

THE MARK LEONARD TRUST

ANNUAL REPORT

5 APRIL 2020

The Peak
5 Wilton Road
London SW1V 1AP

THE MARK LEONARD TRUST

CONTENTS

| | PAGE |
|-------------------------------------|---------|
| 1 The Trustees' Report | 2 - 10 |
| 2 Independent Auditors' Report | 11 - 12 |
| 3 Statement of Financial Activities | 13 |
| 4 Balance Sheet | 14 |
| 5 Cash Flow Statement | 15 |
| 6 Notes to the Accounts | 16 - 24 |

THE MARK LEONARD TRUST

Legal and Administrative

The Mark Leonard Trust (No. 1040323) was established under a Trust Deed dated 14 July 1994.

| | |
|----------------------------|---|
| Trustees | Mr M L Sainsbury Mrs Z Sainsbury Mr J J Sainsbury |
| Registered Office | The Peak 5 Wilton Road London SW1V 1AP |
| Principal Officers | Mr R Bell Director (to 11 November 2019) Mrs K Everett Finance Director (to 10 November 2019; Chief Operating Officer from 11 November 2019) Mr M Woodruff Executive Mrs S Ferguson Executive Mr A Shah Financial Controller |
| | All the Principal Officers are employed on a part-time basis. |
| Bankers | Child & Co 1 Fleet Street London EC4Y 1BD |
| Solicitors | Portrait Solicitors 21 Whitefriars Street London EC4Y 8JJ |
| Auditors | Crowe U.K. LLP 55 Ludgate Hill London EC4M 7JW |
| Investment Advisers | Schroder & Co. Limited 12 Moorgate London EC2R 6DA |
| Investment Powers | The Trust Deed empowers the Trustees to appoint investment advisers who have discretion to invest the funds of the Trust within guidelines established by the Trustees. |
| Objects | The objects of the Trust as given in the Trust Deed are for general charitable purposes. |

THE MARK LEONARD TRUST

Organisation

The Trust is one of the Sainsbury Family Charitable Trusts (SFCT), which share a common administration.

Trustees are appointed by existing Trustees and are provided with relevant information relating to their responsibilities as Trustees. They are responsible for the overall direction and supervision of The Mark Leonard Trust; they set the Trust's strategy, review proposals and approve grants. The Trustees delegate day-to-day operations to the Trust's Lead Executive, Mark Woodruff, and Executive, Sian Ferguson.

Trustees are aware of the Charity Governance Code published in 2017 which sets out the principles and recommended practice for good governance within the sector. The Charity has reviewed its governance arrangements against the principles within the code and believes that it is compliant with the code whilst maintaining its need to operate its governance efficiently.

The remuneration of the senior staff (including key management personnel) is reviewed by the Trustees on an annual basis taking into account the requirements of their role and performance during the year. From time to time the SFCT Management Committee benchmarks pay levels against the comparable positions in similar organisations. The Committee has instructed a full reward evaluation process during 2020/2021, in order to ensure that the Trusts fully meet their responsibilities and aspirations for fair and equal pay for employees.

The Trustees are fully aware of the requirements and duties set out in the Charities (Protection and Social Investment) Act 2016. The Trust does not raise funds from the public and as such has no fundraising activities requiring disclosure under SI 62A of the Charities Act 2011.

Grant Making Policy

Proposals are generally invited by the Trustees or initiated at their request. Unsolicited applications are discouraged and are unlikely to be successful, unless they are closely aligned with the Trustees' areas of interest. Grants are not normally made to individuals. The Trustees' objective is to develop both organisational capacity and impact, through a major grants Portfolio for mutual learning and problem solving among charities in the fields of youth work, the environment, music and social need, as well as through the Climate Change Collaboration to accelerate the achievement of a low carbon society. In all their grants, the Trustees look for strong planning for the engagement of individuals and the wider community, for social and environmental change.

Reserves Policy

The Trust holds both expendable endowment and unrestricted income funds.

It is the policy of the Trustees to approve grants for payment over a period of years, subject to the fulfilment of certain conditions over the life of the grant. Commitments to be paid within 12 months are accrued in the accounts.

The need for unrestricted income funds will vary from year to year and the Trustees will continue to review the position. At the balance sheet date, the Trustees are aware of the balance on both unrestricted funds and the expendable endowment. As agreed, and planned, any grants that cannot be paid from unrestricted income will be paid from the expendable endowment.

THE MARK LEONARD TRUST

As at 5 April 2020, the Trust held total funds of £17.75m (2019: £20.93m) which includes expendable endowment of £17.72m (2019: £20.92m).

Investment Policy and Performance

In making investment decisions, environmental and social issues are taken into account, to align investments with the Trust's policies whilst still seeking maximum return. The long-term goal of the Trust is to move into responsible investments in companies which rely on or are based on sustainable resources. The Trustees regularly meet the investment managers to discuss strategy and review performance.

The Trustees are committed to using some of the Trust's expendable endowment for "impact" investing that will not only result in a financial return, but also produce social and environmental benefits that accord with the Trust's objectives. Initially, focus was on four different sectors: forestry, microfinance in developing countries, renewable energy and clean technology infrastructure and this was extended to include social impact. The Trustees are interested in sharing their experience in impact investing with other investors to improve their own knowledge in these areas, and also to encourage more investors to adopt the same approach. A specialist has been appointed by the trustees as adviser on investment opportunities in this field.

During the year the return on the discretionary portfolio was -8.6%, under-performing the benchmark of -7.5%.

The Trust is a signatory to Divest Invest which commits the trust to sell its shares in fossil fuel holdings and invest a proportion of the endowment in 'climate solutions', such as renewable energy, energy efficiency and clean tech. A strong ethical case not to invest in fossil fuels and to invest instead in climate solutions, in the view of the trustees, aligns with a strong financial case.

The future value of return from investments in fossil fuel companies is now far less certain due to falling costs of renewable energy and the increasingly likely introduction of policies to limit emissions of greenhouse gases which is anticipated to result in some fossil fuel assets being devalued. Accordingly, the Trust's holdings do not include direct investments in fossil fuel assets, as these were divested several years ago.

The Trustees have developed a draft Investment Policy Statement that would align their investments with the Paris Agreement to limit climate change to 1.5°C. They await legal clarity on whether the Trust is obliged or permitted to adopt that policy in pursuance of their understanding of their long established commitment not to invest in companies that conflict with the Trust's established grant-making objectives, seeing that such an approach would significantly reduce the number of companies and funds in which the Trust could invest.

Risk Assessment

The Trustees have examined the major strategic, business and operational risks to which the Trust may be exposed. Through the joint office of the Sainsbury Family Charitable Trusts, adequate systems are in place to manage such potential risks as the Trustees have identified. The Trustees continue to be vigilant and to keep processes under review.

The Trustees identified the uncertainty of financial returns to constitute the charity's major financial risk. This is mitigated by having a diversified financial portfolio under the management of a major investment house. The Trustees regularly review investment strategy and monitor

THE MARK LEONARD TRUST

financial performance. They also operate a grant distribution formula which helps to ensure the stability of resources available for grant awards in any given year.

Another major risk is a misuse of funds by a grantee charity. To mitigate this risk the Trustees normally restrict grants to charities registered with the UK Charity Commission or equivalent bodies for charitable purposes. The awards are made following a thorough assessment and grants are regularly monitored; multi-year grants are paid only on receipt of satisfactory progress reports.

Charity and Public Benefit

Trustees are aware of the Charity Commission guidance on Public Benefit and confirm that they have complied with the duty in Section 17 of the Charities Act 2011 to have due regard to it. They consider the full information, which follows in this annual report, about the Trust's aims, activities and achievements in the areas of interest that the Trust supports, demonstrates the benefit to its beneficiaries and, through them, to the public that arise from those activities.

Achievements and Financial Review

The Trustees met several times during the year to make grants and review investments.

The net expenditure before gains was £82,722 (2019: £335,558). The net unrestricted income of the Trust for the year after charging grant related support costs was £1,110,955 compared to £801,745 for the year to 5 April 2019.

During the year the Settlor made a generous cash donation of £650,000 on which gift aid of £162,500 is recoverable (2019: Cash donation £400,000 and gift aid £100,000).

Having assessed the Trust's financial position and plans for the foreseeable future, the Trustees are satisfied that it remains appropriate to prepare the financial statements on the basis that the charity is sustainable as a going concern.

The Covid-19 pandemic has not had a significant impact on the Charity's finances. The impact of the market turmoil in the period to 5th April 2020 contributed to a reduction of 14.4% in the value of the investment portfolio for the year. Valuations have improved since 5th April 2020, but uncertainty remains.

The Charity's principal source of income is investment income and it is likely to be lower going forward. Nevertheless, the endowment assets of the Trust remain significant, and these will continue to return income which the Trust will continue to pay out to its beneficiaries in accordance with the Trust's objects

During the year the Trustees approved 21 grants totalling £1,013,563 some of which are payable over more than one year. Grants approved during the year may be analysed by number and by value in the categories set out below. Payments made relate to grants approved in this and earlier years.

THE MARK LEONARD TRUST

| | Grants Approved | | | Payments made | |
|-------------------------------------|-----------------|-----------|--------|---------------|--------|
| | Number | £ | % | £ | % |
| Climate Change Collaboration | 13 | 444,124 | 44.7% | 278,148 | 28.9% |
| Environment | | | | | |
| - Venture Portfolio | - | - | 0.0% | 40,000 | 4.2% |
| - Non Portfolio | 1 | 5,000 | 0.5% | 70,206 | 7.3% |
| Food | | | | | |
| - Venture Portfolio | 2 | 250,000 | 24.7% | 170,000 | 17.7% |
| - Non Portfolio | - | - | 0.0% | 50,000 | 5.2% |
| Music & Social Need | | | | | |
| - Venture Portfolio | 1 | 250,000 | 24.7% | 170,000 | 17.7% |
| - Non Portfolio | - | - | 0.0% | 0 | 0.0% |
| Youth Work | | | | | |
| - Venture Portfolio | - | - | 0.0% | 100,000 | 10.4% |
| - Non Portfolio | - | - | 0.0% | 35,000 | 3.6% |
| Portfolio Support | 1 | 43,439 | 4.3% | 43,439 | 4.5% |
| General | 3 | 11,000 | 1.1% | 6,000 | 0.6% |
| | 21 | 1,003,563 | 100.0% | 962,793 | 100.0% |

GRANTS APPROVED

PORTFOLIO OF VENTURES

Since 2011 the Trustees have been realising their long-term aim to provide grants to fewer charities in their priority areas, but at a higher level of funding than previously, towards deeper organisational development, greater financial sustainability and wider impact. They have selected organisations that can see themselves as ventures in which the Mark Leonard Trust is investing, rather than simply as recipients of revenue grants.

Typically, a grant of up to five years is offered, backed up with intensive involvement by the Trust's executives with the charity's board, as well as with senior managers and service delivery. Each year as needed, Trustees also provide these ventures with further consultancy, problem-solving or technical support. Drawing on the example of other forms of venture philanthropy and development investment, and maximising the power of the group as it works together, the Chief Executives and other managers of portfolio members meet for mutual support, as well as to share learning and solve problems in common. In 2019-20 the Portfolio reached seven years of operation, with several of the initial ventures moving to a second, renewed stage of investment as portfolio ventures.

The first five ventures were Bioregional, Global Action Plan, the Sustainable Restaurants Association, Become, and Just for Kids Law. BioRegional and Global Action Plan exited the portfolio in 2018-19, having achieved agreed development objectives. Venture grant investment in both Just for Kids Law and Become was renewed in 2018-19 for a further five years.

THE MARK LEONARD TRUST

Orpheus Centre, ParaOrchestra and Friends, and In Place of War, together reflecting the Trustee's new category of Music and Social Need, joined the portfolio after the original five ventures to bring the number of ventures to eight and to intensify the power of the group model. They have since been joined by the Environmental Funders Network and, from the Trustees' Food category, Chefs in School. During the year, the Trustees' investment through the portfolio in the Sustainable Restaurants Association and In Place of War was extended.

The Portfolio of Ventures stands alongside the Trustees' other substantial grant-making engagement, the Climate Change Collaboration.

Portfolio Support Budget - £43,439

Specialist additional support to ventures in the major grants Portfolio.

CLIMATE CHANGE COLLABORATION - £444,124

The Trust is part of the Climate Change Collaboration with two other Sainsbury Family Charitable Trusts: The Ashden Trust, and The J J Charitable Trust. During 2019, it revised its mission to support the ambition to limit stabilise global temperature rise to 1.5°C) by phasing out fossil fuels, increasing investment in renewable solutions and aligning finance and political systems to this target without overshoot, and to the United Nations' Sustainable Development Goals.

In recent years, the focus for the Collaboration has been DivestInvest. This is now a global movement of investors, including foundations, pension funds, faith communities and their institutions, sovereign wealth funds, and universities, with collectively more than \$14 trillion of assets under management and aligning investment with limiting climate change to 1.5°C.

With this substantial body of good practice, and the increasing availability of financial products for investors confident of the evidential case in favour of shifting capital from the use of fossil fuels and into climate solutions, Divest Invest is a powerful signal that the Sustainable Development Goals and decisions in line with national commitments on the Paris Agreement are realistic and achievable. For further information on DivestInvest, see www.divestinvest.org

The last year has seen much great media coverage of climate change, and people in the UK are more aware and concerned than ever before about its impacts. Trustees consider that public awareness and concern by themselves will not necessarily lead to positive action, as these risk despair and despondency. The Climate Change Collaboration is therefore supporting initiatives to take growing understanding of climate change into widespread desire for positive changes proven to reduce greenhouse emissions and enhance health and well-being.

ClientEarth - £50,000

To continue support work on pensions, especially on innovative and transformative pension legal cases.

Divest Invest - £42,889

Two grants towards running costs.

THE MARK LEONARD TRUST

Friends of the Earth Charitable Trust - £53,582 over two years

Towards its DivestInvest programme.

Global Catholic Climate Movement (GCCM) - £40,000 over two years

To continue its DivestInvest Campaign among Catholic institutions around the world.

Global Witness - £34,000

Towards its UK Oil and Gas Campaign.

Greenhouse PR Ltd - £72,000

Two grants towards PR and media support

Make My Money Matter - £33,333

Towards a strategic communication initiative.

Oil Change International - £15,000

Towards the Planning for Success and End Game Ambition projects.

On Road Media - £33,320

Towards strategic communications work in collaboration with Frameworks Institute.

People & Planet - £30,000 over two years

To continue the DivestInvest Campaign with universities in the UK.

Platform London - £40,000 over two years

To continue the DivestInvest Campaign with local authorities in the UK.

OTHER ENVIRONMENT GRANTS - £5,000

The Trustees' constant focus on environmental sustainability is largely directed through the Climate Change Collaboration, the Portfolio of Ventures, and the Food category. Occasional grants are still made to other individual projects at the request of Trustees.

Forest Without Frontiers - £5,000

Towards tree planting in the Carpathian Mountains within Romania.

FOOD - £250,000

The Trustees maintain a strong interest in sustainable food consumption and production, including school, community and social enterprise food-growing projects. This is mostly channelled through the Portfolio of Ventures. The Sustainable Restaurant Association has been a long-term venture and during the year investment was renewed for a further period.

Centre for London - £10,000 over two years

Towards the College of Food project.

THE MARK LEONARD TRUST

Sustainable Restaurant Association - Good Business - £240,000

Towards core costs and to develop key projects and communication work.

MUSIC & SOCIAL NEED - £250,000

The Trustees are concerned to support the positive impact of music-making in the fields of disability, and areas of the world recovering from economic disadvantage and strife. This work is conducted through the Portfolio of Ventures. The three long-term music members of the group are In Place of War, Orpheus Centre, ParaOrchestra and Friends. During the year, the investment in In Place of War was extended for five years.

In Place of War - £250,000

Towards core costs.

GENERAL - £11,000

Hospitality Action - £3,000

Towards the Indonesia Tsunami Appeal.

House of St Barnabas-in-Soho - £5,000

Towards an emergency fund for out-of-work graduates from the catering and hospitality Employment Academy, in response to the loss of livelihood as a result of the COVID-19 national lockdown.

The Clink Charity - £3,000

Towards an emergency fund for out-of-work graduates from the prison restaurant chain, in response to the loss of livelihood as a result of the COVID-19 national lockdown.

Cancelled Grants

No grants were cancelled.

Future Plans

The Trust will continue to support the activities set out on pages 6 to 9 by the award of grants.

Towards the end of the year the scale and impact of the Covid-19 pandemic was becoming apparent, and Trustees began to consider how they would respond in 2020/21.

THE MARK LEONARD TRUST

Statement of Trustees' Responsibilities

The Trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulations.

Charity law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law.

Under charity law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of its net outgoing resources for that period. In preparing these financial statements, the Trustees are required to:

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

The Trustees are responsible for keeping proper accounting records that are sufficient to show and explain the charity's transactions, and disclose with reasonable accuracy at any time the financial position of the charity, as well as enable them to ensure that the financial statements comply with the Charities Act 2011 and the provisions of the Trust Deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Trustees on 27 November 2020 and signed on their behalf by:


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TRUSTEE

THE MARK LEONARD TRUST

Independent Auditor's Report to the Trustees of the Mark Leonard Trust

Opinion

We have audited the financial statements of the Mark Leonard Trust for the year ended 5 April 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 5 April 2020 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Matters on which we are required to report by exception

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

THE MARK LEONARD TRUST

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 10, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Use of our report

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

Crowe U.K. LLP

Crowe U.K. LLP

Statutory Auditor

London

11 December 2020

Crowe U.K. LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

THE MARK LEONARD TRUST

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 5 APRIL 2020

| | Notes | Unrestricted Funds £ | Expendable Endowment £ | Total Funds 2020 £ | Total Funds 2019 £ |
|--|-------|----------------------------|------------------------------|--------------------------|--------------------------|
| Income | | | | | |
| Donations and gifts | | 812,500 | - | 812,500 | 500,000 |
| Investment income | 3 | 496,569 | - | 496,569 | 509,305 |
| Other income | | 28,138 | - | 28,138 | 38,420 |
| Total income and endowments | | 1,337,207 | - | 1,337,207 | 1,047,725 |
| Resources expended | | | | | |
| Cost of raising funds | | | | | |
| Investment management costs | 4 | - | 106,114 | 106,114 | 104,608 |
| Charitable activities | | | | | |
| Grant-making: | | | | | |
| Grant expenditure | 5 | 1,087,563 | - | 1,087,563 | 1,032,695 |
| Grant related support costs | 6 | 226,252 | - | 226,252 | 245,980 |
| Cost of grant-making | | 1,313,815 | - | 1,313,815 | 1,278,675 |
| Total expenditure | | 1,313,815 | 106,114 | 1,419,929 | 1,383,283 |
| Net (expenditure) / income before gains | | 23,392 | (106,114) | (82,722) | (335,558) |
| (Losses) / gains on investment assets | | - | (3,087,538) | (3,087,538) | 1,515,002 |
| (Losses) / gains on currency exchange | | - | (11,292) | (11,292) | 13,590 |
| Net income / (expenditure) | | 23,392 | (3,204,944) | (3,181,552) | 1,193,034 |
| Reconciliation of funds | | | | | |
| Total funds brought forward | | 3,650 | 20,924,100 | 20,927,750 | 19,734,716 |
| Total funds carried forward | | 27,042 | 17,719,156 | 17,746,198 | 20,927,750 |

The notes on pages 16 to 24 form part of these accounts.

THE MARK LEONARD TRUST

BALANCE SHEET AS AT 5 APRIL 2020

| | <i>Notes</i> | 2020 | <i>Restated</i> 2019 |
|--|--------------|-------------|--------------------------------|
| | | £ | £ |
| FIXED ASSETS | | | |
| Tangible fixed assets | 8 | 3,000 | 4,500 |
| Investments | 9 | 18,192,003 | 21,257,207 |
| | | 18,195,003 | 21,261,707 |
| CURRENT ASSETS | | | |
| Debtors | 10 | 236,863 | 157,583 |
| Cash at bank and in hand | | 112,387 | 166,275 |
| | | 349,250 | 323,858 |
| CURRENT LIABILITIES | | | |
| Creditors - amounts falling due within 1 year | 11 | 798,055 | 657,815 |
| NET CURRENT ASSETS/(LIABILITIES) | | (448,805) | (333,957) |
| NET ASSETS | | 17,746,198 | 20,927,750 |
| CAPITAL FUNDS | | | |
| Expendable endowment | 12 | 17,719,156 | 20,924,100 |
| INCOME FUNDS | | | |
| Unrestricted funds | 12 | 27,042 | 3,650 |
| | | 17,746,198 | 20,927,750 |

The financial statements were approved and authorised for issue by the Trustees on 17 November 2020 and were signed on their behalf by :



TRUSTEE

The notes on pages 16 to 24 form part of these accounts.

THE MARK LEONARD TRUST

CASH FLOW STATEMENT FOR THE YEAR ENDED 5 APRIL 2020

| | 2020 | <i>Restated</i> 2019 | |
|---|-------------|--------------------------------|-------------|
| | £ | £ | |
| Cash flows from operating activities | | | |
| Net cash generated by operating activities | 480,523 | 149,184 | |
| Cash flows from investing activities: | | | |
| Dividends and interest | (500,785) | (523,094) | |
| Exchanges (losses) / gains | (11,292) | 13,590 | |
| Purchase of investments | (4,584,501) | (2,264,089) | |
| Sale of investments | 4,338,504 | 2,379,378 | |
| Net cash (used in) investing activities | (758,074) | (394,215) | |
| | | | |
| Change in cash and cash equivalents in the year | (277,551) | (245,032) | |
| Cash and cash equivalents at the beginning of the year | 874,233 | 1,119,264 | |
| Cash and cash equivalents at the end of the year | 596,682 | 874,233 | |
| | | | |
| Reconciliation of net expenditure to net cash flow from operating activities | 2020 | 2019 | |
| | £ | £ | |
| Net movement in funds as per the statement of financial activities | (3,181,552) | 1,193,034 | |
| Losses / (gains) on investments | 3,087,538 | (1,515,002) | |
| Dividends and interest | 500,785 | 523,094 | |
| Exchanges losses / (gains) | 11,292 | (13,590) | |
| Depreciation charges | 1,500 | 1,500 | |
| (Increase) / decrease in debtors | (79,280) | 61,015 | |
| Increase / (decrease) in creditors | 140,240 | (100,868) | |
| Net cash generated by operating activities | 480,523 | 149,184 | |
| | | | |
| Analysis of the balance of cash as shown in the balance sheet | | Change in | |
| | 2020 | 2019 | year |
| | £ | £ | £ |
| Cash at bank and in hand | 112,387 | 166,275 | (53,888) |
| Cash balances held by investment manager for reinvestment (Note 9) | 484,295 | 707,958 | (223,663) |
| | 596,682 | 874,233 | (277,551) |

The notes on pages 16 to 24 form part of these accounts.

THE MARK LEONARD TRUST

NOTES TO THE ACCOUNTS

1. CHARITABLE STATUS

The Mark Leonard Trust is an unincorporated charity (Charity registration number 1040323), registered in England and Wales. The address of the registered office is 5 Wilton Road, London, SW1V 1AP.

2. PRINCIPAL ACCOUNTING POLICIES

a) Basis of preparation

The financial statements have been prepared in accordance with the Charities SORP (FRS102) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland and the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2015.

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 Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

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

Having assessed the Trust's financial position and plans for the foreseeable future, the Trustees are satisfied that it remains appropriate to prepare the financial statements on the basis that the charity is sustainable as a going concern.

The Covid-19 pandemic has not had a significant impact on the Charity's finances. The impact of the market turmoil in the period to 5th April 2020 contributed to a reduction of 14.4% in the value of the investment portfolio for the year. Valuations have improved since 5th April 2020, but uncertainty remains.

The Charity's principal source of income is investment income and it is likely to be lower going forward. Nevertheless the endowment assets of the Trust remain significant, and these will continue to return income which the Trust will continue to pay out to its beneficiaries in accordance with the Trust's objects.

b) Income recognition

- (i) Income is shown gross, including the associated tax credit unless the tax so deducted is considered irrecoverable.
- (ii) Dividends are included by reference to their due dates.
- (iii) Interest is included when receivable.

c) Expenditure on Charitable activities

Costs of generating funds represent amounts paid to the Trust's external investment advisors.

Charitable activities expenditure comprises grants and donations awarded by the Trustees in accordance with the criteria set out in the Trust Deed, together with grant related support costs.

Grants for which there is a legally binding commitment are accounted for within the Statement of Financial Activities. Payments that are due within one year of the period-end date are included within grants payable in the Statement of Financial Activities. Other grants are accounted for in the Statement of Financial Activities when conditions attaching to the grant are fulfilled.

Grant related support costs represent staff, office and governance costs incurred in managing the grant award programme.

THE MARK LEONARD TRUST

NOTES TO THE ACCOUNTS

PRINCIPAL ACCOUNTING POLICIES continued

d) Costs of administration

These costs include a share of the staff and office costs of the joint offices of the Sainsbury Family Charitable Trusts, which are allocated in proportion to the time spent on Trust matters and grants paid.

e) Governance costs

Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice. These costs include fees for statutory audit and legal fees where relevant.

f) Investments

Net realised and unrealised gains and losses are reflected in the Statement of Financial Activities. Investments are shown at mid market value. Social Impact Investments are carried at cost less any necessary provision for impairment.

g) Financial instruments

The Trust has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method. Financial assets held at amortised cost comprise cash at bank and in hand, together with accrued interest and other debtors. Financial liabilities held at amortised cost comprise grants payable and accruals.

Investments, including bonds held as part of an investment portfolio, are held at fair value at the balance sheet date, with gains and losses being recognised within income and expenditure.

At the balance sheet date the charity held financial assets at fair value of £15,013k (2019: £18,065k).

h) Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand and short term deposits.

i) Fixed assets

Fixed assets are depreciated at rates which reflect their useful life to the Trust. The following rate has been used:

Leasehold improvements - 10% per annum

j) Critical accounting judgements and key sources of estimation uncertainty

In the application of the charity's accounting policies, which are described in note 1, Trustees are required to make judgements, estimates, assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects the current and future periods.

In the view of the Trustees, no assumptions concerning the future or estimation uncertainty affecting assets and liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

Impact and programme related investments carried at cost are subject to annual impairment review by the Trustees in tandem with external expert advice on the current status of the related activities.

THE MARK LEONARD TRUST

NOTES TO THE ACCOUNTS

3. INCOME FROM INVESTMENTS

Income received on investments may be analysed as follows:

| | 2020 | | 2019 | |
|---------------------------|----------------|------------|----------------|------------|
| | £ | % | £ | % |
| Government fixed interest | 726 | 0 | 715 | 0 |
| Other fixed interest | 11,015 | 2 | 19,421 | 2 |
| UK equities | 227,185 | 46 | 239,283 | 42 |
| Overseas equities | 112,655 | 23 | 98,720 | 12 |
| Alternatives | 107,317 | 21 | 115,209 | 33 |
| Impact Investments | 37,671 | 8 | 35,957 | 11 |
| | <u>496,569</u> | <u>100</u> | <u>509,305</u> | <u>100</u> |

4. COST OF GENERATING FUNDS

These costs relate to the investment manager's fees. The Trustees are of the opinion that these relate to the generation of a total return on the investment portfolio and, as such, have charged the Expendable Endowment with these fees.

5. GRANTS PAYABLE

| | 2020 | | 2019 | |
|--|-----------|------------------|-----------|------------------|
| | £ | £ | £ | £ |
| Reconciliation of grants payable: | | | | |
| Commitments at 6 April 2019 | | 582,249 | | 665,002 |
| Grants not accrued at 6 April 2019 | 769,000 | | 332,950 | |
| Grants approved in the year | 1,003,563 | | 1,479,411 | |
| Grants cancelled, refunded or amended | - | | (10,666) | |
| Grants not accrued at 5 April 2020 | (685,000) | | (769,000) | |
| Grants payable for the year | | 1,087,563 | | 1,032,695 |
| Grants paid during the year | | (962,793) | | (1,115,448) |
| Commitments at 5 April 2020 | | <u>707,019</u> | | <u>582,249</u> |

Commitments at 5 April 2020 are payable as follows:

| | 2020 | 2019 |
|---------------------------|----------------|----------------|
| | £ | £ |
| Within one year (note 10) | <u>707,019</u> | <u>582,249</u> |

Commitments

In addition to the amounts committed and accrued noted above, the Trustees have also authorised certain grants which are subject to the recipient fulfilling certain conditions relating to the delivery of the grant-funded activities.

The total amount authorised but not accrued as expenditure at 5 April 2020 was £685,000 (2019: £769,000). This total is payable during 2021/22, 2022/23, 2023/24 and 2024/25.

THE MARK LEONARD TRUST

NOTES TO THE ACCOUNTS

5. GRANTS PAYABLE continued

The amount payable in the year consisted of the following:

| | £ |
|--|------------------|
| Climate Change Collaboration | |
| Greenhouse PR Ltd | 72,000 |
| Friends of the Earth Charitable Trust | 53,582 |
| ClientEarth | 50,000 |
| Divest Invest | 42,889 |
| Global Catholic Climate Movement (GCCM) Platform | 40,000 |
| Global Witness | 34,000 |
| Make My Money Matter | 33,333 |
| On Road Media | 33,320 |
| People & Planet | 30,000 |
| Grants payable up to £15,000 | 20,000 |
| Environment | |
| Environmental Funders' Network | 40,000 |
| Grants payable up to £15,000 | 5,000 |
| Food | |
| Sustainable Restaurant Association - Good Business | 240,000 |
| Chefs in Schools | 50,000 |
| Grants payable up to £15,000 | 5,000 |
| Music & Social Need | |
| The Paraorchestra and Friends | 60,000 |
| In Place of War | 50,000 |
| Youth Work (including Refugees) | |
| Become - (formerly known as Who Cares? Trust) | 50,000 |
| Just for Kids Law | 50,000 |
| Northbourne Park School | 25,000 |
| General | |
| Specialist support to beneficiaries | 43,438 |
| Grants payable up to £15,000 | 20,000 |
| Total grants payable per Statement of Financial Activities | <u>1,087,563</u> |

THE MARK LEONARD TRUST

NOTES TO THE ACCOUNTS

6. GRANT RELATED SUPPORT COSTS

| | Grant- making | Governance | 2020 Total | 2019 Total |
|-------------------------------|--------------------------|-------------------|-----------------------|-----------------------|
| | £ | £ | £ | £ |
| Staff costs | 143,253 | 4,249 | 147,502 | 133,497 |
| Share of joint office costs | 32,661 | - | 32,661 | 30,352 |
| Direct costs including travel | 16,770 | - | 16,770 | 22,050 |
| Depreciation | 1,500 | - | 1,500 | 1,500 |
| | 194,184 | 4,249 | 198,433 | 187,399 |
| Legal and professional fees | 22,563 | - | 22,563 | 4,134 |
| Consultancy | - | - | - | 49,303 |
| Auditors' remuneration | - | 5,256 | 5,256 | 5,144 |
| | 216,747 | 9,505 | 226,252 | 245,980 |

During the year no Trustee received any remuneration (2019: £nil). Trustees were reimbursed expenses of £nil (2019: £1,026).

7. ANALYSIS OF STAFF COSTS

| | 2020 | 2019 |
|-----------------------|----------------|----------------|
| | £ | £ |
| Wages and salaries | 119,663 | 108,253 |
| Social security costs | 13,407 | 12,500 |
| Other pension costs | 14,432 | 12,744 |
| | 147,502 | 133,497 |

The Trust is one of the Sainsbury Family Charitable Trusts which share a joint administration at the Registered Office. 1.9% (2019: 1.8%) of the total support and administration costs of these trusts have been allocated to the Mark Leonard Trust, including a proportionate share of the costs of employing the total number of staff serving in the office in 2019/20.

The average number of staff employed during the year was 14, all on a part-time basis (2019: 13). This equates to 2.1 full-time employees (2019: 1.9).

The Trust considers its key management personnel to comprise the Principal Officers. The total employment benefits, including employer pension contributions, of these key management personnel, were £80,113 (2018/19: £72,024). No employee earned in excess of £60,000 (2019: Nil)

THE MARK LEONARD TRUST

NOTES TO THE ACCOUNTS

8. TANGIBLE FIXED ASSETS

Leasehold Improvements

| | 2020 £ | 2019 £ |
|-----------------------|-----------|-----------|
| Cost | | |
| At 6 April 2019 | 15,000 | 15,000 |
| At 5 April 2020 | 15,000 | 15,000 |
| Depreciation | | |
| At 6 April 2019 | 10,500 | 9,000 |
| Charge for the year | 1,500 | 1,500 |
| At 5 April 2020 | 12,000 | 10,500 |
| Net Book Value | | |
| At 5 April 2020 | 3,000 | 4,500 |
| At 5 April 2019 | 4,500 | 6,000 |

9. FIXED ASSET INVESTMENTS

| | 2020 £ | <i>Restated</i> 2019 £ |
|-----------------------------------|-------------|------------------------------|
| Market value 5 April 2019 | 20,549,249 | 19,149,536 |
| Add: Acquisitions at cost | 4,584,501 | 2,264,089 |
| Less: Disposals at proceeds value | (4,338,504) | (2,379,378) |
| Unrealised gains/(losses) in year | (3,087,538) | 1,515,002 |
| Market value 5 April 2020 | 17,707,708 | 20,549,249 |
| Investment cash | 484,295 | 707,958 |
| Total investments | 18,192,003 | 21,257,207 |

The investments held as at 5 April 2020 were as follows:

| | 2020 | | <i>Restated</i> 2019 | |
|-----------------------------|------------|--------------|-------------------------|--------------|
| | Cost | Market Value | Cost | Market Value |
| | £ | £ | £ | £ |
| Govt fixed interest | 571,028 | 648,440 | 571,028 | 646,773 |
| Other fixed interest | 618,516 | 833,277 | 326,027 | 478,350 |
| UK equities | 3,548,833 | 4,791,782 | 4,270,625 | 7,156,272 |
| Overseas equities | 5,472,668 | 6,182,338 | 4,739,594 | 6,816,003 |
| Alternatives | 2,286,454 | 2,557,544 | 2,179,790 | 2,968,011 |
| Cash | 484,295 | 484,295 | 707,958 | 707,958 |
| Unquoted Investments | | | | |
| Impact Investments | 3,043,683 | 2,694,327 | 2,483,840 | 2,483,840 |
| | 16,025,475 | 18,192,003 | 15,278,862 | 21,257,207 |

During the year the classification of loans held has been reconsidered and loans totalling £152,496 (2019: £154,500) held for long term has been included within fixed asset investments as it is a long term investment. Previously it was included within current assets (Note 10). The comparative figures have also been restated.

During the year there was disinvestment from the investment portfolio of £50,000 (2019: £nil).

THE MARK LEONARD TRUST

NOTES TO THE ACCOUNTS

10. DEBTORS

| | 2020 | <i>Restated</i> 2019 |
|----------------|----------------|--------------------------------|
| | £ | £ |
| Accrued income | 64,860 | 57,517 |
| Other debtors | 172,003 | 100,066 |
| | <u>236,863</u> | <u>157,583</u> |

11. CREDITORS - amounts falling due within one year

| | 2020 | 2019 |
|--------------------------------|----------------|----------------|
| | £ | £ |
| Grants payable within one year | 707,019 | 582,249 |
| Professional charges | 20,319 | 5,100 |
| Investment management fee | 45,509 | 16,133 |
| Other creditors | 25,208 | 54,333 |
| | <u>798,055</u> | <u>657,815</u> |

THE MARK LEONARD TRUST

NOTES TO THE ACCOUNTS

12. ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | Unrestricted Funds | Expendable Endowment | Totals 2020 |
|---|-------------------------------|---------------------------------|------------------------|
| | £ | £ | £ |
| Fund balances at 5 April 2020 are represented by: | | | |
| Tangible fixed assets | - | 3,000 | 3,000 |
| Investments | - | 18,192,003 | 18,192,003 |
| Current assets | 779,588 | (430,338) | 349,250 |
| Current liabilities | (752,546) | (45,509) | (798,055) |
| Total net assets | 27,042 | 17,719,156 | 17,746,198 |
| Movement in the year | | | |
| Opening balance as at 5 April 2019 | 3,650 | 20,924,100 | 20,927,750 |
| Total income and endowments | 1,337,207 | - | 1,337,207 |
| Cost of raising funds | - | (106,114) | (106,114) |
| Cost of grant-making | (1,313,815) | - | (1,313,815) |
| Net losses on investments | - | (3,087,538) | (3,087,538) |
| Losses on currency exchange | - | (11,292) | (11,292) |
| Closing balance as at 5 April 2020 | 27,042 | 17,719,156 | 17,746,198 |

COMPARATIVE (RESTATED)

| | Unrestricted Funds | Expendable Endowment | Totals 2019 |
|---|-------------------------------|---------------------------------|------------------------|
| | £ | £ | £ |
| Fund balances at 5 April 2019 are represented by: | | | |
| Tangible fixed assets | - | 4,500 | 4,500 |
| Investments | - | 21,257,207 | 21,257,207 |
| Current assets | 645,332 | (321,474) | 323,858 |
| Current liabilities | (641,682) | (16,133) | (657,815) |
| Total net assets | 3,650 | 20,924,100 | 20,927,750 |
| Movement in the year | | | |
| Opening balance as at 5 April 2018 | 234,600 | 19,500,116 | 19,734,716 |
| Total income and endowments | 1,047,725 | - | 1,047,725 |
| Cost of raising funds | - | (104,608) | (104,608) |
| Cost of grant-making | (1,278,675) | - | (1,278,675) |
| Net gains on investments | - | 1,515,002 | 1,515,002 |
| Gains on currency exchange | - | 13,590 | 13,590 |
| Closing balance as at 5 April 2019 | 3,650 | 20,924,100 | 20,927,750 |

13. RELATED PARTY TRANSACTIONS

During the year to 5 April 2020, unconditional donation of £650,000 was received from the Trustees (2019: £400,000).

THE MARK LEONARD TRUST

NOTES TO THE ACCOUNTS

14. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 5 APRIL 2019

| | Unrestricted Funds | Expendable Endowment | Total Funds 2019 |
|--|---------------------------|-----------------------------|-------------------------|
| | £'000 | £'000 | £'000 |
| Income | | | |
| Donations and gifts | 500,000 | - | 500,000 |
| Investment income | 509,305 | - | 509,305 |
| Other income | 38,420 | - | 38,420 |
| Total income and endowments | 1,047,725 | - | 1,047,725 |
| Resources expended | | | |
| Cost of raising funds | | | |
| Investment management costs | - | 104,608 | 104,608 |
| Charitable activities | | | |
| Grant-making: | | | |
| Grant expenditure | 1,032,695 | - | 1,032,695 |
| Grant related support costs | 245,980 | - | 245,980 |
| Cost of grant-making | 1,278,675 | - | 1,278,675 |
| Total expenditure | 1,278,675 | 104,608 | 1,383,283 |
| Net (expenditure)/income before gains | (230,950) | (104,608) | (335,558) |
| Gains / (losses) on investments | - | 1,515,002 | 1,515,002 |
| Exchange gains / (losses) | - | 13,590 | 13,590 |
| Net (expenditure)/income | (230,950) | 1,423,984 | 1,193,034 |
| Reconciliation of funds | | | |
| Total funds brought forward | 234,600 | 19,500,116 | 19,734,716 |
| Total funds carried forward | 3,650 | 20,924,100 | 20,927,750 |