

THE UNIVERSITY OF NEWCASTLE UPON TYNE DEVELOPMENT TRUST
and other related charities



TRUSTEES' REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021

Charity Commission No: 528066

THE UNIVERSITY OF NEWCASTLE UPON TYNE DEVELOPMENT TRUST and other related charities

Trustee Report and Accounts for the Year Ended 31 March 2021

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Trustee Report and Accounts for the Year Ended 31 March 2021

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2021

The Trustees present their report along with the audited accounts of the Trust for the year ended 31 March 2021.

REFERENCE AND ADMINISTRATIVE INFORMATION

Status	The University of Newcastle upon Tyne Development Trust is a Charity registered with the Charity Commission (No. 528066)
Address	Finance & Planning Newcastle University King's Gate Newcastle upon Tyne NE1 7RU
Trustees	<p>The Trustees of the Charity in office at the date of the approval of the financial statements were:</p> <p>Mrs HA Parker (Chair) Professor D Burn* Mr W Connolly * Professor CP Day (Vice Chancellor) Mrs VS Johnston * Mr DG Jennings (Honorary Treasurer) Mr N Swales</p> <p>* Appointed by the Council of Newcastle University</p>
Trust Manager	Ms FJ Watson

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REFERENCE AND ADMINISTRATIVE INFORMATION (continued)

Independent Auditors	Ernst & Young LLP Atria One, 144 Morrison Street, Edinburgh EH3 8EX	Solicitors	Wrigleys Rotterdam House 116 Quayside Newcastle upon Tyne NE1 3DY
Bankers	CAF Bank Limited 25 Kings Hill Avenue Kings Hill West Malling Kent ME19 4JQ	Charity Deposit Platform	Flagstone Investment Management 1st Floor Clareville House 26-27 Oxendon Street London SW1Y 4EL
Investment Managers	Aon Investments Limited The Aon Centre The Leadenhall Building 122 Leadenhall Street London, EC3V 4AN	Investment Custodians	The Bank of New York Mellon One Canada Square London E14 5AL

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STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The Trust was established for the benefit of the University of Newcastle upon Tyne and is governed by a Deed dated 10 May 1972.

Appointment of Trustees

The Trust Deed allows for a minimum of six and a maximum of twelve Trustees. The Trustees, who were in post at 31 March 2021 and at the date of this report are set out on page 3. Mr S Dobson retired as a Trustee on 30 June 2020 and Mr PV Woods retired as a Trustee on 18 March 2021. Mr DG Jennings was appointed as a Trustee on 1 October 2020 and became Honorary Treasurer on the retirement of Mr PV Woods. The Vice-Chancellor of the University is an ex-officio Trustee. The Council of the University appoints up to four of the total number of Trustees, excluding the Vice-Chancellor, and at the date of this report three of these posts were filled. The remaining non ex-officio Trustees are recruited from individuals recommended by the existing Trustees. No Trustees, whether ex-officio or non-ex-officio, receive benefits from the Trust in their capacity as Trustees other than occasional out of pocket expenses. Under the Trust Deed, Trustees may serve two consecutive three-year terms of office. They can be nominated to serve further terms but only after one year has elapsed from the date of the termination of their previous appointment. Mrs HA Parker and Prof D Burn are currently serving their second consecutive term of office.

Trustee induction and training

On appointment, new Trustees receive an induction pack and are offered the opportunity to attend relevant courses. The induction pack contains, inter alia, copies of: the Trust Deed, the Trustee Act 2000 Policy Statement, the Trust Risk Register, the last two sets of the Trustees' Report and Accounts, minutes of recent Trustee meetings and Sub-Committee meetings, and the Charity Commission booklet "The Essential Trustee". During their term of office Trustees are encouraged to attend courses and conferences appropriate to their roles.

Organisational structure and decision making

Trustees' Meetings are held twice each year and at such other times as the administrative requirements of the Trust dictate. An Investment Sub-Committee holds meetings at least twice each year with the Investment Manager and there were five meetings during the year ended 31 March 2021. The Sub-Committee is chaired by the Honorary Treasurer (Mr PV Woods and subsequently Mr DG Jennings). Mrs HA Parker and Mr N Swales are also Trustee members and Mr S Dobson was a member until his retirement on 30 June 2020. The meetings are attended by the Trust Manager and the University Executive Director of Finance. The Sub-Committee reports to the full Board of Trustees twice each year. The Trustees form additional sub-committees in cases where the administration of endowments warrants them and such committees all report to the full Board of Trustees.

There are currently sub-committees involved in the administration of the WE Harker Foundation, the Randerson Foundation, the Robinson Library and Marjorie Robinson Bequest Funds. The award of studentships from the Harker and Randerson Foundations is carried out by the University Faculty of Medical Sciences Post Graduate Research Committee and Ms FJ Watson attended their meeting in January 2021 to represent the Trust. The Robinson Library/Marjorie

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Organisational structure and decision making (continued)

Robinson Bequest Sub-Committee was chaired by Mrs HA Parker during the year, with Mr PV Woods and Mr DG Jennings also Trustee members. Ms JN Catterall was the Trust Manager until her retirement in October 2020, at which time Ms FJ Watson assumed the role. The Trust Manager is employed on a part-time basis. The Trust's accounts are prepared by the University's Finance Office and the Trust Manager.

Related party

The Trust is a registered charity, independent of the University. The Trust holds funds received from donors for the benefit of the University, but only distributes these funds to the University after checking compliance with the donors' wishes.

Risk Management

The Trustees have considered the major risks to which the Trust is exposed and have reviewed those risks and established systems and procedures to manage those risks.

The Trustees consider poor performance and variability of investment returns on the endowments to constitute the Trust's primary financial risk, compared to our target long term real rate of return of 4.5% p.a. The extreme volatility in world stock markets in recent years has demonstrated this risk. In March 2021 the Trustees agreed to take action to change its fund management arrangements in order to enhance its investment in funds demonstrating Environmental, Social and Governance credentials; whilst mitigating its exposure to the equities market by investing in two alternative diversifier strategies. Details of these transactions are listed below in the Financial Performance section. The funds continue to be managed by Aon Solutions UK Limited (formerly HRMSL and Aon Investment Limited) during the year of account, with scrutiny and oversight of their performance being undertaken by the Investment Sub-Committee.

In addition, the endowments are managed on a total return basis, as explained in the section headed 'Financial Review: Investment Policy and Objectives'. The Trustees consider the use of the total return approach stabilises the resources available for making grants to the University.

The Trustees considered the main operational risk to be associated with the transfer of the administration of the Trust, following the planned departure of the very experienced and knowledgeable Trust Manager, who is the sole employee of the Trust. To manage this risk a detailed Procedures Manual was prepared, members of the University Finance Department were involved in certain aspects of the Trust administration and accounts preparation, and an extensive and thorough handover was facilitated between the outgoing and incoming Trust Managers. The Trustees review these risks and other subsidiary risks identified in the Risk Register on an ongoing basis and satisfy themselves that adequate systems and procedures are in place.

OBJECTIVES AND ACTIVITIES

Public Benefit

Following the introduction of provisions regarding public benefit in the Charities Act 2011, the Trustees have reviewed the objectives and activities of the Trust in

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Public Benefit (continued)

the context of the published guidance on public benefit produced by the Charity Commission. The Trustees consider that the objectives and activities of the Trust comply with this guidance and that, specifically, they support the University in the advancement of education and medical research for the public benefit.

Objects

The Trust was established to raise, receive and administer funds for the benefit of the University. The objects of the Trust remain as defined in the original Trust Deed: "such purposes as are exclusively charitable according to the Law of England and Wales and are deemed to further the work of the University."

The role of fundraising was assigned to the University Development and Alumni Relations Council on its creation in 2003. With the growth of the University Development Office, now called the Advancement Office, and the dissolution of the Development and Alumni Relations Council, fundraising is now led by the Advancement Team. As provided in the Trust Deed, all funds are held solely for the benefit of the University. Grants are not made to any other individuals, organisations or charities.

Aims

The long term aims of the Trust are:

- To receive and invest donations to support the goals of the University and to distribute the funds to the University, within the context of the wishes of the donors and in accordance with Charity Law.
- To maximise the benefit derived from those donations received, through the effective and efficient management and investment of funds.

Main objectives for the period

The Trust's main objectives for the year ended 31 March 2021 were as follows:

- To implement the strategy determined by the Trustees following their Strategy Review meeting in September 2019 and subsequent Trustees' meeting in January 2020. This particularly focusses on increasing levels of distributions from the Trust to the University.
- To work with the University to identify where the Trust can provide additional financial support to ease the impact of Covid 19 on the University's resources for the 2020/21 academic year. In particular, the Trustees will consider the application of previously unapplied total return from the Trust's permanent endowments.
- To continue to monitor closely the performance of the Investment Manager, especially in view of the turbulence in the markets as a result of the Covid 19 pandemic.
- To continue with the review of individual Endowments that support posts and, where appropriate, to explore potential opportunities for realignment with the current needs of the University, through discussions with donors and the Charity Commission.
- To continue with the implementation of the recommendations from the Governance Review so that the Trustees can better demonstrate that the Trust is meeting the Charity Commission's requirements.
- To recruit at least two new Trustees.
- To appoint a replacement Trust Manager to ensure the continuity of the administration of the Trust.

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Strategy to deliver objectives

- Work with the University to determine the best focus for increased distribution
- Request a proposal from the University for additional support for the 2020/2021 academic year, for areas impacted by the Covid 19 pandemic.
- Review with the Investment Manager, at the six monthly Investment Sub-Committee meetings, the investment performance of the Endowment Funds and report the discussions to the full Trustees' meetings.
- The Investment Sub-Committee to consider the use of CPI and decide whether to make a proposal to the full Board to amend the target return.
- The Investment Sub-Committee to consider alternative methods of calculating distributions in the light of the outcome of the Trustees' strategy review.
- Continue discussions with the University, donors and the Charity Commission to update endowment names and objects where necessary.
- The Governance Sub-Committee to progress the implementation of the recommendations arising from the Governance Review.

ACHIEVEMENTS AND PERFORMANCE

- The Trust's funds have been invested to achieve a level of total return which has enabled the Trust to maintain the distribution rate of 4.5% of Fund value at the beginning of the year to the University, as well as to maintain the value of the Fund in real terms.
- The total value of the Trust's charitable funds increased during the year by £8.958m from £52.236m to £61.194m. This change included costs of £0.051m (2020: £0.058m); distribution payments of £4.761m (2020: £2.174m) to the University; and new donations of £0.124m (2020: £4.257m). This compared with a decrease in total charity funds of £4,660m in the previous year. The significant change in the year was due to a large increase in the value of invested funds, from £49.538m to £56.178m. This capital movement of £6.639m was net of an investment gain of £13.640m and funds withdrawal of £7.001m.
- The stated objective of the Fund was to maintain the value of the funds in real terms and seek to outperform the composite benchmark by 1% or more. Further details are set out in the Financial Review section below.
- Funds have been distributed to the University twice during the period, in accordance with the donors' wishes.
- The Trustees encourage feedback from beneficiaries. The Trustees received a number of letters and reports from students who have received scholarships or bursaries from the Trust, all of which were very appreciative. Extracts from a few of these are included here:

"I would like to emphasise how grateful I am to be awarded this scholarship. The money I have been given has made a huge difference to me. I was able to buy the educational resources I needed for my course such as textbooks. I also bought a bicycle which has enabled me to travel to the university and also to explore Newcastle in my spare time. During the lockdown I was able to cycle to some nearby nature reserves and parks which helped me to get through in a positive way. Without the additional income that the scholarship provided me with over the past year I would not have been able to afford to buy these things. Because of the extra income I did not need to work during stressful examination periods which enabled me to get better results."

Charles Letts Scholar, studying Biomedical Sciences

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ACHIEVEMENTS AND PERFORMANCE (continued)

"This bursary really helps ease my parents' financial burden. And due to current situation, it is difficult for me to find a part time job so the bursary also helps me fully concentrate on my studies. It is a great encouragement that inspires me to keep working hard and moving forward. Besides, it also means a gentle reminder to me that there are always someone standing behind me, uplifting me, and supporting me. It really helps me stay positive especially in this difficult time." **Bursary recipient, studying Music**

- Following the Trustees' Strategy Day in 2019, and discussion at the Trustees' Meeting in January 2020, it was agreed that the Trust would fund 100% of the cost of posts supported by the Trust over the next 3 to 5 years, starting in 2020/2021.
- Despite the 31 March 2020 valuation being abnormally low, the Trustees worked with the University to achieve a higher level of distribution to support the University and accelerate the delivery of benefits from use of the charitable funds in line with the objectives of the donors. This included additional support for the Robinson Library (£1.3m with a further £0.5m pledged for 2021/2022) and the pledged funds to create a fund to support Postgraduate Research Students who needed to extend their time at the University as a result of the Covid 19 pandemic.
- In last year's accounts the need to recognise the potential for volatility was highlighted. The adverse impact of the Coronavirus pandemic on the world's economy resulted in a significant reduction in the value of the Trust's investments as at 31 March 2020. Since then the value of our investment funds has recovered to significantly above the drop caused by the impact of Covid 19. It is likely that volatility will continue as the economies around the world seek to recover from the impact of the pandemic and markets react to new economic information.
- The implementation of the recommendations from the Governance Review has continued during the year, including amongst other matters, the completion of the Trustees' Skills audit.

FINANCIAL REVIEW

Introduction and Principal Funding Sources

As background, all the funds held by the Trust are applied for specific purposes in connection with the University's work. Accordingly, it is the Trustees' aim to invest these funds to maximise the total return (capital and income) from the funds, in accordance with prudent investment principles. This maximises the payments that can be made to the University whilst aiming to preserve the real value of the funds. Thus, the principal funding sources for the Trust are investment income and realised and unrealised gains and losses on investments. During the year there was no direct investment income received in respect of funds held with the Aon Adept Funds, as income from these funds is accumulated.

In addition, the Trust receives donations and gifts which are designated for particular University purposes. As previously indicated, however, the Trust is not engaged in fundraising and so has no direct control over the level of donations and gifts received. Legacies received in the year were as follows:

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Introduction and Principal Funding Sources (continued)

- In December 2020, the Trust received a further contribution of £0.100m to the Alice Stephenson Bequest for Cancer Research from Mrs Stephenson's estate, bringing the total received so far to £0.944m.
- In March 2021, the Trust received a further contribution of £0.0075m from the residuary estate of Miss Florence Mary Kirkby for the Thomas and Mary Kirkby Fund, in memory of her parents, to benefit such students and such disciplines at the University of Newcastle upon Tyne at the Vice-Chancellor's discretion. Bringing the total received so far to £1.6165m.
- The Trust was notified in March 2019 that it was the residuary beneficiary of the estate of Mrs Jean Foxcroft. The residuary estate was estimated at £1.5m and the funds were to be used to establish a fund, in memory of her late husband Sydney Foxcroft, to benefit teaching and research into heart disease and/or cancer, as determined by the Dean of Medicine at the University of Newcastle upon Tyne. £2.398m was received in May 2020 and was accrued in the 2019/2020 accounts. A further £0.016m was received in November 2020 bringing the total received to £2.414m. A proposal was made to fund new senior clinical academic posts, for 3 years, in congenital heart disease, Liver cancer, and Cancer trials particularly in the older person.

Nature of the funds held

All but one of the funds have been given by donors for specific "ring-fenced" purposes and are typically utilised to support the salary costs of individual posts such as Chairs and Lectureships and also to support student-related scholarships and awards in various academic Schools within the University. The largest Fund, the Marjorie Robinson Bequest, was given for the benefit of the Library. Funds have usually been received in response to specific appeals, or in the form of bequests for the benefit of particular aspects of the University's teaching or research.

There were 106 Funds held at 31 March 2021 which were categorised as follows:

Permanent Endowment	24
Expendable Endowment	48
Restricted Income WITH Endowment	31
Restricted Income NO Endowment	2
Unrestricted	1
	<hr/>
	106

It can be seen that, similar to the Endowments, all but one of the Income Funds are Restricted, i.e. donors have given directions as to how the monies are to be spent. In the case of Restricted Income Funds which are linked to Endowments the Trustees do not seek to hold reserves but rather to hold income in a designated fund until detailed spending proposals have been received in order to be sure that expenditure fully complies with the terms of the Endowment. In the case of Restricted Income Funds which are not linked to an Endowment 2021: £0.038m (2020: £0.069m), monies have been received for expenditure over the short-term so have not been invested within the Trust's Endowment portfolio. The Trustees keep all Funds under review, receiving detailed reports twice each year, and take such action as is necessary to ensure that donors' conditions continue to be met.

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Results for the period

Following a large decrease in the value of the Trust's investment funds in 2020 of £7.078m, the value of equities improved significantly in 2021 as governments across the world addressed the financial fall out of Covid 19 resulting in a substantial investment gain of £13.640m. However, this is in the context of uncertainty in global economies and financial markets.

The Trust's investment portfolio delivered a considerable return of 28.5% in the year (2020: -11.9%) net of fees deducted in the period. This was 4.3% better than the composite benchmark return of 24.2% and 3.3% better than the target return, to outperform the composite benchmark by 1% or more.

During the financial year 2020/21 the investment funds were held in two main funds, with any uninvested funds held in a cash account. The primary investment was in a Global Equities Fund (Adept 26), with the remainder in a Diversified Absolute Return Fund (Adept 24).

However, as disclosed in last year's Annual Report, Trustees have been concerned for the past year about the relative underperformance of funds compared to our investment return target and compared to investment benchmarks. This risk is reflected in our risk register (see above) and was the subject of ongoing discussion with our Investment Managers, Aon Solutions UK Limited. As a result, we chose to change our spread of funds, with the initial changes (sales of fund units / purchase of new units) occurring between 31st March 2021 and 21st April 2021. The performance of Aon Solutions UK Limited was scrutinised by the Investment Sub-Committee during the year.

The year-end value of the funds is shown below together with their performance (net of fees) compared with their benchmark. The investment in new funds, completed in the subsequent financial year 2021/22, is shown further below for completeness.

Funds' Performance 2020/21

	Value 1.4.2020	Value 31.3.2021	% Holding at Year end	Change In year (includes redemption)	Absolute gain in the year	% Return (net of fees)	% Benchmark Return	Variation from Target Return*
	£m	£m	%	£m	£m	%	%	%
Adept 24: Absolute Diversified return	16.162	19.123	34.0	+2.961	0.950	+5.2	+3.0	+1.2
Adept 26: Global Equities	30.495	36.922	65.7	+6.427	12.688	+43.1	+38.4	+3.7
Cash	2.882	0.132	0.3	-2.750				
TOTAL	49.539	56.177	100	+6.638	+13.638	+28.5	+24.2	+3.3
<i>*being 1% above benchmark</i>								

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Results for the period (Continued)

Following significant falls in 2019/20, both funds showed noteworthy performances in 2020/21, achieving positive growth and outperforming the investment objective / target return by a good margin.

The Investment Sub-Committee, with Aon Solutions UK Limited, reviewed its investment options during 2020/21 and decided to both reinvest sums in the Global Equities Fund into a Global Impact Strategy Fund, emphasising the importance of Environmental, Social and Governance aspects of any Companies invested, whilst maintaining a minimisation of investment in tobacco; and also moving funds from the Absolute Diversified Return Strategy, which had performed poorly and failed to attract a breadth of investors, into two new diversified funds: a Diversified Absolute Returns Strategy, and a Diversified Alternatives Fund, both designed to reduce the Trustees exposure to volatility in the equities market. The trades associated with these changes took place between 31st March 2021 and 21st April 2021, and are summarised in the table below.

Value of Trustee's Aon Investment Holdings pre/post new Fund investment.

Fund	Value £m	Notes
Adept 26	36.922	Sales dates 31/3, 14/4, 20/4
Adept 24	19.123	Sales date 31/3
Cash	0.132	
Previous Total	56.177	
Global Impact Fund	39.869	Purchase dates 31/3, 14/4, 21/4
Diversified Alternatives Fund	5.738	Buy date 21/4/21
Active Diversifiers Strategy	11.190	Buy date 1/4/21
Cash	0.683	
New Total	57.480	
Difference	1.303	Being positive market movement £1.323m less implicit costs of £0.025m plus rebate of management fees

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Funds' Performance 2020/21 (continued)

The Trustees continue to recognise that the long-term objective of the portfolio delivering a real rate of return of 4.5% per annum is more challenging, particularly if RPI is used as a measure of inflation. This is currently under discussion. The measure of inflation is being reviewed including the option of moving to a CPI measure of inflation.

The Trustees agreed to make the distribution to the University at the planned rate of 4.5% in 2020/2021 and the distribution to the University for the year amounted to £2.295m (2020: £2.505m).

As a consequence of the above, and after absorbing the costs of the Trust, Total Funds increased by £8.958m during the year to £61.194m (2020: £52.236m). These are represented by Endowment Funds of £60.020m (compared to £50.993m at the beginning of the period) and Income Funds of £1.174m (compared to £1.242m at the beginning of the period).

Investment Policy and Objectives

Since 1994 the Trust has operated a total return policy (capital and income) for its Endowment Funds. This was formalised by the Charity Commission through a sealed order from 6 August 2003 onwards. The Charity Commission also formalised, through a sealed order, the Trust's pooling scheme from 24 October 2003 onwards. This scheme authorises the Trust to combine its individual Permanent and Expendable Endowment Funds into one pooled fund and, separately, to also combine its Income Funds into one pooled fund. The Charity Commission has also confirmed that the base date for the purpose of calculating the unapplied total return for the Permanent Endowment Funds can be the date on which donations have been received and the accounts have been prepared on this basis. The anticipated long term real rate of return from the Trust's Endowment Funds is 4.5% per annum. The annualised rate of 4.5% is unchanged from last year. The Investment Sub-Committee continues to monitor this rate closely in conjunction with the Investment Manager, in order to balance the needs of both present and future beneficiaries. This is to ensure that annual distributions from Permanent Endowments will not exceed the anticipated long term real rate of return.

This is derived from a combination of the benchmarks for each of the individual Adept Strategy Funds in which the assets are invested. The performance objective agreed with Aon is to outperform the Composite Benchmark by 1% or more per annum over the long term.

Distribution to the University

The total 4.5% distribution due for the year was £2.295m (2020: £2.505m) of which £1.350m (2020: £1.404m) was paid directly to the University as a contribution to salary costs, £0.891m (2020: £0.715m) transferred to the Income Funds pending spending plans being submitted to the Trust and a further £0.0054m (2020: £0.386m) of the distribution was reinvested due to vacant posts in the year or sufficient balances on Income Funds.

Charitable Expenditure

Actual expenditure relating to charitable activities of the endowments is the distribution paid to the University £1.350m (2020 £1.404m) and the accelerated payments agreed in the year of £2.440m (2020 £0.036m). The charitable expenditure of the income funds to the University, following agreement by the Trustees and approval of spending plans, in the year amounted to £0.971m (2020: £0.734m).

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Transfer between Funds

The distribution of £0.891m (2020 £0.715m) passed to the income funds relating to the distribution and an additional capital transfer of £0.010m (2020 £0.027m) from the Charles Letts endowment fund gives the total transfer between endowment funds and income funds of £0.901m (2020 £0.742m) in the year.

Reserves Policy

The Trust has a less well-developed Reserves Policy than many charities because of the “ring-fenced” nature of the majority of Funds it administers. In practice, should the income from a particular Fund prove insufficient to fully meet the costs of the designated area of activity within the University (e.g. the relevant academic salary), the University itself meets that shortfall from its own funds. The Trust holds an “Undesignated” Fund, valued at £0.005m (2020: £0.035m). £0.030 spend from undesignated funds in the year related to expenditure to the University ‘Covid 19 Recovery Fund’.

Going Concern

The Trustees are satisfied that preparation of the financial statements on the going concern basis is appropriate as they have reasonable expectation that the Trust will continue in existence for a period until at least 31 March 2023. This expectation is based on the level of funds held (£61m at 31 March 2021) and the fact that Newcastle University is the sole beneficiary of disbursements from the Trust. The value of Investments at 31 March 2021 was £56.2m and even if this valuation was to fall by 75%, this would reduce the number of years the Trust could make the annual disbursement to Newcastle University to four years, but it would not impact the immediate solvency of the Trust. The Trustees will always have the option to pause the distributions to the University should investments fall significantly and the funds not be available.

Trustee Policy Act Statement

The Trust's Trustee Policy Act Statement, is reviewed and approved annually. It includes detailed statements on:

- The Trust's aim in investing its Endowment Funds
- Balance between capital growth and income generation
- Investment powers and restrictions
- Consideration of risk
- The timing of payments to the University
- Social, environmental and ethical practices
- Review of the Policy Statement.

PLANS FOR FUTURE PERIODS

- To continue to liaise closely with the University as to their potential requirements for support over the short medium and long term with a view to developing a 5 year expenditure plan in conjunction with the Trustees stated aim to increase the annual level of support that the University receives from the Trust.

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PLANS FOR FUTURE PERIODS (continued)

- To continue to monitor closely the performance of the Investment Manager, especially in view of the turbulence in the markets as a result of the Covid 19 pandemic.
- To continue with the review of individual Endowments that support posts and, where appropriate, to explore potential opportunities for realignment with the current needs of the University, through discussions with donors and the Charity Commission.
- To continue with the implementation of the recommendations from the governance review so that the Trustees can better demonstrate that the Trust is meeting the Charity Commission's requirements.
- To recruit at least two new Trustees.

POST BALANCE SHEET EVENTS

The Trustees decided in 2020/21 to review the performance of the funds they have invested in, and the nature of those funds. In part this was to enhance investment return, but also to maximise the Environmental, Social and Governance aspects of any Companies invested in, whilst maintaining a minimisation of investment in tobacco. Trustees also decided to expand the number of funds which seek to reduce the Trustees exposure to volatility in the equities market (from one to two). All this was undertaken with the advice of the Trustees Investment Advisors, Aon Solutions UK Limited. The trades associated with these changes took place between 31st March 2021 and 21st April 2021, and are summarised in the Financial Review section of the Annual Report above.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations. The law applicable to charities in England and Wales requires the Trustees to prepare financial statements for each financial year. Under the law the Trustees have prepared the financial statements in accordance with 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. Under charity law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Trust and of net income or expenditure and application of resources of the Trust for that period.

In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Make judgments and estimates that are reasonable and prudent; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Trust will continue in operation

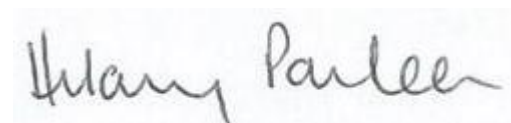
THE UNIVERSITY OF NEWCASTLE UPON TYNE DEVELOPMENT TRUST and other related charities
Trustee Report and Accounts for the Year Ended 31 March 2021

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2021

STATEMENT OF TRUSTEES' RESPONSIBILITIES (continued)

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Trust's transactions and disclose with reasonable accuracy at any time the financial position of the Trust and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the Trust Deed. They are also responsible for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Approved by the Trustees and signed on their behalf by:

A handwritten signature in dark ink, appearing to read 'Mary Parker', is written over a light blue rectangular background.

.....
Mrs HA Parker
Chair of Trustees

Date: 16 December 2021

THE UNIVERSITY OF NEWCASTLE UPON TYNE DEVELOPMENT TRUST and other related charities

Trustee Report and Accounts for the Year Ended 31 March 2021

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE UNIVERSITY OF NEWCASTLE UPON TYNE DEVELOPMENT TRUST

Opinion

We have audited the financial statements of The University of Newcastle upon Tyne Development Trust ("the Charity") for the year ended 31 March 2021 which comprise the Statement of Financial Activities for the year ended 31 March 2021, the Balance Sheet as at 31 March 2021, the Cash Flow Statement for the year ended 31 March 2021 and the related notes 1 to 18, including as 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 March 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 March 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.

THE UNIVERSITY OF NEWCASTLE UPON TYNE DEVELOPMENT TRUST and other related charities

Trustee Report and Accounts for the Year Ended 31 March 2021

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE UNIVERSITY OF NEWCASTLE UPON TYNE DEVELOPMENT TRUST

Other information

The other information comprises the information included in the Trustees' Report and Accounts for the year ended 31 March 2021, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained in the Trustees' Report and Accounts for the year ended 31 March 2021.

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 Statement of Trustees' Responsibilities statement set out on page 16, 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.

THE UNIVERSITY OF NEWCASTLE UPON TYNE DEVELOPMENT TRUST and other related charities

Trustee Report and Accounts for the Year Ended 31 March 2021

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE UNIVERSITY OF NEWCASTLE UPON TYNE DEVELOPMENT TRUST

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.

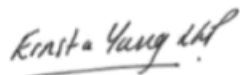
- We obtained an understanding of the legal and regulatory frameworks that are applicable to the charity and determined that the most significant are UK Financial Reporting Standard (FRS 102) and the Charities Statement of Recommended Practice, the Charities Act 2011 and the Charities (Accounts and Reports) Regulations 2008.
- We understood how the Charity 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 management override of control as our fraud risk.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved reviewing the schedule of transactions from which the financial statements have been prepared and testing all material transactions back to source documentation to confirm that the transactions were accounted for appropriately.

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.

THE UNIVERSITY OF NEWCASTLE UPON TYNE DEVELOPMENT TRUST and other related charities
Trustee Report and Accounts for the Year Ended 31 March 2021

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.



16 December 2021

Date.....

.....
Ernst & Young LLP
Edinburgh

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

THE UNIVERSITY OF NEWCASTLE UPON TYNE DEVELOPMENT TRUST and other related charities
Trustee Report and Accounts for the Year Ended 31 March 2021

STATEMENT OF FINANCIAL ACTIVITIES for the Year Ended 31 March 2021

	Notes	Unrestricted £'000	Restricted £'000	Endowment Funds £'000	2021 Total £'000	2020 Total £'000
Income and endowments from:						
Donations and legacies	3	-	-	124	124	4,257
Investments	4	-	2	4	6	2
Total		-	2	128	130	4,259
Expenditure on:						
Charitable activities		(30)	(941)	(3,789)	(4,760)	(2,174)
Other	5/6	-	-	(51)	(51)	(58)
Total		(30)	(941)	(3,840)	(4,811)	(2,232)
Net gain/ (loss) on investments		-	-	13,639	13,639	(6,687)
Net income / (expenditure)		(30)	(939)	9,927	8,958	(4,660)
Transfers between funds	7	-	901	(901)	-	-
Net movement in Funds		(30)	(38)	9,026	8,958	(4,660)
Reconciliation of funds:						
Total funds brought forward		35	1,207	50,994	52,236	56,896
Total funds carried forward	14/15	5	1,169	60,020	61,194	52,236

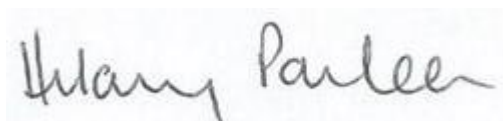
All incoming resources and resources expended are derived from continuing activities.

THE UNIVERSITY OF NEWCASTLE UPON TYNE DEVELOPMENT TRUST and other related charities
Trustee Report and Accounts for the Year Ended 31 March 2021

BALANCE SHEET as at 31 March 2021

	Note	2021 £'000	2021 £'000	2020 £'000	2020 £'000
Fixed assets					
Investments	8		56,178		49,539
Current assets					
Debtors	9	11		2,405	
Short - Term Liquid Investments		1,685		-	
Cash at bank and in hand		4,141		1,078	
Total Current Assets		5,837		3,483	
Creditors: Amounts Falling Due Within One Year	10	(821)		(786)	
Net Current Assets			5,016		2,697
TOTAL ASSETS LESS CURRENT LIABILITIES			61,194		52,236
The Funds of the Charity:					
Income Funds:					
Restricted Funds		1,169		1,207	
Unrestricted Funds		5		35	
Total Income Funds	11/14		1,174		1,242
Total Endowment Funds	11/15		60,020		50,994
TOTAL CHARITY FUNDS			61,194		52,236

The financial statements on pages 21-38 were approved by the Board of Trustees on 16 December 2021 and signed on its behalf by



Hilary Parker (Chair)



David Jennings (Honorary Treasurer)

THE UNIVERSITY OF NEWCASTLE UPON TYNE DEVELOPMENT TRUST and other related charities
Trustee Report and Accounts for the Year Ended 31 March 2021

CASH FLOW STATEMENT for the Year Ended 31 March 2020

	Note	Year Ended 31 March 2021		Year Ended 31 March 2020	
		£'000	£'000	£'000	£'000
Cash flows from operating activities:					
Net cash used in operating activities:	17		(2,259)		(77)
Cash flows from investing activities					
Interest from investments		6		-	
Proceeds from sale of investments	8	30,484		3,132	
Purchase of investments		(7,110)		-	
Change in cash and cash equivalents held in investments		(16,373)		(2,740)	
(Increase) in short term liquid investments		(1,685)			
Net cash provided by investing activities			5,322		392
Increase in cash and cash equivalents in the year			3,063		315
Cash and cash equivalents at 1 April			1,078		763
Cash and cash equivalents at 31 March			4,141		1,078

THE UNIVERSITY OF NEWCASTLE UPON TYNE DEVELOPMENT TRUST and other related charities

Trustee Report and Accounts for the Year Ended 31 March 2021

NOTES TO THE ACCOUNTS

ACCOUNTING POLICIES

1(a) Basis of Preparation

The accounts (financial statements) have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2015. The accounts (financial statements) have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16/07/2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn

A summary of the principal accounting policies, which have been applied consistently, is set out below:

1(b) Donations and Legacies

Donations, gifts and legacies are recognised when there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability.

1(c) Investment Income

Income for Restricted and Unrestricted Income Funds is allocated on the basis of actual interest receivable on the income fund bank accounts, in proportion to each income fund. There is no investment income for endowment funds.

1(d) Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

Charitable Activities - the costs identified as wholly or mainly attributable to achieving the charitable objects of the Trust, including direct staff costs, other direct costs, and apportioned support costs.

Other - includes investment management costs and all other costs relating to the general running of the Trust such as external audit fees, legal advice for Trustees, and the costs of meeting constitutional and statutory requirements.

Irrecoverable VAT is charged to the category of expenditure for which it was incurred.

THE UNIVERSITY OF NEWCASTLE UPON TYNE DEVELOPMENT TRUST and other related charities

Trustee Report and Accounts for the Year Ended 31 March 2021

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES (continued)

1(e) Payments to Newcastle University

Grants payable are recognised when payment is authorised.

(i) **Income Funds:** The Trust reimburses the University for expenditure incurred within the terms of the funds.

(ii) **Endowment Funds:** For the period ended 31 March 2020 payments were made out of the Endowment Funds which comprise 4.5 % of the endowment assets at 31 March 2019.

1(f) Income Funds

Income funds are classified as either **Restricted** or **Unrestricted** Income Funds:

(i) **Restricted Income Funds:** Donated for a specific purpose. There is no requirement to maintain the original level of the donation. These funds are further categorised:

'Income Funds **with** Supporting Endowments' - Income distributed from the endowments is placed on deposit pending approval of expenditure plans.

'Income Funds **with no** Supporting Endowments' - Funds donated with a definite purpose awaiting approval of expenditure plans.

(ii) **Unrestricted Income Funds** - These are funds which are donated with no specific purpose.

1(g) Endowment Funds

Endowments are held in a separate pool and are invested via an Investment Manager.

When monies are transferred to the Investment Manager they are deemed to acquire units within the investment pool. The total investment return is apportioned to each fund within the pool based on the number of units held.

Incoming resources comprise investment income, in the form of dividend income, and interest on the bank balances held by the investment Manager.

THE UNIVERSITY OF NEWCASTLE UPON TYNE DEVELOPMENT TRUST and other related charities

Trustee Report and Accounts for the Year Ended 31 March 2021

NOTES TO THE ACCOUNTS

1(g) Endowment Funds (continued)

Expenditure relating to Endowment Funds is the distribution made to the University, at a rate approved by the Trustees, currently 4.5% per annum, and a proportion of the investment management charges.

If the Endowment is restricted to a particular post within the University and that post is vacant the University does not receive a distribution until the post is filled. The distribution during the vacant period is capitalised i.e. used to purchase an equivalent portion of units for the particular endowment.

Endowment funds are categorised as either **Permanent** or **Expendable**:

(i) Permanent - Funds from which only unapplied total return can be spent.

(ii) Expendable - Funds which can be spent entirely, but only with the approval of the Trustees.

1(h) Fixed Asset Investments

Fixed asset investments are shown in the financial statements at their market value at the balance sheet date. The resulting unrealised surplus or deficit is credited or debited to the fund account through the movement of the funds in the Statement of Financial Activities. The AIL Adept Funds are valued at the net asset value at the balance sheet date

2. RELATED PARTY TRANSACTIONS AND TRUSTEES' REMUNERATION

Trustees have not received, and are not entitled to receive remuneration for their services (2019: £nil). No Trustees have reclaimed any expenses in the period (2019: £nil). The ultimate controlling party of the Trust is considered to be the Trustees.

3. DONATIONS AND LEGACIES

Income from donations and legacies in the year amounted to £124,000 (2020: £4,257,000). The donations in the year were contribution to the following existing expendable endowments: Foxcroft Estate (£16,000), Alice Stephenson Bequest for Cancer Research (£100,000) and Thomas and Mary Kirby Fund (£8,000)

4. INVESTMENT INCOME

	2021	2020
	£'000	£'000
Bank interest	6	2

There is no direct investments income in 2021 relating to the Trust investments with AIL as these funds are accumulating income funds.

THE UNIVERSITY OF NEWCASTLE UPON TYNE DEVELOPMENT TRUST and other related charities

Trustee Report and Accounts for the Year Ended 31 March 2021

NOTES TO THE ACCOUNTS

5. INVESTMENT MANAGEMENT COSTS

	2021	2020
	£'000	£'000
Majedie Asset Management	-	13

The investment fees for Aon are deducted directly from the investment funds. In 2021 these are the sole investment charges. The fees charged relating to Aon for 2021 are estimated at £108,000 (2020:£119,000). In 2020 Investment fees for Majedie Asset Management were £13,000 and and therefore the total investment charge in 2020 equals £132,000.

6. ANALYSIS OF GOVERNANCE COSTS

	2021	2020
	£'000	£'000
Wages and salaries	13	16
Social security costs	1	2
Office costs	20	13
Audit Fees	15	13
Insurance	-	1
	49	45

The Trust had one direct employee in the current period in the year until October 2020 (2020: 1). There were no employees who received remuneration of £60,000 per annum or above during the period. No provision has been made for holiday pay accrual as this is deemed immaterial.

Office costs include a recharge from the University of £19,000 (2020: £9,000) for support services provided by Newcastle University finance and administrative staff. This includes a charge for Trust Management services provides by Newcastle University Advancement Office. All salary and office costs have been allocated to governance costs. None of the costs have been allocated to charitable activities as the role of fundraising has been assigned to the Advancement Office of the University.

7. TRANSFERS

	2021	2020
	£'000	£'000
Transfers from Endowment to Restricted Funds	901	742

The transfers from Endowment Funds to Restricted Income Funds relate to Endowments which have a Supporting Restricted Income Fund. Where the balance on an Income Fund is such that it is not anticipated that additional funds will be required for the next 18 months, funds cease to be drawn down from the Endowment, with the position of each Income Fund being reviewed every six months.

THE UNIVERSITY OF NEWCASTLE UPON TYNE DEVELOPMENT TRUST and other related charities
Trustee Report and Accounts for the Year Ended 31 March 2021

NOTES TO THE ACCOUNTS

8. INVESTMENTS

	2021	2020
	£'000	£'000
Market value at start of year - 1 April	49,539	56,617
Additions	7,110	-
Disposals	(30,484)	(3,132)
Investment gains / (losses)	13,640	(6,686)
Market value at end of year - 31 March	39,805	46,799
Movement in Investment Managers' Capital Accounts (cash)	16,373	2,740
Total Investments at end of year 31 March	56,178	49,539
Historical cost of quoted investments	55,372	30,494

The Trustees believe that the carrying value of the investments is supported by the underlying net assets of the individual funds.

ASSET ALLOCATION

	2021	2021	Control	2020	2020
	£'000	%	Ranges	£'000	%
Adept 24 - Diversified Absolute Return - HRMSL	-	0%	30-40%	16,162	33%
Adept 26 - Global Equities excl. tobacco) - HRMSL	36,922	66%	60-70%	30,495	62%
Cash & Equivalent : UK	19,256	34%	0-10%	2,882	5%
	56,178	100%		49,539	100%

On 31 March 2021 the Adept 24 fund was dissolved and associated cash in transit (£19,000,000) held with Aon Investment Limited.

9. DEBTORS

	2021	2020
	£'000	£'000
Donations Receivable	-	2,398
Investment Income Receivable	11	7
	11	2,405

There are no donations receivable at 31 March 2021. The balance of £2,398,000 due 31 March 2020 relates to a Bequest from the Estate of Mrs J A Foxcroft deceased, received May 2020.

THE UNIVERSITY OF NEWCASTLE UPON TYNE DEVELOPMENT TRUST and other related charities
Trustee Report and Accounts for the Year Ended 31 March 2021

NOTES TO THE ACCOUNTS

10 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£'000	£'000
Auditors	13	13
Newcastle University	808	773
	<u>821</u>	<u>786</u>

The amount owed to Newcastle University is made up of the final distribution for the year of 2021: £670,000 (2020: £747,000), an accelerated payment of £106,000 due to Newcastle University Library from the Marjorie Robinson Library Fund and the recharge for salary, social security costs and office costs for the year of £32,000 (2020: £26,000).

11. THE FUNDS OF THE CHARITY

Income Funds:

	2021	2020
	£'000	£'000
Opening balance as at 1 April	1,242	1,232
Incoming Funds	2	2
Expenditure	(971)	(734)
Net transfers to restricted funds	901	742
Total Income Funds at 31 March	<u>1,174</u>	<u>1,242</u>

Endowment Funds:

Opening balance as at 1 April	50,994	55,664
Donations and gifts	124	4,257
Investment income	4	-
Expenditure	(3,841)	(1,498)
Net transfers to restricted funds	(901)	(742)
Investment gains/(losses)	13,640	(6,687)
Total Endowment Funds at 31 March	<u>60,020</u>	<u>50,994</u>
Total Funds of the Charity	<u>61,194</u>	<u>52,236</u>

THE UNIVERSITY OF NEWCASTLE UPON TYNE DEVELOPMENT TRUST and other related charities
Trustee Report and Accounts for the Year Ended 31 March 2021

NOTES TO THE ACCOUNTS

12. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances as at 31 March 2021 are represented by:

	Income Unrestricted £'000	Restricted £'000	Endowment Funds £'000	Total 2021 £'000
Outstanding transfer between funds	-	450	(450)	-
Investments	-	-	56,178	56,178
Debtors	-	-	11	11
Short term liquid deposits	-	-	1,685	1,685
Cash	5	719	3,417	4,141
Current liabilities	-	-	(821)	(821)
	5	1,169	60,020	61,194

13 TAXATION

The charity is a registered charity and as such is entitled to certain tax exemptions on income and gains from investments and all non-trading income is exempt from taxation.

THE UNIVERSITY OF NEWCASTLE UPON TYNE DEVELOPMENT TRUST and other related charities
Trustee Report and Accounts for the Year Ended 31 March 2021

NOTES TO THE ACCOUNTS

14. INCOME FUNDS

RESTRICTED FUNDS	1 April 2020	Movement in Incoming Resources	Transfer from Endowment	Expenditure	31 March 2021
	£'000	£'000	£'000	£'000	£'000
Korean Studies	19	-	12	(1)	30
Dr W E Harker Foundation	162	-	74	(74)	162
Kritchman Scholarships	1	-	1	-	2
Student Exploration (Travel Awards)	4	-	4	-	8
Barton De Loach	3	-	2	-	5
Jeffreys	1	-	1	-	2
Konishi	55	-	11	(9)	57
Randerson Foundation	92	-	60	(49)	103
William Benedict Coleman Scholarships	20	-	25	(36)	9
Wilson Campbell Memorial Appeal	3	-	1	(2)	2
Henry Miller Memorial Appeal Fund	32	-	10	-	42
Sophia Lecture	7	-	2	-	9
Brian J Lewis Prize	1	-	1	-	2
Charles Letts Memorial Fund	10	-	19	(23)	6
James Skillington Memorial Fund	2	-	1	(1)	2
Charles Bosanquet Memorial Appeal	14	-	3	-	17
Swales Bequest	19	-	10	-	29
Mac Cooper Appeal	26	-	4	-	30
Robinson Library	66	-	30	(25)	71
Kummerman/Fisher Fund	9	-	3	(8)	4
Marjorie Robinson Bequest	283	-	464	(561)	186
Continued overleaf	829	-	738	(789)	778

THE UNIVERSITY OF NEWCASTLE UPON TYNE DEVELOPMENT TRUST and other related charities
Trustee Report and Accounts for the Year Ended 31 March 2021

NOTES TO THE ACCOUNTS

14. INCOME FUNDS (continued)

RESTRICTED FUNDS	1 April 2020	Movement in Incoming Resources	Transfer from Endowment	Expenditure	31 March 2021
	£'000	£'000	£'000	£'000	£'000
<i>Continued</i>	829	-	738	(789)	778
Jack Jeffery Fund	4	-	1	-	5
Elsie Jeffery Bursary	3	-	1	-	4
Museum Conservation Fund	6	-	3	-	9
The Vesuvius plc Partners Bursary Fund	9	-	6	-	15
EM Henderson Bequest	2	-	2	-	4
Duke of Northumberland Memorial Appeal	206	2	-	(121)	87
Organ Scholarship	4	-	-	-	4
Bremner Smith Bequest	65	-	-	(31)	34
Dunlevy Fund	-	-	-	-	-
Alice Stephenson Bequest (Cancer Research)	61	-	25	-	86
Florence Kirby Estate	18	-	31	-	49
Foxcroft Estate	-	-	94	-	94
RESTRICTED FUNDS	1,207	2	901	(941)	1,169
UNRESTRICTED FUNDS	35	-	-	(30)	5
TOTAL INCOME FUNDS	1,242	2	901	(971)	1,174

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NOTES TO THE ACCOUNTS

15. ENDOWMENT ACCOUNTS

PERMANENT	1 April 2020 £'000	Donations and Gifts £'000	Investment Income £'000	Transfer to Rest'd Funds £'000	Expenditure £'000	Gains on Investments £'000	31 March 2021 £'000
Action Medical Research Chair of Neuromuscular Disease	1,599	-	-	-	(90)	413	1,922
Tyne and Wear Chair of Environmental Control Engineering	850	-	-	-	(82)	230	998
Readership in Microelectronics	504	-	-	-	(60)	133	577
William Leech fund for Biomedical Science	661	-	-	-	(51)	181	791
Lectureship in Rheumatology	870	-	-	-	(65)	248	1,053
NCKRF Nephrology (1)	667	-	-	-	(61)	181	787
NCKRF Nephrology (2)	661	-	-	-	(57)	177	781
William Leech/McQueen Fund Neuromuscular Disease	714	-	-	-	(78)	191	827
NECCR Clinical Paediatric Oncology	2,056	-	-	-	(114)	616	2,558
NCKRF Transplant Immunology	705	-	-	-	(73)	189	821
William Leech/Green Fund for Renal Transplantation	813	-	-	-	(65)	230	978
NCKRF Nephrology (3P)	264	-	-	-	-	70	334
Korean Studies	249	-	-	(12)	-	70	307
Jeffcock Medical Research Fund	248	-	-	-	(12)	70	306
Haswell Ellis Music Fellowship	59	-	-	-	-	16	75
Dr WE Harker Foundation	1,580	-	-	(74)	(2)	446	1,950
Kritchman Scholarships	16	-	-	(1)	-	4	19
Boon Research Fund	36	-	-	-	(2)	10	44
Student Exploration Appeal	80	-	-	(4)	-	22	98
Barton De Loach Bequest	39	-	-	(2)	-	10	47
Jeffreys Fund	12	-	-	(1)	-	3	14
Chinese Lectureship	78	-	-	-	(28)	16	66
Konishi Foundation Fellowship in East Asian Studies	263	-	-	(11)	-	69	321
Randerson Foundation	1,472	-	-	(60)	(1)	359	1,770
TOTAL PERMANENT FUNDS	14,496	-	-	(165)	(841)	3,954	17,444

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NOTES TO THE ACCOUNTS

15. ENDOWMENT ACCOUNTS (continued)

EXPENDABLE	1 April 2020 £'000	Donations and Gifts £'000	Net Investment £'000	Transfer to Restricted £'000	Expenditure £'000	Gains on Investments £'000	31 March 2021 £'000
Jacobson Chair of Personalised Medicine	1,001	-	-	-	(99)	265	1,167
Chair of Energy Studies	953	-	-	-	(65)	265	1,153
Chair of Engineering Materials	239	-	-	-	(60)	56	235
Henry Daysh Chair of Regional Development Studies	917	-	-	-	(70)	240	1,087
Chair of Ocean Engineering	1,100	-	-	-	(71)	302	1,331
Chair of Industrial Management	806	-	-	-	(67)	221	960
Chair of Occupational Health	820	-	-	-	(64)	226	982
Sir James Woodeson Chair of Manufacturing Eng.	942	-	-	-	(74)	259	1,127
Roland Cookson Chair of Composite Materials Eng.	1,551	-	-	-	(88)	429	1,892
William Leech Fund for Primary Care	1,287	-	-	-	(99)	357	1,545
Readership in Marine Transport	606	-	-	-	(73)	157	690
William Leech Fund for Ageing and Chronic Disease	985	-	-	-	(116)	263	1,132
William Leech Fund for Bioengineering	727	-	-	-	(62)	199	864
William Leech Fund for Neuroscience	684	-	-	-	(48)	189	825
William Leech Fund for Musculoskeletal Disorders	665	-	-	-	(76)	173	762
Senior Lectureship in Pathology (Upgrading)	375	-	-	-	-	107	482
NECCR Non-Clinical Paediatric Oncology	1,492	-	-	-	(100)	388	1,780
Lectureship in Haematology	627	-	-	-	(29)	175	773
William Leech Fund for Immunology and inflammation	644	-	-	-	(111)	163	696
NCKRF Nephrology (3E)	349	-	-	-	(72)	83	360
continued overleaf	16,770	-	-	-	(1,444)	4,517	19,843

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NOTES TO THE ACCOUNTS

15. ENDOWMENT ACCOUNTS (continued)

EXPENDABLE	1 April 2020	Donations and Gifts	Investment Income	Transfer to Rest'd Funds	Expenditure	Gains on Investments	31 March 2021
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<i>Continued from previous page</i>	16,770	-	-	-	(1,444)	4,517	19,843
Duke of Northumberland Appeal	1,934	-	-	-	(108)	542	2,368
Research Technician in Haematology	246	-	-	-	-	67	313
The Vesuvius plc Partners Bursary Fund	123	-	-	(6)	-	35	152
Siemens Chair in Microelectronics	378	-	-	-	(78)	92	392
William Benedict Coleman Scholarships	540	-	-	(25)	(1)	153	667
Dina Atter Research Fund	220	-	-	-	-	58	278
Wilson Campbell Memorial Appeal	32	-	-	(1)	-	9	40
Dr Henry Miller Memorial Appeal	226	-	-	(10)	-	61	277
Sophia Lecture	38	-	-	(2)	-	10	46
Museum Conservation Fund	71	-	-	(3)	-	21	89
Studentships in Medicine	98	-	-	-	(5)	27	120
Haswell Music Fellowship	80	-	-	-	(40)	14	54
Brian J Lewis Prize Fund	12	-	-	(1)	-	4	15
Charles Letts Memorial Appeal	163	-	-	(19)	-	53	197
James Skillington Memorial Fund	14	-	-	(1)	-	6	19
Charles Bosanquet Memorial Appeal	71	-	-	(3)	-	21	89
Swales Bequest	176	-	-	(10)	-	59	225
Mac Cooper Appeal	87	-	-	(4)	-	24	107
Robinson Library Fund	643	-	-	(30)	(1)	181	793
Kummerman/Fisher Fund	73	-	-	(3)	-	21	91
<i>continued overleaf</i>	21,995	-	-	(118)	(1,677)	5,975	26,175

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NOTES TO THE ACCOUNTS

15. ENDOWMENT ACCOUNTS (continued)

EXPENDABLE (continued)	1 April 2020 £'000	Donations and Gifts £'000	Net Investment £'000	Transfer to Restricted Funds £'000	Expenditure £'000	Gains on Investments £'000	31 March 2021 £'000
<i>Continued from previous page</i>	21,995	-	-	(118)	(1,677)	5,975	26,175
Marjorie Robinson Bequest	9,693	-	-	(464)	(1,319)	2,781	10,693
Jack Jeffery IRES Outreach Fund	16	-	-	(1)	-	4	19
Elsie Jeffery Bursary	30	-	-	(1)	-	8	37
EM Henderson Bequest	34	-	-	(2)	-	11	43
Dunlevy Fund	8	-	-	-	-	2	10
Alice Stephenson Bequest (Cancer Research)	733	100	-	(25)	(1)	153	960
Florence Kirby Estate	1,591	8	4	(31)	(1)	189	1,760
Foxcroft Estate	2,398	16	-	(94)	(2)	563	2,881
TOTAL EXPENDABLE FUNDS	36,498	124	4	(736)	(3,000)	9,686	42,576
TOTAL ENDOWMENTS FUNDS	50,994	124	4	(901)	(3,841)	13,640	60,020

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NOTES TO THE ACCOUNTS

16. UNAPPLIED TOTAL RETURNS ON PERMANENT ENDOWMENT ACCOUNTS

	Unapplied Return at	Total Return In	Allocated to Income in	Unapplied Return at 31	Base Value	Balance 31 March
	£'000	£'000	£'000	£'000	£'000	£'000
Action Medical Research Chair of Neuromuscular Disease	1,399	413	(90)	1,722	200	1,922
Chair of Environmental Control Engineering	716	230	(82)	864	134	998
Readership in Microelectronics	313	133	(60)	386	191	577
William Leech fund for Biomedical Science	536	181	(51)	666	125	791
Lectureship in Rheumatology	715	248	(65)	898	155	1,053
NCKRF Nephrology (1)	537	181	(61)	657	130	787
NCKRF Nephrology (2)	481	177	(57)	601	180	781
William Leech/McQueen Fund for Neuromuscular Disease	552	191	(78)	665	162	827
NECCR Clinical Paediatric Oncology	1,152	616	(114)	1,654	904	2,558
NCKRF Transplant Immunology	490	189	(73)	606	215	821
William Leech/Green Fund for Renal Transplantation	633	230	(65)	798	180	978
NCKRF Nephrology (3P)	219	70	-	289	45	334
Korean Studies	172	70	(12)	230	77	307
Jeffcock Medical Research Fund	213	70	(12)	271	35	306
Haswell Ellis Music Fellowship	18	16	-	34	41	75
Dr WE Harker Foundation	845	446	(76)	1,215	735	1,950
Kritchman Scholarships	9	4	(1)	12	7	19
Boon Research Fund	16	10	(2)	24	20	44
Student Exploration Appeal	24	22	(4)	42	56	98
Barton De Loach Bequest	13	10	(2)	21	26	47
Jeffreys Fund	4	3	(1)	6	8	14
Chinese Lectureship	28	16	(28)	16	50	66
Konishi Foundation Fellowship in East Asian Studies	113	69	(11)	171	150	321
Randerson Foundation	342	359	(61)	640	1,130	1,770
TOTAL UNAPPLIED RETURN	9,540	3,954	(1,006)	12,488	4,956	17,444

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NOTES TO THE ACCOUNTS

17. RECONCILIATION OF THE NET OUTGOING RESOURCES TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2021	2020
	£'000	£'000
Net (expenditure)/(income) for the year	8,958	(4,660)
(Gain) / Loss on investments	(13,640)	6,686
Investment income	(6)	-
Decrease/(increase) in debtors (excluding investment income receivable)	2,394	(2,282)
Increase/(decrease) in creditors	35	179
Net cash (used in) operating activities	(2,259)	(77)

18. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2021	2020
	£'000	£'000
Increase/(Decrease) in cash and cash equivalents	3,063	315
Cash and Cash Equivalents at the beginning of the year	1,078	763
Cash and Cash Equivalents at the end of the year	4,141	1,078