

LEVERHULME
TRADE CHARITIES TRUST

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

Registered Charity Number: 1159171

TRUSTEES' ANNUAL REPORT – 2023

LEGAL AND ADMINISTRATIVE DETAILS

Established under the Will of the First Viscount Leverhulme.

Trustees	Dr Niall FitzGerald KBE DSA (Chairman) Doug Baillie Professor Keith Gull CBE FRS Alan Jope Sir David Lewis – to 22 November 2023 Rudy Markham CMG Mhairi McEwan Leena Nair Christopher Saul Keith Weed CBE Steve Williams Graeme Pitkethly – from 6 March 2024 Quintin Price – from 26 June 2024
Director	Professor Anna Vignoles CBE FBA
Bankers	Barclays Bank PLC, 1 Churchill Place, London, E14 5HP
Legal Advisors	Maurice Turnor Gardner LLP Milton House, Milton Street, London, EC2Y 9BH
Independent Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Place, London, WC2N 6RH
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-trade.org.uk
Registered Charity Number	1159171

TRUSTEES' ANNUAL REPORT – 2023

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

History

The Leverhulme Trade Charities Trust is a Registered Charity, Number 1159171 and was constituted as a Charitable Incorporated Organisation in the United Kingdom on 12 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 the income beneficiaries, to 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 each its own Unilever plc shareholding. The eligible trade charities became the concern of the Leverhulme Trade Charities Trust (“the Trust”). The Leverhulme Trust, from that date, was solely concerned with research and education.

At the conclusion of 2014, the Trustees transferred all the assets, liabilities and undertakings of the previous established Trust to this newly formed Charitable Incorporated Organisation (CIO), Number 1159171. The objects of the CIO are substantially the same as the previous Trust and the Trust Board members of the previous Trust were the founding Trustees of the CIO.

Objectives and Activities for the Public Benefit

The instructions given for the establishment of the Trust in the Will of the Founder in defining the purpose are succinct and generous in allowing for changes to fit the times. The objective is to provide benefits for charities or further any charitable purpose connected with Commercial Travellers, Grocers or Chemists and their dependents as the Trustees in their discretion direct.

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 awarding grants for the year.

The aims of the charity are to fulfil the Founder’s instructions. In order to carry out these aims Trustees have set in place a range of activities seeking to fulfil the Founder’s intent. The Will itself places no restriction on the disciplines that are to form the content of the benefits.

The Trustees have set in place a strategy for achieving the aims and the objectives of the Trust by providing support towards the costs of education for individuals connected with the three categories, including bursaries for undergraduate and postgraduate students.

Applications for bursaries need to be made using the Trust’s online application system which can be accessed via the Trust’s website www.leverhulme-trade.org.uk. Details of the main activities can be seen in the next section Achievements and Performance.

Where application numbers exceed the amounts allocated for bursaries, awards are reduced or declined based on the financial need of the applicant.

TRUSTEES' ANNUAL REPORT – 2023 (continued)

Achievements and Performance

In 2023 the Trust transitioned to a new grant making strategy with its focus on education only and the Trust Board awarded final grants to the three trade charities, The Salespeople's Charity (SPC), Royal Pinner Educational Trust (RPET) and GroceryAid (GA) for the purposes of benevolence totalling £1,767,000 (2022: £1,116,000). In addition, GA was awarded £1m grant to support its Schools Essentials Grant (SEG) scheme in 2024.

Additionally, the Trust Board agreed to continue the undergraduate and postgraduate bursary schemes open to all UK universities and approved undergraduate funding for 2023 of £1,542,619 (2022: £1,600,010). During 2023, 418 applications for undergraduate bursaries were received (2022: 305) and at the end of the year 275 were approved as grants (2022: 240). The Trust Board agreed to funding postgraduate bursaries of £361,340 for 2023 (2022: £253,410). During the year, 98 (2022: 84) applications for postgraduate bursaries were received and 60 (2022: 50) were approved as grants.

The value of grants made can be seen in the following table.

	Period of grant awarded in year	2023 £000	2022 £000
Grants to Institutions for Benevolence			
- The Salespeople's Charity	2 years	900	450
- Royal Pinner Educational Trust	2 years	400	200
- GroceryAid	1 years	467	466
- GroceryAid – Schools Essentials Grant	1 years	1,000	-
		2,767	1,116

The value of bursaries made can be seen in the following table:

	2023 £000	2022 £000
Undergraduate bursaries for periods of between one and six years	1,543	1,600
Postgraduate bursaries for periods of between one and four years	361	253
	1,904	1,853

The above tables indicate the performance achieved against the objectives of making grants to various institutions and bursaries to undergraduate and postgraduate students. The Trust considers that the current grant levels are in line with the aims and objectives set by the charity.

Financial Review

The income of the Trust, comprising investment income, amounted to £3.0m in 2023 (2022: £3.0m). The Trust has not carried out any fundraising activities during the year therefore no fundraising disclosures are made.

A summary of funding made to beneficiaries during the year can be seen in the previous section - Achievements and Performance.

TRUSTEES' ANNUAL REPORT – 2023 (continued)

The value of the Trust's Net Assets at the end of 2023 was £90.3m (2022: £98.2m)

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

Investment Policy and Performance

At 31 December 2023, the Trust's total investments of £92.9m (2022: £99.3m) comprised:

- investment in shares in Unilever plc of £77.3m (2022: £85.1m) and
- other investments held under a discretionary management agreement with Partners Capital LLP of £15.6m (2022: £14.2m)

The value of the investment in Unilever shares declined by £7.8m in 2023 (2022: increase of £4.8m).

The Trust's investment advisor, Partners Capital, was appointed in 2020 and an updated investment policy statement and strategic asset allocation was agreed by the Trust's Investment Committee and the Trustees. The assets were transitioned to the Partners Capital Master Portfolio in accordance with the agreed strategic asset allocation at the start of 2021.

Since 2021, the LTCT's Investment Policy in respect of Partners Capital investment portfolio, was to target a total return of 5.5% per annum over the long term. A new strategy is currently being implemented in 2024 which sees the LTCT portfolio aligned towards its long-term strategic asset allocation akin to the Leverhulme Trust. The minimum return should preserve the portfolio's real value (with inflation measured by UK CPI) after funding an annual withdrawal of 4% p.a. If UK CPI is assumed to be 3.0%, the minimum rate of target return is 7.0% p.a. A 1.0% per year buffer is added to increase the probability of meeting the 7.0% minimum return. This equates to a nominal target return of 8.0%.

In 2023, the Trust's investments (net of fees) returned -3.4% (2022: 6.2%).

	2023 - £000	2022 - £000	Total return	Change in value on balance sheet £000
Unilever shareholding	77,352	85,128	-5.7%	-7,776
Partners Capital managed portfolio	15,594	14,171	10.0%	1,423
Total	92,946	99,299	-3.4%	-6,353

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 predominantly driven by economic return.

The Trustees review annually the Trust's shareholding in Unilever plc and decided, in the context of the new investment strategy to reduce its shareholding In early January 2024, the Trust sold 785,582 Unilever shares (of 2,035,582 held at year end). The £30m proceeds have been reinvested in a diverse portfolio with Partners Capital. Actions have been taken to align the LTCT towards its long-term strategic asset allocation akin to the Leverhulme Trust including additions to two global equities index trackers, a further investment in the Master Portfolio C and a money-market fund and a future allocation will be made to private debt. LTCT now holds 1,250,000 Unilever shares.

Reserves Policy

It is Trust policy to, at least, maintain the real value of the level of reserves over the long term and to maintain sufficient liquidity to meet its commitments. The free reserve balance at 31 December 2023 was £90.3m (2022:£98.2m) in line with the target.

TRUSTEES' ANNUAL REPORT – 2023 (continued)

Plans for Future Periods

The Trust undertook a strategic review of its aims and activities in 2022 and is currently implementing the intended outcomes. The Trustees approved an updated interpretation of the trade beneficiaries to better reflect the changing nature of the industries that it supports in the modern world. It now concentrates entirely on education, to bring a more single-minded focus of its expenditure. In addition to its existing university bursary scheme, it is currently trialling the provision of vocational bursaries for children 16 years upwards and will be supporting GroceryAid's Schools Essential Grant scheme in 2024, which aims to reduce the financial impact on parents in the industries we support, helping families purchase school necessities required for the start of term.

The Trustees will continue to review the level of funding for existing schemes such as the undergraduate and postgraduate bursaries as well as new schemes

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 annually. Details of Trustee expenses and any related party transactions are disclosed in the notes to the financial statements (notes 3d and 6).

In 2021, the Trust Board set up the Trade Charities Advisory Committee. This Committee decides on the allocation of the funds delegated to it to be allocated in accordance with the objects of the Trust and to decide which applications for grants are to be accepted. This Committee is formed of

- three Trustees, Sir Dave Lewis (Chair), Doug Baillie and Professor Keith Gull CBE FRS;
- three external members Natasha Adams, Dr Shenila Rawal, and Charles Wilson;
- the previous Secretary of the Trust, Paul Read.

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

The Director of the Trust is Professor Anna Vignoles.

The Trustees consider the Board of Trustees, the Director, the Director of Finance and the Assistant Director of Finance of The Leverhulme 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. No staff are employed by the Trust. The Assistant Director of Finance of The Leverhulme Trust is responsible to the Trustees for the day to day administration of the Trust.

The Trust Board has a second committee, the Investment Committee. The membership of the Investment Committee consists of four Trustee Board members (Rudy Markham CMG (Chairman), Dr Niall FitzGerald KBE DSA, Professor Keith Gull CBE FRS and Christopher Saul and, from November 2023, Alan Jope), the Director of Investments of the Trust and three external investment specialists (Dame Elizabeth Corley, Angela Docherty and Quintin Price). Its remit is to make recommendations to the Trustees regarding the non-Unilever investments of the Trust. The external member positions are remunerated. (After the year end, but before the annual report was signed, Quintin Price became a Trustee).

The Trustees have assessed the major risks to which the charity is exposed. The Trustees consider that potential variability of investment returns constitute the Trust's major risk. Action to mitigate the impact of this includes regular and ongoing review and discussion regarding the investment portfolio.

TRUSTEES' ANNUAL REPORT – 2023 (continued)

Statement of trustees' responsibilities

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

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the 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-trade.org.uk Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

The Trustees' Annual Report on pages 2 to 6 was approved by the Trustees and signed on their behalf by:



Dr Niall W A FitzGerald
(Chairman)
24 July 2024

1 Pemberton Row
London EC4A 3BG

Registered charity number: 1159171

Independent auditors' report to the trustees of Leverhulme Trade Charities Trust

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the charity's affairs as at 31 December 2023 and of its incoming resources and application of resources, and cash flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Charities Act 2011 and Regulation 8 of The Charities (Accounts and Reports) Regulations 2008.

We have audited the financial statements, included within the Trustees' Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2023; the statement of financial activities and the cash flow statement for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The trustees are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

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

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

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

Trustees' Annual Report

In our opinion, based on work undertaken in the course of the audit, the information given in the Trustees' Annual Report for the year ended 31 December 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the trustees for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the charity's trustees as a body in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act (Part 4 of The Charities (Accounts and Reports) Regulations 2008) and for no other purpose.

We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Charities Act 2011 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

24 July 2024

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Note	2023 £000	2022 £000
Income and endowments from:			
- Investment income	2	3,064	2,965
Total income and endowments		<u>3,064</u>	<u>2,965</u>
Expenditure on:			
Raising funds			
- Investment management fees		27	27
Charitable activities	3b	4,606	2,673
Total expenditure		<u>4,633</u>	<u>2,700</u>
Net (expenditure)/Income before net (losses)/gains on investments		(1,569)	265
Net (losses)/gains on investments	4c	(6,326)	2,745
Net (expenditure)/income and net movement in funds		<u>(7,895)</u>	<u>3,010</u>
Reconciliation of funds:			
Total funds brought forward		98,232	95,222
Total funds carried forward		<u>90,337</u>	<u>98,232</u>

The notes on pages 13 to 18 form part of these financial statements

BALANCE SHEET AS AT 31 DECEMBER 2023

		2023 £000	2022 £000
	Note		
Fixed assets:			
Investments in shares in Unilever plc	4	77,352	85,128
Other investments	4	<u>15,594</u>	<u>14,171</u>
Total fixed assets		92,946	99,299
Current Assets:			
Cash at bank and in hand		<u>529</u>	<u>1,102</u>
Total current assets		529	1,102
Liabilities:			
Creditors: amounts falling due within one year	5	<u>(2,222)</u>	<u>(1,253)</u>
Net current liabilities		(1,693)	(151)
Total assets less current liabilities		91,253	99,148
Creditors: amount falling due after one year	5	<u>(916)</u>	<u>(916)</u>
Total net assets		<u>90,337</u>	<u>98,232</u>
The funds of the charity			
Unrestricted funds		90,337	98,232
Total charity funds		<u>90,337</u>	<u>98,232</u>

The notes on pages 13 to 18 form part of these financial statements.

The financial statements on pages 10 to 18 were approved by the Trustees and signed on their behalf by:



Dr Niall W A FitzGerald
Trustee

24 July 2024

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

	2023 £000	2022 £000
Cash flows from operating activities:		
Net cash used in operating activities (a)	(3,637)	(2,882)
Cash flows from investing activities:		
Dividends and interest	3,064	2,965
Net cash provided by investing activities	3,064	2,965
Change in cash and cash equivalents in the year	<u>(573)</u>	<u>83</u>
Cash and cash equivalents brought forward	<u>1,102</u>	<u>1,019</u>
Cash and cash equivalents carried forward	<u>529</u>	<u>1,102</u>
	2023 £000	2022 £000
a) Reconciliation of net (expenditure)/income to net cash flow from operating activities		
Net (expenditure)/ income (as per the statement of financial activities)	(7,895)	3,010
Adjustments for:		
Dividends and interest	(3,064)	(2,965)
Net losses/ (gains) on investments	6,326	(2,745)
Investment management fees	27	27
Increase/(decrease) in creditors	<u>969</u>	<u>(209)</u>
Net cash used in operating activities	<u>(3,637)</u>	<u>(2,882)</u>
b) Analysis of changes in net cash/(debt)		
Net cash at 1 January	1,102	1,019
Net cash (outflow)/inflow	(573)	83
Net cash at 31 December	529	1,102

The notes on pages 13 to 18 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

Basis of preparation of the financial statements

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

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

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

The Trust constitutes a public benefit entity as defined by FRS 102.

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.

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 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 4.

The Trust estimates the allocation of support costs 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.

Income recognition

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

1 Accounting policies (continued)

Expenditure

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

Expenditure recognition

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.

For grants where funding has been allocated but the value cannot reliably be measured, an estimate of the potential liability is disclosed as a commitment.

Raising funds

The cost of raising funds consists of investment management fees.

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

The Trust holds liabilities which will be settled in future years. An adjustment has not been made to discount future payments as this adjustment is not considered to be material.

Investments

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

The fair value of listed security investments is bid value. The fair value of unlisted investments uses appropriate fair value principles and techniques determined by the Trustees on the advice of the Investment Advisor, Partners Capital. These valuations are 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.

Cash at bank and in hand

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.

Taxation

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

2 Investment income	2023 £000	2022 £000
Dividends from Unilever plc (in respect of ordinary equity shares)	3,055	2,961
Managed pooled investments:		
Multi-asset	3	4
Bank Interest	6	-
Total investment income	3,064	2,965

3a (i) Allocation of governance and support costs

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

Cost Type	2023 Total allocated £000	2023 Governance costs £000	2023 Support costs £000	2022 Total allocated £000	2022 Governance costs £000	2022 Support costs £000
Staff costs	48	5	43	47	5	42
Accommodation	25	2	23	24	2	22
Other	10	2	8	18	2	16
	83	9	74	89	9	80

Support costs are apportioned on the basis of staff time spent on activities.

3a (ii) Governance costs:	2023 £000	2022 £000
Audit & Legal	28	32
Support costs (based on apportioned staff time per note 3a (i))	9	9
Total Governance Costs	37	41

Audit & legal costs include the external audit fees of £10,000 (excluding non-recoverable VAT) (2022: £24,725).

3a (iii) Total Governance and Support Costs

	2023 £000	2022 £000
Support Costs (note 3a (i))	74	80
Governance Costs (note 3a (ii))	37	41
	111	121

NOTES TO THE FINANCIAL STATEMENTS (continued)

3b Analysis of charitable expenditure

The Trust undertakes its charitable activities through grant making and awarded grants to a number of individuals and institutions in furtherance of its charitable activities.

Activity	2023			2022		
	Grant funded activity £000	Support and governance costs £000	Total £000	Grant funded activity £000	Support and governance costs £000	Total £000
Grants to Institutions	2,767	65	2,832	1,116	46	1,162
Undergraduate Bursaries	1,543	37	1,580	1,600	66	1,666
Postgraduate Bursaries	361	9	370	253	9	262
Grants awarded	4,671	111	4,782	2,969	121	3,090
Adjustment on prior year grant awards	(176)	-	(176)	(417)	-	(417)
Total costs	4,495	111	4,606	2,552	121	2,673

The adjustments on prior year grant awards in both 2023 and 2022 represent supplements to grants previously awarded, the write back of amounts on closed grants or grants that have not been and will not be taken up. Total support costs are then apportioned pro rata to the value of each funded activity. Total amount and number of grants to institutions and individuals are shown in the Trustees' Annual Report.

3c Staff

The Trust has no employees during the year (2022: none) but a charge of £73,000 (2022: £69,000) based on time spent by staff of the Leverhulme Trust responsible for the day to day administration of the Leverhulme Trade Charities Trust is made. This charge includes an appropriate proportion of overheads incurred by The Leverhulme Trust on behalf of the Leverhulme Trade Charities Trust.

3d Trustee costs

The Trustees did not receive any remuneration or reimbursement of expenses in respect of their services to the Trust during the year (2022: £nil).

4a Investments in shares in Unilever plc

	2023 £000	Movement in fair value £000	2022 £000
Historic cost	404	-	404
Fair value	77,352	(7,776)	85,128

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 (valued using quoted prices in active markets for identical assets). There were no purchases/sales during the year (2022: none). For cost purposes, the shares were valued at the market price of £403,724 on Budget day 1965.

NOTES TO THE FINANCIAL STATEMENTS (continued)

4b Other investments

Other investments relate to the Partners Capital The Master Portfolio (C) Ltd and primarily comprise pooled investment vehicles. This investment is in Level 2 in the fair value hierarchy (valued by reference to valuation techniques using observable inputs other than quoted prices). The historic cost at 31 December 2023 was £14.8 million (2022: £14.8 million).

	2023 Fair value £000	2022 Fair value £000
Investments		
Multi-asset Class	15,594	14,171
Investments	15,594	14,171

	2023 £000	2022 £000
Movement in Other Investments		
As at 1 January	14,171	16,267
Net Investment Gains / (Losses)	1,423	(2,096)
As at 31 December	15,594	14,171

An amount of £27,000 in respect of Investment Management fees was paid within the Multi-asset class Investment pooled fund and is reflected in Net Investment Gains. It did not result in a cash-flow.

There are no equity holdings in one company greater than 5% of the total of investments in Other investments.

4c Net (losses) / gains on investments

	2023 £000	2022 £000
Net (losses)/ gains on Unilever shares	(7,776)	4,814
Net gains / (losses) on Other Investments	1,423	(2,096)
	(6,353)	2,718
Investment management fees in units	27	27
Net (losses)/gains in Statement of Financial Activities	(6,326)	2,745

4d Financial Risk Management

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

Market Risk The Trust is exposed to movements in the share price of Unilever plc. For every 1% reduction in the 31 December 2023 share price of Unilever plc, the value of the Trust's shareholding would reduce by £773,000.

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

Currency Risk

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

5 Creditors

	2023	2022
	£000	£000
Grants payable	3,115	2,128
Other creditors	23	41
Total	<u>3,138</u>	<u>2,169</u>
Amounts falling due within one year	2,222	1,253
Amounts falling due after more than one year	<u>916</u>	<u>916</u>
<u>Grants payable are analysed as follows:</u>		
GroceryAid	1,000	-
Undergraduate/Postgraduate Bursaries	<u>2,115</u>	<u>2,128</u>
Total	<u>3,115</u>	<u>2,128</u>

6 Related parties

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

In 2023, the Trust received dividend income of £3,055,408 from Unilever plc (2022: £2,961,161). Unilever plc is a company with a director in common with the Trust's Trustees. Alan Jope was Chief Executive of Unilever plc until 30 June 2023. Graeme Pitkethly who became a Trustee in March 2024 was Chief Financial Officer at Unilever plc until 31 December 2023.

The Trust's investments include £77,352,116 of ordinary shares held in Unilever plc (2022: £85,128,039).

The Trust does not have any employees but a charge of £73,000 (2022: £69,000) is made by The Leverhulme Trust for staff time spent on 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.

7 Commitments

As part of its focus on education only, in 2023, the Trust committed £1m to fund GroceryAid's Schools Essential Grant in 2024, which aims to reduce the financial impact on parents in the industries the Trust supports, helping families purchase school necessities required for the start of term.

8 Events after the end of the reporting period

In early January 2024, the Trust sold 785,582 Unilever shares (of 2,035,582 held at year end) following a review by Trustees. The £30m proceeds have been reinvested in a diverse portfolio with Partners Capital. LTCT now holds 1,250,000 Unilever shares.

9 The Trust

The Trust is a registered charity (number 1159171), and is constituted as a Charitable Incorporated Organisation (CIO) in the United Kingdom.

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