Gift Finance Management Planning Guidance

Introduction

The purpose of this document is to provide clear guidance on the recognition of all charitable and philanthropic income received through the University of Edinburgh Development Trust an OSCR registered charity (SC004307). The aim is to ensure consistency across budget areas on the recognition of income.

This guidance is to be the main source of reference for the joint management of philanthropic income into the University by Development and Alumni and Finance, and for all colleagues including College and School finance, research support and Edinburgh Innovations for each gift type and the impact of the accounting treatment.

This guidance will affect all new donations received from **1st August 2026** and be reviewed every three years or when needed.

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Key Points

All gifts should be recognised within Development & Alumni University of Edinburgh Development Trust	All gifts should initially be accounted for by Development & Alumni within the University of Edinburgh Development Trust, to allow for the claiming of gift aid where possible, and to ensure consistent management of gifts received. Gifts will subsequently be transferred to the University and recognised in line with the guidance provided in the table below.
Transfer of income to the University should be timely	The transfer of income to the University which meets the criteria set out in **columns A-F** in the table below should be timely. Income should be transferred within the period it is agreed, if not the following period; and/or when the Chart of Accounts coding is provided or a drawn down request is made.
All gifts should follow this guidance	All gifts that do match the criteria for **columns A-F** should be transferred to the University unless specific agreement with the Trustees and the Chief Finance Officer as an exception. Gifts that are wholly unrestricted (**column G** below) will remain in the trust and transferred when allocations agreed by the Trustees and subsequently requested by the fund holders. For the **restricted donations with performance conditions (PRCs)**, all income should be gifted through the Development Trust and all income will be transferred to the relevant budget area to be spent in line with the Gift Agreement and in accordance with the PRCs. For **restricted donations without performance conditions (PRCs)**, all income should be gifted through the Development Trust and all income will be transferred to the relevant budget area and should be spent within four years. Gift Agreements which clearly state that the gift is to be invested in the University of Edinburgh Endowment and Investment Fund, should be recognised as an endowment. If the Gift Agreement states that the endowment must be held in perpetuity to fund a specific project or activity, it will be recorded as a **restricted permanent endowment**. If the Gift Agreement states that the endowment must be held in perpetuity but does not specify a project or activity, it will be recorded within the University's **unrestricted permanent endowment**. If no Gift Agreement is available and/or the donor does not specify the spend profile in the Gift Agreement and the internal spend profile is likely to be four years or longer, the gift should be recognised as a **restricted expendable endowment**. This treatment should be agreed following consultation with Development & Alumni.

Interpretation and treatment of Other Gifts

This section provides guidance for gifts that are **not endowments** or currently considered to be **restricted donations**.

Where a donation specifies a particular school or budget area for expenditure but not a specific project or activity, the recipient should consider whether the gift will be used to fund existing activities or expenditure that would have been incurred regardless of the donation.

- If the budget area decides to use the donation to fund an existing project or activity, the donation should be treated as **unrestricted** (**column F** below). A designated code may be requested for reporting purposes, although budget areas are encouraged, where possible, to retain the standard unrestricted coding.

- If the budget area decides to use the donation to fund a new and specific activity that would not have taken place without the gift, the donation should be treated as **restricted**. In these circumstances, a new restricted fund code should be requested to record and monitor the expenditure (**column E** below).

- Where the only purpose stated is for **"Development Trust" (or "The Trust")** or for **"The University"** and without further instruction it will be held in the Trust in line with the Development Trust's Policy for unrestricted gifts. The Development Trust Trustees agree projects and funds them through these unrestricted donations – income for these will be held in the Trust until matched with project spend (**column G** below).

Further Guidance

This guidance has been prepared and reviewed by the Financial Accounting and Compliance Team (FACT) and Development & Alumni (D&A), in accordance with FRS102 (the principal accounting standard in the UK reporting regime), the Charity SORP 2026[8].

For questions relating to this **guidance**, please contact the Finance helpline or log a second line call to the Financial Accounting and Compliance Team (FACT).

For questions relating to **specific gifts or donations**, please contact Development & Alumni Finance in the first instance at DevAlumni-Finance@ed.ac.uk. The team can advise on tax-efficient giving mechanisms where applicable, and claim Gift Aid through the Trust where applicable, and ensure that donor due diligence procedures are fulfilled in line with university-wide Income Due Diligence requirements.

Further information on managing philanthropic gifts and donations is available here: [Ways to give | Giving | Giving](#).

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TYPE DESCRIPTOR	A RESTRICTED DONATION WITH PRCs [1]	B RESTRICTED DONATION NO PRCs [1]	C RESTRICTED ENDOWMENT [2] - PERMANENT	D RESTRICTED ENDOWMENT [2] - EXPENDABLE	E OTHER GIFTS [3] RESTRICTED - new specific activity or spend	F OTHER GIFTS [3] UNRESTRICTED – existing specific activity or spend	G WHOLLY UNRESTRICTED AND OTHER / UNDEFINED [4]
When applies	Specific purpose **clear and defined** performance related conditions [1]. Obligation to return monies if conditions not met	Specific purpose [5], funding expenditure for up to four years, no written obligation to return money	Specific purpose [5]. Wording includes 'permanent' or 'in perpetuity' **as outlined in the Gift Agreement**	Specific purpose[5]. Clear long-term intent (four years or more) but no mention of permanent or in perpetuity **as outlined in the Gift Agreement**	Gifts to fund new specific activity or spend	Gifts to fund existing activity or spend	Gifts not fitting within A-F can be held here (either for the life of the gift or until further decisions are made) see [4] for examples
Where funds held (received to Dev Trust initially)	Full balance held in relevant University Department	Full balance held in relevant University Department	Full balance held in relevant University Department for investment	Full balance held in relevant University Department for investment	Full balance held in relevant University Department	Full balance held in relevant University Department	Gift held in Development Trust in line with Development Trust Policy
Fund code	Donation code	Donation code	Endowment code	Endowment code	Donation code	Unrestricted code	n/a
Income Recognition	Income recognised in line with expenditure	Full amount recognised in year	Full amount recognised in year	Full amount recognised in year	Full amount recognised in year	Full amount recognised in year	Income recognised in Development Trust until decision on transfer
Planned expenditure	Expenditure should be forecast within plans as per Gift Agreement - within PRCs	Expenditure should be forecast within plans as per Gift Agreement or within 4 years [6] if no given timeline and agreed by D&A	Expenditure should be forecast within plans as obligation to spend investment income on endowment as per Gift Agreement	Expenditure should be forecast within plans as per Gift Agreement or active and reviewed	Expenditure should be forecast within plans	Expenditure should already be forecast within plans	Expenditure should be forecast within budget areas plans
What happens at year end?	Income held in specific Donation code reserves and income recognised to match in year expenditure	Unspent balance is carried forward to the specific Donation codes reserves to be spent in future years	Unspent balance is carried forward to the specific Endowment codes reserves to be spent in future years	Unspent balance is carried forward to the specific Endowment codes reserves to be spent in future years	Unspent balance is carried forward to the specific Donation codes reserves to be spent in future years	Unrestricted no balance carried forward	*departmental level* - income matched to spend *group* - income recognised in Dev Trust
Impact to Contribution/ EBITDA [7]	As income is matched to spend there is no impact to EBITDA	Restricted EBITDA will be higher in the year the income is recognised	Restricted EBITDA will be higher in the year the income is recognised	Restricted EBITDA will be higher in the year the income is recognised	Restricted EBITDA will be higher in the year the income is recognised	The gift will be recorded in unrestricted income and showed in unrestricted EBITDA	As income is drawn down in line with spend there is no impact to ***departmental*** *EBITDA*

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Footnotes

[1] **PRC – Performance Related Conditions**. A donation/gift with performance conditions (as defined in the Charity SORP 2026[8]) is a condition that requires the performance of a particular level of service or units of output to be delivered, with payment of, or entitlement to, the resources conditional on that performance.

The **FEHE SORP 2026[9]** flags in paragraph 18.18 that donations with performance related conditions will be rare. Examples of donations with performance-related conditions:

- ❖ Funding for a set number of scholarships in a named subject where the HEI is responsible for selecting suitable students and would be required to return the funding should they fail to fill the scholarships. The performance-related condition would be incurring expenditure on the scholarships and/or teaching of the students during the year.
- ❖ A donation towards the costs of construction of a specific building, if entitlement to the donation is on completion of the building (performance-related condition);
- ❖ Endowments, and most restricted gifts, do not have performance related conditions. Any conditions required by the donor are restrictions on the use of these funds.
  Further breakdown below.

[2] **Guidance on definitions of Endowments:**

- ❖ Endowments do not have performance related conditions. Any conditions required by the donor are restrictions on the use of these funds.
- ❖ Permanent endowment - Charitable gift to be invested permanently to produce an income for the benefit of the institution or any specific purpose within the institution.
- ❖ Expendable endowment - Charitable gift to be retained for the benefit of the institution but where the terms enable the use of capital balances.

All endowment gifts are invested in the University of Edinburgh Endowment and Investment Fund. To diversify risk investments are spread over various fund managers and different types of assets. The Investment Committee is responsible for the oversight and strategic direction of investments. Each year an Endowment Fund Report is published. This gives, amongst other matters, details of the Investment Committee and its remit, the Fund managers and statistics relating to the investments and endowment funds.

[3] **Other gifts.** Where a donation specifies a particular school or budget area for expenditure but not a specific project or activity, the recipient should consider whether the gift will be used to fund existing activities or expenditure that would have been incurred regardless of the donation.

- ❖ **Restricted - New specific activity or spend** - If the budget area decides to use the donation to fund an existing project or activity, the donation should be treated as unrestricted (column F below). A designated code may be requested for reporting purposes, although budget areas are encouraged, where possible, to retain the standard unrestricted coding.
  Unrestricted – Existing specific activity or spend - If the budget area decides to use the donation to fund a new and specific activity that would not have taken place without the gift, the donation should be treated as restricted. In these circumstances, a new restricted fund code should be requested to record and monitor the expenditure (**column E** below).

[4] We expect that the vast majority of agreements will flow through one of the other options. Examples of **exceptions** would be:

- ❖ Funding with undefined or unclear revenue elements (until there is clarity on the nature of the gift);
- ❖ Where the Donor has specified oversight role for DT Trustees or a Sub-Committee;
- ❖ Stated as unrestricted (i.e., no college/ professional service group noted) or simply ‘UoE’ or ‘UoE DT – until a decision has been made on the use of the funds by Committee;
- ❖ Complex gifts spanning multiple departments/organisations/codes
- ❖ Other exceptional – with approval from the Development Trust Trustees and Chief Finance Officer .

[5] **Specific Purpose**. A restriction is defined as a requirement that limits or directs the purpose for which a donation may be used that does not meet the definition of a performance related condition as it tends to be general. For example:

- To be spent at the discretion of a specific position or named individual;
- To support a specified research programme or project.
- Specific capital spend, without performance conditions;
- Other named project, without specific performance conditions.

[6] **Four years** is an estimate if agreement doesn't state a timeframe. Plans can vary from this where departments have specific expenditure plans in place. As per Charity SORP 2026[8] guidance if the planned spend is over two years (we have extended to four as we have a large number of low value donations and scholarships that may span into four to five years) it should be treated as an expendable endowment where this is indicated in the Gift Agreement or where no Gift Agreement is in place, this treatment should be applied following consultation with D&A.

[7] **EBITDA** (Earnings Before Interest, Taxes, Depreciation, and Amortization) is departmental contribution prior to capital costs or interest costs. It is split between Unrestricted EBITDA and Restricted EBITDA to account for large variances year on year where income is recognised in full in the year it is received.

[8] **Charity SORP 2026** - Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

[9] **FEHE SORP 2026** - Statement of Recommended Practice: Accounting for further and higher education (2026).