

LEVERHULME
TRUST _____

**Trustees' Annual Report
and Financial Statements 2021**

Registered Charity Number: 1159154

TRUSTEES' ANNUAL REPORT – 2021

LEGAL AND ADMINISTRATIVE DETAILS

Established under the Will of the First Viscount Leverhulme.

Trustees	Mr N W A FitzGerald KBE DSA (Chairman) Mr D Baillie Mr A C Butler (resigned 23 June 2021) Mr P J Cescau (resigned 23 June 2021) Professor K Gull CBE FRS Mr A Jope (from 4 January 2021) Sir Dave Lewis Mr R H P Markham CMG Ms M McEwan Ms L Nair Mr C Saul Mr K Weed CBE (from 6 October 2021) Mr S G Williams
Director	Professor Anna Vignoles CBE FBA (from 4 January 2021)
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 – 2021

The Trustees present their Annual Report and the audited Financial Statements for the year ended 31 December 2021.

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 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 – 2021 (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 (indicated ▲ below) run triennially:

Arts Scholarships▲

Open to specialist arts training organisations to develop innovative teaching and to provide bursaries for individuals of exceptional talent to develop their skills in the fine and performing arts. Awards range from £40,000 to £695,000. (2021:£15.1m, 2020:nil)

Doctoral Scholarships▲

To support doctoral studies in UK universities at a time of growing undergraduate debt. Each grant is for £1,350,000 and provides fifteen fully-funded Leverhulme Doctoral Scholarships (five in each of four years). The scholarship funds full-time studies and covers maintenance at the level of a research council UK doctoral stipend and full university tuition fees. The balance is to be used to provide funds for the student's research expenses and research training. (2021:nil, 2020:£13.5m)

Early Career Fellowships

Providing a bridge into an academic career for researchers with a proven research record who have not yet held an established academic post. The scheme traditionally provides 50% of the salary costs of a 3-year academic appointment, with the host institution providing the balance, plus some research costs. In 2021, the Trustees exceptionally agreed to fund 100% of the salary costs for the first year of the fellowships in response to the COVID-19 pandemic. (2021:£17.4m, 2020:£13.9m)

TRUSTEES' ANNUAL REPORT – 2021 (continued)

Achievements and Performance (continued)

Emeritus Fellowships

Providing funding for 3-24 months for senior researchers who have retired from an academic post to enable them to complete a research project and publish the results. Awards are for up to £24,000. (2021:£0.6m, 2020:£0.6m)

International Fellowships

Enabling established researchers in UK higher education institutions to spend 3-12 months in overseas research centres, to develop new knowledge, skills and ideas. Up to £50,000 available. (2021:£0.7m, 2020:£0.4m)

International Professorships

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

Major Research Fellowships

Supporting well-established academics in the humanities and social sciences to focus for 2 or 3 years on a specific piece of significant, original research. The scheme is particularly aimed at those whose day-to-day duties have prevented them from completing a programme of research. Annual replacement costs plus research expenses is in the region of £50,000. (2021:£4.6m, 2020:£4.8m)

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. (2021:£3.0m, 2020:£3.0m)

Research Centres ▲

To support fundamental cross-disciplinary research across the sciences, humanities and social sciences. This competition is designed to encourage original research which would establish or reshape a significant field of study and transform understanding of an important topic in contemporary societies. Awards of up to £10,000,000 over 10 years. (2021:£30m, 2020:nil)

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. (2021:£5.8m, 2020:£6.2m)

Research Leadership Awards ▲

Supporting researchers with an established university career to build a research team to address a distinct research problem. Between £800,000 and £1million over 5 years is available to fund research assistants and research students working under the leadership of the award holder, plus associated costs. (2021:nil, 2020:nil)

Research Project Grants

Available for any research topic, with the choice of theme and research approach left to applicants. Up to £500,000 over 5 years is available to cover salaries for research and associated costs. This is the Trust's core funding stream and its popularity saw the allocation to grants at £44.6m in 2021 (2020 : £44.0m).

TRUSTEES' ANNUAL REPORT – 2021 (continued)

Achievements and Performance (continued)

Study Abroad Studentships

Supporting a period of postgraduate study or research in any overseas country except the USA. Awards offer maintenance, travel and essential research/study costs for between 12 and 24 months. Annual award values average £44,000. (2021:£1.5m, 2020:£1.4m)

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. (2021:£0.7m, 2020:£1.9m)

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

Types of schemes	2021		2020	
	£000	%	£000	%
Research Project Grants	44,606	32	43,966	48
Research Centres	30,000	22		
Doctoral Scholarships	-	-	13,500	15
Early Career Fellowships	17,414	13	13,857	15
Arts Scholarships	15,068	11	-	-
International Professorships	8,742	6		
Major Research Fellowships	4,588	3	4,787	5
Research Fellowships	5,840	4	6,213	7
Leverhulme Prizes	3,000	2	3,000	3
Academy Fellowships/Scholarships	4,681	3	2,217	2
Visiting Professors	709	1	1,893	2
Study Abroad Studentships	1,523	1	1,394	1
Emeritus Fellowships	630	1	598	1
International Academic Fellowships	656	1	369	1
Grants Awarded in Year	137,457	100	91,794	100

The number of applications received for consideration for all schemes amounted to 3,640 in 2021(2020: 3,638). The number of grants which were subsequently made amounted to 664 (2020: 650).

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. 2020: Research Project Grants over 880, Early Career Fellowships over 700, Research Fellowships over 800). The selection of successful applications, based on peer review, involves success rates ranging from c. 17% to 41%. The Trust is able to disburse its available income without any sacrifice of quality.

In addition to the Trust's regular programme of grant schemes, in November 2021, the Trust Board announced a further three new Leverhulme Research Centre awards. Each Centre, to be led by a named Director, will be funded for up to £10 million over 10 years, to support fundamental cross-disciplinary research across the sciences, humanities and social sciences. The competition was designed to encourage original research which would establish or reshape a significant field of study and transform understanding of an important topic in contemporary societies.

The successful centres were:

- Leverhulme Centre for the Holobiont, Professor Thomas Bell, Imperial College London
- Leverhulme Centre for Nature Recovery, Professor Yadvinder Malhi, University of Oxford
- Leverhulme Centre for Life in the Universe, Professor Didier Queloz, University of Cambridge

TRUSTEES' ANNUAL REPORT – 2021 (continued)

Achievements and Performance (continued)

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

All grant recipients are required to report both annually (for multi-year awards) and on completion. Final grant reports are reviewed by the Director (some 80% of 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.

Whilst the situation in relation to COVID-19 has undoubtedly proved challenging, the Trust benefits from the hitherto healthy academic and research environment in the UK. The excellence of UK scholarship is recognised for example in the various league tables of the World's top universities and the standard research metrics (such as citation statistics) which are available for each country. Despite the high volume of applications to the Trust (around 4,000 per annum), the Trust has consistently secured appropriate levels of peer review to allow it to meet its objectives. The value of the Trust's activities is enhanced by the funds provided by the Government via the Research Charities Support Fund, which provides a contribution towards university overhead costs.

The Trust also continues to place importance on international collaborations, by assisting Study Abroad Students to expand their horizons through postgraduate study or research overseas, supporting academics to develop new collaborations and lines of research with colleagues around the world via our International Academic Fellowships, and enabling UK universities to 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.

COVID-19

The Trustees are pleased to report that the operations and finances of the Trust continue to be materially unaffected by the COVID-19 virus. The Trustees have considered the impact of COVID-19 on the risks that the Trust faces and on the ability of the Trust to continue as a going concern and have concluded that there has been minimal impact.

The Trust has been in active conversations with its beneficiaries where their activities have been adversely affected by the direct or indirect impact of the pandemic. The Trustees created a contingency fund of up to £10m to help grant holders where additional costs were required as a result of the pandemic. As at 31 December 2021, an amount of £5.3m (2020: £2.4m) had been committed from this contingency.

TRUSTEES' ANNUAL REPORT – 2021 (continued)

Investment policy and performance (continued)

Financial Review

The income of the Trust amounted to £95.1m in 2021 (2020: £93.8m). The reduction in income of the Trust for the year was the result of the introduction of a total return target to replace the previous income target and the updated investment policy detailed below. The Trust has not carried out any fundraising activities during the year therefore no fundraising disclosures are made.

Grants awarded in the year were £137.5m in line with expectations (2020 : £91.8m). A summary by scheme can be seen in Note 3b to the financial statements.

The Trustees consider that there are no material uncertainties about the Charity's ability to continue as a going concern due to the liquid nature of the Trust's investments. The value of the Trust's funds at the end of 2021 was £3,580m (2020: £3,590m).

Investment policy and performance

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

The Trust now targets a minimum total return over time net of fees, currently 7%, to protect the portfolio's real value (with inflation measured by UK CPI) after funding the annual withdrawal of 3%. In 2021 the Trust's investments (net of fees) returned 3.3% (2019:4.7%).

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

Risk management

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

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

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

TRUSTEES' ANNUAL REPORT – 2021 (continued)

Reserves policy

It is Trust policy to at least maintain the real value of the level of reserves over the long term and to maintain sufficient liquidity to meet its commitments. It has set a target real growth of 1% per annum in investment returns, after a 3% annual withdrawal, with a view to increasing the probability of achieving this policy target. The reserve balance at 31 December 2021 was £3,580m (2020: £3,590m) in line with the target.

Plans for future periods

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

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

The Trust Board has identified funds for schemes in addition to the International Professorships where the grants will not be committed until 2022 or beyond: £2.0m for Visiting Professorships; £5.0m for Major Research Fellowships; £3.0m for Prizes; £10m for Research Leadership Awards; £1.8m for Fellowships/Scholarships and £22.0m 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 1.

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

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

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

At the end of December 2020, Professor Gordon Marshall left his position as the Director of the Trust and was replaced at the start of January 2021 by Professor Anna Vignoles.

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

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

TRUSTEES' ANNUAL REPORT – 2021 (continued)

Structure, Governance and Management (continued)

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

The Trust Board has four committees and an advisory panel:

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

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

Statement of trustees' responsibilities

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

The law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;

TRUSTEES' ANNUAL REPORT – 2021 (continued)

Statement of trustees' responsibilities (continued)

- state whether applicable accounting standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charities (Accounts and Reports) Regulations 2008. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The Trustees' Annual Report on pages 2 to 10 was approved by the Trustees and signed on its behalf by:

Niall W A FitzGerald
(Chairman)
7 September 2022

1 Pemberton Row
London EC4A 3BG

Independent auditors' report to the trustees of The Leverhulme Trust

Report on the audit of the financial statements

Opinion

In our opinion, The Leverhulme Trust's financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2021 and of its incoming resources and application of resources and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Charities Act 2011 and Regulation 8 of The Charities (Accounts and Reports) Regulations 2008.

We have audited the financial statements, included within the Trustees' Annual Report and Financial Statements, which comprise: the balance sheet as at 31 December 2021; 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 Trustees' Annual Report and Financial Statements other than the financial statements and our auditors' report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

Trustees' Report

Under the Charities Act 2011, we are required to report to you if, in our opinion, the information given in the Trustees' Report is inconsistent in any material respect with the financial statements. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Responsibilities of the trustees for the financial statements

As explained more fully in the Statement of trustees' responsibilities, 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 its environment, we identified that the principal risks of non-compliance with laws and regulations related to the Charities Act 2011 and relevant regulations made or having an effect thereunder, including The Charities (Accounts and Reports) Regulations 2008, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered the direct impact of these laws and regulations on the financial statements. We evaluated the incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) by the trustees and those responsible for, or involved in, the preparation of the underlying accounting records and financial statements and determined that the principal risks were related to the posting of inappropriate journals to conceal misappropriation of assets. 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, any correspondence with the Charity Commission for England and Wales, and significant contracts and agreements.
- Holding discussions with the trustees 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 the Charities Act 2011 and regulations made under them.

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 obtained 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

Date: 7 September 2022

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £000	2020 £000
Income and endowments from:			
- Investment income	2	95,085	93,766
Total income and endowments		<u>95,085</u>	<u>93,766</u>
Expenditure on:			
Raising funds			
- Investment management costs		2,743	4,464
Charitable activities	3b	138,194	91,584
Total expenditure		<u>140,937</u>	<u>96,048</u>
Net Expenditure before Net gains on investments		(45,852)	(2,282)
Net gains on investments	5	35,323	76,109
Net (Expenditure)/Income and net movement in funds		<u>(10,529)</u>	<u>73,827</u>
Reconciliation of funds:			
Total funds brought forward		3,590,313	3,516,486
Total funds carried forward		<u>3,579,784</u>	<u>3,590,313</u>

The notes on pages 17 to 30 form part of these financial statements.

BALANCE SHEET AS AT 31 DECEMBER 2021

Fixed assets:	Note	2021 £000	2020 £000
Tangible assets	4	30	60
Investments			
- Investment in shares in Unilever plc	5a	1,851,670	2,061,217
- Other investments	5b	<u>2,039,605</u>	<u>1,780,175</u>
		<u>3,891,275</u>	<u>3,841,392</u>
Total fixed assets		<u>3,891,305</u>	<u>3,841,452</u>
Current assets			
Debtors	6	1,008	1,138
Cash at bank and in hand		1,649	2,659
		<u>2,657</u>	<u>3,797</u>
Total Current assets			
Liabilities:			
Creditors: amounts falling due within one year	7	<u>(177,666)</u>	<u>(148,910)</u>
Net current liabilities		(175,009)	(145,113)
Total assets less current liabilities		<u>3,716,296</u>	<u>3,696,339</u>
Creditors: amounts falling due after one year	7	<u>(136,512)</u>	<u>(106,026)</u>
Total net assets		<u>3,579,784</u>	<u>3,590,313</u>
The funds of the Charity			
Unrestricted funds		3,579,784	3,590,313
Total Charity funds		<u>3,579,784</u>	<u>3,590,313</u>

The notes on pages 17 to 30 form part of these financial statements.

The financial statements on pages 14 to 30 were approved by the Trustees and signed on their behalf by:

Niall W A FitzGerald
Trustee

7 September 2022

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 £000	2020 £000
Cash flows from operating activities:		
Net cash used in operating activities (a)	(78,922)	(76,865)
Cash flows from investing activities:		
Dividends and Interest	95,216	98,375
Investment management costs	(2,743)	(4,468)
Purchase of investments	(642,807)	(2,252,017)
Proceeds from sale of investments	595,399	2,248,508
Cash inflow from FX hedging	(9,415)	-
Decrease/(Increase) in cash held by investment managers	42,262	(14,653)
Net cash provided by investing activities	77,912	75,745
Change in cash and cash equivalents in the year	<u>(1,010)</u>	<u>(1,120)</u>
Cash and cash equivalents brought forward	<u>2,659</u>	<u>3,779</u>
Cash and cash equivalents carried forward	<u>1,649</u>	<u>2,659</u>
	2021 £000	2020 £000
a) Reconciliation of net expenditure/income to net cash flow from operating activities		
Net (expenditure)/income for the reporting year (as per the statement of financial activities)	(10,529)	73,827
Adjustments for:		
Dividends and interest	(95,085)	(93,766)
Net gains on investments	(35,323)	(76,109)
Investment management costs	2,743	4,468
Increase in creditors	59,242	14,685
Depreciation	<u>30</u>	<u>30</u>
Net cash used in operating activities	<u>(78,922)</u>	<u>(76,865)</u>
b) Analysis of changes in net cash/(debt)		
Net cash at 1 January	2,659	3,779
Net Cash outflow	(1,010)	(1,120)
Net cash at 31 December	1,649	2,659

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

Basis of preparation of the financial statements

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

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

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following the Charities SORP (FRS 102) second edition October 2019.

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

Significant judgements and estimates

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

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

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

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

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

Fund structure

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

Incoming resources

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

Investment income represents dividends and interest on fixed investments and deposits, with any associated tax credits or recoverable taxation, which are included on an accruals basis. Dividends are recognised when declared. Where investment income from pooled investment vehicles is re-invested it is accounted for in the unit price.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1 Accounting policies (continued)

Resources expended

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

Raising funds

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

Charitable activities

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

Financial liabilities

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

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

Tangible fixed assets

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

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

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

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

Investments

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

1 Accounting policies (continued)

Forward Contracts

Forward contracts are recognised at fair value, being marked to market value at the closing foreign exchange rates on 31 December 2021.

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

Taxation

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

Operating lease

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

2 Investment income

	2021 £000	2020 £000
Dividends from Unilever plc	69,275	68,191
Managed pooled investments		
Fixed interest Bonds	158	2,541
Global Equities	6,605	20,895
Private Debt	17,555	756
Property	1,534	757
Cash	<u>(42)</u>	<u>625</u>
	95,085	93,765
Bank interest	<u>-</u>	<u>1</u>
Total investment income	<u>95,085</u>	<u>93,766</u>

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

3a (i) Allocation of governance and support costs

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

Cost Type	2021 Total allocated £000	2021 Invest- ment Costs £000	2021 Gover- nance Costs £000	2021 Support Costs £000	2020 Total allocated £000	2020 Invest- ment Costs £000	2020 Gover- nance Costs £000	2020 Support Costs £000
Staff costs	1,493	55	46	1,392	1,412	53	44	1,315
Accommodation	371	14	11	346	378	14	12	352
Other	527	20	16	491	532	20	16	496
	2,391	89	73	2,229	2,322	87	72	2,163

Support costs (net of £80,000 recharge to the Trade Charities Trust – see Note9) are apportioned on the basis of staff time spent on activities. The allocation to Investment Costs are included within Investment management costs on the SOFA.

3a (ii) Governance costs:

	2021 £000	2020 £000
Audit & Legal	71	108
Secretarial	4	8
Trustee expenses	-	1
Support costs (based on apportioned staff time per note 3a (i))	73	72
Total Governance Costs	148	189

3a (iii) Total Governance and Support Costs

	2021 £000	2020 £000
Support Costs (note 3a (i))	2,229	2,163
Governance Costs (note 3a (ii))	148	189
	2,377	2,352

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 2021 £000	Support and governance costs 2021 £000	Total 2021 £000	Grant funded activity 2020 £000	Support and governance costs 2020 £000	Total 2020 £000
Research Awards Advisory Committee	26,063	473	26,536	22,431	480	22,911
Responsive Mode Projects	44,606	1,043	45,649	43,966	1,074	45,040
Doctoral Scholarship	-	-	-	13,500	209	13,709
Arts Scholarships	15,068	244	15,312	-	-	-
Research Centres	30,000	18	30,018	-	-	-
International Professorships	8,742	18	8,760	-	-	-
Major Research Fellowships	4,588	247	4,835	4,787	251	5,038
Academy Fellowships/ Scholarships	4,681	6	4,687	2,217	7	2,224
Visiting Professors	709	171	880	1,893	172	2,065
Prizes	3,000	157	3,157	3,000	159	3,159
Grants awarded	137,457	2,377	139,834	91,794	2,352	94,146
Adjustment on prior year grant awards	(1,640)	-	(1,640)	(2,562)	-	(2,562)
Total Costs	135,817	2,377	138,194	89,232	2,352	91,584

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

3c Staff costs

	2021	2020
	£000	£000
Wages and salaries	980	935
Social security costs	129	130
Pension costs	324	242
Contractors	40	57
Other	<u>20</u>	<u>48</u>
	1,493	1,412

The monthly average number of full time equivalent staff during the year was 15 (2020:15). All staff are involved in grant making and are employed jointly by Unilever U.K. Central Resources Limited and the Trust with their cost recharged to the Trust. At 31 December 2021 an amount of £25,618 (2020: £21,574) relating to pension contributions remained outstanding. The number of staff who received salaries and other emoluments (excluding pension contributions) over £60,000 was:

	2021	2020
	Number	Number
£100,001 - £110,000	2	1
£140,001 - £150,000	1	1
£210,001 - £220,000	1	-
£290,001 - £300,000	-	1

Unilever UK Central Resources Limited operates a defined benefit pension scheme to which £90,200 (2020: £54,452) was contributed by the Trust in relation to higher paid employees.

The scheme reported an estimated funding level at March 2021 of 111%.

The Trust consider the Board of Trustees, the Director, Director of Finance and Assistant Director of the Trust as comprising the key management personnel of the charity. The total employment benefits including employer pension contributions of the key management personnel was £648,568 (2020: £603,233).

The Director is the highest paid member of staff.

3d Trustee costs

Trustees did not receive any remuneration during the year (2020: nil). One Trustee (2020: three) received travelling and subsistence expenses of £477 (2020: £858).

3e Net incoming/(outgoing) resources after charging

	2021	2020
	£'000	£'000
Auditors' remuneration (excluding non recoverable VAT)	59	60
Depreciation	30	30
Operating lease rentals	276	276

NOTES TO THE FINANCIAL STATEMENTS (continued)

4 Tangible assets

	Furniture, fittings and equipment 2021 £000	Computers and software 2021 £000	Total 2021 £000	Furniture, fittings and equipment 2020 £000	Computers and software 2020 £000	Total 2020 £000
Cost						
At 1 January	301	-	301	301	90	391
Disposals	-	-	-	-	(90)	(90)
At 31 December	301	-	301	301	-	301
Accumulated depreciation						
At 1 January	241	-	241	211	90	301
Charge for year	30	-	30	30	-	30
Disposals	-	-	-	-	(90)	(90)
At 31 December	271	-	271	241	-	241
Net book value						
At 31 December	30	-	30	60	-	60

5 Investments

a) Investment in shares in Unilever plc

	2021	Movement in fair value	2020
	£000	£000	£000
Historical cost	9,308	-	9,308
Fair value	1,851,670	(209,547)	2,061,217

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 (2020: 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 2021 was £1,685.1 million (2020: £1,632.5 million).

NOTES TO THE FINANCIAL STATEMENTS (continued)

b) Other Investments (continued)

	2021	2020
	Fair value	Fair value
	£000	£000
Investments		
Fixed income Bonds	-	24,464
Inflation Linked Bonds	104,220	71,658
Credit	53,246	54,381
Global Equities	569,431	1,111,938
Hedged Equities	870,781	214,219
Property	55,005	49,787
Commodities	38,141	30,667
Private Debt	168,409	103,501
Private Equity	110,961	7,887
Cash	69,411	111,673
	<hr/>	<hr/>
Investments	2,039,605	1,780,175

	2021	2020
	£000	£000
Movement in Other Investments		
As at 1 January	1,780,175	1,705,380
Purchases	642,807	2,252,017
Disposals	(595,399)	(2,248,508)
Net Investment Gains	254,284	56,633
(Decrease)/Increase to cash	(42,262)	14,653
	<hr/>	<hr/>
As at 31 December	2,039,605	1,780,175

In 2020, disposals and purchases represents £1,176.3m of sales in relation to the portfolio held with legacy investment managers with the proceeds subsequently re-invested into the Partners Capital portfolio in line with the revised investment strategy (2021:none). The remaining amount represents purchases and sales that have occurred since the transition to the Partners Capital portfolio in line with the Trust's stated investment strategy.

Included within Net investment gains is £7.5m of realised foreign exchange gains (2020: £12.3m) in relation to purchases and sales during the year.

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 £150.4m (2020: £130.5m).

c) 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 on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset as follows:

NOTES TO THE FINANCIAL STATEMENTS (continued)

c) Recognised fair value measurements (continued)

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.

2021	Level 1 £000	Level 2 £000	Level 3 £000	Total 2021 £000
Investments				
Inflation linked Bonds	104,220	-	-	104,220
Credit	-	53,246	-	53,246
Global Equities	49,030	520,401	-	569,431
Hedged Equities	-	870,781	-	870,781
Property	-	55,005	-	55,005
Commodities	38,141	-	-	38,141
Private Debt	-	168,409	-	168,409
Private Equity	-	-	110,961	110,961
Cash	70,671	-	-	70,671
Forward Foreign Currency Contract	(1,260)	-	-	(1,260)
Investments	260,802	1,667,842	110,961	2,039,605
2020	Level 1 £000	Level 2 £000	Level 3 £000	Total 2020 £000
Investments				
Fixed income Bonds	24,460	4	-	24,464
Inflation linked Bonds	71,658	-	-	71,658
Credit	26,097	28,284	-	54,381
Global Equities	382,229	729,709	-	1,111,938
Hedged Equities	-	214,219	-	214,219
Property	-	49,787	-	49,787
Commodities	30,667	-	-	30,667
Private Debt	-	103,501	-	103,501
Private Equity	-	-	7,887	7,887
Cash	111,673	-	-	111,673
Investments	646,784	1,125,504	7,887	1,780,175

NOTES TO THE FINANCIAL STATEMENTS (continued)

d) Financial Risk Management

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

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

The Trust monitors its equity risk using a risk framework based on beta to equity markets. Exposures to core market risks are converted into one single "equity equivalent" portfolio risk metric. The equity beta at 31 December 2021 was 0.75 (2020: 0.75) compared with a long term target of 0.75 (2020: 0.75). Therefore, for a 1% reduction in equity prices the value of the Trust's investments would be expected to fall by 0.75% and every 1% reduction in global equity prices would be expected to lead to a reduction of £27.9m (2020 : £27.9m) in Charity Funds.

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

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

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

At 31 December 2021, the Trust had open USD/GBP forward exchange contracts for a nominal value of £335,604,000 for settlement between February and May 2022 (2020: nil).

6 Debtors

Debtors comprise accrued investment income of £904,321 (2020: £1,041,644) and prepaid administrative expenses of £104,370 (2020: £96,500).

7 Creditors

	2021	2020
	£000	£000
Grants payable	313,217	253,729
Accrued administrative expenses and Investment management fees	<u>961</u>	<u>1,207</u>
Total	314,178	254,936
Amounts falling due within one year	177,666	148,910
Amounts falling due after more than one year	136,512	106,026

8 Lease commitments

At 31 December 2021, the Trust had annual commitments under an operating lease for its office which was renewed in 2012 for a term ending 24 July 2022. Currently it amounts to £230,000 plus Value Added Tax per annum. The minimum lease payments remaining equates to £128,000 (2020: £358,000).

NOTES TO THE FINANCIAL STATEMENTS (continued)

9 Related parties

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

In 2021, the Trust received dividend income of £69,275,117 from Unilever plc (2020: £68,191,007). Unilever plc is a company with a director in common with the Trust's Trustees.

The Trust's investments include £1,851,669,786 of ordinary shares held in Unilever plc (2020: £2,061,217,513).

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

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 (2020: One award totalling £100,000). The total amount outstanding as at 31 December 2021 was £50,000 (2020: £100,000). Professor Gull had no influence over this transaction. Mr Saul is a Trustee of English National Ballet. One award totalling £230,497 over four years was made to English National Ballet in the year. (2020:none). Mr Saul took no part in this decision.

The Leverhulme Trade Charities Trust does not have any employees but a charge of £80,000 (2020: £80,000) is made by The Leverhulme Trust, whose Director of Finance, in his capacity as Secretary, is responsible for the day to day administration of the Leverhulme Trade Charities Trust. This charge included an appropriate proportion of overheads incurred by The Leverhulme Trust on behalf of the Leverhulme Trade Charities Trust.

10 Commitments

At 31 December 2021, Trustees had approved the spending levels for various schemes for 2022 amounting to £74.3m (2020: £69.8m). Of this amount £30.5m relates to the provisional awards in 2020 and 2021 of 7 Leverhulme International Professorships. Individual grants will be awarded under the other schemes in 2022.

11 Events after the end of the reporting period

Since March 2020, Covid-19 and other, more recent, geopolitical (such as Russia's war in Ukraine) and economic issues, has had a profound effect on domestic and global economies, with disruption and volatility in the financial markets. The Trustees, in conjunction with their advisers, monitor the situation closely and determine any actions that are considered to be necessary, including the investment portfolio. The extent of the impact on the Trust's investment portfolio, including financial performance, will depend on future developments in financial markets and the overall economy, all of which are uncertain and cannot be predicted. Since the year end, the value of the Trust's investment assets and investment liabilities may have been impacted. Whilst the Trustees monitor the overall position, they have not, at this time, quantified the change (being an increase or decrease) in market value of other investment assets and investment liabilities (note 5b) as markets remain fluid and unpredictable and therefore such an estimate cannot be made.

NOTES TO THE FINANCIAL STATEMENTS (continued)

12 2021 Grants awarded by institution

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

12 2020 Grants awarded by institution

Institution	Number of awards	Amount £000
University of Oxford	47	6,099
University of Edinburgh	37	4,628
University of Birmingham	31	4,176
University of Warwick	29	4,167
University of Cambridge	35	4,130
University College London	36	3,762
University of Sheffield	26	3,314
University of Glasgow	20	3,032
King's College London	14	2,888
University of Southampton	7	2,561
University of Manchester	19	2,470
University of Nottingham	14	2,427
Queen Mary, University of London	15	2,379
University of Bristol	18	2,261
University of Leeds	7	2,231
University of East Anglia	8	2,225
Durham University	12	1,971
University of Kent	13	1,924
University of Exeter	11	1,844
Royal Society/British Academy/Royal Academy of Engineering	5	1,835
Queen's University Belfast	4	1,835
University of Sussex	6	1,775
Manchester Metropolitan University	4	1,543
University of Hull	3	1,536
University of Bath	6	1,504
University of Liverpool	13	1,290
University of Strathclyde	6	1,284
Imperial College London	10	1,228
Northumbria University	7	1,183
Cardiff University	10	1,128
Heriot-Watt University	7	1,117
University of St Andrews	13	1,052
Newcastle University	7	1,003
University of York	12	963
University of Leicester	8	919
Royal Holloway, University of London	8	916
Lancaster University	7	771
Loughborough University	3	614
London School of Economics and Political Science	6	596
Bangor University	4	589
University of Aberdeen	4	567
University of Surrey	2	510
University of Plymouth	3	505
	557	84,752
47 institutions below £500,000	82	6,546
Individuals below £500,000	11	496
2020 Total grants awarded	650	91,794

NOTES TO THE FINANCIAL STATEMENTS (continued)

13 Registered Office

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