

THE TOLKIEN TRUST
ACCOUNTS FOR THE YEAR ENDED
31 DECEMBER 2016

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WEDNESDAY



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COMPANIES HOUSE

Charity Commission Reference No. 1150801

Company No. 8354834

THE TOLKIEN TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

REFERENCE AND ADMINISTRATIVE DETAILS

Charity registration no	1150801
Company registration no	8354834
Registered Office	Prama 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 Prama House 267 Banbury Road Oxford OX2 7HT
Auditors	Critchleys Audit LLP Beaver House 23-38 Hythe Bridge Street Oxford OX1 2EP
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 establishes 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 2016

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, as well as those focusing on environmental concerns and the arts. 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 receiving grants are based in the United Kingdom, the funds given are expended on charitable work both at home and abroad, including in 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 greater online engagement and donations, 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 56 charities.

PLANS FOR FUTURE PERIODS

The Trust plans to continue to work with a limited number of charities, developing and consolidating its current strategy, and modifying its approach if current monitoring practices suggest that increased impact can be achieved.

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 £1,494,619 (2015: £2,128,237) and made grants totalling £1,693,365 (2015: £1,243,500). 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 2016

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 professional 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.

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. These three factors determine an appropriate asset allocation and thus a benchmark against which the investment managers' performance can be assessed. During 2016 the Trustees agreed a benchmark with their investment managers which was amended to a "bespoke" benchmark, after discussion and advice from their investment managers, prompted by the cessation of the WM Charity Index service. The new agreed benchmark was applied at 31st March 2016 and is: 12% of the return of the FTA British Government All Stocks Index; 52% of the FTSE All Share index; 25% of the FTSE World Ex-UK Index; 5% of the IPD Monthly Property Index; and 5% of the "cash return +2%" against which the alternative investments (currently infrastructure fund investment) is measured; and 1% cash. There are agreed limitations as to the minimum and maximum amounts of each asset class that can be held. The investment managers deem a "Medium" risk approach suitable given the Trust's circumstances and this dictates a maximum of 82.5% in equities: UK and ex-UK combined.

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.

During the year, and as the start of a series of transfers of cash, £2,000,000, was added to the investment portfolio. 2016 was an extraordinary investment year in many respects and securities markets were affected markedly by the fear of Chinese economic growth contraction in the first quarter; the Brexit vote in June; and the Trump triumph in the USA presidential election in November. The investment managers did not follow all of the various trends during the year preferring to stay with high quality long term investments that have served the portfolio well over the longer term.

THE TOLKIEN TRUST**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016****INVESTMENT PERFORMANCE (continued)**

During 2016 the Trust's benchmark changed, as mentioned earlier, to a bespoke and more granular and transparent format that better allows the investment managers to target performance. As such there is a period, over the changing of the benchmark and thus the asset allocation, when comparison is less meaningful. During the year the Trust generated a total return of +11.7%; the last three years generated +20.6%; and the last five years +63.3%; these returns are quoted before fees. The investment managers are pleased to report that the performance against the revised benchmark since its inception is encouraging. The Trustees monitor the performance of their investment managers carefully and are satisfied with the current arrangements.

RESERVES POLICY

The Trust maintains a general reserve, the balance on which as at 31 December 2016 was £28,127,753 (2015: £27,996,551). 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.

THE TOLKIEN TRUST

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016

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

Roseella Toerien

P M A R Tolkien (Trustee)

19/09/17

(Date)

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE TOLKIEN TRUST FOR THE YEAR ENDED 31 DECEMBER 2016

We have audited the financial statements of The Tolkien Trust for the year ended 31 December 2016 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 5, 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 2016 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.

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE TOLKIEN TRUST (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the Trustees' Report has been prepared in accordance with applicable legal requirements

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company 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 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.
- 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 Audit LLP
Statutory Auditor

Beaver House
23-38 Hythe Bridge Street
Oxford, OX1 2EP

22 September 2017

THE TOLKIEN TRUST

STATEMENT OF FINANCIAL ACTIVITIES
(including income and expenditure account)
FOR THE YEAR ENDED 31 DECEMBER 2016

		2016	2015
		£	£
Income from	Note	Unrestricted	Unrestricted
Investments			
Interest receivable		145,553	190,939
Dividends received		184,128	176,985
Royalty income		<u>1,494,619</u>	<u>2,128,237</u>
Total income		<u>1,824,300</u>	<u>2,496,161</u>
Expenditure on			
Raising funds			
Investment management costs	2	328,163	488,002
Charitable activities	3	<u>1,934,109</u>	<u>1,463,320</u>
Total expenditure		<u>2,262,272</u>	<u>1,951,322</u>
Net (expenditure)/income before investment gains		(437,972)	544,839
Net gains/(losses) on investments			
Gains on revaluation and disposal of investment assets	8	541,670	94,908
Exchange gains on non-sterling bank accounts		<u>27,504</u>	<u>2,209</u>
Net income/(expenditure)		131,202	641,956
Funds brought forward		<u>27,996,551</u>	<u>27,354,595</u>
Funds carried forward		<u>28,127,753</u>	<u>27,996,551</u>

THE TOLKIEN TRUST
BALANCE SHEET
AS AT 31 DECEMBER 2016

	Note	2016		2015	
		£	£	£	£
Fixed assets					
Investments	8		8,602,808		5,907,709
Current assets					
Debtors	9	1,175,837		1,728,032	
Cash at bank and in hand		<u>20,005,831</u>		<u>22,331,186</u>	
		21,181,668		24,059,218	
Creditors: amounts falling due within one year	10	<u>(1,306,723)</u>		<u>(927,876)</u>	
Net current assets			<u>19,874,945</u>		<u>23,131,342</u>
Total assets less current liabilities			28,477,753		29,039,051
Creditors: amounts falling due after one year	11		<u>(350,000)</u>		<u>(1,042,500)</u>
Net assets			<u>28,127,753</u>		<u>27,996,551</u>
Represented by:					
Unrestricted funds					
General fund			<u>28,127,753</u>		<u>27,996,551</u>

These accounts were approved and authorised for issue by the Trustees on 19/09/17 and are signed on their behalf by:

Priscilla Tolkien M A R Tolkien (Trustee)

THE TOLKIEN TRUST

STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016

		2016 £	2015 £
	Note		
Cash (used in) operating activities	15	<u>(501,607)</u>	<u>(1,121,006)</u>
Cash flow from investing activities			
Investment income		329,681	367,924
Net (purchase of)/proceeds from sale of investments		<u>(2,153,429)</u>	<u>1,767,914</u>
Cash (used in)/provided by investing activities		(1,823,748)	2,135,838
(Decrease)/increase in cash in the year		<u>(2,325,355)</u>	<u>1,014,832</u>
Cash and cash equivalents at the beginning of the year		<u>22,331,186</u>	<u>21,316,354</u>
Total cash and cash equivalents at the end of the year		<u>20,005,831</u>	<u>22,331,186</u>

**THE TOLKIEN TRUST
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

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 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. These are 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 2016**

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

	2016	2015
	£	£
UK legal fees relating to contract and copyright matters	159,366	155,028
US and other overseas legal fees	135,765	300,821
Other professional fees	1,800	1,720
Investment manager fees	<u>31,232</u>	<u>30,433</u>
	<u>328,163</u>	<u>488,002</u>

Included within other professional fees is £1,800 (2015: £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
	£	£	£
2016 Grants to institutions	<u>1,693,365</u>	<u>240,744</u>	<u>1,934,109</u>
2015 Grants to institutions	<u>1,243,500</u>	<u>219,820</u>	<u>1,463,320</u>

4 GRANTS TO INSTITUTIONS

	2016	2015
	£	£
Action Aid UK	50,000	50,000
Action Contre la Faim	20,000	20,000
Aladdin Project (France)	10,000	10,000
Asylum Welcome	30,000	50,000
Basmeh and Zeitooneh	20,000	10,000
Birdlife International	20,000	50,000
Bodleian Library	-	30,000
BBOWT (Berkshire, Buckinghamshire, Oxfordshire Wildlife Trust)	-	90,000
British Deaf Association	10,000	-
British Friends of Neve Shalom	35,000	33,000
The Big Issue Foundation	15,000	22,000
Camfed International	10,000	10,000
Campaign to Protect Rural England	10,000	15,000
Create (Arts) Limited	-	10,000
Cuttleslowe & District Community Association	11,000	30,000
Drapen I Havet	-	10,500
Dresden Trust	10,000	10,000
Dyslexia Research Trust	50,000	50,000

THE TOLKIEN TRUST

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

4 GRANTS TO INSTITUTIONS (continued)

	2016	2015
	£	£
Exeter College	-	5,500
Find Your Feet	75,000	75,000
Freedom from Torture	25,000	25,000
Human Rights Watch	10,000	-
International Maritime Rescue Federation	-	40,000
The Koestler Trust	35,000	20,000
La Cimade	10,000	30,000
Laguna Blanca School	-	3,000
Maison Shalom France	10,000	10,000
Médecins Sans Frontières	20,000	30,000
Médecins du Monde	45,000	80,000
Medical Detection Dogs	10,000	-
Mildmay	-	10,000
MNDA – Motor Neurone Disease Association	370,000	-
Music in Detention	-	10,000
The Neuro Therapy Centre	20,000	-
Oxford Bach Choir	10,000	10,000
New Bridge Foundation	10,000	-
Oxford Botanic Garden	60,000	-
Oxford Food Bank	10,000	-
Oxford Lieder Festival	27,000	30,000
Oxford MND Centre	1,865	-
Oxford Philomusica Trust	20,000	25,000
Oxford Playhouse Trust	10,000	10,000
Oxford Shakespeare Ensemble (Creation Theatre Company)	10,000	15,000
The Panzi Hospital Foundation	115,000	(5,000)
Peace Brigades International UK	40,000	20,000
Pesticide Action Network UK	65,000	30,000
Primo Levi Centre	20,000	-
Prison Phoenix Trust	10,000	10,000
Prisoners Abroad	40,000	40,000
The Porch	10,000	10,000
Prism the Gift (for The Hope Centre)	10,000	10,000
Reading List Foundation	30,000	-
Reprieve	50,000	75,000
Road to Recovery	10,000	10,000
Royal Trinity Hospice	10,000	-
San Marcos AAP Foundation	10,000	-
SEAP	10,000	-

THE TOLKIEN TRUST

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

4 GRANTS TO INSTITUTIONS (continued)

	2016	2015
	£	£
Solidarités International	10,000	10,000
Solon Foundation	14,000	10,000
St Luke's Oxford	2,500	2,500
SWVG (Southampton & Winchester Visitors Group)	20,000	20,000
The Tablet Trust	7,000	7,000
TREAT (Trust for Research and Education in the Arms Trade)	75,000	25,000
Uganda Childbirth Injury Fund	35,000	-
Wiener Library	<u>10,000</u>	<u>40,000</u>
Total	<u>1,693,365</u>	<u>1,243,500</u>

5 SUPPORT COSTS

	2016	2015
	£	£
UK legal fees relating to grant distribution	12,648	12,070
Other professional fees	157,252	140,023
Governance costs (note 6)	70,006	66,528
Other	<u>838</u>	<u>1,199</u>
	<u>240,744</u>	<u>219,820</u>

6 GOVERNANCE COSTS

	2016	2015
	£	£
UK legal fees relating to administration of the Trust	61,581	57,603
Auditors' remuneration	<u>8,425</u>	<u>8,925</u>
	<u>70,006</u>	<u>66,528</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 2016 (CONTINUED)

8 INVESTMENTS

	Market Value bfwd £	Purchases in Year £	Sales in Year £	Change in Market Value £	Market Value c/fwd £
Equities	4,874,494	2,058,263	(663,257)	525,396	6,794,896
Fixed interest securities	<u>822,846</u>	<u>490,182</u>	<u>(603,775)</u>	<u>16,274</u>	<u>725,527</u>
	5,697,340	2,548,445	(1,267,032)	541,670	7,520,423
Cash held by investment managers	<u>210,369</u>	<u>872,016</u>	<u>-</u>	<u>-</u>	<u>1,082,385</u>
	<u>5,907,709</u>	<u>3,420,461</u>	<u>(1,267,032)</u>	<u>541,670</u>	<u>8,602,808</u>

9 DEBTORS

	2016 £	2015 £
Royalties receivable	1,165,095	1,717,766
VAT	<u>10,742</u>	<u>10,266</u>
	<u>1,175,837</u>	<u>1,728,032</u>

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Grants awarded not yet paid (note 12)	1,176,399	694,500
Accruals	<u>130,324</u>	<u>233,376</u>
	<u>1,306,723</u>	<u>927,876</u>

11 CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2016 £	2015 £
Grants awarded not yet paid (note 12)	<u>350,000</u>	<u>1,042,500</u>

THE TOLKIEN TRUST

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

12 GRANTS AWARDED NOT YET PAID

	At 1 January 2016 £	Amounts Awarded £	Payments Made £	At 31 December 2016 £
University of Manitoba				
Alan Klass Memorial Fund	120,000	-	(60,000)	60,000
Action Aid	-	30,000	-	30,000
Asylum Welcome	-	30,000	-	30,000
Bloemfontein Cathedral	10,000	-	(5,000)	5,000
Budleigh Salterton Literary Festival	-	-	-	-
Bodleian Archivist	200,000	-	(45,000)	155,000
Bodleian Curator of Medieval Manuscripts	360,000	-	(60,000)	300,000
Bodleian Library				
Cataloguing Project	45,000	-	(45,000)	-
Picture Library Infrastructure	135,000	-	(135,000)	-
Dyslexia Research Trust	-	50,000	-	50,000
Find your Feet	-	75,000	-	75,000
Freedom from Torture	-	25,000	-	25,000
GB Friends of Neve Shalom	-	35,000	-	35,000
The Haiti Orphanage Clinic Project	10,000	-	(5,000)	5,000
King Edward's School, Birmingham	500,000	-	(500,000)	-
The Koestler Trust	-	35,000	-	35,000
Médecins du Monde	-	5,000	-	5,000
Médecins Sans Frontières	150,000	-	(150,000)	-
MNDA	-	370,000	(185,000)	185,000
The Neuro Therapy Centre	-	20,000	-	20,000
Oxford Botanic Garden	-	60,000	-	60,000
Oxford MND Centre	-	1,865	(466)	1,399
The Panzi Foundation USA	-	70,000	-	70,000
Peace Brigades International UK	-	40,000	-	40,000
Pesticide Action Network UK	-	65,000	-	65,000
Prisoners Abroad	-	40,000	-	40,000
Reading Listing Foundation	-	30,000	-	30,000
Rebuilding Sri Lanka	80,000	-	(80,000)	-
Reprieve	-	50,000	-	50,000
Shelter Cymru	67,000	-	(56,000)	11,000
Solon Foundation	-	14,000	-	14,000
Southampton & Winchester Visitors' Group	-	20,000	-	20,000
Trust for Research on the Arms Trade (Treat)	-	45,000	-	45,000
Uganda Childbirth Injuries Fund	-	35,000	-	35,000
West London Churches	60,000	-	(30,000)	30,000
	<u>1,737,000</u>	<u>1,145,865</u>	<u>(1,356,466)</u>	<u>1,526,399</u>

THE TOLKIEN TRUST

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)**

Movement in recognised provisions and funding commitments during the year	Charitable commitments accrued £
Grant commitments recognised at the start of the year	1,737,000
New grant commitments charged to the Statement of Financial Activities in the year (see note 3)	1,693,365
Grants paid during the year	<u>(1,903,966)</u>
Amount of grant commitments recognised as at 31 December 2016 (see note 15)	<u>1,526,399</u>

13 CONTINGENT LIABILITIES

The legal action commenced by the Trust and other entities in the USA in November 2012 against defendants Warner Bros and The Saul Zaentz Company was settled in June 2017.

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

	2016 £	2015 £
Net income as per Statement of Financial Activities	131,202	641,956
Deduct investment income in investing activities	(329,681)	(367,924)
Decrease/(increase) in debtors	552,195	(580,492)
(Decrease) in creditors	(313,653)	(717,429)
Deduct gains/add back losses on investments	<u>(541,670)</u>	<u>(97,117)</u>
Net cash used in operating activities	<u>(501,607)</u>	<u>(1,121,006)</u>

16 RELATED PARTY TRANSACTIONS

There were no related party transactions in the reporting period that require disclosure (2016: Nil).