



THE RHODES TRUST
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

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The Board of Trustees of The Rhodes Trust ("the Charity" or "the Trust") present their annual report for the year ended 30 June 2018 under the Charities Act 2011, together with the audited consolidated financial statements for that year.

Further information about the activities of The Rhodes Trust may be found at www.rhodeshouse.ox.ac.uk.

THE RHODES TRUST

Under his Will, Cecil John Rhodes left his residuary estate to his Trustees and Executors with certain defined provisions, including directions concerning awards of Scholarships. Modifications were subsequently made to those directions by the Rhodes Estate Act 1916, by the Rhodes Trust Act 1929, and by The Rhodes Trust (Modification) Order 1976 in accordance with Section 78 (4) of the Sex Discrimination Act 1975 (b).

By The Rhodes Trust Act 1946, The Rhodes Trustees were constituted a body corporate with perpetual succession under the name of The Rhodes Trust and their powers defined. By the same Act other funds and properties deriving from the Rhodes estate were invested in the name of the body corporate and were constituted an aggregate fund called 'The Public Purposes Fund' for the charitable purposes set out below.

By the Rhodes Trust Incorporation (Private) Act 1931 of the Union of South Africa, provision was made for the incorporation of the Trustees under Mr Rhodes' Will as a body corporate within the Union, and certain assets then held in South Africa (but now held in the United Kingdom) and forming part of the Rhodes estate were vested in the name of the body corporate, to be administered for the promotion of education and other public purposes.

Under the provisions of the 1946 Act, The Rhodes Trust comprised two funds, subsequently with separate registrations with the Charity Commission: The Cecil Rhodes Trust Scholarship Fund (314119), and the Public Purposes Fund (232492). Following a Uniting Order in 2003 these two Funds filed a single set of accounts until the year ended 30th June 2017. A further charitable fund, The Rhodes Trust Horizon Fund, established under the provisions of the 1946 Act and registered with the Charity Commission in 2014, filed separate accounts until the year ended 30th June 2017. A further linking order was granted by the Charity Commission in June 2018 which brings all three charitable funds under a single charity registration (232492).

GROUP STRUCTURE

The Rhodes Trust ("the Charity") comprises the three charitable funds: the Public Purposes Fund, the Cecil Rhodes Scholarship Fund, and the Rhodes Trust Horizon Fund, which are linked under charity registration number 232492. Prior to the year ended 30th June 2018, only the Scholarship and Public Purposes Funds were linked. In addition, the group accounts include:

- Rhodes House Limited, a trading subsidiary of the Public Purposes Fund, registered at Companies House (06539418), whose principal activity is the hiring out of Rhodes House for functions and events.
- Rhodes Scholarships in Australia PTY Ltd, supporting Australian Scholars and local donors.
- Rhodes Scholarships in New Zealand Limited, supporting New Zealand Scholars and local donors.
- Rhodes Scholarships in Canada, supporting Canadian Scholars and local donors.

All three overseas entities are registered charities in their own jurisdictions.

The Rhodes Trust also receives the local support of the Oxonian India Foundation, a S8 Company registered in India. The Trust has no controlling interest in the Company and it is not consolidated.

OBJECTIVES AND ACTIVITIES

At the broadest level, the charitable objects of The Rhodes Trust are to promote and advance education and other charitable purposes in any part of the world in such ways as are exclusively charitable as the Trustee in its uncontrolled discretion shall determine. Each of the three component charitable funds has separately defined objects:

The primary purpose of the Cecil Rhodes Scholarship Fund is to provide scholarships to enable students from many countries (including selected countries of the Commonwealth, and from Germany, Hong Kong and the United States) to undertake either second undergraduate or post-graduate degrees, primarily at the University of Oxford. The Will of Cecil John Rhodes specified certain numbers and allocations of scholarships. Each scholarship covers both tuition fees and maintenance during the tenure of the scholarship.

The Public Purposes Fund (PPF) has as its object the financial support of individuals, institutions or other organisations for the promotion or advancement of the cultural or social welfare of the people of the British Commonwealth or the furtherance of good relations amongst the various peoples of the Commonwealth or between those peoples and the peoples of the United States of America. This fund, established in the original Will, is supplemented by subsequent donor benefactions and supports a substantial proportion of the scholarships, within the geographically defined jurisdiction, alongside the Scholarship Fund. The assets of the PPF include Rhodes House, which is maintained by this fund as a central convening and focal point for all Rhodes Scholars, and for the administration of all activities of the Trust.

The Rhodes Trust Horizon Fund was established in 2014 under the terms of the 1946 Rhodes Trust Act, with very broad objects, in order to facilitate the global expansion of the scholarship programme and to enable the Trust to enter into international partnerships which could further the advancement of the cultural and social welfare of all peoples. The Horizon Fund funds the expansion scholarships, ie the new scholarships outwith the geographic confines of the original Will Trust funds. Its key partnership activities include the Atlantic Institute and the Schmidt Science Fellows (see below).

THE RHODES SCHOLARSHIP PROGRAMME

Prospective Scholars are invited to apply for Scholarships in their country through a standardised, but constituency tailored, on-line system. Each candidate will provide a statement, curriculum vitae, academic record, and references in support of their application, and the documentation is reviewed by the local selection committee. The local selection committee will then select those candidates they wish to interview, and the candidates will attend one or more interviews in the local country. The successful candidates are then recommended to the Trustees for the award of a Rhodes Scholarship. The award is usually subject to acceptance onto a course of study by a Department or Faculty of the University of Oxford, and by a College. Continuation of the Scholarship is conditional upon continuing academic achievement and satisfactory personal conduct. Each Scholar's progress is monitored in several ways. The Trust receives copies of the University termly reports for each Scholar. At least once a year, each Scholar is seen by the Warden.

For the academic year ended 30th June 2018 there were up to 221 Scholars (*2017: 200*) being fully financially supported whilst a further 9 (*2017: 12*) were receiving support by the Trust paying 4th year fees. 99 Scholars have taken up residence in Oxford in October 2018 (*2017: 97*).

OTHER PARTNERSHIP ACTIVITIES

The Mandela Rhodes Foundation

The Mandela Rhodes Foundation (MRF) is a partnership between The Rhodes Trust and the Nelson Mandela Foundation. This international partnership is designed to support and strengthen capacity building, development, education and leadership in South Africa and on the African continent as a whole. The MRF is independent of The Rhodes Trust, but three Rhodes Trust Trustees are also Trustees of this Foundation, as well as the Warden of Rhodes House, and The Rhodes Trust receives regular reports on its activities.

The primary commitment of the Trust to the Foundation has been the benefaction of £10 million over 15 years, to provide an initial endowment and to meet the running costs of the Foundation. The Trust's remaining commitment is £125,000 as at 30th June 2018.

The Atlantic Institute

In June 2016, the Trust entered into a partnership with the Atlantic Philanthropies to support the existing Rhodes Scholarships, and host a new international network of Atlantic Fellows at the Atlantic Institute at Rhodes House. Atlantic Fellows are mid-career leaders from a wide variety of backgrounds and disciplines, and a common focus on creating fairer, healthier, more inclusive communities and societies.

The Atlantic Institute:

- Provides thought leadership and support for collaboration to seven Atlantic Fellowship programmes across the globe (Australia, South Africa, South East Asia, UK, USA).
- Supports the global community of alumni from these seven programmes in life-long learning and collaborative work; this community is expected to number over 2000 by 2010.
- Is expected to play an active role in facilitating a "fellowship of fellowships", supporting connection and collaboration by leaders from a range of programmes, including the Rhodes Scholarships and the Schmidt Science Fellows.

Schmidt Science Fellows

Schmidt Science Fellows is a partnership between the Trust and Schmidt Futures, the philanthropic initiative founded by Eric and Wendy Schmidt. The programme aims to develop the next generation of science leaders to transcend disciplines, advance discovery, and solve the world's most pressing problems.

Through a combination of workshops at some of the world's leading universities and a special postdoctoral study in a field different from their existing expertise, Fellows are exposed to new topics, new ways of thinking, and new people that will help guide their future paths to success.

The announcement of the inaugural 14 Schmidt Science Fellows was made at an event in New York in April 2018.

The operations team for both the Atlantic Institute and Schmidt Science Fellows programmes are based with the Trust's team at Rhodes House in Oxford.

PUBLIC BENEFIT

The Trustees confirm that they have complied with the duty in Section 17(5) of the Charities Act 2011, to have due regard to the guidance issued by the Charity Commission on public benefit.

The Trustees consider that the provision of scholarships for the advancement of education and the development of collaborative leadership skills offers public benefit.

TRUSTEES

The Rhodes Trust Act 1946 incorporated the Trustees as a body corporate with perpetual succession.

The present Trustees, and any past Trustees who served during the year, are given below.

The Trustees are responsible for ensuring adherence to the Trust's objectives. They define strategy and policy and decide on all matters that affect the general operation of the Scholarships and all other activities of the Trust. The Warden is the Secretary to the Trustees and Chief Executive Officer of the Trust. He or she will present the Trustees with proposals for action, implement policies, and make decisions on individual Scholars as well as exercising a general pastoral function for Scholars in residence. He or she also

maintains relationships with the Rhodes community worldwide and, along with the senior management team, is responsible for the day-to-day administration of all the operations and partnerships of the Trust.

The Trustees, all of whom held office throughout the whole of the year ended 30 June 2018, unless otherwise stated, were:

Sir John Hood KNZM (Chairman)
Mr Julian Ogilvie Thompson (Emeritus)
Professor Sir John Bell
Mr Michael McCaffery (Full Trustee to 15th June 2018, Emeritus from 16th June 2018)
Professor Ngaire Woods
Mr Dominic Barton
Mr Donald Gogel
Professor Margaret MacMillan CH, CC.
Mr John McCall MacBain O.C.
Judge Karen Stevenson
Mr John Wylie AM
Dame Helen Ghosh DCB
Mr Andrew Banks
Mr Glen James
Professor Dame Carol Robinson DBE
Mr Nicholas Oppenheimer
Dr Tariro Makadzange
Professor Elleke Boehmer
Mr Dilip Shanghvi
Mr Mike Fitzpatrick (from 16th June 2018)
Mr Peter Stamos (from 16th June 2018)

Details of the members of the individual committees of the Trustees are available on the Trust's website at www.rhodeshouse.ox.ac.uk.

In accordance with the Will of the Founder, the Rhodes Trustees are responsible for the strategic direction of the Trust in all of its aspects. Certain of the Trustees currently hold appointments within the University of Oxford and its constituent colleges, although all serve in their personal capacity. The Trustees consider that the smooth operation of the Trust is facilitated by some of their number holding appointments in the University. At the same time they are mindful of potential conflicts of interest and procedures are in place to guard against any such conflicts.

Trustees Training

The Trustees are very supportive of training for any Trustee. Each Trustee receives a copy of the Charity Commission booklet CC3 'The Essential Trustee'. The Trustees, all drawn from the senior levels of business, industry, and academia, are normally familiar with the responsibilities of a Trustee.

Before any appointment, a prospective new Trustee will have been identified, carefully considered by the Governance Committee of the Trust, and a discussion held at a Trustees' meeting. He/she will subsequently be interviewed by the Chairman and the Warden, and usually the Chairman of the Governance Committee, to confirm their suitability as a Trustee, and that there are no conflicts of interest with the Trust. From these meetings any training needs will also be identified. Assuming the Chairman, Warden, and Governance Committee find the person suitable, the Board will formally pass a resolution for their appointment at their next meeting.

GOVERNANCE AND MANAGEMENT

The Trustees have noted the publication in 2017 of the Charity Governance Code and will be incorporating a review of the Trust's governance approach and procedures against the code in the course of the coming year.

Organisational management

The Rhodes Trust is governed and administered globally by four bodies: the Trustees (including committees), the Warden, National Secretaries, and Trust staff. Together, these bodies provide the framework within which Scholarship promotion, Scholar selection, alumni outreach, fundraising, and other new partnership activities of the Trust take place. For its operation, the Trust depends crucially upon volunteers in alumni bodies, selection committees, and fund-raising, and is very grateful for their contributions.

The Committee responsibilities are as follows:

1. AUDIT AND RISK COMMITTEE

The Audit and Risk Committee advises the Trustees on all aspects of risk management: identification, mitigation and response. The Committee determines the need and scope for an annual internal audit of the Trust's financial operations, appoints the external auditors, and receives the external audit report on behalf of the Trustees.

2. FINANCE AND INVESTMENT COMMITTEE

The Finance and Investment Committee advises the Trustees on all aspects of investment policy, strategy, investment risk management and controls. It liaises with external asset managers to ensure effective asset allocation and investment. The Committee reviews the budget and monitors expenditure against it.

3. GOVERNANCE COMMITTEE

The Governance Committee advises the Trustees and the Warden on governance arrangements, Trustee and staff evaluations, related governance and management issues, and oversees the process of shortlisting for Trustee positions, including the Chair of the Trustees.

The Committee supports the Chair in facilitating the process by which Warden and senior staff set annual priorities and key performance indicators, and advises the Chair of Trustees in evaluating the Warden's performance annually against established priorities and indicators, as well as setting the Warden's salary.

4. DEVELOPMENT COMMITTEE

The Development Committee advises the Trustees and Warden on development strategy and leads the fundraising efforts of the Trust, including participation in defining public messaging around capital campaigns, annual fundraising, and the bequest programme, as well as leading the fundraising efforts of the Trust through personal financial contributions, recruiting volunteers and monitoring overall execution of the development strategy.

5. ACADEMIC COMMITTEE

The Academic Committee offers advice to the Warden and the Trustees on all aspects of what is necessary to ensure that the Rhodes Scholarship remains in perpetuity a scholarship of the highest quality and standing, as well as issues related to the Trust's relationship with the University of Oxford and its divisions and departments, and on matters relating to individual Scholars, including progression to DPhil.

It offers advice to the Warden concerning which degrees to finance, Scholarship numbers and distribution across programmes, and monitoring performance of the Scholarship, and setting performance goals and indicators where appropriate.

6. BUILDING COMMITTEE

The Building Committee advises the Trustees on the feasibility, design and implementation of the potential redevelopment of Rhodes House.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees 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).

The law applicable to charities in England & Wales 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 Trust and the group and of the incoming resources and application of resources of the Trust and the group 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 in the Charities SORP (FRS102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Trust and enable them to ensure that the financial statements comply with the Charities Act 2011, applicable accounting regulations and the provisions of the will and subsequent applicable legislation. They are also responsible for safeguarding the assets of the Trust and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the Trust and financial information included on the Trust's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

SENIOR MANAGEMENT AND REMUNERATION

Key management personnel are the trustees (who are not remunerated) and the senior management team as follows:

Charles Conn:	Warden and CEO (until 31 st July 2018)
Dr Elizabeth Kiss:	Warden and CEO (from 1 st August 2018)
Peter Anderson:	Chief Operating Officer and Finance Director
Mary Eaton:	Director of Scholar Affairs and Registrar
Dr Nadiya Figueroa:	Dean of Scholarships and Director of Leadership and Change
Rodolfo Lara Torres:	Director of Programmes and Alumni Relations
Alasdair Maclay:	Director of Strategy and Development
Babette Tegldal:	Director of Communications
Dr Penelope Brook:	Atlantic Institute Director
Dr Megan Wheeler:	Executive Director of the Schmidt Science Fellows

The remuneration structure of the senior management team is determined by regular benchmarking of appropriate remuneration against equivalent reward structures available within the collegiate university and external appropriate salary and benefits paid for equivalent roles.

Recruitment consultants are employed as part of the senior executive search and their advice is sought on appropriate rewards required to attract the best candidates for the roles.

The remuneration of the Warden is determined by the Governance Committee, and his/her performance is evaluated annually using a 360 feedback process to which all staff are invited to participate.

All senior staff receive ongoing performance management and an annual appraisal which provides feedback from the Warden or line manager about how they have contributed to the achievement of the Trust's strategy and any personal development areas they may have.

The remuneration of other staff is determined by their line managers in consultation with the Warden.

Charles Conn stood down as Warden on 31st July 2018, following the expiry of his five year term of office. Dr Elizabeth Kiss was appointed after a thorough selection process. Dr Kiss is a Rhodes Scholar and previously served for 12 years as chief executive of Agnes Scott College, a liberal arts college for women in Atlanta, Georgia, in the USA.

VOLUNTARY WORKERS

The Trust is very fortunate in being able to draw upon a number of overseas volunteers who administer the selection process in their respective countries at little cost to the Trust. These volunteers are drawn from the ranks of the community of Rhodes Scholars, and from a much wider community of men and women prominent in public life and across all of the professions in their respective countries. The Trustees recognise and acknowledge with gratitude the considerable contribution made by these volunteers to the successful administration of the selection of Rhodes Scholars across the world.

The Trust is also very fortunate to benefit from the work of many volunteers in its alumni activities, and in helping to guide and encourage philanthropic support for the Rhodes Scholarship, as well as in the governance of the Trust.

FUNDRAISING

The fund-raising activities of the Charity are directed at the community of Rhodes Scholars, current and former, and to philanthropists, foundations and organisations that share our mission or which have an interest in the strategic projects or geographic constituencies in relation to which we are seeking to raise funds. No direct approaches are made to the general public or to vulnerable persons. Our fundraising staff are employed directly or on a consultancy basis in the UK and overseas, and make every effort to comply with all appropriate legislation to the extent that it is applicable to the activities of the Trust, in compliance with the Fundraising Regulator's voluntary regulation scheme and the Charities (Protection and Social Investment) Act 2016, and with our internal Development Office Policies and Protocols. No complaints have been received and our Development Committee oversees our adherence to legislation and policies.

ACHIEVEMENTS IN THE YEAR

This year's key objectives and achievements against those objectives, which further the legal purpose of the Trust are summarised below:

Programme

1. To deepen the Scholarship experience through a comprehensive Service and Leadership Programme;
 - Under the guidance of Dr Nadiya Figueroa, Dean of Scholarships and Director of Leadership and Change, the Trust continued to refresh and revise the first and second year Character, Service & Leadership programmes. The Trust is profoundly grateful to Senior Scholars who return to Rhodes House each year to support these programmes and ensure their continuing success.
2. To expand Rhodes House conferences on core topics for Rhodes and other global Scholars;
 - Rhodes House hosted 2 Forums during the year to 30th June 2018, Healthcare in November 2017, and the Ventures Forum in June 2018. Previous topics have also covered climate change, and education. Since the inception of the Forum Programme in 2015, more than 800 Rhodes Scholars

and members of other Fellowships have attended and worked together to address these issues, helping our vision of "Standing up for the World".

Finances

1. To secure endowed funding for all new expansion scholarships;
 - Rhodes Scholars and other philanthropists continue to support the Rhodes Trust financially. Endowment funding was secured for new Scholarships in Saudi Arabia and Singapore plus a strategic partnership that is part funding the new Africa and Global Scholarships.
 - Further endowment funding of £1.5m for the China Scholarships was achieved.
 - The Rhodes Scholars Annual Fund budget goal was met and this £1m per annum fundraising is essential to the sustained excellence of the Rhodes Scholarships.
2. To establish regional expansion advisory boards;
 - Fundraising for the Africa and China Scholarships is assisted by committed regional advisory committees that engage on both the fundraising for and implementation of new Scholarships.

Community

3. To embed the new partnership programmes comprising the Atlantic Institute, the Schmidt Science Fellows and the Schwarzman Scholarships operationally in the activities of the Trust;

Atlantic Institute

- The Atlantic Institute has hosted well-received convenings of Atlantic Fellows Programme staff, current Fellows, and Senior Fellows, and has put in place effective mechanisms for working-level cross-programme collaboration. Further work is ongoing with the first cohort of Senior Fellows in designing systems and resources for the support of the lifelong global alumni community.
- Atlantic Fellows have also been active participants in the Rhodes thematic forums noted above.

Schmidt Science Fellows

- Schmidt Science Fellows, in partnership with the Rhodes Trust, successfully completed its first nomination and selection process, leading to the announcement of the inaugural class of 14 Fellows in April 2018.
- All Fellows have been placed into world-leading laboratories for their fellowship years and are benefiting from scientific and personal mentoring from the programme.
- Recruitment of a permanent programme team has progressed with Dr Megan Wheeler joining as Executive Director in July 2018 and Professor Sir Keith Burnett joining in October 2018 as the Chair of the Academic Council.

Schwarzman Scholarships

- The Rhodes Trust hosted the inaugural Schwarzman Rhodes Symposium on Public Leadership in October 2018.

4. To build and enrich the global community of Rhodes Scholars and connect them back to Rhodes House, Oxford;
 - In September 2017 The Rhodes Trust marked the 40th anniversary of women becoming eligible to the Scholarship by bringing together more than 150 alumnae from all constituencies to a weekend reunion at Rhodes House.

Selection

5. To further develop interview techniques and selection processes;
 - A feedback mechanism for applicants across all stages of the selection process was implemented.
 - A succession plan for long serving National Secretaries in various constituencies was developed, to ensure the long term sustainability and high standards of selection.
 - New audio-visual and web materials for outreach were innovated, focused on making the application process more accessible by disseminating critical information and relating the process through the experiences of current Scholars.
6. To design and implement the selection process for global scholarship;
 - A nominations process was established for the Global Rhodes Scholarships supported by extensive outreach, especially via social media. Nominations were received of which 48 eligible applications were submitted from 32 different countries.
 - A three-stage selection process is ongoing throughout the autumn of 2018, involving Rhodes Scholars and other notable experts, and final selection for the two Global Rhodes Scholars will take place at Rhodes House in November 2018, with the Scholars starting their studies in autumn 2019.

Infrastructure

7. To further the plans for the development of Rhodes House as a significant convening location for addressing world challenges;
 - Stanton Williams were appointed as architects to the capital project following a competitive tender process in November 2017, and have developed RIBA Stage 1 plans for transforming Rhodes House into a leading world-class convening centre and home for the Trust and the partnerships, complete with self-contained accommodation, and office space, with a deliberate mix of the modern and the traditional.
 - When completed, Rhodes House will not only be the largest dedicated purpose built convening space, but also the only venue providing a significant number of bedrooms in a college-like setting in Oxford that is available 52 weeks of the year.
 - The capital project will be part funded using the proceeds of a private placement of £30m at a favourable fixed interest rate of 2.67%, drawn down on 4th October 2018.
 - The Trust rebranded in 2017 and has continued working on refreshed messaging for its stakeholders, for outreach and for its media engagement strategy, as well as several new website features such as an interactive video guide for applicants and a video 'wall of faces'.
 - The 2018 Rhodes Scholar magazine was well received, and this issue focused on issues of equity. The community has connected regularly with the Rhodes Trust over the course of the last year including through our social media channels, e-News, the Annual Report and regular updates.

8. Outline opportunities for digital transformation programme;

- Rhodes House has initiated a digital transformation project to ensure that the experience of the wider Rhodes community (including Scholars, Atlantic Institute and Schmidt Science Fellows, donors and other stakeholders) corresponds to their expectations and needs.
- The project will review and enhance the systems and technology platforms the Trust relies on, so that efficiency and ease of collaboration is increased. Budget approval was granted by the Trustee Board in June 2018, and initial scoping is now underway.

FINANCIAL REVIEW AND RESULTS FOR THE YEAR

The audited accounts for the year ended 30th June 2018 have been prepared in accordance with the Statement of Recommended Practice 'Accounting and Reporting by Charities' (Charities SORP FRS102), as well as the requirements of the Charity Commission Total Return Order, and accompany this report. The independent auditors' report is given on pages 16-18 and the principal accounting policies adopted by the Trust are set out pages 22 to 26. The results for the year are presented in the Statement of Financial Activities and the Balance Sheet represents the combined assets and liabilities of all the funds within The Rhodes Trust.

At 30 June 2018 the Trust's net assets were £356.6m (2017: £327.6m) an increase of £29.0m for the year. Total resources expended during the year were £18.1m (2017: £20.6m) a decrease of £2.5m, which is largely the result of the exceptional increase in provision for future Scholar costs in the prior year. The direct cost of the Scholarship programme was £15.6m (2017: £17.7m).

Historically the Trust included a provision that covered one year of first and second year Scholars' costs. The method of estimation was revised in the prior year to include all first year Scholars for a two year period, and the second and third year Scholars for one year. This, coupled with the overall increase in Scholar numbers, resulted in a significant increase in the overall provision in the prior year of £6.1m. In the current year, the method of estimation has been further refined to reflect the cost-sharing agreements entered into with Oxford University matched funding scheme, and colleges of the university. This has resulted in a small reduction in the provision in the current year. All Scholarships are dependent upon satisfactory progress throughout the Scholars' courses.

The Trust's trading subsidiary, Rhodes House Limited, traded profitably in the year and contributed £179k (2017: £143k) to the Trust in respect of rent, management charges and gift aided profit.

The Trust's Australian subsidiary, Rhodes Scholarships in Australia Pty Ltd, received donations of AUS\$10,149,546 (£5,689,207) (2017 AUS \$1,161,444 (£686,027)) for the support of Australian scholars. Australian Funds are invested in the Trust pooled investment portfolio and amounted to £12.6m at June 2018 (2017: £12.1m).

INVESTMENT POLICY AND PERFORMANCE

The powers of the Trustees by which they are governed, including the powers of investment, are set out in clauses 10 to 13 of the Rhodes Trust Act, 1946.

The strategy of the Trustees continues to be to manage the assets in such a way as to ensure the continuance of the Trust in perpetuity. It is the aim of the Trustees to restrict capital risk through diversification and to try to maximise total return through capital appreciation or by income generation depending upon economic conditions.

In order to optimise future investment performance, following the adoption of a Total Return investing basis on the authority of a Charity Commission Order, the Trustees adopted a policy of investment pooling under the authority of the Trustee Act 2000 with effect from 30 June 2007.

The investments of the Trust comprise cash, investments in the Oxford Endowment Fund (a unitised investment fund), private equity funds, corporate bonds, fixed income funds and hedge funds.

During the 12 months to June 2018, the capital value of the Trust's investment portfolio (including short-term deposits) increased from £282m to £303m, including £13.4m of realised and unrealised gains on the investments, £23.1m of donations invested in the year and reinvested income of £8.4m (net of investment management fees). This meets the investment performance objective of a real return (ie after inflation) of around 5%.

TOTAL RETURN ACCOUNTING

The Charity Commission issued a Total Return Order (The Order) for the Cecil Rhodes Trust Scholarship Fund on 30th March 2007. The Fund was valued at the time of the Order at £30.4m, using cash and sundry assets, investment properties, and investments at cost at 1st July 1989, together with uplift from cost to market value of the last two categories. This approach was agreed by the then Chairman of the Rhodes Trust, the Finance Trustee, the Finance Director, and the auditors, Clark Whitehill.

Under this Order the Trust adds together the capital gains, losses and income for the year and determines the allocation between capital and income, and the total return is allocated to the Unapplied Total Return (UTR) Fund.

In 2014 the Trustees determined that the draw down on the Cecil Rhodes Trust Scholarship Fund be set at 4% of the fund value, to preserve the long term capital value of the endowment (in real terms) whilst balancing the needs of current beneficiaries. In the current year, the Trustees approved the amendment of the draw down rate to mirror the rate being applied in the transfer to income from the expendable endowment funds.

The balance on the Scholarship Fund at 30th June 2018 was £46.3m (2017: £44.9m). The details of the movements are disclosed in Note 20.

RESERVES POLICY

Total funds of £356.6m at 30th June 2018 comprise Endowed Funds of £307.6m (2017: £286.0m), Restricted Funds of £43.9m (2017: £37.9m), and £5.2m (2017: £3.7m) of Free Reserves as defined by the Charity Commission, an increase of £1.5m in the period.

The Trustees monitor carefully the allocation of investment returns from the endowment to income so that the Trust can meet its expenditure needs. The purpose is to limit expenditure to a level that can be sustainably funded by investment returns above inflation, thereby maintaining the real value of the endowment in perpetuity and ensuring inter-generational equity. This is reviewed each year and implemented via the annual budget which is approved at the June Trustee Board meeting.

Unrestricted reserves are held in order to ensure that the Trust is able to meet any expenditure that cannot be met from funds given explicitly to fund specific scholarships or activities. It is thus the policy of the Trustees to increase the funds held in the Public Purposes Income Fund, in order to support the working capital needs of the operations of the Trust, by way of increased gift aided profits that will be generated by the forthcoming conference and accommodation centre, and by the generation of operational surpluses. The Public Purposes Capital Fund is unrestricted for the purposes of any activity undertaken by the Public Purposes Fund, but is largely invested and thus not fully available to fund working capital. The Trustees have considered the level of free reserves at 30th June 2018 and are satisfied that they are sufficient to meet the Trust's present needs.

The Horizon Fund includes deficit unrestricted funds of £1,148.6k (2017: £962.6k) arising from the movement on the provision for future Scholar costs, which is taken to unrestricted funds. The costs are then charged to the appropriate restricted income fund as actually expended.

RISK MANAGEMENT

The Trustees have a formal risk management process to assess, annually, business risks and implement risk management strategies, led by the Audit and Risk Committee which reports to the Board of Trustees at least three times per annum. This has involved identifying the types of risks the Trust faces (including Governance and Management, Academic and Pastoral, Human Resources, Operational, ICT, Commercial, Development, Construction risks), prioritising them in terms of potential impact and likelihood of occurrence, and identifying means of mitigating the risks. As part of this process the Trustees have reviewed the adequacy of the Trust's current internal controls and the costs of operating particular controls relative to the benefits obtained. Procedures have been established for reporting failings immediately to appropriate levels of management and to the Trustees.

The key risks identified by the Trustees are:

1. The risk that the financial performance of the Trust's investments is insufficient to meet the Trust's financial commitments.

The endowment investment portfolio is overseen by The Rhodes Trust Finance and Investment Committee which is comprised of Trustees and other senior investment professionals. The Committee reviews investment strategy, asset allocation, performance, liquidity and risk three times per annum, or more frequently as required.

The majority of the Trust's assets are managed by Oxford University Endowment Management (OUEM) in a globally diversified, strategic asset allocation based portfolio. OUEM was founded by Oxford University, with input from the Trust, in 2007 to create a unitised endowment portfolio managed full time by OUEM professionals with appropriate fiduciary oversight. The investment process and governance of OUEM are based on the best practices of top global endowments and foundations. Rhodes Trustees consider that the OUEM investment portfolio and programme are well suited to the Trust's long term investment objectives, and is adequately diversified.

During the year the Trust has improved the budget and financial monitoring processes across every department, and budget holders receive quarterly detailed updates on the relative performance of their division allowing improved cost control and resource allocation.

2. The Scholarship loses its reputation as the world's leading scholarship. This could arise, e.g., through damaging incidents, or through the financial offer of other Scholarships more conspicuously eclipsing Rhodes.

The Academic Committee maintains an active review of:

- benchmarking financial support for Scholars on stipend via an annual review of similar scholarships;
- an annual Scholar engagement survey;
- global brand management through a regular website refresh; and
- rigorous and refreshed Scholar selection processes.

The Trust continues to invest in developing the Character, Service and Leadership programme attended by all first and second year Scholars, led by the Warden and Dean of Scholarships and Director of Leadership and Change, and supported by current and Senior Scholars and distinguished guest speakers.

The Trust has a public relations strategy and escalation procedure for media engagement with the engagement of external advisors as necessary, and undertook a major rebranding and website refresh to critical acclaim in 2017.

3. Failure to identify or support serious mental health issues

The Trust has strong pastoral care arrangements in place under the close supervision of the Warden, Registrar, and the Dean of Scholarships. They engage regularly with all Scholars and look out for any signs of difficulty that Scholars may be encountering with their work or personal issues.

A separate panel of counsellors is in place to support Scholars with differing needs, and the Trust provides financial assistance via the Scholar Support Fund for expert counselling and ad-hoc hardship funding.

4. The Capital Project fails to secure the necessary planning approvals/encounter delays in construction

The initial meetings with the Oxford Planning and Historic Conservation Authorities have resulted in changes to the design specification to reflect their concerns.

The Trust has employed the acknowledged experts in this area and their initial assessment of the likely outcome is positive. They will continue to support the Trust throughout the planning process.

5. Delays in decision making and client changes out of design sequence will have consequential impacts on programme, cost and potential quality.

The Trust has created a Building Committee comprising Rhodes Trustees and construction experts, as well as a Building Control Committee to manage the operational aspects of the capital project. The Building Control Committee is chaired by an independent retained consultant with extensive Oxford building expertise.

The Trust is also recruiting a Head of Estates with construction and convening centre management expertise to provide in house support to the senior leadership team throughout the project.

FUTURE PLANS

1. **Financial stability:** Although the Trustees believe that the Trust is currently able to meet its current level of commitments based on its financial strength at the present time, they continue to recognise the long-term financial challenges ahead, which will require them to continue to add to the Trust's financial resources.
2. **Become a truly global community:** The Trust's fundraising programme will continue to focus on the annual fund and the deployment of the development team towards fundraising for new jurisdiction Scholarships. The long term ambition is to create 20 more Rhodes Scholarships in new geographies.
3. **Enhance the Scholar experience:** Continuous improvement of the Character, Service & Leadership programme and introducing other events and activities.
4. **Deliver the Fellowships partnerships strategy:** Building on success of the Atlantic Institute and the Schmidt Science Fellows Programme, the Trust is working closely with the Said Foundation, and Schwarzman Scholars on collaborative projects focussed on the development of leaders who can collaborate across academic disciplines and national boundaries.
5. **Build a new technology platform** to drive the community's connectivity and collaboration, including relaunching the Alumni Network, and maintaining the momentum following the brand and website relaunch.
6. **Leverage the University of Oxford** more to benefit the Rhodes Trust community.
7. **Reposition the Rhodes Trust** community publicly as thought leaders and collaborators. The Trust will continue to expand its efforts to engage with Rhodes alumni around the world.

8. **Ensure the staff and volunteer resources are in place** to deliver the strategic priorities.
9. **Deliver the Building Project that will provide twenty-first century convening spaces to the global community of fellowships on time and on budget, within Rhodes House.** In August 2018, The Trust issued a bond for £30m repayable in 2048. The funds will be invested in the short term in capital preservation assets ahead of drawdown to fund the construction project. These funds supplement the generous funding of £10.6m expected from the Atlantic Philanthropies.

Approved and signed on behalf of the Trustees on 16 November 2018.



Sir John Hood
Chairman of the Trustees

LEGAL AND ADMINISTRATIVE INFORMATION

The current advisers are:

BANKERS:

NatWest Bank plc
Minns Business Park
7 West Way
Oxford OX2 0JB

SOLICITORS:

Farrer and Co LLP
66 Lincoln's Inn Fields
London
WC2A 3LH

Lewis Silkin LLP
King Charles House
Park End Street
Oxford OX1 1JD

INDEPENDENT AUDITORS:

Saffery Champness LLP
71 Queen Victoria Street
London EC4V 4BE

REGISTERED AND PRINCIPAL ADDRESS:

Rhodes House
South Parks Road
Oxford OX1 3RG

SECRETARY TO THE TRUSTEES:

Mr Charles Conn (until July 2018)
Dr Elizabeth Kiss (from August 2018)

RHODES TRUST SENIOR STAFF

The senior staff of the Trust to whom day to day management is delegated are as follows:

Charles Conn:	Warden and CEO (until July 2018)
Dr Elizabeth Kiss:	Warden and CEO (from August 2018)
Peter Anderson:	Chief Operating Officer and Finance Director
Mary Eaton:	Director of Scholar Affairs and Registrar
Dr Nadiya Figueroa:	Dean of Scholarships and Director of Leadership and Change
Rodolfo Lara:	Director of Programmes and Alumni Relations
Alasdair Maclay:	Director of Strategy and Development
Babette Tegldal:	Director of Communications
Dr Penelope Brook:	Atlantic Institute Director
Dr Megan Wheeler:	Executive Director, Schmidt Science Fellows

The Rhodes Trust

Independent auditors' report to the trustees
For the year ended 30 June 2018

Opinion

We have audited the financial statements of The Rhodes Trust for the year ended 30 June 2018 which comprise the statement of financial activities, balance sheet, cash flow statements and notes to the financial statements, 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 group and parent charity's affairs as at 30 June 2018 and of the group's incoming resources and application of resources 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 Charities Act 2011.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group and the parent 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

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditors' report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we

The Rhodes Trust

Independent auditors' report to the trustees
For the year ended 30 June 2018

identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- the group and the parent charity has not kept sufficient accounting records; or
- the parent's financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement set out on page 7, the trustees 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 group's and the parent 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 group or the parent charity or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

We have been appointed as auditors under the Charities Act 2011 and report in accordance with regulations made under that Act.

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 auditors' 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.

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 auditors' report.

The Rhodes Trust

Independent auditors' report to the trustees
For the year ended 30 June 2018

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the 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 charity and the trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Saffery Champness LLP

Saffery Champness LLP
Statutory Auditors
Chartered Accountants
71 Queen Victoria Street
London
EC4V 4BE

Date: *28 November 2018*

Saffery Champness LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

The Rhodes Trust
Consolidated Statement of Financial Activities
For the year ended 30 June 2018

	Notes	Unrestricted Funds £	Restricted Funds £	Endowed Funds £	2018 Total £	2017 Total £
INCOME AND ENDOWMENTS FROM:						
Donations and legacies	1	1,195,397	6,877,694	14,296,048	22,369,139	23,379,552
Charitable activities	2	901,447	460,551	-	1,361,998	606,733
Other trading activities	3	520,801	-	-	520,801	510,089
Investments						
Investment income	4	166,511	1,209,083	8,135,118	9,510,712	8,330,251
Total return allocated to income	15	4,280,446	6,474,022	(10,754,468)	-	-
Other		-	-	-	-	125,769
Total income		7,064,602	15,021,350	11,676,698	33,762,650	32,952,394
EXPENDITURE ON:						
Charitable activities:						
Promotion and advancement of education	5	2,538,056	13,022,856	-	15,560,912	17,651,650
Raising funds:	7					
Fundraising		294,409	880,741	-	1,175,150	1,596,098
Trading expenditure		340,171	4,759	-	344,930	389,848
Investment management costs		14,275	130,051	901,386	1,045,712	919,385
Total Expenditure		3,186,911	14,038,407	901,386	18,126,704	20,556,981
Net (Expenditure)/Income before gains		3,877,691	982,943	10,775,312	15,635,946	12,395,413
Net gains on investments	12, 13	236,380	1,727,675	11,398,926	13,362,981	27,334,712
Net (Expenditure)/Income		4,114,071	2,710,618	22,174,238	28,998,926	39,730,125
Transfers between funds	20	(2,656,497)	3,229,094	(572,597)	-	-
Net movement in funds for the year		1,457,574	5,939,712	21,601,641	28,998,927	39,730,125
Fund balances brought forward	20	3,721,335	37,917,614	285,971,473	327,610,422	287,880,297
Funds carried forward at 30 June		5,178,909	43,857,326	307,573,114	356,609,349	327,610,422

The Rhodes Trust
Consolidated and Charity Balance Sheets
As at 30 June 2018

	Notes	2018		2017	
		Group £	Charity £	Group £	Charity £
FIXED ASSETS					
Intangible assets	10	161,598	161,598	153,089	153,089
Tangible assets	11	14,319,038	14,319,038	14,523,541	14,523,541
Property investments	12	-	-	-	-
Other investments	13	303,049,869	288,404,763	282,023,773	270,003,967
Total Fixed Assets		317,530,505	302,885,399	296,700,403	284,680,597
CURRENT ASSETS					
Debtors	16	41,330,742	41,308,514	39,680,508	40,082,936
Investments		541,262	541,262	494,624	494,624
Cash at bank and in hand		11,419,950	11,107,677	4,666,682	4,115,529
Total Current Assets		53,291,954	52,957,453	44,841,814	44,693,089
LIABILITIES					
Creditors: Amounts falling due within one year	17	(1,221,636)	(1,463,503)	(962,529)	(1,126,077)
NET CURRENT ASSETS		52,070,318	51,493,950	43,879,285	43,567,012
TOTAL ASSETS LESS CURRENT LIABILITIES		369,600,823	354,379,349	340,579,688	328,247,609
CREDITORS: falling due after more than one year	18	(541,263)	(541,263)	(494,625)	(494,625)
Provisions for liabilities and charges	19	(12,450,211)	(12,450,211)	(12,474,641)	(12,474,641)
TOTAL NET ASSETS		356,609,349	341,387,875	327,610,422	315,278,343
FUNDS					
	20				
Endowment funds		307,573,114	292,549,693	285,971,473	273,646,966
Restricted funds		43,857,326	43,659,273	37,917,614	37,910,042
Unrestricted funds		5,178,909	5,178,909	3,721,335	3,721,335
		356,609,349	341,387,875	327,610,422	315,278,343

The financial statements were approved and authorised for issue by the Board of Trustees of 16th November 2018.

Sir John Hood, Chairman of Trustees

The Rhodes Trust
Consolidated Statement of Cash Flows
For the year ended 30 June 2018

	Notes	2018 £	2017 £
Cash flows from operating activities			
Net movement in funds		28,998,927	39,730,125
Adjustments for:			
Depreciation		317,176	335,033
Gains on investments	13	(13,362,981)	(27,334,712)
Investment management costs		1,045,712	919,490
Investment income		(9,481,923)	(8,295,824)
Receipt of endowment		(14,296,048)	(20,573,483)
(Increase)/decrease in debtors		(1,650,234)	(6,478,501)
(Decrease)/increase in creditors		305,745	(995,907)
(Decrease)/increase in provisions		(24,430)	6,208,830
Net cash provided by operating activities		<u>(8,148,056)</u>	<u>(16,484,949)</u>
Cash flows from investing activities			
Cash withdrawn	13	23,870,059	
Proceeds from sale of investment in land & property		-	200,000
Purchase of fixed assets (tangible and intangible)		(121,182)	(498,497)
New money invested		(23,143,599)	(11,198,927)
Net cash provided by (used in) investing activities		<u>605,278</u>	<u>(11,497,424)</u>
Cash flows from financing activities			
Receipt of endowment		14,296,048	20,573,483
Net cash provided by financing activities		<u>14,296,048</u>	<u>20,573,483</u>
Change in cash and cash equivalents in the reporting period		<u>6,753,270</u>	<u>(7,408,890)</u>
Cash and cash equivalents at the beginning of the reporting period		<u>4,666,682</u>	<u>12,075,572</u>
Cash and cash equivalents at the end of the reporting period		<u>11,419,950</u>	<u>4,666,682</u>

ACCOUNTING POLICIES

The address of the registered office of The Rhodes Trust is Rhodes House, South Parks Road, Oxford, OX1 3RG.

1. Scope of the financial statements

The financial statements present the Consolidated Statement of Financial Activities (SOFA), the Consolidated and Trust Balance Sheets and the Consolidated Statement of Cash Flows for the Trust, which comprises the Public Purposes Fund, the Cecil Rhodes Scholarship Fund, and the Rhodes Trust Horizon Fund, (which are linked under charity number 1159648), and the wholly owned subsidiary of the Public Purposes Fund, Rhodes House Ltd (company no 06539418), The Rhodes Scholarships in New Zealand Limited, Rhodes Scholarships in Australia PTY Limited, and Rhodes Scholarships in Canada Limited respectively consolidated on a line by line basis. The New Zealand and Australian subsidiaries are corporate trustees of underlying trust funds. The Canadian subsidiary is a non-share capital corporation. No separate SOFA has been presented for the Trust alone as it is not deemed to be materially different from the consolidated SOFA. A summary of the results and financial position of each of the three charitable funds of the charity and of each of its subsidiaries for the reporting year can be found in Note 14.

2. Basis of accounting

The Trust's individual and consolidated financial statements have been prepared in accordance with United Kingdom Accounting Standards, in particular 'FRS 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102).

The Trust is a public benefit entity for the purposes of FRS 102 and a registered charity. The Trust has therefore also prepared its individual and consolidated financial statements in accordance with 'The Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with FRS 102' (Charities SORP (FRS 102)).

The consolidated financial statements have been prepared to give a true and fair view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a true and fair view. This departure has involved following Charities SORP (FRS 102) rather than Accounting and Reporting by Charities: Statement of Recommended Practice (revised 2005) which has been withdrawn.

The financial statements have been prepared on a going concern basis and on the historical cost basis, except for the measurement of investments and certain financial assets and liabilities at fair value, with movements in value reported within the SOFA. The principal accounting policies adopted are set out below and have been applied consistently throughout the year, except where noted.

3. Accounting judgements and estimation uncertainty

In preparing financial statements it is necessary to make certain judgements, estimates and assumptions that affect the amounts recognised in the financial statements. The following judgements and estimates are considered by the Trustees to have the most significant effect on amounts recognised in the financial statements:

- I. The rate of release from endowment funds to both unrestricted and restricted income funds, for the funding of expenditure, is set by the trustees at a level that is calculated to ensure sustainability and protection of the endowment capital, and to ensure equity between current and future beneficiaries of the Trust.
- II. The discount rate used in the calculation of the net present value of future pledged donations recognised in the balance sheet as accrued income. A rate of 2.8% has been used in the current year, a rate which represents a reasonable approximation of the likely cost of borrowing for the Trust.
- III. The level of the general provision for non-fulfilment set against accrued income recognised but not received. In the light of current experience in relation to the fulfilment of pledges, no provision has been made.

- IV. The anticipated length of tenure and course mix used in the estimation of the provision for future Scholar costs.

4. Income recognition

All income is recognised once the Trust has entitlement to the income, the economic benefit is probable and the amount can be reliably measured.

Income from donations, grants and legacies

Donations and grants that do not impose specific future performance-related or other specific conditions are recognised on the date on which the Trust can demonstrate legal entitlement to the resource, the amount can be reliably measured and the economic benefit to the Trust of the donation or grant is probable. Donations and grants subject to performance-related conditions are recognised as and when those conditions are met. Donations and grants subject to other specific conditions are recognised as those conditions are met or their fulfilment is wholly within the control of the Trust and it is probable that the specified conditions will be met. Pledged donations executed under deed are included upon execution of the deed, with the future pledge instalments discounted at the Trust's cost of borrowing (2.8% for the year ended 30 June 2018).

Legacies are recognised following grant of probate and once the Trust has received sufficient information from the executor(s) of the deceased's estate to be satisfied that the gift can be reliably measured and that the economic benefit to the Trust is probable.

Donations, grants and legacies accruing for the general purposes of the Trust are credited to unrestricted funds.

Donations, grants and legacies which are subject to conditions as to their use imposed by the donor or set by the terms of an appeal are credited to the relevant restricted fund or, where the donation, grant or legacy is required to be held as capital, to the endowment funds. Where donations are received in kind (as distinct from cash or other monetary assets), they are measured at the fair value of those assets at the date of the gift.

Investment income

Interest on bank balances is accounted for on an accruals basis with interest recognised in the period to which the interest relates.

Income from fixed interest debt securities is recognised using the effective interest rate method.

Dividend income and similar distributions are recognised on the date the share interest becomes ex-dividend or when the right to the dividend can be established. Distributions from Oxford University Endowment Management are accounted for when declared.

Income from investment properties is recognised in the period to which the rental income relates.

5. Expenditure

Expenditure is accounted for on an accruals basis. A liability and related expense is recognised when a legal or constructive obligation commits the Trust to expenditure that will probably require settlement, the amount of which can be reliably measured or estimated.

Grants awarded that are not performance-related are charged as an expense as soon as a legal or constructive obligation for their payment arises. Grants subject to performance-related conditions are expensed as the specified conditions of the grant are met.

The movement in the liability recognised in relation to future Scholar costs is accounted for as an expense in the period. The liability is estimated on the basis of two years of fees and stipend for the cohort of Scholars elected but not yet on course at the balance sheet date, and for the remaining tenure of Scholars already on course. The movement in provision is taken to unrestricted funds, and only charged to the appropriate restricted income fund as actually expended.

All expenditure including support costs and governance costs are allocated or apportioned to the applicable expenditure categories in the SOFA.

Support costs, which include governance costs (costs of complying with constitutional and statutory requirements) and other indirect costs are apportioned to expenditure categories in the SOFA based on the estimated amount attributable to that activity in the year, either by reference to staff time or the use made of the underlying assets, as appropriate. Irrecoverable VAT is included with the item of expenditure to which it relates.

Intra-group transactions between the Trust and its subsidiaries are excluded from trading income and expenditure in the consolidated financial statements.

6. Tangible fixed assets

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Under FRS 102, the Trust elected to use the fair value of Rhodes House as a 'deemed cost' as at 30 June 2015. The buildings are subject to annual depreciation and no further revaluations are anticipated.

Expenditure on the enhancement of buildings amounting to more than £10,000 together with expenditure on equipment costing more than £2,500 is capitalised.

Other expenditure on equipment incurred in the normal day-to-day running of the Trust and its subsidiaries is charged to the SOFA as incurred.

7. Depreciation

Depreciation is provided to write off the cost of all relevant tangible fixed assets, less their estimated residual value, in equal annual instalments over their expected useful economic lives as follows:

Freehold properties, including major extensions	2% p.a.
Building improvements	2%
Plant and Machinery	5%
Motor Vehicles	25%
Fixtures and Fittings and Computer Systems	25%

Freehold land is not depreciated. The cost of maintenance is charged in the SOFA in the period in which it is incurred.

At the end of each reporting period, the residual values and useful lives of assets are reviewed and adjusted if necessary. In addition, if events or change in circumstances indicate that the carrying value may not be recoverable then the carrying values of tangible fixed assets are reviewed for impairment.

8. Intangible Fixed Assets

Expenditure on brand renewal, on the website and on other major software development is capitalised where the impact is expected to be significant over a period of time, and amortised at 25% p.a.

9. Investments

Investment properties are initially recognised at their cost and subsequently measured at their fair value (market value) at each reporting date. Purchases and sales of investment properties are recognised on exchange of contracts.

Listed investments are initially measured at cost and subsequently measured at fair value at each reporting date. Fair value is based on the quoted price at the balance sheet date without deduction of estimated future selling costs.

Investments such as hedge funds and private equity funds which have no readily identifiable market value are initially measured at cost and subsequently measured at fair value at each reporting date without deduction of estimated future selling costs. Fair value is based on the most recent valuations available from the respective fund managers.

Changes in fair value and gains and losses arising on the disposal of investments are credited or charged to the Gains on Investments section of the SOFA and are allocated to the fund holding or disposing of the relevant investment in aggregate.

Investment distributions and new endowment cash received is treated as Cash Allocated for Investment, and is included within the portfolio in Other Investments.

10. Investments held on behalf of other members of the Group

Investments that are held on behalf of other members of the Group are accounted for as investments of the relevant subsidiary entity.

11. Other financial instruments

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand and short term deposits with a maturity date of three months or less.

Debtors and creditors

Debtors and creditors receivable or payable within one year of the reporting date are carried at their transaction price. Debtors and creditors that are receivable or payable in more than one year and not subject to a market rate of interest are measured at the present value of the expected future receipts or payment discounted at a market rate of interest.

12. Foreign currencies

The functional and presentation currency of the Trust, including its trading subsidiary Rhodes House Limited and the Rhodes Trust Horizon Fund is the pound sterling. The Australian, New Zealand and Canadian subsidiaries report in their local currency.

Transactions denominated in foreign currencies during the year are translated into pound sterling using the spot exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into pound sterling at the rates applying at the reporting date.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the exchange rates at the reporting date are recognised in the income and expenditure section of the SOFA, under Other income if a gain, and within Support Costs if an overall loss in the year.

13. Total Return accounting

The Trust's statutes authorise the Trust to adopt a 'total return' basis when accounting for the Scholarship Fund, which is a permanent endowment. The Trust can use its discretion to apply any part of the accumulated total return on the investment as income for spending each year. Until this power is exercised, the total return is accumulated as a component of the endowment known as the unapplied total return that can either be retained for investment or released to income at the discretion of the Board of Trustees.

The Trust's expendable endowment funds are similarly invested and accounted for on a total return basis, with the investment return being credited to the endowment fund, and a transfer to income being released to the related income fund. Investment management charges are charged to the endowment or invested income fund, but all other costs are charged to the related income fund.

14. Fund accounting

The total funds of the Trust and its subsidiaries are allocated to unrestricted, restricted or endowment funds based on the terms set by the donors or set by the terms of an appeal. Endowment funds are further sub-divided into permanent and expendable endowment funds.

Unrestricted funds can be used in furtherance of the objects of the Trust at the discretion of the Board of Trustees, but within the charitable purposes of the Public Purposes Fund and Horizon Fund respectively.

The Board of Trustees may decide that part of the unrestricted funds shall be used in future for a specific purpose and this will be accounted for by transfers to appropriate designated funds.

Restricted funds comprise gifts, legacies and grants where the donors have specified that the funds are to be used for particular purposes of the Trust. They consist of either gifts where the donor has specified that both the capital and any income arising must be used for the purposes given or the income on gifts where the donor has required or permitted the capital to be maintained and with the intention that the income will be used for specific purposes within the Trust's objects.

Permanent endowment funds arise where donors specify that the funds are to be retained as capital for the permanent benefit of the Trust. Any part of the total return arising from the capital that is allocated to income will be accounted for as unrestricted funds unless the donor has placed restrictions on the use of that income, in which case the total return arising will be accounted for as a restricted fund.

Expendable endowment funds are similar to permanent endowment in that they have been given, or the Trust has determined based on the circumstances in which they have been given, for the long term benefit of the Trust. However, the Trustees may at their discretion determine to spend all or part of the capital.

15. Cost allocation

With the exception of investment management charges which are charged directly to the endowment fund or invested income fund, in proportion to the investment holding at the start of the period, all expenditure is allocated directly to the relevant income fund. Thus direct scholar costs, which include fees, stipends and other direct expenses of a scholarship, are charged directly to the restricted funds. Other operational costs are apportioned over the operational activities and then to the relevant funds.

16. Pension costs

The costs of retirement benefits provided to employees of the Trust through two multi-employer defined benefit pension schemes are accounted for as if these were defined contribution schemes as information is not available to use defined benefit accounting in accordance with the requirements of FRS 102. The Trust's contributions to these schemes are recognised as a liability and an expense in the period in which the salaries to which the contributions relate are payable.

In addition, a liability is recognised at the balance sheet date for the discounted value of the expected future contribution payments under the agreements with these multi-employer schemes to fund the past service deficits.

The Trust also contributes to a 401(K) Safe Harbour pension plan for its four US employees. This is a defined contribution plan.

- 17.** The Trust has taken advantage of the exemption under FRS102 not to disclose its own statement of cashflows. The group prepares a consolidated Cashflow Statement and the consolidated accounts, in which the Trust's results are included, are available to the public.

The Rhodes Trust
Notes to the financial statements
For the year ended 30 June 2018

1	DONATIONS AND LEGACIES	2018 £	2017 £
	Unrestricted funds	1,195,397	1,886,165
	Restricted funds	6,877,694	919,904
	Endowed funds	14,296,048	20,573,483
		<u>22,369,139</u>	<u>23,379,552</u>
2	INCOME FROM CHARITABLE ACTIVITIES	2018 £	2017 £
	Scholarship grant funding	415,000	400,000
	Programme grant funding	512,133	-
	Contributions to co-funded college scholarship costs	434,865	206,733
		<u>1,361,998</u>	<u>606,733</u>
The Trust has entered into co-funding agreements with the University and with several colleges, whereby fees and stipend costs are shared.			
3	INCOME FROM OTHER TRADING ACTIVITIES	2018 £	2017 £
	Subsidiary company trading income: Rhodes House Ltd	519,100	506,557
	Other trading income	1,701	3,532
		<u>520,801</u>	<u>510,089</u>
4	INVESTMENT INCOME	2018 £	2017 £
	<i>Unrestricted funds</i>		
	Investment property income	-	577
	Equity dividends	138,890	181,507
	Bank interest	27,621	26,331
		<u>166,511</u>	<u>208,415</u>
	<i>Restricted funds</i>		
	Equity dividends	1,207,913	1,186,051
	Bank interest	1,170	7,519
		<u>1,209,083</u>	<u>1,193,570</u>
	<i>Endowed funds</i>		
	Equity dividends	8,135,118	6,928,266
		<u>8,135,118</u>	<u>6,928,266</u>
	Total Investment Income	<u>9,510,712</u>	<u>8,330,251</u>

The distribution from OUEM, a unitised fund, is classified as an equity distribution in this note.

5	ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES	Direct Staff Costs	Direct Non-staff Costs	Support Costs	2018 £
	2018				
	Scholarship programme				
	Grants to Individuals	-	8,566,331	-	8,566,331
	Indirect Scholar support	1,174,368	1,387,656	2,337,398	4,899,422
	Other programmes				
	Including the Atlantic Institute and the Schwarzman Leadership Programme	881,797	1,213,362	-	2,095,159
	Total expenditure on charitable activities	<u>2,056,165</u>	<u>11,167,349</u>	<u>2,337,398</u>	<u>15,560,912</u>
	2017				
	Scholarship programme				
	Grants to Individuals	-	13,736,928	-	13,736,928
	Indirect Scholar support	1,124,933	1,181,036	970,404	3,276,373
	Other programmes				
	Including the Atlantic Institute and the Schwarzman Leadership Programme	79,788	526,212	32,349	638,349
	Total expenditure on charitable activities	<u>1,204,721</u>	<u>15,444,176</u>	<u>1,002,753</u>	<u>17,651,650</u>

6 GRANT COMMITMENTS

Mandela Rhodes Foundation

The Rhodes Trust committed to contributing £1m per year to the Mandela Rhodes Foundation for a ten year period commencing in 2003. The total obligation of £10m was recognised fully in the financial statements for the year ended 30 June 2002. Given the duration of payments to be made the amount was stated in the financial statements at its present value using a discount factor of 5.5%. In 2009, the Trustees of the Mandela Rhodes Foundation agreed to extend the donation period from 10 to 15 years, thereby reducing the Trust's remaining commitment to £500,000 a year, payable over the following 10 years.

The total remaining obligation at 30 June 2018 is £125,000 (2017 £250,000) which remains unsettled pending further discussion about future arrangements.

This commitment is included in Creditors in Note 17.

Future Scholar costs

The Trust recognises the commitment made to fund Scholars that have been elected in the year, but who have not yet taken up their scholarship.

Grants to individuals made under the Scholarship programme includes the charge relating to the increase in the provision to reflect an estimated two years of fees and stipends for the incoming cohort, and one year of fees and stipends for second and third years. This provision is disclosed in Note 19.

The Rhodes Trust
Notes to the financial statements
For the year ended 30 June 2018

7 ANALYSIS OF EXPENDITURE ON RAISING FUNDS

	Direct Staff Costs	Direct Non-staff Costs	Support Costs	2018 £
2018				
Expenditure on raising funds				
Fundraising	654,631	428,949	91,570	1,175,150
Trading expenditure	-	338,591	6,339	344,930
Investment management costs	-	-	1,045,712	1,045,712
Total expenditure on raising funds	654,631	767,540	1,143,621	2,565,792
2017				
Expenditure on raising funds				
Fundraising	791,462	490,463	314,173	1,596,098
Trading expenditure	-	383,413	6,435	389,848
Investment management costs	-	-	919,385	919,385
Total expenditure on raising funds	791,462	873,876	1,239,993	2,905,331

8 ANALYSIS OF SUPPORT COSTS

	Charitable Activities £	Raising Funds £	2018 Total £
2018			
Administration	463,304	97,909	561,213
Human resources	53,751	-	53,751
IT and communications	436,059	-	436,059
Investment management	-	1,045,712	1,045,712
Legal & professional	785,750	-	785,750
Governance costs	116,136	-	116,136
Depreciation	266,147	-	266,147
Bank interest payable	198	-	198
Exchange rate loss	162,426	-	162,426
Pension deficit liability movement	53,627	-	53,627
	2,337,398	1,143,621	3,481,019
2017			
	Charitable Activities £	Raising Funds £	2017 Total £
Administration	358,003	165,041	523,044
Human resources	42,708	14,236	56,944
IT and communications	71,929	23,976	95,905
Investment management	-	919,385	919,385
Legal & professional	118,113	117,355	235,468
Governance costs	47,678	-	47,678
Depreciation	284,003	-	284,003
Pension deficit liability movement	80,319	-	80,319
	1,002,753	1,239,993	2,242,746

Administration Human resources and IT costs are attributed according to the proportion of workload.
Depreciation costs are attributed according to the use made of the underlying assets.
Interest and other finance charges are attributed according to the purpose of the related financing.

	2018 £	2017 £
Governance costs comprise:		
Auditors' remuneration - audit services	70,019	31,711
Auditor's remuneration - other services	16,800	-
Auditors' remuneration - tax advisory services	8,395	2,421
Other governance costs	20,922	13,546
	116,136	47,678

Auditors' remuneration is shown including an under-accrual in the prior year.

The Rhodes Trust
Notes to the financial statements
For the year ended 30 June 2018

9 STAFF COSTS

	2018	2017
	£	£
The aggregate staff costs for the year were as follows.		
Salaries and wages	2,507,833	1,999,519
Social security costs	272,095	185,102
Pension costs:		
Defined benefit schemes	283,510	215,866
Defined contribution schemes	13,640	13,063
Other benefits	19,747	42,637
Pension deficit liability movement	53,627	80,319
	<u>3,150,452</u>	<u>2,536,506</u>

The average number of employees on a gross headcount basis was as follows

	2018	2017
Full time	43	30
Part time	3	4
Total	<u>46</u>	<u>34</u>

The Trustees do not receive any remuneration from the Trust in respect of their services. Trustee expenses of £8,082 (2017 £1,471) were settled or reimbursed in the year in respect of expenses incurred in attending trustee meetings for one trustee.

The Trust benefits from the services of volunteers as described on page 11 of the Trustees' Annual Report, particularly in the process of Scholar selection in the national constituencies.

The number of employees during the year whose gross pay and benefits (excluding employer NI and pension contributions) fell within the following bands was:

	2018	2017
£60,000-£70,000	2	3
£90,000-£100,000	3	1
£110,000-£120,000	1	1
£120,000-£130,000	-	1
£130,000-£140,000	-	1
£140,000-£150,000	1	-
£150,000-£160,000	2	-
£220,000-£230,000	1	-
£230,000-£240,000	-	1
£260,000-£270,000	1	-
£270,000-£280,000	-	1

Aggregate employee benefits of key management personnel, including pension contributions, amounted to £1,298,621 in the year (2017 £1,080,781).

10 INTANGIBLE FIXED ASSETS

Group and Charity	2018	2017
	£	£
Cost		
At start of year	204,120	-
Additions	59,538	204,120
At end of year	<u>263,658</u>	<u>204,120</u>
Amortisation		
At start of year	51,031	-
Amortisation charge for the year	51,029	51,031
At end of year	<u>102,060</u>	<u>51,031</u>
Net book value carried forward	<u>161,598</u>	<u>153,089</u>
Net book value brought forward	153,089	-

The Trust has incurred expenditure on the Trust website in the year.

The Rhodes Trust
Notes to the financial statements
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11 TANGIBLE FIXED ASSETS

Group and Charity	Freehold land and buildings £	Plant and machinery £	Motor Vehicles £	Fixtures, fittings and equipment £	Total £
Cost					
At start of year	14,717,743	62,629	18,649	884,665	15,683,686
Additions	12,312	-	-	49,332	61,644
At end of year	<u>14,730,055</u>	<u>62,629</u>	<u>18,649</u>	<u>933,997</u>	<u>15,745,330</u>
Depreciation and impairment					
At start of year	432,900	3,131	18,649	705,465	1,160,145
Depreciation charge for the year	148,905	3,132	-	114,110	266,147
At end of year	<u>581,805</u>	<u>6,263</u>	<u>18,649</u>	<u>819,575</u>	<u>1,426,292</u>
Net book value 2018	<u>14,148,250</u>	<u>56,366</u>	<u>-</u>	<u>114,422</u>	<u>14,319,038</u>
Net book value 2017	<u>14,284,843</u>	<u>59,498</u>	<u>-</u>	<u>179,200</u>	<u>14,523,541</u>

12 PROPERTY INVESTMENTS

Group and Charity	2018 Total £	2017 Total £
Residential property		
Valuation at start of year	-	200,000
Disposals	-	(200,000)
Valuation at end of year	<u>-</u>	<u>-</u>

The Trust sold the property at 3 Dene Road, Oxford in 2017.

13 OTHER INVESTMENTS

All investments are held at fair value.

	2018 £	2017 £
Group investments		
Valuation at start of year	282,023,773	236,113,800
New money invested	23,096,961	11,198,927
Amounts withdrawn	(23,870,059)	-
Reinvested income	9,481,923	8,295,824
Investment management fees	(1,045,710)	(919,493)
Increase in value of investments	13,362,981	27,334,715
Group investments at end of year	<u>303,049,869</u>	<u>282,023,773</u>
Investment held on behalf of subsidiaries	(14,645,214)	(12,019,914)
investments in subsidiaries	108	108
Charity investments at end of year	<u>288,404,763</u>	<u>270,003,967</u>

Group investments comprise:

	Held outside the UK £	Held in the UK £	2018 Total £	Held outside the UK £	Held in the UK £	2017 Total £
Private equity investments	7,997,720		7,997,720	10,721,701	-	10,721,701
Global multi-asset funds	3,745,508	273,984,992	277,730,500	-	252,875,591	252,875,591
Property funds	2,333		2,333	12,012	-	12,012
Alternative and other investments	1,499,037		1,499,037	1,409,292	-	1,409,292
Fixed term deposits and cash		15,820,279	15,820,279	-	17,005,177	17,005,177
Total group investments	<u>13,244,598</u>	<u>289,805,271</u>	<u>303,049,869</u>	<u>12,143,005</u>	<u>269,880,768</u>	<u>282,023,773</u>

Trust and Group investments includes cash of £3,181,416 allocated for investment but held in pooled funds awaiting investment (2017 £4,421,998).

The Oxford University Endowment Fund is a global multi-asset fund.

The transfer to income was not recognised as a transfer out of the investment portfolio until 1st July 2017, hence the Amounts withdrawn for 2018 reflects the transfer for two years.

The Rhodes Trust
Notes to the financial statements
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14 PARENT AND SUBSIDIARY UNDERTAKINGS

The results and the assets and liabilities of the parent and subsidiaries at the year end were as follows.

	Cecil Rhodes Scholarship Fund	Rhodes Trust Public Purposes Fund	Rhodes House Ltd	Rhodes Trust Horizon Fund	Rhodes Scholarships in Australia PTY Ltd	Rhodes Scholarships in New Zealand Ltd	Rhodes Scholarships in Canada
	£	£	£	£	£	£	£
Income	1,513,028	14,507,045	547,247	15,048,058	1,359,994	14,288	772,990
Expenditure	(2,169,319)	(10,229,631)	(424,263)	(4,049,746)	(1,244,902)	(291)	(8,552)
Donation to Trust under gift aid	-	122,984	(122,984)	-	-	-	-
Transfers	-	(482,109)	-	(859,653)	-	-	1,341,762
Net gains on investments	2,143,578	8,868,380	-	1,696,917	579,963	-	74,143
Result for the year	1,487,287	12,786,669	-	11,835,576	695,055	13,997	2,180,343
Total assets	46,348,603	250,669,995	111,814	58,437,455	12,841,239	50,207	2,363,145
Total liabilities	-	(13,420,910)	(111,714)	(647,369)	-	-	(33,117)
Net funds at the end of year	46,348,603	237,249,085	100	57,790,086	12,841,239	50,207	2,330,028

Rhodes House Ltd

The Rhodes Trust holds the whole of the issued share capital of Rhodes House Ltd, a company incorporated in the UK. The company hires out Rhodes House for functions. Included in the above costs are £20k of rental charges and £36k of management fees charged from the Rhodes Trust which are eliminated upon consolidation. The profits of the subsidiary are passed to the parent charity under gift aid.

Rhodes Trust Horizon Fund

The incorporated board of trustees, The Rhodes Trust, is the sole trustee of the Rhodes Trust Horizon Fund. The funds of the Horizon Fund are invested in the main Rhodes Trust investment portfolio, and income and returns are paid out to the Horizon Fund accordingly. Costs in relation to the Scholars funded from Horizon funds are incurred in the PPF in the first instance and re-charged to Horizon. This charity is linked for reporting purposes with both the Scholarship and Public Purposes Funds. The three funds are thus combined as the 'Charity' in the balance sheet and notes of these financial statements.

Rhodes Scholarships in Australia PTY Ltd

The Rhodes Trust is the sole shareholder of an Australian charitable company, which promotes and provides Rhodes Scholarships to Australian scholars and donors. The Australian funds are invested in the main Rhodes Trust investment portfolio and income and returns are credited to the Australian funds intercompany account at the end of the year.

Rhodes Scholarships in New Zealand Ltd

The Rhodes Trust is the sole shareholder of a New Zealand charitable company that promotes and provides Rhodes Scholarships to New Zealand scholars and donors. The company has an accounting reference date of 31 March.

Rhodes Scholarships in Canada

The Rhodes Trust is the sole shareholder of a Canadian charitable company, which promotes and provides Rhodes Scholarships to Canadian scholars and donors.

The transactions between The Rhodes Trust Public Purposes Fund, the Rhodes Trust Horizon Fund and the Trust's subsidiaries in Australia, New Zealand and Canada are many and varied, given the interconnected operations. Staff are employed by the Rhodes Trust, and recharges are made to the subsidiaries as appropriate. Direct and indirect Scholars costs are incurred within the Trust, and re-charged to the subsidiaries, depending on the geographic constituency of origin, and the allocation of a particular student to a fund. Overheads are re-charged as appropriate.

15 STATEMENT OF INVESTMENT TOTAL RETURN

With approval from the Charity Commission, the Trustees have adopted a policy of total return accounting for the investment return on the Scholarship Fund, with effect from 30 June 2007. The investment return to be applied as income was set at 4% of the brought forward fund value. During the year, the Trustee Board approved a change to the rate to be applied, to bring the Scholarship Fund in line with the policy being applied to all other endowment funds of the Trust. The amount applied as income for spending is included within the income section of the SOFA on the basis that this gives a clearer understanding of the financial position of the group. The preserved (frozen) value of the invested endowment capital represents its open market value at 1 July 1989 together with all subsequent endowments valued at the date of the gift.

	Trust for Investment Scholarship Fund	Permanent Endowment Unapplied Total Return	Total	Expendable Endowment	Total Endowments
	£	£	£	£	£
At the beginning of the year:					
Gift component of the permanent endowment	30,428,419	-	30,428,419	-	30,428,419
Unapplied total return	-	14,432,897	14,432,897	-	14,432,897
Expendable endowment	-	-	-	241,110,157	241,110,157
Total Endowments	30,428,419	14,432,897	44,861,316	241,110,157	285,971,473
Movements in the reporting period:					
Gift of endowment funds	-	-	-	14,296,048	14,296,048
Investment return: total investment income	-	1,513,028	1,513,028	6,622,090	8,135,118
Investment return: realised and unrealised gains and losses	-	2,143,578	2,143,578	9,255,348	11,398,926
Less: Investment management costs	-	(167,144)	(167,144)	(734,242)	(901,386)
Total	-	3,489,462	3,489,462	29,439,244	32,928,706
Unapplied total return allocated to income in the reporting period	-	(2,002,175)	(2,002,175)	-	(2,002,175)
Expendable endowments transferred to income	-	-	-	(9,324,890)	(9,324,890)
	-	(2,002,175)	(2,002,175)	(9,324,890)	(11,327,065)
Net movements in reporting period	-	1,487,287	1,487,287	20,114,354	21,601,641
At end of the reporting period:					
Gift component of the permanent endowment	30,428,419	-	30,428,419	-	30,428,419
Unapplied total return	-	15,920,184	15,920,184	-	15,920,184
Expendable endowment	-	-	-	261,224,511	261,224,511
Total Endowments	30,428,419	15,920,184	46,348,603	261,224,511	307,573,114

With effect from year ended 2017, the Trust has adopted a policy of allocation from expendable endowment to income in order to protect the capital value of those endowments and ensure inter-generational equity, in a similar way to the application of total return to income for the Scholarship Fund. £8,752,293 was transferred to income under this policy in year ended 2018 (2017:£8,054,722). This equates to 4.4% of brought forward fund value, but is calculated on a quarterly basis.

The Rhodes Trust
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16 DEBTORS

	2018 Group £	2017 Group £	2018 Charity £	2017 Charity £
Amounts falling due within one year:				
Trade debtors	573,736	282,938	444,654	203,196
Prepaid fees, stipends and amounts owed by Scholars	384,605	355,859	384,605	355,859
Amounts held by National Secretaries	110,200	108,746	110,200	108,746
Amounts owing by group undertakings: Rhodes House Ltd	-	-	139,329	496,546
Prepayments and accrued income	24,464,310	15,988,565	24,711,782	15,974,189
Other debtors	35,067	10,297	3,764	10,297
Amounts falling due in more than one year:				
Accrued income	15,762,824	22,934,103	15,514,180	22,934,103
	<u>41,330,742</u>	<u>39,680,508</u>	<u>41,308,514</u>	<u>40,082,936</u>

Accrued income for the group falling due in more than year represents pledged donations, at present value, of which £1,315,116 falls due in more than five years. (2017 £1,062,337).

17 CREDITORS: falling due within one year

	2018 Group £	2017 Group £	2018 Charity £	2017 Charity £
Trade creditors	349,525	141,266	272,760	124,781
Amounts owed to group undertakings	-	-	28,000	276,787
Amounts held on behalf of group undertakings	34,573	-	421,271	-
Taxation and social security	161,010	99,733	146,064	84,963
Mandela Rhodes Foundation	125,000	250,000	125,000	250,000
Accruals and deferred income	426,352	414,946	365,232	339,502
Other creditors	125,176	56,584	105,176	50,044
	<u>1,221,636</u>	<u>962,529</u>	<u>1,463,503</u>	<u>1,126,077</u>

18 CREDITORS: falling due after more than one year

	2018 Group £	2017 Group £	2018 Charity £	2017 Charity £
Other creditors	541,263	494,625	541,263	494,625
	<u>541,263</u>	<u>494,625</u>	<u>541,263</u>	<u>494,625</u>

19 PROVISIONS FOR LIABILITIES AND CHARGES

	2018 Group £	2017 Group £	2018 Charity £	2017 Charity £
Provision for future Scholar costs				
At start of year	12,078,324	5,949,814	12,078,324	5,949,814
Charged in the Statement of Financial Activities	(78,057)	6,128,510	(78,057)	6,128,510
At end of year	<u>12,000,267</u>	<u>12,078,324</u>	<u>12,000,267</u>	<u>12,078,324</u>
Provision for pension deficit liability				
At start of year	396,317	315,998	396,317	315,998
Charged in the Statement of Financial Activities	85,146	105,317	85,146	105,317
Settled in the year	(31,519)	(24,998)	(31,519)	(24,998)
At end of year	<u>449,944</u>	<u>396,317</u>	<u>449,944</u>	<u>396,317</u>
Total provisions	<u>12,450,211</u>	<u>12,474,641</u>	<u>12,450,211</u>	<u>12,474,641</u>

A provision is carried for the commitment made to Scholars elected in the year, but not taking up their scholarship until the following Autumn. An estimate of two years' of average fees and stipends is provided for, and for the remaining tenure of Scholars currently on course.

A provision is carried, at present value, for the estimated future deficit funding element of the contributions payable under the agreements for additional contributions to fund past service deficits for both USS and OSPS. See Note 24.

The Rhodes Trust
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20 ANALYSIS OF MOVEMENTS ON FUNDS

	At 1 July 2017 £	New Money £	Investment & Operating Income £	Resources expended £	Transfers £	Gains/ (losses) £	At 30 June 2018 £
Endowment Funds - Permanent							
Scholarship Endowment Fund	44,861,316	-	1,513,028	(167,144)	(2,002,175)	2,143,578	46,348,603
Total Permanent Endowment	44,861,316	-	1,513,028	(167,144)	(2,002,175)	2,143,578	46,348,603
Endowment Funds - Expendable							
Public Purposes Fund							
Public Purposes Capital Fund	117,399,370	1,469,527	3,233,774	(357,362)	(14,979,336)	4,581,347	111,347,320
Second Century Founder Capital Fund	47,724,534	-	1,091,461	(120,574)	(16,807,010)	1,546,322	33,434,733
New Zealand Partnership Capital Fund	9,218,790	-	310,920	(34,347)	(411,438)	440,494	9,524,419
Oppenheimer South Africa Capital Fund	1,546,074	563,078	52,144	(5,760)	5,295,429	73,874	7,524,839
RSA Second Century Founder MMF	-	(136,187)	-	-	15,000,000	-	14,863,813
Various Partnership Funds	20,265,500	4,238,161	690,300	(77,327)	4,378,521	895,530	30,390,685
Subtotal	196,154,268	6,134,579	5,378,599	(595,370)	(7,523,834)	7,537,567	207,085,809
Horizon Fund							
Rhodes Scholarships for UAE	10,881,042	-	366,983	(40,541)	(485,624)	519,922	11,241,782
Malaysia Capital Fund	4,897,785	272,762	74,124	(8,189)	(98,088)	105,017	5,243,411
Said SJLP Capital Fund	5,304,125	272,763	87,829	(9,702)	(116,223)	124,431	5,663,223
Various Partnership Funds	11,548,430	6,059,051	242,628	(28,282)	(1,169,267)	314,305	16,966,865
Subtotal	32,631,382	6,604,576	771,564	(86,714)	(1,869,202)	1,063,675	39,115,281
Total Endowment Funds - Charity	273,646,966	12,739,155	7,663,191	(849,228)	(11,395,211)	10,744,820	292,549,693
Rhodes Scholarships in Australia PTY Ltd							
Australia Capital Fund	10,008,158	539,609	337,543	(37,313)	(649,695)	478,225	10,676,527
Queensland Capital Fund	2,129,233	369,648	71,812	(7,933)	(464,675)	101,739	2,199,824
	12,137,391	909,257	409,355	(45,246)	(1,114,370)	579,963	12,876,350
Rhodes Scholarships in New Zealand Ltd							
New Zealand Funds	37,431	11,947	-	-	-	-	49,378
Rhodes Scholarships in Canada							
Canadian Endowment Capital Fund	149,685	252,088	13,186	(1,457)	(13,796)	11,825	411,531
Canadian Israel Fund	-	279,578	35,960	(3,972)	815,982	43,296	1,170,844
Canadian Second Century Founder Fund	-	-	12,232	(1,351)	346,503	17,330	374,714
Genereux CSLP Capital Fund	-	104,023	1,194	(132)	33,827	1,692	140,604
	149,685	635,689	62,572	(6,912)	1,182,516	74,143	2,097,693
Total Expendable Endowment	241,110,157	14,296,048	6,622,090	(734,242)	(9,324,890)	9,255,348	261,224,511
Total Endowment Funds - Group	285,971,473	14,296,048	8,135,118	(901,386)	(11,327,065)	11,398,926	307,573,114
Restricted Funds							
Scholarship Fund							
Scholarship Endowment Income Fund	-	-	-	(2,002,175)	2,002,175	-	-
Public Purposes Fund							
Atlantic (Rhodes Schol Prog) Fund	22,904,589	-	772,498	(1,521,338)	-	1,094,433	23,250,182
Various Partnership Income Funds	719,639	176,361	320,488	(6,048,251)	5,417,776	-	586,013
Subtotal	23,624,228	176,361	1,092,986	(7,569,589)	5,417,776	1,094,433	23,836,195
Horizon Fund							
Atlantic Horizon (Institute) Fund	12,387,609	6,100,000	403,457	(1,515,967)	-	587,967	17,963,066
Various Partnership Income Funds	1,898,205	494,737	161,335	(1,749,089)	1,009,549	45,275	1,860,012
Subtotal	14,285,814	6,594,737	564,792	(3,265,056)	1,009,549	633,242	19,823,078
Total Restricted Funds - Charity	37,910,042	6,771,098	1,657,778	(12,836,820)	8,429,500	1,727,675	43,659,273
Rhodes Scholarships in Australia PTY Ltd							
Australia Income Fund	8,793	33,979	7,403	(1,076,118)	1,019,342	-	(6,601)
Queensland Income Fund	-	-	-	(123,538)	95,028	-	(28,510)
	8,793	33,979	7,403	(1,199,656)	1,114,370	-	(35,111)
Rhodes Scholarships in New Zealand Ltd							
New Zealand Funds	(1,221)	1,427	914	(291)	-	-	829
Rhodes Scholarships in Canada							
Canadian Income Fund (Annual Fund)	-	71,190	3,539	16,127	97,808	-	188,664
Canadian Israel Fund	-	-	-	-	43,671	-	43,671
Canadian Second Century Founder Fund	-	-	-	(16,187)	16,187	-	-
Genereux CSLP Income Fund	-	-	-	(1,580)	1,580	-	-
	-	71,190	3,539	(1,640)	159,246	-	232,335
Total Restricted Funds - Group	37,917,614	6,877,694	1,669,634	(14,038,407)	9,703,116	1,727,675	43,857,326

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	At 1 July 2017 £	New Money £	Investment & Income £	Resources expended £	Transfers £	Gains/ (losses) £	At 30 June 2018 £
Unrestricted Funds							
Public Purposes Fund							
PPF Income Fund	4,683,700	556,397	1,076,370	(2,488,935)	2,263,169	236,380	6,327,081
Other Unrestricted Income Funds	220	639,000	-	-	(639,220)	-	-
Subtotal	4,683,920	1,195,397	1,076,370	(2,488,935)	1,623,949	236,380	6,327,081
General funds	-	-	-	-	-	-	-
Horizon Fund Unrestricted Funds	(962,585)	-	512,389	(697,976)	-	-	(1,148,172)
Total Unrestricted Funds - Charity and Group	3,721,335	1,195,397	1,588,759	(3,186,911)	1,623,949	236,380	5,178,909
Total Funds - Group	327,610,422	22,369,139	11,393,511	(18,126,704)	-	13,362,981	356,609,349

Significant transfers between funds include the allocation of income from endowment to the mirror income fund, as per accounting policy 13 on Total Return Accounting, and the transfer of £1,341k from the Public Purposes Fund to Rhodes Scholarships in Canada to reflect the final treatment of funds received in the Canadian subsidiary in year ending June 2018, and the re-allocation of accrued donations to the fund that is expected to benefit from the benefaction.

21 FUNDS DETAILS

The following is a summary of the purposes of specific material funds

Endowment Funds - Permanent:	This fund has a corresponding income fund, which is accounted for within Restricted Funds.
Scholarship Endowment Fund	This fund was established in the Will of Cecil Rhodes to provide a scholarship programme at the University of Oxford, for the constituencies of the Commonwealth, Germany, Hong Kong, and the United States.
Endowment Funds - Expendable	Each of these funds has a capital and a corresponding income fund, which is accounted for within Restricted Funds.
Public Purposes Fund	
Public Purposes Fund	This fund has broader educational objectives than the Scholarship Fund, but with the same geographic restriction. In addition to supporting any scholarship costs not met by other funds, it bears the costs of Rhodes House, which it owns, and holds shares in the trading subsidiary, Rhodes House Ltd.
Second Century Founder Fund	This major endowment supports a large proportion of the Canadian, and other scholarships.
New Zealand Partnership Fund	This fund supports the costs of three New Zealand Rhodes Scholars per annum.
Oppenheimer South Africa Capital Fund	This fund supports the costs of scholarships in South and Southern Africa.
RSA Second Century Founder MMF Capital Fund	Funds that form part of the Second Century Founder Fund that are received via Australia are held in a separate fund in the PPF
Various Partnership Funds	Various partnership agreements establish funds to support scholarships at specific colleges or geographic constituencies or grant funding for leadership programmes.
Horizon Fund	
Rhodes Scholarships for the UAE	A major endowment supporting scholarships for scholars from the United Arab Emirates.
Malaysia Capital Fund	This fund supports the Malaysian scholarship.
Said SJP Capital Fund	This fund supports the Syria, Jordan, Lebanon and Palestine scholarships.
Various Partnership Funds	Various partnership agreements establish funds to support scholarships at specific colleges or geographic constituencies.
Restricted Funds	
Atlantic (Rhodes Schol Prog) Fund	The first tranche of the grant funding by Atlantic Philanthropies in support of the general scholarship programme.
Atlantic Horizon (Institute) Fund	The first tranche of the grant funding by Atlantic Philanthropies of the Atlantic Institute, included in the Horizon Fund.

22 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2018 Total £
2018				
Intangible fixed assets	161,598	-	-	161,598
Tangible fixed assets	-	-	14,319,038	14,319,038
Other investments	1,517,436	36,927,173	264,605,260	303,049,869
Net current assets	16,491,348	6,930,153	28,648,817	52,070,318
Long term liabilities and provisions	(12,991,474)	-	-	(12,991,474)
	5,178,909	43,857,326	307,573,114	356,609,349
2017				
Intangible fixed assets	153,089	-	-	153,089
Tangible fixed assets	-	-	14,523,541	14,523,541
Other investments	6,660,014	38,929,609	236,434,150	282,023,773
Net current assets	9,877,498	(1,011,995)	35,013,782	43,879,285
Long term liabilities and provisions	(12,969,266)	-	-	(12,969,266)
	3,721,335	37,917,614	285,971,473	327,610,422

23 RELATED PARTY TRANSACTIONS

Including accrued pledges, donations totalling £86,000 from trustees were recognised in income during the year ended 30 June 2018 (2017 £15,333,700).

See Note 14 for the results of subsidiaries.

24 PENSION SCHEMES

The Trust participates in the Universities Superannuation Scheme ("the USS") and the University of Oxford Staff Pension Scheme ("the OSPS") on behalf of its staff. Both schemes are contributory defined benefit schemes (i.e. they provide benefits based on length of service and pensionable salary). The assets of USS and OSPS are each held in separate trustee-administered funds.

Both schemes are multi-employer schemes and the Trust is unable to identify its share of the underlying assets and liabilities of each scheme on a consistent and reasonable basis. Therefore, as required by FRS 102, the Trust accounts for the schemes as if they were defined contribution schemes.

Both schemes are in deficit and have put in place agreements for additional contributions to fund their past service deficits. In accordance with the provisions of FRS 102 the Trust has recognised a liability for the future contributions that it estimates will be payable as a result of these deficit funding agreements.

Universities Superannuation Scheme

USS's actuarial valuation as at 31 March 2014 takes into account the revised benefit structure effective 1 April 2016 agreed both by the Joint Negotiating Committee and the Trustee in July 2015 following the Employers' consultation which concluded in June 2015. Key changes agreed include: for Final Salary section members, the benefits built up to 31 March 2016 will be calculated as at that date using pensionable salary and pensionable service immediately prior to that date and going forwards will be revalued in line with increases in official pensions (currently CPI); all members will accrue a pension of 1/75th and a cash lump sum of 3/75ths of salary each year of service in respect of salary up to a salary threshold, initially £55,000 p.a. with the threshold applying from 1 October 2016; member contributions will be 8% of salary; a defined contribution benefit for salary in excess of the salary threshold at the total level of 20% (8% employee, 12% employer) of salary in excess of the salary threshold; and optional additional contributions payable into the defined contribution section from 1 October 2016 of which the first 1% of salary is to be matched by employer contributions. Further details about the changes may be reviewed on USS' website, www.uss.co.uk. For the period up to 1 April 2016 the employer deficit contribution was 0.7% p.a. of salaries based on the assumptions made. After allowing for those changes, the actuary established a long term employer contribution rate of 18% pa of salaries for the period from 1 April 2016 to 31 March 2031. On the assumptions made and with the salary threshold and defined contribution section implemented this gives rise to deficit contributions of at least 2.1% p.a. of salaries. At 31 March 2018 USS reported that the funding deficit was £8.4 bn (88% funded).

USS' actuary has assumed that the investment return is 5.2% in year 1, decreasing linearly to 4.7% over 20 years. USS' actuary has assumed that general pay growth will be CPI in year 1, CPI + 1% in year 2 and RPI + 1% pa thereafter. It is assumed that CPI is based on the RPI assumption (market derived price inflation of 3.6% p.a. less an inflation risk premium) less RPI/CPI gap of 0.8% p.a. As noted above the USS employer contribution rate is 18% of salaries from 1 April 2016. Prior to that date it is 16% of salaries. The total employer contributions include provisions for the cost of future accrual of defined benefits (DB) (net of member contributions to the DB section), deficit contributions, administrative expenses of 0.4% of salaries and from the implementation of the salary threshold the employer contribution towards defined contribution benefits including employer matching contributions and certain investment management costs relating to the DC section.

A provision of £439k has been made at 30 June 2018 (2017 - £344k) for the present value of the estimated future deficit funding element of the contributions payable under this agreement. In determining the level of this provision it has been assumed that the Trust will continue to have a constant level of employee participation in this scheme and that the relevant earnings of these employees will increase in line with the actuary's projected long-term salary rate increases.

A copy of the full actuarial valuation report and other further details on the scheme are available on the USS website www.uss.co.uk

Oxford Staff Pension Scheme

The pension charge for the year includes a credit of £23.1k (2017 - cost of £1.1k) in relation to the OSPS. This represents contributions of £17.9k (2017: £21.6k) payable to the OSPS as adjusted by the decrease in the deficit funding liability between the opening and closing balance sheet dates of £40.8k (2017: increase of £22.7k).

OSPS' actuarial valuation as at 31 March 2016 identified a required long-term employer contribution rate of 17.3% of total pensionable salaries with a funding deficit of £133m. The valuation results reflect a number of changes to benefits that were agreed following an Employers' consultation in early 2017, including from 1 April 2017, a change in indexation based on the average of RPI and CPI, from 1 October 2017 a defined contribution section for new entrants and from 1 April 2018 breaking the final salary link for certain members and increased employee contributions. The actuary has certified that the additional contribution should eliminate the deficit by 30 June 2027. The next triennial valuation is due with an effective date of 31 March 2019.

A provision of £11k has been made at 30 June 2018 (2017 - £51.9k) for the present value of the estimated future deficit funding element of the contributions payable under this agreement. In determining the level of this provision it has been assumed that the Trust will continue to have a constant level of employee participation in this scheme and that the relevant earnings of these employees will increase in line with the actuary's projected long-term salary rate increases.

A copy of the full actuarial valuation report and other further details on the scheme are available on the University of Oxford website <http://www.admin.ox.ac.uk/finance/epp/pensions/schemes/osps/>.

Defined Contribution Pension Scheme

The group also operates a defined contribution staff pension scheme for its US employees. The assets of the scheme are held separately in independently administered funds. The pension costs charge represents contributions payable by the group to the funds and amounted to £8,895 (2017: £13,063).

Pension charge for the year

The pension charge recorded by the Trust during the accounting period was equal to the contributions payable after allowance for the deficit recovery plan as follows:

Scheme	2018	2017
	£	£
Universities Superannuation Scheme	267,878	194,255
University of Oxford Staff Pension Scheme	17,897	21,611
US Staff 401k Safe Harbour Plan	8,895	13,063
Movement on the Pension scheme deficit contribution liabilities	53,627	80,319
Total	348,297	309,248

Pension contributions of £39,638 were payable at the balance sheet date (2017: £28,990)

25 TAXATION

The Rhodes Trust is able to take advantage of the tax exemptions available to charities from taxation in respect of income and capital gains received to the extent that such income and gains are applied to exclusively charitable purposes. No liability to corporation tax arises in the Trust's subsidiary company because the directors of this company have indicated that they intend to make donations each year to the Trust equal to the taxable profits of the company under the Gift Aid scheme. The Trust is however subject to withholding tax by foreign authorities on income from certain of its foreign investments, which are received net of withholding tax. No provision for taxation has been included in the financial statements.

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26 FINANCIAL INSTRUMENTS

	2018	2017
	£	£
Group		
Financial assets measured at amortised cost	41,152,304	39,546,687
Financial liabilities measured at amortised cost	1,178,632	893,449
Financial assets measured at fair value	303,591,131	282,518,397
	2018	2017
	£	£
Charity		
Financial assets measured at amortised cost	41,223,399	30,010,840
Financial liabilities measured at amortised cost	1,463,503	3,048,342
Financial assets measured at fair value	288,946,025	235,453,257

Financial assets measured at amortised cost comprise trade debtors, amounts owed by group undertakings, accrued income and other debtors excluding prepayments.
Financial assets measured at fair value comprise investment securities.
Financial liabilities measured at amortised cost comprise bank loans, amounts owed to group undertakings, other creditors and accruals excluding deferred income.

27 CAPITAL COMMITMENTS

The Rhodes Trust had no capital commitments at 30th June 2018 (2017: £NIL).

28 CONTINGENT LIABILITIES

The Rhodes Trust had no contingent liabilities at 30th June 2018 (2017: £NIL).

29 POST BALANCE SHEET EVENTS

The Rhodes Trust Public Purposes Fund issued loan notes of £30m for a 30 year tenor in August 2018, which were purchased by a commercial lender. The notes fall due for repayment on 3rd October 2048 and attract interest at a fixed rate of 2.67%. These funds were borrowed in order to finance the planned development of a conference centre, accommodation and administration blocks within the existing property of Rhodes House. The funds were drawn down on 3rd October 2018.

30 COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES

Consolidated	Unrestricted Funds £	Restricted Funds £	Endowed Funds £	2017 Total £
INCOME AND ENDOWMENTS FROM:				
Donations and legacies	1,886,165	919,904	20,573,483	23,379,552
Charitable activities	404,525	202,208		606,733
Other trading activities	510,089	-	-	510,089
Investments				
Investment income	208,415	1,193,570	6,928,266	8,330,251
Total return allocated to income	4,285,361	5,391,483	(9,676,844)	-
Other	120,876	4,893	-	125,769
Total income	7,415,431	7,712,058	17,824,905	32,952,394
EXPENDITURE ON:				
Charitable activities:				
Promotion and advancement of education	9,377,484	8,274,166	-	17,651,650
Generating funds:				
Fundraising	1,033,551	562,547	-	1,596,098
Trading expenditure	389,848	-	-	389,848
Investment management costs	22,830	127,041	769,514	919,385
Total Expenditure	10,823,713	8,963,754	769,514	20,556,981
Net Income/(Expenditure) before gains	(3,408,282)	(1,251,696)	17,055,391	12,395,413
Net gains/(losses) on investments	577,798	3,912,192	22,844,723	27,334,712
Net Income/(Expenditure)	(2,830,484)	2,660,496	39,900,113	39,730,125
Transfers between funds	(219,869)	219,869	-	-
Net movement in funds for the year	(3,050,353)	2,880,365	39,900,113	39,730,125
Fund balances brought forward as previously stated	5,382,341	24,297,398	228,142,200	257,821,939
Prior year adjustment	1,389,347	10,739,851	17,929,160	30,058,358
Funds carried forward at 30 June 2017	3,721,335	37,917,614	285,971,473	327,610,422