****Accounting Guidance Notes:
Donations**

|  |
| --- |
| **University Policy**Departments must comply with the University’s Financial Regulations regarding the acceptance of gifts which can be found on the website at: <https://finance.admin.ox.ac.uk/financial-regulations>.All philanthropic donations to the University must be channelled via the Gift Registry, who operate a separate bank account in the name of Oxford University Development Trust (OUDT), set up to receive all philanthropic donations.The Gift Registry must be notified of all philanthropic gifts, including non-cash gifts. As well as recording donations, the Gift Registry will claim gift aid and ensure that the best exchange rate is achieved for foreign currency gifts, thereby maximising income to the department.Any donation that a department believes should be classified as ‘research income’ must be checked and endorsed by Research Services and entered as a project on the Projects module. Those gifts should be managed in accordance with the [Guidelines on Gifts (Donations) for Research](https://researchsupport.admin.ox.ac.uk/donations-for-research).In principle all donations are treated as being for general purposes and credited to the departmental accounts unless there is evidence that the donation is restricted **and** will not be spent before the financial year end in which the donation was received.From a departmental or management accounting perspective, restricted donations that will be unspent at the financial year end will be treated as a deferred donation and the unspent balance will be carried forward into the subsequent financial year. The financial accounting treatment differs significantly from this approach but the necessary adjustments for the financial statements will be accounted for centrally. |

### Defining Donation Type

### Restricted or unrestricted donations

Underlying the distinction between restricted and unrestricted donations is the concept of the general purposes of the University. The general purposes are teaching and research and, by extension, the provision of ancillary services such as the Bodleian Library, the museums and student support. Donations made available for the general purposes of a department, division or the University as a whole, are treated as unrestricted and taken directly to income. Unrestricted does not mean that a donation can be spent anywhere in the University, only that it is available for expenditure on general purposes.

Donations that are not for general purposes are restricted. A donation will be regarded as being restricted if:

* the donor sets out in writing the particular purpose for which the funds are to be used **and** this is more restricted than the funds being made available for the general purposes of the University; or
* the donation made is for a named member of staff (see note below) or a sub-unit of a department as set out in writing by the donor; or
* the donation is, or is one element of a number of donations, made in response to a public appeal for donations to contribute towards a particular cause **and** there is documentary evidence that such a public appeal has been made.

Please note that where the donation has been made for a named member of staff, it will only be restricted if the donor has set out in writing the purpose on which the gift must be spent **and** this is more restricted than the funds being made available for the general purposes of the University.

Any donation which falls below a de minimis level of £10,000, or can be spent within the financial year, will be accounted for as an **unrestricted** gift and credited to income regardless of whether or not it meets the definition of a restricted gift.

If a restricted donation is not separately identified but is included within unrestricted donations:

* the department’s income for the year will be overstated.
* in future years, expenditure relating to the donation may be incurred but there will not be the revenue against which the spend can be matched.
* there may be difficulties identifying to the original donor how the funds have been used.

If an unrestricted donation is incorrectly identified as a restricted donation:

* the department’s income for the year will be understated;
* in future years, the department’s income will be overstated.

### Accounting for Restricted Donations

Identify which donations should be categorised as restricted and of the restricted donations, those that will not be spent in full before the end of the financial year and can be deferred according to the £10,000 de minimis level referred to above.

Departments have the option of accounting for restricted donations either on the general ledger or on the projects module. A [decision tree](https://finance.web.ox.ac.uk/donations) is available on the Finance Division website to help decide if a donation is suitable to be accounted for on the projects module. Departments should advise (and/or consult) Gift Registry regarding the decision to account for the incoming donation, as Gift Registry can assist in routing your donation to the correct project.

For donations accounted for in the **general ledger**, ensure the income is coded to Natural Account 47110 and a Source of Funds code starting with “C”. The release of donation income deferred in previous years (to match expenditure) is accounted for on Natural Account 47111.

For donations accounted for in the projects module, please refer to the guidance on [Projects](https://finance.web.ox.ac.uk/financial-accounting-guidance).

For restricted donations, ensure that:

* each donation has a unique “**C**” Source of Funds code or project code;
* any expenditure to be charged against the donation is also coded to the same Source of Funds code or project code;
* all expenditure that can be charged against the donation has been, in preference to charging it against any general income available to the department;
* the expenditure charged does not exceed the amount of the donation;
* the Financial Reporting Team has a copy of any relevant documentation showing that the donation should be classified as restricted, rather than unrestricted.

Note: The evidence must be externally generated, ie a copy of documentation from the donor setting out the restricted purpose of the funds. An internal email or note will not suffice. If there is no *prima facie* external evidence, the donation cannot be regarded as restricted. If there is any uncertainty regarding the evidence, please contact Financial Reporting (financial.reporting@admin.ox.ac.uk).

### Re-Use of General Ledger Source of Funds Codes for New Donations

For accounting purposes, the Financial Reporting Team will assume that the purpose of gifts coded to each source of funds code is the same in 2021/22 as in previous years. If the purpose changed during the year, please contact the Financial Reporting Team as it may mean that the accounting treatment needs to be changed.

### Where to find further information

### General Ledger

To find total income and expenditure relating to donations in your department and see the any balances currently deferred, run the [UO Trial Balance - Detailed New](https://finance.web.ox.ac.uk/uo-trial-balance-detailed-new) Splash BI report. The report returns details of General Ledger actual account balances and can be run by source of funds code, source of funds parent or a range of source of funds.

Alternatively, there is a [Templated Financial Report](https://finance.admin.ox.ac.uk/general-ledger-fsg-reports) (Inc\_Exp Donations SOF) which provides details of year to date income and expenditure and deferred balances by source of funds code.

Deferred donation balances can be found on natural accounts 26200 (Donations Received in Advance) and 26260 (Deferred grants with performance conditions). Please note that the existence of two natural accounts is necessary from a financial reporting perspective and the process is identical from a departmental point of view regardless of on which natural account the balances is located.

### Projects

The reports currently used to support the financial management of research projects can also be used for donations. For example, the [UO Projects Status and Activity Report](https://finance.web.ox.ac.uk/uo-project-status-and-activity) can be run for both research and non-research projects.

### Who to contact if there is a query

Initially contact [your Divisional Financial Controller](https://finance.admin.ox.ac.uk/divisional-finance-teams) or the Financial Reporting Team (financial.reporting@admin.ox.ac.uk).