/(expenditure) before investment gains		544,839	(1,281,931)
Net gains/(losses) on investments			
Gains on revaluation and disposal of investment assets	8	94,908	145,526
Exchange gains on non-sterling bank accounts		<u>2,209</u>	<u>1,790</u>
Net income/(expenditure)		641,956	(1,134,615)
Funds brought forward		<u>27,354,595</u>	<u>28,489,210</u>
Funds carried forward		<u>27,996,551</u>	<u>27,354,595</u>

THE TOLKIEN TRUST
BALANCE SHEET
AS AT 31 DECEMBER 2015

	Note	2015 £	£	2014 £	£
Fixed assets					
Investments	8		5,907,709		7,578,506
Current assets					
Debtors	9	1,728,032		1,147,540	
Cash at bank and in hand		<u>22,331,186</u>		<u>21,316,354</u>	
		24,059,218		22,463,894	
Creditors: amounts falling due within one year	10	<u>(927,876)</u>		<u>(1,135,805)</u>	
Net current assets			<u>23,131,342</u>		<u>21,328,089</u>
Total assets less current liabilities			29,039,051		28,906,595
Creditors: amounts falling due after one year	11		<u>(1,042,500)</u>		<u>(1,552,000)</u>
Net assets			<u>27,996,551</u>		<u>27,354,595</u>
Represented by:					
Unrestricted funds					
General fund			<u>27,996,551</u>		<u>27,354,595</u>

These accounts were approved and authorised for issue by the Trustees on 23/9/16 and are signed on their behalf by:

Priscilla Tolkien
P M A R Tolkien (Trustee)

THE TOLKIEN TRUST

STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015

		2015 £	2014 £
	Note		
Cash provided by/(used in) operating activities	15	<u>(1,121,006)</u>	<u>(250,961)</u>
Cash flow from investing activities			
Investment income		367,924	363,307
Net proceeds from sale of investments		<u>1,767,914</u>	<u>(144,682)</u>
Cash provided by investing activities		2,135,838	218,625
Increase/(decrease) in cash in the year		<u>1,041,832</u>	<u>(32,336)</u>
Cash and cash equivalents at the beginning of the year		<u>21,316,354</u>	<u>21,348,690</u>
Total cash and cash equivalents at the end of the year		<u>22,331,186</u>	<u>21,316,354</u>

**THE TOLKIEN TRUST
NOTES TO THE ACCOUNTS**

FOR THE YEAR ENDED 31 DECEMBER 2015

1 ACCOUNTING POLICIES

a) Basis of preparation and assessment of going concern

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 in the UK and Republic of Ireland (FRS102) (effective 1 January 2015) – (charities SORP (FRS102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) and the Companies Act 2006.

The transition date to FRS102 was 1 January 2014. There were no adjustments to the accounts as a result of this transition.

The Tolkien Trust meets the definitions of a public benefit entity under FRS102.

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

b) Income

Royalties and similar income are included in income when they are receivable. Amounts earned in respect of the year to 31 December are recognised as income in the year if they can be quantified by the time of the approval of the accounts. Dividends are included when they are received. Interest is included on a receivable basis.

c) Uncapitalised fixed assets

The assets of the charity consist in part of copyrights in relation to works written by the late J R R Tolkien shown in note 7. They have not been valued for inclusion in the accounts as these were mostly settled into the Trust (when it was an unincorporated charity) many years ago and it is not practical and cost-effective to obtain an accurate current valuation.

d) Grants and other expenditure

Grants are normally recognised as an expense when they are approved for payment by the Trustees. However, if the Trustees have entered into a grant agreement with a beneficiary, the full amount of the grant is recognised when the agreement is signed. Expenditure is recognised on an accruals basis and include any irrecoverable VAT. Any costs that need to be apportioned between costs of generating funds, support costs and governance costs are done so based on the Trustees' estimate of the amount of costs applicable to each category.

e) Foreign currencies

Transactions in foreign currencies are translated into sterling at the exchange rate at the date of the transaction. Monetary assets and liabilities are converted at the year end exchange rate with any differences going via the Statement of Financial Activities.

f) Investment assets

Investments are shown at market value at the balance sheet date. Any realised or unrealised gains and losses are included in the Statement of Financial Activities. Realised gains in the year are immaterial and therefore no separate disclosure has been made.

THE TOLKIEN TRUST

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

g) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

2 INVESTMENT MANAGEMENT COSTS

	2015	2014
	£	£
UK legal fees relating to contract and copyright matters	155,028	252,214
US and other overseas legal fees	300,821	499,117
Other professional fees	1,720	3,260
Investment manager fees	<u>30,433</u>	<u>29,601</u>
	<u>488,002</u>	<u>784,192</u>

Included within other professional fees is £1,720 of fees payable to the auditors for non-audit services.

3 EXPENDITURE ON CHARITABLE ACTIVITIES

	(Note 4) Grants Payable	(Note 5) Support Costs	Total
	£	£	£
2015 Grants to institutions	<u>1,243,500</u>	<u>219,820</u>	<u>1,463,320</u>
2014 Grants to institutions	<u>2,188,000</u>	<u>170,051</u>	<u>2,358,051</u>

4 GRANTS TO INSTITUTIONS

	2015	2014
	£	£
Action Aid UK	50,000	20,000
Action Contre la Faim	20,000	20,000
Aladdin Project (France)	10,000	10,000
Asylum Welcome	50,000	54,000
Basmeh and Zeitooneh	10,000	-
Birdlife International	50,000	20,000
Bodleian Library	30,000	-
Bodleian Library (Picture Library Infrastructure)	-	135,000
BBOWT (Berkshire, Buckinghamshire, Oxfordshire Wildlife Trust)	90,000	10,000
British Friends of Neve Shalom	33,000	15,000
The Big Issue Foundation	22,000	10,000
Budleigh Salterton Literary Festival	-	3,000
Camfed International	10,000	20,000
Campaign to Protect Rural England	15,000	10,000
City of Birmingham Symphony Orchestra	-	15,000
Create (Arts) Limited	10,000	10,000
Cuttislowe & District Community Association	30,000	7,000
Drapen I Havet	10,500	-
Dresden Trust	10,000	10,000
Dyslexia Research Trust	50,000	-
Emmaus Oxford	-	25,000

THE TOLKIEN TRUST

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

4 GRANTS TO INSTITUTIONS (continued)

	2015	2014
	£	£
Exeter College	5,500	-
Find Your Feet	75,000	60,000
Freedom from Torture	25,000	-
The Haiti Orphanage Clinic project	-	15,000
The Hardman Trust	-	5,000
International Maritime Rescue Federation	40,000	-
King Edward's School, Birmingham	-	500,000
The Koestler Trust	20,000	20,000
La Cimade	30,000	-
Laguna Blanca School	3,000	3,000
Maison Shalom France	10,000	10,000
Médecins Sans Frontières	30,000	480,000
Médecins du Monde	80,000	15,000
Mildmay	10,000	-
Music in Detention	10,000	10,000
The Neuro Therapy Centre	-	18,000
The National Theatre Of Wales	-	18,000
Oxford Bach Choir	10,000	10,000
Oxford Lieder Festival	30,000	25,000
Oxford Philomusica Trust	25,000	10,000
Oxford Playhouse Trust	10,000	10,000
Oxford Shakespeare Ensemble (Creation Theatre Company)	15,000	10,000
The Panzi Hospital Foundation	(5,000)	170,000
Peace Brigades International UK	20,000	20,000
Pesticide Action Network UK	30,000	-
Polar Bears International	-	10,000
Practical Action	-	20,000
Prison Phoenix Trust	10,000	-
Prisoners Abroad	40,000	13,500
The Porch	10,000	10,000
Prism the Gift (for Jungle Book project at Calais refugee camp)	10,000	-
Reprieve	75,000	50,000
Road to Recovery	10,000	-
Shelter Cymru	-	122,000
Solidarités International	10,000	10,000
Solon Foundation	10,000	-
St Luke's Oxford	2,500	2,500
SWVG (Southampton & Winchester Visitors Group)	20,000	5,000
The Tablet Trust	7,000	7,000
TREAT (Trust for Research and Education in the Arms Trade)	25,000	15,000
Uganda Childbirth Injury Fund	-	10,000
Wiener Library	40,000	10,000
West London Churches Homeless Concern	-	90,000
WWF International	-	10,000
Total	<u>1,243,500</u>	<u>2,188,000</u>

THE TOLKIEN TRUST

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)**5 SUPPORT COSTS**

	2015	2014
	£	£
UK legal fees relating to grant distribution	12,070	9,285
Other professional fees	140,023	110,092
Governance costs (note 6)	66,528	49,898
Other	<u>1,199</u>	<u>776</u>
	<u>219,820</u>	<u>170,051</u>

6 GOVERNANCE COSTS

	2015	2014
	£	£
UK legal fees relating to administration of the Trust	57,603	43,353
Auditors' remuneration	<u>8,925</u>	<u>6,545</u>
	<u>66,528</u>	<u>49,898</u>

No trustees were reimbursed travel and accommodation expenses in either year. No trustee received any remuneration in either year.

7 COPYRIGHT ASSETS

The charity's literary assets comprise:

- 7.1 Certain US copyrights in *The Lord of the Rings*; and the worldwide copyrights in *Smith of Wootton Major*, *Tree and Leaf*, *Roverandom*, *Mythopoeia*, *The Legend of Sigurd and Gudrun*, *The Fall of Arthur* and *Beowulf: A Translation and Commentary*, all by J R R Tolkien.
- 7.2 The copyrights in the published editions of various philological writings and fragments by J R R Tolkien.
- 7.3 Certain unpublished papers, letters, artistic works, pictures, photographs and other documents originally forming part of the Estate of J R R Tolkien, and the copyright in such materials formerly owned by the Estate.

THE TOLKIEN TRUST

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

8 INVESTMENTS

	Market Value bfwd £	Purchases in Year £	Sales in Year £	Change in Market Value £	Market Value c/fwd £
Equities	4,170,256	1,416,977	(753,655)	40,916	4,874,494
Fixed interest securities	999,331	115,955	(279,175)	(13,265)	822,846
Overseas fixed interest securities	<u>1,805,904</u>	<u>-</u>	<u>(1,873,161)</u>	<u>67,257</u>	<u>-</u>
	6,975,491	1,532,932	92,905,991)	94,908	5,697,340
Cash held by investment managers	<u>603,015</u>	<u>-</u>	<u>(394,855)</u>	<u>2,209</u>	<u>210,369</u>
	<u>7,578,506</u>	<u>1,532,932</u>	<u>(3,300,846)</u>	<u>97,117</u>	<u>5,907,709</u>

9 DEBTORS

	2015 £	2014 £
Royalties receivable	1,717,766	1,133,475
VAT	<u>10,266</u>	<u>14,065</u>
	<u>1,728,032</u>	<u>1,147,540</u>

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015 £	2014 £
Grants awarded not yet paid (note 12)	694,500	993,000
Accruals	<u>233,376</u>	<u>142,805</u>
	<u>927,876</u>	<u>1,135,805</u>

11 CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2015 £	2014 £
Grants awarded not yet paid (note 12)	<u>1,042,500</u>	<u>1,552,000</u>

THE TOLKIEN TRUST

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

12 GRANTS AWARDED NOT YET PAID

	At 1 January 2015 £	Amounts Awarded £	Payments Made £	At 31 December 2015 £
University of Manitoba				
Alan Klass Memorial Fund	180,000	-	(60,000)	120,000
Bloemfontein Cathedral	17,000	-	(7,000)	10,000
Bodleian Archivist	245,000	-	(45,000)	200,000
Bodleian Curator of Medieval Manuscripts	420,000	-	(60,000)	360,000
Bodleian Library				
Cataloguing Project	45,000	-	-	45,000
Picture Library Infrastructure	135,000	-	-	135,000
Rebuilding Sri Lanka	160,000	-	(80,000)	80,000
Médecins Sans Frontières	300,000	-	(150,000)	150,000
West London Churches	60,000	-	-	60,000
Asylum Welcome	27,000	-	(27,000)	-
Médecins du Monde	15,000	-	(15,000)	-
Action Contre la Faim	20,000	-	(20,000)	-
The Panzi Foundation USA (salaries for Maison Dorcas)	90,000	(45,000)	(45,000)	-
The Panzi Foundation USA (School and kitchen equipment)	40,000	40,000	(80,000)	-
Find your Feet	60,000	-	(60,000)	-
The Haiti Orphanage Clinic Project	15,000	-	(5,000)	10,000
The Neuro Therapy Centre	18,000	-	(18,000)	-
King Edward's School, Birmingham	500,000	-	-	500,000
The Koestler Trust	20,000	-	(20,000)	-
The National Theatre of Wales	18,000	-	(18,000)	-
Shelter Cymru	122,000	-	(55,000)	67,000
Emmaus Oxford	15,000	-	(15,000)	-
Peace Brigades International UK	20,000	-	(20,000)	-
Budleigh Salterton Literary Festival	3,000	-	(3,000)	-
	<u>2,545,000</u>	<u>(5,000)</u>	<u>(803,000)</u>	<u>1,737,000</u>

**Movement in recognised provisions and funding
commitments during the year**

**Charitable
commitments
accrued
£**

Grant commitments recognised at the start of the year	2,545,000
New grant commitments charged to the Statement of Financial Activities in the year (see note 3)	1,243,500
Grants paid during the year	<u>(2,051,500)</u>
Amount of grant commitments recognised as at 31 December 2015 (see note 15)	<u>1,737,000</u>

THE TOLKIEN TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

13 CONTINGENT LIABILITIES

The Trust (along with other entities) commenced legal action in the USA in November 2012 against defendants Warner Bros and The Saul Zaentz Company to protect its retained merchandising and other rights from infringement. The defendants have filed counterclaims in the proceedings for substantial sums which the Trustees have been advised have no basis in law and thus no prospect of success.

14 MEMBERS' LIABILITY AND CHARITY INFORMATION

The Tolkien Trust is a company limited by guarantee (incorporated in England and Wales) and does not have share capital. The members undertake to contribute a sum, not exceeding £10, to the assets of the company in the event of the company being wound up. Its registered office is Prama House, 267 Banbury Road, Oxford, OX2 7HT.

15 RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2015	2014
	£	£
Net income/(expenditure) as per Statement of Financial Activities	641,956	(1,134,615)
Deduct investment income in investing activities	(367,924)	(363,307)
(Increase)/decrease in debtors	(580,492)	151,638
(Decrease)/increase in creditors	(717,429)	1,240,849
Deduct gains/add back losses on investments	<u>(97,117)</u>	<u>(145,526)</u>
Net cash used in operating activities	<u>(1,121,006)</u>	<u>(250,961)</u>

16 RELATED PARTY TRANSACTIONS

There were no related party transactions in the reporting period that require disclosure (2014: Nil).