

**LORD LEVERHULME'S CHARITABLE TRUST**

**ANNUAL REPORT AND ACCOUNTS**

**for the year ended**

**5 April 2023**



**CHARITY NUMBER: 212431**

# LORD LEVERHULME'S CHARITABLE TRUST

## LEGAL AND ADMINISTRATIVE INFORMATION

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<b>Trustees</b>	Sir Algernon Heber-Percy A H S Hannay A H M Wilson
<b>Administrator</b>	Lynne Loxley
<b>Email address</b>	llctadmin@leverhulme.net
<b>Charity number</b>	212431
<b>Principal address</b>	Estate Office Thornton Hough Wirral Merseyside CH63 1JD
<b>Auditor</b>	Mitchell Charlesworth (Audit) Limited 3rd Floor 5 Temple Square Temple Street Liverpool Merseyside L2 5RH
<b>Bankers</b>	Barclays Bank plc 1 Churchill Place London E14 5HP
<b>Investment Managers</b>	Schroder & Co Limited 1 London Wall Place London EC2Y 5AU

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# **LORD LEVERHULME'S CHARITABLE TRUST**

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# **LORD LEVERHULME'S CHARITABLE TRUST**

## **TRUSTEES' REPORT**

### **FOR THE YEAR ENDED 5 APRIL 2023**

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The trustees present their annual report together with the audited financial statements for the year ended 5 April 2023.

Writing last year, the trustees noted that the impacts of measures taken in the fight against the covid-19 pandemic, the war in eastern Europe and political events in the UK were then leading to levels of uncertainty and anxiety not seen in recent history. The outlook in the autumn of 2023 looks no less uncertain even as there is hope for a fall in the rate of inflation.

The trustees have adopted the provisions of the Statement of Recommended Practice (SORP 2019) "Accounting and Reporting by Charities" in preparing the annual report and financial statements of the charity.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's trust deed, the Charities Act 2011 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)".

#### **Reference and administrative details of the charity, its trustees and advisors**

The information with respect to trustees, officers and advisors is set out at the front of this document and forms part of this report.

#### **Objectives and activities**

The object of the charity, as stated in its governing documents, is to support any charitable organisation or purpose.

Grant applications are received from many sources and are reviewed by the trustees, who decide whether or not to support those which are of charitable purpose, on the merits of each application, and in the light, where applicable, of the settlor's letter of wishes.

Priority is given, pursuant to that letter, to applications from Cheshire, Merseyside and South Lancashire and the charities supported by the settlor in his lifetime. Others who do not meet those criteria should not apply without prior invitation but should, on a single sheet, state briefly their aims and apply fully only on being asked to do so. An increased handful of charities have heeded this warning and telephoned the administrator or otherwise enquired but the continued volume of applications from charities which plainly neither meet the stated criteria nor operate within the geographical area suggests that many applicants do not concern themselves with their target's policies. Generally, the trustees do not acknowledge receipt of applications or notify unsuccessful applicants in order to minimise management expense.

The trustees are pleased to have supported a wide cross-section of the voluntary sector including, wherever possible, charities in which the settlor's family have interested themselves.

A list of significant grants paid is set out in note 5 of the accounts.

#### **Public benefit**

The test of Public Benefit applied by the Charity Commission continues to create little practical difficulty for the trustees because grants other than to registered charities are rare. The trustees have resolved that:

- The trustees consider themselves entitled to assume that every registered charity passes the Public Benefit test and will, therefore, record no reason for gifts to any such charity.
- The trustees will generally make the same assumption in relation to charities exempt from registration but recognise that enquiries may need to be made and reasons recorded for grants made to any such charity from time to time.
- The trustees will consider the Public Benefit test in relation to any other grant and make enquiries and record their reasons for making grants in all other cases.

# LORD LEVERHULME'S CHARITABLE TRUST

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 5 APRIL 2023

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The trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on Public Benefit when reviewing the charity's aims and objectives and in planning future activities and setting the grant making policy for the year.

#### Achievements and performance

The Statement of Financial Activities for the year is set out on page 13 of the financial statements.

A summary of the financial results and the work of the charity is set out below.

During the year the trust made grants amounting to £525,224 (2022 £341,049) to various registered charitable organisations. The trust is now committed, either legally or constructively, to grants totaling £275,407 (2022 £519,949) in later years. The liabilities in connection with these grants are fully reflected in the accounts as creditors. The trustees are pleased to report that grants paid in the year totalled £769,766 (2022 £800,100). Also, from time to time, the trustees, make awards to applicants that are contingent on the applicant meeting one or more conditions. Such awards are not recognised as liabilities until the applicant can demonstrate that the conditions have been met in full.

Investment powers are governed by the Trust Deed which permits the funds to be invested in the manner shown in note 9 to the financial statements. The trustees intend that the real value of the charity's investments be maintained and enhanced over the long term by investment in a portfolio comprising equities, fixed income stocks and cash. In order to meet these objectives, the trustees have appointed an Investment Manager as their agent to manage a diversified portfolio of suitable investments on a discretionary basis. The brief to the manager states that they should select a balanced investment return from income and capital, with moderate risk and appropriate diversification. The proportions invested in equities, fixed income stocks and cash are reviewed with the Investment Manager from time to time to provide guidance on the ongoing suitability of that element of the investment policy.

The Investment Manager's benchmark aims to achieve an annualised real total return of 3.5% over CPI measured over a rolling five year period. As will appear below, with comment, the target has been missed by a significant margin.

At 5 April 2023, the value of the charity's assets under management was £42,244,229 (2022 £43,053,646). This includes cash of £408,516 in the Special Reserve account (2022 £350,334) and a significant shareholding in Unilever, valued at £6.5m (2022 £5.3m) or 15.3% (2022 12.4%) of the total.

Including Unilever, the charity's asset allocation on a 'look through' basis can be broken down as follows:

	%
Equities	70.8
Bonds	11.6
Multi-Asset funds	0.0
Hedge funds	2.0
Private equity funds	0.0
Property	0.7
Commodities (Gold)	5.3
Structured products	1.1
Insurance and 'Alternatives' funds	3.7
Cash	4.9
	<b>100.0</b>

# LORD LEVERHULME'S CHARITABLE TRUST

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 5 APRIL 2023

Excluding Unilever and cash in the Special Reserve account, the asset allocation on a 'look through' basis is as follows:

	%
Equities	66.2
Bonds	13.8
Multi-Asset funds	0.0
Hedge funds	2.4
Private equity funds	0.0
Property	0.9
Commodities	6.3
Structured products	1.3
Insurance and 'Alternatives' funds	4.4
Cash	4.7
	<b>100.0</b>

After a strong 2021, the story of 2022 was largely one of decelerating economic activity with bond and equity markets undergoing an almost unprecedented tightening of financial conditions as central banks looked to control inflation. As one would expect, this has resulted in elevated volatility with significant dispersion between regions and sectors.

Key events in the UK were the revolving doors at No's 10 and 11 Downing Street. The fiscal package announced in September 2022 was poorly received by many, and bond markets in particular, sending Sterling to an all-time low versus the US dollar. Following the arrival of the present incumbent at No.11 and implementation of his policies, stock markets recovered some of the ground lost in Q3 to round off a tumultuous year with gains in the fourth quarter.

Boosted by China's relaxation of its zero-Covid policy, Asian shares rose while European equities also advanced strongly. Positive returns were seen across a range of sectors, particularly economically sensitive areas such as energy, financials, industrials, and consumer discretionary. More defensive parts of the market, such as consumer staples, lagged the wider market's advance.

Finally, the collapse of Silicon Valley Bank (SVB), followed shortly by further financial sector disruption in Europe, caused stocks to dip sharply in March 2023 before recovering to finish the quarter higher.

Over the year, the charity's portfolio returned **0.1%**. There was contribution from the exposure to Japan, which has seen a favourable shift in corporate governance along with supportive economic conditions and so remains a region in which the Investment Managers have conviction. Unilever was a strong contributor to performance, giving a total return of 25.9% over the period seeing strong sales growth due to its ability to pass on cost inflation to the consumer.

The portfolio return over 5 years has fallen behind the long-term inflation benchmark (see table below). This reflects more muted returns from markets over 2022 as well as the high levels of inflation. Inflation is expected to moderate over the course of the next year; the Investment Managers advising that they expect CPI to finish calendar year 2023 at 7.3% before falling further to 3.1% in 2024. Thus, they regard CPI plus 3.5% as an appropriate long-term target.

The dividend income from the whole portfolio is just over £900,000: a yield of 2.3%.

# LORD LEVERHULME'S CHARITABLE TRUST

## TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 5 APRIL 2023

Table 1

Total Return to 05/04/2023

	1 year %	3 year %	5 year %
LLCT	0.1	29.7	25.1
FTSE 100	4.5	57.3	28.9
FTSE All Stocks (Gilts)	-15.4	-24.7	-12.9
CPI	10.1	18.6	22.7
CPI+3.5%	13.9	31.5	45.8

In the world of investment, it is myopic to examine a single year. The last two years on which we have reported have been challenging for well-known reasons, set out in this and the prior year's reports and beyond the trustees' or the Investment Managers' control and the benchmark target has been missed. Political uncertainty in the UK over the next 15 months or so will doubtless cause further volatility. The substantial holding of Unilever is, as ever, carefully monitored and it is good to note that the headwinds which had affected the company at the time of our last report have been overcome. The trustees remain optimistic for the future and are grateful to the Investment Managers for their careful advice.

### Sustainable Investment

The charity encourages responsible investment and the trustees regularly review their investment portfolio and, at their meeting on 7th February 2020, decided to include the following statement in this annual report. Individual investments and/or sectors maybe excluded if they are perceived to conflict with the objectives of the charity. The charity has committed to appointing an Investment Manager who is actively employed in applying an Environmental, Social and Governance (ESG) policy which is shown in their website: <https://www.cazenovecapital.com/uk/private-client/>.

### Financial review

#### Plans for future periods

The private nature of the settlor's philanthropy and the fact that grants may be made confidentially to recipients who generally provide good feedback on their own activities lead the trustees to wish to leave their existing plans and policies undisturbed.

### Fund structure

#### Expendable endowment fund

The expendable endowment fund represents the original donations by Lord Leverhulme and subsequent donations together with the realised and unrealised gains and losses arising from the investment assets that comprise this fund.

#### Unrestricted funds

These represent the general funds of the charity.

#### Reserves policy

The trustees have more than met their established policy whereby the unrestricted funds which are represented by cash ("the free reserves") held by the Charity should be at least two months' worth of the likely cash required for grants according to a trend over 5 years.

# LORD LEVERHULME'S CHARITABLE TRUST

## TRUSTEES' REPORT (CONTINUED)

**FOR THE YEAR ENDED 5 APRIL 2023**

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### Structure, governance and management

#### Trustees

The trustees who served during the year and up to the date of signature of the financial statements were:

Sir Algernon Heber-Percy

A H S Hannay

A H M Wilson

The charity is constituted by a Trust Deed dated 20th March 1957 and registered with the Charity Commissioners under charity number 212431.

During the period under review the trustees continued to meet either in person or by telephone on average every 6 to 8 weeks.

The whole of the administration and primary bookkeeping is undertaken by the Leverhulme Estate Office, which procures external accountancy assistance as required.

The trustees select members of the trustee board and once appointed trustees serve indefinitely.

The present trustees had close connections with the settlor during his lifetime and, as such, were and remain totally familiar with the interests and ethos which he wished to support and maintain. The three trustees fully appreciate that that time will come for the appointment of other trustees but are eager to ensure that their colleagues and future successors share the same interest and ethos. The need for suitable induction is both understood and deemed an essential part of carrying policy forward.

The trustees continually review the major strategic, business and operational risks to which the charity is exposed. Systems established to mitigate those risks and procedures continue to be monitored to minimise any potential impact on the charity should any of those risks materialise. Risk management is an ongoing annual process.

Key risks include:

- Internal misappropriation of the charity's funds. This could occur among the trustees themselves or those who assist them in their administration. The trustees regard any misappropriation as a very serious matter both as to viability and reputation of the charity. However, they believe that their hands-on commitment renders this risk a remote one.
- External misappropriation or other loss of the charity's funds. Some risk of loss is ever-present when stock market investments are held. This, even though equally as serious as one committed internally, is considered to be inescapable but balanced firstly by active portfolio management and secondly by the opportunity for gain.
- In any context where many parties are involved, there can also be risk of loss arising from communication and differing practice and understanding. This may arise between the charity and its external advisors. Such loss may be either financial or of opportunity.



# **LORD LEVERHULME'S CHARITABLE TRUST**

## **TRUSTEES' REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 5 APRIL 2023**

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In each of these three situations, the cause may be either mistake or dishonesty. Dishonesty is, bearing in mind the choice of managers and the nominees, deemed highly unlikely. It is considered that the trustees' internal procedures reduce this risk. While the audit procedures will reveal if any such risk had materialised, it cannot, by its retrospective nature, be a safeguard. The trustees take further comfort from their fund manager's internal controls. Mistakes are generally remediable and considered to be low risk both as to probability and consequence.

- The trustees make some grants that are Restricted Funds in the hands of the recipient and a risk exists that recipients will either not incur the expenditure or will apply Restricted Funds for general or other purposes. Such gifts are a minority and the trustees consider that it would not be a good use of charitable funds to establish an "after the event" audit procedure on the recipients.
- With the Investment Managers, Schroder & Co. Limited being a bank, the cash held may be at risk and unprotected by any compensation schemes. The trustees have endeavoured to address this by placing (contractually) a limit on the cash that can be held in this way and by monitoring contractual observance through the audit process. The trustees are pleased to note that checks during the audit process suggest that the system put in place by the Investment Managers is functioning satisfactorily.
- The risk of electronic and other data breaches and of complaints about them and about the manner in which the trustees process data has existed for many years and will continue. Following the adoption and publication in 2019 of the trustees' Privacy Policy (a copy of which may be obtained on written or email application to the charity's administrator at the address shown on page 1), the trustees have entered into a service agreement with the operators of the Leverhulme Estate Office (with whom they enjoy an obvious and natural relationship) under which the operators undertake responsibility for the trustees' data processing. The trustees consider that this agreement further protects both the charity and themselves in relation to these risks.

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

The trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England 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 year.

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 judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping sufficient accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. 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.

# LORD LEVERHULME'S CHARITABLE TRUST

## TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 5 APRIL 2023

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### Auditor

Mitchell Charlesworth (Audit) Limited offer themselves for reappointment as auditors to the charity.

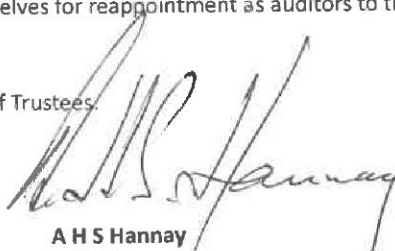
The trustees' report was approved by the Board of Trustees.



Sir Algernon Heber Percy

Trustee

Dated: 23 October 2023



A H S Hannay

Trustee



A H M Wilson

Trustee

# LORD LEVERHULME'S CHARITABLE TRUST

## INDEPENDENT AUDITOR'S REPORT

### TO THE TRUSTEES OF LORD LEVERHULME'S CHARITABLE TRUST

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#### Opinion

We have audited the financial statements of Lord Leverhulme's Charitable Trust (the 'charity') for the year ended 5 April 2023 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 5 April 2023 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

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.

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 when the financial statements are authorised for issue.

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

#### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

# **LORD LEVERHULME'S CHARITABLE TRUST**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE TRUSTEES OF LORD LEVERHULME'S CHARITABLE TRUST**

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#### **Matters on which we are required to report by exception**

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

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of trustees**

As explained more fully in the statement of trustees' responsibilities, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the trustees are responsible for assessing the 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 cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

We have been appointed as auditor 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 auditor's 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.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

# **LORD LEVERHULME'S CHARITABLE TRUST**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE TRUSTEES OF LORD LEVERHULME'S CHARITABLE TRUST**

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#### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

#### **Identifying and assessing potential risks related to irregularities**

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the charity, control environment and business performance;
- the charity's own assessment of the risks that irregularities may occur either as a result of fraud or error;
- the results of our enquiries of members of the Board of Trustees of their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the charity's documentation of their policies and procedures relating to:
- identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
- detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
- the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations; and
- the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas:

(i) The presentation of the charity's Statement of Financial Activities, and (ii) the charity's accounting policy for revenue and grant recognition. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the charity operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Charities Act and the Statement of Recommended Practice - 'Accounting and Reporting by Charities' issued by the joint SORP making body.

In addition, we considered whether other laws and regulations exist that do not have a direct effect on the financial statements but compliance with which may be fundamental to the charity's ability to operate or to avoid a material penalty. In this case we do not consider there to be any such laws and regulations.

## **LORD LEVERHULME'S CHARITABLE TRUST**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

#### **TO THE TRUSTEES OF LORD LEVERHULME'S CHARITABLE TRUST**

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##### **Audit response to risks identified**

As a result of performing the above, we identified the presentation of the charity's Statement of Financial Activities, and revenue and grant recognition as the key audit matters related to the potential risk of fraud. The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to those key audit matters.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations described above as having a direct effect on the financial statements;
- enquiring of members of the Board of Trustees concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and reviewing correspondence with relevant authorities where matters identified were significant;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

##### **Other matters**

Your attention is drawn to the fact that the charity has prepared financial statements in accordance with "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has now been withdrawn.

This has been done in order for the financial statements to provide a true and fair view in accordance with current Generally Accepted Accounting Practice.

# **LORD LEVERHULME'S CHARITABLE TRUST**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE TRUSTEES OF LORD LEVERHULME'S CHARITABLE TRUST**

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#### **Use of our report**

This report is made solely to the charity's trustees, as a body, in accordance with part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

*Mitchell Charlesworth (Audit) Limited*

**Mitchell Charlesworth (Audit) Limited**

23 October 2023

**Accountants**

**Statutory Auditor**

3rd Floor  
5 Temple Square  
Temple Street  
Liverpool  
Merseyside  
L2 5RH

Mitchell Charlesworth (Audit) Limited is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

# LORD LEVERHULME'S CHARITABLE TRUST

## STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 5 APRIL 2023

	Notes	Unrestricted funds 2023 £	Endowment funds 2023 £	Total 2023 £	Unrestricted funds 2022 £	Endowment funds 2022 £	Total 2022 £
<b>Income from:</b>							
Investments	2	935,816	-	935,816	861,364	-	861,364
<b>Expenditure on:</b>							
Raising funds	3	44,348	88,696	133,044	44,560	89,119	133,679
Charitable activities	4	545,903	-	545,903	360,428	-	360,428
<b>Total expenditure</b>		<b>590,251</b>	<b>88,696</b>	<b>678,947</b>	<b>404,988</b>	<b>89,119</b>	<b>494,107</b>
Net gains/(losses) on investments	8	-	(753,805)	(753,805)	-	936,558	936,558
<b>Net movement in funds</b>		<b>345,565</b>	<b>(842,501)</b>	<b>(496,936)</b>	<b>456,376</b>	<b>847,439</b>	<b>1,303,815</b>
Fund balances at 6 April 2022		(387,205)	43,122,273	42,735,068	(843,581)	42,274,834	41,431,253
<b>Fund balances at 5 April 2023</b>		<b>(41,640)</b>	<b>42,279,772</b>	<b>42,238,132</b>	<b>(387,205)</b>	<b>43,122,273</b>	<b>42,735,068</b>

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.



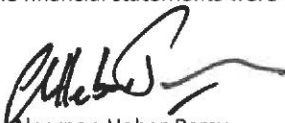
# LORD LEVERHULME'S CHARITABLE TRUST

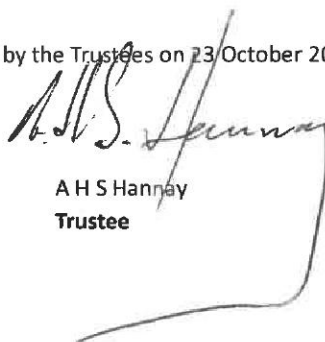
## BALANCE SHEET


AS AT 5 APRIL 2023

	Notes	2023 £	£	2022 £	£
<b>Fixed assets</b>					
Investments	10		42,150,920		42,987,828
<b>Current assets</b>					
Debtors	11	93,309		65,818	
Cash at bank and in hand		318,555		246,338	
		411,864		312,156	
<b>Creditors: amounts falling due within one year</b>	12	(288,152)		(340,291)	
Net current assets/(liabilities)			123,712		(28,135)
<b>Total assets less current liabilities</b>			42,274,632		42,959,693
<b>Creditors: amounts falling due after more than one year</b>	13		(36,500)		(224,625)
<b>Net assets</b>			42,238,132		42,735,068
<b>Capital funds</b>					
Expendable endowment fund	15		42,279,772		43,122,273
<b>Income funds</b>					
<u>Unrestricted funds</u>					
Designated funds	16	408,484		350,334	
General unrestricted funds		(450,124)		(737,539)	
			(41,640)		(387,205)
			42,238,132		42,735,068

The financial statements were approved by the Trustees on 23 October 2023

  
Sir Algernon Heber-Percy  
Trustee

  
A H S Hannay  
Trustee

  
A H M Wilson  
Trustee

# LORD LEVERHULME'S CHARITABLE TRUST

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 5 APRIL 2023

	Notes	2023 £	£	2022 £	£
<b>Cash flows from operating activities</b>					
Cash absorbed by operations	20		(919,211)		(957,295)
<b>Investing activities</b>					
Purchase of investments		(10,046,803)		(3,331,443)	
Proceeds from disposal of investments		10,129,906		3,638,684	
Investment income received		908,325		803,865	
<b>Net cash generated from investing activities</b>			991,428		1,111,106
<b>Net cash used in financing activities</b>			-		-
<b>Net increase in cash and cash equivalents</b>			72,217		153,811
Cash and cash equivalents at beginning of year			246,338		92,527
<b>Cash and cash equivalents at end of year</b>			318,555		246,338

# LORD LEVERHULME'S CHARITABLE TRUST

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 5 APRIL 2023

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#### 1 Accounting policies

##### Charity information

Lord Leverhulme's Charitable Trust is a registered charitable trust in the United Kingdom. The address of the principal office is given in the charity information on page 1 of these financial statements. The nature of the charity's operations and principal activities are described in the Trustees' Report on page 1.

##### 1.1 Accounting convention

The financial statements have been prepared in accordance with the charity's trust deeds, the Charities Act 2011 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)". The charity is a Public Benefit Entity as defined by FRS 102.

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 Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16th July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1st April 2005 which has since been withdrawn.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

##### 1.2 Going concern

The financial statements have been prepared on a going concern basis as the trustees believe that no material uncertainties exist. The trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern.

##### 1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Based on the terms of the original donation to the trust by Lord Leverhulme, the trustees consider that this and subsequent donations should be accounted for as an expendable endowment. The fund also includes realised and unrealised gains and losses arising from the investment assets that comprise this fund.

##### 1.4 Income

All incoming resources are included in the Statement of Financial Activities (SoFA) when the charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

# LORD LEVERHULME'S CHARITABLE TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 5 APRIL 2023

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#### 1 Accounting policies

(Continued)

For donations to be recognised the charity will have been notified of the amounts and the settlement date in writing. If there are conditions attached to the donation and this requires a level of performance before entitlement can be obtained then income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the charity and it is probable that they will be fulfilled.

No amount is included in the financial statements for volunteer time in line with the SORP (FRS 102).

For legacies, entitlement is the earlier of the charity being notified of an impending distribution or the legacy being received. At this point income is recognised. On occasion legacies will be notified to the charity however it is not possible to measure the amount expected to be distributed. On these occasions, the legacy is treated as a contingent asset and disclosed.

Investment income is earned through holding assets for investment purposes including, shares, securities and deposit funds. It includes dividends and interest and is included when the amounts can be measured reliably. Interest income is recognised using the effective interest method, and dividend income is recognised when the charity's right to receive payment is established.

#### 1.5 Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. It is categorised under the following headings:

- Cost of raising funds principally relates to Investment Managers' fees.
- Expenditure on charitable activities principally includes grants made to charitable organisations.
- Other expenditure represents those items not falling into the categories above.

Irrecoverable VAT is charged as an expense against the activity for which expenditure arose.

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include office costs and governance costs. They are incurred directly in support of expenditure on the objects of the charity and include a share of the principal office costs.

The analysis of these costs is included in note 6.

#### 1.6 Fixed asset investments

Investments are recognised initially at fair value which is normally the transaction price including transaction costs. Subsequently, they are measured at fair value with changes recognised as 'net gains/(losses) on investments' in the SOFA if the shares are publically traded or their fair value can otherwise be measured reliably.

#### 1.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

# LORD LEVERHULME'S CHARITABLE TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 5 APRIL 2023

### 1 Accounting policies

(Continued)

#### 1.8 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

Grants payable are accounted for in full as liabilities of the charity when approved by the trustees, irrespective of the date on which the grants are payable.

#### 1.9 Taxation

The trust is a registered charity and as such is entitled to certain tax exemptions on income and profits from investments if these profits are applied solely for charitable purposes.

### 2 Investments

	Unrestricted funds 2023 £	Unrestricted funds 2022 £
Income from listed investments	925,249	858,438
Interest receivable	10,567	2,926
	<u>935,816</u>	<u>861,364</u>

### 3 Raising funds

	Unrestricted funds 2023 £	Expendable endowment 2023 £	Total 2023 £	Unrestricted funds 2022 £	Expendable endowment 2022 £	Total 2022 £
Investment Managers' fees	44,348	88,696	133,044	44,560	89,119	133,679
	<u>44,348</u>	<u>88,696</u>	<u>133,044</u>	<u>44,560</u>	<u>89,119</u>	<u>133,679</u>

# LORD LEVERHULME'S CHARITABLE TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 5 APRIL 2023

#### 4 Charitable activities

	2023 £	2022 £
Grants payable (see note 5)	525,224	341,049
Share of support costs (see note 6)	13,050	11,507
Share of governance costs (see note 6)	7,629	7,872
	<u>545,903</u>	<u>360,428</u>

#### 5 Grants payable

	2023 £	Number of Grants
Grants paid of £20,000 or more during the year:		
University of Liverpool	120,000	1
National Gardens Scheme	100,000	1
Royal National Lifeboat Institution	25,000	1
Princes Youth Trust	21,400	1
Bolton School	30,000	1
Chester Cathedral	53,218	1
DEC (for Ukraine)	20,000	1
Lady Lever	25,000	1
Liverpool Heart & Chest Hospital	20,000	1
Liverpool School of Tropical Medicine	35,000	1
Royal College of Surgeons	50,000	1
	<u>499,618</u>	<u>11</u>

	2023 £	2022 £
Grants to institutions may be categorised as follows:		
Health	98,000	119,500
Community	140,400	120,225
Education	144,824	23,324
Arts	11,000	27,000
Animal welfare	13,000	17,000
Environmental	112,000	3,000
Religious establishments	6,000	31,000
	<u>525,224</u>	<u>341,049</u>

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# LORD LEVERHULME'S CHARITABLE TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 5 APRIL 2023

### 6 Support costs

	Support costs	Governance costs	2023	Support costs	Governance costs	2022
	£	£	£	£	£	£
Office management fees	12,800	-	12,800	11,507	-	11,507
Other expenses	250	-	250	-	-	-
Audit fees	-	6,080	6,080	-	5,650	5,650
Accountancy	-	1,549	1,549	-	2,222	2,222
	<u>13,050</u>	<u>7,629</u>	<u>20,679</u>	<u>11,507</u>	<u>7,872</u>	<u>19,379</u>
Analysed between						
Charitable activities	<u>13,050</u>	<u>7,629</u>	<u>20,679</u>	<u>11,507</u>	<u>7,872</u>	<u>19,379</u>

### 7 Trustees

Travel expenses amounting to £250 (2022: £Nil) were reimbursed to one (2022: no) trustees during the year.

There were no employees during either year and none of the trustees received any remuneration during either year.

The charity made a grant award of £25,000 to the Royal National Lifeboat Institute (RNLI). Anthony Hannay, one of the trustees is a Vice President of the RNLI. The grant award was subject to the same conditions and approval process as other grants made during the year.

### 8 Net gains/(losses) on investments

	Expendable endowment 2023 £	Expendable endowment 2022 £
Revaluation of investments	(411,611)	837,841
Gain/(loss) on sale of investments	(342,194)	98,717
	<u>(753,805)</u>	<u>936,558</u>

### 9 Taxation

The trust is a registered charity, and as such is entitled to certain tax exemptions on income and profits from investments if these profits are applied solely for charitable purposes.

The charity is not registered for VAT and all expenditure is recorded inclusive of any VAT incurred.

# LORD LEVERHULME'S CHARITABLE TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 5 APRIL 2023

#### 10 Fixed asset investments

	Listed Cash in portfolio investments		Total
	£		£
<b>Cost or valuation</b>			
At 6 April 2022	40,729,582	2,258,246	42,987,828
Additions	10,046,803	-	10,046,803
Valuation changes	(411,611)	-	(411,611)
Movement in cash	-	(622,940)	(622,940)
Disposals	(9,849,160)	-	(9,849,160)
At 5 April 2023	40,515,614	1,635,306	42,150,920
<b>Carrying amount</b>			
At 05 April 2023	40,515,614	1,635,306	42,150,920
At 05 April 2022	40,729,582	2,258,246	42,987,828
		<b>2023</b>	<b>2022</b>
		£	£
Investments at fair value comprise:			
UK equities, unit trusts and treasury stock		20,760,307	19,417,815
Overseas equities and unit trusts		19,755,308	21,311,767
Cash held by Investment Managers		1,635,306	2,258,246
		42,150,921	42,987,828

The investments are listed on the United Kingdom Stock Exchange and are stated at mid-market value.

The total cost of managing the portfolio including third-party fund fees and brokerage fees was £389,425 (2022: £432,929),

#### 11 Debtors

	2023	2022
	£	£
<b>Amounts falling due within one year:</b>		
Other debtors	93,309	65,818



# LORD LEVERHULME'S CHARITABLE TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 5 APRIL 2023

### 12 Creditors: amounts falling due within one year

	2023	2022
	£	£
Grants payable	243,346	295,324
Accruals and deferred income	44,806	44,967
	<u>288,152</u>	<u>340,291</u>

### 13 Creditors: amounts falling due after more than one year

	2023	2022
	£	£
Grants payable	36,500	224,625
	<u>36,500</u>	<u>224,625</u>

### 14 Reconciliation of grant commitments

	2023	2022
	£	£
Commitments at 6 April 2022	(519,949)	(979,000)
Grants paid out during the year	769,766	800,100
	<u>249,817</u>	<u>(178,900)</u>
Commitments at 5 April 2023	275,407	519,949
	<u>275,407</u>	<u>519,949</u>
Charge in Statement of Financial Activities (note 4)	525,224	341,049
	<u>525,224</u>	<u>341,049</u>

# LORD LEVERHULME'S CHARITABLE TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 5 APRIL 2023

#### 15 Endowment funds

Endowment funds represent assets which must be held permanently by the charity. Income arising on the endowment funds can be used in accordance with the objects of the charity and is included as unrestricted income. Any capital gains or losses arising on the assets form part of the fund.

Balance at 6 April 2021	Resources expended	Revaluations gains and losses	Balance at 6 April 2022	Resources expended	Revaluations gains and losses	Balance at 5 April 2023
£	£	£	£	£	£	£
42,274,834	(89,119)	936,558	43,122,273	(88,696)	(753,805)	42,279,772
42,274,834	(89,119)	936,558	43,122,273	(88,696)	(753,805)	42,279,772

#### Expendable endowment

The expendable endowment fund comprises the original donations by Lord Leverhulme and subsequent donations together with the realised and unrealised gains and losses arising from the investment assets that comprise this fund, less transfers to the unrestricted fund.

#### 16 Designated funds

The income funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes:

	Balance at 6 April 2021	Movement in funds		Balance at 6 April 2022	Movement in funds		Balance at 5 April 2023
	£	Incoming resources	Transfers	£	Incoming resources	Transfers	£
Special reserve fund	525,010	324	(175,000)	350,334	8,150	50,000	408,484
	525,010	324	(175,000)	350,334	8,150	50,000	408,484

#### Special reserve fund

The trustees set up a designated fund on 1st September 2004 to build up a reserve out of which large donations could be made in the future.

# LORD LEVERHULME'S CHARITABLE TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 5 APRIL 2023

### 17 Analysis of net assets between funds

	Unrestricted funds	Endowment funds	Total	Unrestricted funds	Endowment funds	Total
	2023	2023	2023	2022	2022	2022
	£	£	£	£	£	£
Fund balances at 5 April 2023 are represented by:						
Investments	-	42,150,920	42,150,920	-	42,987,828	42,987,828
Current assets/(liabilities)	(5,140)	128,852	123,712	(162,580)	134,445	(28,135)
Long term liabilities	(36,500)	-	(36,500)	(224,625)	-	(224,625)
	<u>(41,640)</u>	<u>42,279,772</u>	<u>42,238,132</u>	<u>(387,205)</u>	<u>43,122,273</u>	<u>42,735,068</u>

### 18 Capital commitments

There were no capital commitments at 5th April 2023 or 5th April 2022.

### 19 Contingent liabilities

The trustees, from time to time, make awards to applicants that are contingent on the applicant meeting certain conditions. Such awards are not recognised as liabilities until the applicant can demonstrate that the conditions have been met in full.

### 20 Cash generated from operations

	2023 £	2022 £
(Deficit)/surplus for the year	(496,936)	1,303,815
Adjustments for:		
Investment income recognised in statement of financial activities	(935,816)	(861,364)
Loss/(gain) on disposal of investments	342,194	(98,717)
Fair value gains and losses on investments	411,611	(837,841)
Movements in working capital:		
(Decrease) in creditors	(240,264)	(463,188)
<b>Cash absorbed by operations</b>	<u>(919,211)</u>	<u>(957,295)</u>

### 21 Analysis of changes in net funds

The charity had no debt during the year.

