

LEVERHULME  
TRUST \_\_\_\_\_

**Trustees' Annual Report  
and Financial Statements 2019**

Registered Charity Number: 1159154

## **TRUSTEES' ANNUAL REPORT – 2019**

### LEGAL AND ADMINISTRATIVE DETAILS

Established under the Will of the First Viscount Leverhulme.

**Trustees** Mr N W A FitzGerald KBE DSA (Chairman)  
Mr D Baillie  
Mr A C Butler  
Mr P J Cescau  
Professor K Gull CBE FRS  
Mr R H P Markham CMG  
Ms L Nair  
Mr P G J M Polman  
Mr C Saul  
Ms A Sourry  
Mr S G Williams

**Director** Professor Gordon Marshall CBE FBA AcSS

**Bankers** Barclays Bank PLC, 1 Churchill Place, London, E14 5HP

**Solicitors** Maurice Turnor Gardner LLP  
Milton House, Milton Street, London, EC2Y 9BH

**Independent Auditors**  
PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
1 Embankment Place, London WC2N 6RH

**Investment Managers**

1. Capital International Limited  
40 Grosvenor Place, London, SW1X 7GG
2. Newton Investment Management Limited  
160 Queen Victoria Street, London, EC4V 4LA
3. PIMCO  
11 Baker Street, London W1U 3AH
4. Schroders Investment Management Limited  
1 London Wall Place, London EC2Y 5AU
5. Allianz Global Investors GmbH, UK Branch  
199 Bishopsgate, London, EC2M 3TY
6. River & Mercantile Asset Management LLP  
30 Coleman Street EC2R 5AL

**Custodian** Northern Trust  
50 Bank Street, Canary Wharf, London E14 5NT

**Investment Advisor**  
Partners Capital LLP  
5 Young Street, London W8 5EH

**Office Address**  
1 Pemberton Row, London EC4A 3BG Tel. 020 7042 9888

**Registered Charity Number**  
1159154

## **TRUSTEES' ANNUAL REPORT – 2019**

The Trustees present their Annual Report and the audited Financial Statements for the year ended 31 December 2019.

### **History**

The Leverhulme Trust is a Registered Charity, Number 1159154, and was constituted as a Charitable Incorporated Organisation in the United Kingdom on 11 November 2014. It derives from the Will of the First Viscount Leverhulme (the “Founder”), who died in 1925. He left a proportion of his shares in Lever Brothers Limited upon trust and specified that the beneficiaries of the resulting income should include certain trade charities and the provision of scholarships for such purposes of research and education, being valid charitable purposes, as the Trustees might decide. The shareholding subsequently became associated with Unilever plc.

In November 1983, the High Court approved a declaration of Charitable Trust from the Will which gave each of its two charitable objects an independent existence including its own Unilever plc shareholding. The eligible trade charities became the concern of the Leverhulme Trade Charities Trust. The Leverhulme Trust, (“The Trust”), from that date, was solely concerned with research and education.

At the conclusion of 2014, the Trustees transferred all the assets, liabilities and undertakings of the previous established Trust to this newly formed Charitable Incorporated Organisation (CIO), Number 1159154. The objects of the CIO are substantially the same as the Trust, and the Trust Board members of the previous Trust were the founding Trustees of the CIO.

### **Objectives and Activities**

The objective of the Trust is the provision of scholarships and other similar support for education and research in order to fulfil the Founder’s objectives.

The Trustees have set in place a range of activities to meet this objective. The constitution of the Trust places no restriction on the disciplines that are to provide the scholarships for research or education; however, in recognition of the substantial sums provided by other funders of research and scholarship in medicine and related clinical activities, the Trust does not fund in this area. The Trust operates in responsive mode, with the choice of research topic determined by individual applicants.

The Trustees confirm that they have referred to the Charity Commission’s guidance on public benefit when reviewing the Trust’s aims and objectives and in planning future activities and setting the grant-making policy for the year. The Trust Board meets annually to review its grant-making activities, and to make modifications to the portfolio, where appropriate.

The Trustees have set in place a strategy for achieving the aims and the objectives of the Trust, which consists of making grants across a broad range of schemes, by identifying individuals who can demonstrate high-quality scholarship, originality, and excellence in their chosen research proposal.

The grant-making policies of the Trust are set out on the Trust’s website. This provides detailed information on how to apply for a grant, and explains how awards are administered.

## **TRUSTEES' ANNUAL REPORT – 2019 (continued)**

### **Objectives and Activities (continued)**

In assessing grant applications for funding, the Trustees use the following criteria to prioritise work of outstanding scholarship:

- Originality—the research achieves more than the incremental development of a single discipline;
- Importance—the work will enable further research or enquiry;
- Significance—the proposed research has relevance outside a single field, and is able to excite those working in other disciplines;
- Merit—the quality of the research design and methodology, and the suitability of the researchers and institution for the realisation of the proposed research objectives.

A second set of criteria reflect the particular values of the Leverhulme Trust, and express the Trust Board's aspiration that the Trust's funding maintains a distinctive role within the current research funding landscape. Applications are particularly welcomed when they:

- Reflect an individual's personal vision, aspiration, or intellectual curiosity;
- Take appropriate risks in setting and pursuing research objectives;
- Enable a refreshing departure from established patterns of working – either for the individual, or for the discipline;
- Transcend disciplinary boundaries.

All applications to the Trust are subject to the established and robust peer review mechanisms of the academy and higher education sector to identify innovative, original research which meets the Trust's criteria, as stated above. All decisions are taken in light of the peer review comments received.

Details of the main schemes can be seen in the section 'Achievements and Performance' below.

### **Public Benefit**

The benefits provided by fulfilling the Founder's wishes of funding scholarships for education and research are primarily associated with the skills developed by the research, teaching and student communities, as a consequence of the Trust's awards. This outcome is believed to be well in keeping with the Founder's intent, namely of public benefit.

### **Achievements and Performance**

The Trust makes grants across a range of regular schemes, providing support for individuals at a range of career stages, for groups and teams of researchers, and for international collaborations. The majority of these schemes operate annually, while others (indicated ▲ below) run triennially:

#### *Arts Scholarships* ▲

Open to specialist arts training organisations to develop innovative teaching and to provide bursaries for individuals of exceptional talent to develop their skills in the fine and performing arts. Awards range from £25,000 to £490,000. (2019:nil, 2018:£10.4m)

#### *Early Career Fellowships*

Providing a bridge into an academic career for researchers with a proven research record who have not yet held an established academic post. The scheme provides 50% of the salary costs of a 3-year academic appointment, with the host institution providing the balance, plus some research costs. The Leverhulme contribution over 3 years is up to £93,000. (2019:£13.2m, 2018:£12.5m)

#### *Emeritus Fellowships*

Providing funding for 3-24 months for senior researchers who have retired from an academic post to enable them to complete a research project and publish the results. Awards are for up to £22,000. (2019:£0.5m, 2018:£0.7m)

## **TRUSTEES' ANNUAL REPORT – 2019 (continued)**

### **Achievements and Performance (continued)**

#### *Doctoral Scholarships ▲*

To support doctoral studies in UK universities at a time of growing undergraduate debt. Each grant is for £1,400,000 and provides fifteen fully-funded Leverhulme Doctoral Scholarships (five in each of four years). The scholarship funds full-time studies and covers maintenance at the level of a research council UK doctoral stipend and full university tuition fees. The balance is to be used to provide funds for the student's research expenses and research training. (2019:nil, 2018:nil)

#### *International Academic Fellowships*

Enabling established researchers in UK higher education institutions to spend 3-12 months in overseas research centres, to develop new knowledge, skills and ideas. Up to £45,000 available. (2019:£0.4m, 2018:£0.5m)

#### *Major Research Fellowships*

Supporting well-established academics in the humanities and social sciences to focus for 2 or 3 years on a specific piece of significant, original research. The scheme is particularly aimed at those whose day-to-day duties have prevented them from completing a programme of research. Annual replacement costs plus research expenses is in the region of £50,000. (2019:£4.7m, 2018:£4.3m)

#### *Philip Leverhulme Prizes*

To recognise researchers at an early stage of their career, whose work has already had a significant international impact, and whose future research career is exceptionally promising. £100,000 is provided over two or three years for any research purpose. (2019:£3.0m, 2018:£3.0m)

#### *Research Centres ▲*

To support fundamental cross-disciplinary research across the sciences, humanities and social sciences. This competition held first in 2015 was designed to encourage original research which would establish or reshape a significant field of study and transform understanding of an important topic in contemporary societies. Awards of up to £10,000,000 over 10 years. (2019:nil, 2018:£30m)

#### *Research Fellowships*

Supporting experienced researchers, particularly those whose day-to-day responsibilities have prevented them from completing a programme of research, and open to independent scholars as well as those holding posts in universities. Replacement costs/loss of earnings and research expenses available over 3-24 months. Maximum award £55,000. (2019:£5.8m, 2018:£5.7m)

#### *Research Leadership Awards ▲*

Supporting researchers with an established university career to build a research team to address a distinct research problem. Between £800,000 and £1million over 5 years is available to fund research assistants and research students working under the leadership of the award holder, plus associated costs. (2019:£14.3m, 2018:nil)

#### *Research Project Grants*

Available for any research topic, with the choice of theme and research approach left to applicants. Up to £500,000 over 5 years is available to cover salaries for research and associated costs. This is the Trust's core funding stream and its popularity saw the allocation to grants at £43.2m in 2019 (£39.3m in 2018). (2019:£43.2m, 2018:£39.3m)

#### *Study Abroad Studentships*

Supporting a period of postgraduate study or research in any overseas country except the USA. Awards offer maintenance, travel and essential research/study costs for between 12 and 24 months. Annual award values average £44,000. (2019:£1.4m, 2018:£1.1m)

## TRUSTEES' ANNUAL REPORT – 2019 (continued)

### Achievements and Performance (continued)

#### *Visiting Professorships*

To enable UK institutions to invite an eminent researcher from overseas to enhance the knowledge and skills of academics and students in the host institution. Awards cover maintenance, travel expenses and research costs and last for between 3 and 12 months. Given the variety of individual circumstances, the value of an award can range from under £10,000 to over £140,000, depending on duration. (2019:£2.1m, 2018:£1.8m)

A summary of the value of grants made during the year can be seen in the following table.

Types of schemes	2019		2018	
	£000	%	£000	%
Research Project Grants	43,241	46	39,271	36
Research Centres	-	-	29,999	27
Research Leadership	14,285	15	-	-
Early Career Fellowships	13,206	14	12,456	11
Arts Scholarships	-	-	10,392	9
Major Research Fellowships	4,659	5	4,307	4
Research Fellowships	5,756	6	5,679	5
Leverhulme Prizes	3,000	3	3,000	3
Academy Fellowships/Scholarships	4,948	5	1,356	1
Visiting Professors	2,089	2	1,789	1
Study Abroad Studentships	1,432	2	1,059	1
Emeritus Fellowships	527	1	660	1
International Academic Fellowships	387	1	529	1
Grants Awarded in Year	93,530	100	110,497	100

The number of applications received for consideration for all schemes amounted to 3,663 in 2019 (2018: 3,748). The number of grants which were subsequently made amounted to 659 (2018: 670).

The Trust maintains a portfolio of diverse awards (see above) which are attractive to the research community. This is demonstrated by the numbers of applications, which remain consistently high across the schemes (e.g. 2019: Research Project Grants over 890, Early Career Fellowships over 680, Research Fellowships over 740). The selection of successful applications, based on peer review, involves success rates ranging from c. 14 to 35%. The Trust is able to disburse its available income without any sacrifice of quality.

The Trust considers that the current grant levels are in line with the aims and objectives set by the charity.

All grant recipients are required to report both annually (for multi-year awards) and on completion. Final grant reports are reviewed by the Director (some 80% of grants) and submitted for Trust Board scrutiny, or are assessed and reviewed by the appropriate committees or panels to which authority has been delegated. All reports are graded, although it is not appropriate to set numerical targets for grades (nor to normalise these) due to the range, diversity and nature of the activities being reported on. Research outcomes are described, in the context of the ambitions presented in the original bid, and the outputs listed; particular attention is therefore given to the broad findings and to publications or other forms of dissemination resulting from the award. Academic papers and publications arising from the Trust's funding are subject to the usual relevant academic peer review process for such publications. Acknowledgment of Leverhulme support in outputs (journal articles, monographs etc) is a formal requirement of the Trust. Publications arising from Leverhulme grants are also subject to external peer review through the Government's mechanism (Research Excellence Framework, Research Assessment Exercise prior to this) to assess the research of British higher education

## **TRUSTEES' ANNUAL REPORT – 2019 (continued)**

### **Achievements and Performance (continued)**

institutions, see <http://www.ref.ac.uk/>. The Trust regularly monitors the impact of its support on the careers of grant recipients via case studies in its Annual Review.

The Trust benefits from the healthy academic and research environment in the UK. The excellence of UK scholarship is recognised for example in the various league tables of the World's top universities and the standard research metrics (such as citation statistics) which are available for each country. Despite the high volume of applications to the Trust (around 4,000 per annum) the Trust has consistently secured appropriate levels of peer review to allow it to meet its objectives. The value of the Trust's activities is enhanced by the funds provided by the Government via the Research Charities Support Fund, which provides a contribution towards university overhead costs.

The Trust also continues to place importance on international collaborations, by assisting Study Abroad Students to expand their horizons through postgraduate study or research overseas, supporting academics to develop new collaborations and lines of research with colleagues around the world via our International Academic Fellowships, and enabling UK universities to host distinguished academic visitors from overseas through our Visiting Professorships. It is also noteworthy that so many of our other grant holders choose to spend at least part of their time working with colleagues in other countries and in ways that invariably prove to be immensely rewarding. The Trust Board is delighted to be able to help foster these collaborative research relationships. British academic and cultural institutions are world leaders because of their ability to attract the finest talent from around the world; we should be robust in safeguarding this unique competitive advantage.

### **Financial Review**

The income of the Trust amounted to £111.5m in 2019 (2018: £109.6m). The income of the Trust therefore increased by £1.9m. The Trust has not carried out any fundraising activities during the year therefore no fundraising disclosures are made.

Grants awarded in the year decreased from £110.5m in 2018 to £93.5m in 2019, reflecting the award of Research Centre grants in 2018 (£30m). A summary by scheme can be seen in Note 3b to the financial statements.

The Trustees consider that there are no material uncertainties about the Charity's ability to continue as a going concern due to the liquid nature of the Trust's investments. The value of the Trust's funds at the end of 2019 was £3,516m (2018: £3,178m).

### **Investment policy and performance**

The Trust's investment policy has historically been designed to generate regular and increasing income in order support its distribution policy.

Following the 2018 sale of 21.6m Unilever shares realising proceeds of £907m, the Trustees have carried out a thorough review of both Investment governance and Investment strategy.

Three significant changes to the way the Trust manages its investments were agreed this year following this review.

- The Investment Committee of the Trust was strengthened (as detailed below) by both increased Trustee representation and the appointment of external investment experts.
- The Trustees agreed to widen the investment classes in which the Trust invests and to adopt a total return objective to investment returns on its non-Unilever investments, replacing the previous income target whilst continuing to meet the requirement for providing for a regular and increasing level of expenditure.
- The Trust appointed a discretionary investment manager (Partners Capital LLP) to act as an outsourced investment office in respect of non-Unilever Investments.

## **TRUSTEES' ANNUAL REPORT – 2019 (continued)**

### **Investment policy and performance (continued)**

The Trust's new investment adviser was appointed in November 2019 and an updated investment policy statement and strategic asset allocation was agreed by the Investment Committee and the Trustees. A transition plan has been agreed and the Trust's existing investments are being transitioned, in accordance with the agreed strategic asset allocation, between the start of 2020 and the middle of 2021.

No changes to the Trust's existing investment managers were made in 2019 and therefore the investment returns are reviewed below in accordance with the previous investment targets. Different targets have been set for the Trust's investment managers depending on whether they are managing the capital or income assets of the Trust. The target for the managers of the capital assets is either primarily to match or exceed the yield of the Unilever plc shares whilst maintaining the value of the assets against a secondary benchmark or solely to beat an index benchmark. The total investment performance was 19.0% (2018: -0.8%) compared to the secondary benchmark of 21.2% (2018: -3.8%). The managers of the income assets achieved a combined return in 2019 of 10.4% (2018: -3.8%) compared with a benchmark return of 12.6% (2018: -2.0%).

The Trust incorporates responsible investment best practices into investment decision making. It believes that by engaging in a broad set of extra-financial considerations – including environmental, social and governance (ESG) issues – the long-term financial performance of the portfolio can be sustained with potential for improvement. The Trust's approach is to operate a set of principles that reflect its values and to apply them with common sense and a measure of pragmatism and to ensure it remains cognisant of changes and trends in investment markets and in society at large. It seeks impact through its grant giving for academic scholarship. The investment of its funds to provide these scholarships means that investment decisions are predominately driven by economic return.

### **Risk management**

During the year, the Trust's Risk Committee continued to monitor both operational and strategic risks and ensured that the risk register was kept up to date. The Risk Committee will continue to review all risks and make recommendations to the Trust Board as appropriate on an annual basis.

The Chairman and Trustees consider that potential variability of investment returns constitutes the Trust's major financial risk. Steps taken to mitigate this risk include the appointment of a discretionary investment manager and the adoption of a risk based investment policy with a focus on asset class diversification.

Other principal risks to the implementation of the Trust's strategy concern the relationships with its applicant and peer review communities. The success of the strategy of the Trust is dependent on the ability to attract sufficient numbers and quality of applicants, and to be able to rely on the good will of its peer reviewers. Steps to mitigate these risks include the regular review and refreshing of the Trust's portfolio of grant schemes (undertaken at the annual Strategy Meeting). The Trust Board also engages in regular horizon-scanning of the academic landscape, while continuing to engage and maintain relationships with the academic community through regular formal and informal meetings and activities, both with its committees and panels and with the broader academic community.

### **Reserves policy**

In 2019, the Trust has adopted a voluntary change in accounting policy to now present all funds as one line on the balance sheet of unrestricted funds and remove the previous designation between the capital fund and income fund. The reason for applying this new accounting policy is that the Trustees have adopted a total return basis for the management of the Trust's endowment. It is therefore no longer appropriate to continue with the designation of the Trust's reserves between capital and income. The reserve balance at 31 December 2019 was £3,516m (2018: £3,178m).



## **TRUSTEES' ANNUAL REPORT – 2019 (continued)**

### **Reserves policy (continued)**

It is Trust policy to at least maintain the real value of the level of reserves over the long term and to maintain sufficient liquidity to meet its commitments. It has set a target real growth of 1% per annum in investment returns, after a 3% annual withdrawal, with a view to increasing the probability of achieving this policy target, which will be reported on in future periods.

### **Plans for future periods**

The Trustees have agreed that annual withdrawals will be made from the Trust's investments at a rate of 3% of the five year rolling average value each year. During the transition period to the adoption of a total return investment objective, the Trustees have agreed that the Trust will aim to spend £100m per annum for the next five years (2020- 2024) to ensure it supports the widest range of charitable activity consistent with their objectives and their grant-making policy. They will continue to monitor the demand for existing programmes and to develop new programmes and schemes.

A new scheme, Leverhulme International Professorships, was launched in 2019. The results of the first competition will be announced in late 2020.

The Trust Board has identified funds for schemes where the grants will not be committed until 2020 or beyond: £2.0m for Visiting Professorships; £5.0m for Major Research Fellowships; £3.0m for Prizes; £14m for Doctoral Scholarships; £1.2m for Senior Fellowships and £21.8m for the RAAC (Research Awards Advisory Committee).

### **Structure, Governance and Management**

The Trust Board has a membership of up to 11 Trustees. The Trustees, who receive no remuneration for their services, meet four times annually. Details of Trustee expenses and any related party transactions are disclosed in the notes to the financial statements (notes 3d and 9).

During 2018, Unilever announced a proposal to simplify its share structure and move to a single Head Office based in the Netherlands. These proposals required the approval of Unilever PLC's shareholders. Three Trustees, Paul Polman, Amanda Sourry and Leena Nair, were all serving executives of Unilever and in order to avoid a conflict of interest it was agreed that these Trustees would be recused from all Trust business. In autumn 2018, Unilever withdrew their proposal before any vote took place and the recused Trustees resumed their Trustee responsibilities in 2019.

Full information on the scope of The Leverhulme Trust and the policies of the Trustees is given on the website <http://www.leverhulme.ac.uk>.

Trustees' induction and training consists of briefings from other Trustees and the Director of the Trust; those appointed receive copies of relevant Charity Commission publications.

The Trustees consider the Board of Trustees together with the Director, Director of Finance and Assistant Director of the Trust as comprising the key management personnel of the charity in charge of directing and controlling the charity and running and operating the charity on a daily basis. The Trust has the equivalent of 15 staff who are accountable to the Director. All staff members are involved in the delivery of the Trust's grant-making activities.

The pay of the key management personnel and of the Trust's staff generally is reviewed annually by the Nominations and Remuneration Committee in light of changes to prices and average earnings. Remuneration levels are also periodically benchmarked against other similar organisations.

## **TRUSTEES' ANNUAL REPORT – 2019 (continued)**

### **Structure, Governance and Management (continued)**

The Trust has four advisory committees and an advisory panel:

- The Research Awards Advisory Committee. This consists of ten eminent scholars attached to various academic institutions in the UK, covering a wide range of fields of study. The Trustees have delegated authority to them to make research awards to individual applicants within a number of Trustee-approved schemes.
- The Investment Committee. The membership of the Investment Committee was reviewed and strengthened during the year. This now consists of four Trustee Board members (Mr Markham (Chairman), Mr FitzGerald, Professor Gull and Mr Saul), the Director of Finance of the Trust and three external investment specialists (Dame Elizabeth Corley, Ms Angela Docherty and Mr Quintin Price). Its remit is to make recommendations to the Trustees regarding the non-Unilever investments of the Trust. The external member positions are remunerated.
- The Nominations and Remuneration Committee. The membership of this committee includes the Chairman and two other Trustees (Mr Cescau and Mr Williams) and its remit is to advise the Board of Trustees in respect of Trustee succession and remuneration of Trust staff.
- The Risk Committee is made up of two Trustees (Mr Baillie and Mr Saul) and the Director of the Trust. Its remit is to consider the risks to which the Trust may be exposed, prepare an appropriate Risk Register, and present this to the Trust Board for consideration on a regular basis.
- The Leverhulme Advisory Panel. This consists of some thirty-three UK-based academic specialists who provide a range of advice to the Trust, primarily relating to initial requests (outline applications) for financial support.

The Trust is a member of the Association of Charitable Foundations (ACF). The ACF provides helpful information on good practice, changes in the law affecting charitable foundations, and acts as an authoritative lobby on behalf of its members with Government and regulators.

### **Statement of trustees' responsibilities**

The trustees are responsible for preparing the Trustees' Annual 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 and 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 charity and of the incoming resources and application of resources of the charity 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;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards, comprising FRS 102, 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 charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**TRUSTEES' ANNUAL REPORT – 2019 (continued)**

**Statement of trustees' responsibilities (continued)**

The trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. The trustees are not aware of any additional information which should have been shared with the auditors.

On behalf of the Trustees

Niall W A FitzGerald  
**(Chairman)**  
11 March 2020  
1 Pemberton Row  
London EC4A 3BG

## **INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE LEVERHULME TRUST**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion, The Leverhulme Trust's financial statements (the "financial statements"):

- give a true and fair view of the state of the charity's affairs as at 31 December 2019 and of its incoming resources and application of resources, and cash flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Charities Act 2011 and Regulation 8 of The Charities (Accounts and Reports) Regulations 2008.

We have audited the financial statements, included within the Trustees' Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2019; the statement of financial activities for the year then ended, cash flow statement for the year then ended; and the notes to the financial statements which include a summary of the significant accounting policies.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Independence*

We remained independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### **Conclusions relating to going concern**

ISAs (UK) require us to report to you when:

- 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 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.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the charity's ability to continue as a going concern.

For example, the terms of the United Kingdom's withdrawal from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the charity's activities, beneficiaries, suppliers and the wider economy.

#### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

## **INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE LEVERHULME TRUST (continued)**

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

### *Trustees' Annual Report*

Under the Charities Act 2011 we are required 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. We have no exceptions to report arising from this responsibility.

## **Responsibilities for the financial statements and the audit**

### *Responsibilities of the Trustees for the financial statements*

As explained more fully in the statement of trustees' responsibilities set out on pages 9 and 10, the trustees are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The trustees are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

### *Auditors' responsibilities for the audit of the financial statements*

We are eligible to act and have been appointed as auditors under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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 this report*

This report, including the opinions, has been prepared for and only for the charity's trustees as a body in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act (Part 4 of The Charities (Accounts and Reports) Regulations 2008) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## **Other required reporting**

### **Charities Act 2011 exception reporting**

Under the Charities Act 2011 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- sufficient accounting records have not been kept by the charity; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

**STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR  
ENDED 31 DECEMBER 2019**

	Note	<b>2019 £000</b>	<b>2018 £000</b>
<b>Income and endowments from:</b>			
- Investment income	2	111,487	109,626
Total income and endowments		<u>111,487</u>	<u>109,626</u>
<b>Expenditure on:</b>			
Raising funds			
- Investment management costs		6,456	4,699
Charitable activities	3b	91,125	108,759
Total expenditure		<u>97,581</u>	<u>113,458</u>
<b>Net Income/(Expenditure) before Net gains/(losses) on investments</b>	3e	<b>13,906</b>	<b>(3,832)</b>
Net gains/(losses) on investments		324,594	(73,872)
Net income/(loss) and net movement in funds		<u>338,500</u>	<u>(77,704)</u>
<b>Reconciliation of funds:</b>			
Total funds brought forward		3,177,986	3,255,690
<b>Total funds carried forward</b>		<u><b>3,516,486</b></u>	<u><b>3,177,986</b></u>

**BALANCE SHEET AS AT 31 DECEMBER 2019**

<b>Fixed assets:</b>	<b>Note</b>	<b>2019 £000</b>	<b>2018 £000 (Restated<sup>1</sup>)</b>
Tangible assets	4	90	150
Investments			
- Investment in shares in Unilever plc	5a	2,041,741	1,928,168
- Other investments	5b	<u>1,705,380</u>	<u>1,474,156</u>
		<u>3,747,121</u>	<u>3,402,324</u>
Total fixed assets		<u>3,747,211</u>	<u>3,402,474</u>
<b>Current assets</b>			
Debtors	6	5,747	5,137
Cash at bank and in hand		<u>3,779</u>	<u>2,571</u>
Total Current assets		<u>9,526</u>	<u>7,708</u>
<b>Liabilities:</b>			
Creditors: amounts falling due within one year	7	<u>(128,294)</u>	<u>(123,744)</u>
Net current liabilities		(118,768)	(116,036)
Total assets less current liabilities		<u>3,628,443</u>	<u>3,286,438</u>
Creditors: amounts falling due after one year	7	<u>(111,957)</u>	<u>(108,452)</u>
<b>Total net assets</b>		<u><b>3,516,486</b></u>	<u><b>3,177,986</b></u>
<b>The funds of the Charity</b>			
<b>Unrestricted funds</b>		3,516,486	3,177,986
<b>Total Charity funds</b>		<u><b>3,516,486</b></u>	<u><b>3,177,986</b></u>

The financial statements on pages 13 to 26 were approved by the Trustees and signed on their behalf by:

Niall W A FitzGerald  
**Trustee**

11 March 2020

<sup>1</sup> Refer to note 1 – funds structure

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019**

	<b>2019</b> <b>£000</b>	<b>2018</b> <b>£000</b>
<b>Cash flows from operating activities:</b>		
Net cash used in operating activities (a)	(83,010)	(77,705)
<b>Cash flows from investing activities:</b>		
Dividends and Interest	110,877	108,083
Investment management costs	(6,456)	(4,338)
Purchase of investments	(312,088)	(1,008,940)
Proceeds from sale of investments	312,712	978,800
Cash (outflow)/inflow from FX hedging	2,026	(5,085)
Increase in cash held by investment managers	(22,853)	(16,780)
Net cash provided by investing activities	<u>84,218</u>	<u>51,740</u>
<b>Change in cash and cash equivalents in the year</b>	<u><u>1,208</u></u>	<u><u>(25,965)</u></u>
 Cash and cash equivalents brought forward	 <u>2,571</u>	 <u>28,536</u>
<b>Cash and cash equivalents carried forward</b>	<b><u>3,779</u></b>	<b><u>2,571</u></b>
 <b>a) Reconciliation of net income/(expenditure) to net cash flow from operating activities</b>		
Net income/(expenditure) for the reporting year (as per the statement of financial activities)	338,500	(77,704)
<b>Adjustments for:</b>		
Dividends and interest	(111,487)	(109,626)
Net (gains)/losses on investments	(324,594)	73,872
Investment management costs	6,456	4,699
Increase in creditors	8,055	30,990
Depreciation	<u>60</u>	<u>64</u>
<b>Net cash used in operating activities</b>	<u><u>(83,010)</u></u>	<u><u>(77,705)</u></u>
 <b>b) Analysis of changes in net cash/(debt)</b>		
Net cash at 1 January	2,571	28,536
Net Cash inflow/(outflow)	1,208	(25,965)
Net cash at 31 December	3,779	2,571



## **NOTES TO THE FINANCIAL STATEMENTS**

### **1 Accounting policies**

#### **Basis of preparation of the financial statements**

These financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom (FRS102), the Charities SORP (FRS 102) second edition October 2019 and the Charities Act 2011. The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at fair value.

The Trustees consider that there are no material uncertainties about the Charity's ability to continue as a going concern due to the liquid nature of the Trust's investments.

#### **Significant judgements and estimates**

In preparing the financial statements, accounting estimates and judgements are made. The most significant area of judgement is that the liability from multi-year grant commitments is recognised in full at the point of the grant award as there is not deemed to be performance related conditions that prevent recognition of the expenditure. Other areas of estimation and judgement are outlined in the accounting policies stated below.

The 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 the Charities SORP (FRS 102) second edition October 2019 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

All Leverhulme Research centres are subject to a 5 year review. The Trustees do not deem this to be a performance related condition that prevents recognition of the expenditure.

The trust constitutes a public benefit entity as defined by FRS102.

A summary of the principal accounting policies, which have been applied consistently (with the exception of the Fund Structure), is set out below.

#### **Fund structure**

The funds of the charity are unrestricted and are fully expendable at the discretion of the Trustees. In 2019, the Trust has adopted a voluntary change in accounting policy to now present all funds as one line on the balance sheet of unrestricted funds and remove the previous designation between the capital fund and income fund. The reason for applying this new accounting policy is that the Trustees have adopted a total return basis for the management of the Trust's investments, it is therefore no longer appropriate to continue with the designation of the Trust's reserves between capital and income. At 31 December 2018, the value of the capital fund was £3,060,297,000 (of which £1,939,174,000 was a revaluation reserve) and the value of the income fund was £117,689,000 (of which £47,574,000 was a revaluation reserve) and these are now shown within unrestricted funds.

#### **Incoming resources**

Incoming resources are recognised when the Trust has entitlement to the resources, it is probable that the resources will be received and the monetary value of the incoming resources can be measured with sufficient reliability.

Investment income represents dividends and interest on fixed investments and deposits, with any associated tax credits or recoverable taxation, which are included on an accruals basis. Dividends are recognised when declared.

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

### **1 Accounting policies (continued)**

#### **Resources expended**

Liabilities are recognised as resources expended when there is a legal or constructive obligation committing the Trust to the expenditure. At the end of a grant, a liability is still recognised until after a final report is received from the grant recipient and is accepted by the Trust. At which point the balance can be written off and credited to grant funding activity within charitable expenditure disclosed in note 3b.

#### **Raising funds**

The cost of raising funds consists of investment management fees and investment governance costs. The apportionment of support costs to investment governance costs is shown in note 3.

#### **Charitable activities**

The cost of charitable activities consists of grants awarded, governance costs and an apportionment of support costs as shown in note 3.

#### **Recognised gains and losses**

Recognised net gains and losses on investments consist of both realised and unrealised gains and losses. Realised gains and losses are calculated as the difference between sales proceeds and purchase value. Unrealised gains and losses are calculated as the difference between fair value at the end of the year and purchase value.

#### **Financial Liabilities**

Grants, both single and multi-year, are recognised in the financial statements as liabilities after they have been approved by the Trustees, the recipients have been notified and there are no further terms and conditions to be fulfilled which are within the control of the Trust. In these circumstances there is a valid expectation by the recipients that they will receive the grant. Grants greater than one year are not amortised due to the impact not being material.

Grants amounts that have been approved by the Trustees for specific purposes in future years, but have not been allocated to specific recipients at year-end are disclosed as commitments.

#### **Tangible fixed assets**

Tangible fixed assets acquired with a cost of more than £25,000 are capitalised. Otherwise they are expensed in the year of acquisition.

Depreciation is applied to fixed assets on a straight-line basis over their expected useful life at the following annual rates:

Furniture, fittings and equipment	10%
Computers and software	33 ⅓%

Depreciation is provided to recognise the useful economic life of the assets. Tangible fixed assets are stated at historic purchase cost less accumulated depreciation.

#### **Investments**

All investment assets are held at fair value, being the last trading price for the securities prior to the year end.

#### **Forward Contracts**

Forward contracts are recognised at fair value, being marked to market value at the closing foreign exchange rates on 31 December 2019.

#### **Cash and bank balances**

Cash and bank balances represent money on deposit and on current accounts with banks. Cash held by investment managers is included within investments.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 1 Accounting policies (continued)

#### Pension scheme

All staff are employed jointly by Unilever UKCR Ltd and the Trust. The Trust staff participate in the Unilever UKCR Ltd defined benefit pension scheme. Although the pension scheme is a defined benefit scheme, information is not available to ascertain the Trust's share of the underlying assets and liabilities of the scheme in order to make the appropriate disclosures as required by section 28 of FRS 102.

#### Taxation

The Leverhulme Trust carries on activities which are exempt from corporation tax and income tax. Irrecoverable Value Added Tax is included with the expenditure to which it relates.

#### Operating lease

Operating lease annual rentals are charged to the Statement of Financial Activities on a straight-line basis over the term of the lease.

### 2 Investment income

	2019 £000	2018 £000
Dividends from Unilever plc	66,478	90,495
Managed investments		
Fixed interest	5,001	3,125
Equities	38,484	14,304
Property	1,030	1,061
Cash	489	540
	111,482	109,525
Bank interest	5	101
Total investment income	111,487	109,626

Dividend income from Unilever plc is in respect of ordinary shares.

### 3a (i) Allocation of governance and support costs

The breakdown of support costs and how these were allocated between governance and other support costs is shown in the table below:

Cost Type	2019 Total allocated £000	2019 Invest- ment Costs £000	2019 Gover- nance costs £000	2019 Support Costs £000	2018 Total allocated £000	2018 Invest- ment Costs £000	2018 Gover- nance costs £000	2018 Support Costs £000
Staff costs	1,426	54	44	1,328	1,404	-	43	1,361
Accommodation	373	14	12	347	400	-	12	388
Other	567	21	18	528	659	-	20	639
	<b>2,366</b>	<b>89</b>	<b>74</b>	<b>2,203</b>	<b>2,463</b>	<b>-</b>	<b>75</b>	<b>2,388</b>

Support costs are apportioned on the basis of staff time spent on activities. The allocation to Investment Costs are included within Investment management costs on the SOFA.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

<b>3a (ii) Governance costs:</b>	<b>2019 £000</b>	<b>2018 £000</b>
Audit & Legal	94	103
Secretarial	15	-
Trustee expenses	1	3
Support costs (based on apportioned staff time per note 3a (i))	74	75
<b>Total Governance Costs</b>	<b>184</b>	<b>181</b>

**3a (iii) Total Governance and Support Costs**

	<b>2019 £000</b>	<b>2018 £000</b>
Support Costs (note 3a (i))	2,203	2,388
Governance Costs (note 3a (ii))	184	181
	<b>2,387</b>	<b>2,569</b>

**3b Analysis of charitable expenditure**

Grant funding during the year plus apportioned support costs are as follows:

<b>Activity</b>	<b>Grant funded activity 2019 £000</b>	<b>Support and governance costs 2019 £000</b>	<b>Total 2019 £000</b>	<b>Grant funded activity 2018 £000</b>	<b>Support and governance costs 2018 £000</b>	<b>Total 2018 £000</b>
Research Awards Advisory Committee	21,308	486	21,794	20,383	457	20,840
Responsive Mode Projects	43,241	1,090	44,331	39,271	1,327	40,598
Research Centres	-	-	-	29,999	98	30,097
Research Leadership	14,285	212	14,497	-	-	-
Arts Scholarships	-	-	-	10,392	102	10,494
Major Research Fellowships	4,659	255	4,914	4,307	226	4,533
Academy Fellowships/ Scholarships	4,948	8	4,956	1,356	8	1,364
Visiting Professors	2,089	175	2,264	1,789	183	1,972
Prizes	3,000	161	3,161	3,000	168	3,168
Grants awarded	93,530	2,387	95,917	110,497	2,569	113,066
Adjustment on prior year grant awards	(4,792)	-	(4,792)	(4,307)	-	(4,307)
<b>Total Costs</b>	<b>88,738</b>	<b>2,387</b>	<b>91,125</b>	<b>106,190</b>	<b>2,569</b>	<b>108,759</b>

Support and governance costs are apportioned on the basis of staff time spent on activities.  
The adjustments on prior year grant awards include the write back of amounts on closed grants.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**3c Staff**

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries	902	886
Social Security costs	134	128
Pension costs	206	221
Contractors	112	138
Other	<u>72</u>	<u>31</u>
	<b>1,426</b>	<b>1,404</b>

The monthly average number of full time equivalent staff during the year was 15 (2018:15). All staff are involved in grant making and are employed jointly by Unilever UKCR Ltd and the Trust with their cost recharged to the Trust. At 31 December 2019 an amount of £19,257 (2018: £19,109) relating to pension contributions remained outstanding. The number of staff who received salaries and other emoluments (excluding pension contributions) over £60,000 was:

	<b>2019</b>	<b>2018</b>
	<b>Number</b>	<b>Number</b>
£80,001 - £90,000	1	-
£130,001 - £140,000	-	1
£140,001 - £150,000	1	-
£290,001 - £300,000	1	-
£310,001 - £320,000	-	1

Unilever UKCR Ltd operates a defined benefit pension scheme to which £53,394 (2018: £32,115) was contributed by the Trust in relation to higher paid employees. Although the pension scheme is a defined benefit scheme, information is not available to ascertain the Trust's share of the underlying assets and liabilities of the scheme in order make the appropriate disclosures as required by section 28 of FRS 102.

The scheme reported an estimated funding level at March 2018 of 98%. The pension scheme is a last man standing scheme. There is no agreement in place for the Trust to contribute to the funding of the scheme's deficit reduction plan.

The Trust consider the Board of Trustees, the Director, Director of Finance and Assistant Director of the Trust as comprising the key management personnel of the charity. The total employment benefits including employer contributions of the key management personnel was £583,832 (2018: £506,831).

**3d Trustee costs**

Trustees did not receive any remuneration during the year (2018:nil). Two Trustees received travelling and subsistence expenses of £828 (2018: £3,446).

**3e Net incoming/(outgoing) resources after charging:**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Auditors Remuneration (excluding non recoverable VAT)	23,249	28,142
Auditors Remuneration – Tax Compliance (excl. non-recoverable VAT)	700	-
Depreciation	60,000	65,000
Operating lease rentals	276,000	276,000

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**4 Tangible assets**

	<b>Furniture, fittings and equipment 2019 £000</b>	<b>Computers and software 2019 £000</b>	<b>Total 2019 £000</b>	<b>Furniture, fittings and equipment 2018 £000</b>	<b>Computers and software 2018 £000</b>	<b>Total 2018 £000</b>
<b>Cost</b>						
At 1 January	322	90	412	322	90	412
Additions	-	-	-	-	-	-
Disposals	(21)	-	(21)	-	-	-
At 31 December	301	90	391	322	90	412
<b>Accumulated depreciation</b>						
At 1 January	202	60	262	167	30	197
Charge for year	30	30	60	35	30	65
Disposals	(21)	-	(21)	-	-	-
At 31 December	211	90	301	202	60	262
<b>Net book value</b>						
At 31 December	90	-	90	120	30	150

**5 Investments**

**a) Investment in shares in Unilever plc**

	<b>2019</b>	<b>Movement in fair value</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Historical cost	9,308	-	9,308
Fair value	2,041,741	113,573	1,928,168

The fair value of investments held in Unilever plc shares reflects the market year end share prices.

For cost purposes the shares are valued at the market price of £9,308,018 on Budget day 1965.

**b) Other Investments**

Other investments represent amounts held in managed investment funds with Capital International Limited, Newton Investment Management Limited, Allianz Global Investors GmbH and River & Mercantile Asset Management LLP (capital fund), Schroders Investment Management Limited, Northern Trust and PIMCO (income fund) are shown at fair value. The historical cost at 31 December 2019 was £1,438.6million (2018: £1,406.3 million).

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**b) Other Investments (continued)**

	<b>2019</b>	<b>2018</b>
	<b>Fair value</b>	<b>Fair value</b>
	<b>£000</b>	<b>£000</b>
<b>Available for sale</b>		
<b>Investments</b>		
Fixed Interest – Global	187,810	181,273
Equities - Global	1,393,967	1,192,482
Property	26,755	27,059
Cash	96,194	72,911
<b>Derivatives</b>		
Forward Foreign Currency Contract	654	431
	<hr/>	<hr/>
Investments	1,705,380	1,474,156
	<hr/>	<hr/>
	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
<b>Movement in Available for sale</b>		
<b>Investments</b>		
As at 1 January	1,474,156	597,297
Purchases	312,088	1,008,940
Disposals	(312,714)	(68,885)
Net Investment Gains/(Losses)	208,997	(79,976)
Increase to cash	22,853	16,780
	<hr/>	<hr/>
As at 31 December	1,705,380	1,474,156
	<hr/>	<hr/>

There are no equity holdings in one company greater than 5% of the total of investments in Other Investments. The Investments detailed above are valued at fair value based on the quoted price for identical assets in an active market (Level 1 per the fair value hierarchy).

**c) Financial Risk Management**

**Credit Risk** The carrying amounts stated above represents the Trust's maximum exposure to credit risk therefore further disclosure is not required.

**Market Risk** The Trust's exposure to movements in equity prices arising from its investment portfolio is mitigated by diversification. The Trust invests in multiple asset classes with a variety of underlying investment managers.

The Trust monitors its equity risk using a risk framework based on beta to equity markets. Exposures to core market risks are converted into one single "equity equivalent" portfolio risk metric. The equity beta at 31 December 2019 was 0.86 compared with a long term target of 0.75. Therefore, for a 1% reduction in equity prices the value of the Trust's investments would be expected to fall by 0.86% and every 1% reduction in global equity prices would be expected to lead to a reduction of £32.2m in Charity Funds.

The Trust's objectives, policies and processes for managing the risk arising from financial instruments is further explained in the Trustees' Annual Report.

**Currency Risk** The Trust takes a long term view of the currency risk inherent within a global investment portfolio.

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

### **c) Financial Risk Management (continued)**

The largest non-sterling exposure is to the US Dollar and a 1% weakening of the Dollar against Sterling would be expected to lead to a direct reduction of £6.5m in Charity Funds although an indirect impact of currency rate movements on the value of non US Dollar denominated investments would also be expected.

At 31 December 2019, the Trust had open forward exchange contracts denominated in US dollars, Yen, Euros, Swiss Francs, Canadian Dollars, Hong Kong Dollars, Indian Rupees and Australian Dollars with a total sterling value of £112,420,906 (2018: £103,623,372). These contracts will all settle by 13 March 2020.

These contracts were entered into to reduce the Trust's currency risk following the greater global diversification of its investment holdings. The forward exchange contracts have all been revalued at the applicable year end exchange rates and the resulting unrealised translation losses are included within the overall value of the investments above.

### **6 Debtors**

Debtors comprise accrued investment income of £5,648,084 (2018: £5,026,000) and prepaid administrative expenses of £98,835 (2018: £111,000).

### **7 Creditors**

	<b>2019 £000</b>	<b>2018 £000</b>
Grants payable	238,592	231,168
Accrued administrative expenses and Investment management fees	<u>1,659</u>	<u>1,028</u>
Total	240,251	232,196
Amounts falling due within one year	128,294	123,744
Amounts falling due after more than one year	111,957	108,452

### **8 Lease commitments**

At 31 December 2019 the Trust had annual commitments under an operating lease for its office which was renewed in 2012 for a term ending 24 July 2022. Currently it amounts to £230,000 plus Value Added Tax per annum. The minimum lease payments remaining equates to £588,000 (2018: £818,000).

### **9 Related parties**

The Report of the Trustees explains the relationship between the Trustees of this Trust and those of the Leverhulme Trade Charities Trust.

In 2019, the Trust received dividend income of £66,478,019 from Unilever plc (2018: £90,494,678). Unilever plc is a company with a director in common with the Trust's Trustees.

The Trust's investments include £2,041,741,073 of ordinary shares held in Unilever plc (2018: £1,928,167,612).

Staff are jointly employed by Unilever UKCR Ltd and the Trust with their cost recharged to the Trust. Unilever UKCR Ltd is a subsidiary of Unilever plc.



## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

### **9 Related parties (continued)**

Certain Trustees are also Trustees or Directors of other organisations which are recipients of grants from the Trust. In these instances, the Trustees have declared their interest at the time of the grant approval. Professor Gull is a professor of Molecular Microbiology at the Sir William Dunn School of Pathology in Oxford and Mr Polman is Chair of the Said Business School, Oxford. No awards were made in the year.

The Leverhulme Trade Charities Trust does not have any employees but a charge of £78,000 (2018: £75,000) is made by the Leverhulme Trust, whose Director of Finance, in his capacity as Secretary, is responsible for the day to day administration of the Leverhulme Trade Charities Trust. This charge included an appropriate proportion of overheads incurred by the Leverhulme Trust on behalf of the Leverhulme Trade Charities Trust.

### **10 Commitments**

At 31 December 2019 Trustees had approved the spending levels for various schemes amounting to £47.0m (2018: £42.5m). Individual grants will be awarded under the schemes in 2020.

### **11 Events after the end of the reporting period**

As disclosed in Note 5a), the market value of the Trust's shares in Unilever plc as at 31 December 2019 was £2,041,741,073. Since the 31 December 2019 to the date of signing these financial statements, the share price in Unilever plc shares has changed from £43.505 to £40.78. This has resulted in the market value of the Trust's shares in Unilever plc as at the date of signing these financial statements to be £1,913,853,602. This has not had an impact on the activities of the Trust.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**12 2019 Grants awarded by institution**

<b>Institution</b>	<b>Number of awards</b>	<b>Amount £000</b>
University of Cambridge	49	4,808
University College London	30	4,329
Durham University	19	4,200
University of Manchester	19	3,801
Royal Society/British Academy/Royal Academy of Engineering APEX Awards	1	3,750
University of Edinburgh	32	3,627
University of Oxford	36	3,561
University of Warwick	26	3,203
University of Birmingham	15	3,024
University of Leeds	13	2,830
University of Bristol	17	2,708
University of Kent	13	2,393
University of Glasgow	14	2,388
Imperial College London	17	2,370
King's College London	24	2,268
University of Nottingham	13	2,151
University of Reading	10	2,079
Birkbeck, University of London	14	1,983
University of Strathclyde	9	1,956
University of York	12	1,945
University of St Andrews	13	1,912
Queen Mary, University of London	17	1,898
Queen's University Belfast	8	1,857
University of Sheffield	17	1,800
University of Essex	5	1,353
University of Southampton	7	1,323
Cardiff University	9	1,299
University of East Anglia	12	1,137
SOAS, University of London	3	1,065
Natural History Museum	3	997
University of Sussex	5	992
Lancaster University	7	987
University of the Highlands and Islands	1	986
Newcastle University	10	933
University of Liverpool	8	875
University of Bath	5	872
University of Stirling	4	824
University of Surrey	5	775
University of Exeter	8	765
University of Aberdeen	5	600
University of Plymouth	2	586
Royal Holloway, University of London	5	545
Oxford Brookes University	2	513
	<b>544</b>	<b>84,268</b>
63 institutions below £500,000	112	9,178
Individuals below £500,000	3	84
<b>2019 Total grants awarded</b>	<b>659</b>	<b>93,530</b>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**12 2018 Grants awarded by institution**

<b>Institution</b>	<b>Number of awards</b>	<b>Amount £000</b>
University of Oxford	50	14,584
Imperial College London	15	12,443
University of York	11	11,333
University of Cambridge	49	5,160
University College London	28	4,077
University of Edinburgh	21	3,221
University of Warwick	25	3,132
Queen Mary, University of London	16	2,262
University of Leeds	20	2,224
King's College London	20	2,172
University of St Andrews	14	2,063
Durham University	17	2,031
University of Sheffield	15	1,858
University of Glasgow	15	1,812
University of Bristol	16	1,808
University of Nottingham	18	1,767
University of Exeter	14	1,730
University of Birmingham	15	1,513
University of Manchester	12	1,324
University of Southampton	9	1,317
Cardiff University	12	1,314
Queen's University Belfast	8	1,147
University of Kent	12	1,126
University of Sussex	7	870
Heriot-Watt University	5	839
Royal Holloway, University of London	10	810
University of Strathclyde	6	808
Aston University	5	795
Newcastle University	9	781
Northumbria University	5	727
University of Reading	8	600
University of Aberdeen	4	595
Loughborough University	7	561
University of Huddersfield	3	522
University of Hull	4	507
Royal Central School of Speech and Drama	3	505
	<hr/> 508	<hr/> 90,338
45 institutions below £500,000	162	20,159
2018 Total grants awarded	<hr/> 670	<hr/> 110,497

**13 Registered Office**

The registered office for the Leverhulme Trust is 1 Pemberton Row, London, EC4A 3BG.