

LEVERHULME
TRUST _____

**Trustees' Annual Report
and Financial Statements 2022**

Chairman's foreword

The Trust has had another busy year, investing £103.5 million in fundamental research in 2022 across more than 75 institutions. Grant applications remained high, with 3,483 received, of which we funded 17.3%, and we have once again been able to support a rich array of research projects. Further, I was delighted that the Trust was able to resume its normal busy programme of university visits this year. Trustees and staff visited 26 institutions in 2022 and enjoyed meeting a wide range of academics in person and hearing more about the research we support. As well as our visits, our other Trust events also resumed in earnest. The Philip Leverhulme Prize dinner was held in March 2022, where thirty awards to a value of £3 million were presented to our 2021 prize winners in the areas of classics, earth sciences, physics, politics and international relations, psychology and visual and performing arts. The 2022 Leverhulme Lecture was also a major event, drawing a large audience to listen to Jamie Susskind give a fascinating and topical talk on how new technologies are blurring the boundaries between the public and private spheres.

Of course, our grants are the core work of the Trust. Our schemes are specifically designed to support researchers through every stage of their careers. In 2022 we supported more than 250 students at the beginning of their academic careers via our Leverhulme Doctoral Scholarships scheme and eleven research leaders in the making via our Research Leadership Awards. New awards were made to 147 Early Career Fellows undertaking their first independent research project, and, at the other end of their careers, thirty-two Emeritus Fellowships were awarded. These awards nicely showcase the Trust's mission to fund true scholarship and to provide academics with the means to undertake innovative and risky fundamental research throughout their careers. The range of topics is remarkable, from projects on music, race and urban youth culture to research into medieval sieges, from work that might reduce soil erosion to a project seeking to understand the public and political life of history in colonised and coloniser countries. More information on research funded by the Trust is published annually in an Annual Review which is available on the Trust's website.

The Leverhulme Trust's support is also designed to ensure that UK higher education research remains globally relevant by attracting the very best talent. To this end, the Trust has invested in our Leverhulme International Professorships awards. These are grants of up to £5 million to help universities attract a world-leading scholar to take up a permanent professorial post in the UK. This scheme has now supported eleven such eminent scholars to come to the UK. In 2022 we announced that Professor David Levine, an expert in game theory, will join Royal Holloway, University of London. Professor Jonathan Heddle will join the University of Durham to work on bionanoscience and nanotechnology, and Professor Malwina Luczak, who works on probability theory, will join the University of Manchester.

In 2020, the Trust also made an additional £10 million available to support academics to complete projects negatively impacted by the pandemic. To date, more than 600 academics have been provided with much-needed support from this fund, and nearly £7 million has been spent. This support has proved particularly valuable for Leverhulme Doctoral Scholars and Early Career Fellows, whose embryonic careers have been so badly impacted.

2022 was yet another year of challenges, with growing economic uncertainty and hardship for many. This has undoubtedly impacted morale in the university sector. Against this backdrop, I am even more grateful to all the peer reviewers and panel members who continue to do so much for the Trust. Without their efforts, the Trust could not continue to fund such a fabulous array of talented people and remarkable projects, and the Board is most grateful.

I end by thanking the team at the Trust for their continued efforts this year. After several difficult years navigating the effects of the pandemic, a great deal has been accomplished in 2022, and that is down to their hard work. They are truly The A Team.



Dr Niall FitzGerald KBE DSA
Chairman of the Leverhulme Trust Board

Director's report

For many, 2022 was a difficult year, with the effects of the war, the ongoing impact of the pandemic and the cost-of-living crisis. Yet despite these challenges, our grantees have continued to produce a stunning range of important and impactful research.

I am also pleased to report that a number of important initiatives came to fruition this year. First, we launched a new grant scheme. Many academics are at risk from war and conflict; indeed, they are often targeted because of their scholarship. The Trust is proud to be working with the learned academies and Cara (the Council for At-Risk Academics) to provide research funding for academics forced into exile here in the UK. The British Academy/ Cara/ Leverhulme Researchers at Risk Support Grant is a new £1 million scheme launched in Autumn 2022 to supply much-needed financial support to help these academics undertake research whilst they are here in the UK. We are grateful to the British Academy for administering the scheme on our behalf.

Working with others to help make the higher education research sector more inclusive is one of our top priorities. We are making additional investments where we can best make a difference, as well as collecting better data to hold ourselves to account. We are learning as we go, but certainly, a world-class research system needs to be inclusive of people and ideas, and we are seeking to play our part.

To that end, we launched our newly revised Leverhulme Doctoral Scholarships scheme. The Trust has long supported PhD training, which is so vital to maintain the health of our disciplines and to ensure that a new generation of researchers is supported. The Trust Board increased its investment in this scheme over the next 5–10 years as one way to help the sector become more inclusive. We are allocating additional funding for scholarships for students from underrepresented groups, providing them with the means to undertake a master's degree before going on to doctoral studies. Financing a master's is particularly significant as that is a point at which many promising scholars are thwarted due to a lack of funds. The Trust has also recognised that the flow of EU students, who historically came to the UK to do doctoral studies and stayed, has slowed. Ensuring the UK continues attracting talented researchers is vital, and the Trust has also put in additional funding to support a number of international students on our doctoral scholarship programmes. We look forward to receiving applications for this scheme in 2023.

All this was only possible due to the efforts of the Trust's own amazing team and, of course, the contributions of the many academics who support our work. I would like to add my heartfelt thanks to those of the Chair.

Professor Anna Vignoles CBE FBA
Director

TRUSTEES' ANNUAL REPORT – 2022

LEGAL AND ADMINISTRATIVE DETAILS

Established under the Will of the First Viscount Leverhulme.

Trustees	Dr Niall FitzGerald KBE DSA (Chairman) Doug Baillie Professor Keith Gull CBE FRS Alan Jope Sir David Lewis Rudy Markham CMG Mhairi McEwan Leena Nair Christopher Saul Keith Weed CBE Steve Williams
Director	Professor Anna Vignoles CBE FBA
Bankers	Barclays Bank PLC, 1 Churchill Place, London, E14 5HP
Legal Advisors	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
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
Website	www.leverhulme.ac.uk
Registered Charity Number	1159154

TRUSTEES' ANNUAL REPORT – 2022

The Trustees present their Annual Report and the audited Financial Statements for the year ended 31 December 2022.

History

The Leverhulme Trust is a Registered Charity, Number 1159154, and was constituted as a Charitable Incorporated Organisation (CIO) 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 one 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 CIO, Number 1159154. The objects of the CIO are substantially the same, 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 a broad and inclusive range of 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.

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; and
- 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.

TRUSTEES' ANNUAL REPORT – 2022 (continued)

Objectives and Activities (continued)

A second set of criteria reflect the particular values of the 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; and
- 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 run triennially as noted below:

Arts Scholarships – Triennial Scheme

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 £40,000 to £695,000 (2022: £nil, 2021: £15.1m).

Doctoral Scholarships – Triennial Scheme

To support doctoral studies in UK universities at a time of growing undergraduate debt. In 2023, ten awards of each up to £2.15m will be made to UK Universities. Each award will fund fifteen fully funded Leverhulme Doctoral Scholarships (five to be offered in each of the first three years of the grant)). Up to three of the fifteen places can be allocated to international students. Grants for UK students covers maintenance and tuition at UKRI rates and £10,000 for research and training. For international students fees at the university's standard international fee up to a maximum of £25,000 will be funded (2022: nil, 2021: nil).

To provide targeted support to ensure better progression of low income and Black students, the Scheme is being extended and in 2023, universities can apply for additional funding, for up to three students, from these underrepresented groups to undertake a master's degree before progressing to a PhD. Each scholarship provides for up to £130,000 for 5 years of full-time study.

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 traditionally provides 50% of the salary costs of a 3-year academic appointment, with the host institution providing the balance, plus some research costs. In 2021, the Trustees exceptionally agreed to fund 100% of the salary costs for the first year of the fellowships in response to the COVID-19 pandemic (2022: £17.5m, 2021: £17.4m).

TRUSTEES' ANNUAL REPORT – 2022 (continued)

Achievements and Performance (continued)

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 £24,000. (2022: £0.5m, 2021: £0.6m).

International 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 £50,000 available. (2022: £0.4m, 2021: £0.7m).

International Professorships

To recruit excellent research leaders of any nationality, currently working outside the UK, in order to fill strategically important positions in this country. This competition was first held in 2020 with 4 awards totalling £17.7m being made, a further round was held in 2021 with 5 awards totalling £21.5m being made and in 2022 3 awards totalling £10.6m were made. These awards are not included in the expenditure on charitable activities in the year of award as they are still subject to the completion of certain formalities and the professorial appointment. In 2022 an amount of £16.1m was accounted for in respect of 2020 and 2021 awards. (In 2021 an amount of £8.7m was accounted for in respect of three of the 2020 awards.)

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 are in the region of £50,000. (2022: £4.4m, 2021: £4.6m).

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. (2022 £3.0m, 2021: £3.0m).

Research Centres

To support fundamental cross-disciplinary research across the sciences, humanities and social sciences. This competition is 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. (2022: nil, 2021: £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 £60,000. (2022 £5.6m, 2021: £5.8m).

Research Leadership Awards- Triennial Scheme

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. (2022: £10.6m, 2021: 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 £38.5m in 2022 (2021: £44.6m).

TRUSTEES' ANNUAL REPORT – 2022 (continued)

Achievements and Performance (continued)

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 £41,000. (2022: £1.3m, 2021: £1.5m).

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 £125,000, depending on duration. (2022: £2.5m, 2021: £0.7m).

Academy Fellowships/Scholarships

This category includes various schemes. These Senior Research Fellowships that the Trust funds that are run by the British Academy, the Royal Academy of Engineering and the Small Research Grants scheme run by the British Academy. In 2022, the Trust also committed £1m over five years to the Researchers at Risk scheme being run by the British Academy (2022 £3.2m, 2021: £4.7m).

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

Types of schemes	2022	%	2021	%
	£000		£000	
Research Project Grants	38,498	37	44,606	32
Research Centres	-	-	30,000	22
Early Career Fellowships	17,464	17	17,414	13
Arts Scholarships	-	-	15,068	11
International Professorships	16,110	16	8,742	6
Research Leadership	10,635	10	-	-
Research Fellowships	5,568	5	5,840	4
Major Research Fellowships	4,405	4	4,588	3
Academy Fellowships/Scholarships	3,218	3	4,681	3
Leverhulme Prizes	3,000	3	3,000	2
Visiting Professors	2,481	2	709	1
Study Abroad Studentships	1,281	1	1,523	1
Emeritus Fellowships	499	1	630	1
International Fellowships	380	1	656	1
Grants Awarded in Year	103,539	100	137,457	100

The number of applications received for consideration for all schemes amounted to 3,483 in 2022 (2021: 3,640). The number of grants which were subsequently made amounted to 604 (2021: 664).

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. 2022: Research Project Grants over 350, Early Career Fellowships almost 800, Research Fellowships over 650). The selection of successful applications, based on peer review, involves success rates across the schemes ranging from c. 3.5% to 46%. The Trust is able to disburse its available income without any sacrifice of quality.

TRUSTEES' ANNUAL REPORT – 2022 (continued)

Achievements and Performance (continued)

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

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 3,500 to 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 employ globally leading scholars through our Leverhulme International Professorships and 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.

Although our grantees were impacted by the pandemic, the Trustees reported that the operations and finances of the Trust were materially unaffected by the COVID-19 virus. The Trust has continued to have active conversations with its beneficiaries where their activities were adversely affected by the direct or indirect impact of the pandemic. The Trustees created a contingency fund of up to £10m in 2020 to help grant holders where additional costs were required as a result of the pandemic. As at 31 December 2022, an amount of £6.6m (2021: £5.3m) had been committed from this fund.

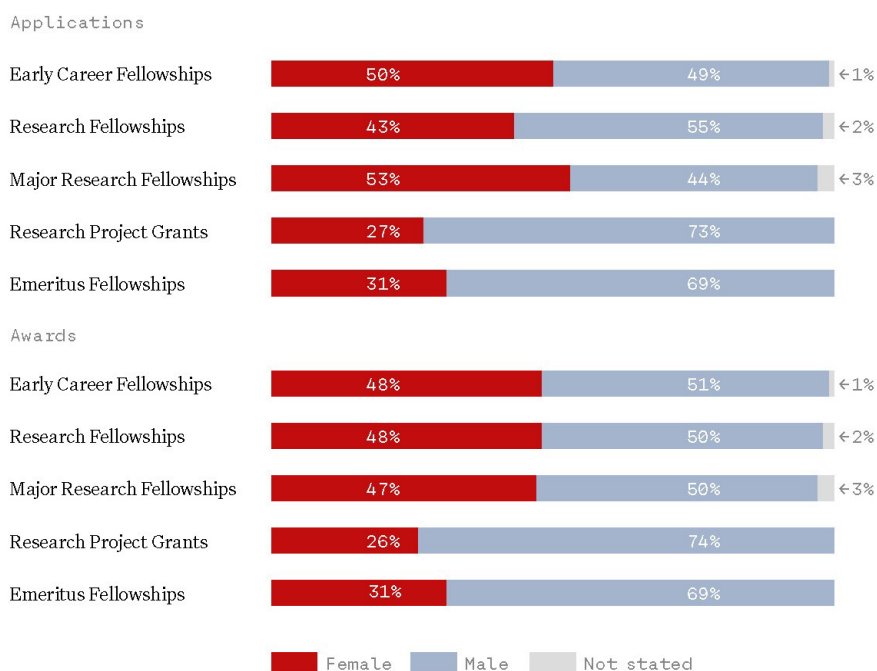
TRUSTEES' ANNUAL REPORT – 2022 (continued)

Diversity and inclusion

The Trust is conscious of inequalities in the research ecosystem and aware that our grantees also reflect these inequalities. The Trust is taking various steps to increase the diversity of applications it receives and its awards, such as the recent introduction of new grants to support a master's-to-PhD route for Black scholars or students from a low-income background.

We have been collecting information on gender for some time. Here is the most recent data for the main grant schemes for both applicants and awards.

Applications and awards: gender



Monitoring the demographic characteristics of our applicants and awardees is also an essential part of our efforts on this issue. We are at an early stage in terms of collecting data on ethnicity and being able to analyse it, and we do not yet have sufficient data to disaggregate by scheme.

TRUSTEES' ANNUAL REPORT – 2022 (continued)

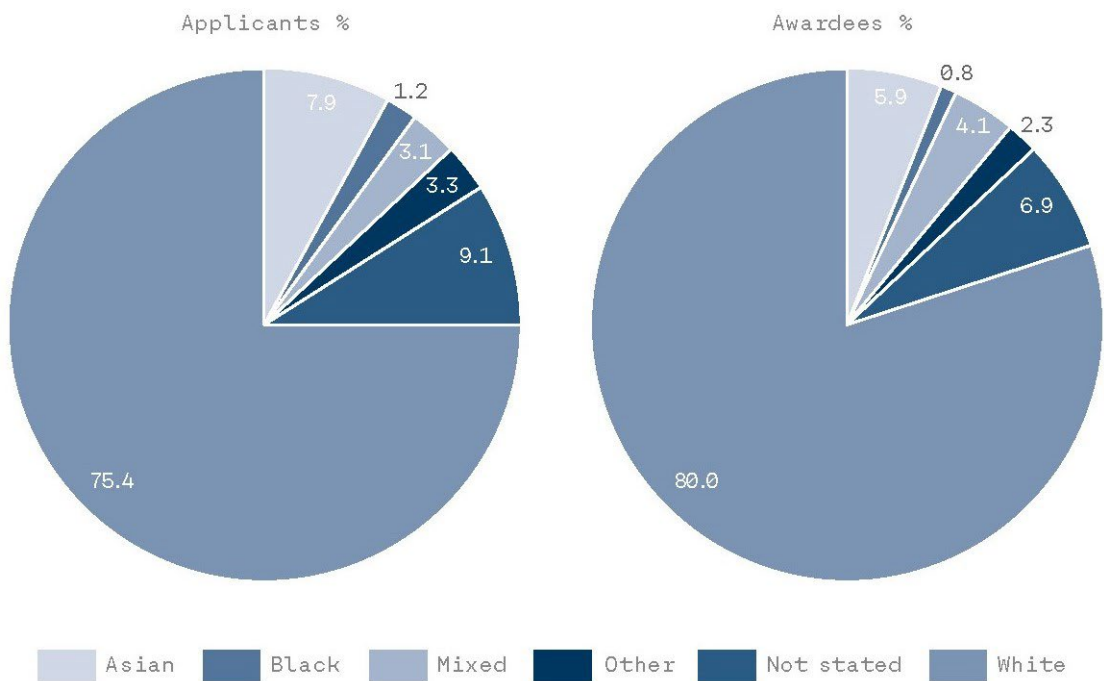
Diversity and inclusion (continued)

Below are some aggregate ethnicity data for applications and awards across our major schemes.

The data confirm the underrepresentation of some ethnic minority groups both in the applications we receive and in the awards we make. The Trust receives fewer applications from Black applicants than one would expect, given the proportion of Black people in the general population. ONS reports that, in the general population, 8% identify as Asian, just under 3.5% as Black and 1.8% as being of mixed ethnicity. The data also suggest that a lower percentage of Asian and Black applicants are then awarded grants as compared to White applicants. This underlines the need for the Trust to consider ways to support applicants from underrepresented groups and review its peer review processes.

It is also worth noting that 10% of applicants prefer not to disclose this information when making an application to the Trust.

Applicants and awardees by ethnic group across schemes in 2022



TRUSTEES' ANNUAL REPORT – 2022 (continued)

Financial Review

The income of the Trust amounted to £92.2m in 2022 (2021: £95.1m). The Trust moved to a total return target in 2021 to replace the previous income target. The Trust has not carried out any fundraising activities during the year therefore no fundraising disclosures are made.

Grants awarded in the year were £103.5m in line with expectations (2021 : £137.5m). 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 2022 was £3,566m (2021: £3,580m).

Investment policy and performance

The Trust's investment advisor was appointed in November 2019 and an updated investment policy statement and strategic asset allocation was agreed by the Trust Board's Investment Committee and the Trustees.

The Trust targets a minimum total return over the longer-term net of fees, currently 7%, to protect the portfolio's real value (with inflation measured by UK CPI) after funding the annual withdrawal of 3%. In 2022 the Trust's investments (net of fees) returned 2.2% (2021:3.3%).

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 Board'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 who reviews the key risks on an annual basis.

The Trustees consider that significant disruption to, or underperformance in, the Trust's Unilever shareholding and/or the portfolio managed by Partners Capital would lead to a significant reduction in funds available for distribution by the Trust. Steps taken to mitigate this risk include ongoing review of Unilever performance and, in relation to the portfolio managed by Partners Capital, the adoption of a risk-based Investment Policy Statement by the Trust with a focus on asset class diversification and total return.

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 goodwill 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.

TRUSTEES' ANNUAL REPORT – 2022 (continued)

Reserves policy

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. The reserve balance at 31 December 2022 was £3,566m (2021: £3,580m) in line with the target.

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 five-year period (2020- 2024) in order 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.

The Leverhulme International Professorships competition was first launched in 2019 with the results of the first competition in 2020 being four awards totalling £17.7m which were made subject to the completion of certain formalities and the professorial appointments. In 2021, two of these awards, totalling £8.7m were finalised and the remaining two commenced in 2022. In 2021, five International Professorships were awarded totalling £21.5m, two of these commenced in 2022. In 2022, a further three were awarded totalling £10.6m subject to the same formalities.

The Trust Board has identified funds for schemes in addition to the International Professorships where the grants will not be committed until 2023 or beyond: £2.0m for Visiting Professorships; £5.0m for Major Research Fellowships; £3.3m for Prizes; c£22.5m for Doctoral Scholarships; £2.5m for Fellowships/Scholarships and £20.0m for the RAAC (Research Awards Advisory Committee).

Structure, Governance and Management

The Trustees who served during the year and up to the date of the approval of the Annual Report, are listed on page 3.

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).

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 the Chairman and the Director of the Trust; those appointed receive copies of relevant Charity Commission publications.

The Director of the Trust is Professor Anna Vignoles. The Trustees consider the Board of Trustees together with the Director, Director of Finance, Director of Investments 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 17 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 Trust Board's 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 – 2022 (continued)

Structure, Governance and Management (continued)

The remuneration of the key management personnel consists of fixed salary, variable pay and pension payments. The variable pay is determined on performance against agreed objectives. Remuneration levels are set in relation to that required to attract and retain the quality of executive needed to run effectively and efficiently a Foundation of this size and complexity.

The Trust Board has four 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 consists of four Trustee Board members (Rudi Markham (Chairman), Dr Niall FitzGerald, Professor Keith Gull and Christopher Saul), the Director of Investments of the Trust and three external investment specialists (Dame Elizabeth Corley, Angela Docherty and 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 three other Trustees (Rudy Markham, Doug Ballie and Steve 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 three Trustees (Doug Baillie, Mhairi McEwan and Christopher Saul), the Director of the Trust and the Director of Finance. 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 38 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.

TRUSTEES' ANNUAL REPORT – 2022 (continued)

Statement of trustees' responsibilities (continued)

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 and the Charities (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.

The trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. www.leverhulme.ac.uk Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In the case of each Trustee in office at the date the Trustees' Annual Report is approved: so far as the Trustee is aware, (a) there is no relevant audit information of which the Trust's auditors are unaware; and (b) they have taken all the steps that they ought to have taken as a Trustee in order to make themselves aware of any relevant audit information and to establish that the Trust's auditors are aware of that information.

The Trustees' Annual Report on pages 3 to 14 was approved by the Trustees and signed on its behalf by:



Dr Niall W A FitzGerald
(Chairman)
6 September 2023

1 Pemberton Row
London EC4A 3BG

Registered charity number: 1159154

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 2022 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 2022; the statement of financial activities and the cash flow statement for the year then ended; and the notes to the financial statements, which include a description 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

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

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

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

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

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.

With respect to the Trustees' Report, we also considered whether the disclosures required by Charities Act 2011 have been included.

Trustees' Report

In our opinion, based on work undertaken in the course of the audit, the information given in the Trustees' Report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we did not identify any material misstatements in the Trustees' Report.

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, 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.

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

Based on our understanding of the charity and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the Charities Act 2011 and relevant regulations made or having an effect thereunder, including The Charities (Accounts and Reports) Regulations 2008, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered the direct impact of these laws and regulations on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries to conceal misappropriation of assets or manipulate financial results. Audit procedures performed by the engagement team included:

- Testing journal entries where we identified particular fraud risk criteria.
- Obtaining confirmations of investments and cash balances at the year end.
- Testing estimates and judgements made in the preparation of the financial statements for indicators of bias.

material effect on the financial statements. We also considered the direct impact of these laws and regulations on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries to conceal misappropriation of assets or manipulate financial results. Audit procedures performed by the engagement team included:

- Testing journal entries where we identified particular fraud risk criteria.
- Obtaining confirmations of investments and cash balances at the year end.
- Testing estimates and judgements made in the preparation of the financial statements for indicators of bias.
- Reviewing meeting minutes, and significant contracts and agreements.
- Holding discussions with the trustees and management to identify significant or unusual transactions and known or suspected instances of fraud or non-compliance with applicable laws and regulations.
- Assessing financial statement disclosures, and agreeing these to supporting evidence, for compliance with applicable laws and regulations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: 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.

We have no exceptions to report arising from this responsibility.



PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

6 September 2023

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £000	2021 £000
Income and endowments from:			
- Investment income	2	92,219	95,085
Total income and endowments		<u>92,219</u>	<u>95,085</u>
Expenditure on:			
Raising funds			
- Investment management costs		3,320	2,743
Charitable activities	3b	100,895	138,194
Total expenditure		<u>104,215</u>	<u>140,937</u>
Net Expenditure before Net gains on investments		(11,996)	(45,852)
Net (losses) / gains on investments	5c	(1,782)	35,323
Net expenditure and net movement in funds		<u>(13,778)</u>	<u>(10,529)</u>
Reconciliation of funds:			
Total funds brought forward		3,579,784	3,590,313
Total funds carried forward		<u>3,566,006</u>	<u>3,579,784</u>

The notes on pages 21 to 34 form part of these financial statements.

BALANCE SHEET AS AT 31 DECEMBER 2022

Fixed assets:	Note	2022 £000	2021 £000
Tangible assets	4	-	30
Investments			
- Investment in shares in Unilever plc	5a	1,962,662	1,851,670
- Other investments	5b	<u>1,908,553</u>	<u>2,039,605</u>
		<u>3,871,215</u>	<u>3,891,275</u>
Total fixed assets		3,871,215	3,891,305
Current assets:			
Debtors	6	1,000	1,008
Cash at bank and in hand		4,318	1,649
		<u>5,318</u>	<u>2,657</u>
Total current assets			
Liabilities:			
Creditors: amounts falling due within one year	7	<u>(189,073)</u>	<u>(177,666)</u>
Net current liabilities		<u>(183,755)</u>	<u>(175,009)</u>
Total assets less current liabilities		3,687,460	3,716,296
Creditors: amounts falling due after one year	7	<u>(121,454)</u>	<u>(136,512)</u>
Total net assets		<u>3,566,006</u>	<u>3,579,784</u>
The funds of the Charity			
Unrestricted funds		3,566,006	3,579,784
Total Charity funds		3,566,006	3,579,784

The notes on pages 21 to 34 form part of these financial statements.

The financial statements on pages 18 to 34 were approved by the Trustees and signed on their behalf by:



Dr Niall W A FitzGerald
Trustee

6 September 2023

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 £000	2021 £000
Cash flows from operating activities:		
Net cash used in operating activities (a)	(104,262)	(78,922)
Cash flows from investing activities:		
Dividends and interest	92,178	95,216
Investment management costs – cash element	(1,945)	(2,743)
Purchase of investments	(476,618)	(642,807)
Proceeds from sale of investments	439,799	595,399
Cash outflow from foreign exchange hedging	(36,407)	(9,415)
Decrease in cash held by investment managers	89,924	42,262
Net cash provided by investing activities	106,931	77,912
Change in cash and cash equivalents in the year	<u>2,669</u>	<u>(1,010)</u>
	2022 £000	2021 £000
Cash and cash equivalents brought forward	<u>1,649</u>	<u>2,659</u>
Cash and cash equivalents carried forward	<u>4,318</u>	<u>1,649</u>
a) Reconciliation of net expenditure to net cash flow used in operating activities		
Net expenditure for the reporting year (as per the statement of financial activities)	(13,778)	(10,529)
Adjustments for:		
Dividends and interest	(92,219)	(95,085)
Net losses / (gains) on investments	1,782	(35,323)
Investment management costs	3,168	2,743
(Decrease) / increase in creditors	(3,294)	59,242
Decrease in prepayments	49	-
Depreciation	30	30
Net cash used in operating activities	<u>(104,262)</u>	<u>(78,922)</u>
b) Analysis of changes in net cash/(debt)		
Net cash at 1 January	1,649	2,659
Net cash inflow / (outflow)	2,669	(1,010)
Net cash at 31 December	4,318	1,649

The notes on pages 21 to 34 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

Basis of preparation of the financial statements

These financial statements of The Leverhulme Trust (the "Trust") 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 Trust's functional currency and presentational currency is Pounds Sterling (GBP).

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 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.

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

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.

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 only estimate that has a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year is related to the valuation of the Trust's investments and, in particular, those classified as Level 2 and Level 3 of the fair value hierarchy. Explanation of the method for determining the valuation of investments is included within the investments accounting policy below and within note 5.

The Trust also estimates the allocation of support costs between expenditure on charitable activities and raising funds and estimates the allocation to each grant activity. This estimate is apportioned on the basis of staff time spent on activities in line with the methods prescribed by the Charities SORP. Details of this allocation are included within note 3.

A summary of the principal accounting policies, which have been applied consistently is set out below.

Fund structure

The funds of the charity are unrestricted and are fully expendable at the discretion of the Trustees.

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. Where investment income from pooled investment vehicles is re-invested it is accounted for in the unit price.

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 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.

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, or agreed by, 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, less estimated residual value, 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

The Trust has elected to apply the provisions of Section 11 and Section 12 of FRS102 in full. All investments are at fair value through profit or loss upon initial recognition and are measured at subsequent reporting dates at fair value.

The fair value of listed security investments is bid value. The fair value of unlisted investments uses valuation techniques determined by the Trustees on the advice of the Investment Advisor, Partners Capital. These valuations are based on the latest information available from the relevant fund manager.

Purchases and sales of investments are accounted for on a trade date basis.

Gains and losses arising from changes in the unrealised fair value and on the sale of investments are shown as Net gains/(losses) on investments within the Statement of Financial Activities and shown within the unrestricted funds of the Trust on the Balance Sheet.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1 Accounting policies (continued)

Forward Contracts

Forward contracts are recognised at fair value, being marked to market value at the closing foreign exchange rates at the year end.

Cash and bank balances

Cash and bank balances represent money on deposit and on current accounts with banks with a maturity of less than three months. Cash held by investment managers is included within investments.

Pension scheme

All staff are employed jointly by Unilever U.K. Central Resources Limited and the Trust. Most of the Trust staff participate in the Unilever U.K. Central Resources Limited defined benefit pension scheme, the Unilever UK Pension Fund (although more recent staff participate in the Unilever defined contribution scheme). Although the main pension scheme is a defined benefit scheme, as this is a multi-employer 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. It is therefore accounted for as if this were a defined contribution scheme. Contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet.

Taxation

The 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

	2022 £000	2021 £000
Dividends from Unilever plc	68,271	69,275
Managed pooled investments		
Fixed interest Bonds	-	158
Global Equities	7,078	6,605
Private Debt	14,633	17,555
Property	2,074	1,534
Cash	154	(42)
	92,210	95,085
Bank interest	9	-
Total investment income	92,219	95,085

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

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	2022 Total allocated £000	2022 Invest- ment Costs £000	2022 Gover- nance Costs £000	2022 Support Costs £000	2021 Total allocated £000	2021 Invest- ment Costs £000	2021 Gover- nance Costs £000	2021 Support Costs £000
Staff costs	1,625	91	53	1,481	1,493	55	46	1,392
Accommodation	476	27	15	434	371	14	11	346
Other	609	34	20	555	527	20	16	491
	2,710	152	88	2,470	2,391	89	73	2,229

Support costs (net of £69,000 (2021:£80,000) recharge to the Trade Charities Trust – see Note 9) are apportioned based on staff time spent on activities. The allocation to Investment Costs is included within Investment management costs on the SOFA.

3a (ii) Governance costs

	2022 £000	2021 £000
Audit & Legal	98	71
Secretarial	6	4
Trustee expenses	2	-
Support costs (based on apportioned staff time per note 3a (i))	88	73
Total Governance Costs	194	148

3a (iii) Total Governance and Support Costs

	2022 £000	2021 £000
Support Costs (note 3a (i))	2,470	2,229
Governance Costs (note 3a (ii))	194	148
	2,664	2,377

NOTES TO THE FINANCIAL STATEMENTS (continued)

3b Analysis of charitable expenditure

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

Activity	Grant funded activity	Support and governance costs	Total	Grant funded activity	Support and governance costs	Total
	2022 £000	2022 £000	2022 £000	2021 £000	2021 £000	2021 £000
Research Awards Advisory Committee#	25,192	497	25,689	26,063	473	26,536
Research Projects Grant	38,498	1,107	39,605	44,606	1,043	45,649
Arts Scholarships	-	-	-	15,068	244	15,312
Research Centres	-	-	-	30,000	18	30,018
International Professorships	16,110	88	16,198	8,742	18	8,760
Research Leadership	10,635	356	10,991	-	-	-
Major Research Fellowships	4,405	261	4,666	4,588	247	4,835
Academy Fellowships/ Scholarships	3,218	8	3,226	4,681	6	4,687
Visiting Professors	2,481	181	2,662	709	171	880
Prizes	3,000	166	3,166	3,000	157	3,157
Grants awarded	103,539	2,664	106,203	137,457	2,377	139,834
Adjustment on prior year grant awards	(5,308)	-	(5,308)	(1,640)	-	(1,640)
Total Costs	98,231	2,664	100,895	135,817	2,377	138,194

Research Awards Advisory Committee include the following grants: Early Career Fellowships, Research Fellowships, the Study Abroad Scheme, Emeritus Fellowships and International Academic Fellowships.

The adjustments on prior year grant awards include the write back of amounts on closed grants.

Support and governance costs are apportioned based on staff time spent on activities. (Note 3a (iii)).

NOTES TO THE FINANCIAL STATEMENTS (continued)

3c Staff costs

	2022 £000	2021 £000
Wages and salaries	1,077	980
Social security costs	155	129
Pension costs	299	324
Contractors	65	40
Other	29	20
	1,625	1,493

The monthly average number of full-time equivalent staff during the year was 16.5 (2021:15). All staff are involved in grant making and are employed jointly by Unilever U.K. Central Resources Limited and the Trust with their cost recharged to the Trust. At 31 December 2022, an amount of £23,262 (2021: £25,618) relating to pension contributions remained outstanding. The number of staff who received salaries and other emoluments (excluding pension contributions) over £60,000 was:

	2022 Number	2021 Number
£70,001-£80,000	1	-
£100,001 - £110,000	-	2
£120,001 - £130,000	2	-
£140,001 - £150,000	-	1
£210,001 - £220,000	-	1
£290,001 - £300,000	1	-

Unilever U.K. Central Resources Limited operates a defined benefit pension scheme and a defined contribution pension scheme to which £77,034 (2021: £90,200) was contributed by the Trust in relation to higher paid employees.

The defined benefit pension scheme reported an estimated funding level on a technical provisions basis at 31 March 2021 of 111%.

The Trust consider the Board of Trustees, the Director, Director of Finance, Director of Investments and Assistant Director of the Trust comprise the key management personnel of the charity. The total employment benefits including employer pension contributions of the key management personnel was £644,247 (2021: £648,568).

The Director is the highest paid member of staff.

3d Trustee costs

Trustees did not receive any remuneration during the year (2021: nil). Four Trustees (2021: one Trustee) received travelling and subsistence expenses of £1,998 (2021: £477).

3e Net incoming/(outgoing) resources after charging

	2022 £000	2021 £000
Auditors' remuneration (excluding non-recoverable VAT)	67	59
Depreciation	30	30
Operating lease rentals	267	276

NOTES TO THE FINANCIAL STATEMENTS (continued)

4 Tangible assets - All Furniture, fittings and equipment

	Total 2022 £000	Total 2021 £000
Cost		
At 1 January	301	301
Disposals	(301)	-
At 31 December	-	301
Accumulated depreciation		
At 1 January	271	241
Charge for year	30	30
Disposals	(301)	-
At 31 December	-	271
Net book value		
At 31 December	-	30

5 Investments

a) Investment in shares in Unilever plc

	2022 £000	2021 £000
As at 1 January	1,851,670	2,061,217
Net Investment gains / (losses)	110,992	(209,547)
As at 31 December	1,962,662	1,851,670

The fair value of investments held in Unilever plc shares reflects the market year end share prices. These shares are Level 1 in the fair value hierarchy.

For cost purposes the shares are valued at the market price of £9,308,018 on Budget Day 1965. There were no purchases or disposals of shares in the year (2021: none).

b) Other Investments

Other investments represent amounts advised and managed by Partners Capital LLP under a Discretionary Management Agreement signed in 2019 and primarily comprise pooled investment vehicles. The historical cost at 31 December 2022 was £1,643.1 million (2021: £1,685.1 million).

NOTES TO THE FINANCIAL STATEMENTS (continued)

b) Other Investments (continued)

Other Investments at fair value	2022 £000	2021 £000
Inflation Linked Bonds	35,134	104,220
Credit	29,604	53,246
Global Equities	939,904	569,431
Hedged Equities	356,345	870,781
Property	138,355	55,005
Commodities	-	38,141
Private Debt	243,342	168,409
Private Equity	186,381	110,961
Cash	(23,718)	70,671
Forward Foreign Exchange Contracts	3,206	(1,260)
Investments	1,908,553	2,039,605

Movement in Other Investments	2022 £000	2021 £000
As at 1 January	2,039,605	1,780,175
Purchases	476,618	642,807
Disposals	(439,799)	(595,399)
Net Investment (losses) / gains	(77,947)	254,284
Decrease in cash held in investments	(89,924)	(42,262)
As at 31 December	1,908,553	2,039,605

Included within Net investment (losses) / gains is £29.7m of realised foreign exchange gains (2021: £7.5m) in relation to sales during the year.

The cash figure includes cash adjustments for pending purchases of £39.1m (2021: nil) and pending sales of £1.0m (2021: £34.1m). The balance at 31 December is negative on account of the significant pending purchases. The forward foreign exchange contracts balance of £3.2m (2021: negative £1.3m) is the net of pending foreign exchange purchases of £382.2m (2021: £334.3m) and pending foreign exchange sales of £379.0m (2021: £335.6m).

There are no equity holdings in one company greater than 5% of the total of investments in Other Investments. The Trust has entered into commitments to invest in private equity funds. At the balance sheet date outstanding commitments totalled £165.6m (2021: £150.4m).

c) Net (losses) / gains on investments

	2022 £000	2021 £000
Net gains / (losses) on Unilever shares	110,992	(209,547)
Net (losses) / gains on Other Investments	(77,947)	254,284
	33,045	44,737
Cash loss from FX hedging	(36,407)	(9,414)
Investment management fees in units	1,580	-
Net (losses) / gains in Statement of Financial Activities	(1,782)	35,323

NOTES TO THE FINANCIAL STATEMENTS (continued)

d) Recognised fair value measurements

The following table categorises the fair values of the Trust's investment assets based on the inputs to the fair value. Categorisation within the hierarchy has been determined based on the lowest level input that is significant to the fair value measurement of the relevant asset as follows:

Level 1 – valued using quoted prices in active markets for identical assets.

Level 2 – valued by reference to valuation techniques using observable inputs other than quoted prices included within Level 1.

Level 3 – valued by reference to valuation techniques (to estimate what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations) using inputs that are not based on observable market data.

2022	Level 1 £000	Level 2 £000	Level 3 £000	Total 2022 £000
Investments				
Inflation linked Bonds	35,134	-	-	35,134
Credit	-	29,604	-	29,604
Global Equities	114,664	825,240	-	939,904
Hedged Equities	-	356,345	-	356,345
Property	-	138,355	-	138,355
Private Debt	-	243,342	-	243,342
Private Equity	-	-	186,381	186,381
Cash – see note in 5b above	(23,718)	-	-	(23,718)
Forward Foreign Exchange Contract	-	3,206	-	3,206
Investments	126,080	1,596,092	186,381	1,908,553
2021	Level 1 £000	Level 2 £000	Level 3 £000	Total 2021 £000
Investments				
Inflation linked Bonds	104,220	-	-	104,220
Credit	-	53,246	-	53,246
Global Equities	49,030	520,401	-	569,431
Hedged Equities	-	870,781	-	870,781
Property	-	55,005	-	55,005
Commodities	38,141	-	-	38,141
Private Debt	-	168,409	-	168,409
Private Equity	-	-	110,961	110,961
Cash	70,671	-	-	70,671
Forward Foreign Currency Contract	-	(1,260)	-	(1,260)
Investments	262,062	1,666,582	110,961	2,039,605

e) 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

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 2022 was 0.75 (2021: 0.75) 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 0.75% and every 1% reduction in global equity prices would be expected to lead to a reduction of £29.6m (2021 : £27.9m) in Charity Funds.

The Trust's objectives, policies and processes for managing the risk arising from financial instruments are 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.

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 £10.6m in Charity Funds (2021: £6.5m) although an indirect impact of currency rate movements on the value of non-US Dollar denominated investments would also be expected.

At 31 December 2022, the Trust had open USD/GBP forward exchange contracts for a nominal value of £378,985,000 for settlement between February and May 2023 (2021: £335,604,000).

Other matters During 2022, geopolitical issues (such as the war in Ukraine) and economic issues (such as increases in the rates of inflation and interest rates and movements in foreign currencies) have had a profound effect on domestic and global economies, with disruption and volatility in the financial markets. The Trustees, in conjunction with their advisers, monitor the situation closely and determines any actions that are considered to be necessary. The extent of the impact on the Trust’s investment portfolio, including financial performance, will depend on future developments in financial markets and the overall economy, all of which are uncertain and cannot be predicted.

6 Debtors

	2022 £000	2021 £000
Amounts falling due within one year:		
Accrued investment income	945	904
Prepaid administrative expenses	55	104
Total	1,000	1,008

7 Creditors

	2022 £000	2021 £000
Grants payable	309,712	313,217
Accrued Investment management fees	407	764
Accrued administrative expenses	408	197
Total	310,527	314,178
Amounts falling due within one year	189,073	177,666
Amounts falling due after more than one year (all grants payable)	121,454	136,512

NOTES TO THE FINANCIAL STATEMENTS (continued)

Movement in Grant Payable Creditor	2022 £000	2021 £000
As at 1 January	313,217	253,729
Grants awarded in year	103,539	137,457
Adjustment to awards in previous years	(5,308)	(1,640)
Cash paid	(101,736)	(76,329)
As at 31 December	<u>309,712</u>	<u>313,217</u>

8 Lease commitments

At 31 December, the Trust had annual commitments under an operating lease for its office was renewed in 2022 for a term ending 24 July 2032. The annual rent under the lease is £241,434 plus VAT. The minimum lease payments remaining until the Review Date in July 2027 equate to £1,207,000. At 31 December 2021, the amount remaining on the existing lease was £128,000.

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 2022, the Trust received dividend income of £68,270,790 from Unilever plc (2021: £69,275,117). Unilever plc is a company with a director in common with the Trust's Trustees.

The Trust's investments include £1,962,662,031 of ordinary shares held in Unilever plc (2021: £1,851,669,786).

Staff are jointly employed by Unilever U.K. Central Resources Limited and the Trust with their cost recharged to the Trust. Unilever U.K. Central Resources Limited is a subsidiary of Unilever plc.

In 2022, the Trust paid Unilever U.K. Central Resources Limited £15,000 in rent (2021 - nil).

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. No award was made to the Sir William Dunn School of Pathology in the year (2021: nil). The total amount outstanding as at 31 December 2022 was £50,000 (2021: £50,000). Professor Gull had no influence over this transaction. Christopher Saul was a Trustee of English National Ballet until February 2023. No award was made to English National Ballet in the year (2021: One award totalling £230,497 over four years). The total amount outstanding as at 31 December 2022 was £188,538 (2021: £230,497). Mr Saul took no part in this decision.

The Leverhulme Trade Charities Trust does not have any employees but a charge of £69,000 (2021: £80,000) is made by The Leverhulme Trust, whose Assistant Director of Finance, 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

10 Commitments

At 31 December 2022, Trustees had approved the spending levels for various schemes for 2023 amounting to £82.7m (at the end of 2021 in respect of 2022: £74.3m). Of this amount £24.7m relates to the provisional awards in 2021 and 2022 of 6 Leverhulme International Professorships. Individual grants will be awarded under the other schemes in 2023.

11 Events after the end of the reporting period

In March 2023 the Trust entered into a contract for £605,530 plus VAT for the refurbishment of its offices.

12 Registered Office

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

13 2022 Grants awarded by institution

Institution	Number of awards	Amount £000
University of Oxford	49	11,295
University of Birmingham	18	7,216
Imperial College London	11	6,308
University of Cambridge	36	5,576
University of Edinburgh	30	4,508
University of Warwick	22	3,624
University of York	12	3,581
University of Bristol	21	3,418
University College London	20	3,007
University of St Andrews	16	2,942
University of Nottingham	13	2,549
King's College London	16	2,452
University of Leicester	10	2,431
Royal Society/British Academy/Royal Academy of Engineering	5	2,416
University of Manchester	18	2,245
Newcastle University	13	2,182
University of Sheffield	20	2,144
University of Southampton	8	2,020
London School of Economics and Political Science	8	1,691
Durham University	14	1,588
University of Essex	9	1,567
University of Exeter	14	1,527
Birkbeck, University of London	10	1,444
University of Leeds	9	1,344
SOAS University of London	3	1,285
University of Glasgow	10	1,225
University of Liverpool	8	1,181
University of Aberdeen	9	1,125
University of Bath	7	1,092
Queen's University Belfast	6	1,013
University of Kent	6	1,010
Cranfield University	1	992
Queen Mary University of London	12	955
Lancaster University	5	931
Heriot-Watt University	2	846
Loughborough University	5	826
Royal Holloway, University of London	5	745
University of Sussex	9	739
University of Strathclyde	5	737
Cardiff University	7	702
University of Lincoln	4	692
	506	95,171
36 institutions below £500,000	66	7,094
Individuals below £500,000	32	1,274
	604	103,539
2022 Total grants awarded	604	103,539

NOTES TO THE FINANCIAL STATEMENTS (continued)

2021 Grants awarded by institution

Institution	Number of awards	Amount £000
University of Cambridge	49	19,771
University of Oxford	55	15,594
Imperial College London	13	13,404
University of Birmingham	25	8,369
University College London	33	5,200
University of Edinburgh	35	5,065
The Mandela Rhodes Foundation	1	3,000
King's College London	16	2,429
Newcastle University	13	2,400
University of St Andrews	16	2,322
University of East Anglia	14	2,153
University of Nottingham	16	2,121
University of Sheffield	19	2,091
Cardiff University	12	1,863
University of York	14	1,845
University of Exeter	13	1,772
University of Warwick	14	1,679
University of Glasgow	14	1,442
Birkbeck, University of London	8	1,384
Royal Society/British Academy/Royal Academy of Engineering	6	1,294
Durham University	12	1,185
University of Sussex	7	1,153
University of Manchester	9	1,152
University of Liverpool	7	1,137
University of Kent	8	1,115
Royal Holloway, University of London	10	1,090
University of Leicester	4	1,040
University of Leeds	7	952
Queen's University Belfast	8	933
Queen Mary, University of London	6	894
University of Bristol	10	875
Roehampton University	6	866
Northumbria University	7	809
University of Reading	7	806
University of Strathclyde	5	797
Guildhall School of Music and Drama	2	755
Royal College of Music	1	696
University of Bath	2	623
Royal Central School of Speech and Drama	1	526
London Contemporary Dance School	1	522
Royal Northern College of Music	1	520
University of Hull	2	517
University of Brighton	2	509
University of Essex	3	508
University of Southampton	4	506
	518	115,684
105 institutions below £500,000	135	21,211
Individuals below £500,000	11	562
	664	137,457
2021 Total grants awarded		