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**ISAAC NEWTON TRUST**

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**TRUSTEES' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2016**

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**ISAAC NEWTON TRUST**

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## ISAAC NEWTON TRUST

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### TRUSTEES' REPORT FOR THE YEAR ENDED 30 JUNE 2016

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The Trustees submit their annual report and the audited financial statements of Isaac Newton Trust for year ended 30 June 2016. 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**

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 seedcorn 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, research which 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 pastoral, infra-structural, and academic support. It is fundamental to the University's mission that its students are personally, academically, and professionally equipped to contribute positively to society. The Trust gives support to University Lectureships and is particularly committed to giving financial assistance to the research and teaching functions of some Colleges of the University so as to help to address inequalities of endowment.

#### **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.

#### **Main activities undertaken to further the charity's purposes for the public benefit**

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 accounts, fully meet the public benefit requirements.

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## ISAAC NEWTON TRUST

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### TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 30 JUNE 2016

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#### Achievements and performance

The Trustees have reviewed their objectives and longer-term aims, and, as a result, have re-examined their range of funding activities this year. Key decisions include:

- i. To prioritise early career researchers through continuing to match-fund prestigious external fellowships and supporting research associate posts through Research Grants to departments, and to discontinue support for attracting senior professors to the University;
- 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 increase in the Trust's utilisation of its reserves;
- v. To seek dialogue with Colleges, particularly those with smaller endowments, to explore how the Trust might further enhance the research element of their fellowships;
- vi. Gradually to pass responsibility for student funding to other University departments, Colleges and Trusts; this began with the handing over of administration of the Cambridge Bursary Scheme to the University from July 2015 and a final contribution towards these awards in 2015-16. The remainder of the bursary restricted funds will be used to support MPhil Bursaries; and
- vii. To increase the visibility of the Trust by adopting a logo, updating the website, and engaging more directly with the early career researchers who are beneficiaries of awards.

#### 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.

During the year to 30 June 2016 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 Economic and Social Research Council (ESRC);
- 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 the research grant schemes run by the University for Lecturers in the various Schools, University graduate studentships, and a Careers Service bursary scheme for student vacation internships; and
- iv. making grants to Colleges of the University in support of their research and teaching activities, in particular the College Teaching Officer Research Leave and Time-Limited Teaching Fellowships schemes, and matching funding for a number of College Junior Research Fellowships.

In 2015-16, the Trustees approved the following new awards to individual researchers:

20 Early Career Fellowships (including 3 Newton/College Junior Research Fellowships)  
40 research projects in departments and other University bodies (Research Grants)  
57 one-year MPhil bursaries jointly with the Colleges  
6 College Teaching Officer Research Leave grants and Time-Limited Teaching Fellowships; in addition to the awards made through partnership with the Schools to newly independent Principle Investigators in biomedical subjects, physical sciences and technology, and arts, humanities and social sciences.

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## ISAAC NEWTON TRUST

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### TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 30 JUNE 2016

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#### Review of activities (continued)

The Trust no longer administers the Cambridge Bursary Scheme for undergraduates, responsibility for which was taken by the University from July 2015, but it has contributed 10% of the cost of such bursaries in this, the final financial year of the Trust's commitment.

#### Investment policy and performance

The Trust's Investment Sub-committee reviews the two investment managers' performance in the light of the Trust's Statement of Investment Policy and Objectives. The stated benchmark objectives are to encourage maximum 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.

Barings manage £7.6 million of the assets, invested in its Targeted Return fund. The Cambridge University Endowment Fund, which is considered to be suitable for university charitable funds with income requirements, manages £10.2 million.

#### Financial review

The income of the Trust was £2.2m, including Trinity College's generous grant of £1.5m. The University made no further grants during the year in respect of the Cambridge Bursary Scheme, which the Trust had been administering on behalf of the University and the Colleges. From July 2015, responsibility for administering the Cambridge Bursary Scheme was taken by the Student Registry, and consequently income for this purpose is no longer received by the Trust, although the Trust continued to make a contribution to bursaries from its 'bursary restricted' funds for this year.

During the year the Trust made research grants of £2.5m and paid bursaries of £0.7m to students of the University, as set out in note 5 of the financial statements. The grants and bursaries reflect the commitments, totalling £8.1m, which have been made at the balance sheet date after allowing for any write backs notified by the end of August. The Annual Report gives more details of the grants and bursaries made during the year.

The financial statements show an excess of expenditure over income of £1.3m including a loss of £0.2m on the valuation of the investment assets, resulting in a decrease in uncommitted funds carried forward, which amounted to £10.3m at the balance sheet date.

#### 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 £2.2m including Trinity College's generous grant of £1.5m. Investment income of £0.6m was received in the year.

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## ISAAC NEWTON TRUST

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### TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 30 JUNE 2016

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#### Reserves

The Trust's unrestricted funds amount to £9.4m This is represented in the balance sheet by the investment portfolio. The restricted funds are also represented by the investment portfolio.

The Trustees review the level of reserves required to meet the 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 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.

#### Plans for future periods

Trustees have been developing a strategy for the structured mobilisation of a portion of the reserves in support of a small number of more substantial, strategic projects for the benefit of the University's research portfolio and profile. Reserves would be maintained at a level sufficient to cover current commitments and contribute usefully to the Trust's income.

The Trust also plans to increase its engagement with beneficiaries. This may include following up funded early-career researchers, to be able more accurately to assess the impact of the Trust's funding on their careers, and to create a cross-disciplinary network of young researchers who have benefitted from the Trust's activities.

#### Structure, governance and management

##### Constitution

The Trust was founded by the Trust Deed dated 22 November 1988. It is an exempt charity, regulated by HEFCE. The Trustees have agreed to review the Trust deed, and to consider what Standing Orders might be appropriate for the governance of Trust, during the next financial year.

##### 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 Trustees, of whom there are at least eight, are appointed by the Council of Trinity College Cambridge, initially to serve for three years, and may be reappointed up to a maximum of nine consecutive years. New Trustees are normally selected, after consultation with the continuing Trustees, from among senior members of the University and Trinity College. They are appointed because of their particular expertise and will usually have had appreciable experience of serving on boards and administering charities. Two of the Trustees are appointed ex officio by virtue of holding senior posts in Trinity College, namely the Master and Vice-Master.

New Trustees are sent, before their first meeting, information about the Trust in the form of the founding Deed and recent Annual Reports, as well as copies of relevant Charity Commission leaflets for trustees.

##### Pay policy for senior staff

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

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## ISAAC NEWTON TRUST

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### TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 30 JUNE 2016

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#### 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 and which also provides office space and related services to a value of £11,830, for which the Trust is invoiced annually.

#### Trustees' responsibilities 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;
- 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 2016 and signed on their behalf by:

  
.....  
Chairman

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**ISAAC NEWTON TRUST**

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS  
FOR THE YEAR ENDED 30 JUNE 2016**

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**Trustees**

Professor Lord Mair, Chair  
Professor J J Baumberg  
Professor S Collini  
Professor G I Evan  
Professor S C Franklin  
Professor D McKitterick  
Professor R M Smith  
Professor Dame A M Strathern  
Sir Gregory Winter

**Principal office**

Trinity College, Trinity Street, Cambridge, CB2 1TQ

**Patron**

H.R.H. The Prince of Wales

**Officers**

Professor J P Parry (Director to 31 July 2015)  
Dr L Friday (Director from 1 August 2015)  
Mr D Hearn (Treasurer)

**Independent auditors**

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

**Investment managers**

Barings Asset Management, 115 Bishopsgate, London, EC2M 3XY

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

**Bankers**

Barclays Bank Plc, Mortlock House, Histon, Cambridge, CB24 9DE



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## ISAAC NEWTON TRUST

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### INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF ISAAC NEWTON TRUST

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We have audited the financial statements of Isaac Newton Trust for the year ended 30 June 2016 which comprise the Statement of financial activities, the Balance sheet, the Statement of Cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (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 Standard applicable in the UK and Republic of Ireland (FRS102) 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.

This report is made solely to the charity's trustees, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. 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 opinion we have formed.

#### **Respective responsibilities of Trustees and auditors**

As explained more fully in the Trustees' responsibilities statement, the Trustees are responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditors under section 144 of the Charities Act 2011 and report to you in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 30 June 2016 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.

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ISAAC NEWTON TRUST

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INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF ISAAC NEWTON TRUST

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

We have nothing to report in respect of the following matters where the Charities Act 2011 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.

*Peters Elworthy & Moore*

**Peters Elworthy & Moore**

Chartered Accountants  
Statutory Auditors

Salisbury House  
Station Road  
Cambridge  
CB1 2LA

1 December 2016

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 2016**

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
<b>INCOME FROM:</b>					
Donations	2	1,518,567	716	1,519,283	6,110,621
Investments	3	581,872	58,398	640,270	742,482
<b>TOTAL INCOME</b>		<u>2,100,439</u>	<u>59,114</u>	<u>2,159,553</u>	<u>6,853,103</u>
<b>EXPENDITURE ON:</b>					
Charitable activities	4	2,556,007	719,833	3,275,840	7,743,667
<b>TOTAL EXPENDITURE</b>		<u>2,556,007</u>	<u>719,833</u>	<u>3,275,840</u>	<u>7,743,667</u>
<b>NET EXPENDITURE BEFORE INVESTMENT GAINS / (LOSSES)</b>					
Net (losses) / gains on investments	9	(455,568) (75,861)	(660,719) (97,057)	(1,116,287) (172,918)	(890,564) 1,282,133
<b>NET (EXPENDITURE) / INCOME AND MOVEMENT IN FUNDS</b>		<u>(531,429)</u>	<u>(757,776)</u>	<u>(1,289,205)</u>	<u>391,569</u>
<b>RECONCILIATION OF FUNDS:</b>					
Total funds brought forward	13	9,895,724	1,710,739	11,606,463	11,214,894
<b>TOTAL FUNDS CARRIED FORWARD</b>		<u>9,364,295</u>	<u>952,963</u>	<u>10,317,258</u>	<u>11,606,463</u>

All activities relate to continuing operations.

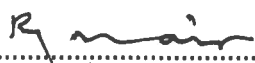
The notes on pages 12 to 24 form part of these financial statements.

ISAAC NEWTON TRUST

**BALANCE SHEET  
AS AT 30 JUNE 2016**

	Note	£	2016 £	£	2015 £
<b>FIXED ASSETS</b>					
Investments	9		17,862,420		21,135,339
<b>CURRENT ASSETS</b>					
Debtors	10	125,755		240,490	
Cash at bank and in hand		590,733		823,707	
		<u>716,488</u>		<u>1,064,197</u>	
<b>CREDITORS: amounts falling due within one year</b>	11	<b>(5,095,093)</b>		<b>(5,434,515)</b>	
<b>NET CURRENT LIABILITIES</b>					
			<b>(4,378,605)</b>		<b>(4,370,318)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>					
			<b>13,483,815</b>		<b>16,765,021</b>
<b>CREDITORS: amounts falling due after more than one year</b>	12		<b>(3,166,557)</b>		<b>(5,158,558)</b>
<b>NET ASSETS</b>					
			<b>10,317,258</b>		<b>11,606,463</b>
<b>CHARITY FUNDS</b>					
Restricted funds	13,14		952,963		1,710,739
Unrestricted funds	13,14		9,364,295		9,895,724
<b>TOTAL FUNDS</b>					
			<b>10,317,258</b>		<b>11,606,463</b>

The financial statements were approved by the Trustees on 28 November 2016 and signed on their behalf, by:

  
.....  
Chairman

  
.....  
Director

The notes on pages 12 to 24 form part of these financial statements.

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ISAAC NEWTON TRUST

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STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2016

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	Note	2016 £	2015 £
<b>Cash flows from operating activities</b>			
Net cash used in operating activities	15	<u>(3,973,244)</u>	<u>(2,857,582)</u>
<b>Cash flows from investing activities:</b>			
Dividends and interest from investments		640,270	742,482
Proceeds from sale of investments		<u>3,100,000</u>	<u>800,000</u>
<b>Net cash provided by investing activities</b>		<u>3,740,270</u>	<u>1,542,482</u>
<b>Change in cash and cash equivalents in the year</b>		<b>(232,974)</b>	<b>(1,315,100)</b>
Cash and cash equivalents brought forward		<u>823,707</u>	<u>2,138,807</u>
<b>Cash and cash equivalents carried forward</b>	16	<u><u>590,733</u></u>	<u><u>823,707</u></u>

The notes on pages 11 to 24 form part of these financial statements.

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ISAAC NEWTON TRUST

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016

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**1. ACCOUNTING POLICIES**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant notes to these accounts. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 and Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and 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 Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice from 1 April 2005 which has since been withdrawn.

No significant estimates or judgements have been made by management in preparing these financial statements.

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

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## ISAAC NEWTON TRUST

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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#### 1. ACCOUNTING POLICIES (continued)

##### 1.2 First time adoption of FRS 102

These financial statements are the first financial statements of Isaac Newton Trust prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of Isaac Newton Trust for the year ended 30 June 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the Trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015.

##### Reconciliation with previous Generally Accepted Accounting Practice

In preparing these accounts, the Trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required.

No restatements were required and net income / (expenditure) for the year is provided with the net income / (expenditure) under previous GAAP adjusted for the presentation of investment gains / (losses) as a component of reported income.

In accordance with FRS 102, a reconciliation of opening balances is provided here:

##### Reconciliation of reported net income for the year ended 30 June 2015

	£
Net (expenditure) as previously stated	(890,564)
Adjustment for gains/(losses) on investments now treated as a component of net income	1,282,133
<b>Net income as restated as at 30/06/2015</b>	<b>391,569</b>

##### 1.3 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.

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ISAAC NEWTON TRUST

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016

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1. ACCOUNTING POLICIES (continued)

1.4 Going concern

The Trustees consider that there are no material uncertainties about the Trust's ability to continue as a going concern.

With respect to the next reporting period, 2017, the main area of uncertainty that affects the Trust is the market value of investments.

There are no significant estimates at the reporting date that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

1.5 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.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Trust; this is normally upon notification of the interest paid or payable by the bank.

Dividends are recognised once the dividend has been declared and notification has been received of the dividend.

Donation income is recognised when received.

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.



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## ISAAC NEWTON TRUST

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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#### 1. ACCOUNTING POLICIES (continued)

##### 1.6 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 (note 5).

Grant write backs notified up to 31 August (2015: 30 September) following the year end which relate to grants awarded before the year end are reflected in the financial statements.

All resources expended are inclusive of irrecoverable VAT.

##### 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 are subsequently measured at their settlement value.

##### 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 fair 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 shown in the heading 'Gains/(losses) on investments' in the Statement of Financial Activities after the deduction of investment managers' fees.

##### 1.9 Debtors

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

##### 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.

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ISAAC NEWTON TRUST

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016

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1. ACCOUNTING POLICIES (continued)

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. Liabilities are recognised at the amount that the charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. 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 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 would be 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.

2. INCOME FROM DONATIONS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Trinity College donation	1,500,000	-	1,500,000	1,500,000
Other donations	18,567	716	19,283	112,621
Grants from University for Bursaries	-	-	-	4,498,000
Total donations	<u>1,518,567</u>	<u>716</u>	<u>1,519,283</u>	<u>6,110,621</u>

In 2015, of the total income from donations, £4,573,514 was attributable to restricted funds and £1,537,107 was attributable to unrestricted funds.

3. INVESTMENT INCOME

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Investment income	<u>581,872</u>	<u>58,398</u>	<u>640,270</u>	<u>742,482</u>

In 2015, of the total investment income, £90,278 was attributable to restricted funds and £652,204 was attributable to unrestricted funds.

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ISAAC NEWTON TRUST

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NOTES TO THE FINANCIAL STATEMENTS  
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4. ANALYSIS OF CHARITABLE EXPENDITURE BY ACTIVITIES

	Grants and bursaries payable 2016 £	Support costs 2016 £	Total 2016 £	Total 2015 £
Expenditure	<u>3,085,369</u>	<u>190,471</u>	<u>3,275,840</u>	<u>7,743,667</u>

The above grant and bursaries expenditure represents the new commitments in the year, net of refunds and write backs, as shown in note 5.

ISAAC NEWTON TRUST

NOTES TO THE FINANCIAL STATEMENTS  
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5. GRANTS AND BURSARIES

	Unrestricted £	Restricted £	2016 £	2015 £
<b>Trust Grants</b>				
Research grants	1,046,792	-	1,046,792	1,101,155
Professorial support	-	-	-	100,220
Grants to Schools	-	-	-	750,000
Research grants in Humanities*	1,573	-	1,573	641,573
Leverhulme early career Fellowship	1,008,000	-	1,008,000	1,111,783
ESRC Fellowship	166,500	-	166,500	166,500
College research Fellowship	-	-	-	231,300
Time-limited teaching Fellowship	64,224	-	64,224	65,687
College teaching officers	60,055	-	60,055	58,786
CTO research leave	75,000	-	75,000	222,500
Clinical research Fellows	-	-	-	78,436
University lectureships in Humanities*	83,265	-	83,265	-
	<u>2,505,409</u>	<u>-</u>	<u>2,505,409</u>	<u>4,527,940</u>
<b>University Bursaries</b>				
Cambridge Bursary*	-	277,167	277,167	3,379,335
Cambridge European Bursary	-	-	-	560,294
Graduate Course in medicine	-	-	-	19,275
National Scholarship Programme	-	-	-	453,025
Ex gratia NPS to EDM	-	-	-	1,140
CHESS M. Phil	-	444,000	444,000	350,000
	<u>2,505,409</u>	<u>721,167</u>	<u>721,167</u>	<u>4,763,069</u>
Total grant commitments made in the year	<u>2,505,409</u>	<u>721,167</u>	<u>3,226,576</u>	<u>9,291,009</u>
<b>Less grants written back in the year:</b>				
<b>Trust Grants</b>				
Research grants	(105,856)	-	(105,856)	(287,125)
Professorial support	-	-	-	(180,220)
Research grants in Humanities	-	-	-	(180,000)
Leverhulme early career Fellowship	(34,001)	-	(34,001)	-
College research Fellowship	-	-	-	(501,253)
CTO research leave	-	-	-	(300,000)
	<u>(139,857)</u>	<u>-</u>	<u>(139,857)</u>	<u>(1,448,598)</u>

ISAAC NEWTON TRUST

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016

5. GRANTS AND BURSARIES (continued)

	Unrestricted £	Restricted £	2016 £	2015 £
<b>University Bursaries</b>				
Old Bursary scheme	-	(1,350)	(1,350)	(4,000)
National Scholarship Programme	-	-	-	(85,165)
CHESS M. Phil	-	-	-	(156,000)
Ex gratia NPS to EDM	-	-	-	(1,500)
	<u>-</u>	<u>(1,350)</u>	<u>(1,350)</u>	<u>(246,666)</u>
Total grant commitments including refunds	<u>2,365,552</u>	<u>719,817</u>	<u>3,085,369</u>	<u>7,595,745</u>

In 2015, of the total grants and bursaries payable, £4,516,404 was attributable to restricted funds and £3,079,342 was attributable to unrestricted funds.

\* The grants above with an asterisk include adjustments to previous grant commitments.

**Reconciliation of Grants and Bursaries Payable**

	Trust Grants £	Bursaries £	2016 £	2015 £
Creditors Brought Forward	9,315,456	1,134,887	10,450,343	11,537,890
Commitments made in year	2,505,409	721,167	3,226,576	9,291,009
Grants and Bursaries paid	(4,195,039)	(1,386,739)	(5,581,778)	(8,683,293)
Creditors Carried Forward (notes 11 & 12)	<u>7,625,826</u>	<u>469,315</u>	<u>8,095,141</u>	<u>12,145,606</u>

6. SUPPORT AND GOVERNANCE COSTS

	General Support £	Governance £	2016 £	2015 £
Office accommodation	6,187	-	6,187	5,896
Miscellaneous	20,239	-	20,239	13,406
Bank charges	15	-	15	28
Wages and salaries	125,442	-	125,442	103,983
National insurance	8,785	-	8,785	8,872
Pension costs	14,323	-	14,323	9,736
Professional fees	3,600	-	3,600	-
Auditors' remuneration	-	6,360	6,360	5,100
Accountancy fees	-	5,520	5,520	900
Total	<u>178,591</u>	<u>11,880</u>	<u>190,471</u>	<u>147,921</u>

In 2015, £28 of support costs related to restricted funds, with £147,893 relating to unrestricted funds.

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016

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7. NET (EXPENDITURE) / INCOME

This is stated after charging:

	2016	2015
	£	£
Auditors' remuneration	6,360	5,100
Auditors' remuneration - non-audit	5,250	900
	<u>          </u>	<u>          </u>

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

Staff costs were as follows:

	2016	2015
	£	£
Wages and salaries	125,442	103,983
Social security costs	8,785	8,872
Other pension costs	14,323	9,736
	<u>          </u>	<u>          </u>
	<u>148,550</u>	<u>122,591</u>

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

	2016	2015
	No.	No.
Administration and support	5	5
	<u>          </u>	<u>          </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 paid to these staff was £32,837 (2015: £41,191).

The Trustees all give their time and expertise without any kind of remuneration or other benefit in kind (2015: £nil).

During the year no Trustee received reimbursed travel expenses (2015: £nil).

During the year, a settlement payment of £25,000 was paid to one employee (2015: none).

ISAAC NEWTON TRUST

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016

9. FIXED ASSET INVESTMENTS

	Unlisted securities £
<b>Market value</b>	
At 1 July 2015	21,135,339
Disposals at opening market value (sales proceeds £3,100,000)	(3,273,776)
Net gain on revaluation after management fees charged directly to funds.	857
At 30 June 2016	17,862,420

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 out formula so that a significant fall in the value of investments will not materially affect the investment return.

Details of material investments at the balance sheet date, representing more than 5% of the total portfolio are as follows:

**Material investments**

	2016 £	2015 £
Barings Targeted Return Fund	7,616,664	11,139,035
Cambridge University Endowment Fund	10,245,756	9,996,304
	17,862,420	21,135,339

10. DEBTORS

	2016 £	2015 £
Other debtors	9,170	84,429
Accrued income	116,585	156,061
	125,755	240,490

11. CREDITORS: Amounts falling due within one year

	2016 £	2015 £
Grants payable	4,469,269	4,176,898
Bursaries and Scholarships payable	459,315	1,114,887
Accruals	166,509	142,730
	5,095,093	5,434,515

**ISAAC NEWTON TRUST**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

**12. CREDITORS:**

Amounts falling due after more than one year

	2016 £	2015 £
Grants payable	3,156,557	5,138,558
Bursaries and Scholarships payable	10,000	20,000
	3,166,557	5,158,558

**13. STATEMENT OF FUNDS**

	Brought Forward £	Income £	Expenditure £	Gains/ (Losses) £	Carried Forward £
<b>Unrestricted funds</b>					
General Fund	9,895,724	2,100,439	(2,556,007)	(75,861)	9,364,295
<b>Restricted funds</b>					
Trust Bursary Fund	1,499,227	59,114	(508,321)	(97,057)	952,963
University Bursary Fund	211,512	-	(211,512)	-	-
	1,710,739	59,114	(719,833)	(97,057)	952,963
Total of funds	11,606,463	2,159,553	(3,275,840)	(172,918)	10,317,258

**Restricted funds**

Trust Bursary Fund - this fund represents the Trust's contribution to the Cambridge Bursary Schemes (CBS, CEBS and NSP) and schemes run by other bodies, primarily the University's scheme for graduate students (Newton CHESS MPhil) and Careers Service bursary schemes for student vacation internships.

University Bursary Fund - this fund represented the Trust's administration of the Cambridge Bursary Scheme on behalf of the University. During the year the administration was taken back by the University and the balance held by the Trust was paid back to the University.



ISAAC NEWTON TRUST

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016

14. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Fixed asset investments	16,625,193	1,237,227	17,862,420	21,135,339
Current assets	531,437	185,051	716,488	1,064,197
Creditors due within one year	(4,635,778)	(459,315)	(5,095,093)	(5,434,515)
Creditors due in more than one year	(3,156,557)	(10,000)	(3,166,557)	(5,158,558)
	<u>9,364,295</u>	<u>952,963</u>	<u>10,317,258</u>	<u>11,606,463</u>

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

	2016 £	2015 £
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(1,289,205)	391,569
<b>Adjustment for:</b>		
(Gains)/losses on investments	172,919	(1,282,133)
Dividends and interest	(640,270)	(742,482)
Decrease/(increase) in debtors	114,735	(112,641)
Decrease in creditors	(2,331,423)	(1,111,895)
<b>Net cash used in operating activities</b>	<u>(3,973,244)</u>	<u>(2,857,582)</u>

16. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 £	2015 £
Cash in hand	590,733	823,707
Total	<u>590,733</u>	<u>823,707</u>

17. CONTINGENT LIABILITIES

The Trust's pension arrangements have been managed by Trinity College. There is no formal agreement and the extent of any liability in respect of past pension costs is unknown. The Trustees are to formalise arrangements so that this is clarified going forward.

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**ISAAC NEWTON TRUST**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

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**18. RELATED PARTY TRANSACTIONS**

Certain of the Trustees are also Trustees of Trinity College, Cambridge, which provides office accommodation for the Trust and recharges the Trust for salaries of employees and officers. In the year there were recharges of £160,380 (2015: £139,730) for these and other costs incurred by the Trust, but initially paid for by Trinity College. At the year end, an amount of £160,380 (2015: £139,730) was outstanding.

Trinity College also made a donation of £1,500,000 (2015: £1,500,000) to the Trust during the year.

During the year, an honorarium of £10,000 was paid to Professor J Hinch, (Treasurer to 10 June 2015) for services provided to the Trust over the past two years (2015: nil).