Registered number: 08354834
Charity number: 1150801

THE TOLKIEN TRUST

(A Company Limited by Guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

THE TOLKIEN TRUST
(A Company Limited by Guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS FOR THE YEAR ENDED 31 DECEMBER 2025

Trustees	Baillie Tolkien Simon Tolkien Royd Tolkien Rachel Tolkien Amanda Doyle
Company registered number	08354834
Charity registered number	1150801
Registered office	Prama House 267 Banbury Road Oxford OX2 7HT
Company secretary	HP Secretarial Services Limited
Independent 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	Rathbones Group plc 30 Gresham Street London EC2V 7QN

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2025

The Trustees present their annual report together with the audited financial statements of the charity for the year 1 January 2025 to 31 December 2025. The Annual Report serves the purposes of both a Trustees' report and a directors' report under company law. The Trustees confirm that the Annual Report and financial statements of the charitable company comply with the current statutory requirements, the requirements of the charitable company's governing document and the provisions of the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019).

Since the Company qualifies as small under section 382 of the Companies Act 2006, the Strategic Report required of medium and large companies under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 has been omitted.

Objectives and activities

• Policies and objectives

The Trust'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 to support these objects are detailed below.

• Grant-making policies

The Trust makes annual grants to a broad range of charities and charitable initiatives. While it supports a wide variety of causes, its funding is primarily focused on projects that support vulnerable and disadvantaged people and communities, address social, educational and health inequalities, or that protect the environment and promote the arts. From time to time, the Trust also responds to international emergencies, with particular attention to crises that may be underfunded or overlooked. Although many of the charities supported are based in the United Kingdom, the Trust funds charitable work both in the UK and internationally, including projects in Africa, North America and Europe.

The Trustees decide which charities to support based on independent research carried out on the Trust's behalf. When considering organisations that have previously received funding, the Trustees review how earlier grants have been used and the impact they have achieved. The Trust is committed to ensuring that its grant funding is targeted and effective. Grant recipients are therefore expected to monitor and evaluate their work, provide reports on how funds have been used and meet, as relevant, with representatives of the Trustees to discuss progress and outcomes. The Trust also encourages that charities secure matching funding from other sources when this is possible and relevant.

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

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

Achievements and performance

- **Main achievements of the Company**

During the year the Trust made one year grant distributions from income to 113 charities, renewed one multi-year agreement as well as disbursed funds under three ongoing multi-year arrangements.

Financial review

- **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 £7,162,548 *(2024: £4,271,690)* and the charity awarded grants totalling £10,781,448 *(2024: £6,044,078).* 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 2025 was £37,063,781 *(2024: £38,963,098)*. Of this, £1,774,000 *(2024: £1,774,000)* is represented by heritage assets leaving available reserves of £35,289,781 *(2024: £37,179,078)*. 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.

- **Material investments 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.

- **Benchmarking**

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.

The primary benchmark for the investment portfolio is a composite benchmark comprising the below constituents:

Asset class	Constituents	Weighting
Cash	BoE Base Rate -0.5%	2%
Fixed Income	ICE BofA Global Bond Market Hedged GBP	5%
Equities	FTSE All-World (GBP)	78%
Property	MSCI UK Property	5%
Alternatives	IW&I 50:50 GBP Alternatives	10%

The portfolio's returns are also benchmarked against UK inflation + 4% per annum, as a measure of growth in real terms over time, as well as the ARC Steady Growth Charity Index which is used as a comparator to the industry peer group running portfolios with a similar risk profile.

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 to Higher" 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.

- **Investment performance**

The Trust's investment portfolio returned 6.3%, net of fees, on a total return basis for the twelve months to 31 December 2025. This was behind the primary composite benchmark, which returned 13.4%, and behind both the inflation target and the ARC peer group comparator, which returned 7.5% and 8.6% respectively.

2025 was marked by aggressive tariff threats from the Trump administration, followed by subsequent reversals. This caused some volatility but did not prevent global equities from posting solid returns over the year. Meanwhile, the manufacturers and major buyers of the computer chips used in generative AI models, along with the data centres powering them, continued to dominate the global stock market. Gold surged to a record high as investors sought safety amid US–China trade tensions and as central banks continued to diversify their reserves.

The global economy grew more than expected during 2025, despite rising trade tensions and uncertainty around US economic policy. Economic activity remained remarkably resilient, and the tariff shock did not lead to the downturn many economists had feared. While inflation has moderated globally from its pandemic-era highs, it remains stubbornly high in some major economies.

It was a challenging year for many active investors, owing to the concentration of equity markets and the underperformance of the "quality"-focused investment style. A small number of large companies dominated index returns, creating an environment in which managers needed to hold high weightings in these companies simply to keep pace with the index, thereby compromising portfolio diversification to some extent. The combined value of the six largest US stocks (Apple, Microsoft, Nvidia, Amazon, Alphabet and Meta) is now greater than the combined value of the stock markets of Japan, the UK, China, France, Canada and Germany. In addition, investing in companies that exhibit "quality" characteristics, underpinned by the philosophy that share prices ultimately follow business fundamentals, had fallen out of favour. Instead, investors have favoured cyclical, capital-intensive and low-margin areas of the market.

While the portfolio achieved positive absolute returns, it was unable to keep pace with the wider market. The investment manager anticipates some broadening of returns in 2026, as companies begin to realise productivity gains from the implementation of AI.

- **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. The Trustees may also, from time to time, decide to increase the grant volume to meet particularly urgent needs, as was the case in 2025. (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.)

Structure, governance and management

- **Constitution**

The Tolkien Trust is registered as a charitable company limited by guarantee and was set up by a Trust deed. The company is governed by its Articles of Association.

Structure, governance and management (continued)

- **Methods of appointment or election of Trustees**

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.

- **Organisational structure and decision-making policies**

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.

- **Trustees**

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
Simon Tolkien
Royd Tolkien
Rachel Tolkien
Amanda Doyle

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.

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

Statement of Trustees' responsibilities

The Trustees (who are also the directors of the Company for the purposes 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. 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 Company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP (FRS 102);
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 adequate accounting records that are sufficient to show and explain the Company'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 Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditor

Each of the persons who are Trustees at the time when this Trustees' Report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charity's auditor is unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

Auditor

The auditor, Gravita Audit Oxford LLP, has indicated their willingness to continue in office. The designated Trustees will propose a motion reappointing the auditor at a meeting of the Trustees.

Approved by order of the members of the board of Trustees and signed on their behalf by:

B Tolkien
Baillie Tolkien (Sep 23, 2026 14:07:04 GMT+2)

Baillie Tolkien
Trustee

Amanda Doyle
Trustee

Date: 23/09/26

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

Opinion

We have audited the financial statements of The Tolkien Trust (the 'charitable company') for the year ended 31 December 2025 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, 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 financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2025 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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 charitable company'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.

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

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.

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 financial statements are prepared is consistent with the financial statements.
- 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 our 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 in relation to which 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 Trustees' Responsibilities Statement, the Trustees (who are also the directors of the charitable company for the purposes 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 charitable company'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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- 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.

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 a 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.

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

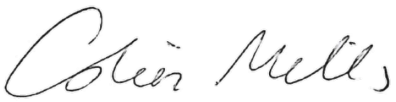
In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- 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 for the audit of the financial statements 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 charitable company'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 trustees 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 its 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: 24 September 2026

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 DECEMBER 2025

	Note	Unrestricted funds 2025 £	Total funds 2025 £	*Total funds 2024 £*
Income from:				
Donations and legacies	4	**-**	**-**	*1,495,000*
Investments	5	**896,286**	**896,286**	*691,463*
Royalty income		**7,162,548**	**7,162,548**	*4,271,690*
Total income		**8,058,834**	**8,058,834**	*6,458,153*
Expenditure on:				
Raising funds	6	**223,412**	**223,412**	*302,201*
Charitable activities	7	**11,105,758**	**11,105,758**	*6,305,610*
Total expenditure		**11,329,170**	**11,329,170**	*6,607,811*
Net expenditure before net gains on investments		**(3,270,336)**	**(3,270,336)**	*(149,658)*
Net gains on investments	14	**1,371,019**	**1,371,019**	*1,724,467*
Net movement in funds		**(1,899,317)**	**(1,899,317)**	*1,574,809*
Reconciliation of funds:				
Total funds brought forward		**38,963,098**	**38,963,098**	*37,388,289*
Net movement in funds		**(1,899,317)**	**(1,899,317)**	*1,574,809*
Total funds carried forward		**37,063,781**	**37,063,781**	*38,963,098*

The Statement of Financial Activities includes all gains and losses recognised in the year. All amounts relate to unrestricted funds.

The notes on pages 16 to 31 form part of these financial statements.

BALANCE SHEET
AS AT 31 DECEMBER 2025

	Note		2025 £		*2024 £*
Fixed assets					
Heritage assets	13		**1,774,000**		*1,774,000*
Investments	14		**29,619,794**		*27,828,945*
			31,393,794		*29,602,945*
Current assets					
Debtors	15	**3,322,525**		*3,092,023*	
Cash at bank and in hand		**4,118,929**		*11,077,843*	
		7,441,454		*14,169,866*	
Current liabilities					
Creditors: amounts falling due within one year	16	**(1,331,467)**		*(4,414,713)*	
Net current assets			**6,109,987**		*9,755,153*
Total assets less current liabilities			**37,503,781**		*39,358,098*
Creditors: amounts falling due after more than one year	17		**(440,000)**		*(395,000)*
Net assets excluding pension asset			**37,063,781**		*38,963,098*
Total net assets			**37,063,781**		*38,963,098*
Charity funds					
Unrestricted funds	19		**37,063,781**		*38,963,098*
Total funds			**37,063,781**		*38,963,098*

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2025

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements were approved and authorised for issue by the Trustees and signed on their behalf by:

B Tolkien
Baillie Tolkien (Sep 23, 2026 14:07:04 GMT+2)

Baillie Tolkien
Trustee

Amanda Doyle
Trustee

Date: 23/09/26

The notes on pages 16 to 31 form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2025

	2025 £	*2024* *£*
Cash flows from operating activities		
Net cash used in operating activities	**(7,435,369)**	*1,741,902*
Cash flows from investing activities		
Proceeds from sale of investments	**7,108,798**	*5,561,403*
Purchase of investments	**(7,528,628)**	*(6,046,261)*
Investment income received	**896,285**	*691,463*
Net cash provided by investing activities	**476,455**	**206,605**
Change in cash and cash equivalents in the year	**(6,958,914)**	**1,948,507**
Cash and cash equivalents at the beginning of the year	**11,077,843**	*9,129,336*
Cash and cash equivalents at the end of the year	**4,118,929**	*11,077,843*

The notes on pages 16 to 31 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

1. General information

The Tolkien Trust is a private company limited by guarantee, incorporated in England and Wales. Its registered company number is 08354834 and its charity number is 1150801. The registered head office is located at Prama House, 267 Banbury Road, Oxford, OX2 7HT.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - 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 Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Tolkien Trust meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The company's functional and presentation currency is Sterling and all values are rounded to the nearest pound (£) except when otherwise stated.

The following principal accounting policies have been applied:

2.2 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.

2.3 Income

All income is recognised once the Company has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

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.

2. Accounting policies (continued)

2.4 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. Direct costs attributable to a single activity are allocated directly to that activity. 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.

Expenditure on raising funds includes all expenditure incurred by the Company to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Expenditure on charitable activities is incurred on directly undertaking the activities which further the Company's objectives, as well as any associated support costs.

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.

All expenditure is inclusive of irrecoverable VAT.

2.5 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Company; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

2.6 Taxation

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

2.7 Heritage assets

Where heritage assets have been purchased, they are initially recognised 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.

2.8 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction price excluding transaction costs, and are subsequently measured at fair value at the reporting date, unless the value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and presented as ‘Gains/(Losses) on investments’ in the Statement of Financial Activities. Transaction costs are expensed as incurred.

2. Accounting policies (continued)

2.9 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.

2.10 Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

2.11 Financial instruments

The company has elected to apply the provisions of Section 11 “Basic Financial Instruments” of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's Statement of Financial Position when the company 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.

The Company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

2.12 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Company and which have not been designated for other purposes.

Investment income, gains and losses are allocated to the appropriate fund.

3. Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Critical areas of judgement:

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

4. Income from donations and legacies

	Unrestricted funds 2025 £	Total funds 2025 £	*Total funds 2024 £*
Donations	-	**-**	*1,495,000*

5. Investment income

	Unrestricted funds 2025 £	Total funds 2025 £	*Total funds 2024 £*
Interest receivable	449,785	**449,785**	*178,590*
Dividends received	446,501	**446,501**	*512,873*
	896,286	**896,286**	*691,463*

6. Expenditure on raising funds

Raising funds

	Unrestricted funds 2025 £	Total funds 2025 £	*Total funds 2024 £*
UK legal fees relating to contract and copyright matters	34,900	**34,900**	*152,063*
US and other overseas legal fees	6,639	**6,639**	*43,544*
Other professional fees	-	**-**	*2,650*
Investment management fees	107,734	**107,734**	*103,944*
Commissions paid	74,139	**74,139**	-
	223,412	**223,412**	*302,201*

Included in other professional fees is £Nil (2024: £2,615) of fees payable to auditors for non-audit services.

7. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted funds 2025 £	Total 2025 £	*Total 2024 £*
Direct costs	10,781,448	**10,781,448**	*6,044,078*
Support costs	324,310	**324,310**	*261,532*
	11,105,758	**11,105,758**	*6,305,610*

8. Analysis of charitable expenditure by activities

	Grant funding of activities (see note 9) 2025 £	Support costs 2025 £	Total funds 2025 £
Direct costs	10,781,448	-	**10,781,448**
Support costs	-	324,310	**324,310**
	10,781,448	324,310	**11,105,758**

	Grant funding of activities (see note 9) 2024 £	*Support costs 2024 £*	*Total funds 2024 £*
Direct costs	*6,044,078*	-	*6,044,078*
Support costs	-	*261,532*	*261,532*
	6,044,078	*261,532*	*6,305,610*

Analysis of support costs

	Total funds 2025 £	*Total funds 2024 £*
UK legal fees relating to grant administration	**9,761**	*20,946*
Other professional fees	**170,556**	*43,750*
Other costs	**23,868**	*67,042*
Governance costs	**120,125**	*129,794*
	324,310	*261,532*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

	2025 £	2024 £
Governance costs comprise:		
Audit fees	**14,635**	*11,100*
Legal and professional	**105,490**	*118,694*
	120,125	*129,794*

9. Grant funding of activities

	2025 £	2024 £
Analysis of grant funding of activities		
AAPLE Academy Foundation	**30,000**	*30,000*
Action Against Hunger UK	**650,000**	-
ActionAid UK	**250,000**	-
Arbor Day Foundation	**20,000**	*25,000*
Age UK	**70,000**	*70,000*
Aladdin Project	**-**	*10,000*
Alzheimer's Research UK	**70,000**	*70,000*
Association IMAD	**-**	*22,000*
Asylum Welcome	**60,000**	*60,000*
Basmeh & Zeitooneh Lebanese Association	**22,000**	*22,000*
Be Free Young Carers	**25,000**	*20,000*
Become Charity	**50,000**	*50,000*
Best Friends Animal Society	**95,000**	*95,000*
Birdlife International	**22,000**	*22,000*
Blackfriars Hall Oxford	**10,000**	*10,000*
BMC Access & Conservation Trust	**50,000**	-
British Red Cross	**800,000**	*120,000*
British Friends of Neve Shalom	**70,000**	*70,000*
CAMFED International	**110,000**	*110,000*
Centre Primo Levi	**119,000**	*44,000*
Centrepoint Soho	**100,000**	-
Challenging MND	**100,000**	*50,000*
Children on the Edge	**33,000**	*33,000*
Claremont McKenna College	**40,000**	*20,000*
ClientEarth	**155,000**	*155,000*
Collectif des Artistes Liriques et Musiciens pour la Solidarite (CALMS)	**25,000**	*25,000*
Colorado State University Foundation	**30,000**	*35,000*
Creation Theatre	**20,000**	*45,000*

Cutteslowe Community Association	**15,000**	*15,000*
Dementia UK	**25,000**	-
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**	*70,000*
Dyslexia Research Trust	**-**	*49,000*
Extreme Medical Services (EMR)	**-**	*130,000*
Freedom from Torture	**20,000**	*20,000*
Glass Door Homeless Charity	**83,000**	*83,000*
Greenpeace Environmental Trust	**150,000**	*120,000*
Help Lesotho	**30,000**	*30,000*
Hope Project Lesvos	**50,000**	*30,000*
Howard League for Penal Reform	**30,000**	*30,000*
Humanity & Inclusion UK	**61,000**	*11,000*
IMAD Association for Youth and Peace	**22,000**	-
Kent Refugee Action Network	**15,000**	*15,000*
Kourtajme Marseille	**90,000**	-
La Cimade	**55,000**	*55,000*
Le Bouillon de Noailles	**35,000**	-
Leeds Hospital Charity	**185,148**	*50,000*
Leicester & Rutland Organisation for the Relief of Suffering (LOROS)	**30,000**	-
Linda Norgrove Foundation	**22,000**	*22,000*
Linkage Community Trust Ltd	**45,000**	*120,000*
Maison Shalom	**33,000**	*33,000*
Mango Tree Orphan Support Programme	**-**	*20,000*
Marie Curie Cancer Care	**90,000**	*70,000*
Medecins du Monde France	**210,000**	*200,000*
MMR Rescue (Ukraine)	**-**	*100,000*
Medecins Sans Frontieres UK	**770,000**	*275,000*
Memorial de la Shoah	**20,000**	*20,000*
Mobile Medical Rescue (MMR)	**130,000**	-
Motor Neurone Disease New Zealand Charitable Trust	**100,000**	-
Museum of Oxford	**-**	*40,000*
My Name'5 Doddie Foundation	**50,000**	*50,000*
Neuro Therapy Centre Limited	**10,000**	-
One Acre Fund	**100,000**	*100,000*
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 (USA)	**200,000**	*125,000*

Pembroke College Oxford, Tolkien Memorial Sculpture	**-**	*7,500*
Pennyhooks Farm Trust	**30,000**	-
Pesticide Action Network UK	**110,000**	*110,000*
Photography Oxford	**15,000**	-
Pilotes Volontaires	**78,000**	*78,000*
Prison Phoenix Trust	**20,000**	*20,000*
Prisoners Abroad	**88,000**	*88,000*
Race Against Dementia	**25,000**	-
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 Wildlife Care Network	**10,000**	*10,000*
Save the Children Fund	**1,877,300**	*250,000*
Schoolreaders	**55,000**	*55,000*
Settle Support	**40,000**	*40,000*
Shelterbox	**400,000**	*80,000*
Shelter Cymru	**52,000**	*52,000*
Skidmore College	**20,000**	*20,000*
Solidarites International	**200,000**	*80,000*
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	**15,000**	-
Surfers Against Sewage	**50,000**	-
The Cathedral of St Andrew and St Michael	**10,000**	-
The Christian Heritage Centre at Stonyhurst	**-**	*60,000*
The Death Penalty Project Charitable Trust	**30,000**	-
The Porch	**20,000**	*20,000*
The Story Museum	**20,000**	-
The Tablet Trust	**20,000**	*20,000*
The Turtle Hospital	**15,000**	*20,000*
The Wellbeing (Stockport) Ltd	**50,000**	-
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	**130,000**	*80,000*
University of Manitoba	**450,000**	-
University of Oxford Botanic Garden and Arboretum	**-**	*30,000*

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*
WaterAid	**60,000**	-
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*
World Extreme Medical Fund	**130,000**	-
Younger People with Dementia	**25,000**	-
	10,781,448	*6,044,078*

10. Auditor's remuneration

	2025	*2024*
	£	*£*
Fees payable to the Company's auditor in respect of:		
the audit of the charity's financial statements	**12,500**	*10,400*
an adjustment in respect of the prior year	**2,135**	*700*

11. Trustees' remuneration and expenses

During the year, no Trustees received any remuneration or other benefits *(2024 - £NIL)*.

During the year ended 31 December 2025, no Trustee expenses have been incurred *(2024 - £NIL)*.

12. 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.

13. Heritage assets

Assets recognised at cost

	Archive 2025 £	Total 2025 £
Carrying value at 1 January 2025	1,774,000	**1,774,000**
Carrying value at 31 December 2025	1,774,000	**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.

14. Fixed asset investments

	Listed investments £	Cash held by investment managers £	Total £
Cost or valuation			
At 1 January 2025	**26,871,175**	**957,771**	**27,828,946**
Additions	**6,833,120**	**695,507**	**7,528,627**
Disposals	**(6,269,267)**	**(839,531)**	**(7,108,798)**
Revaluations	**1,350,369**	**20,650**	**1,371,019**
At 31 December 2025	**28,785,397**	**834,397**	**29,619,794**
Net book value			
At 31 December 2025	**28,785,397**	**834,397**	**29,619,794**
At 31 December 2024	*26,871,175*	*957,771*	*27,828,946*

Listed investments include fixed interest securities with a carrying amount of £2,843,212 (2024: £2,269,126).

15. Debtors

	2025 £	2024 £
Due within one year		
Other debtors	**5,808**	*13,313*
Royalties receivable	**3,316,717**	*3,078,710*
	3,322,525	*3,092,023*

16. Creditors: Amounts falling due within one year

	2025 £	2024 £
Trade creditors	**14,893**	-
Accruals and deferred income	**128,571**	*101,713*
Grants awarded not yet paid	**1,188,003**	*4,313,000*
	1,331,467	*4,414,713*

17. Creditors: Amounts falling due after more than one year

	2025 £	2024 £
Grants awarded not yet paid	**440,000**	*395,000*

18. Grants awarded not yet paid

	At 1 January 2025	Amounts awarded	Payments made	At 31 December 2025
	£	£	£	£
Bodleian Curator of Medieval Manuscripts	200,000	-	(130,997)	**69,003**
Bodleian Library - Tolkien Archives	530,000	-	-	**530,000**
University of Oxford The JRR Tolkien Professorship of English Literature and Language	320,000	-	(320,000)	**-**
University of Manitoba	-	450,000	(180,000)	**270,000**
Other commitments	3,658,000	10,331,448	(13,230,448)	**759,000**
	4,708,000	10,781,448	(13,861,445)	**1,628,003**

	At 1 January 2024	*Amounts awarded*	*Payments made*	*At 31 December 2024*
	£	£	£	£
Bodleian Archivist	*145,000*	*(145,000)*	-	-
Bodleian Curator of Medieval Manuscripts	*200,000*	-	-	*200,000*
Bodleian Library - other	*11,422*	*(11,422)*	-	-
Bodleian Library - Tolkien 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*
Other commitments	*1,050,965*	*5,180,500*	*(2,573,465)*	*3,658,000*
	2,047,387	*6,044,078*	*(3,383,465)*	*4,708,000*

19. Statement of funds

Statement of funds - current year

	Balance at 1 January 2025 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 December 2025 £
Unrestricted funds					
General Funds - all funds	**38,963,098**	**8,058,834**	**(11,329,170)**	**1,371,019**	**37,063,781**

Statement of funds - prior year

	Balance at 1 January 2024 £	*Income £*	*Expenditure £*	*Gains/ (Losses) £*	*Balance at 31 December 2024 £*
Unrestricted funds					
General Funds - all funds	*37,388,289*	*6,458,153*	*(6,607,811)*	*1,724,467*	*38,963,098*

20. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2025 £	Total funds 2025 £
Fixed asset investments	29,619,794	**29,619,794**
Heritage assets	1,774,000	**1,774,000**
Current assets	7,441,454	**7,441,454**
Creditors due within one year	(1,331,467)	**(1,331,467)**
Creditors due in more than one year	(440,000)	**(440,000)**
Total	37,063,781	**37,063,781**

20. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

	Unrestricted funds 2024 £	*Total funds 2024 £*
Fixed asset investments	*27,828,945*	*27,828,945*
Heritage assets	*1,774,000*	*1,774,000*
Current assets	*14,169,866*	*14,169,866*
Creditors due within one year	*(4,414,713)*	*(4,414,713)*
Creditors due in more than one year	*(395,000)*	*(395,000)*
Total	*38,963,098*	*38,963,098*

21. Reconciliation of net movement in funds to net cash flow from operating activities

	2025 £	*2024 £*
Net income/expenditure for the year (as per Statement of Financial Activities)	**(1,899,317)**	*1,574,809*
Adjustments for:		
Investment income recognised in Statement of Financial Activities	**(896,285)**	*(691,463)*
Decrease/(increase) in debtors	**(230,502)**	*1,445,189*
Increase/(decrease) in creditors	**(3,038,246)**	*2,632,834*
Non-cash legacies	**-**	*(1,495,000)*
Fair value gains and losses on investments	**(1,371,019)**	*(1,724,467)*
Net cash provided by/(used in) operating activities	**(7,435,369)**	*1,741,902*

22. Analysis of cash and cash equivalents

	2025 £	*2024 £*
Cash in hand	**4,118,929**	*11,077,843*
Total cash and cash equivalents	**4,118,929**	*11,077,843*

23. Analysis of changes in net debt

	At 1 January 2025	Cash flows	At 31 December 2025
	£	£	£
Cash at bank and in hand	11,077,843	(6,958,914)	4,118,929
	11,077,843	(6,958,914)	4,118,929

24. Related party transactions

The charity has not entered into any related party transaction during the year, nor are there any outstanding balances owing between related parties and the charity at 31 December 2025.