

UNIVERSITY OF SUNDERLAND DEVELOPMENT TRUST

**REPORT AND
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 JULY 2022

Registered charity No. 1041658

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

Reference and administrative details

Trustees

Mrs M Fay CBE DL (appointed Chair 4 October 2021)
Hon J D A Ramsbotham, CBE DL
Sir D R Bell, KCB DL
Mr M McArdle, BEng (Hons)
Ms S Forster (Treasurer)
Mr A Hallimond (appointed 5 October 2021)
Mr S Keppie (resigned 31 August 2021)
Mr J Cuthbert, OBE DL (Chair– resigned 4 October 2021)
Mr J Wood, CBE DL (resigned 4 October 2021)

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 2022. 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 of the Trust

Trust 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.

Recruitment, appointment of Trustees

Trustees are recruited as required from the University of Sunderland'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 of the University and as to any additional number of Trustees, in the surviving or continuing Trustees (excluding any retiring Trustees).

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 and the Trust re-imburses the University for a proportion of these expenses. The University and its students are the beneficiaries of the Trust's grant-making activities.

Relationships with external bodies

The Trust is registered with the Fundraising 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.

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 financial year.

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.

Aims, Activities and Performance of the Trust

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.

Fundraising 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. Achievements and performance during the year are outlined below.

Achievements and Performance during the year

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. 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.
- **The Futures Fund:** 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. It aims to help students explore professional career paths, broaden their horizons, and empower Sunderland as a region, to build success and prosperity.
- **The Helen McArdle Nursing Scholarship programme** provides financial support to five student nurses each year. Each student will be able to receive £1,200 each year during their three-year course.
- **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.
- **The Mike Davies Scholars** supports five first year students embarking on a 'maker' course of undergraduate studies with a financial and mentoring package with Mike Davies CBE. Our first cohort of Scholars graduated in Summer 2022, all receiving first class honours.

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- **The Dovre Alumni Excellence Scholarship** Funded by our Norwegian alumni group 'The Dovre Alumni Community', this programme will award up to two annual scholarships of £1,000 per student. This opportunity is open to full time undergraduate students studying engineering related subjects.
- **Santander Universities UK** funds a variety of initiatives creating enhanced opportunities for both students and graduates to make the most of their higher education experience and to improve their employability prospects. Santander's financial support enables students to develop their entrepreneurial skills and launch their own businesses in conjunction with the established and successful programmes within the University's Centre for Enterprise and Innovation – Hope Street Xchange – on its city centre campus.
- **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 2021/22, the building projects supported were the construction of the Marie and Robert Bell Memorial Garden.

Other Scholarship and Award Funds

The Development and Alumni Office facilitates the award of additional scholarships to students of the University of Sunderland in line with the particular restrictions outlined by each benefactor. Projects supported included a £75,000 grant secured from the NE Local Enterprise Partnership's Project Development Accelerator Fund, to support the cost of consultancy reports assessing the viability of replacing the roof and reimagining the National Glass Centre. Our '*We Care at Christmas*' appeal ran for the second time in December 2021 helping the University's strategic widening participation goals to support care-experienced and estranged students at its Sunderland and London campuses raising over £10,000.

Financial Review 2021/22

Income from Donations

For the financial year ended 31 July 2022, donations of £116,250 were received. Although this is a reduction of £374,223 from the previous financial year, it should be noted that in 2020/21 there was a campaign to raise income of £335,000 specifically aimed to support the University's Cadaveric Facility and the Midwifery Facility.

The remainder of the decrease is due to several non-recurrent donations received in the previous financial year, such as income raised by the Hope Winch Centenary campaign (£10,000), the Archer donation (£12,000), and a £20,000 endowment from the estate of Peter Rushton.

To provide a more accurate comparison between years, it is necessary to remove the above non-recurrent items, from the income from donations in 2020/21. When this is done, the current financial year shows a small increase in income from donations of £2,777 (2%), when compared with the previous financial year. This demonstrates that the Trust maintains a reliable recurrent income stream in addition to the income generated from larger fundraising campaigns.

Expenditure

Expenditure on charitable activities has increased by £348,809 from the previous financial year. This is primarily due to the income of £335,000 raised in the previous financial year to support completion of the University's Cadaveric Facility and Midwifery Facility being awarded to the University in October 2021.

As with income, in order to make a true comparison of expenditure on charitable activities between the current and previous financial years, it is necessary to strip out the non-recurrent expenditure streams described above. When this is done, the increase in expenditure on charitable activities is £13,809 (10%). This is attributable to an increase in awards made to students to fund activities that were curtailed during the Covid-19 pandemic.

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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 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.

Investment income has increased by £4,209 from the previous financial year, which is due to improved returns from the investments held in the CCLA and in Brewin Dolphin. An endowment of £20,000 from the estate of Peter Rushton, which was received in July 2021, was added to the existing portfolio held with Brewin Dolphin, which has contributed to the increased return.

The fair value of investments held has declined during the financial year by £99,602. £79,965 of the decline is attributable to the investment held with Brewin Dolphin, whilst £19,637 relates to the investment held with the CCLA.

There is currently a significant decrease in market confidence caused by a variety of factors, such as the the Russia-Ukraine war, worsening in supply chain issues originally caused by Covid-19; rising gas prices across Europe and rising inflation, thus decreasing household income in real terms and creating a “cost of living” crisis. Therefore, although the decline in the fair value of investments is disappointing compared to the increase in fair value of £390,527 seen in the previous financial year, the Trustees acknowledge that it is to be expected in the short term. It is also important to note that the reduction in fair value is an unrealised loss and because the investment strategy is to hold these funds long-term, there is no currently no adverse impact on the Trust as a result of this. The Trustees are cautiously optimistic that the value of investments will stabilise and improve over the longer-term.

Overall Financial Position

The overall result for the year is a net loss on funds of £414,417, in comparison to the net gain in funds of £794,910 recorded in the previous financial year. This is mainly due to the disparity between the receipt of the income from donations relating to the Cadaveric Facility and Midwifery Facility in the previous financial year and the awarding of these funds to the University of Sunderland in the current financial year.

When the non-recurrent transactions are removed from the respective financial years, the result is a net loss of £79,417 in the current financial year, compared with a net gain of £417,910 in the previous financial year. The decline in the overall result of £497,327 between the current and previous financial year is primarily due to the change in unrealised movement in investments described above and therefore does not impact on the ability of the Trust to continue to meet its charitable objectives.

Overall, the financial performance of the Trust is positive and comparable with the previous financial year, demonstrating the Trust’s resilience and providing confidence in the ability of the Trust to meet its charitable objectives.

Investment policy

The Trust’s Investment Managers, currently CCLA and Brewin Dolphin, are instructed to produce the best financial return within an acceptable level of risk. The Trust holds assets to fund income and capital expenditure with the intention that existing 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.

The Trust's assets can be invested widely in accordance with the Trust’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.

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.

Supply chain problems caused by Covid-19 have been worsened by the Russia-Ukraine war and the latter has also contributed to rising gas prices across Europe. Along with rising inflation decreasing household income in real terms, these factors have contributed to a decline in market confidence, which negatively impacts the value of investments held. The Trust's investment strategy is to invest long-term and therefore the Trustees expect that the adverse impact on investments caused by current market conditions will be ameliorated in the long-term.

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.

External 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, Chair of Trustees

Date: 2 February 2023

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 2022 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes 1 to 11, 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 2022 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 the period to 31 July 2025.

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.

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.

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.

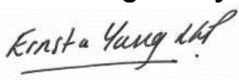
- We obtained an understanding of the legal and regulatory frameworks that are applicable to the charity and determined that the most significant are FRS 102 "The Financial Reporting standard applicable in the UK and Republic of Ireland", the Statement of Recommended Practice (SORP) 2019: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Charities Act 2011 and the Charities (Accounts and Reports) Regulations 2008;
- We understood how the University of Sunderland Development Trust is complying with those frameworks by enquiring of management and corroborating this to minutes of meetings of the trustees and other documentation.
- 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 non-compliance 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.

DocuSigned by:

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Statutory Auditor

Edinburgh

3 February 2023

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 2022

		Unrestricted funds £	Restricted funds £	Endowment funds £	Total funds 2022 £	Total funds 2021 £
	<i>Note</i>					
Income:						
Donations		46,256	69,994	-	116,250	490,473
Investment income		6,259	7,468	49,318	63,045	58,836
Total income	2	52,515	77,462	49,318	179,295	549,309
Expenditure:						
Cost of raising funds	3	(4,691)	(3,379)	(66)	(8,136)	(7,761)
Expenditure on charitable activities	4	(51,087)	(414,221)	(20,666)	(485,974)	(137,165)
Total expenditure		(55,778)	(417,600)	(20,732)	(494,110)	(144,926)
Net income/(expenditure) before gains and losses on investments		(3,263)	(340,138)	28,586	(314,815)	404,383
Net gain/(loss) on investments	5	(35,661)	(42,547)	(21,394)	(99,602)	390,527
Transfers between funds	8	-	-	-	-	-
Net movements in funds	8	(38,924)	(382,685)	7,192	(414,417)	794,910
Reconciliation of funds:						
Total funds brought forward	8	478,959	872,428	1,851,406	3,202,793	2,407,883
Total funds carried forward	8	440,035	489,743	1,858,598	2,788,376	3,202,793

All operations are continuing.

University of Sunderland Development Trust
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Balance Sheet
As at 31 July 2022

		2022	2021
		£	£
	<i>Note</i>		
Fixed assets			
Investments	5	2,581,734	2,653,717
Current assets			
Debtors	6	16,403	25,045
Cash at bank and in hand		<u>232,786</u>	<u>570,710</u>
		249,189	595,755
Creditors: amounts falling due within one year	7	<u>(42,547)</u>	<u>(46,679)</u>
Net current assets		<u>206,642</u>	<u>549,076</u>
Total net assets		<u><u>2,788,376</u></u>	<u><u>3,202,793</u></u>
Funds			
Unrestricted funds		440,035	478,959
Restricted funds		489,743	872,428
Endowment funds		<u>1,858,598</u>	<u>1,851,406</u>
	8	<u><u>2,788,376</u></u>	<u><u>3,202,793</u></u>

The notes at pages 14 to 23 form part of these accounts.

Approved by the Trustees and signed on their behalf by

Trustees Signature 

Name & Position Margaret Fay, Chair of Trustees

Date 2 February 2023

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 Trust continues to have a steady income stream supported by “regular giving” donations, alongside plans in place for future fundraising campaigns, which will create larger, “one-off” donations to support specific initiatives.

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 2025, show a closing cash balance of £221k, 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 2025.

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.

Expendable endowments are held as a capital fund to generate income, until the Trustees decide to expend it. At the point at which the Trustees exercise the power to spend or apply the capital of the expendable endowment, the relevant funds become unrestricted funds or restricted income funds depending on whether the terms of the gift permit expenditure for any of the Trust's purposes, or only for specific purposes.

2 Income

In total, donations for the year were £116,250 (2021: £490,473), of which £69,994 was restricted (2021: £424,701); £46,256 was unrestricted (2021: £45,772); and £nil (2021: £20,000) was in the form of an endowment.

Investment income totalled £63,045 (2021: £58,836), of which £7,468 (2021: £5,884) was restricted; £6,259 (2021: £5,476) was unrestricted; and £49,318 (2021: £47,476) was from endowment funds.

3 Cost of raising funds

	2022	2021
	£	£
Office running costs	1,850	1,850
Investment Manager Fees	6,163	5,859
Bank charges	123	52
	<hr/>	<hr/>
	8,136	7,761
	<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 (2021: £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 (2021: all).

	Grants:	Grants:	Grants:	Total	Total
	student	staff	University	2022	2021
	£	£	£	£	£
Grants	104,594	3,523	368,057	476,174	127,965
Support and governance costs:					
Preparation of accounts	439	15	1,546	2,000	2,000
Audit fee	1,713	58	6,029	7,800	7,200
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	106,746	3,596	375,632	485,974	137,165
	<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.

4 Expenditure on charitable activities (continued)

There were no employees during the period. Accountancy services have been provided by the University of Sunderland and £2,000 (2021: £2,000) was recharged to the charity in respect of this.

The auditor's remuneration of £7,800 (2021: £7,200) related solely to the external audit. No non-audit services were provided by the External Auditors. Audit fees are shown inclusive of irrecoverable VAT.

5 Fixed asset investments

Movement in fixed asset investments	2022	2021
	£	£
Existing fixed asset investments at 1 August	2,653,717	2,256,496
Fixed asset investments purchased at cost	33,848	47,963
Net gain/(loss) on market value of investments	(99,602)	390,527
Fixed asset investment disposals	(6,229)	(41,269)
 Market value at 31 July	 <u>2,581,734</u>	 <u>2,653,717</u>

The fixed asset investments held at 31 July 2022 stated at their market value were:

	2022	2021
	£	£
CCLA COIF Charities Investment Fund	1,748,862	1,768,498
Brewin Dolphin Limited	832,872	885,219
 Market value at 31 July	 <u>2,581,734</u>	 <u>2,653,717</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 2022. 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. Supply chains problems caused by Covid-19 have been worsened by the Russia-Ukraine war; rising gas prices across Europe; and rising inflation decreasing household income in real terms,

5 Fixed asset investments (continued)

are all contributing to adverse market conditions, which has caused the unrealised loss in investments held.

The Trust's investment strategy is to invest long-term and therefore the Trustees expect that the unrealised loss will be reversed in the future, when markets improve.

The Trust manages investment risks by retaining expert advisers, and it does not make use of derivatives or similar complex financial instruments.

6 Debtors

	2022	2021
	£	£
Accrued interest	16,403	16,002
Gift aid recoverable	-	9,043
	<u>16,403</u>	<u>25,045</u>

7 Creditors

	2022	2021
	£	£
Amounts due to University of Sunderland	11,050	3,850
Accruals	7,800	7,200
Accrued grants payable to students	23,697	35,629
	<u>42,547</u>	<u>46,679</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 2022

	Opening fund balance £	Incoming resources £	Outgoing resources £	Gains and losses £	Closing fund balance £
Unrestricted	478,959	52,515	(55,778)	(35,661)	440,035
Restricted	872,428	77,462	(417,600)	(42,547)	489,743
Endowment	1,851,406	49,318	(20,732)	(21,394)	1,858,598
	<u>3,202,793</u>	<u>179,295</u>	<u>(494,110)</u>	<u>(99,602)</u>	<u>2,788,376</u>

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>

	Unrestricted £	Restricted £	Endowment £	Total £
Fund balances as at 31 July 2022	<u>440,035</u>	<u>489,743</u>	<u>1,858,598</u>	<u>2,788,376</u>

Represented by:

Fixed asset investments	371,425	443,149	1,767,160	2,581,734
Cash at bank and in hand	89,710	68,041	75,035	232,786
Debtors	-	-	16,403	16,403
Creditors	(21,200)	(21,447)	-	(42,547)
	<u>440,035</u>	<u>489,743</u>	<u>1,858,598</u>	<u>2,788,376</u>

Fund balances as at 31 July 2021

	<u>478,959</u>	<u>872,428</u>	<u>1,851,406</u>	<u>3,202,793</u>
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>

8 Analysis of funds (continued)

Endowment funds relate to:

- A £1.5 million permanent endowment, 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. The endowment is now valued at £1.84 million.
- A £20,000 expendable endowment, which was donated from the estate of Peter Rushton in July 2021 and was invested with Brewin Dolphin in March 2022. The value of the fund remaining at 31 July 2022 is £18,365.

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.

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, and in 2021/22 two awards of £325,000 and £10,000 were made to the University to fund the completion of these facilities, resectively.

8 Analysis of funds (continued)

The movement on restricted funds are as follows:

Movement on restricted funds	Opening fund balance	Incoming resources	Outgoing resources	Gains and losses	Closing fund balance
	£	£	£	£	£
Futures Fund	432,141	10,681	(30,954)	(42,547)	369,321
Silver Fund	(3,166)	10,000	(3,766)	-	3,068
Hope Winch Benevolence Fund	47,146	4,681	(2,000)	-	49,827
Mike Davies Charitable Trust Scholarship Fun	35,794	15,100	(16,800)	-	34,094
Sir Tom Cowie Memorial Scholarship Fund	(7,821)	20,000	(16,000)	-	(3,821)
Horace Robson Fund	18,334	5,000	(8,080)	-	15,254
University of Sunderland Building Projects	335,000	-	(335,000)	-	-
The Dovre Alumni Excellence Scholarship	-	2,000	(2,000)	-	-
Emeli Sande Award	-	10,000	-	-	10,000
Archer Award	15,000	-	(3,000)	-	12,000
	872,428	77,462	(417,600)	(42,547)	489,743

The endowment funds balance of £1,858,598 (2021: £1,851,406) 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	Gains and losses	Closing fund balance
	£	£	£	£	£
McArdle endowment	1,831,406	49,196	(20,732)	(19,637)	1,840,233
Peter Rushton endowment	20,000	122	-	(1,757)	18,365
	1,851,406	49,318	(20,732)	(21,394)	1,858,598

9 Trustees remuneration

No Trustees were entitled to, or received, any remuneration or expenses for their services to the Charity during the year (2021: £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 £832,872. 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.

10 Related Parties (continued)

During the years ended 2021 and 2022 the Trust received the following donations from related parties:

Related party	Relationship	Purpose	2022 £	2021 £
Mrs H McArdle, CBE	Family member of Trustee	Donation	-	5,000
Sir D R Bell KCB, DL	Trustee	Donation	10,000	-

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.

11 Events after the reporting date

In December 2022 and January 2023, a major donation of £1,477,500 was received by the Trust, which will be recognised in income for the year ending 31 July 2023.

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