



**THE RHODES TRUST**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

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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 2019 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](http://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 30<sup>th</sup> 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 30<sup>th</sup> 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. 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.
- Rhodes Scholarships for Southern Africa Secretariat NPC, supporting South African Scholars and local donors.

All four 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 such ways as are exclusively charitable as the Rhodes Trust 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 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 objects the promotion or advancement in any part of the British Commonwealth of Nations or in the United States of America of any educational or other charitable purposes in such manner as the Rhodes Trust shall think fit including giving financial support to individuals, institutions or organisations as will in its opinion promote or advance the cultural or social welfare of the people of the British Commonwealth or the furtherance of good relations amongst the various peoples of the British Commonwealth or between those peoples and the peoples of the United States of America. This fund is now constituted by the 1946 Act and has been supplemented by various donor benefactions. Alongside the Scholarship Fund, it now supports a substantial proportion of the scholarships, including those allocated to the various jurisdictions as specified by the Will of Cecil John Rhodes. 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 to promote and advance education and other charitable purposes in any part of the world in exclusively charitable ways. It facilitates the global expansion of the scholarship programme and enables the Trust to enter into international partnerships which assist in advancing cultural and social welfare. The Horizon Fund finances new scholarships in countries not covered when the scholarships were originally established by Cecil Rhodes. 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 30<sup>th</sup> June 2019 there were up to 228 Scholars (2018: 221) being fully financially supported whilst a further 14 (2018: 9) were receiving support by the Trust paying 4<sup>th</sup> year fees. 99 new Scholars have taken up residence in Oxford in October 2019 (2018: 99).

## **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. This commitment has been fully settled by 30<sup>th</sup> June 2019.

### **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 share 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 2030.
- 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, and a further 20 Fellows were selected in April 2019.

The operations teams for both the Atlantic Institute and Schmidt Science Fellows programmes are principally 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 2019, unless otherwise stated, were:

Sir John Hood KNZM (Chairman to 15<sup>th</sup> June 2019, Emeritus from 15<sup>th</sup> June 2019)  
Professor Sir John Bell GBE (Chairman from 15<sup>th</sup> June 2019)  
Mr Andrew Banks  
Mr Dominic Barton (to June 15<sup>th</sup> 2019)  
Professor Elleke Boehmer  
Mr Donald Gogel  
Professor Margaret MacMillan CH, CC. (to 16<sup>th</sup> November 2018)  
Mr John McCall MacBain O.C. (to 9<sup>th</sup> March 2019, Emeritus from 9<sup>th</sup> March 2019)  
Mr Mike Fitzpatrick  
Dame Helen Ghosh DCB  
Mr Glen James  
Dr Tariro Makadzange  
Professor Karen O'Brien (from 9<sup>th</sup> March 2019)  
Mr Nicholas Oppenheimer  
Dr Catherine O'Regan (from 16<sup>th</sup> November 2018)  
Professor Dame Carol Robinson DBE (to November 2018)  
Mr Dilip Shanghvi  
Mr Peter Stamos  
Mr Robert Sternfels (from 16<sup>th</sup> November 2018)  
Judge Karen Stevenson  
Professor Ngaire Woods CBE  
Mr John Wylie AM (to 15<sup>th</sup> June 2019, Emeritus from 15<sup>th</sup> June 2019)

Past Trustees who have agreed, because of their long service and contribution to the Trust, to serve as Emeritus Trustees in an advisory capacity, and who receive papers and attend meetings include the following:

Mr Michael McCaffery (Emeritus)  
Mr Julian Ogilvie Thompson (Emeritus)

Details of the members of the individual committees of the Trustees are available on the Trust's website at [www.rhodeshouse.ox.ac.uk](http://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 the Charity Commission guidance 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 noted the publication in 2017 of the Charity Governance Code and undertook a review of the Trust's governance approach and procedures against the code during the year, and judged that the Trust was compliant.

### **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 of Trustees 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. SCHOLARSHIP COMMITTEE**

The Scholarship Committee advises 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, especially with regard to matters of Scholarship distribution, Scholar selection, and external perception of the Scholarships.

## **7. BUILDING COMMITTEE**

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

The partnership activities of the Atlantic Institute and the Schmidt Science Fellows are governed jointly by the Atlantic Institute Governing Body, and the SSF Program Joint Committee respectively, both of which include representation from the partner funder, the Warden and the Rhodes Senior Leadership Team.

## **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:

Dr Elizabeth Kiss:	Warden and CEO (from 1 <sup>st</sup> 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 (to 30 <sup>th</sup> June 2019)
Rodolfo Lara Torres:	Director of Programmes and Alumni Relations
Alasdair Maclay:	Director of Strategy and Development
Babette Tegldal:	Director of Communications
Louise Dearnley:	Director of Outreach and Selection
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 31<sup>st</sup> 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.

Alasdair Maclay announced his resignation as Director of Strategy and Development with effect from 30<sup>th</sup> September 2019. Rodolfo Lara will assume his responsibilities as Director of Global Engagement and Programmes from the same date with the support of Rachel Wood, who has been appointed as North America Head of Advancement and Engagement and will be joining in October 2019.

## **VOLUNTARY WORKERS**

The Trust is very fortunate in being able to draw upon a number of overseas volunteers who administer the selection process and serve on the selection committee 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 purposes of the Trust are summarised below:

### **Programme**

1. To deepen the Scholarship experience through a comprehensive Service and Leadership Programme;
  - 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.
  - Following the departure of the Dean of Scholarships, Nadiya Figueroa, in June 2019, a review of the role was undertaken and an international search assignment for her replacement is in its concluding stages. The Trust is delighted by the strength and depth of the applicants for the role.
2. To expand Rhodes House conferences on core topics for Rhodes and other global Scholars;
  - Rhodes House hosted two Forums during the year to 30<sup>th</sup> June 2019, Healthcare in February 2019 and the Ventures Forum in June 2019. The first Humanities Forum is scheduled for November 2019, and a Middle East Forum for February 2020.
  - Previous topics have also covered climate change, education and LGBTQ. Since the inception of the Forum Programme in 2015, more than 1000 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**

3. To secure endowed funding for all new expansion scholarships and annual funding to support activities;
  - Rhodes Scholars and other philanthropists continue to support the Rhodes Trust financially. Additional endowment funding was secured for the China Scholarships, and flow funding was received to support the two new global Scholarships.
  - We comfortably exceeded The Scholar Fund £1m target. This annual fundraising is essential to maintain and enhance the sustained excellence of the Rhodes Scholarships.
4. To raise funds to support the major development of the new Conference and Convening Centre, and associated improved and extended office space and accommodation.
  - The Rhodes Trust Public Purposes Fund successfully issued £30m of 2.67% Senior Loan Notes in August 2018, due 3<sup>rd</sup> October 2048. The marketing by private placement was managed by Barclays plc, and the funds are now invested in a ring-fenced managed bond portfolio, and

supplement the generous benefaction of £10.6m towards the capital project from the Atlantic Philanthropies.

### **Community**

5. To embed the new partnership programmes comprising the Atlantic Institute and the Schmidt Science Fellows 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. The first Senior Fellows convening took place at Rhodes House in July 2019, with 136 graduated fellows from across all seven programs in attendance. Further work is ongoing 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 second nomination and selection process, leading to the announcement of the second cohort of 20 Fellows in April 2019. The fellows attended a very successful launch programme at Rhodes House in July 2019.
- All Fellows have been placed into world-leading laboratories for their fellowship years and are benefiting from scientific and personal mentoring from the programme.
- The Trust is working closely with Schmidt Futures on a significant additional partnership venture on the back of the successful relationship that has been established between our organisations.

#### **Mandela Rhodes Foundation (MRF)**

- Shaun Johnson stepped down as executive director of the Foundation. Shaun had looked after MRF since it was established in 2004. Judy Sikuza, who has been with the Foundation since 2007 was announced as Shaun's successor at his farewell dinner at Rhodes House in June 2019.
6. To build and enrich the global community of Rhodes Scholars and connect them back to Rhodes House, Oxford;
    - The National Secretaries enjoyed their bi-ennial visit to Rhodes House in June 2019.
    - In September 2019 Scholars were welcomed back to Oxford for the annual Alumni weekend.
    - The first ever Career Workshop took place for Rhodes Scholars and other early career academics, in conjunction with the Oxford Career Service
    - The first Rhodes Artificial Intelligence Laboratory conference took place.
    - In addition to the attendance at the Rhodes Forums, Rhodes Scholars were regular visitors to the House to provide mentoring support and guidance at Talks and events throughout the year.
    - 500 Scholars responded to the Warden's survey in the 125<sup>th</sup> anniversary strategic plan.

### **Infrastructure**

7. To further the plans for the development of Rhodes House as a significant convening location for addressing world challenges.

- When current development plans are completed, Rhodes House will be the largest dedicated purpose built convening space in Oxford that provides a significant number of bedrooms in a college-like setting in Oxford that is available 52 weeks of the year.
  - Following discussion with the Oxford City Planners, the design of the new bedroom accommodation on the East Wing of Rhodes House was revised to incorporate a sunken courtyard option for 16 bedrooms in the East Wing accommodation, using an asymmetric form to avoid the need to harm or remove any of the protected trees in the vicinity.
  - A Public Consultation exercise took place in September 2019, and no objections were forthcoming from attendees at the meeting. In fact, there was widespread acclaim for the scheme and how sensitively the new additions and alterations impacted on the existing structure and setting of the House.
  - A café has been developed to provide staff and Scholar catering in the immediate vicinity of the bedrooms, as well as a potential space for public access.
  - Subject to receipt of planning consent, it is expected that building works will start internally in January 2020, with external works in August 2020. The project is expected to be finished by September 2022.
8. Outline opportunities for digital transformation programme;
- Following the launch of the digital transformation project in December 2018, new external consultants were appointed to support the Trust. We are using an agile methodology with four-week development sprints to allow for iterative testing and risk mitigation.
  - Salesforce was chosen as the preferred relationship management system and the first major deliverable will be the Scholar Portal to be launched in time for the arrival of the new cohort in September 2019.

## **FINANCIAL REVIEW AND RESULTS FOR THE YEAR**

The audited accounts for the year ended 30 June 2019 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 18-19 and the principal accounting policies adopted by the Trust are set out pages 23 to 27. 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 2019 the Trust's net assets were £376.2m (2018: £356.6m) an increase of £19.6m for the year. Total resources expended during the year were £24.2m (2018: £18.1m) an increase of £6.1m, which is largely the result of the expansion of the activities of the Schmidt Science Fellows programme and the Atlantic Institute, and an increase in the provision held for the deficit funding for the USS pension scheme of £1.2m. The direct and indirect costs of the Scholarship programme was £15.9m (2018: £13.5m).

The Trust's trading subsidiary, Rhodes House Limited, traded profitably in the year and contributed £268k (2018: £179k) 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\$9.2m (£5.1m) (2018 AUS \$10.1m (£5.7m)) for the support of Australian scholars. Australian Endowment Funds are invested in the Trust pooled investment portfolio and amounted to £13.0m at June 2019 (2018: £12.6m).

## **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 are held in three portfolios. The Pooled Endowment Investments portfolio comprises 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 2019, the capital value of the Trust's pooled investment portfolio (including short-term deposits) increased from £303m to £320m, including £11.7m of realised and unrealised gains on the investments, £13.2m of donations invested in the year and reinvested income of £9.3m (net of investment management fees). This meets the investment performance objective of a real return (ie after inflation) of around 4%.

## **TOTAL RETURN ACCOUNTING**

The Charity Commission issued a Total Return Order (The Order) for the Cecil Rhodes Trust Scholarship Fund on 30 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 1 July 1989, together with uplift from cost to market value of the last two categories.

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 2018, 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. This rate is currently 4.5%.

The balance on the Scholarship Fund at 30 June 2019 was £47.5m (2018: £46.3m). The details of the movements are disclosed in Note 22.

## **RESERVES POLICY**

Total funds of £376.2m at 30 June 2019 comprise Endowed Funds of £317.8m (2018: £307.6m), Restricted Funds of £53.9m (2018: £43.9m), and £4.4m (2018: £5.2m) of Free Reserves as defined by the Charity Commission. In light of a transfer of £1.5m from unrestricted funds to the China Capital Fund, in order to give effect to a commitment made as part of a matched funding arrangement with Oxford University, the overall movement in unrestricted funds was a decrease of £0.8m 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 from Rhodes House Ltd 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 30<sup>th</sup> June 2019 and are satisfied that they are sufficient to meet the Trust's present needs.

The Horizon Fund includes deficit unrestricted funds of £1,479k (2018: £1,148k) 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 Committee established a complementary portfolio, managed by Barclays Bank plc, with a shorter duration mandate focussed on liquidity, to manage the risk posed by the illiquidity of the endowment portfolio in a market downturn.

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.

The Scholarship Committee has been re-established with terms of reference that focus on the continued quality and standing of the Rhodes Scholarship.

Outreach and Selection has been established as a new operational department under the direction of Louise Dearnley, supported by a dedicated team, with a view to working closely with National Secretaries to ensure the continued development of best practice and high quality, focussed selection processes.

### 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/encounters delays in construction

The Trust has employed an experienced team of in-house and external advisors and professionals to ensure that the planning risk is minimised. A substantial revision to the initial design was undertaken in consultation with the Oxford Planning authorities to incorporate a sunken courtyard for the accommodation on the East Wing of Rhodes House.

### 5. Delays in decision making and client changes 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 experienced independent professional who has also been co-opted to serve on the Building Committee.

The Trust has employed 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**

Following the appointment of the new Warden in August 2018, the Trust embarked on a comprehensive review of its strategy, incorporating the views of multiple stakeholders including Trustees, staff, and Scholars.

The strategic plan for the next 10 years to 2028 was approved by the Board of Trustees at their 21<sup>st</sup> June 2019 meeting.

It addresses the following four principal themes:

### **1. Selection and Outreach**

By 2028 the Rhodes Scholarship will [enhance its position as] the world's most respected and prestigious graduate fellowship, known for world-class global outreach and selection processes that identify the next generation of public-spirited young people committed to solving humanity's challenges.

The key priorities for achieving this goal:

- Invest in broader and deeper outreach efforts; leverage our Scholars through an Ambassadors Programme
- Explore and learn from good practices in other scholarships & educational institutions
- Ensure the integrity of selection
- Improve selection processes and governance: implement training for selectors; diversify our selection committees; increase transparency of the role of selectors; install term limits for selection committee members.

### **2. Scholar Experience**

By 2028 the Rhodes Scholarship will [enhance] its globally competitive position among graduate scholarships by ensuring *parity in* and *excellence across* all dimensions of the experience for all Scholars.

The key priorities for achieving this goal:

- Support Scholars from all over the world to take full advantage of the rich opportunities on offer in Oxford
- Offer a distinctive experience focused on character, service and leadership that facilitates cohort dynamics of peer learning, reflection, critical reasoning and collaborative problem-solving and builds a strong community of moral engagement and mutual support
- Connect Scholars to alumni for academic and career support and mutual inspiration for service, leadership and impact.

### **3. Lifelong Fellowship**

By 2028 the Rhodes Scholarship will become a vibrant lifelong fellowship that meaningfully and measurably contributes to Scholars learning, service and impact across every stage of their lives and careers and that fosters cross-generational mentoring and support.

The key priorities for achieving this goal:

- Rhodes Scholars will achieve an 80% level of active and consistent annual community engagement and will be committed to collaborating to help solve important issues
- The Rhodes Trust will support this lifelong community through volunteer and service opportunities, thematic engagements and a character, service, leadership curriculum suited to different stages and interests of a Rhodes Scholar's life
- Rhodes Scholars will take an active role in the 'fellowship of fellowships', supporting connections and joint activities across programs under the umbrella of the Rhodes Trust: Atlantic Fellows, Schmidt Science Fellows and Mandela Rhodes Scholars.

### **4. Global expansion**

By 2028, the Rhodes Scholarship will achieve the 125<sup>th</sup> anniversary goal of 125 endowed Rhodes Scholarships per year, available to students all over the world, by adding 25 new funded Rhodes Scholarships and securing endowment for 4 currently "flow" funded Scholarships.

It will become a more diverse, collaborative and impactful global community global by supporting and connecting the Atlantic Fellows, Schmidt Science Fellows, Mandela Rhodes Scholars and additional partner programmes over time.

The key priorities for achieving this goal:

- Phased expansion to include doubling up in single Scholarship jurisdictions
- Deepening in existing geographies
- Adding new jurisdictions
- Expanding number of global Scholarships offered
- Launch of a £200m supporting fundraising campaign.

The Strategic plan also considered the impact and resources required.

### **Impact**

The Trust is committed to finding innovative ways to answer the question: "how is the world different and better because of the Rhodes Trust?"

The key priorities for achieving this goal:

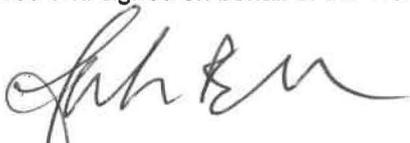
- Measuring the efficacy and impact of the work of the Rhodes Trust itself as an organisation.
- Measuring the impact that winning a Rhodes Scholarship has on an individual. In a recent survey over 80% of respondents said that the Rhodes Scholarship had an extremely significant impact on their life.
- Assessing the impact that Rhodes Scholars themselves have – as individuals, as a community and through their collaborative efforts.

### **Resources**

The necessary resources and infrastructure to deliver the 125<sup>th</sup> Anniversary strategy include:

- Appropriate and sufficient staff recruited
- Global infrastructure to support staff including digital networks and office environment
- Rhodes Trust seen as a 'Great Place to Work' for the Trust and its partners
- Fiscal discipline, adhering to the guardrails of the Trust's 4.5% endowment take rate policy (with the expectation of moving to 4.25% from 2023).
- Campaign to raise £200m over 10 years divided between new scholarship endowment (£140m), programme endowments (£15m), expendable funding for the Scholars Fund (£15m over 10 years), and the Capital Project (£30m).

Approved and signed on behalf of the Trustees on *15th* Nov.2019.



**Professor Sir John Bell**  
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

Barclays Bank plc  
1 Churchill Place  
Canary Wharf  
London E14 5HP

### **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:**

Dr Elizabeth Kiss

## **The Rhodes Trust**

Independent auditors' report to the trustees  
For the year ended 30 June 2019

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### **Opinion**

We have audited the financial statements of The Rhodes Trust for the year ended 30 June 2019 which comprise the statement of financial activities, balance sheets, cash flow statement 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 2019 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 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### **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  
Statutory Auditors  
Chartered Accountants  
71 Queen Victoria Street  
London EC4V 4BE

Date: 25 November 2019

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 2019**

	Notes	Unrestricted Funds £	Restricted Funds £	Endowed Funds £	2019 Total £	2018 Total £
<b>INCOME AND ENDOWMENTS FROM:</b>						
Donations and legacies	1	769,610	11,429,339	2,952,987	15,151,936	22,369,139
Charitable activities	2	614,072	4,587,439	-	5,201,511	1,361,998
Other trading activities	3	541,993	-	-	541,993	520,801
Investments						
Investment income	4	649,658	1,234,879	9,130,454	11,014,991	9,510,712
Total return allocated to income	17	4,420,603	7,601,707	(12,022,310)	-	-
Other (foreign exchange gain)		125,478	-	-	125,478	-
<b>Total income</b>		<b>7,121,414</b>	<b>24,853,364</b>	<b>61,131</b>	<b>32,035,909</b>	<b>33,762,650</b>
<b>EXPENDITURE ON:</b>						
Charitable activities:						
Promotion and advancement of education	5	4,466,049	16,779,219	-	21,245,268	15,560,912
Raising funds:	7					
Fundraising		650,703	355,664	-	1,006,367	1,175,150
Trading expenditure		249,895	-	-	249,895	344,930
Finance costs	20	597,704	-	-	597,704	-
Investment management costs		-	129,039	955,630	1,084,669	1,045,712
		1,498,302	484,703	955,630	2,938,635	2,565,792
<b>Total Expenditure</b>		<b>5,964,351</b>	<b>17,263,922</b>	<b>955,630</b>	<b>24,183,903</b>	<b>18,126,704</b>
<b>Net Income/(Expenditure) before gains</b>		<b>1,157,063</b>	<b>7,589,442</b>	<b>(894,499)</b>	<b>7,852,006</b>	<b>15,635,946</b>
Net gains on investments	15	-	1,130,759	10,612,545	11,743,304	13,362,981
<b>Net Income</b>		<b>1,157,063</b>	<b>8,720,201</b>	<b>9,718,046</b>	<b>19,595,310</b>	<b>28,998,927</b>
Transfers between funds	22	(1,965,797)	1,411,305	554,492	-	-
<b>Net movement in funds for the year</b>		<b>(808,734)</b>	<b>10,131,506</b>	<b>10,272,538</b>	<b>19,595,310</b>	<b>28,998,927</b>
Fund balances brought forward	22	5,178,909	43,857,326	307,573,114	356,609,349	327,610,422
<b>Funds carried forward at 30 June</b>		<b>4,370,175</b>	<b>53,988,832</b>	<b>317,845,652</b>	<b>376,204,659</b>	<b>356,609,349</b>

The notes on pages 23 to 37 form part of these financial statements.  
All amounts relate to continuing activities.  
All gains and losses recognised in the year are included in the statement of financial activities.

**The Rhodes Trust**  
**Consolidated and Charity Balance Sheets**  
**As at 30 June 2019**

	Notes	2019 Group £	Charity £	2018 Group £	Charity £
<b>FIXED ASSETS</b>					
Intangible assets	10	162,958	162,958	161,598	161,598
Tangible assets	11	16,387,244	16,387,244	14,319,038	14,319,038
Investments					
Pooled endowment investments	12	320,319,058	304,838,293	303,049,869	288,404,763
Capital project investments	13	38,836,427	38,836,427	-	-
Atlantic short term investments	14	7,033,094	7,033,094	-	-
<b>Total Fixed Assets</b>		<b>382,738,781</b>	<b>367,258,016</b>	<b>317,530,505</b>	<b>302,885,399</b>
<b>CURRENT ASSETS</b>					
Debtors	18	23,944,275	23,975,465	41,330,742	41,308,514
Investments		652,697	652,697	541,262	541,262
Cash at bank and in hand		14,551,085	14,170,552	11,419,950	11,107,677
<b>Total Current Assets</b>		<b>39,148,057</b>	<b>38,798,714</b>	<b>53,291,954</b>	<b>52,957,453</b>
<b>LIABILITIES</b>					
Creditors: Amounts falling due within one year	19	(1,516,301)	(1,517,599)	(1,221,636)	(1,463,503)
<b>NET CURRENT ASSETS</b>		<b>37,631,756</b>	<b>37,281,115</b>	<b>52,070,318</b>	<b>51,493,950</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>420,370,537</b>	<b>404,539,131</b>	<b>369,600,823</b>	<b>354,379,349</b>
<b>CREDITORS: falling due after more than one year</b>	20	<b>(30,652,698)</b>	<b>(30,652,698)</b>	<b>(541,263)</b>	<b>(541,263)</b>
Provisions for liabilities and charges	21	(13,513,180)	(13,513,180)	(12,450,211)	(12,450,211)
<b>TOTAL NET ASSETS</b>		<b>376,204,659</b>	<b>360,373,253</b>	<b>356,609,349</b>	<b>341,387,875</b>
<b>FUNDS</b>					
Endowment funds	22	317,845,652	302,102,483	307,573,114	292,549,693
Restricted funds		53,988,832	53,900,595	43,857,326	43,659,273
Unrestricted funds		4,370,175	4,370,175	5,178,909	5,178,909
		<b>376,204,659</b>	<b>360,373,253</b>	<b>356,609,349</b>	<b>341,387,875</b>

The notes on pages 23 to 37 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Trustees on 15th November 2019.

Professor Sir John Bell, Chairman of Trustees



**The Rhodes Trust**  
**Consolidated Statement of Cash Flows**  
**For the year ended 30 June 2019**

	Notes	2019 £	2018 £
<b>Cash flows from operating activities</b>			
Net movement in funds		<b>19,595,310</b>	28,998,927
Adjustments for:			
Depreciation		<b>293,360</b>	317,176
Gains on investments	12	<b>(11,743,304)</b>	(13,362,981)
Investment management costs		<b>1,109,551</b>	1,045,712
Investment income		<b>(10,363,320)</b>	(9,481,923)
Receipt of endowment		<b>(2,952,987)</b>	(14,296,048)
Decrease/(increase) in debtors		<b>17,386,467</b>	(1,650,234)
Increase in creditors		<b>30,406,100</b>	305,745
Increase/(decrease) in provisions		<b>1,062,969</b>	(24,430)
<b>Net cash provided by operating activities</b>		<b><u>44,794,146</u></b>	<u>(8,148,056)</u>
<b>Cash flows from investing activities</b>			
Cash withdrawn	13	<b>19,342,105</b>	23,870,059
Purchase of fixed assets (tangible and intangible)		<b>(2,362,926)</b>	(121,182)
New money invested		<b>(61,595,177)</b>	(23,143,599)
<b>Net cash provided by (used in) investing activities</b>		<b><u>(44,615,998)</u></b>	<u>605,278</u>
<b>Cash flows from financing activities</b>			
Receipt of endowment		<b>2,952,987</b>	14,296,048
<b>Net cash provided by financing activities</b>		<b><u>2,952,987</u></b>	<u>14,296,048</u>
<b>Change in cash and cash equivalents in the reporting period</b>		<b><u>3,131,135</u></b>	<u>6,753,270</u>
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<b><u>11,419,950</u></b>	<u>4,666,680</u>
<b>Cash and cash equivalents at the end of the reporting period</b>		<b><u>14,551,085</u></b>	<u>11,419,950</u>

The notes on pages 23 to 37 form part of these financial statements.

## 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 Trust and of each of its subsidiaries for the reporting year can be found in Note 16.

### 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 2019).

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 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.

Expenditure on assets under construction includes associated net interest on borrowings, which is taken straight to the balance sheet and included within additions. Assets under construction are not depreciated until the asset comes in to use.

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.

Capital expenditure on the building development project is not depreciated until the building is brought in to use.

## **8. Intangible Fixed Assets**

Expenditure on brand renewal and on the website 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. Borrowing Costs**

Interest payable on the bond issued in order to fund the building development project is capitalised, net of the return on any funds invested pending drawdown to fund the construction costs, and will be depreciated in accordance with the depreciation policy, once the building has been brought in to use.

#### **17. 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.

#### **18. Cashflow Statement**

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**  
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1 DONATIONS AND LEGACIES	2019 £	2018 £
Unrestricted funds	769,610	1,195,397
Restricted funds	11,429,339	6,877,694
Endowed funds	2,952,987	14,296,048
	<u>15,151,936</u>	<u>22,369,139</u>

The Scholars Fund campaign contributed £1,154k towards revenue expenditure on identified priorities in the course of the year.  
See Note 22 for detailed breakdown of donations received by fund.

2 INCOME FROM CHARITABLE ACTIVITIES	2019 £	2018 £
Scholarship funding	665,000	415,000
Atlantic Institute Grant Funding	933,094	-
Schmidt Science Fellows Grant Funding	3,105,813	512,133
Contributions to co-funded College scholarship costs	497,604	434,865
	<u>5,201,511</u>	<u>1,361,998</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	2019 £	2018 £
Subsidiary company trading income: Rhodes House Ltd	518,286	519,100
Other trading income	23,707	1,701
	<u>541,993</u>	<u>520,801</u>

4 INVESTMENT INCOME	2019 £	2018 £
<i>Unrestricted funds</i>		
Equity dividends	-	138,890
Interest on fixed term deposits and cash	597,704	-
Bank interest	51,954	27,621
Other interest	-	-
	<u>649,658</u>	<u>166,511</u>
<i>Restricted funds</i>		
Equity dividends	1,232,865	1,207,913
Bank interest	2,014	1,170
	<u>1,234,879</u>	<u>1,209,083</u>
<i>Endowed funds</i>		
Equity dividends	9,130,454	8,135,118
	<u>9,130,454</u>	<u>8,135,118</u>
<b>Total investment income</b>	<u>11,014,991</u>	<u>9,510,712</u>

The distribution from OUEM, a utilised 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 £	2019 £
<b>2019</b>				
<b>Scholarship programme</b>				
Grants to Individuals	-	9,198,513	-	9,198,513
Indirect Scholar support	1,348,473	1,926,375	3,422,146	6,696,994
	<u>1,348,473</u>	<u>11,124,888</u>	<u>3,422,146</u>	<u>15,895,507</u>
<b>Other programmes:</b>				
Atlantic Institute	634,293	1,032,600	326,788	1,993,681
Schmidt Science Fellows - Grants to Individuals	-	1,074,561	-	1,074,561
Schmidt Science Fellows - Other Programme Costs	544,234	1,387,018	100,000	2,031,252
	<u>544,234</u>	<u>2,461,579</u>	<u>100,000</u>	<u>3,105,813</u>
Other programmes including Schwarzman Leadership Programme	-	250,267	-	250,267
<b>Total expenditure on charitable activities</b>	<u>2,527,000</u>	<u>14,869,334</u>	<u>3,848,934</u>	<u>21,245,268</u>
<b>2018</b>				
<b>Scholarship programme</b>				
Grants to Individuals	-	8,566,331	-	8,566,331
Indirect Scholar support	1,174,368	1,387,656	2,337,398	4,899,422
	<u>1,174,368</u>	<u>9,953,987</u>	<u>2,337,398</u>	<u>13,465,753</u>
<b>Other programmes</b>				
Atlantic Institute	278,517	852,767	343,500	1,474,784
Schmidt Science Fellow	59,780	252,353	200,000	512,133
Other programmes including Schwarzman Leadership Programme	-	108,242	-	108,242
<b>Total expenditure on charitable activities</b>	<u>1,512,665</u>	<u>11,167,349</u>	<u>2,880,898</u>	<u>15,560,912</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. 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 final payment settling the obligation was made in December 2018. This commitment is included in Creditors in Note 19.

**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 21.

7 ANALYSIS OF EXPENDITURE ON RAISING FUNDS

2019	Direct	Direct	Support Costs	2019
	Staff Costs	Non-staff Costs		
	£	£	£	£
<b>Expenditure on raising funds</b>				
Fundraising	613,338	393,029	-	1,006,367
Trading expenditure	-	242,239	7,656	249,895
Finance Costs (see Note 20)	-	-	597,704	597,704
Investment management costs	-	-	1,084,669	1,084,669
<b>Total expenditure on raising funds</b>	<b>613,338</b>	<b>635,268</b>	<b>1,690,029</b>	<b>2,938,635</b>

2018	Direct	Direct	Support Costs	2018
	Staff Costs	Non-staff Costs		
	£	£	£	£
<b>Expenditure on raising funds</b>				
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
<b>Total expenditure on raising funds</b>	<b>654,631</b>	<b>767,540</b>	<b>1,143,621</b>	<b>2,565,792</b>

8 ANALYSIS OF SUPPORT COSTS

2019	Charitable Activities £	Raising Funds £	2019
			Total £
Administration	1,165,227	7,656	1,172,883
Human resources	130,575	-	130,575
IT and communications	748,977	-	748,977
Investment management	-	1,084,669	1,084,669
Legal & professional	76,120	-	76,120
Governance costs	146,295	-	146,295
Depreciation	227,453	-	227,453
Bank interest payable	14,756	-	14,756
Exchange rate loss	136,405	-	136,405
Pension deficit liability movement	1,203,126	-	1,203,126
	<b>3,848,934</b>	<b>1,092,325</b>	<b>4,941,259</b>

2018	Charitable Activities £	Raising Funds £	2018
			Total £
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
	<b>2,337,398</b>	<b>1,143,621</b>	<b>3,481,019</b>

Shared Services, including Human Resources, Finance 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.

	2019	2018
	£	£
<b>Governance costs comprise:</b>		
Auditors' remuneration - audit services	44,929	70,019
Auditors' remuneration - other services	1,320	16,800
Auditors' remuneration - tax advisory services	1,490	8,395
Other governance costs	98,556	20,922
	<b>146,295</b>	<b>116,136</b>

**The Rhodes Trust**  
**Notes to the financial statements**  
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**9 STAFF COSTS**

	2019 £	2018 £
The aggregate staff costs for the year were as follows.		
Salaries and wages	3,303,738	2,507,833
Social security costs	345,786	272,095
Pension costs:		
Defined benefit schemes	386,992	283,510
Defined contribution schemes	39,740	13,640
Other benefits	47,771	19,747
Pension deficit liability movement	1,203,126	53,627
Total Staff Costs	<u>5,327,153</u>	<u>3,150,452</u>
Less Staff Costs disclosed in Note 5 as Support Costs for Atlantic Institute and Schmidt Science Fellows	<u>(426,788)</u>	<u>-</u>
	<u>4,900,365</u>	<u>3,150,452</u>

The pension deficit liability movement increase of £1.2m reflects the impact of the renegotiated terms for the funding of the multi employer Universities Superannuation Scheme deficit. The total provision held at 30th June 2019 is £1.6m as per Note 21. See Note 26 for full details.

	2019	2018
The average number of employees on a gross headcount basis was as follows		
Full time	50	43
Part time	6	3
Total	<u>56</u>	<u>46</u>

The Trustees do not receive any remuneration from the Trust in respect of their services. Trustee expenses of £619 (2018: £8,082) were settled or reimbursed in the year in respect of expenses incurred in attending trustee meetings for one trustee (2018: one).

The Trust benefits from the services of volunteers as described on page 8 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:

	2019	2018
£60,000-£70,000	-	2
£70,000-£80,000	3	-
£90,000-£100,000	1	3
£100,000-£110,000	2	-
£110,000-£120,000	-	1
£120,000-£130,000	2	-
£140,000-£150,000	-	1
£150,000-£160,000	1	2
£160,000-£170,000	1	-
£170,000-£180,000	2	-
£200,000-£210,000	1	-
£220,000-£230,000	1	1
£260,000-£270,000	-	1

Aggregate employee benefits of key management personnel, including pension contributions, amounted to £1,620,426 in the year (2018: £1,298,621).

**10 INTANGIBLE FIXED ASSETS**

Group and Charity	2019 £	2018 £
Cost		
At start of year	263,658	204,120
Additions	67,267	59,538
At end of year	<u>330,925</u>	<u>263,658</u>
Amortisation		
At start of year	102,060	51,031
Amortisation charge for the year	65,907	51,029
At end of year	<u>167,967</u>	<u>102,060</u>
Net book value carried forward	<u>162,958</u>	<u>161,598</u>
Net book value brought forward	<u>161,598</u>	<u>153,089</u>

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

**11 TANGIBLE FIXED ASSETS**

Group and Charity	Freehold land and buildings £	Plant and machinery £	IT Systems £	Fixtures, fittings and equipment £	Total £
Cost					
At start of year	14,730,055	62,629	277,922	674,724	15,745,330
Additions	1,825,954	-	453,790	15,915	2,295,659
At end of year	<u>16,556,009</u>	<u>62,629</u>	<u>731,712</u>	<u>690,639</u>	<u>18,040,989</u>
Depreciation and impairment					
At start of year	581,805	6,263	253,662	584,562	1,426,292
Depreciation charge for the year	149,151	3,132	14,005	61,165	227,453
At end of year	<u>730,956</u>	<u>9,395</u>	<u>267,667</u>	<u>645,727</u>	<u>1,653,745</u>
Net book value 2019	<u>15,825,053</u>	<u>53,234</u>	<u>464,045</u>	<u>44,912</u>	<u>16,387,244</u>
Net book value 2018	<u>14,148,250</u>	<u>56,366</u>	<u>24,260</u>	<u>90,162</u>	<u>14,319,038</u>

With effect from 1st July 2018, Freehold land and buildings additions includes costs associated with the Rhodes House development project. In the prior year these costs were taken to revenue. Capitalised costs of the project amount to £1,763,573, being fees and capitalised borrowing costs of £27,928. The new building development is not expected to come in to use until y/e 2023, when depreciation of the asset will commence.

**The Rhodes Trust**  
**Notes to the financial statements**  
**For the year ended 30 June 2019**

**12 POOLED ENDOWMENT INVESTMENTS**

All investments are held at fair value.

	2019 £	2018 £
<b>Group investments</b>		
Valuation at start of year	303,049,869	282,023,773
New money invested	13,252,944	23,096,961
Amounts withdrawn	(17,005,710)	(23,870,059)
Reinvested income	10,363,320	9,481,923
Investment management fees	(1,084,669)	(1,045,710)
Increase in value of investments	11,743,304	13,362,981
<b>Group Investments at end of year</b>	<b>320,319,058</b>	<b>303,049,869</b>
Investment held on behalf of subsidiaries	(15,480,873)	(14,645,214)
Investments in subsidiaries	108	108
<b>Charity investments at end of year</b>	<b>304,838,293</b>	<b>288,404,763</b>

<b>Group investments comprise:</b>	Held outside the UK £	Held in the UK £	2019 Total £	Held outside the UK £	Held in the UK £	2018 Total £
Private equity investments	6,292,018	-	6,292,018	7,997,720	-	7,997,720
Global multi-asset funds (OUEF)	3,670,727	283,440,574	287,111,301	3,745,508	273,984,992	277,730,500
Property funds	393	-	393	2,333	-	2,333
Alternative and other investments	6,400	-	6,400	1,499,037	-	1,499,037
Fixed term deposits and cash	-	26,908,946	26,908,946	-	15,820,279	15,820,279
<b>Total group investments</b>	<b>9,969,538</b>	<b>310,349,520</b>	<b>320,319,058</b>	<b>13,244,598</b>	<b>289,805,271</b>	<b>303,049,869</b>

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

**13 CAPITAL PROJECT INVESTMENTS**

<b>Group and Charity</b>	2019 Total £	2018 Total £
Valuation at start of year	-	-
New money invested	40,600,000	-
Bond interest @ 2.67%	(600,750)	-
Capital expenditure	(1,735,645)	-
Reinvested income	597,704	-
Investment management fees	(24,882)	-
Valuation at end of year	<b>38,836,427</b>	<b>-</b>

Investments all held in fixed term deposits and cash. These funds are ring-fenced and invested pending expenditure on the development of Rhodes House.

**14 ATLANTIC SHORT TERM INVESTMENTS**

<b>Group and Charity</b>	2019 Total £	2018 Total £
Valuation at start of year	-	-
New money invested	7,033,094	-
Valuation at end of year	<b>7,033,094</b>	<b>-</b>

Investments all held in fixed term deposits and cash. These funds are ring-fenced and finance the operational activities of the Atlantic Institute.

**15 GAINS ON INVESTMENTS**

	2019 Total £	2018 Total £
Gain on pooled endowment investments (note 12)	11,743,304	13,362,981
Gain on capital project investments (note 13)	-	-
Gain on Atlantic short term investments (note 14)	-	-
	<b>11,743,304</b>	<b>13,362,981</b>

**16 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 £
Income	1,604,806	19,838,738	585,338	8,386,239
Expenditure	(2,234,253)	(12,482,218)	(372,947)	(7,489,912)
Donation to Trust under gift aid	-	212,391	(212,391)	-
Transfers (see note 22)	-	(1,500,000)	-	1,500,000
Net gains on investments	1,780,719	7,550,234	-	1,818,635
Result for the year	<b>1,151,272</b>	<b>13,619,145</b>	<b>-</b>	<b>4,214,962</b>
Total assets	47,499,875	295,428,513	277,911	78,680,539
Total liabilities	-	(14,560,283)	(277,811)	(30,844,084)
Net funds at the end of year	<b>47,499,875</b>	<b>250,868,230</b>	<b>100</b>	<b>62,005,049</b>

**The Rhodes Trust**  
**Notes to the financial statements**  
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	Rhodes Scholarships in Australia PTY Ltd	Rhodes Scholarships in New Zealand Ltd	Rhodes Scholarships in Canada	Rhodes Scholarship for Southern Africa Secretariat NPC
	£	£	£	£
Income	551,455	7,099	464,532	-
Expenditure	(784,966)	(495)	(221,409)	-
Donation to Trust under gift aid	-	-	-	-
Transfers	-	-	-	-
Net gains on investments	493,672	-	100,042	-
<b>Result for the year</b>	<b>260,161</b>	<b>6,604</b>	<b>343,165</b>	<b>-</b>
Total assets	13,269,087	56,811	2,673,192	-
Total liabilities	(167,685)	-	-	-
<b>Net funds at the end of year</b>	<b>13,101,402</b>	<b>56,811</b>	<b>2,673,192</b>	<b>-</b>

**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. Included in the above income is £39k of venue hire to the Atlantic Institute which is 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.

**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.

**Rhodes Scholarship for Southern Africa Secretariat NPC**

The Rhodes Trust controls the appointments to the Board of this South African Not for Profit Company, and thus will consolidate the net assets formally as a subsidiary when it has received funds from the Rhodes Trust for South Africa. The company will then promote and provide Rhodes Scholarships to South African scholars and donors, and will support the operations of the South African National Secretary and fundraising function. The company is currently dormant. The Rhodes Trust for South Africa is not consolidated into the group accounts, as it is not directly controlled by the Rhodes Trust.

The transactions between The Rhodes Trust Public Purposes Fund, the Rhodes Trust Horizon Fund and the Trust's subsidiaries in Australia, New Zealand, Canada and South Africa 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.

**17 STATEMENT OF INVESTMENT TOTAL RETURN**

With approval from the Charity Commission, the Trustees 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 originally set by the Trustees at 4% of the brought forward fund value. During the year ended June 2018, 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, which is currently 4.5%. 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
	£	£	£	£	£
<b>At the beginning of the year:</b>					
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
<b>Total Endowments</b>	<b>30,428,419</b>	<b>15,920,184</b>	<b>46,348,603</b>	<b>261,224,511</b>	<b>307,573,114</b>
<b>Movements in the reporting period:</b>					
Gift of endowment funds	-	-	-	2,952,987	2,952,987
Investment return: total investment income	-	1,604,806	1,604,806	7,525,648	9,130,454
Investment return: realised and unrealised gains and losses	-	1,780,719	1,780,719	8,831,826	10,612,545
Less: Investment management costs	-	(167,966)	(167,966)	(787,664)	(955,630)
<b>Total</b>	<b>-</b>	<b>3,217,559</b>	<b>3,217,559</b>	<b>18,522,797</b>	<b>21,740,356</b>
Unapplied total return allocated to income in the reporting period	-	(2,066,287)	(2,066,287)	-	(2,066,287)
Expendable total return income transferred	-	-	-	(9,956,023)	(9,956,023)
	-	(2,066,287)	(2,066,287)	(9,956,023)	(12,022,310)
Transfers to expendable endowments	-	-	-	554,492	554,492
	-	(2,066,287)	(2,066,287)	(9,401,531)	(11,467,818)
<b>Net movements in reporting period</b>	<b>-</b>	<b>1,151,272</b>	<b>1,151,272</b>	<b>9,121,266</b>	<b>10,272,538</b>
<b>At end of the reporting period:</b>					
Gift component of the permanent endowment	30,428,419	-	30,428,419	-	30,428,419
Unapplied total return	-	17,071,456	17,071,456	-	17,071,456
Expendable endowment	-	-	-	270,345,777	270,345,777
<b>Total Endowments</b>	<b>30,428,419</b>	<b>17,071,456</b>	<b>47,499,875</b>	<b>270,345,777</b>	<b>317,845,652</b>

With effect from year ended 30th June 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. £9,956,023 was transferred to income under this policy in year ended 30th June 2019 (2018:£8,752,293). This equates to 4.5% of brought forward fund value, but is calculated on a quarterly basis.

**The Rhodes Trust**  
**Notes to the financial statements**  
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**18 DEBTORS**

	2019 Group £	2018 Group £	2019 Charity £	2018 Charity £
<b>Amounts falling due within one year:</b>				
Trade debtors	441,413	573,736	362,388	444,654
Prepaid fees, stipends and amounts owed by Scholars	330,049	384,605	330,049	384,605
Amounts held by National Secretaries	176,626	110,200	176,626	110,200
Amounts owing by group undertakings: Rhodes House Ltd	-	-	251,055	139,329
Prepayments and accrued income	17,268,839	24,464,310	17,289,477	24,711,782
Other debtors	1,168,748	35,067	1,154,733	3,764
<b>Amounts falling due in more than one year:</b>				
Accrued income	4,558,600	15,762,824	4,411,137	15,514,180
	<b>23,944,275</b>	<b>41,330,742</b>	<b>23,975,465</b>	<b>41,308,514</b>

Accrued income for the group falling due in more than year represents pledged donations, at present value, of which £922,401 falls due in more than five years. (2018: £1,315,116).

**19 CREDITORS: falling due within one year**

	2019 Group £	2018 Group £	2019 Charity £	2018 Charity £
Trade creditors	519,251	349,525	488,067	272,760
Amounts owed to group undertakings	-	-	-	28,000
Amounts held on behalf of group undertakings	-	34,573	173,402	421,271
Taxation and social security	79,970	161,010	109,136	146,064
Mandela Rhodes Foundation	-	125,000	-	125,000
Accruals and deferred income	829,584	426,352	744,662	365,232
Other creditors	87,496	125,176	2,332	105,176
	<b>1,516,301</b>	<b>1,221,636</b>	<b>1,517,599</b>	<b>1,463,503</b>

**20 CREDITORS: falling due after more than one year**

	2019 Group £	2018 Group £	2019 Charity £	2018 Charity £
Loan Notes	30,000,000	-	30,000,000	-
Other creditors	652,698	541,263	652,698	541,263
	<b>30,652,698</b>	<b>541,263</b>	<b>30,652,698</b>	<b>541,263</b>

In October 2018, the Rhodes Trust Public Purposes Fund issued £30,000,000 of unsecured loan notes in order to fund the building of a conference and convening centre, administration and accommodation facilities within the Rhodes House site. Fixed interest payments are payable at 2.67% p.a. twice yearly, and the capital is due for repayment in October 2048. Interest of £600,750 was payable on the loan notes in the year. £27,928 has been capitalised and is included within fixed asset additions (see Note 11). The balance, £572,822, has been expensed and is included within expenditure on raising funds.

**21 PROVISIONS FOR LIABILITIES AND CHARGES**

	2019 Group £	2018 Group £	2019 Charity £	2018 Charity £
<b>Provision for future Scholar costs</b>				
At start of year	12,000,267	12,078,324	12,000,267	12,078,324
Charged in the Statement of Financial Activities	(152,445)	(78,057)	(152,445)	(78,057)
At end of year	<b>11,847,822</b>	<b>12,000,267</b>	<b>11,847,822</b>	<b>12,000,267</b>
<b>Provision for pension deficit liability</b>				
At start of year	449,944	396,317	449,944	396,317
Charged in the Statement of Financial Activities	1,254,665	85,146	1,254,665	85,146
Settled in the year	(39,251)	(31,519)	(39,251)	(31,519)
At end of year	<b>1,665,358</b>	<b>449,944</b>	<b>1,665,358</b>	<b>449,944</b>
<b>Total provisions</b>	<b>13,513,180</b>	<b>12,450,211</b>	<b>13,513,180</b>	<b>12,450,211</b>

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 26.

**22 ANALYSIS OF MOVEMENTS ON FUNDS**

	At 1 July 2018 £	New Money £	Investment & Operating Income £	Resources expended £	Transfers £	Gains/ (losses) £	At 30 June 2019 £
<b>Endowment Funds - Permanent</b>							
Scholarship Endowment Fund	46,348,603	-	1,604,806	(167,966)	(2,066,287)	1,780,719	47,499,875
<b>Total Permanent Endowment</b>	<b>46,348,603</b>	<b>-</b>	<b>1,604,806</b>	<b>(167,966)</b>	<b>(2,066,287)</b>	<b>1,780,719</b>	<b>47,499,875</b>
<b>Endowment Funds - Expendable</b>							
<b>Public Purposes Fund</b>							
Public Purposes Capital Fund	111,347,320	98,442	3,432,910	(359,303)	(4,420,603)	3,810,989	113,909,755
Second Century Founder Capital Fund	33,434,733	-	1,157,667	(121,166)	(1,490,568)	1,284,566	34,265,232
New Zealand Partnership Capital Fund	9,524,419	-	329,780	(34,516)	(424,612)	365,930	9,761,001
Oppenheimer South Africa Capital Fund	7,524,839	228,317	107,482	(11,250)	(138,390)	119,263	7,830,261
RSA Second Century Founder MMF	14,863,813	108,254	173,123	(18,120)	(1,326,370)	432,420	14,233,120
Banks Partnership Capital Fund	5,698,052	7,795	172,754	(18,081)	(222,431)	191,690	5,829,779
Various Partnership Funds	24,692,633	(108,096)	584,220	(61,145)	(764,346)	623,955	24,967,231
<b>Subtotal</b>	<b>207,085,809</b>	<b>334,712</b>	<b>5,957,936</b>	<b>(623,581)</b>	<b>(8,787,320)</b>	<b>6,828,823</b>	<b>210,796,379</b>
<b>Horizon Fund</b>							
Rhodes Scholarships for UAE	11,241,782	-	389,243	(40,740)	(501,175)	431,911	11,521,021
Malaysia Capital Fund	5,243,411	27,238	113,245	(11,853)	(145,810)	125,659	5,351,890
Said SJLP Capital Fund	5,663,223	27,237	127,781	(13,374)	(164,526)	141,788	5,782,129
China Capital Fund	3,451,641	2,450,531	151,578	(15,865)	1,247,106	367,651	7,652,642
Various Partnership Funds	13,515,224	(227,530)	278,779	(29,178)	(381,028)	342,280	13,498,547
<b>Subtotal</b>	<b>39,115,281</b>	<b>2,277,476</b>	<b>1,060,626</b>	<b>(111,010)</b>	<b>54,567</b>	<b>1,409,289</b>	<b>43,806,229</b>
<b>Total Endowment Funds - Charity</b>	<b>292,549,693</b>	<b>2,612,188</b>	<b>8,623,368</b>	<b>(902,557)</b>	<b>(10,799,040)</b>	<b>10,018,831</b>	<b>302,102,483</b>

**The Rhodes Trust**  
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	At 1 July 2018 £	New Money £	Investment & Income £	Resources expended £	Transfers £	Gains/ (losses) £	At 30 June 2019 £
<b>Rhodes Scholarships in Australia PTY Ltd</b>							
Australia Capital Fund	10,676,526	(276,476)	361,099	(37,794)	(775,452)	376,598	10,324,501
Queensland Capital Fund	2,199,824	306,208	76,168	(7,972)	253,283	117,074	2,944,585
	12,876,350	29,732	437,267	(45,766)	(522,169)	493,672	13,269,086
<b>Rhodes Scholarships in New Zealand Ltd</b>							
New Zealand Funds	49,378	-	-	-	(49,378)	-	-
<b>Rhodes Scholarships in Canada</b>							
Canadian Endowment Capital Fund	411,531	28,771	13,950	(1,460)	(18,911)	16,870	450,751
Canadian Israel Fund	1,170,844	279,000	40,388	(4,227)	(57,572)	62,547	1,490,980
Canadian Second Century Founder Fund	374,714	-	12,974	(1,358)	(16,705)	14,397	384,022
Generoux CSLP Capital Fund	140,604	3,296	2,507	(262)	(4,043)	6,228	148,330
	2,097,693	311,067	69,819	(7,307)	(97,231)	100,042	2,474,083
<b>Total Expendable Endowment</b>	<b>261,224,511</b>	<b>2,952,987</b>	<b>7,525,648</b>	<b>(787,664)</b>	<b>(9,401,531)</b>	<b>8,831,826</b>	<b>270,345,777</b>
<b>Total Endowment Funds - Group</b>	<b>307,573,114</b>	<b>2,952,987</b>	<b>9,130,454</b>	<b>(955,630)</b>	<b>(11,467,818)</b>	<b>10,612,545</b>	<b>317,845,652</b>
<b>Restricted Funds</b>							
<b>Scholarship Fund</b>							
Scholarship Endowment Income Fund	-	-	-	(2,066,287)	2,066,287	-	-
<b>Public Purposes Fund</b>							
Atlantic (Rhodes Schol Prog) Fund	23,250,182	-	805,030	(1,606,258)	-	721,412	23,170,366
Atlantic Building Fund	-	10,600,000	-	-	-	-	10,600,000
Various Partnership Income Funds	586,013	283,282	351,950	(5,602,043)	4,832,514	-	451,716
Subtotal	23,836,195	10,883,282	1,156,980	(7,208,301)	4,832,514	721,412	34,222,082
<b>Horizon Fund</b>							
Atlantic Horizon (Institute) Fund	17,963,066	-	1,343,849	(2,036,672)	-	389,376	17,659,619
Various Partnership Income Funds	1,860,012	385,451	3,306,894	(4,998,867)	1,445,433	19,971	2,018,894
Subtotal	19,823,078	385,451	4,650,743	(7,035,539)	1,445,433	409,347	19,678,513
<b>Total Restricted Funds - Charity</b>	<b>43,659,273</b>	<b>11,268,733</b>	<b>5,807,723</b>	<b>(16,310,127)</b>	<b>8,344,234</b>	<b>1,130,759</b>	<b>53,900,595</b>
<b>Rhodes Scholarships in Australia PTY Ltd</b>							
Australia Income Fund	(6,601)	73,393	11,063	(651,345)	405,805	-	(167,685)
Queensland Income Fund	(28,510)	-	-	(87,854)	116,364	-	-
	(35,111)	73,393	11,063	(739,199)	522,169	-	(167,685)
<b>Rhodes Scholarships in New Zealand Ltd</b>							
New Zealand Funds	829	4,471	2,628	(495)	49,378	-	56,811
<b>Rhodes Scholarships in Canada</b>							
Canadian Income Fund (Annual Fund)	188,664	82,447	904	(135,781)	18,911	-	155,145
Canadian Israel Fund	43,671	295	-	(57,572)	57,572	-	43,966
Canadian Second Century Founder Fund	-	-	-	(16,705)	16,705	-	-
Generoux CSLP Income Fund	-	-	-	(4,043)	4,043	-	-
	232,335	82,742	904	(214,101)	97,231	-	199,111
<b>Total Restricted Funds - Group</b>	<b>43,857,326</b>	<b>11,429,339</b>	<b>5,822,318</b>	<b>(17,263,922)</b>	<b>9,013,012</b>	<b>1,130,759</b>	<b>53,988,832</b>
<b>Unrestricted Funds</b>							
<b>Public Purposes Fund</b>							
PPF Income Fund	6,327,081	769,610	1,919,259	(5,620,987)	2,454,806	-	5,849,769
Subtotal	6,327,081	769,610	1,919,259	(5,620,987)	2,454,806	-	5,849,769
<b>Horizon Fund Unrestricted Funds</b>							
	(1,148,172)	-	11,942	(343,364)	-	-	(1,479,594)
<b>Total Unrestricted Funds - Charity and Group</b>	<b>5,178,909</b>	<b>769,610</b>	<b>1,931,201</b>	<b>(5,964,351)</b>	<b>2,454,806</b>	<b>-</b>	<b>4,370,175</b>
<b>Total Funds - Group</b>	<b>356,609,349</b>	<b>15,151,936</b>	<b>16,883,973</b>	<b>(24,183,903)</b>	<b>-</b>	<b>11,743,304</b>	<b>376,204,659</b>

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. Of the transfers from endowment funds in the year, £12,022,310 relates to this allocation to income.

Other significant transfers in the year include the transfer of £1.5m from unrestricted funds to the China Capital Fund, in order to give effect to a commitment made as part of a matched funding arrangement with Oxford University, and a transfer of £0.9m from the RSA Second Century Founder Capital Fund to the related Income Fund in order to fund expenditure on Australian Scholars, in accordance with the underlying agreement.

**23 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.

**The Rhodes Trust**  
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**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 Public Purposes Fund.
Banks Partnership Capital Fund	This fund currently supports the costs of Rhodes Scholars from Bermuda or Florida, USA.
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 SJLP Capital Fund	This fund supports the Syria, Jordan, Lebanon and Palestine scholarships.
China Capital Fund	This fund supports the China 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	Grant funding by Atlantic Philanthropies in support of the general scholarship programme.
Atlantic Horizon (Institute) Fund	The first two tranches of the grant funding by Atlantic Philanthropies of the Atlantic Institute, included in the Horizon Fund.
Atlantic Building Fund	Funds received from Atlantic Philanthropies towards the funding of the Rhodes House development project.

**24 ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2019 Total £
<b>2019</b>				
Intangible fixed assets	162,958	-	-	162,958
Tangible fixed assets	-	-	16,387,244	16,387,244
Pooled endowment investments	1,622,777	33,604,601	285,091,680	320,319,058
Capital project investments	38,836,427	-	-	38,836,427
Atlantic short term investments	-	7,033,094	-	7,033,094
Net current assets	7,913,891	13,351,137	16,366,728	37,631,756
Long term liabilities and provisions	(44,165,878)	-	-	(44,165,878)
	<u>4,370,175</u>	<u>53,988,832</u>	<u>317,845,652</u>	<u>376,204,659</u>
	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2018 Total £
<b>2018</b>				
Intangible fixed assets	161,598	-	-	161,598
Tangible fixed assets	-	-	14,319,038	14,319,038
Other investments	6,660,015	38,929,609	257,460,245	303,049,869
Net current assets	11,348,770	4,927,717	35,793,831	52,070,318
Long term liabilities and provisions	(12,991,474)	-	-	(12,991,474)
	<u>5,178,909</u>	<u>43,857,326</u>	<u>307,573,114</u>	<u>356,609,349</u>

**25 RELATED PARTY TRANSACTIONS**

Including pledges accrued in the year, donations totalling £119,700 from trustees were recognised in income during the year ended 30 June 2019 (2018 £86,000). Payments amounting to £21k were made to the wife of the Finance Director who provides professional interior design consultancy services with respect to the supply of soft furnishings.  
See Note 16 for the results of subsidiaries.

**26 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 mixed benefit schemes (i.e. they provide benefits on a defined benefits basis - based on length of service and pensionable salary and on a defined contributions basis - based on contributions into the scheme). 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. As a result, the amount charged to the Income and Expenditure Account represents the contributions payable to the schemes in respect of the accounting period. In the event of the withdrawal of any of the participating employers in USS the amount of any pension funding shortfall (which cannot be otherwise recovered) in respect of that employer will be spread across the remaining participating employers and reflected in the next actuarial valuation of the scheme.

However, in OSPS the amount of any pension funding shortfall in respect of any withdrawing participating employer will be charged to that employer. 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.

The Trust has made available a National Employment Savings Trust for employees who are not eligible to join USS or OSPS, and for other workers who are eligible under automatic enrolment regulations to pension benefits.

**Universities Superannuation Scheme**

The 2017 valuation of the USS was finalised in January 2019. USS's actuarial valuation as at 31 March 2017 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 but will increase in stages from 1 April 2019 to a level of 11.7% from 1 April 2020; a defined contribution benefit for salary in excess of the salary threshold at the total level of 20% of salary in excess of the salary threshold. 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 2019, 19.5% from 1 April to 30 September 2019, 22.5% from 1 October 2019 to 31 March 2020 and a long-term rate of 24.2%. On the assumptions made and with the salary threshold and defined contribution section implemented this gives rise to deficit contributions of at least 5% p.a of salaries from 1 April 2020. At 31 March 2019 USS reported that the funding deficit was £5.7 bn (92% funded).

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USS' actuary has assumed that the investment return is CPI - 0.53% in year 1, decreasing linearly to CPI - 1.32% over 10 years, CPI + 2.56% from year 11 reducing linearly to CPI + 1.7% by year 21, remaining at CPI + 1.7%. USS' actuary has assumed that general pay growth will be CPI + 2% in year 1, CPI + 2% in year 2 and 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. The total USS 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 £1,664k has been made at 30 June 2019 (2018 - £439k) for the present value of the estimated future deficit funding element of the contributions payable under the 2017 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 discount rate of 2.80% has been applied.

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](http://www.uss.co.uk)

**Oxford Staff Pension Scheme**

The pension charge for the year includes a cost of £9.5k (2018 - credit of £23.1k) in relation to the OSPS. This represents contributions of £19.5k (2018: £17.9k) payable to the OSPS as adjusted by the decrease in the deficit funding liability between the opening and closing balance sheet dates of £10k (2018: decrease of £40.8k).

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 £1k has been made at 30 June 2019 (2018 - £11k) 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 £16,006 (2018: £8,895).

**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	2019	2018
	£	£
Universities Superannuation Scheme	386,992	267,878
University of Oxford Staff Pension Scheme	19,547	17,897
US Staff 401k Safe Harbour Plan	16,006	8,895
Movement on the Pension scheme deficit contribution liabilities	1,203,126	53,627
Total	1,625,671	348,297

No pension contributions were payable at the balance sheet date (2018: £39,638).

**27 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 committed 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.

**28 FINANCIAL INSTRUMENTS**

	2019	2018
	£	£
<b>Group</b>		
Financial assets measured at amortised cost	23,463,432	41,152,304
Financial liabilities measured at amortised cost	31,459,811	1,178,632
Financial assets measured at fair value	366,841,276	303,591,131
	2019	2018
	£	£
<b>Charity</b>		
Financial assets measured at amortised cost	23,494,622	41,223,399
Financial liabilities measured at amortised cost	31,517,599	1,463,503
Financial assets measured at fair value	351,360,511	288,946,025

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.

**29 CAPITAL COMMITMENTS**

The Rhodes Trust had no capital commitments at 30th June 2019 (2018: £NIL). The contractor has not yet been engaged for the building development project.

**30 CONTINGENT LIABILITIES**

The Rhodes Trust had no contingent liabilities at 30th June 2019 (2018: £NIL).

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