

UNIVERSITY OF SUNDERLAND DEVELOPMENT TRUST

**REPORT AND
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 JULY 2021

Registered charity No. 1041658

Contents

	<u>Page</u>
Reference and administrative details	2
Trustees' report	3 - 7
Statement of Trustees' responsibilities in respect of the Trustees' Report and the financial statements	8
Independent auditor's report to the Trustees of University of Sunderland Development Trust	9 - 12
Statement of Financial Activities	13
Balance Sheet	14
Notes to the financial statements	15 - 24

University of Sunderland Development Trust
(Registered charity number: 1041658)

Reference and administrative details

Trustees

Mr J Cuthbert, OBE DL (Chair– resigned 4 October 2021)
Ms M Fay CBE DL (appointed Trustee 1 August 2020; appointed Chair 4 October 2021)
Mr J Wood, CBE DL (resigned 4 October 2021)
Hon J D A Ramsbotham, CBE DL
Sir D R Bell, KCB
Mr M McArdle, BEng (Hons)
Mr S Keppie (resigned 31 August 2021)
Ms S Forster (Treasurer)

Charity registered office

The Trust's registered office is:

Edinburgh Building
University of Sunderland
Chester Road
SUNDERLAND
SR1 3SD

Trust Secretary

Mrs D Reveley

Independent Auditor

Ernst & Young LLP
Atria One
144 Morrison Street
Edinburgh
EH3 8EX

Bankers

Barclays Bank plc
53 Fawcett Street
SUNDERLAND
SR1 1SD

Investment Managers

Brewin Dolphin Ltd
Time Central
Gallowgate
NEWCASTLE UPON TYNE
NE1 4SR

CCLA Fund Managers Limited
Senator House
85 Queen Victoria Street
LONDON
EC4V 4ET

Trustees' Report

The Trustees present their annual report for the year ended 31 July 2021. The accounts have been prepared in accordance with the Charities Act 2011 and the Statement of Recommended Practice (SORP) 2019: 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).

Structure, Governance and Management

Recruitment, appointment of Trustees

Trustees are recruited as required from the University's stakeholder groups; these include the Board of Governors, staff, alumni, patrons of the City of Sunderland and the local business community.

Trustees are appointed for a term not exceeding three years, for a maximum of three successive terms.

The Development Trust is required to have a minimum of three, and no more than nine Trustees. Should the number of Trustees fall below three due to events beyond the control of the Trustees, any Trustee who ought to be retiring, or is ineligible for further re-appointment due to terms already served, will be granted a further 12 months term of office to enable new Trustees to be recruited.

The power of appointment and removal as to three of the Trustees (excluding the Vice-Chancellor) is vested in the Board of Governors and as to any additional number of Trustees, in the surviving or continuing Trustees (excluding any retiring Trustees).

Relationships with external bodies

The Trust is a member of the Fund-Raising Regulator and as such must meet certain minimum requirements as to its ethical behaviour. These are encapsulated in the Trust's ethical policy (a copy of which is available upon request).

Relationship with the University of Sunderland

The Trust exists to support the University of Sunderland and its students and as such co-operates with the University in pursuit of its aims and objectives. To this end the University makes a gift in kind of staff and resources to the Trust to pursue its objectives. In the financial year, the Trust has re-imbursed the University for a proportion of these expenses. The University and its students are the beneficiaries of the Trust's grant-making activities.

Organisational Structure

Day to day operational issues relating to the Development Trust are managed by the University's Development and Alumni Office, which comes under the portfolio of the Pro-Vice Chancellor (External Relations). The Board met on three occasions during the year.

Trustees' Report (continued)

Objectives and Activities

Objectives

The University of Sunderland Development Trust is a charitable trust established by deed dated 9 August 1994. Its objective is to assist and promote the development of the University of Sunderland. It seeks to achieve this objective by raising funds from donations, subscriptions, covenants, sponsorships, legacies and other gifts and applying them for appropriate purposes.

Aims of the Trust

The Development Trust seeks to support the University's ambitions to be regarded as a high quality civic university, in a city and region that is re-inventing itself, offering life-changing opportunities and transformation.

Activities

The Development Trust supports three key areas of fundraising activity:

- Capital development at the University;
- Student support through scholarships; and
- Opportunity funding and discrete projects linked to the University's strategic aims and objectives.

The Development Trust operates a number of funds each with their own aims and objectives. An explanation to the background of a number of the funds are detailed below:

Background to the Silver Fund

This fund is allocated to priority areas which directly enhance and enrich the University, and the life of its students. From supporting students to take part in social mobility projects, funding equipment and facilities for student spaces, enabling academics to bring world class speakers to the University, and supporting innovative teaching or community engagement projects; the Silver Fund aims to give students a transformational education.

Background to the Futures Fund

The Development and Alumni Office continues to support fundraising for the Futures Fund, which supports excellence and opportunity for those studying at the University. These opportunities are many and varied; however, the Futures Fund provides particular support for professional development and academic excellence.

Grantmaking Criteria for Futures Fund

The following is an extract from the terms of reference of the Distribution Committee as of June 2006.

"The awards that the Distribution Committee will make from the Funds may address the following areas of need. At all times the Committee will make awards that complement rather than duplicate the University's existing hardship and bursary policies and take into account the stated wishes of the Board of Trustees:

- a) Personal or educational development for students which will enhance their educational experience, facilitate engagement with higher programmes of study, or enhance their employability.*
- b) Supporting students in following the opportunities that are presented to them at University."*

Other Scholarship and Award Funds

The Development and Alumni Office facilitate the award of a number of scholarships to students of the University of Sunderland, in line with the particular restrictions outlined by each benefactor.

Trustees' Report (continued)

Public Benefit

The Board of Trustees has referred to the Charity Commission general guidance on public benefit when reviewing the aims and objectives of the University of Sunderland Development Trust and is

satisfied that they meet the public benefit requirements. The Achievements and Performance section of this report provides further details of the work done to meet these aims and objectives.

Achievements and Performance

The Development Office manages a number of philanthropic scholarships available for undergraduates, masters and recently graduated students.

These include:

- **The Silver Fund:** created to enhance and enrich the University, and the life of its students, with a resource which can be allocated to priority areas, in line with the broader objectives of the Trust; and
- **The Futures Fund:** activity aims to help students explore professional career paths, broaden their horizons, and empower Sunderland as a region, to build success and prosperity.

The fund is distributed to students via the following five award / scholarship streams:

- **The Hope Winch Benevolence Fund** provides annual scholarships to current undergraduate pharmacy students who may be experiencing serious financial challenges impacting upon their academic potential.
- **The Sir Tom Cowie Memorial Scholarship** honours the memory and motivations of Sir Tom, who was a long term benefactor of the University.
- **The Horace Robson Fund** allows University staff to support current students in the areas of Glass and Ceramics, Fine Art, Photography, and Curating and Foundation Courses.
- **The Mike Davies Innovation Scholarship** allows students to undertake a project or opportunity which will lead to innovative uses of glass and ceramic materials for creative use.
- **University of Sunderland Building Projects** –Income in this fund is transferred to the University of Sunderland to support various building projects within the University. In 2020/21, the building projects supported were the construction of the Cadaveric Facility and the Midwifery Teaching Facility.

Investment Performance

Under the provisions of the Trust Deed, the Trustees have discretionary powers to invest or apply monies in investments or property of any nature. All investments are made in accordance with those powers. The Trustees consider that the performance of the Investment Managers is satisfactory given the current market conditions.

Trustees' Report (continued)

Financial Review

Performance

During the year, total income from donations of £490,473 was received, which is an increase of £416,654 from the previous year.

The increase in donations is mainly due to three significant amounts being received to fund two major building projects within the University; the Cadaveric Facility (£335,000 received) and the Midwifery Teaching Facility (£10,000 received). Both projects aim to support the University's strategic priorities of increasing its offering of medical and health related education. The funds are included within restricted funds and will be passed to the University in 2021/22.

The Covid-19 Emergency Hardship and We Care appeals account for the remainder of the increase and have been successful due to the increased efforts of fundraisers.

Investments generated income of £58,836 for the year (an increase of 24% from the previous year); £47,476 of this came from the McArdle endowment, which is invested with the CCLA, whilst the remainder came from funds invested with Brewin Dolphin.

The remaining funds of £35,411, held with St James's Place Wealth Management were transferred to Brewin Dolphin in December 2020 as planned in the previous financial year, which has improved the return on this investment.

Overall the change in market value of investments has resulted in a net gain in investments of £390,527 which is an increase of £363,433 (1341%) from the previous financial year. The increase is mainly due to the recovery of markets as we emerge from the Covid-19 pandemic. Last year's return on investment was lower than normal due to the uncertainties that existed at the time and therefore it is expected that the return seen this year will stabilise going forward.

Expenditure on charitable activities increased by £23,158 (20%) from the previous financial year. This is due to increased awards being made to students. In the previous year, the number of awards made was significantly lower due to Covid-19 restrictions preventing students from carrying out the activities for which awards would usually be made. This year has seen a lessening of restrictions and a corresponding increase in student activity and awards.

The overall result for the year is a net gain in funds of £794,910, which is an increase of £764,796 (2540%) from the previous financial year. This increase is considered to be exceptional due to the high value donations received in respect of the University's building projects. The building projects are expected to be completed in 2021/22 and so we can expect expenditure in the next financial year to increase as a result. Aside from these exceptional donations, the Trust continues to generate a steady income stream from regular donors, planned fundraising campaigns, and investments, ensuring that it is in a strong financial position going forward.

Expenditure

The Trust has no employees and receives in kind support from the University to cover the majority of its running costs. The Development Trust makes a payment of £3,850 to the University per annum as a contribution towards administrative costs.

Investment policy

The Charity's Investment Managers are instructed to produce the best financial return within an acceptable level of risk. The Charity holds assets to fund income and capital expenditure with the intention that current assets will be applied as such over the next five years. Therefore assets are invested to limit risk to capital although some volatility in both capital and income can be tolerated if consistent with expectations.

Trustees' Report (continued)

Investment policy (continued)

The Charity's assets can be invested widely in accordance with the Charity's general power of investment as set out above, but are deposited with institutions with a minimum Standard & Poor long-term credit rating of A- or diversified by asset class which can include cash, bonds, equities and any other asset that the Trustees deem suitable for the Charity.

Reserves Policy

The Trust aims to work with the University to develop unrestricted reserves in support of major strategic projects at the University. The Trust acknowledges that it must also respond to donor wishes and that some funds may be restricted for specific purposes. The primary focus of fundraising activity in the coming years will be to raise funds to provide undergraduate and postgraduate students with a transformational education, and also ongoing support for capital developments, which will enhance the student experience and support the University's strategic ambitions.

Risk Assessment

The main risks to the Development Trust are loss of investment value and reduction in donation income.

The Covid-19 pandemic caused market volatility in the previous financial year, reducing the income generated from investments held. As demonstrated by this year's results, investment performance has improved. Despite the improvement, the Trustees will continue to monitor investment performance closely and remain vigilant to any after effects of pandemic.

The Trust has a risk register in place, which feeds into the University's wider risk management process. The risk assessment from the register is reported to the Trustees annually to enable them to review risk. The day to day risks are managed in line with the University's own risk management procedures.

Auditor

In so far as the Trustees are aware:

- there is no relevant audit information of which the trust's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Approved by the Trustees and signed on their behalf

Trustee Signature



Name & Position Margaret Fay CBE DL, Chair of the University of Sunderland Development Trust

Date: 21 March 2022

University of Sunderland Development Trust
(Registered charity number: 1041658)

Statement of Trustees' responsibilities in respect of the Trustees' Report and the financial statements

Under charity law, the Trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations. The Trustees have elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

The financial statements are required by law to give a true and fair view of the state of affairs of the charity and of the excess of income over expenditure for that period.

In preparing these financial statements, generally accepted accounting practice entails that the Trustees:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- state whether the financial statements comply with the trust deed, subject to any material departures disclosed and explained in the financial statements;
- assess the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

The Trustees are required to act in accordance with the trust deed of the charity, within the framework of trust law. They are responsible for keeping proper accounting records, sufficient to disclose at any time, with reasonable accuracy, the financial position of the charity at that time, and to enable the Trustees to ensure that, where any statements of accounts are prepared by them under section 132(1) of the Charities Act 2011, those statements of accounts comply with the requirements of regulations under that provision. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charity and to prevent and detect fraud and other irregularities.

Independent Auditors's Report to the Trustees of University of Sunderland Development Trust

Opinion

We have audited the financial statements of University of Sunderland Development Trust for the year ended 31 July 2021 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes 1 to 10, 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 (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 July 2021 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 Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period to 31 July 2023.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the trustee's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained in the annual report.

Independent Auditors' Report to the Trustees of University of Sunderland Development Trust (continued)

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the 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 require us to report to you if, in our opinion:

- the information given in the Trustees' Annual 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 set out on page 8, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Independent Auditors's Report to the Trustees of University of Sunderland Development Trust (continued)

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

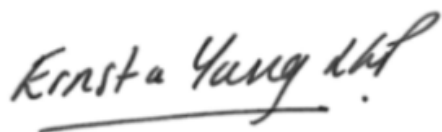
- We obtained an understanding of the legal and regulatory frameworks that are applicable to the charity and determined that the most significant are UK Financial Reporting Standard (FRS 102) and the Charities Statement of Recommended Practice, the Charities Act 2011 and the Charities (Accounts and Reports) Regulations 2008.
- We understood how University of Sunderland Development Trust is complying with those frameworks by inquiring of management and corroborating this to review of minutes of Trustees' meetings.
- We assessed the susceptibility of the charity's financial statements to material misstatement, including how fraud might occur by understanding the potential incentives and pressures for management to manipulate the financial statements, and performed procedures to understand the areas in which this would most likely arise. Based on our risk assessment procedures, we identified fraud in revenue recognition and management override of controls as our fraud risks.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our fraud risk on revenue recognition was specifically focused on inappropriate recognition of donation income. We used a lower testing threshold when selecting our sample items from this balance and tested each item to supporting documentation to confirm whether it had been appropriately recognised in the financial statements.
- To address our fraud risk of management override of controls, we tested all individually material transactions to identify any significant or unusual transactions outside of the normal course of business.

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

Use of our report

This report is made solely to the 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 the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Independent Auditors' Report to the Trustees of University of Sunderland Development Trust (continued)

A handwritten signature in dark ink, reading "Ernst & Young LLP", with a horizontal line underneath the text.

Statutory Auditor

Edinburgh

28 March 2022

Ernst & Young LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

University of Sunderland Development Trust
(Registered charity number: 1041658)

Statement of Financial Activities
Year ended 31 July 2021

		Unrestricted funds £	Restricted funds £	Endowment funds £	Total funds 2021 £	Total funds 2020 £
	<i>Note</i>					
Income:						
Donations		45,772	424,701	20,000	490,473	73,819
Investment income		5,476	5,884	47,476	58,836	47,518
Total income	2	51,248	430,585	67,476	549,309	121,337
Expenditure:						
Cost of raising funds	3	(4,701)	(3,060)	-	(7,761)	(4,310)
Expenditure on charitable activities	4	(41,396)	(72,355)	(23,414)	(137,165)	(114,007)
Total expenditure		(46,097)	(75,415)	(23,414)	(144,926)	(118,317)
Net income/(expenditure) before gains and losses on investments		5,151	355,170	44,062	404,383	3,020
Net gain/(loss) on investments	5	64,395	79,785	246,347	390,527	27,094
Transfers between funds	8	-	-	-	-	-
Net movements in funds	8	69,546	434,955	290,409	794,910	30,114
Reconciliation of funds:						
Total funds brought forward	8	409,413	437,473	1,560,997	2,407,883	2,377,769
Total funds carried forward	8	478,959	872,428	1,851,406	3,202,793	2,407,883

All operations are continuing.

University of Sunderland Development Trust
(Registered charity number: 1041658)

Balance Sheet
As at 31 July 2021

		2021	2020
		£	£
	<i>Note</i>		
Fixed assets			
Investments	5	2,653,717	2,256,496
Current assets			
Debtors	6	25,045	17,106
Cash at bank and in hand		<u>570,710</u>	<u>196,214</u>
		595,755	213,320
Creditors: amounts falling due within one year	7	<u>(46,679)</u>	<u>(61,933)</u>
Net current assets		<u>549,076</u>	<u>151,387</u>
Total net assets		<u><u>3,202,793</u></u>	<u><u>2,407,883</u></u>
Funds			
Unrestricted funds		478,959	409,413
Restricted funds		872,428	437,473
Endowment funds		<u>1,851,406</u>	<u>1,560,997</u>
	8	<u><u>3,202,793</u></u>	<u><u>2,407,883</u></u>

The notes at pages 15 to 24 form part of these accounts.

Approved by the Trustees and signed on their behalf by

Trustees Signature



Name & Position

Margaret Fay CBE DL, Chair of the University of Sunderland Development Trust

Date

21 March 2022

Notes to the Financial Statements

1 Accounting Policies

Basis of accounting

The accounts have been prepared under the historical cost convention as modified by the inclusion of investments at fair value. The financial statement have been prepared in accordance with the Statement of Recommended Practice (SORP) 2019: 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) and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011.

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

Going concern

The financial Statements have been prepared on a going concern basis, which the Trustees consider to be appropriate for the following reasons.

The income generated from both donations and investments is significantly higher than for the previous year (an overall increase of 353%); this is believed to be partly due to improved market conditions and decreased volatility as we emerge from the Covid-19 pandemic and restrictions are reduced. However, the increase is also due to successful fundraising appeals, which demonstrates the continuous improvement of the fundraising team to attract new donors.

Cash flow forecasts are reviewed on an ongoing basis and are based on known regular giving donations and committed expenditure, alongside uncommitted anticipated student awards. This prudent approach to forecasting ensures that the Trust will always have sufficient cash to meet its expenditure needs. The forecasts do not include predictions of any larger, one-off donations or donations from planned fundraising campaigns; as such the cash flow forecasts are considered to be a worst-case scenario and it is considered that in reality the income will be higher than forecast.

The current cash flow forecasts to 31 July 2023, show a closing cash balance of £154,788, which is in excess of the Trust's average annual expenditure.

The Trustees review the investments held on a continuous basis and make necessary changes to investment fund managers to ensure that all funds are held in optimal portfolios, which are anticipated to provide a sustainable future income stream despite the disruption to global markets. The Trustees remain committed to reviewing investments proactively to mitigate risks as they arise.

The nature of the Trust means that it has a low fixed cost base and has the ability to flex its expenditure based on the amount of income received, by reducing awards made to students if necessary; however, the Trustees do not envisage that this will be necessary based on the most recent performance as noted above.

Based on the above, the Trustees consider that the Trust is a going concern to 31 July 2023.

Income

All income is accounted for 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.

1 Accounting Policies (continued)

Investment income represents amounts receivable from cash deposits and equity shares (dividends received) and is allocated to restricted and unrestricted funds according to the nature of the investment from which it is derived.

Resources expended

Resources expended comprise the costs of supporting charitable activities and projects. Applications for funding for a particular project are made by the University and approved by the Trustees prior to a major fundraising campaign beginning. Grants payable are accounted for when approved.

Costs of generating funds include bank charges and publicity costs. They also include the charity's office running costs. These are borne by the University of Sunderland and a recharge is made to the charity to represent this expense of 15% of unrestricted and restricted donation income received by the charity in the financial year or actual costs, whichever is the lower.

Costs of charitable activities consist of grants made by the charity to support its charitable aims and objectives. They also include the charity's governance costs. Governance costs comprise statutory audit fees and the costs of accounts preparation. The costs of preparing the accounts are borne by the University of Sunderland, and an agreed sum is charged to the charity for this service. The allocation of governance costs is analysed in note 4.

Grants payable

Grants payable are payments made to the University of Sunderland or its students, in furtherance of the charitable objectives of the funds held on trust, primarily to assist and promote the University.

Grant payments are recognised as expenditure when the conditions for their payment have been met or where there is a constructive obligation to make a payment.

A constructive obligation arises when:

- We have communicated our intention to award a grant to a recipient who then has a reasonable expectation that they will receive a grant.
- We have made a public announcement about a commitment which is specific enough for the recipient to have a reasonable expectation that they will receive a grant.
- There is an established pattern of practice which indicates to the recipient that we will honour our commitment.

The Trustees have control over the amount and timing of grant payments and consequently where approval has been given by the Trustees and any of the above criteria have been met then a liability is recognised. Grants are not usually awarded with conditions attached. However, when they are then those conditions have to be met before the liability is recognised.

Where an intention has not been communicated, then no expenditure is recognised but an appropriate designation is made in the appropriate fund. If a grant has been offered but there is uncertainty as to whether it will be accepted or whether conditions will be met then no liability is recognised but a contingent liability is disclosed.

Cash flow

Under FRS 102 the Trust is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Trust in its own published consolidated financial statements.

1 Accounting Policies (continued)

Fixed Asset Investments

Investment assets are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value at the year end. Movements in the value of investments are shown in the Statement of Financial Activities. Realised gains or losses on fixed asset investments comprise the difference between sales proceeds and opening market value (or purchase price if later). Unrealised gains or losses comprise the increase or decrease in value between the year-end and the opening balance sheet date (or purchase price if later). Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

Short term investments

Short term investments comprise deposit accounts in which funds are invested up to a maximum of three months.

Debtors

Debtors are amounts owed to the Trust. They are measured on the basis of their recoverable amount.

Creditors

Creditors are amounts owed by the Trust. They are measured at the amount the Trust expects to have to pay to settle the debt. Amounts which are owed in more than one year are shown as long term liabilities.

Taxation

No provision has been made for taxation as the Development Trust's charitable status renders it exempt from UK direct taxation. Gift aid tax reclaimable from HM Revenue and Customs is shown as a debtor in the accounts.

Gifts in kind

Where gifts in kind can be reasonably quantified, they are included within the income and expenditure.

Funds structure

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity.

Restricted funds are subjected to restrictions on their expenditure, imposed by the donor, or through the terms of an appeal.

Permanent endowments are held as a permanent capital fund to generate future income. The capital element cannot be utilised for any other purpose other than income generation. The use of the future income is restricted by the donor and is documented in a permanent endowment agreement, which has been authorised by the donor and Trustees.

2 Income

In total, donations for the year were £490,473 (2020: £73,819), of which £424,701 was restricted (2020: £60,637); £45,772 was unrestricted (2020: £13,182); and £20,000 (2020: £nil) was in the form of an endowment.

Investment income totalled £58,836 (2020: £47,518), of which £5,884 (2020: £4,092) was restricted; £5,476 (2020: £1,859) was unrestricted; and £47,476 (2020: £41,567) was from endowment funds.

3 Cost of raising funds

	2021	2020
	£	£
Office running costs	1,850	1,850
Investment Manager Fees	5,859	1,504
Bank charges	52	34
Fundraising events management	-	922
	<hr/>	<hr/>
	7,761	4,310
	<hr/> <hr/>	<hr/> <hr/>

There were no employees during the period. Management, development, treasury and administrative services have been provided by the University of Sunderland and £1,850 (2020:£1,850) was recharged to the charity as office running costs in respect of this.

4 Expenditure on charitable activities

The total support cost attributable to charitable activities is apportioned pro rata to the value of grants awarded. All governance costs were unrestricted (2020: all).

	Grants: student £	Grants: staff £	Grants: University £	Total 2021 £	Total 2020 £
Grants	98,956	5,000	24,009	127,965	104,627
Support and governance costs:					
Preparation of accounts	-	-	2,000	2,000	2,000
Audit fee	-	-	7,200	7,200	7,380
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	98,956	5,000	33,209	137,165	114,007
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Grants: student represent grants provided by the Trust to students of the University of Sunderland.

Grants: staff represent grants provided by the Trust to the employees of the University of Sunderland.

Grants: University represent grants provided by the Trust to the University of Sunderland.

There were no employees during the period. Accountancy services have been provided by the University of Sunderland and £2,000 (2020: £2,000) was recharged to the charity in respect of this.

The auditor's remuneration of £7,200 (2020: £7,380) related solely to the external audit. No non-audit services were provided by the External Auditors. Audit fees are shown inclusive of VAT.

5 Fixed asset investments

Movement in fixed asset investments	2021	2020
	£	£
Existing fixed asset investments at 1 August	2,256,496	2,277,820
Fixed asset investments purchased at cost	47,963	651,133
Fixed asset investments donated at market value	-	-
Net gain/(loss) on market value of investments	390,527	27,094
Fixed asset investment disposals	(41,269)	(699,551)
 Market value at 31 July	 <u>2,653,717</u>	 <u>2,256,496</u>

The fixed asset investments held at 31 July 2021 stated at their market value were:

	2021	2020
	£	£
St. James's Place Wealth Management Trustees Bond	-	37,888
CCLA COIF Charities Investment Fund	1,768,498	1,522,151
Brewin Dolphin Limited	885,219	696,457
 Market value at 31 July	 <u>2,653,717</u>	 <u>2,256,496</u>

All fixed asset investments are classified as assets within the United Kingdom.

All fixed asset investments are stated at their fair value at 31 July 2021. Valuations are supplied by the external investment managers, Brewin Dolphin Limited, and CCLA Fund Managers Limited. All fixed asset investments are listed on a recognised stock exchange.

The significance of financial instruments to the ongoing financial sustainability of the Trust is considered in the financial review and investment policy and performance sections of the Trustees' Annual Report.

The main risk to the Trust from financial instruments lies in uncertain investment markets. Interest rates have remained low impacting on yields. Equities markets have fluctuated due to the Covid-19 pandemic and now as restrictions are reduced UK and International indices are showing an improvement. The Trust manages investment risks by retaining expert advisers, and it does not make use of derivatives or similar complex financial instruments.

University of Sunderland Development Trust
(Registered charity number: 1041658)

6 Debtors

	2021 £	2020 £
Accrued interest	16,002	17,106
Gift aid recoverable	9,043	-
	<u>25,045</u>	<u>17,106</u>

7 Creditors

	2021 £	2020 £
Amounts due to University of Sunderland	3,850	7,700
Accruals	7,200	7,200
Accrued grants payable to students	35,629	47,033
	<u>46,679</u>	<u>61,933</u>

8 Analysis of funds

Restricted funds relate to donations received which the donor has requested to be applied in support of specific activities or academic departments of the University.

Analysis of fund movements for the year ended 31 July 2021

	Opening fund balance £	Incoming resources £	Outgoing resources £	Gains and losses £	Closing fund balance £
Unrestricted	409,413	51,248	(46,097)	64,395	478,959
Restricted	437,473	430,585	(75,415)	79,785	872,428
Endowment	1,560,997	67,476	(23,414)	246,347	1,851,406
	<u>2,407,883</u>	<u>549,309</u>	<u>(144,926)</u>	<u>390,527</u>	<u>3,202,793</u>

Analysis of fund movements for the year ended 31 July 2020

	Opening fund balance £	Incoming resources £	Outgoing resources £	Gains and losses £	Closing fund balance £
Unrestricted	416,997	15,041	(12,966) -	9,659	409,413
Restricted	460,772	64,729	(105,000)	16,972	437,473
Endowment	1,500,000	41,567 -	350.84	19,781	1,560,997
	<u>2,377,769</u>	<u>121,337</u>	<u>(118,317)</u>	<u>27,094</u>	<u>2,407,883</u>

8 Analysis of funds (continued)

	Unrestricted	Restricted	Endowment	Total
	£	£	£	£
Fund balances as at 31 July 2021	478,959	872,428	1,851,406	3,202,793
Represented by:				
Fixed asset investments	403,637	481,582	1,768,498	2,656,305
Cash at bank and in hand	84,277	419,527	66,906	570,710
Debtors	3,095	5,948	16,002	25,045
Creditors	(12,050)	(34,629)	-	(46,679)
	<u>478,959</u>	<u>872,428</u>	<u>1,851,406</u>	<u>3,205,381</u>
Fund balances as at 31 July 2020	409,413	437,473	1,560,997	2,407,883
Represented by:				
Fixed asset investments	366,015	368,330	1,522,151	2,256,496
Cash at bank and in hand	58,237	115,046	22,931	196,214
Debtors	561	630	15,915	17,106
Creditors	(15,400)	(46,533)	-	(61,933)
	<u>409,413</u>	<u>437,473</u>	<u>1,560,997</u>	<u>2,407,883</u>

Permanent endowments relate to:

- A £1.5 million donation, which was donated by Helen McArdle CBE in 2019. The capital is to be held in perpetuity to generate income that will fund scholarships, prizes and PhD studentships, which are all restricted to nursing education and training, as specified within the permanent endowment agreement.
- A £20,000 donation, which was donated from the estate of Peter Rushton in July 2021 and had not yet been invested as at the financial year end.

Restricted funds include donations to:

Futures Fund - a fund set up to support students by providing access grants, bursaries and scholarships, as well as grants to alleviate student hardship and awards for initial career and personal development. This fund has accumulated to a high value over the years, and as such a selection of donors granted permission for their original donations to be designated to the wider unrestricted purposes of the Trust during the financial year. Furthermore the Trustees have increased the value of the awards available to students under this fund.

Silver Fund - set up in 2016/17 to enhance and enrich the University, and the life of its students, with a resource which can be allocated to priority areas, in line with the broader objectives of the Trust.

8 Analysis of funds (continued)

Hope Winch Benevolence Fund - The Hope Winch Society is the Alumni association for graduates from the University's School of Pharmacy. The fund was established to support Pharmacy and Pharmacology students who face financial hardship, and is supported by donations from Alumni.

Mike Davies Charitable Trust Scholarship Fund - A fund to provide scholarship opportunities to those students studying glass and ceramics and to provide a rolling programme of Master Class activity promoting excellence in the Arts. This fund is supported by a pledged gift over a 5 year period.

Sir Tom Cowie Young Innovators Fund – the Young Innovators programme, supports utilisation of the FabLab, at Hope Street XChange.

Sir Tom Cowie Scholarship Fund - The Cowie scholarship fund provides support for two excellence awards in the fields of education, engineering or business. This Fund is supported by a three year pledged gift from the Cowie Charitable Trust.

The Horace Robson Fund – This fund support students in the areas of Glass and Ceramics, Fine Art, Photography, and Curating and Foundation Courses, making annual awards to students undertaking a live project or opportunity which compliments their current studies, and to students undertaking Masters level of study.

University of Sunderland Building Projects –Income in this fund is transferred to the University of Sunderland to support various building projects within the University. In 2020/21, the building projects supported were the construction of the Cadaveric Facility and the Midwifery Teaching Facility.

The restricted funds balance of £872,428 (2020: £437,473) at the year-end, together with an analysis of movements on the restricted funds during the year, are as follows:

Movement on restricted funds	Opening fund balance £	Incoming resources £	Outgoing resources £	Transfers between funds £	Gains and losses £	Closing fund balance £
Futures Fund	360,001	16,179	(23,789)	(35)	79,785	432,141
Silver Fund	(316)	-	(2,850)	-	-	(3,166)
Hope Winch Benevolence Fund	33,434	18,911	(5,199)	-	-	47,146
Mike Davies Charitable Trust Scholarship Fun	30,494	15,000	(9,700)	-	-	35,794
Sir Tom Cowie Scholarship Fund	-	16,000	(23,821)	-	-	(7,821)
Horace Robson Fund	13,895	12,495	(8,056)	-	-	18,334
University of Sunderland Building Projects	-	335,000	-	-	-	335,000
Dovre	-	2,000	(2,000)	-	-	-
Vice Chancellor's Award	(35)	-	-	35	-	-
Archer Award	-	15,000	-	-	-	15,000
	437,473	430,585	(75,415)	-	79,785	872,428

8 Analysis of funds (continued)

The endowment funds balance of £1,851,406 (2020: £1,560,997) at the year-end, together with an analysis of movements on the endowment funds during the year, are as follows:

Movement on endowment funds	Opening fund balance	Incoming resources	Outgoing resources	Transfers between funds	Gains and losses	Closing fund balance
	£	£	£	£	£	£
McArdle endowment	1,560,997	47,476	(23,414)	-	246,347	1,831,406
Peter Rushton endowment	-	20,000	-	-	-	20,000
	1,560,997	67,476	(23,414)	-	246,347	1,851,406

9 Trustees remuneration

No Trustees were entitled to, or received, any remuneration or expenses for their services to the Charity during the year (2020: £nil).

10 Related Parties

The trust works closely with the University, from whom it received many services at no cost. In addition, the University benefits from the Trust, being the main beneficiary of its fundraising and grant making. The University is considered to be the ultimate controlling party of the Trust, and therefore the consolidated financial statements of the University include the results of the Trust. The purpose of the University is to provide higher education and further education, and to carry out and publish research. A number of the Trustees are or have been members of the University's Board of Governors. The Vice-Chancellor is an ex-officio member of the Board of Governors.

Mr S Keppie, Trustee, is employed as a Divisional Director by Brewin Dolphin Investment Management, with whom the Trust holds an investment valued at £885,219. Controls are in place with regard to conflicts of interest and Mr S Keppie was removed from discussions and decision-making relating to this investment. Mr S Keppie resigned as a Trustee in August 2021.

During the years ended 2020 and 2021 the Trust received the following donations from related parties:

Related party	Relationship	Purpose	2021 £	2020 £
Mr J Wood, CBE DL	Trustee	Donation to Covid-19 Emergency Hardship Fund	-	1,000
Mrs H McArdle, CBE	Family member of Trustee	Donation	5,000	-

Donations from Trustees are shown net of associated gift-aid claims, where applicable.
Grants are awarded to students of the University by reference to their eligibility for such support.

University of Sunderland Development Trust
(Registered charity number: 1041658)

The consolidated financial statements of the University are available on the University website www.sunderland.ac.uk or a copy can be obtained from:

University of Sunderland
Edinburgh Building
City Campus
Chester Road
Sunderland
SR1 3SD
Telephone +44 (0) 191 515 2463