

LEVERHULME
TRUST _____

**Trustees' Annual Report
and Financial Statements 2023**

Chairman's foreword

As I retire as Chairman of the Leverhulme Trust Board this year, I want to reflect on what distinguishes the Trust in its contribution to the research funding landscape.

For nearly a century, the Trust has consistently supported academic research in the UK, adhering to key guiding principles. These include independence, a commitment to fundamental research, a belief in the power of blue skies exploration, and the conviction that academics are best placed to identify the most intriguing frontiers of knowledge. The Trust believes in the importance of 'responsive' mode funding. Moreover, the Trust is willing to take considerable risks by funding research that is long-term in nature and has unpredictable outcomes.

The Trust also takes great pride in playing its role in the UK higher education sector, which continues to be world-class. It requires exceptional individuals, a broad array of research institutions and the stimulation of great ideas to sustain excellence. The Trust plays a modest, but important, part in this system, supporting, as it does, outstanding fundamental research across the arts, humanities, social sciences and sciences, while also seeking to nurture a pipeline of talented and ever more diverse researchers.

Since my initial involvement with the Trust, both the research landscape and the Trust itself have seen considerable change. When I became a Trustee in 1996, the Trust awarded approximately 337 grants per year, totalling around £12.6m. By 2013, when I became Chair, our annual expenditure had increased to just over £50m, supporting about 500 grants. Today, the Trust's annual spend has more than doubled to around £120m, distributed across around 600 grants. Indeed, since 1996, we have committed £1.7bn to funding exceptional research founded on truly original ideas. The substantial increase in funding has allowed the Trust to develop a range of new initiatives to support groundbreaking research.

We have introduced schemes offering larger, longer grants to facilitate transformative research. Notable among these are ten Leverhulme Research Centres, each receiving decade-long grants of £10m to support interdisciplinary research relevant to contemporary society. The academics leading these centres have appreciated the opportunity to undertake research that may take a long time to come to fruition and from which impact may be many years in the future. These awards are also a catalyst for leveraging funding from other bodies.

The Trust has also invested in a Leverhulme Doctoral Scholarship programme to ensure a continuous pipeline of talented doctoral scholars, which is vital if UK universities are to maintain their world-leading research status. So far, we have funded 360 PhDs on 47 different programmes across 34 universities. These programmes also enable students to come together in cohorts to undertake wide-ranging interdisciplinary work in topic areas of real significance. Students often tell us of the career-defining impact of cross-disciplinary work.

In the last decade or so, we have become increasingly concerned about how we continue attracting talented researchers to the UK. We took several steps to try to counteract the negative impact of Brexit on the flow of talent to the UK, one of which was to allocate £100m to fund Leverhulme International Professorships. We hoped these Professorships would signal the Trust's ongoing commitment to international collaboration. So far, we have agreed to fund 19 of these global leaders to move to the UK with their talented teams. I am confident that the UK's long-awaited association with the EU Horizon research programme will also lead to rebuilding research collaborations across Europe and, indeed, beyond.

Alongside these larger initiatives, the Trust has maintained its long-standing support for project and fellowship grants. These are designed to assist academics throughout their careers and provide space for fundamental research. Here, the Trust plays an important role in supporting a full range of academic disciplines, increasingly so in some humanities subjects where external research funding has become scarce. The Trust also seeks to play its part by offering targeted routes into academia for underrepresented groups.

I am passionate about all our schemes but particularly proud of the Early Career Fellows, now a community of over 2,000, and also the £51.8m we have committed to 649 Philip Leverhulme Prize winners over the last 22 years. Both schemes help outstanding young researchers at pivotal points in their early and mid-careers, and many exceptional recipients have become international leaders.

While I am confident in the future of both the Trust and UK higher education, we must also recognise the considerable challenges, which include maintaining an openness to scholars worldwide and financial sustainability. Encouragingly, the sector has already proven its resilience through Brexit, COVID-19, inflation and recent economic pressures. However, there is concern that political engagement with universities has been weakened, and there is a lot of hard work to be done to rebuild relationships across government, universities and other institutions supporting the world-class research accomplished in the UK. The Trust will do its bit by continuing its support for the excellence and scholarship represented by its grantees.

It has been a huge privilege and pleasure to work with two remarkable personalities as Directors of the Leverhulme Trust: Gordon Marshall and Anna Vignoles. Not only do they bring their singular leadership skills and academic abilities but each embodies the ethos and values that make the Trust so unique. It would not have been possible to ask for or receive more unselfish and unstinting support. We have also benefited from the commitment and dedication of wonderful Trustees, who have my deep gratitude on behalf of all who benefit from the work of the Trust. As I pass the responsibility of leading this extraordinary organisation, built on the vision and generosity of William Lever, to my successor, Alan Jope, I am confident that I leave the Leverhulme Trust in the most capable hands and in rude health.

A handwritten signature in black ink, appearing to read 'Niall FitzGerald', with a stylized flourish at the end.

Dr Niall FitzGerald KBE DSA
Chairman of the Leverhulme Trust Board

Director's report

With a mix of gratitude and sorrow, we mark Niall FitzGerald's decision to step down as Chairman of the Leverhulme Trust Board after an incredible 28 years of dedicated service as a Trustee and more than a decade at the helm as Chair. It is the end of an era, and there is no doubt about the profound impact that Niall has had on the Trust. He leaves a legacy that will resonate for years to come.

Niall's visionary leadership has been instrumental in shaping the Trust's offering and ensuring that we are an institution that truly values and celebrates outstanding fundamental research and scholarship. Given the importance of this kind of blue-skies discovery research for wider society and, indeed, the future of humankind, this is no trivial legacy.

Under Niall's stewardship, the Trust experienced transformative growth, introducing major new initiatives like the Leverhulme International Professorships and the Leverhulme Research Centres. These endeavours have not only expanded the Trust's reach and ambition but have also left an indelible mark on the research landscape and supported a great many academics along the way.

As we bid farewell to Niall, I would like to extend my thanks and heartfelt appreciation for his unwavering support, dedication and passion for the Trust. While his departure marks a loss, it also heralds a new chapter under the leadership of our incoming Chair, Alan Jope, former CEO of Unilever. We warmly welcome Alan and anticipate the invaluable insights he brings as he leads the Trust in the years to come.

This past year, we have celebrated some significant milestones, welcoming two new colleagues to our small team, processing 3,737 applications and awarding 590 grants. I am particularly proud that the Trust was able to fund no fewer than eleven new Leverhulme Doctoral Scholarship grants, making a vital contribution to PhD capacity in the sector. The Trust is also trying to play its part in increasing the diversity of people who become academics, and our doctoral programmes now include additional funding for a Master's to PhD route for the groups currently most underrepresented in the sector: Black and low-income students. These interdisciplinary programmes are also awe-inspiring in their breadth, spanning many institutions and topics from AI to ecology, from history to oceanography.

As we embark on 2024 with more major grant awards on the horizon, I want to express my deep gratitude to the entire Trust team for their tireless efforts. I would also like to thank the many peer reviewers who support the work of the Trust in different ways and without whom we could not do what we do.

Professor Anna Vignoles CBE FBA
Director

TRUSTEES' ANNUAL REPORT – 2023

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 – to 22 November 2023 Rudy Markham CMG Mhairi McEwan Leena Nair Christopher Saul Keith Weed CBE Steve Williams Graeme Pitkethly – from 6 March 2024 Quintin Price – from 26 June 2024
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 – 2023

The Trustees present their Annual Report and the audited Financial Statements for the year ended 31 December 2023.

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 – 2023 (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 or as announced 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 (2023: £nil, 2022: £nil).

The Arts Studentship scheme will be changing in 2024 and consist of two distinct schemes – see details under "Plans for Future Periods".

Doctoral Scholarships – Triennial Scheme

This Scheme aims to support doctoral studies in UK universities at a time of growing undergraduate debt. In 2023, the Trust awarded eleven awards of each up to £2.215m 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. To provide targeted support to ensure better progression of low income and Black students, the Scheme was extended in 2023, universities could 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. (2023: £24.4m, 2022: nil).

TRUSTEES' ANNUAL REPORT – 2023 (continued)

Achievements and Performance (continued)

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. (2023: £14.4m, 2022: £17.5m).

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 £24,000. (2023: £0.4m, 2022: £0.5m).

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. (2023: £0.5m, 2022: £0.4m).

International Professorships – as announced

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.

Year of award	Number of awards	Accounted for in 2021	Accounted for in 2022	Accounted for in 2023
2020	4	£8.7m (2 grants)	£9.0m (2 grants)	-
2021	5	-	£7.1m (2 grants)	£9.2m (2 grants)
2022	3	-	-	£10.6m (3 grants)
Value accrued in year		£8.7m	£16.1m	£19.8m

Applications for a final round took place in 2023 with the decisions made in March 2024 when 7 awards totalling £25.1m were made.

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. (2023: £5.3m, 2022: £4.4m).

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. (2023 £3.0m, 2022: £3.0m).

Research Centres- as announced

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. (2023: nil, 2022: £nil)

Plans for a further round of research centres in 2024 are set out under “Plans for Future Periods”.

TRUSTEES' ANNUAL REPORT – 2023 (continued)

Achievements and Performance (continued)

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. (2023 £5.8m, 2022: £5.6m).

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. (2023: nil, 2022: £10.6m).

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 £42.8m in 2023 (2022: £38.5m).

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 £48,000. (2023: £1.4m, 2022: £1.3m).

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. (2023: £2.2m, 2022: £2.5m).

Academy Fellowships/Scholarships

This category includes various schemes. These include Senior Research Fellowships that the Trust funds that are run by the British Academy, the Royal Society and the Royal Academy of Engineering and the Small Research Grants scheme run by the British Academy. In 2023, the Trust agreed to extend the APEX interdisciplinary research grants scheme run jointly by the three academies for three years from 2025 at a cost of £3.6m. The Trust has previously funded scholarships administered by the Mandela Rhodes Foundation for African scholars to pursue doctoral scholarships in the UK. In 2023, the Trust agreed to fund two scholarships for a further five years from 2025 to 2029. (2023 £8.5m, 2022: £3.2m).

TRUSTEES' ANNUAL REPORT – 2023 (continued)

Achievements and Performance (continued)

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

Types of schemes	2023		2022	
	£000	%	£000	%
Research Project Grants	42,826	33	38,498	37
Doctoral Scholarships	24,369	19	-	-
International Professorships	19,817	15	16,110	16
Early Career Fellowships	14,368	11	17,464	17
Research Leadership	-	-	10,635	10
Academy Fellowships/Scholarships	8,518	7	3,218	3
Research Fellowships	5,801	4	5,568	5
Major Research Fellowships	5,283	4	4,405	4
Leverhulme Prizes	3,000	2	3,000	3
Visiting Professorships	2,197	2	2,481	2
Study Abroad Studentships	1,433	1	1,281	1
International Fellowships	451	1	380	1
Emeritus Fellowships	387	1	499	1
Grants Awarded in Year	128,450	100	103,539	100

The number of applications received for consideration for all schemes amounted to 3,737 in 2023 (2022: 3,483). The number of grants which were subsequently made amounted to 590 (2022: 604).

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. 2023: Research Project Grants over 350, Early Career Fellowships over 750, Research Fellowships around 700). The selection of successful applications, based on peer review, involves success rates across the schemes ranging from c. 8% to 41%. 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 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.

TRUSTEES' ANNUAL REPORT – 2023 (continued)

Achievements and Performance (continued)

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.

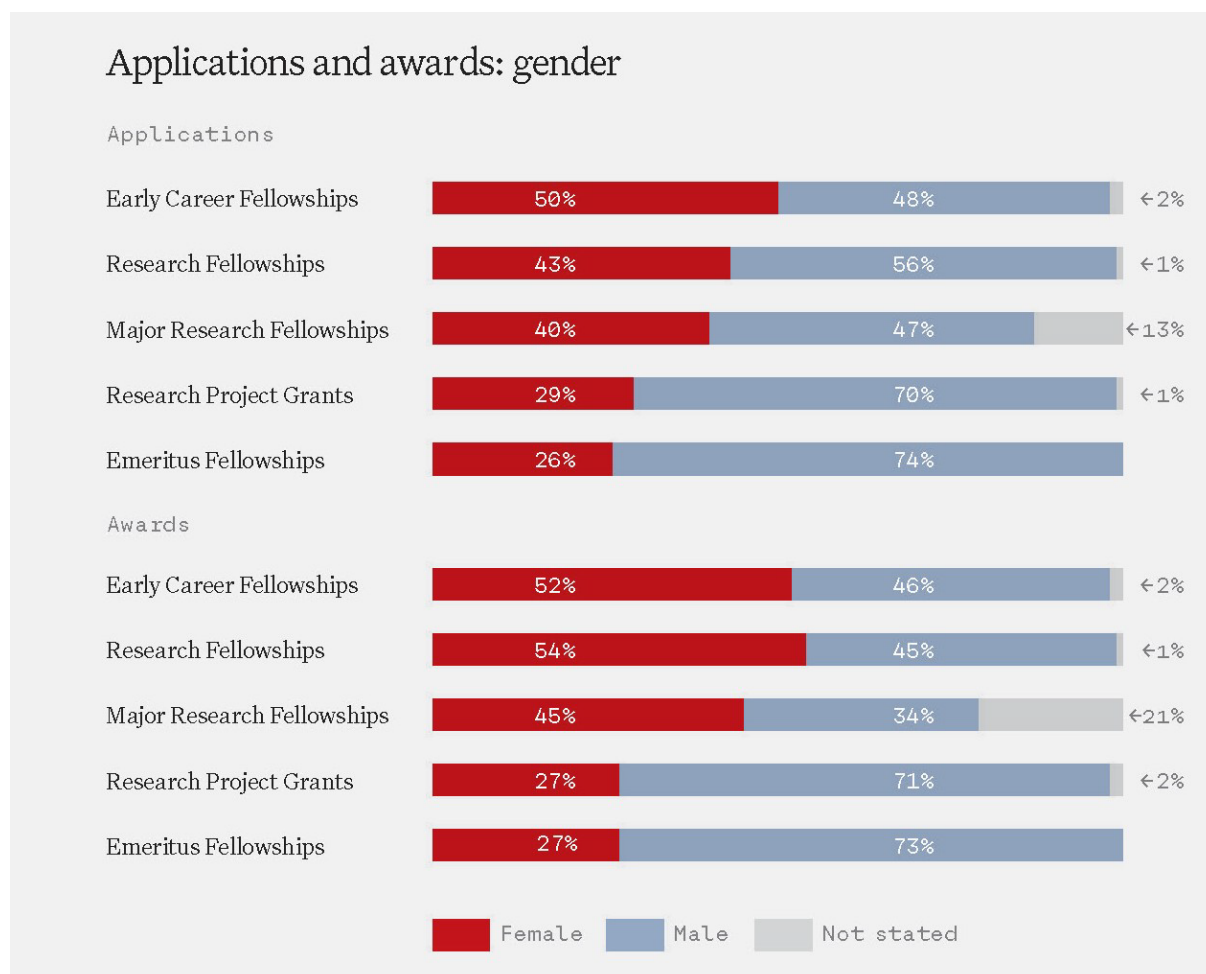
Although our grantees were impacted by the pandemic, the Trustees reported that the operations and finances of the Trust were materially unaffected by the COVID-19 virus. The Trust has continued to have active conversations with its beneficiaries where their activities were adversely affected by the 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. The Trust has said that no requests for costed extensions are being considered for awards that arise from applications made in 2021 or later. As at 31 December 2023, an amount of £7.6m (2022: £6.6m) had been committed from this fund.

TRUSTEES' ANNUAL REPORT – 2023 (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 introduction in 2023 of new grants to support a master's-to-PhD route for Black scholars or students from a low-income background. Monitoring the demographic characteristics of our applicants and awardees is also essential to our efforts on this issue.

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



We are at an early stage in terms of collecting data on ethnicity and being able to analyse it. We do not yet have sufficient data to disaggregate by scheme, and it will be some years before we can report on some of the Trust's major schemes as these only run triennially.

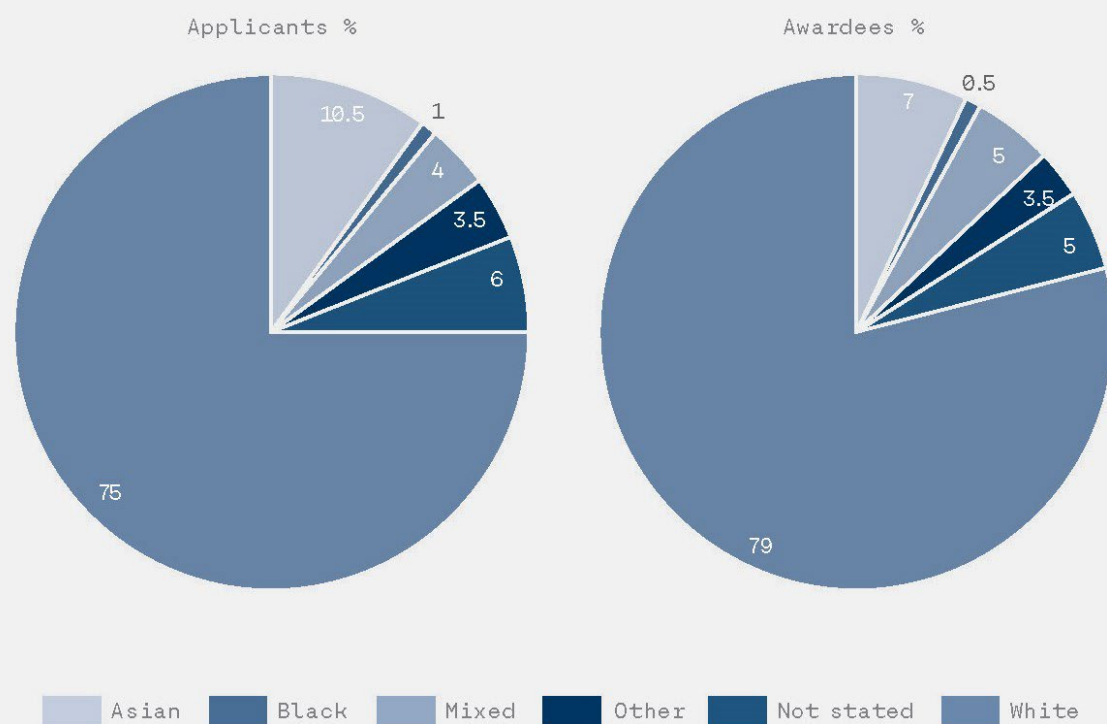
The aggregate data presented below are consistent with those from 2022 and confirm the underrepresentation of some minority ethnic groups – particularly Black academics, both in the applications we receive and in the awards we make. It is worth noting that 6% of applicants prefer not to disclose this information when applying to the Trust.

This underlines the need for the Trust to continue focusing on ways to encourage and support applicants from underrepresented groups and continue to monitor its grant-making processes.

TRUSTEES' ANNUAL REPORT – 2023 (continued)

Diversity and inclusion (continued)

Applicants and awardees by ethnic group across schemes in 2023



TRUSTEES' ANNUAL REPORT – 2023 (continued)

Financial Review

The income of the Trust, comprising investment income, amounted to £98.9m in 2023 (2022: £92.2m). The Trust has not carried out any fundraising activities during the year therefore no fundraising disclosures are made.

Grants awarded in the year were £128.5m in line with expectations (2022: £103.5m). A summary by scheme can be seen in Note 3b to the financial statements.

The value of the Trust's funds at the end of 2023 was £3,438m (2022: £3,566m).

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 investment portfolio.

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.

At 31 December 2023, the Trust's total investments of £3,756m (2022: £3,871m) comprised:

- investment in shares in Unilever plc of £1,783m (2022: £1,962m); and
- other investments held under a discretionary management agreement with Partners Capital LLP of £1,973m (2022: £1,909m).

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%. Over the three years to 31 December 2023, the total return on the Trust's investments was 1.9% (Unilever -1.1%, other investments 5.1%). (Over the three years to 31 December 2022, the total return on the Trust's investments was 3.4% (Unilever 2.3%, other investments 4.7%)).

In 2023 the Trust's investments (net of fees) returned 0.2% (2022:2.2%).

	2023 - £m	2022 - £m	Total return	Change in value on balance sheet £m
Unilever shareholding	1,783	1,962	-5.7%	-179
Partners Capital managed portfolio	1,973	1,909	6.2%	64
Total	3,756	3,871	0.2%	-115

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

TRUSTEES' ANNUAL REPORT – 2023 (continued)

review all risks and make recommendations to the Trust Board which reviews the key risks on an annual basis.

The Trustees consider that sustained underperformance in the Trust's Unilever shareholding and/or the portfolio managed by Partners Capital would lead to a significant reduction in funds available in the medium term 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 and regular monitoring by the Trust's Investment Committee

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.

Another key risk is that the Trust suffers a significant data breach or operational disruption due to a malicious cyber-attack. To mitigate this risk, the Trust has implemented technical controls (for example covering Firewall, Secure Configuration, User Access Control, Malware Protection, Patch Management) and had these assured by an external party in order to receive Cyber Essentials Plus certification.

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. The Trust's target return for its investments of 7% over the longer-term with a planned 3% annual withdrawal has been set to with a view to achieving this policy target. The free reserve balance (which excludes the Trust's tangible assets) at 31 December 2023 was £3,438m (2022: £3,566m) 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 had agreed that the Trust would aim to spend £100m per annum for the five-year period (2020- 2024) in order to ensure that it supports the widest range of charitable activity consistent with their objectives and their grant-making policy. This remains the plan and the Trust looks likely to achieve this. The Trustees will continue to monitor the demand for existing programmes and to develop new programmes and schemes.

In 2024, The Trust announced its attention to award a number of further Research Centres for outstanding multidisciplinary research aspiring to achieve a step-change in scholarship. In this round, the Board is looking for applications strongly led by the Arts, Humanities and Social Sciences. Within this, the choice of topic is left open, in line with the Trust's responsive mode of working. The chosen topic should be sufficiently large-scale to support an ambitious but realistic research agenda for up to ten years. Each centre would be funded for up to £10m for up to 10 years.

Following an extensive review of the Arts Studentships scheme in 2022/23, and consultation with experts in the field, the Trust Board has decided to divide the 2024 competition into two distinct schemes. One will focus on activities for Under 18's (ARTS1) and the second will focus on undergraduate (UG) and postgraduate (PG) bursaries (ARTS2). The changes to the scheme reflect

TRUSTEES' ANNUAL REPORT – 2023 (continued)

the desire of the Trust Board to provide a meaningful level of financial assistance to students for the duration of their course or activity and to ensure that the competition is fair, with the selection panel choosing between proposals for similar activities.

In recognition of its commitment to the sector, the Board is committing up to £15m for these two schemes. This represents a 20% increase on funds available in the 2021/22 round.

The Board made its final awards under its Leverhulme International Professorship Scheme in March 2024 of £25.1m.

In addition to the Research Centres, the Arts Scheme and the Leverhulme International Professorships, the Trust Board has identified funds for the following schemes £2.0m for Visiting Professorships; £5.0m for Major Research Fellowships; £3.0m for Prizes; £2.6m for Fellowships/Scholarships, £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 4.

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 8).

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>.

The Trust's induction for new trustees aims to cover understanding the Trust and its grant schemes, learning about the higher education sector and the research funding landscape and understanding of the role of a charity trustee. Trustee induction includes discussions with existing trustees and Trust senior management, meetings with senior academics from the Trust's peer review panels, visits to universities as well as the provision of key documents from the Trust and Charity Commission and some online training.

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 comprise 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. As at 31 December 2023 the Trust had 18 other 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.

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 twelve eminent scholars attached to various academic institutions in the UK, covering a wide range of fields of study. The Trustees have

TRUSTEES' ANNUAL REPORT – 2023 (continued)

Structure, Governance and Management (continued)

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 Trustee Board members (Rudi Markham (Chairman), Dr Niall FitzGerald, Professor Keith Gull, Christopher Saul and (from November 2023) Alan Jope), 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. (After the year end, but before the annual report was signed, Quintin Price became a Trustee.)
- 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 41 UK-based academic specialists who provide a range of advice to the Trust, primarily relating to initial requests (outline applications) for financial support. These positions are remunerated.

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 and the Charities (Accounts and Reports) Regulations

TRUSTEES' ANNUAL REPORT – 2023 (continued)

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 4 to 17 was approved by the Trustees and signed on their behalf by:



Dr Niall W A FitzGerald
(Chairman)

24 July 2024

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 2023 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, including 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 2023; 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, except to the extent explicitly stated in this report, 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.

Based on our work undertaken in the course of the audit, the Charities Act 2011 requires us to also report certain opinions and matters as described below

Trustees' Annual Report

In our opinion, based on work undertaken in the course of the audit, the information given in the Trustees' Annual Report for the year ended 31 December 2023 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' Annual 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 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 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 independent confirmations of material investment valuations 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

24 July 2024

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 £000	2022 £000
Income and endowments from:			
- Investment income	2	98,928	92,219
Total income and endowments		<u>98,928</u>	<u>92,219</u>
Expenditure on:			
Raising funds			
- Investment management costs		3,219	3,320
Charitable activities	3b	124,277	100,895
Total expenditure		<u>127,496</u>	<u>104,215</u>
Net Expenditure before Net losses on investments		(28,568)	(11,996)
Net (losses) on investments	5c	(98,917)	(1,782)
Net expenditure and net movement in funds		<u>(127,485)</u>	<u>(13,778)</u>
Reconciliation of funds:			
Total funds brought forward		3,566,006	3,579,784
Total funds carried forward		<u>3,438,521</u>	<u>3,566,006</u>

The notes on pages 24 to 38 form part of these financial statements.

BALANCE SHEET AS AT 31 DECEMBER 2023

Fixed assets:	Note	2023 £000	2022 £000
Tangible assets	4	916	-
Investments			
- Investment in shares in Unilever plc	5a	1,783,385	1,962,662
- Other investments	5b	<u>1,973,074</u>	<u>1,908,553</u>
		<u>3,756,459</u>	<u>3,871,215</u>
Total fixed assets		3,757,375	3,871,215
Current assets:			
Debtors	6	1,289	1,000
Cash at bank and in hand		2,848	4,318
		<u>4,137</u>	<u>5,318</u>
Total current assets			
Liabilities:			
Creditors: amounts falling due within one year	7	<u>(217,900)</u>	<u>(189,073)</u>
Net current liabilities		<u>(213,763)</u>	<u>(183,755)</u>
Total assets less current liabilities		3,543,612	3,687,460
Creditors: amounts falling due after one year	7	(105,091)	(121,454)
Total net assets		<u>3,438,521</u>	<u>3,566,006</u>
The funds of the Charity			
Unrestricted funds		3,438,521	3,566,006
Total Charity funds		3,438,521	3,566,006

The notes on pages 24 to 38 form part of these financial statements.

The financial statements on pages 21 to 38 were approved by the Trustees and signed on their behalf by:



Dr Niall W A FitzGerald
24 July 2024 **Trustee**

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

	2023 £000	2022 £000
Cash flows from operating activities:		
Net cash used in operating activities (a)	(111,995)	(104,262)
Cash flows from investing activities:		
Acquisition of tangible fixed assets	(916)	-
Dividends and interest	98,863	92,178
Investment management costs – cash element	(1,525)	(1,945)
Purchase of investments	(519,893)	(476,618)
Proceeds from sale of investments	569,858	439,799
Cash inflow / (outflow) from foreign exchange hedging	7,959	(36,407)
(Increase) / decrease in cash held by investment managers	<u>(43,821)</u>	<u>89,924</u>
Net cash provided by investing activities	110,525	106,931
Change in cash and cash equivalents in the year	<u>(1,470)</u>	<u>2,669</u>
	2023 £000	2022 £000
Cash and cash equivalents brought forward	<u>4,318</u>	<u>1,649</u>
Cash and cash equivalents carried forward	<u>2,848</u>	<u>4,318</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)	(127,485)	(13,778)
Adjustments for:		
Dividends and interest	(98,928)	(92,219)
Net losses on investments	98,917	1,782
Investment management costs	3,123	3,168
Increase / (decrease) in creditors	12,602	(3,294)
(Increase)/ decrease in prepayments	(224)	49
Depreciation	<u>-</u>	<u>30</u>
Net cash used in operating activities	<u>(111,995)</u>	<u>(104,262)</u>
b) Analysis of changes in net cash/(debt)		
Net cash at 1 January	4,318	1,649
Net cash (outflow)/ inflow	(1,470)	2,669
Net cash at 31 December	2,848	4,318

The notes on pages 24 to 38 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 5d.

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 and recognised within net gains / (losses) on investments in the period.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1 Accounting policies (continued)

Expenditure

All expenditure is accounted for on an accruals basis and is classified under the relevant activity within the Statement of Financial Activities.

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 any 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:

Leasehold improvements	Over remaining length of the lease
Furniture, fittings and equipment	10%
Audiovisual equipment and computers	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 appropriate fair value principles and 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1 Accounting policies (continued)

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.

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. Many of the Trust staff participate in the Unilever U.K. Central Resources Limited defined benefit pension scheme, the Unilever UK Pension Fund. 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

	2023 £000	2022 £000
Dividends from Unilever plc	70,444	68,271
Managed pooled investments		
Index-linked Bonds	365	-
Global Equities	8,043	7,078
Private Debt	16,553	14,633
Property	2,781	2,074
Cash	717	154
	98,903	92,210
Bank interest	25	9
Total investment income	98,928	92,219

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	2023 Total allocated £000	2023 Invest- ment Costs £000	2023 Gover- nance Costs £000	2023 Support Costs £000	2022 Total allocated £000	2022 Invest- ment Costs £000	2022 Gover- nance Costs £000	2022 Support Costs £000
Staff costs	1,739	118	61	1,560	1,625	91	53	1,481
Accommodation	455	31	16	408	476	27	15	434
Other	665	45	23	597	609	34	20	555
	2,859	194	100	2,565	2,710	152	88	2,470

Support costs (net of £73,000 (2022: £69,000) recharge to the Trade Charities Trust – see Note 8) 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

	2023 £000	2022 £000
Audit & Legal	110	98
Secretarial	-	6
Trustee expenses	3	2
Support costs (based on apportioned staff time per note 3a (i))	100	88
Total Governance Costs	213	194

3a (iii) Total Governance and Support Costs

	2023 £000	2022 £000
Support Costs (note 3a (i))	2,565	2,470
Governance Costs (note 3a (ii))	213	194
	2,778	2,664

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
	2023 £000	2023 £000	2023 £000	2022 £000	2022 £000	2022 £000
Research Awards Advisory Committee#	22,440	497	22,937	25,192	497	25,689
Research Projects Grant	42,826	1,069	43,895	38,498	1,107	39,605
Doctoral Scholarships	24,369	307	24,676	-	-	-
International Professorships	19,817	158	19,975	16,110	88	16,198
Research Leadership	-	-	-	10,635	356	10,991
Major Research Fellowships	5,283	313	5,596	4,405	261	4,666
Academy Fellowships/ Scholarships	8,518	22	8,540	3,218	8	3,226
Visiting Professors	2,197	237	2,434	2,481	181	2,662
Prizes	3,000	175	3,175	3,000	166	3,166
Grants awarded	128,450	2,778	131,228	103,539	2,664	106,203
Adjustment on prior year grant awards	(6,951)	-	(6,951)	(5,308)	-	(5,308)
Total Costs	121,499	2,778	124,277	98,231	2,664	100,895

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 represents supplements to grants previously awarded, the write back of amounts on closed grants or grants that have been awarded and will not be taken up.

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

3c Staff costs

	2023	2022
	£000	£000
Wages and salaries	1,305	1,077
Social security costs	177	155
Pension costs	198	299
Contractors	59	65
Other	-	29
	1,739	1,625

The monthly average number of full-time equivalent staff during the year was 17.3 (2022:16.5). 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 2023, an amount of £11,009 (2022: £23,262) relating to pension contributions remained outstanding. The number of staff who received salaries and other emoluments (excluding pension contributions) over £60,000 was:

	2023	2022
	Number	Number
£70,001 - £80,000	-	1
£80,001 - £90,000	2	-
£120,001 - £130,000	1	2
£140,001 - £150,000	1	-
£290,001 - £300,000	-	1
£340,001 - £350,000	1	-

Unilever U.K. Central Resources Limited operates a defined benefit pension scheme and a defined contribution pension scheme to which £61,756 (2022: £77,034) 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 2022 of 113%.

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 £843,709 (2022: £739,082).

The Director is the highest paid member of staff.

3d Trustee costs

Trustees did not receive any remuneration during the year (2022: nil). Five Trustees (2022: four Trustees) received travelling and subsistence expenses of £2,873 (2022: £1,998).

3e Net incoming/(outgoing) resources after charging

	2023	2022
	£000	£000
Auditors' remuneration (excluding non-recoverable VAT)	88	67
Depreciation	-	30
Operating lease rentals	244	267

NOTES TO THE FINANCIAL STATEMENTS (continued)

4 Tangible assets

	Leasehold Improvements	Audiovisual equipment and computers	Total	Total
	2023 £000	2023 £000	2023 £000	2022 £000
Cost				
At 1 January	-	-	-	301
Additions	876	40	916	-
Disposals	-	-	-	(301)
At 31 December	876	40	916	-
Accumulated depreciation				
At 1 January	-	-	-	271
Charge for year	-	-	-	30
Disposals	-	-	-	(301)
At 31 December	-	-	-	-
Net book value				
At 31 December	876	40	916	-

All the tangible assets during 2022 were Furniture, fittings and equipment.

5 Investments

a) Investment in shares in Unilever plc

	2023 £000	2022 £000
As at 1 January	1,962,662	1,851,670
Net Investment (losses) / gains	(179,277)	110,992
As at 31 December	1,783,385	1,962,662

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 (2022: 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 2023 was £1,733million (2022: £1,643.1 million).

NOTES TO THE FINANCIAL STATEMENTS (continued)

b) Other Investments (continued)

Other Investments at fair value	2023 £000	2022 £000
Inflation Linked Bonds	33,479	35,134
Credit	38,780	29,604
Global Equities	835,910	939,904
Hedged Equities	270,818	356,345
Absolute Return	104,561	-
Property	110,642	138,355
Private Debt	331,743	243,342
Private Equity	223,832	186,381
Cash	24,706	(23,718)
Forward Foreign Exchange Contracts	(1,397)	3,206
Investments	<u>1,973,074</u>	<u>1,908,553</u>
Movement in Other Investments	2023 £000	2022 £000
As at 1 January	1,908,553	2,039,605
Purchases	519,893	476,618
Disposals	(569,858)	(439,799)
Net Investment gains / (losses)	70,665	(77,947)
Increase / (decrease) in cash held in investments	43,821	(89,924)
As at 31 December	<u>1,973,074</u>	<u>1,908,553</u>

Included within Net investment gains / (losses) is £54k of realised foreign exchange losses (2022: £29.7m gains) in relation to sales during the year.

The 2023 cash figure does not include any adjustment for pending purchases or sales. The 2022 cash figure included cash adjustments for pending purchases of £39.1m and pending sales of £1.0m. The 2022 cash balance was negative on account of the significant pending purchases. The forward foreign exchange contracts balance of £1.4m (2022: £3.2m) is the net of pending foreign exchange purchases of £279.1m (2022: £382.2m) and pending foreign exchange sales of £280.5m (2022: £379.0m).

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 £112.6m (2022: £165.6m).

NOTES TO THE FINANCIAL STATEMENTS (continued)

c) Net (losses) / gains on investments

	2023	2022
	£000	£000
Net (losses)/ gains on Unilever shares	(179,277)	110,992
Net gains / (losses) on Other Investments	70,665	(77,947)
	(108,612)	33,045
Cash gain/(loss) from FX hedging	7,959	(36,407)
Investment management fees in units	1,736	1,580
Net (losses) in Statement of Financial Activities	(98,917)	(1,782)

(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.

2023	Level 1	Level 2	Level 3	Total 2023
Investments	£000	£000	£000	£000
Inflation linked Bonds	33,479	-	-	33,479
Credit	16,371	22,409	-	38,780
Global Equities	135,917	699,993	-	835,910
Hedged Equities	-	270,818	-	270,818
Absolute Return	-	104,561	-	104,561
Property	-	33,189	77,453	110,642
Private Debt	-	313,802	17,941	331,743
Private Equity	-	-	223,832	223,832
Cash	24,706	-	-	24,706
Forward Foreign	-	(1,397)	-	(1,397)
Exchange Contracts				
Investments	210,473	1,443,375	319,226	1,973,074

2022	Level 1	Level 2	Level 3	Total 2022
Investments	£000	£000	£000	£000
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	-	50,675	87,680	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	-	3,206	-	3,206
Exchange Contracts				
Investments	126,080	1,508,412	274,061	1,908,553

NOTES TO THE FINANCIAL STATEMENTS (continued)

(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 is exposed to movements in the share price of Unilever plc. For every 1% reduction in the 31 December 2023 share price of Unilever plc, the value of the Trust's shareholding would reduce by £17.8m (2022: £19.6m).

In the remaining portion of its investment portfolio, the Trust's exposure to movements in equity prices arising 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 2023 was 0.70 (2022: 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 other investments would be expected to fall by 0.70% and every 1% reduction in global equity prices would be expected to lead to a reduction of £13.8m (2022: £13.4m) 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 £11.3m in Charity Funds (2022: £10.6m) although an indirect impact of currency rate movements on the value of non-US Dollar denominated investments would also be expected.

At 31 December 2023, the Trust had open USD/GBP forward exchange contracts for a nominal value of £280,494,904 for settlement between February and August 2024 (2022: £378,985,000).

6 Debtors

	2023 £000	2022 £000
Amounts falling due within one year:		
Accrued investment income	1,010	945
Prepaid administrative expenses	279	55
Total	1,289	1,000

7 Creditors

	2023 £000	2022 £000
Grants payable	322,000	309,712
Accrued Investment management fees	269	407
Accrued administrative expenses	722	408
Total	322,991	310,527
Amounts falling due within one year	217,900	189,073
Amounts falling due after more than one year (all grants payable)	105,091	121,454

NOTES TO THE FINANCIAL STATEMENTS (continued)

Movement in Grant Payable Creditor	2023 £000	2022 £000
As at 1 January	309,712	313,217
Grants awarded in year	128,450	103,539
Adjustment to awards in previous years	(6,951)	(5,308)
Cash paid	(109,211)	(101,736)
As at 31 December	<u>322,000</u>	<u>309,712</u>

8 Related parties

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

In 2023, the Trust received dividend income of £70,443,711 from Unilever plc (2022: £68,270,790). Unilever plc is a company which during the year had a director in common with the Trust's Trustees. Alan Jope was Chief Executive of Unilever plc until 30 June 2023. Graeme Pitkethly, who became a Trustee in March 2024, was Chief Financial Officer at Unilever plc until 31 December 2023.

The Trust's investments include £1,783,384,916 of ordinary shares held in Unilever plc (2022: £1,962,662,031).

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 2023, the Trust used office space provided by Unilever U.K. Central Resources Limited with a value of £60,000 in rent (2022 - £15,000).

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 (2022: nil). The total amount outstanding as at 31 December 2023 was £nil (2022: £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 (2022: nil). The total amount outstanding as at 31 December 2023 was £165,380 (2022: £188,538). Mr Saul took no part in this decision.

The Leverhulme Trade Charities Trust does not have any employees but a charge of £73,000 (2022: £69,000) 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)

9 Commitments

At 31 December 2023, the Trust had annual commitments under an operating lease for its office which was renewed in 2022 for a term ending 24 July 2032. Currently it amounts to £241,434 plus Value Added Tax per annum with a rent-free period in 2022/23 and 2027/28. As at 31 December 2023:

- The amount payable within one year is £289,720 (including VAT)
- The amount payable after more than one year is £1,906,006 (including VAT)

The only grant commitment as at 31 December 2023 was £5.2m related to a Leverhulme International Professorships awarded in 2021 that did not satisfy the conditions to be recognised until 2024. (The commitments in respect of this scheme as at 31 December 2022 were £24.7m).

In addition, the Trustees had approved the spending levels for various schemes for 2024 amounting to £87.6m (at the end of 2022 in respect of 2023: £55.0m). Individual grants will be awarded under these schemes in 2024.

10 The Trust

The Trust is a registered charity (number 1159154) and is constituted as a Charitable Incorporated Organisation (CIO) in the United Kingdom.

The objects of the CIO are to promote any purpose being exclusively charitable according to the law of England and Wales through the provision of scholarships and other similar support for education and research.

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

11 2023 Grants awarded by institution

Institution	Number of awards	Amount £'000
Durham University	21	8,242
University of Nottingham	27	8,215
University of Oxford	45	6,073
University of Liverpool	9	5,474
University of Manchester	26	5,307
Royal Academy of Engineering / Royal Society/ British Academy	5	5,259
Royal Holloway, University of London	5	4,870
University of Cambridge	34	4,774
University College London	25	4,076
University of Kent	6	3,839
University of Glasgow	18	3,609
University of Surrey	7	3,280
The Mandela Rhodes Foundation	1	2,877
University of Sheffield	20	2,825
University of Strathclyde	5	2,810
University of Essex	4	2,669
University of Edinburgh	25	2,526
University of Keele	4	2,493
University of Dundee	2	2,443
University of Warwick	19	2,434
University of Southampton	5	2,432
Queen Mary University of London	18	2,209
University of Bristol	19	2,169
Newcastle University	10	2,133
University of St Andrews	12	2,037
Cardiff University	11	1,848
Lancaster University	9	1,713
King's College London	10	1,701
University of Exeter	11	1,672
University of Birmingham	13	1,556
Goldsmiths, University of London	3	1,440
University of Leeds	9	1,430
University of Leicester	12	1,425
University of York	9	1,350
University of East Anglia	8	1,170
University of Salford	2	1,122
Cranfield University	1	1,107
University of Roehampton	1	1,107
University of Bath	6	1,018
Imperial College London	4	933
University of Sussex	5	914
University of Reading	4	824
Loughborough University	6	610
London School of Economics and Political Science	6	600
Swansea University	2	597

42 institutions below £500,000
 Individuals below £500,000
 2023 Total grants awarded

504	119,212
55	7,799
31	1,439
590	128,450

NOTES TO THE FINANCIAL STATEMENTS (continued)

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
2022 Total grants awarded	604	103,539