The Financial Procedures Manual

Chapter 13

Trust Funds

Also available on-line at: http://www.admin.cam.ac.uk/offices/finance/procedures

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1. Introduction to Trust Funds

1.1 What is a trust fund?

A trust fund is established where the University accepts a bequest “on trust”. This becomes a binding obligation upon the University to use the money in accordance with the terms of the bequest.

In practice most bequests “on trust” form a capital endowment (which may be permanent or spendable in nature). The funds are invested and the income used to fund expenditure on the terms of the trust. However, such a capital endowment is not a pre-requisite to it being a trust.

Helpdesk support is available for Trust Funds, with coaching for individuals new to Trust Funds.

Email: UFS_TF@admin.cam.ac.uk Tel:39660

1.2 Statutes & Ordinances

Based upon the wishes of the benefactor the University establishes regulations for the governance of the trust fund. These regulations are set out in Statutes and Ordinances. Most trust funds are governed only by Ordinance, but some also have Statutes.

<table>
<thead>
<tr>
<th>Statutes &amp; Ordinances</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Statute E, Chapter I</td>
<td>Provides general rules for the maintenance of Trust Funds</td>
</tr>
<tr>
<td>Ordinances Chapter XII</td>
<td>Sets out further general regulations. These are followed by detailed regulations for individual Trust Funds.</td>
</tr>
</tbody>
</table>

This is where the majority of the funds are listed.

The Statutes & Ordinances of the University of Cambridge are published annually; therefore new trust funds will not be included until it is updated. However, a Notice will have been published in the Reporter.

Trust Fund Managers are responsible for ensuring that funds are used for proper purposes in accordance with the rules of the specific fund and the University’s general charitable purposes\(^1\).

\(^1\) Financial Regulation 14.3
2. Trust Fund Set Up

2.1 Discussions with Potential Benefactors

When trust funds are established there are a number of considerations that should be taken into discussion with potential benefactors, including:

(i) The value of the capital

This should be sufficient for the purpose for which it is to be used. The University Development Office can advise on levels of capital required as well as tax-efficient methods of making a gift to the University.

(ii) The terms of the gift and subsequent wording of the regulations

The more general the terms of the gift, the more flexibly it can be used. It is helpful to include provision, where acceptable to the benefactor, for funds to be used for general purposes as well as a specific purpose. For example, a fund might be for a prize, but the regulations might specify that any remaining funds can be used for the furtherance of teaching and research in the subject.

(iii) Provision for funding essential departmental and central administrative costs.

This is essential.

It is important to consult the University Draftsman, or other officer of the Secretariat, about the form of regulations as they can advise in the early stages of any discussion with benefactors.

2.2 Setting up of the Fund

Benefactions and gifts to establish new trust funds are always reported to Council and a Notice announcing acceptance by the University is published in the Reporter.

The Notice would usually be accompanied by a grace, or grace and report, to set up regulations for the management of the new trust fund.

The Development Office will make arrangements to receive the benefaction into their separate bank account for the Cambridge University Development Office. They will then organise a journal to be done to transfer the funds to the new trust fund account.

The Finance Division will set up a new trust fund account on the University Financial System (CUFS), and make arrangements to invest the money on behalf of the fund. Monthly financial statements will be produced and distributed to the managers from this point.

Original donation agreements are held by the Development Office, and copies are held centrally by the Finance Division. Trust Fund Managers are advised that it is good
practice to set up files within their department, to keep their own copies of all appropriate paperwork/correspondence for future reference.

Establishing a new trust fund

- Trust fund benefaction invested
- Trust fund account set up
- Cambridge University Endowment Fund units purchased
- Income generated
- Expenditure incurred
- Reports circulated
2.3 Appointment of Trust Fund Managers

The constitution of the board of managers or electors of a trust fund is usually laid down by Ordinance. Managers may be appointed by the Council, the General Board, Faculty Board or other bodies. A full list of managers for each trust fund is published twice a year in a Special Number of the *Reporter*.

Trust Fund Managers have an important role to ensure the trust fund is managed effectively. Financial responsibilities include ensuring expenditure is:

- within the regulations;
- within the level of income;
- carefully planned each year.

2.4 Permanent Capital

Most trust funds will have some permanent capital – the original endowment that cannot be spent by the Managers. A number of funds do not have permanent capital as, under the terms of the bequest, both the original donation, and any income generated, may be spent.

The permanent capital of a trust fund is invested in the Cambridge University Endowment Fund (CUEF), and is treated as a long-term investment, i.e. the units held cannot be sold. The CUEF income generated from the permanent capital is credited monthly to the spendable part of a trust fund (cost centre ZZYB) under the transaction code NAAA.

2.5 Spendable Capital

Most trust funds will have some spendable capital as well as permanent capital. This is also known as accumulated unspent income.

The regulations for most trust funds explicitly provide for unspent income to be carried forward and used as income in subsequent years. The regulations for a few trust funds, however, specify that unspent income must be reinvested as an annual addition to permanent capital.

The CUEF income generated from spendable capital is also credited monthly to the spendable part of a trust fund (cost centre ZZYB) under the transaction code NAAA.

Trust Fund Managers should, where possible, ensure that spendable capital is not left to accumulate, but is matched with appropriate expenditure, thereby relieving general departmental reserves. In some cases, it is understood that this is not possible, where reserves are being accumulated for long-term purposes such as contributing towards new buildings.
2.6 Coding Structure of Trust Funds

Trust funds are classified as ‘specific endowments’ as the benefactor has specified that the funds are to be invested and the investment income is to be used for specific purposes. The funds may be required to be invested in perpetuity or for a finite period.

In CUFS, each trust fund is identified by a unique source of funds code beginning with the letter “K”. This distinguishes them from other types of activities in the Chart of Accounts.

The permanent capital element of a trust fund is distinct from the spendable, by the use of a different cost centre within the same source of funds.

For example, if you have a trust fund that is identified as “ABC”, your account code would be as follows:

<table>
<thead>
<tr>
<th>Department Code</th>
<th>Cost Centre</th>
<th>Source of Funds</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Your Dept code</td>
<td>ZZYA</td>
<td>KABC</td>
<td>Trust Fund – Permanent Capital</td>
</tr>
<tr>
<td>Your Dept code</td>
<td>ZZYB</td>
<td>KABC</td>
<td>Trust Fund – Spendable Capital</td>
</tr>
</tbody>
</table>

What does this mean to me?
Subject to the terms of the trust deed, you can pay invoices out of the spendable capital cost centre
NEVER charge expenditure to ZZYA!

2.7 Trust Funds Belonging to More than one Department

Some trust funds have managers in more than one department. These funds are therefore mapped to Central Administration and are listed under “General” when the Annual Accounts are published in the University Reporter.

Departments will not have access to these funds therefore the accounting will be carried out by the Finance Division on behalf of all relevant departments. All invoices and payment requests must:

- be authorised in writing by the Trust Fund Managers, or by the individual with delegated authority; and
- then be sent to the Trust Fund Assistant for processing.

2.8 Varying the Ordinances for Trust Funds

The University has limited powers to vary the application of a trust fund.

Statute E, Chapter I, 8 Allows the University to make Ordinances to apply income for a purpose other than that prescribed by the terms of the trust, provided that such application is in keeping with the original purpose of the endowment.
Changes to Ordinance are made by the Council by publication in the *Reporter* of a:

- Grace and footnote; or
- Grace and report (if the changes require more detailed explanation)

The University Draftsman in the Secretariat can give guidance on changing the Ordinances. Where significant changes are proposed, it is necessary to refer back to the original deed and to check that what is proposed is within the spirit of the original terms of the trust.

*Where original terms of endowment cannot be satisfied*

In some cases, unforeseen changes in circumstances mean that the original terms of the endowment cannot be satisfied, e.g. changes in the nature of study of a subject or changes in the make-up of the student population.

<table>
<thead>
<tr>
<th>Universities of Oxford &amp; Cambridge Act 1923</th>
<th>Where it can be demonstrated that a fund is un-spendable as well as unspent, even after the purposes of the trust have been met as far as they possibly can be the University has power to make a Statute varying the terms of a trust.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Section 8 (I)</td>
<td></td>
</tr>
</tbody>
</table>

This power is limited by the following requirements:

- The trust must have been in existence for more than sixty years, or alternatively, the consent of the trustees must be obtained;

- If the trust has been in existence for less than sixty years, an alteration can only be made with the founder of the trust if they are still alive.

Making or changing a Statute, however, is a lengthy and often expensive procedure requiring approval of the Queen in Council.
3. Trust Fund Income

The capital of a trust fund, (both permanent and spendable) is invested and then the income generated from these investments is used to provide the intended benefits of the trust.

3.1 Interest from Money on Deposit

As part of the month end procedures, the Finance Division will credit the interest due to any trust fund accounts holding money on deposit. This credit will appear in the trust fund account against the transaction code NBAA, and will be available to spend or reinvest.

The interest rate varies from month to month as interest rates fluctuate, based on market interest rates. However, trust funds do receive interest at the higher rate within the University.

Details of the current interest rates are available from the Finance Division web pages

http://www.admin.cam.ac.uk/offices/finance/investments/udarates.html

3.2 CUEF Distributions

Currently this depends on the number of CUEF units that are held and is calculated by multiplying the number of units by the distribution rate. It is credited to departmental accounts on a monthly basis on transaction code NAAA.

The distribution rate varies year to year and the amount is calculated centrally using a formula which reflects the CUEF’s total return policy.

The Treasury & Investments Section will send out a bulletin in September each year which publishes the amount of the annual distribution.

Details of the current distribution are available from the Finance Division web pages

http://www.admin.cam.ac.uk/offices/finance/investments/cuefrates.html

3.3 CUEF Unit Purchases and Sales

Spendable capital units can be bought and/or sold as required at the end of the following quarters:

September, December, March and June.

Requests must be received by the Trust Funds Assistant at least two weeks before the last working day of the month.
The Treasury & Investments Section will send out a bulletin in September each year to specify the deadline dates for requests. Funds must be available at the date of instruction rather than by the trade date.

The timetable for instruction and trade dates is also available from the Finance Division web pages

http://www.admin.cam.ac.uk/offices/finance/investments/cuefrates.html
4. Trust Fund Expenditure

4.1 Payment Procedures

In general, payments from trust funds will be made by the departmental accounts team unless the trust fund is held centrally, in which case the payment requests should be sent to the Trust Funds Assistant in the Finance Division for processing.

In either case, requests for payment should be authorised by a manager of the trust fund, or if authority has been delegated, by the delegated person.

Fund Managers should ensure that there is adequate segregation of duties to ensure that the same person is not performing primary and secondary approval of expenditure. Where Fund Managers have delegated the responsibility for the approval of payments, this should be formally recorded, showing who may approve payments and to what level of expenditure.

To ensure the security of payments by cheque, the full name and address of the payee should be quoted, not just initials.

4.2 Trust Fund Overheads

Overheads are charged on Trust Funds that have been set up since 1995 where the fund is paying for a specific post or posts, if the regulations of the fund permit.

Trust funds set up from 1995 to April 2007, are charged 20% overheads on staff costs. However, for Professors, the overhead is restricted to being charged at 20% of spine point 68 irrespective of the actual spine point of the Professor.

Trust funds set up from May 2007 onwards, are charged 30% overheads on staff costs. For these funds, there is no cap on the overheads charged for Professors.

The Trust Funds Assistant, using the transaction code “EZYA” charges the overheads to the funds on a monthly basis.

4.3 Payments for Occasional Academic Services

4.3.1 University Payment System (UPS) Payments

These are payments made to adjudicators, examiners, and lecturers etc. who are not on the University Payroll.

These payments are made online through UPS, and should be input by one person and authorised by an official approver.

The link to the UPS home page can be found via the MISD website http://www.admin.cam.ac.uk/offices/misd/services/staff/cam-only/modpay/index.html

It has a section detailing how to use the system, accessed from the homepage.
BACS payments are made by Payroll fortnightly into the Payee’s bank account therefore, full bank account details are required before a payment is input. The Payroll deadline and payment dates are shown on the homepage.

The date of birth, National Insurance number, and full address is also required.

The Payroll Department should be contacted for access to the UPS system if your department is not already set up. They can be contacted by telephone on 39779 or by email payroll.enquiries@admin.cam.ac.uk.

4.3.2 Chris 82 Payments
These are used for payments made to adjudicators, examiners, and lecturers etc, who are on the University Payroll.

The Chris 82 form is to be found on the Human Resource website [http://www.admin.cam.ac.uk/cam-only/offices/hr/forms/chris82/chris82.doc](http://www.admin.cam.ac.uk/cam-only/offices/hr/forms/chris82/chris82.doc).

It should be completed and emailed to the Payroll Section in the Finance Division at payrollspreadsheets@admin.cam.ac.uk, for processing. The details required for the form are the payroll number of the payee, the trust fund account code, and a description of what the payment is for.

Chris 82 forms are processed monthly by the Payroll Section. The payee’s payment will be added to their monthly salary, and the details will appear on their payslip.

4.4 Prize Funds
A significant number of the University’s trust funds are prize funds. The detail of each prize is listed annually in November each year, in a special edition of the Reporter. Many prize funds have the annual income as the value of the prize. The Trust Funds Assistant will advise on the prize value if the managers are uncertain.

A majority of prizes are awarded on the results of the class lists in June each year. It is therefore important for departments to make sure that cheques are raised before the Accounts Payable year-end deadline in August, so that the payments are shown in the correct financial year.

Closing dates for each award are listed in the back of the special edition of the Reporter.
4.5 Appropriations in Aid

An appropriation in aid is a transfer of income from a trust fund to a departmental account, and is therefore a saving to the University Chest. These appropriations fall under the following main categories.

4.5.1 Clearance of “C” Sources of Funds
Occasionally, separate salary accounts for trust funds are set up within departmental accounts under the “C” source of funds. The Finance Division clears these monthly, by transferring the salary costs to the relevant trust funds.

4.5.2 Appropriations in aid of Stipends/Wages
Some trust funds have part or all of their income appropriated in aid of chest stipends/wages within the relevant department. This is because either the income of the fund is not sufficient to fund a full post, or the income is used to offset general stipend costs within a department. The Finance Division performs these transfers monthly.

4.5.3 Appropriations in aid of other charges
Some trust funds have part or all of their income appropriated in aid of “chest other charges” within the relevant department. This is because the regulations of the fund are not specific in terms of the type of expenditure incurred, so the department can choose to support general expenditure. The Finance Division performs these transfers monthly.

All appropriations in aid are transferred by day 4 of the month end schedule

4.5.4 Other Appropriations in Aid
Sometimes Trust Fund Managers may wish to appropriate (transfer) funds from:

- Their department to another department; or
- Where the fund expenditure is large and needs to be broken down into separate budgets for easier reporting.

In either case a written request should be sent to the Central Accounting Section (email: UFS_GLCODES@admin.cam.ac.uk) in the Finance Division, who will set up the new account.

How will this work?
If the transfer needs to be done to another department, the Trust Funds Assistant will transfer the amounts requested to a unique source of funds, beginning with “L” followed by three characters representing the fund itself. For example, an appropriation from trust fund KABC would be transferred to LABC.

If the “L” source of funds is set up within your own department, the departmental accounts person can journal the funds themselves.

You must ensure at year end that no “L” source of funds is overdrawn.
4.6 Activities supported by more than one funding stream

Often departmental activities will be funded from a variety of sources that may include income for a trust fund. In order to make the best use of the various funds available, a Department should in general seek to charge expenditure against funds in the following order of priority, subject of course to eligibility and the extent of available balances.

First charge to Restricted Funds
- Trust funds
- Appropriations in Aid
- Specific endowments
- Specific donations

Then General Donations

Finally charge to Other balances available to the Department e.g.
- Trading account surpluses
- Departmental share of overheads
- The Chest

Responsibility for ensuring that Departmental procedures achieve this order of priority rests with the head of Department. We have a duty to spend any restricted money first and the key factors affecting the order of spend are likely to be a combination of:

a) Order of receipt – we have a prior duty to spend earlier funds first (and this should affect our decision to accept subsequent restricted gifts);

b) Relative restriction – if fund A’s purpose are wider than fund B then it may make sense to spend fund B first in case its purposes “dry-up” in the future.

c) We have a moral and charitable obligation not to avoidably accumulate balances in trust funds.
5. Management of Trust Funds

The Financial Regulations specify that it is the Head of Department’s responsibility to ensure that all trust funds are maintained in credit.

5.1 Estimate Income Required for the Coming Year

Calculate the cost of the activities of the trust over the forthcoming year. For salaries, do not forget to include on costs such as employer’s NI and pension contributions, as well as the overhead charge (see paragraph 4.2).

Review the amounts of permanent and spendable capital held and estimate the income that these are likely to generate in the form of distributions and interest.

Compare the income available to planned expenditure to ensure funds available are sufficient. Produce budget and expenditure plans accordingly. Any shortfall will need to be met from departmental funds.

5.2 Monitoring Trust Funds

Each month check income and expenditure. Ensure that the funds are being used for proper purposes in accordance with the rules of the specific fund and the University’s general charitable purposes

5.2.1 Trust Fund Financial Statements
The Trust Funds Assistant will prepare monthly Trust Fund Financial Statements, once the GL has been closed, and will distribute them to the managers/administrators of the trust funds.

See Appendix A for an example of a Trust Fund financial statement

Once the statements have been received, they should be closely checked to ensure that:

- the trust fund expenditure has not exceeded the income
- expenditure has been charged to the correct trust fund
- the correct stipends (if any) are being charged to the fund

Reading the Statement
The statement is divided into three main sections.

<table>
<thead>
<tr>
<th>(1) Current Capital</th>
<th>This is split into two columns, the first showing the value of the permanent capital, and the second showing the value of the spendable capital.</th>
</tr>
</thead>
</table>
(2) Income & Expenditure of the Fund
The first column shows the estimated income to be received in the current financial year from the CUEF units held in the fund. This figure is reached by the following:

- adding the number of permanent and spendable CUEF units
- multiplying them by the income per unit for the financial year

In the example statement:

- 2010/11 income per unit is £1.4543 per annum
- The annual income would be (8427 + 0) x 1.4543 = £12,255.39

The second column shows the actual to date income and expenditures figure for the current financial year.

(3) Revaluations and Transfers
This is split into two columns, the first showing movements in the permanent capital, and the second showing movements in the spendable capital in the current financial year.

Quick Tip
It is better to wait until the 4th working day of month-end before processing deposit movement journals, as the Finance Division need to process journals relating to some Trust Funds, which will affect the balances on those funds.

5.2.2 Using the GL Account Enquiry Screen in CUFS
In the GL responsibility, the Account Enquiry Screen is useful for quickly looking up information on your trust funds.

To look up your trust fund:

- In GL Responsibility, select Enquiry \rightarrow Account
- Enter the accounting periods from and to fields
- In the currency field select GBP unless you need to look up the number of CUEF units that a trust fund holds, in which case type in STAT
- In the account flex field box, type in the source of funds of your trust fund
To drill down to the information shown for the income received to date from the CUEF from the same trust fund you would enter the source of funds code plus the transaction code (e.g. NAAA) in the grid.

Select “Show Balances”.

The results are shown above, showing that the CUEF income has been received by this Trust Fund monthly.

An Accounts Analysis – Transaction Detail 3 (UFS) report can also be run to show the same information.
5.2.3 **Month End Procedures**

Each month end, departments should follow the month end timetable issued by the Finance Division and ensure that all trust fund transactions are processed before the GL closes (fifth working day of the following calendar month).

The best report to run in the GL in order to review the month’s activities is the **Transaction Code Balances (UFS)** report. The parameters that you need to enter are as shown below:

- Click on OK and submit the request

The report will pick up all of your department’s trust funds and show the activity on cost centre ZZYB, the spendable part of the trust fund.

**What are the main transaction codes that I need to know about?**

- **AAAA-DZZZ**  Stipends and wages
- **EAAA-JZZZ**  Expenditure codes
- **EZYA**  Central overheads
- **KAAA-LZZZ**  Income codes
- **NAAA**  Income from CUEF units distributed quarterly
- **NEAA**  Income from other investments
- **NBAA**  Deposit account interest
- **SAAA**  Value of CUEF units held and purchases & sales
- **SCBA**  Moving money on to/off deposit
- **SCCA**  Monies on deposit control account
- **XEAA**  Departmental reserves (Balance of Fund brought forward from previous year)
- **XHAA**  Revaluation of CUEF units
When the report has run off, check the source of funds total at the end of the “Ending Balance” column.

**Accounts Payable**

All invoices should be processed by the 3rd working day after month end.

**Accounts Receivable**

All receipts should be processed by the 3rd working day after month end.

### 5.3 Deposit Movements

Many departments have surpluses that are held on deposit with the University Deposit Account. Departments are responsible for monitoring account and deposit balances, and can process deposit movements themselves through a General Ledger journal.

Departments must ensure that trust fund accounts holding monies on deposit are checked before each month-end closedown. If the trust fund is:

<table>
<thead>
<tr>
<th>Overdrawn (a debit balance)</th>
<th>Enough money should be taken off deposit to cover the deficit.</th>
</tr>
</thead>
<tbody>
<tr>
<td>In surplus (a credit balance)</td>
<td>The balance should be placed on deposit, to maximise income received by the trust fund.</td>
</tr>
</tbody>
</table>

The deadline for entering deposit movement journals follows closure of the AP and AR modules. The journals must be posted by 5pm on the 4th working day of month-end.

As part of the month end procedures, the Finance Division will credit the interest due to any trust fund accounts holding money on deposit. This credit will appear in the trust fund account against the transaction code NBAA, and will be available to spend or reinvest. The rate of interest varies from month to month as interest rates fluctuate, based on market interest rates.
5.4 Year End Procedures

At year end, departments should follow the year end timetable issued by the Finance Division and ensure that all trust fund transactions are processed before the GL closes. Additionally, they should be prepared to make adjustments in the final quarter and as part of year end procedures.

Departments should:

- Run off an **Accounts Analysis Report** on each of their trust funds, and check that all the transactions processed during the financial year are correct.

- Carefully check the Trust Fund Financial Statements distributed by the Finance Division:

<table>
<thead>
<tr>
<th>Type</th>
<th>Date of Distribution</th>
<th>Date as at</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st interim</td>
<td>sent out at the beginning of July</td>
<td>that shows the position as at 30th June</td>
</tr>
<tr>
<td>2nd interim</td>
<td>sent late August</td>
<td>that shows the position as at 31st July</td>
</tr>
<tr>
<td>Final</td>
<td>sent out September once GL has closed</td>
<td>showing the final position as at 31st July</td>
</tr>
</tbody>
</table>

- Consider the investment position of each trust fund.

5.4.1 CUEF unit purchases and sales

*Spendable purchases and sales (ZZYB)*

The year end purchases and sales of spendable units take place as at 30 June each year.

The Trust Funds Assistant will send a list of all trust funds held, and their investment options, to each School Finance Manager in advance of that deadline. The School Finance Manager will then distribute the lists to each of their departments, and collate the resulting replies from the departments.

Instructions for all requests are then sent back to the Trust Funds Assistant for actioning by the deadline, which will be approximately 16 June each year.

*Permanent capital purchases (ZZYA)*

As the University’s financial year ends on 31 July year end purchases of permanent capital units take place as at 30 September, the next available trading date, each year.

Departments should include a note on their 30 June list for these funds, to show that there will be “no action” as at June. Where there is an instruction that the “managers to be consulted”, they need to review these funds again, by early September.
Specific year end instructions for trust funds are determined by the regulations of each fund. The main categories are detailed below.

5.4.2 Trust funds where the managers should be consulted
For some trust funds, regulations state that

“Any unexpended income may be either added to the capital of the Fund or accumulated for use as income in subsequent years, as the Managers shall determine.”

The departmental administrators will contact the managers of these funds before the June 2010 deadline; to ask them how they would like to invest any surpluses. The managers have the option of purchasing either permanent capital units or spendable units unless the trust fund is a spendable endowment, in which case, only spendable units can be purchased.

5.4.3 Trust Funds where surpluses are capitalised
For other trust funds, regulations state that

“Any unexpended income shall be added to the capital of the Fund”.

This means that any unused income cannot be spent in a subsequent year. The Trust Funds Assistant will automatically invest any surpluses in permanent capital units at the September quarter end. If the fund is a prize fund, the Trust Funds Assistant will check with the department first whether the prize has been awarded.

5.4.4 Trust Funds where no money is invested
These are normally prize funds where a cheque is received annually from a company, and the money is paid out to the prize-winner(s). No investments are held in these trust funds.

5.4.5 Trust Funds where surpluses can be spent in a subsequent year
These funds have regulations which allow any unexpended income to be spent. The department will have the option to either purchase more spendable CUEF units, or place any surplus on deposit.

5.4.6 Overdrawn Trust Funds
If a trust fund is overdrawn at the year-end, and the fund holds spendable capital units, it is the department’s responsibility to sell enough units as at 30 June to cover any deficit. If a fund holds only permanent capital units, no deficit is allowed therefore, if an overspend occurs, the department is responsible for funding the overspend from one of their departmental accounts.

No trust fund should end the financial year in a deficit position.
## Trust Funds

### Appendix A: Trust Fund Financial Statement

#### The Gordon Fund KRTD

**Purpose Of Fund**
To provide studentships and scholarships for the furtherance of research.

<table>
<thead>
<tr>
<th>Current Capital</th>
<th>Permanent Capital (ZZYA) £</th>
<th>Spendable Capital (ZZYB) £</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Units</td>
<td>4,157</td>
<td>128</td>
</tr>
<tr>
<td>Value of Units</td>
<td>146,183.75</td>
<td>4,501.21</td>
</tr>
<tr>
<td>Other Investments</td>
<td>130,992.51</td>
<td>0.00</td>
</tr>
<tr>
<td>Sum on Deposit</td>
<td>0.00</td>
<td>21,530.43</td>
</tr>
<tr>
<td>Current Account Balance</td>
<td>7.07</td>
<td>3,103.46</td>
</tr>
<tr>
<td>Total Value of Capital</td>
<td><strong>277,183.33</strong></td>
<td><strong>29,135.10</strong></td>
</tr>
</tbody>
</table>

**Actual to Date**

<table>
<thead>
<tr>
<th>Permanen Capital Income Received in Year</th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Transfers to/from Permanent Capital</th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total Income</th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.00</td>
</tr>
</tbody>
</table>

#### Income and Expenditure of Fund

**CUEF Income**

<table>
<thead>
<tr>
<th>Income</th>
<th>Estimate for Current Year 2010/11 £</th>
<th>Actual to Date £</th>
</tr>
</thead>
<tbody>
<tr>
<td>NAAE Distribution to Investors</td>
<td>6,231.68</td>
<td>3,835.10</td>
</tr>
<tr>
<td>NBAA Deposit Account Interest</td>
<td></td>
<td>47.55</td>
</tr>
<tr>
<td>NEAA Dividends</td>
<td></td>
<td>4,115.96</td>
</tr>
<tr>
<td>Total Income</td>
<td></td>
<td>7,796.61</td>
</tr>
</tbody>
</table>

**Expenditure**

<table>
<thead>
<tr>
<th>FAAP Studentship</th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td>FAEE Grants/Travel Awards Etc</td>
<td>7,666.66</td>
</tr>
<tr>
<td>FAEG Fellowships/Scholarships/Exhibitions/Prizes Etc</td>
<td>103.50</td>
</tr>
<tr>
<td></td>
<td>550.00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total Expenditure</th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>8,320.16</td>
</tr>
</tbody>
</table>

| Net Income (Expenditure)               | (521.56) |

<table>
<thead>
<tr>
<th>Revaluations and Transfers</th>
<th>Permanent Capital £</th>
<th>Spendable Capital £</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Funds Brought Forward as at 1 August</td>
<td>265,216.82</td>
<td>20,288.18</td>
</tr>
<tr>
<td>XHAA Unrealised Gains/(Losses) on Investments</td>
<td>11,966.51</td>
<td>368.47</td>
</tr>
<tr>
<td>Net Income (Expenditure)</td>
<td>0.00</td>
<td>(521.55)</td>
</tr>
<tr>
<td>Total Funds Carried Forward to Date</td>
<td>277,183.33</td>
<td>29,135.10</td>
</tr>
</tbody>
</table>

**Information on Funds Transfers**

<table>
<thead>
<tr>
<th>Purchase/(Sale) of Amalgamated Fund Units</th>
<th>Number of permanent capital units purchased/sold during current year</th>
<th>Number of spendable capital units purchased/sold during current year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

**Period to date for current financial year.**

**The trust fund name, source of funds and abbreviated regulations of fund for information.**

**Shows number of permanent and spendable capital units with unit total.**

**Shows permanent capital donations, transfer of surplus income from spendable to permanent capital & total permanent capital income to date.**

**This section shows you CUEF income, estimated income from units for current year, and actual income units to date. It also shows total expenditure to date.**

**Total value of funds b/t in units + cash from previous year and the increase/ decrease in the units’ value during the current year.**

Finance Division
Version 2.1 March 2013