
ISAAC NEWTON TRUST

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

ISAAC NEWTON TRUST

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ISAAC NEWTON TRUST

REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 30 JUNE 2019

Trustees

Professor Lord Mair, Chair
Professor Sir D Baulcombe
Professor J J Baumberg
Professor S Colvin (resigned 4 July 2019)
Professor G I Evan
Professor F P Kelly
Professor R H Langton (appointed 2 July 2018)
Professor J Marenbon (appointed 4 May 2019)
Professor R M Smith
Professor Dame Marilyn Strathern (retired 31 October 2019)
Professor Dame Jean Thomas
Sir Gregory Winter (resigned 29 November 2018)

Principal office

The Postdoc Centre, 105 Eddington Place, Cambridge, CB3 1AS

Patron

H.R.H. The Prince of Wales

Officers

Dr L Friday (Director)
Mr D Hearn (Treasurer)

Independent auditors

Peters Elworthy & Moore, Salisbury House, Station Road, Cambridge, CB1 2LA

Investment managers

Cambridge University Endowment Fund, Greenwich House, Madingley Road, Cambridge, CB3 0TX

Bankers

Barclays Bank Plc, Mortlock House, Histon, Cambridge, C24 9DE

ISAAC NEWTON TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 30 JUNE 2019

The Trustees submit their annual report and the audited financial statements of Isaac Newton Trust for year ended 30 June 2019. The Trustees confirm that the Annual Report and financial statements of the Charity comply with the current statutory requirements, the requirements of the Charity's governing document and the provisions of the Statement of Recommended Practice (SORP), applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

Policies and objectives

The object of the Trust is to offer financial support for the furtherance of education, learning and research in the University of Cambridge (the University).

Activities for achieving objectives for the public benefit

The activities of the Trust include the provision of research grants to senior members of the University, which aim either to leverage external funding or to offer seed corn funding for start up projects, which are thereby able subsequently to win external support. Its grants play an important part in the research strategy of the University, which is widely recognized as one of the leading research universities in the world both in terms of quality and in terms of scope and breadth. Through the dissemination of its research, the University offers public benefit through the continued advancement of knowledge across the sciences, medicine, arts, humanities, culture, and heritage. A large proportion of the Trust's research grants go to support research undertaken in the University across the fields of clinical medicine, biomedicine, physics of medicine, and engineering; this research leads directly to health care.

The University is committed to equipping those who participate in its educational programmes with the highest quality of teaching and infra structural, academic and pastoral support. It is fundamental to the University's mission that its students are academically, professionally and personally equipped to contribute positively to society. The Trust provides studentships for Masters students and partial funding for certain doctoral programmes; it is a major contributor to the academic and professional training of early career post doctoral researchers. The Trust is also committed to giving financial assistance to the research and teaching functions of some Colleges of the University in such a way that helps to address inequalities of endowment.

In setting objectives and planning for activities, the Trustees have given due consideration to general guidance published by the Charity Commission relating to public benefit and in particular to its two key principles, that there must be identifiable benefit and that the benefit must be to the public or a section of the public. The Trustees are satisfied that the activities and purpose of the Trust, as described above and in the accompanying financial statements, fully meet the public benefit requirements.

Grant making policies

All the bursaries, grants and other assistance provided by the Trust are awarded on an objective basis in accordance with advertised selection criteria.

Achievements and performance

The Trustees have continued to review their objectives and range of funding activities. Key decisions include:

- i. To continue to prioritise early career researchers through continuing to match-fund prestigious external fellowships and supporting essential research associate posts through research grants to Departments;
- ii. To continue support for excellent, innovative research, particularly for projects that are hard to fund from other sources;
- iii. To support projects seeking to get off the ground, through seed-corn funding, bridging and underwriting, to pave the way for researchers to make applications to outside funding bodies for more substantial grants;
- iv. To make specific provision for support of strategic, larger-scale, often interdisciplinary project proposals, as part of a planned ongoing increase in the Trust's utilisation of its reserves;
- v. To collaborate with Colleges, particularly those with smaller endowments, to further enhance the research

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TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

- element of their fellowships;
- vi. To engage more directly with the early career researchers who are beneficiaries of Trust awards, by negotiating College connections for these fellows and facilitating events for their academic and social benefit;
 - vii. To restrict student support to specific programmes, currently the Newton Trust/Colleges MPhil Bursaries and the AHRC Doctoral Training Programme (DTP) in the Arts, Humanities and Social Sciences.

Review of Activities

The activities of the Trust are described in the Annual Report which, in accordance with the Trust Deed, is sent each year to the Council of Trinity College Cambridge. A copy of the Annual Report, which does not form part of this report, is available from the Trust's website, <https://www.newtontrust.cam.ac.uk/>.

During the year to 30 June 2019 the main activities of the Trust were:

- i. providing matched funding on behalf of the University for major fellowships for early career researchers awarded competitively by external bodies, most notably, the Leverhulme Trust and the Humboldt Stiftung (which makes research awards to German nationals researching in Cambridge);
- ii. making direct research grants to Departments, Colleges and other bodies in the University;
- iii. contributing substantially to schemes run by other University bodies: primarily start up research grants for newly appointed Lecturers in the Schools of Biological Sciences and Clinical Medicine and in Physical Sciences and Technology, as well as a research grants programme, offering research grants of up to £20,000 in the Schools of Arts, Humanities & Social Sciences;
- iv. continuing support for ring fenced funding for University graduate studentships for MPhils (for which the cost is shared with collaborating Colleges) and PhDs;
- v. making grants to Colleges in support of their research and teaching activities, in particular providing matching funding for a number of College Junior Research Fellowships and supporting College Teaching Officer Research Leave.

In 2018-19, the Trustees approved the following new awards to individual researchers:

22 Leverhulme Early Career Fellowships for admission in 2019-20

3 Newton/College Junior Research Fellowships for 2019-20 admission

41 Research Projects in Departments and other University bodies

5 Strategic Programme Grants to Institutes, Faculties, Schools and other University bodies

55 Research Grants part funded through our partnerships with the Schools

5 College Teaching Officer Research Leave grants for 2019-20

59 MPhil bursaries jointly with the Colleges

2 Swiss National Science Foundation Fellowships

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TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

Investment policy and performance

The Trust's Investment Sub committee reviews the investment manager's performance in the light of the Trust's Statement of Investment Policy and Objectives. The stated benchmark objectives are to encourage optimal total return but with the desire to maintain a steady flow of income (or agreed amount available for spending) increasing (averaged over five years) in line with UK average earnings excluding bonuses, and if possible with capital value increasing in a similar way. The aim is to take minimum risk commensurate with achieving these objectives, with a diverse portfolio of marketable investments capable of valuation, made so far as possible through regulated markets.

The Trust has placed its investment portfolio of £9.6m (2018: £13.6m) in the Cambridge University Endowment Fund, which is considered to be suitable for university charitable funds with income requirements.

Financial review

The income of the Trust was £2.0m (2018: £2.0m), including Trinity College's generous grant of £1.5m (2018: £1.5m). Almost all of the remainder was provided by income from investments, with less than £13.5k (2018: £14.0k) being derived from private donations.

During the year the Trust made research grants, including those made in collaboration with the Schools of the University, of £2.9m (2018: £3.3m) and a further £1.6m (2018: £1.5m) in early career fellowships and other grants. It also committed to new bursaries totalling £1.3m (2018: £0.3m), primarily to PhD students of the University, as set out in note 5 of the financial statements. Liabilities total £9.9m (2018: £9.0m) at the balance sheet date after allowing for any write backs notified by the end of August. The Annual Report gives details of the grants made during the year.

The financial statements show an excess of expenditure over income of £3.3m (2018: £1.8m) after allowing for a gain of £0.01m (2018: £0.8m) on the valuation of the investment assets, resulting in a decrease in uncommitted funds carried forward, which amounted to £3.5m (£6.9m) at the balance sheet date.

This year, the Trust made one further Programme Related Investment in the form of interest-free repayable loans. There are currently two loans managed by the Trust and it is the Trust's expectation that the loans will be repaid within five years.

Financial risk management objectives and policies

The Trustees have assessed the major risks to which the charity is exposed, in particular those related to the operations and finances of the charity, and are satisfied that systems and procedures are in place to mitigate exposure to the major risks. The risk that Trinity College might decide to reduce its generous on going commitment to the Trust is one which the Trustees will keep under review, together with the risk that the investment portfolio might suffer from a major global collapse.

Principal funding

The income of the Trust is £2.0m including Trinity College's generous grant of £1.5m. Investment income of £0.4m was received in the year.

Reserves

The Trust's unrestricted funds amount to £3.4m and its restricted funds amount to £0.1m. The unrestricted funds have not been designated or otherwise committed. The Trust's free reserves at 30 June 2019 amounted to £3.4m.

The Trustees review the level of reserves required to meet anticipated commitments over the next five years, and consider what levels of expenditure could be sustained if the income were to cease. The Trustees control the number, size and duration of grants made in such a way that the Trust's activities could be reduced or ended

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TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

in an orderly fashion, in the event that support from Trinity College were to cease entirely. The Trustees consider this policy is sufficiently prudent in the circumstances and the level of reserves represents the appropriate amount required to meet Trustees' plans for the future activities of the charity.

Trustees have continued to develop a strategy to reflect future availability of funds following the utilisation of reserves in support of a small number of more substantial, long term projects for the benefit of the University's strategic research portfolio and profile. Reserves would be maintained at a level sufficient to cover current commitments.

Plans for future periods

The Trustees review their priorities at regular intervals and seek to remain responsive and flexible in the face of new developments both in the University and in the academic and research community generally. This will be increasingly important in a future in which the UK may cease to be a member state of the European Union. Indeed, as the capital the Trust holds in investments is drawn down to the minimum required to meet our commitments, in line with agreed policy, the Trustees will increasingly wish to review their current provisions with a view to handing on responsibility where University and College fundraising has generated alternative means of support, and so create head room for new projects. The Trustees operate on a five year cycle of commitment and some programmes have been renewed repeatedly; for example, the Leverhulme Early Career Fellowships, which the Trust has supported on behalf of the University since 2007, and the research funding programmes run jointly with the Schools of the University.

Structure, governance and management

Constitution

The Trust was founded by the Trust Deed dated 22 November 1988 (amended 6 July 2017). It is an exempt charity, regulated by the Office for Students (OFS). The Trustees have reviewed their Constitution, and, have brought it up to date with the requirements of the Charities Act 2011 and current employment law.

Method of appointment or election of Trustees

The management of the charity is the responsibility of the Trustees who are elected and co opted under the terms of the Trust Deed. The revised Deed of 6 July 2017 charges the Council of Trinity College with responsibility for the election of one or two Fellows of Trinity as Trustees, while the responsibility for election of the other Trustees lies with the Trustees themselves. New Trustees are normally selected from among senior academic Officers of the University and the Colleges. They are appointed because of their particular expertise and will usually have had considerable experience of serving on boards and of administering charities.

New Trustees are sent, before their first meeting, information about the Trust in the form of the Trust Deed and recent Annual Reports, and are directed to relevant Charity Commission information for Trustees.

Pay policy for senior staff

The staff are paid in accordance with the University's remuneration arrangements.

Organisational structure and decision making

The Trustees meet three times each year. Day to day management is delegated by the Trustees to the Director, and through the Director to other staff.

Related party relationships

The Trust has a close relationship with Trinity College which provided a £1.5m grant. The Trust moved out of office space provided by Trinity College in September 2017 and continues to share office space within the University's Postdoc Centre. The Trust continues to review its data collection, record keeping and archival

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TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

policies in the light of GDPR requirements.

Information on fundraising practices

The Trust does not currently raise funds from the public and it does not employ or engage professional fundraisers. Should fundraising activities occur in the future the Trust is committed to avoiding intrusive fundraising approaches and will never apply undue pressure to donate.

Trustees' responsibility statement

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

The law applicable to charities in England & 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 accounting estimates that are reasonable and prudent;
- state whether applicable UK 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 in operation.

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 and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the Trust Deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

This report was approved by the Trustees on 28 November 2019 and signed on their behalf by:


.....
Professor Lord Maizumi, Chair

ISAAC NEWTON TRUST

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ISAAC NEWTON TRUST

Opinion

We have audited the financial statements of Isaac Newton Trust (the 'charity') for the year ended 30 June 2019 which comprise the Statement of financial activities, the Balance sheet, the Statement of cash flows and the related notes, 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).

The financial statements have been prepared in accordance with Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS 102) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has been withdrawn.

This has been done in order for the accounts to provide a true and fair view in accordance with the Generally Accepted Accounting Practice effective for reporting periods beginning on or after 1 January 2015.

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 30 June 2019 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' 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 United Kingdom, including the Financial Reporting Council'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.

ISAAC NEWTON TRUST

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ISAAC NEWTON TRUST (CONTINUED)

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 Auditors' 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 where the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the Trustees' report is inconsistent in any material respect with the financial statements; 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, the Trustees are responsible for the preparation of the financial statements which 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.

ISAAC NEWTON TRUST

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ISAAC NEWTON TRUST (CONTINUED)

Auditors' 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 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.

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 Auditors' 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 Auditors' 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 its Trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

Peters Elworthy & Moore

Peters Elworthy & Moore
Chartered Accountants
Statutory Auditors
Salisbury House
Station Road
Cambridge
CB1 2LA

Date: *10 December*
~~2019~~ 2019

Peters Elworthy & Moore are eligible to act as auditors in terms of section 1212 of the Companies Act 2006.

ISAAC NEWTON TRUST

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 30 JUNE 2019**

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
INCOME FROM:					
Donations	2	1,513,504	-	1,513,504	1,514,269
Investments	3	446,793	-	446,793	532,717
TOTAL INCOME		<u>1,960,297</u>	<u>-</u>	<u>1,960,297</u>	<u>2,046,986</u>
EXPENDITURE ON:					
Charitable activities		5,400,340	(104,000)	5,296,340	4,659,115
TOTAL EXPENDITURE		<u>5,400,340</u>	<u>(104,000)</u>	<u>5,296,340</u>	<u>4,659,115</u>
NET (EXPENDITURE) BEFORE INVESTMENT GAINS		(3,440,043)	104,000	(3,336,043)	(2,612,129)
Net gains on investments		11,814	-	11,814	783,659
NET (EXPENDITURE) AND MOVEMENT IN FUNDS		<u>(3,428,229)</u>	<u>104,000</u>	<u>(3,324,229)</u>	<u>(1,828,470)</u>
RECONCILIATION OF FUNDS:					
Total funds brought forward		6,868,019	-	6,868,019	8,696,489
TOTAL FUNDS CARRIED FORWARD		<u>3,439,790</u>	<u>104,000</u>	<u>3,543,790</u>	<u>6,868,019</u>

The notes on pages 13 to 26 form part of these financial statements.

ISAAC NEWTON TRUST

**BALANCE SHEET
AS AT 30 JUNE 2019**

	Note	2019 £	2018 £
FIXED ASSETS			
Tangible assets	9	30,400	32,000
Investments	10	9,573,186	13,561,372
Programme related investments	11	88,000	75,000
		<u>9,691,586</u>	<u>13,668,372</u>
CURRENT ASSETS			
Debtors	12	102,357	85,468
Cash at bank and in hand		3,681,397	2,138,685
		<u>3,783,754</u>	<u>2,224,153</u>
Creditors: amounts falling due within one year	13	(4,828,090)	(4,478,331)
NET CURRENT LIABILITIES		<u>(1,044,336)</u>	<u>(2,254,178)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>8,647,250</u>	<u>11,414,194</u>
Creditors: amounts falling due after more than one year	14	(5,103,460)	(4,546,175)
TOTAL NET ASSETS		<u><u>3,543,790</u></u>	<u><u>6,868,019</u></u>
CHARITY FUNDS			
Restricted funds	15	104,000	-
Unrestricted funds	15	3,439,790	6,868,019
TOTAL FUNDS	15	<u><u>3,543,790</u></u>	<u><u>6,868,019</u></u>

The financial statements were approved and authorised for issue by the Trustees on 28 November 2019 and signed on their behalf by:


.....
Professor Lord Maier, Chair

The notes on pages 13 to 26 form part of these financial statements.

ISAAC NEWTON TRUST

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019**

	Note	2019 £	2018 £
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash used in operating activities	17	(2,896,081)	(3,249,155)
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends and interests from investments		446,793	532,717
Purchase of tangible fixed assets		(8,000)	(40,000)
Proceeds from sale of investments		4,000,000	3,662,149
NET CASH PROVIDED BY INVESTING ACTIVITIES		4,438,793	4,154,866
CHANGE IN CASH AND CASH EQUIVALENTS IN THE YEAR			
		1,542,712	905,711
Cash and cash equivalents at the beginning of the year		2,138,685	1,232,974
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	18	3,681,397	2,138,685

The notes on pages 13 to 26 form part of these financial statements.

ISAAC NEWTON TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

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) published on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

Isaac Newton Trust meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

1.2 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Investment income, gains and losses are allocated to the appropriate fund.

1.3 Going concern

The Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the financial statements continue to be prepared on the going concern basis.

1.4 Income

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

ISAAC NEWTON TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1. ACCOUNTING POLICIES (CONTINUED)

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

Support costs are those costs incurred directly in support of expenditure on the objects of the charity. Governance costs are those incurred in connection with administration of the charity and compliance with constitutional and statutory requirements.

Grants payable are charged in the year when the offer is made except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled.

Grant commitments are shown gross in the year with grant write backs being shown separately. Grant commitments in relation to the Leverhulme early career fellowship are subject to match funding. The match funding is awarded before the year end. Only the grants awarded with successful match funding are shown gross in the financial statements.

Grant write backs notified up to 31 August (2018: 31 August) following the year end which relate to grants awarded before the year end are reflected in the financial statements.

All expenditure is inclusive of irrecoverable VAT.

1.6 Tangible fixed assets and depreciation

Tangible fixed assets costing £5,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed asset into its intended working condition should be included in the measurement of cost.

At each reporting date the charity assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined to be the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Short-term leasehold property - 20% straight-line

1.7 Financial instruments

The charity only 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 their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

ISAAC NEWTON TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1. ACCOUNTING POLICIES (CONTINUED)

1.8 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance sheet date, unless the value cannot be measured reliably in which case it is measured at cost less impairment.

Investment gains and losses, whether realised or unrealised, are combined and presented as 'Gains/(Losses) on investments' in the Statement of financial activities after the deduction of investment managers' fees.

Programme related investments are initially recognised and measured at the amount received or paid, with the carrying amount adjusted in subsequent years to reflect repayments and any accrued interest and adjusted if necessary for any impairment.

1.9 Debtors

Other debtors are recognised at the settlement amount. Accrued income is valued at the amount receivable.

1.10 Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.11 Creditors and commitments

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Grant commitments are recognised at the amount that the charity anticipates it will pay to settle the debt. Grant commitments are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the grant commitment is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.12 Pensions

Employees of the Trust are included within the Universities Superannuation Scheme or the Trinity College Cambridge Pension Scheme, both defined benefit schemes. These are administered by Trinity College. The pension cost represents a recharge of pension costs from Trinity College, Cambridge.

1.13 Critical accounting estimates and areas of judgement

Preparation of the financial statements requires management to make significant judgements and estimates. The key areas in the financial statements where these judgements and estimates have been made are as follows:

- Fair value of investments
- Grants accrued payable in more than one year.

ISAAC NEWTON TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

2. INCOME FROM DONATIONS

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Trinity College donation	1,500,000	1,500,000	1,500,000
Other donations	13,504	13,504	14,269
	<u>1,513,504</u>	<u>1,513,504</u>	<u>1,514,269</u>
TOTAL 2018	<u>1,514,269</u>	<u>1,514,269</u>	

3. INVESTMENT INCOME

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Investment income	446,732	-	446,732	532,717
Intellectual property income	61	-	61	-
	<u>446,793</u>	<u>-</u>	<u>446,793</u>	<u>532,717</u>
TOTAL 2018	<u>519,365</u>	<u>13,352</u>	<u>532,717</u>	

ISAAC NEWTON TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

4. ANALYSIS OF CHARITABLE EXPENDITURE BY ACTIVITIES

	Grants and bursaries payable (note 5) 2019 £	Support and governance costs (note 6) 2019 £	Total funds 2019 £	Total funds 2018 £
Expenditure	<u>5,167,633</u>	<u>128,707</u>	<u>5,296,340</u>	<u>4,659,115</u>
TOTAL 2018	<u>4,521,047</u>	<u>138,068</u>	<u>4,659,115</u>	

Grants expenditure above represents new commitments net of refunds and write backs (see note 5).

ISAAC NEWTON TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

5. GRANTS AND BURSARIES

	Unrestricted £	Restricted £	Total £	2018 £
Trust grants				
Research grants to Departments	1,928,360	-	1,928,360	3,044,098
Grants to Schools	950,000	-	950,000	278,086
Leverhulme Early Career Fellowships	1,518,576	-	1,518,576	1,130,702
College Junior Research Fellowships	45,000	-	45,000	135,000
Newton Trust Teaching Fellowships	-	-	-	45,000
College Teaching Officer Research Leave	145,000	-	145,000	115,000
Humboldt Feodr Lynen Fellowships	7,000	-	7,000	43,573
AHRC Doctoral Training Programmes	1,140,379	-	1,140,379	78,016
Swiss Mobility Fellowships	46,515	-	46,515	-
Sub Total	5,780,830	-	5,780,830	4,869,475
University bursaries				
Masters' Scheme	-	-	-	306,000
Sub Total	-	-	-	306,000
Total grant commitments made in the year	5,780,830	-	5,780,830	5,175,475
Less grants written back during the year:				
Trust grants				
Research grants to Departments	(143,738)	-	(143,738)	(94,200)
Grants to Schools	-	-	-	(18,596)
Leverhulme Early Career Fellowships	(268,437)	-	(268,437)	(457,383)
Lectureships in Arts, Humanities and Social Sciences	-	-	-	(33,676)
Newton Trust Teaching Fellowships	(15,238)	-	(15,238)	(5,448)
ESRC Fellowships	(18,268)	-	(18,268)	(12,942)
College Junior Research Fellowships	(60,411)	-	(60,411)	(8,611)
Humboldt Feodr Lynen Fellowships	(1,420)	-	(1,420)	(23,572)
College Teaching Officers	(1,685)	-	(1,685)	-
Sub Total	(509,197)	-	(509,197)	(654,428)
University bursaries				
Masters' Scheme	-	(104,000)	(104,000)	-
Sub Total	-	(104,000)	(104,000)	-
Total grants committed including refunds	5,271,633	(104,000)	5,167,633	4,521,047

ISAAC NEWTON TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

In 2018, of the total grants and bursaries payable, £306,000 was attributable to restricted funds and £4,215,047 was attributable to unrestricted funds.

	Trust grants £	Bursaries £	2019 £	2018 £
Creditors brought forward	8,055,198	812,000	8,867,198	8,965,715
Commitments in year (net of write backs)	5,271,633	(104,000)	5,167,633	4,521,047
Grants and bursaries paid (net of refunds)	(3,814,552)	(406,000)	(4,220,553)	(4,619,564)
Creditors carried forward	<u>9,512,279</u>	<u>302,000</u>	<u>9,814,279</u>	<u>8,867,198</u>

6. SUPPORT AND GOVERNANCE COSTS

	General support 2019 £	Governance 2019 £	Total funds 2019 £	Total funds 2018 £
Office accommodation	(3,095)	-	(3,095)	12,000
Miscellaneous	5,043	-	5,043	6,081
Office furniture	-	-	-	4,900
Bank charges	48	-	48	118
Depreciation	9,600	-	9,600	8,000
Wages and salaries	80,719	-	80,719	76,602
National insurance	7,138	-	7,138	6,652
Pension costs	14,816	-	14,816	9,125
Auditor's remuneration	-	6,800	6,800	6,600
Accountancy fees	-	7,638	7,638	7,890
	<u>114,269</u>	<u>14,438</u>	<u>128,707</u>	<u>137,968</u>
TOTAL 2018	<u>123,578</u>	<u>14,490</u>	<u>138,068</u>	

In 2018, £118 of support costs related to restricted funds with £137,950 relating to unrestricted funds.

ISAAC NEWTON TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

7. AUDITOR'S REMUNERATION

	2019	2018
	£	£
Fees payable to the charity's Auditor in respect of:		
Audit	6,800	6,600
Non audit	7,638	7,890
	<u>14,438</u>	<u>14,490</u>

8. STAFF COSTS, TRUSTEE REMUNERATION AND EXPENSES AND THE COST OF KEY MANAGEMENT PERSONNEL

	2019	2018
	£	£
Wages and salaries	80,719	76,602
Social security costs	7,138	6,652
Contribution to defined contribution pension schemes	14,816	9,125
	<u>102,673</u>	<u>92,379</u>

The average number of persons employed by the charity during the year was as follows:

	2019	2018
	No.	No.
Administration and support	4	4
	<u>4</u>	<u>4</u>

No employee received remuneration amounting to more than £60,000 in either year.

The key management personnel of the charity comprises the Trustees, Director and Treasurer. Total remuneration, including pension contributions and employer's NI paid to these staff was £40,085 (2018: £39,215).

The Trustees all give their time and expertise without any kind of remuneration or other benefit in kind (2018: £NIL).

During the year, no Trustee received reimbursed travel expenses (2018: £NIL).

ISAAC NEWTON TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

9. TANGIBLE FIXED ASSETS

	Short-term leasehold property £
COST	
At 1 July 2018	40,000
Additions	8,000
At 30 June 2019	<u>48,000</u>
DEPRECIATION	
At 1 July 2018	8,000
Charge for the year	9,600
At 30 June 2019	<u>17,600</u>
NET BOOK VALUE	
At 30 June 2019	<u><u>30,400</u></u>
At 30 June 2018	<u><u>32,000</u></u>

ISAAC NEWTON TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

10. FIXED ASSET INVESTMENTS

	Cambridge University Endowment Fund £
MARKET VALUE	
At 1 July 2018	13,561,372
Disposals at opening market value (sales proceeds £4,000,000)	(4,108,438)
Net gain on revaluation after management fees charged directly to reserves	120,252
AT 30 JUNE 2019	<u><u>9,573,186</u></u>
 NET BOOK VALUE	
AT 30 JUNE 2019	<u><u>9,573,186</u></u>
<i>AT 30 JUNE 2018</i>	<u><u>13,561,372</u></u>

The Trustees believe that the carrying value of investments is supported by their underlying net assets. The risks to the investments are mitigated by the highly diverse portfolio which takes a long term view of investments. In addition the dividend return on CUEF is based on a smoothing formula so that a significant fall in the value of investments will not materially affect the investment return.

11. PROGRAMME RELATED INVESTMENTS

	Programme related investments £	Total £
MARKET VALUE		
At 1 July 2018	75,000	75,000
Additions	13,000	13,000
	<u><u>88,000</u></u>	<u><u>88,000</u></u>
 At 30 June 2019	 <u><u>88,000</u></u>	 <u><u>88,000</u></u>
At 30 June 2018	<u><u>75,000</u></u>	<u><u>75,000</u></u>

ISAAC NEWTON TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

11. PROGRAMME RELATED INVESTMENTS (CONTINUED)

PROGRAMME RELATED INVESTMENTS

	Loans 2019 £	Total 2019 £	Total 2018 £
Loan to fund the purchase of an Olympus FV3000 confocal microscope	13,000	13,000	-

The above loan is repayable over 5 years between 2019 and 2023. No interest is to be charged on the balance.

Loan for the purpose of investigating super-resolution microscopy for investigating cells	75,000	75,000	75,000
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The above loan is repayable over 5 years between 2019 and 2023. No interest is to be charged on the balance.

12. DEBTORS

	2019 £	2018 £
DUE WITHIN ONE YEAR		
Other debtors	56,219	29,814
Accrued income	46,138	55,654
	102,357	85,468

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Grants, fellowships and scholarships payable	4,710,819	4,321,023
Accruals	117,271	157,308
	4,828,090	4,478,331

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2019 £	2018 £
Grants, fellowships and scholarships payable	5,103,460	4,546,175

ISAAC NEWTON TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

15. SUMMARY OF FUNDS

SUMMARY OF FUNDS - CURRENT YEAR

	Balance at 1 July 2018 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 30 June 2019 £
General funds	6,868,019	1,960,297	(5,400,340)	11,814	3,439,790
Restricted funds	-	-	104,000	-	104,000
	<u>6,868,019</u>	<u>1,960,297</u>	<u>(5,296,340)</u>	<u>11,814</u>	<u>3,543,790</u>

Restricted funds

Restricted funds comprises the Trust Bursary Fund. This fund represents the Trust's contribution primarily to the University's schemes for graduate students and Careers Service bursary schemes for student vacation internships.

SUMMARY OF FUNDS - PRIOR YEAR

	Balance at 1 July 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 30 June 2018 £
General funds	8,597,866	2,033,634	(4,352,997)	(81,238)	670,754	6,868,019
Restricted funds	98,623	13,352	(306,118)	81,238	112,905	-
	<u>8,696,489</u>	<u>2,046,986</u>	<u>(4,659,115)</u>	<u>-</u>	<u>783,659</u>	<u>6,868,019</u>

Transfer

In 2018 the transfer related to movement on the interfund loan.

ISAAC NEWTON TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT YEAR

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £
Tangible fixed assets	30,400	-	30,400
Fixed asset investments	9,573,186	-	9,573,186
Programme related investments	88,000	-	88,000
Current assets	3,290,063	493,691	3,783,754
Creditors due within one year	(4,526,090)	(302,000)	(4,828,090)
Creditors due in more than one year	(5,103,460)	-	(5,103,460)
Interfund loan	87,691	(87,691)	-
TOTAL	<u>3,439,790</u>	<u>104,000</u>	<u>3,543,790</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £
Tangible fixed assets	32,000		32,000
Fixed asset investments	13,561,372		13,561,372
Programme related investments	75,000		75,000
Current assets	2,192,368	31,785	2,224,153
Creditors due within one year	(3,968,331)	(510,000)	(4,478,331)
Creditors due in more than one year	(4,244,175)	(302,000)	(4,546,175)
Interfund loan	(780,215)	780,215	-
TOTAL	<u>6,868,019</u>	<u>-</u>	<u>6,868,019</u>

ISAAC NEWTON TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

17. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2019 £	2018 £
Net income for the year (as per Statement of Financial Activities)	<u>(3,324,229)</u>	<u>(1,828,470)</u>
ADJUSTMENTS FOR:		
Depreciation charges	9,600	8,000
(Gain)/loss on investments	(11,814)	(783,659)
Dividends and interests from investments	(446,793)	(532,717)
Programme related investments	(13,000)	(75,000)
Decrease/(increase) in debtors	(16,889)	16
Increase/(decrease) in creditors	907,044	(37,325)
NET CASH USED IN OPERATING ACTIVITIES	<u><u>(2,896,081)</u></u>	<u><u>(3,249,155)</u></u>

18. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2019 £	2018 £
Cash in hand	<u>3,681,397</u>	<u>2,138,685</u>
TOTAL CASH AND CASH EQUIVALENTS	<u><u>3,681,397</u></u>	<u><u>2,138,685</u></u>

19. RELATED PARTY TRANSACTIONS

Certain of the Trustees are also Trustees of Trinity College, Cambridge, which recharges the Trust for salaries of employees and officers. In the year there were recharges of £102,793 (2018: £95,370) for these and other costs incurred by the Trust, but initially paid for by Trinity College. At the year end, an amount of £102,793 (2018: £95,370) was outstanding.

Trinity College also made a donation of £1,500,000 (2018: £1,500,000) to the Trust during the year.