

THE TOLKIEN TRUST
ACCOUNTS FOR THE YEAR ENDED
31 DECEMBER 2017

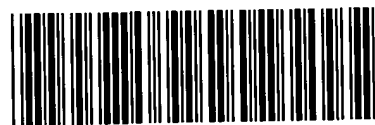
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Charity Commission Reference No. 1150801

Company No. 8354834

THURSDAY



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THE TOLKIEN TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

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 (resigned 31/08/17) 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 30 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 2017

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 Uganda, Rwanda, the Democratic Republic of Congo and Haiti and, more recently, Europe (for assistance to refugees fleeing conflict zones).

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 58 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 £2,752,577 (2016: £1,494,619) and made grants totalling £3,005,686 (2016: £1,693,365). 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 2017

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 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/High" risk approach suitable given the Trust's circumstances with a restriction to 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, a further £10,000,000, was added to the investment portfolio. 2017 was in many ways a "vintage year" for balanced investment portfolios. All asset classes made progress with equities in particular producing above average returns. Equities are the engine for growth in any balanced portfolio and, despite their very rewarding returns, they also displayed, amongst the FTSE 100 companies, the lowest level of volatility since the FTSE 100 was launched 35 years ago. This was despite the anticipation of a difficult year in 2017 with several European elections poised to deliver contentious results and fears of weak global growth.

In the event the elections passed without serious divergence from the status quo and growth picked up in those regions (Europe, Asia and emerging markets) that had become economic laggards. As the year ended there appeared to be strong signs of global synchronised growth which, in the absence of expectations of serious rises in interest rates or an outside shock, could see equity markets remain fairly buoyant despite this bull market being nine years old.

THE TOLKIEN TRUST

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

INVESTMENT PERFORMANCE (continued)

The Tolkien Trust's investments had a good year showing a total return of +13.1% compared with the benchmark's return of +11.2%. Overseas equities did very well, with the European, Japanese and Asia Pacific holdings making strong gains. The portfolio ended the year with nearly £1.4 million in cash despite the cash injections of £10 million. The added cash was invested with care to ensure the portfolio did not become either over- or under-exposed to any particular asset class although the poorer returns expected from bonds (as interest rates are on an upward trajectory) meant that there was no hurry to add to this sector. 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 2017 was £29,085,598. (2016: £28,127,753). 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 accounts for each financial year. Under that law they have elected to prepare accounts 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 accounts 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 accounts, 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 accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

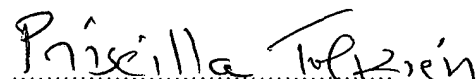
The Trustees are responsible for keeping proper accounting records that are sufficient to show and explain the Trust's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the accounts comply with the Companies Act 2006. They 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 (Trustee)

18-9-18
(Date)

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE TOLKIEN TRUST
FOR THE YEAR ENDED 31 DECEMBER 2017**

Opinion

We have audited the accounts of The Tolkien Trust (the "Charity") for the year ended 31 December 2017 which comprise the Statement of Financial activities, the Balance Sheet, the Statement of Cash Flows and notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the accounts:

- give a true and fair view of the state of the Charity's affairs as at 31 December 2017 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

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's responsibilities for the audit of the accounts section of our report. We are independent of the Charity in accordance with the ethical requirements that are relevant to our audit of the accounts 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the accounts is not appropriate; or
- the trustees have not disclosed in the accounts any identified material uncertainties that may cast significant doubt about the Charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the accounts are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report other than the accounts and our auditor's report thereon. Our opinion on the accounts 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.

In connection with our audit of the accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts 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 accounts 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.

Opinions 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 (incorporating the directors' report) for the financial year for which the accounts are prepared is consistent with the accounts; and
- the trustees' report (incorporating the directors' report) have been prepared in accordance with applicable legal requirements.

**INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE TOLKIEN TRUST
FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)**

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the 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 in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- sufficient accounting records have not been kept;
- the accounts are not in agreement with the accounting records and returns;
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not obtained all the information and explanations necessary for the purposes of our audit.
- the trustees were not entitled to take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of the trustees

As explained more fully in the trustees' responsibilities statement [set out on page 4], the trustees are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, 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's responsibilities for the audit of the accounts

Our objectives are to obtain reasonable assurance about whether the accounts 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 accounts.

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Charity's members, 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 Charity's members those matters we are required to state to them in an auditor's 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's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

19/9/2018

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

THE TOLKIEN TRUST

STATEMENT OF FINANCIAL ACTIVITIES
(including income and expenditure account)
FOR THE YEAR ENDED 31 DECEMBER 2017

		2017	2016
		£	£
Income from	Note	Unrestricted	Unrestricted
Investments			
Interest receivable		91,547	145,553
Dividends received		351,332	184,128
Royalty income		<u>2,752,577</u>	<u>1,494,619</u>
Total income		<u>3,195,456</u>	<u>1,824,300</u>
Expenditure on			
Raising funds			
Investment management costs	2	363,884	328,163
Charitable activities	3	<u>3,274,042</u>	<u>1,934,109</u>
Total expenditure		<u>3,637,926</u>	<u>2,262,272</u>
Net income before investment gains		(442,470)	(437,972)
Net gains/(losses) on investments			
Gains on revaluation and disposal of investment assets	8	1,400,315	541,670
Exchange gains on non-sterling bank accounts		<u>-</u>	<u>27,504</u>
Net income		957,845	131,202
Funds brought forward		<u>28,127,753</u>	<u>27,996,551</u>
Funds carried forward		<u>29,085,598</u>	<u>28,127,753</u>

THE TOLKIEN TRUST
BALANCE SHEET
AS AT 31 DECEMBER 2017

	Note	2017 £	£	2016 £	£
Fixed assets					
Investments	8		20,326,586		8,602,808
Current assets					
Debtors	9	1,503,255		1,175,837	
Cash at bank and in hand		<u>10,390,249</u>		<u>20,005,831</u>	
		11,893,504		21,181,668	
Creditors: amounts falling due within one year	10	<u>(2,211,545)</u>		<u>(1,306,723)</u>	
Net current assets			<u>9,681,959</u>		<u>19,874,945</u>
Total assets less current liabilities			30,008,545		28,477,753
Creditors: amounts falling due after one year	11		<u>(922,947)</u>		<u>(350,000)</u>
Net assets			<u>29,085,598</u>		<u>28,127,753</u>
Represented by:					
Unrestricted funds					
General fund			<u>29,085,598</u>		<u>28,127,753</u>

These accounts were approved and authorised for issue by the Trustees on 18-9-18 and are signed on their behalf by:

Priscilla Tolkien P M A R Tolkien (Trustee)

THE TOLKIEN TRUST

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 £	2016 £
Cash provided by/(used in) operating activities	14	<u>265,002</u>	<u>(501,607)</u>
Cash flow from investing activities			
Investment income		442,879	329,681
Net (purchase of) investments		<u>(10,323,463)</u>	<u>(2,153,429)</u>
Cash (used in) investing activities		(9,880,584)	(1,823,748)
(Decrease) in cash in the year		<u>(9,615,582)</u>	<u>(2,325,355)</u>
Cash and cash equivalents at the beginning of the year		<u>20,005,831</u>	<u>22,331,186</u>
Total cash and cash equivalents at the end of the year		<u>10,390,249</u>	<u>20,005,831</u>

**THE TOLKIEN TRUST
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

1 ACCOUNTING POLICIES

a) Basis of preparation and assessment of going concern

The accounts 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.

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

THE TOLKIEN TRUST
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2017

2 INVESTMENT MANAGEMENT COSTS

	2017 £	2016 £
UK legal fees relating to contract and copyright matters	257,856	159,366
US and other overseas legal fees	47,358	135,765
Other professional fees	2,550	1,800
Investment manager fees	<u>56,120</u>	<u>31,232</u>
	<u>363,884</u>	<u>328,163</u>

Included within other professional fees is £2,550 (2016: £1,800) of fees payable to the auditors for non-audit services.

3 EXPENDITURE ON CHARITABLE ACTIVITIES

	(Note 4) Grants Payable £	(Note 5) Support Costs £	Total £
2017 Grants to institutions	<u>3,005,686</u>	<u>268,356</u>	<u>3,274,042</u>
2016 Grants to institutions	<u>1,693,365</u>	<u>240,744</u>	<u>1,934,109</u>

4 GRANTS TO INSTITUTIONS

	2017 £	2016 £
Action Aid UK	100,000	50,000
Action Contre la Faim	-	20,000
Aladdin Project (France)	10,000	10,000
Association IMAD	20,000	-
Asylum Welcome	40,000	30,000
Basmeh and Zeitooneh	20,000	20,000
The Big Issue Foundation	15,000	15,000
Birdlife International	50,000	20,000
Bloemfontein Cathedral	15,000	-
Bodleian Archivist	320,000	-
Bodleian Curator of Medieval Manuscripts	325,000	-
Bodleian 2018 Tolkien exhibition	245,000	-
British Deaf Association	-	10,000
British Friends of Neve Shalom	35,000	35,000
Camfed International	30,000	10,000
Campaign to Protect Rural England	10,000	10,000
Children On The Edge	30,000	-
Cuttislowe & District Community Association	16,000	11,000
Dresden Trust	-	10,000
Dyslexia Research Trust	-	50,000
Find Your Feet	-	75,000
Freedom from Torture	50,000	25,000
Future Hope UK	98,947	-
Glassdoor Homeless Charity	40,000	-
Human Rights Watch	-	10,000
The Koestler Trust	35,000	35,000
La Cimade	30,000	10,000
Maison Shalom France	30,000	10,000

THE TOLKIEN TRUST

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

4 GRANTS TO INSTITUTIONS (continued)

	2017 £	2016 £
Médecins Sans Frontières	150,000	20,000
Médecins du Monde	150,000	45,000
Medical Detection Dogs	-	10,000
Mildmay Mission	10,000	-
MNDA – Motor Neurone Disease Association	-	370,000
The Neuro Therapy Centre	-	20,000
New Bridge Foundation	-	10,000
Operation Fistula	60,000	-
Oxford Bach Choir	10,000	10,000
Oxford Botanic Garden	-	60,000
Oxford Food Bank	15,000	10,000
Oxford Lieder Festival	15,000	27,000
Oxford MND Centre	91,739	1,865
Oxford Philharmonic Orchestra	20,000	-
Oxford Philomusica Trust	-	20,000
Oxford Playhouse Trust	10,000	10,000
Oxford Sanctuary Housing	25,000	-
Oxford Shakespeare Ensemble (Creation Theatre Company)	15,000	10,000
Panzi Foundation	70,000	115,000
Peace Brigades International UK	30,000	40,000
Pesticide Action Network UK	100,000	65,000
Photography Oxford	15,000	-
Primo Levi Centre	40,000	20,000
Prison Phoenix Trust	10,000	10,000
Prisoners Abroad	60,000	40,000
The Porch	20,000	10,000
Prism the Gift (for The Hope Centre/Kempson)	20,000	10,000
Reading List Foundation	-	30,000
Refu Aid	50,000	-
Remodel	5,000	-
Reprive	95,000	50,000
Road to Recovery	20,000	10,000
Royal Trinity Hospice	-	10,000
San Marcos High School AAPLE Academy	20,000	10,000
SEAP	-	10,000
Shelter Cymru	100,000	-
Solidarités International	20,000	10,000
Solon Foundation	14,000	14,000
St Luke's Hospital, Headington	10,000	2,500
SWVG (Southampton & Winchester Visitors Group)	20,000	20,000
The Tablet Trust	10,000	7,000
Tempus Novo	30,000	-
TREAT (Trust for Research and Education on the Arms Trade)	50,000	75,000
Uganda Childbirth Injury Fund	30,000	35,000
Wiener Library	-	10,000
Working Chance	30,000	-
Total	<u>3,005,686</u>	<u>1,693,365</u>

THE TOLKIEN TRUST

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)**

5 SUPPORT COSTS

	2017	2016
	£	£
UK legal fees relating to grant distribution	13,985	12,648
Other professional fees	179,702	157,252
Governance costs (note 6)	74,207	70,006
Other	<u>462</u>	<u>838</u>
	<u>268,356</u>	<u>240,744</u>

6 GOVERNANCE COSTS

	2017	2016
	£	£
UK legal fees relating to administration of the Trust	63,827	61,581
Auditors' remuneration	<u>10,380</u>	<u>8,425</u>
	<u>74,207</u>	<u>70,006</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.

8 INVESTMENTS

	Market Value b fwd £	Purchases in Year £	Sales in Year £	Change in Market Value £	Market Value c/fwd £
Equities	6,794,896	9,706,998	(250,640)	1,402,639	17,653,893
Fixed interest securities	<u>725,527</u>	<u>635,857</u>	<u>(75,000)</u>	<u>(2,324)</u>	<u>1,284,060</u>
	7,520,423	10,342,855	(325,640)	1,400,315	18,937,953
Cash held by investment managers	<u>1,082,385</u>	<u>306,248</u>	<u>-</u>	<u>-</u>	<u>1,388,633</u>
	<u>8,602,808</u>	<u>10,649,103</u>	<u>(325,640)</u>	<u>1,400,315</u>	<u>20,326,586</u>

THE TOLKIEN TRUST

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

9 DEBTORS

	2017 £	2016 £
Royalties receivable	1,503,255	1,165,095
VAT	<u>-</u>	<u>10,742</u>
	<u>1,503,255</u>	<u>1,175,837</u>

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Grants awarded not yet paid (note 12)	1,983,000	1,176,399
Accruals	168,203	130,324
VAT	<u>60,342</u>	<u>-</u>
	<u>2,211,545</u>	<u>1,306,723</u>

11 CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2017 £	2016 £
Grants awarded not yet paid (note 12)	<u>922,947</u>	<u>350,000</u>

THE TOLKIEN TRUST

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)**

12 GRANTS AWARDED NOT YET PAID

	At 1 January 2017 £	Amounts Awarded £	Payments Made £	At 31 December 2017 £
University of Manitoba				
Alan Klass Memorial Fund				
Programme	60,000	-	60,000	-
Action Aid	30,000	-	30,000	-
Asylum Welcome	30,000	-	30,000	-
Birdlife International	-	30,000	30,000	-
Bloemfontein Cathedral	5,000	-	5,000	-
Bodleian Archivist	155,000	320,000	45,000	430,000
Bodleian Curator of Medieval Manuscripts	300,000	325,000	60,000	565,000
Bodleian 2018 Tolkien exhibition	-	245,000	95,000	150,000
Dyslexia Research Trust	50,000	-	50,000	-
Find your Feet	75,000	-	75,000	-
Freedom from Torture	25,000	-	25,000	-
Future Hope UK	-	98,947	33,000	65,947
GB Friends of Neve Shalom	35,000	-	35,000	-
The Haiti Orphanage Clinic Project	5,000	-	-	5,000
Koestler Trust	35,000	-	35,000	-
Médecins du Monde	5,000	150,000	155,000	-
MNDA	185,000	-	185,000	-
The Neuro Therapy Centre	20,000	-	20,000	-
Operation Fistula	-	60,000	60,000	-
Oxford Botanic Garden	60,000	-	60,000	-
Oxford MND Centre	1,399	91,739	93,138	-
The Panzi Foundation USA	70,000	-	70,000	-
Peace Brigades International UK	40,000	-	40,000	-
Pesticide Action Network UK	65,000	-	65,000	-
Photography Oxford	-	15,000	15,000	-
Prisoners Abroad	40,000	-	40,000	-
Reading List Foundation	30,000	-	10,000	20,000
Reprive	50,000	-	50,000	-
Shelter Cymru	11,000	-	11,000	-
Solon Foundation	14,000	-	14,000	-
Southampton & Winchester Visitors' Group	20,000	-	20,000	-
Trust for Research on the Arms Trade	45,000	-	45,000	-
(Treat)				
Uganda Childbirth Injuries Fund	35,000	-	35,000	-
West London Churches	30,000	-	30,000	-
Awarded December 2017; paid in 2018	-	<u>1,670,000</u>	-	<u>1,670,000</u>
	<u>1,526,399</u>	<u>3,005,686</u>	<u>1,626,138</u>	<u>2,905,947</u>

Movement in recognised provisions and funding commitments during the year

**Charitable
commitments
accrued
£**

Grant commitments recognised at the start of the year	1,526,399
New grant commitments charged to the Statement of Financial Activities in the year (see note 3)	3,005,686
Grants paid during the year	<u>(1,626,138)</u>
Amount of grant commitments recognised as at 31 December 2017 (see note 2)	<u>2,905,947</u>

THE TOLKIEN TRUST
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

13 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.

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

	2017	2016
	£	£
Net income as per Statement of Financial Activities	957,845	131,202
Deduct investment income in investing activities	(442,879)	(329,681)
(Increase)/decrease in debtors	(327,418)	552,195
Increase/(decrease) in creditors	1,477,769	(313,653)
Deduct gains/add back losses on investments	<u>(1,400,315)</u>	<u>(541,670)</u>
Net cash used in operating activities	<u>265,002</u>	<u>(501,607)</u>

15 RELATED PARTY TRANSACTIONS

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