

Charity registration number 1150801 (England and Wales)

Company registration number 8354834

THE TOLKIEN TRUST
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

THE TOLKIEN TRUST

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Baillie Tolkien	
	Simon Tolkien	
	Royd Tolkien	(Appointed 1 December 2024)
	Rachel Tolkien	(Appointed 1 December 2024)
	Amanda Doyle	(Appointed 1 December 2024)
Secretary	Cathleen Blackburn	
Charity number	1150801	
Company number	8354834	
Registered office	Prama House 267 Banbury Road Oxford OX2 7HT	
Auditor	Gravita Audit Oxford LLP First Floor, Park Central 40-41 Park End Street Oxford OX1 1JD	
Bankers	Lloyds Bank plc Oxford	
Solicitors	Howes Percival LLP Prama House 267 Banbury Road Oxford OX2 7HT	
Investment advisors	Investec Wealth & Investment 30 Gresham Street London EC2V 7QN	

THE TOLKIEN TRUST

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THE TOLKIEN TRUST

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 DECEMBER 2024

The trustees present their annual report and financial statements for the year ended 31 December 2024.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's Memorandum and Articles of Association, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)".

Objectives and activities

The charity's objects 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. The policies adopted in furtherance of these objects are detailed below and there has been no change in these during the year.

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 Africa, North America and Europe (for assistance to refugees).

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, 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 102 charities.

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.

For the year royalty income was £4,271,690 (2023: £9,155,049) and the charity awarded grants totalling £6,044,078, (2023: £5,520,000). Further details are included in the statement of financial activities and related notes.

Reserves Policy

The Trust maintains a general reserve, the balance on which as at 31 December 2024 was £38,963,098 (2023: £37,388,289). Of this £1,774,000 (2023: £279,000) is represented by heritage assets leaving available reserves of £37,179,078 (2023: £37,109,289). 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 (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

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 initial holding can exceed 5% of the total portfolio and the total sum of all equity holdings in excess of 5% cannot be equal to or in excess of 40% of the fund's value. No investments are made in derivatives. The Trust follows an ethical investment policy and does not invest directly in tobacco companies, or companies whose main business (i.e. >10% of revenue) is the manufacture of armaments or the provision of gambling services.

Investment performance

The Trust has agreed an 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 2023 the Trustees agreed to amend their "bespoke" benchmark, after discussion with and advice from their investment managers, which benchmark remains unchanged in 2024. The agreed benchmark is: 5% of the return of the Bloomberg Global-Aggregate Total Return Index (GBP Hedged); 78% of the MSCI All Country World Index (NR); 5% of the IPD Monthly Property Index; and 10% of the Alternatives Composite Index (37.5% BoA Merrill Lynch Sterling Corporate Bond Index, 37.5% MSCI All Country World Index, 25% B o E Base Rate -0.5%) against which the alternative investments are measured; and 2% 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 the mandate will allow the capital value of the portfolio to be retained in real terms and generate a good level of total return. The Trustees also understand that as risk assets do not necessarily move in a linear fashion, there may be periods when the portfolio value will 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.

The portfolio returned 8.7%, net of fees, on a total return basis for the 12 months ending 31st December 2024.

The primary driver over this period, as was the case for much of the last two years, remained market expectations on global inflation and the timing of interest rate cuts by the Central Banks. Balanced portfolios made decent progress again during 2024 but there was no pronounced increase in returns towards the year end, as there was during December last year. Evidence suggests that, in the UK and US, neither inflation nor interest rates are projected to continue to fall as quickly as had been hoped. With investors also expressing concern about fiscal deficits, bond markets have experienced a sell-off, with global government bonds delivering another year of negative return contrasted against a strong performance by global equities.

As with last year, the US economy belied the experts in proving to be more robust than expected, and US equities have delivered the lion's share of return to global investors (27% return from the S&P Index vs 9.6% from the UK's FTSE 100 Index) and a concentrated number of large technology companies dubbed 'The Magnificent Seven' put on 67% over the year. However, this result comes in an environment of occasional squalls of volatility: as an example, global stock markets fell sharply in August during which spell the Magnificent 7 dropped by 17% . Despite perceived global instability, and concomitant market instability, balanced portfolios continue to deliver decent returns above what would be achieved by holding cash. Global equities sit within a few percent of all-time highs despite several occasions of market shock over the last few years which might have persuaded investors to exit. This has contributed to the positive total return for the Trust's portfolio over the year.

THE TOLKIEN TRUST

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

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.)

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.

Structure, governance and management

The charity is a charitable company governed by its Articles of Association.

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

Baillie Tolkien	
Michael Tolkien	(Resigned 31 December 2024)
Simon Tolkien	
Royd Tolkien	(Appointed 1 December 2024)
Rachel Tolkien	(Appointed 1 December 2024)
Amanda Doyle	(Appointed 1 December 2024)

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.

None of the trustees has any beneficial interest in the company. All of the trustees are members of the company and guarantee to contribute £10 in the event of a winding up.

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

THE TOLKIEN TRUST

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

Disclosure of information to auditor

Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

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

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

Signed by:

.....410EA2602C2C4DD.....
Baillie Tolkien
Trustee

Date: 17 September 2025
.....

DocuSigned by:

.....90C9C2BE27E5454.....
Simon Tolkien
Trustee

21 September 2025

THE TOLKIEN TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 DECEMBER 2024

The trustees, who are also the directors of The Tolkien Trust for the purpose of company law, are responsible for preparing the Trustees' Report and the financial statements 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 which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

THE TOLKIEN TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE TOLKIEN TRUST

Opinion

We have audited the financial statements of The Tolkien Trust (the 'charity') for the year ended 31 December 2024 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the financial statements, including 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 financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2024 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.

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 financial statements* section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 our audit:

- the information given in the trustees' report for the financial year for which the financial statements are prepared, which includes the directors' report prepared for the purposes of company law, is consistent with the financial statements; and
- the directors' report included within the trustees' report has been prepared in accordance with applicable legal requirements.

THE TOLKIEN TRUST

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF THE TOLKIEN TRUST

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within 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:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees, who are also the directors of the charity for the purpose of company law, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the charitable company through discussions with directors/trustees and other management, and from our knowledge and experience of the client's sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the charitable company;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management; and
- Identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

THE TOLKIEN TRUST

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF THE TOLKIEN TRUST

We assessed the susceptibility of the charitable company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias;
- investigated the rationale behind significant or unusual transactions.

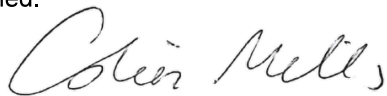
In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance; and
- enquiring of management as to actual and potential litigation and claims.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://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 charitable company'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 charitable company'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 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.



Colin Mills (Senior Statutory Auditor)

For and on behalf of Gravita Audit Oxford LLP, Statutory Auditor

Chartered Accountants

First Floor, Park Central

40-41 Park End Street

Oxford

OX1 1JD

Date: 22 September 2025

THE TOLKIEN TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2024

		Unrestricted funds 2024 £	Unrestricted funds 2023 £
	Notes		
<u>Income from:</u>			
Donations and legacies	14	1,495,000	-
Investments	3	691,463	538,437
Royalties		4,271,690	9,155,049
Total income		6,458,153	9,693,486
<u>Expenditure on:</u>			
Raising funds	4	302,201	295,592
Charitable activities	5	6,305,610	5,515,733
Total expenditure		6,607,811	5,811,325
Net gains/(losses) on investments	11	1,724,467	1,853,241
Net income and net movement in funds		1,574,809	5,735,402
Fund balances at 1 January 2024		37,388,289	31,652,887
Fund balances at 31 December 2024		38,963,098	37,388,289

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

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

THE TOLKIEN TRUST

BALANCE SHEET

AS AT 31 DECEMBER 2024

	Notes	2024 £	£	2023 £	£
Fixed assets					
Heritage assets	14	1,774,000		279,000	
Investments	15	27,828,945		25,619,620	
		<u>29,602,945</u>		<u>25,898,620</u>	
Current assets					
Debtors	16	3,092,023		4,537,212	
Cash at bank and in hand		11,077,843		9,129,336	
		<u>14,169,866</u>		<u>13,666,548</u>	
Creditors: amounts falling due within one year	17	(4,414,713)		(1,636,879)	
Net current assets		<u>9,755,153</u>		<u>12,029,669</u>	
Total assets less current liabilities		<u>39,358,098</u>		<u>37,928,289</u>	
Creditors: amounts falling due after more than one year	18	(395,000)		(540,000)	
Net assets		<u><u>38,963,098</u></u>		<u><u>37,388,289</u></u>	
Income funds					
Unrestricted funds		38,963,098		37,388,289	
		<u>38,963,098</u>		<u>37,388,289</u>	

The financial statements were approved and authorised for issue by the Trustees on 17/09/2025.....

Signed by:

.....410EA2502C2C4DD.....
Baillie Tolkien
Trustee

DocuSigned by:

.....90C9C2BE27E5454.....
Simon Tolkien
Trustee

Company registration number 8354834

THE TOLKIEN TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 £	£	2023 £	£
Cash flows from operating activities					
Cash generated from operations	22	1,741,902		1,253,728	
Investing activities					
Purchase of investments		(6,046,261)		(22,246,374)	
Proceeds from disposal of investments		5,561,403		21,815,487	
Investment income received		691,463		538,437	
Net cash generated from investing activities		206,605		107,550	
Net cash generated from financing activities		-		-	
Net increase in cash and cash equivalents		1,948,507		1,361,278	
Cash and cash equivalents at beginning of year		9,129,336		7,768,058	
Cash and cash equivalents at end of year		11,077,843		9,129,336	

THE TOLKIEN TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

1 Accounting policies

Charity information

The Tolkien Trust is a private company limited by guarantee incorporated in England and Wales. The registered office is Prama House, 267 Banbury Road, Oxford, OX2 7HT.

1.1 Accounting convention

The financial statements have been prepared in accordance with the charity's Memorandum and Articles of Association, the Companies Act 2006, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Charities SORP "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (effective 1 January 2019). The charity is a Public Benefit Entity as defined by FRS 102.

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

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

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

1.3 Charitable funds

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

1.4 Income

Income from royalties and similar income is recognised net of VAT and when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received. 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 financial statements. Dividends are included when they are received. Interest is included on a receivable basis.

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity.

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.

1.6 Heritage assets

Purchased heritage assets are capitalised in the balance sheet at cost. Donated heritage assets are included in the balance sheet at their value at the date of donation (which becomes the deemed cost). No depreciation is charged as the assets have an indefinite life.

THE TOLKIEN TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

1 Accounting policies

(Continued)

1.7 Fixed asset investments

Fixed asset investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in net income/(expenditure) for the year. Transaction costs are expensed as incurred.

1.8 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 12. They have no value in the financial statements as these were mostly settled into The Tolkien Trust (when it was an unincorporated charity) many years ago.

1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks.

1.10 Financial instruments

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

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price.

Basic financial liabilities

Basic financial liabilities, including creditors and grants awarded not paid are initially recognised at transaction price. Financial liabilities are not discounted as the effect would not be material.

Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements:

Investment values

Investment values are determined using the stock market value as at the year-end date.

THE TOLKIEN TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

3 Investments

	Unrestricted funds	Unrestricted funds
	2024	2023
	£	£
Dividends received	512,873	345,431
Interest receivable	178,590	193,006
	<u>691,463</u>	<u>538,437</u>

4 Raising funds

	Unrestricted funds	Unrestricted funds
	2024	2023
	£	£
UK legal fees relating to contract and copyright matters	152,063	168,645
US and other overseas legal fees	43,544	29,646
Other professional fees	2,650	2,509
	<u>198,257</u>	<u>200,800</u>
Legal and professional	198,257	200,800
Investment management fees	103,944	94,792
	<u>302,201</u>	<u>295,592</u>

Included in other professional fees is £2,615 (2023: £2,472 of fees payable to auditors for non-audit services).

THE TOLKIEN TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

5 Expenditure on charitable activities

	Grant making 2024 £	Grant making 2023 £
Direct costs		
Grant funding of activities (see note 6)	6,044,078	5,250,000
Share of support and governance costs (see note 7)		
Support	131,738	184,779
Governance	129,794	80,954
	<u>6,305,610</u>	<u>5,515,733</u>
Analysis by fund		
Unrestricted funds	<u>6,305,610</u>	<u>5,515,733</u>

6 Grants payable

	Grant funding 2024 £	Grant funding 2023 £
Grants to institutions: Analysed below	<u>6,044,078</u>	<u>5,250,000</u>

	2024 £	2023 £
AAPLE Academy Foundation	30,000	30,000
ActionAid	-	125,000
Arbor Day	25,000	-
Age UK	70,000	70,000
Aladdin Project	10,000	10,000
Alzheimer's Research UK	70,000	70,000
Association IMAD	22,000	22,000
Asylum Welcome	60,000	124,000
Basmeh & Zeitooneh	22,000	22,000
Be Free Young Carers	20,000	20,000
Become Charity	50,000	50,000
Best Friends Animal Society	95,000	85,000
Birdlife International	22,000	22,000
Blackfriars Oxford	10,000	-
British Red Cross	120,000	-
British Friends of Neve Shalom	70,000	55,000

THE TOLKIEN TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

6	Grants payable	(Continued)	
	Camfed International	110,000	110,000
	Centre Primo Levi	44,000	44,000
	Challenging MND	50,000	50,000
	Children on the Edge	33,000	33,000
	Claremont McKenna College	20,000	50,000
	ClientEarth	155,000	155,000
	Collectif des Artistes Liriques et Musiciens pour la Solidarite (CALMS)	25,000	25,000
	Colorado State University Foundation	35,000	40,000
	Creation Theatre	45,000	45,000
	Cuttleslowe Community Association	15,000	15,000
	Detention Action	40,000	40,000
	Doctors of the World UK	80,000	80,000
	Dragon School Trust	30,000	30,000
	Duke of Edinburgh's Award	70,000	35,000
	Dyslexia Research Trust	49,000	49,000
	Extreme Medical Services (EMR)	130,000	-
	Festival Medical Services	-	90,000
	Freedom from Torture	20,000	-
	Glass Door Homeless Charity	83,000	128,000
	Greenpeace Enviromental Trust	120,000	120,000
	Help Lesotho	30,000	-
	Hope Project Lesvos	30,000	30,000
	Howard League for Penal Reform	30,000	30,000
	Humanity & Inclusion	11,000	11,000
	Kent Refugee Action Network	15,000	15,000
	La Cimade	55,000	55,000
	Leeds Hospitals Charity	50,000	50,000
	Linda Norgrove Foundation	22,000	22,000
	Linkage Community Trust Ltd	120,000	45,000
	Maison Shalom	33,000	33,000
	Mango Tree Orphan Support Programme	20,000	20,000
	Marie Curie	70,000	70,000
	Medecins du Monde France	200,000	200,000
	MMR Rescue (Ukraine)	100,000	-
	Medecins Sans Frontieres UK	275,000	275,000
	Memorial de la Shoah	20,000	20,000
	Museum of Oxford	40,000	93,000
	My Name'5 Doddie Foundation	50,000	50,000
	One Acre Fund	100,000	100,000
	Oxford Bach Choir	-	25,000
	Oxford Food Hub	33,000	33,000
	Oxford Lieder Limited	25,000	25,000
	Oxford Philharmonic Orchestra	15,000	15,000
	Oxford Playhouse Trust	10,000	10,000
	Panzi Foundation	125,000	125,000
	Pembroke College Oxford, Tolkien Memorial Sculpture	7,500	-
	Pesticide Action Network UK	110,000	110,000
	Photography Oxford	-	10,000
	Pilotes Volontaires	78,000	158,000
	Prison Phoenix Trust	20,000	20,000
	Prisoners Abroad	88,000	138,000

THE TOLKIEN TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

6	Grants payable	(Continued)	
	Reading List Foundation	28,000	28,000
	RefuAid (Prism the Gift Fund)	20,000	20,000
	Refugees at Home	20,000	20,000
	Reprieve	105,000	105,000
	RESQ ONLUS	11,000	11,000
	Road to Recovery	53,000	53,000
	Santa Barbara Museum of Art	-	15,000
	Santa Barbara Wildlife Care Network	10,000	15,000
	Save the Children Fund	250,000	122,000
	Schoolreaders	55,000	55,000
	Settle Support	40,000	40,000
	Shelterbox	80,000	77,000
	Shelter Cymru	52,000	52,000
	Skidmore College	20,000	-
	Solidarites International	80,000	205,000
	SOS Humanity	28,000	28,000
	SOS Mediterranee France	50,000	50,000
	Southampton and Winchester Visitors Group	22,000	22,000
	Spark Inside	25,000	25,000
	St Luke's Oxford	-	11,000
	Support a Survivor of Torture	-	28,000
	The Christian Heritage Centre at Stonyhurst	60,000	-
	The Porch	20,000	20,000
	The Tablet Trust	20,000	20,000
	The Turtle Hospital	20,000	25,000
	Theatres Trust	20,000	20,000
	TREAT (Trust for Research and Education on the Arms Trade)	105,000	105,000
	Uganda Childbirth Injury Fund	28,000	28,000
	Ukrainian Patriot	80,000	80,000
	University of Oxford Botanic Garden and Arboretum	30,000	28,000
	University of Oxford (Care for COVID-orphaned children)	-	94,000
	University of Oxford - Management of Tolkien Archives	1,020,000	-
	University of Oxford - reversal of Bodleian Archives grant superseded	(156,422)	-
	University of Sussex	10,000	10,000
	Videre Est Credere	35,000	35,000
	Virtual Doctors	30,000	30,000
	VNA Health Foundation	30,000	30,000
	Wiener Holocaust Library	17,000	17,000
	Wilderness Youth Project	30,000	30,000
	Work Rights Centre	20,000	20,000
	Working Chance Limited	44,000	44,000
		<u>6,044,078</u>	<u>5,250,000</u>

THE TOLKIEN TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

7 Support costs allocated to activities

	2024 £	2023 £
UK legal fees relating to grant adminsitration	20,946	12,677
Other professional fees	43,750	171,016
Other costs	67,042	1,086
Governance costs	129,794	80,954
	<u>261,532</u>	<u>265,733</u>
Analysed between:		
Grant making	<u>261,532</u>	<u>265,733</u>

	2024 £	2023 £
Governance costs comprise:		
Audit fees	11,100	9,120
Legal and professional	118,694	71,834
	<u>129,794</u>	<u>80,954</u>

8 Net movement in funds

	2024 £	2023 £
The net movement in funds is stated after charging/(crediting):		
Fees payable to the charity's auditor:		
- for the audit of the charity's financial statements	10,400	9,230
- adjustment in respect of prior year	700	(110)
	<u>10,400</u>	<u>9,120</u>

9 Trustees

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

10 Employees

The average monthly number of employees during the year was:

	2024 Number	2023 Number
Total	<u>-</u>	<u>-</u>

THE TOLKIEN TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

11 Gains and losses on investments

	Unrestricted funds 2024 £	Unrestricted funds 2023 £
Gains/(losses) arising on:		
Revaluation of investments	1,724,467	1,853,241

12 Taxation

The charity is exempt from taxation on its activities because all its income is applied for charitable purposes.

13 Copyright Assets

The charity's literary assets comprise:

- 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.
- The copyrights in the published editions of various philological writings and fragments by J R R Tolkien.
- 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.

14 Heritage assets

	Archive £
At 1 January 2024	279,000
Donated assets	1,495,000
At 31 December 2024	1,774,000

The acquired heritage assets have been placed on long-term deposit in the Tolkien Archive at the Bodleian Library in the University of Oxford so that they may be held with the literary papers and other archives of J R R Tolkien and the Tolkien family, and be accessible to scholars.

The donation (by legacy) in 2024 with a value of £1,495,000 and the acquisition in 2021 for £279,000 are the only heritage asset transactions in the past 5 years.

THE TOLKIEN TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

15 Fixed asset investments

	Listed investments	Fixed interest securities (listed)	Cash held by investment managers	Total
	£	£	£	£
Cost or valuation				
At 1 January 2024	22,215,329	2,365,934	1,038,357	25,619,620
Additions	5,949,079	97,182	194,414	6,240,675
Valuation changes	1,821,880	(97,413)	-	1,724,467
Disposals	(5,384,239)	(96,577)	(275,000)	(5,755,816)
At 31 December 2024	24,602,049	2,269,126	957,771	27,828,946
Carrying amount				
At 31 December 2024	24,602,049	2,269,126	957,771	27,828,946
At 31 December 2023	22,215,329	2,365,934	1,038,357	25,619,620

16 Debtors

	2024 £	2023 £
Amounts falling due within one year:		
Royalties receivable	3,078,710	4,512,480
Other debtors	13,313	12,836
Prepayments and accrued income	-	11,896
	3,092,023	4,537,212

17 Creditors: amounts falling due within one year

	2024 £	2023 £
Grants awarded not yet paid	4,313,000	1,507,387
Accruals and deferred income	101,713	129,492
	4,414,713	1,636,879

18 Creditors: amounts falling due after more than one year

	2024 £	2023 £
Grants awarded not yet paid	395,000	540,000

THE TOLKIEN TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

19 Grants awarded not yet paid

	At 1 January 2024	Amounts Awarded	Payments Made	At 31 December 2024
	£	£	£	£
2024 movements				
Bodleian Archivist	145,000	(145,000)	-	-
Bodleian Curator of Medieval Manuscripts	200,000	-	-	200,000
Bodleian Library - other	11,422	11,422	-	-
Bodleian Library - Tolkein Archives		1,020,000	490,000	530,000
University of Oxford The JRR Tolkien Professorship of English Literature and Language	640,000	-	320,000	320,000
Awarded December 2023; paid in 2024	1,050,965		1,050,965	-
Awarded and paid in 2024	-	1,522,500	1,522,500	-
Awarded December 2024; paid in 2025	-	3,658,000	-	3,658,000
	<u>2,047,387</u>	<u>6,044,078</u>	<u>3,383,465</u>	<u>4,708,000</u>

	At 1 January 2023	Amounts Awarded	Payments Made	At 31 December 2023
	£	£	£	£
2023 movements				
University of Manitoba				
Alan Klass Memorial Fund Programme	90,000	-	90,000	-
Bodleian Archivist	205,000	-	60,000	145,000
Bodleian Curator of Medieval Manuscripts	265,000	-	65,000	200,000
Bodleian Library - other	11,422	-	-	11,422
University of Oxford The JRR Tolkien Professorship of English Literature and Language	960,000	-	320,000	640,000
Awarded December 2022; paid in 2023	10,000	-	10,000	-
Awarded and paid in 2023	-	4,199,035	4,199,035	-
Awarded December 2023; paid in 2024	-	1,050,965	-	1,050,965
	<u>1,541,422</u>	<u>5,250,000</u>	<u>4,744,035</u>	<u>2,047,387</u>

THE TOLKIEN TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

20 Unrestricted funds

The unrestricted funds of the charity comprise the unexpended balances of donations and grants which are not subject to specific conditions by donors and grantors as to how they may be used. These include designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes.

	At 1 January 2024	Income	Expenditure	Gains and losses	At 31 December 2024
	£	£	£	£	£
General funds	37,388,289	6,458,153	(6,607,811)	1,724,467	38,963,098
Previous year:	At 1 January 2023	Income	Expenditure	Gains and losses	At 31 December 2023
	£	£	£	£	£
General funds	31,652,887	9,693,486	(5,811,325)	1,853,241	37,388,289

21 Related party transactions

There were no disclosable related party transactions during the year (2023 - none).

22 Cash generated from operations

	2024 £	2023 £
Surplus for the year	1,574,809	5,735,402
Adjustments for:		
Investment income recognised in statement of financial activities	(691,463)	(538,437)
Non-cash legacies	(1,495,000)	-
Fair value gains and losses on investments	(1,724,467)	(1,853,241)
Movements in working capital:		
Decrease/(increase) in debtors	1,445,189	(2,602,901)
Increase in creditors	2,632,834	512,905
Cash generated from operations	1,741,902	1,253,728

23 Analysis of changes in net funds

The charity had no material debt during the year.