

Charity Number: 1094042

**THE UNIVERSITY OF BUCKINGHAM
FOUNDATION**

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

THE UNIVERSITY OF BUCKINGHAM FOUNDATION

CONTENTS	PAGE
Legal and administrative information	1
Report of the Trustees	2 – 8
Independent Auditors' Report	9 - 11
Statement of Financial Activities	12
Balance Sheet	13
Notes to the Financial Statements	14 – 32

THE UNIVERSITY OF BUCKINGHAM FOUNDATION

LEGAL AND ADMINISTRATIVE INFORMATION

Status

The University of Buckingham Foundation was established by a trust deed on 12 July 2002 and registered as a charity on 4 October 2002, number 1094042.

Chair of the Board of Trustees

Mr Mark Rushton (Appointed as Chair 23 June 2020)

Mr Charles Jackson (Resigned as Chair 23 June 2020)

Trustees who served during the year and up to the date the financial statements were approved

Mr Mark Rushton, Member of The University of Buckingham ("the University") Council (Appointed 5 December 2019)

Prof James Tooley, Vice-Chancellor of the University and Member of the University's Council (Appointed 8 October 2020)

Mr Rory Tapner, Chair of the University's Council (resigned 1 November 2021) ■

Mr Mark Rawlinson, Chair of the University's Council (appointed 1 December 2021) ■

Mrs Carolyn Cumming (Appointed 17 June 2019)

Ms Lorinda Long (Appointed 17 June 2019)

Mrs Amanda Nicholson (Appointed 17 June 2019)

Ms Elaine Williams, Head of Finance of the University (Appointed 2 June 2021)

Mr Charles Jackson (Resigned as Trustee 23 June 2020)

Sir Anthony Seldon, Vice-Chancellor of the University, Member of the University's Council (Resigned 14 June 2020)

Mr John Unsworth, Chief Financial Officer of the University (Appointed 12 December 2019, Resigned 11 March 2021)

■ Mr Rory Tapner resigned as Chair of the University's Council on 30 November 2021. Mr Mark Rawlinson was appointed as Chair of the University's Council on 1 December 2021.

Registered Office and Principal Place of Business

Yeomanry House

Hunter Street

Buckingham MK18 1EG

Independent Auditors

PricewaterhouseCoopers LLP

Donington Court

Pegasus Business Park

Castle Donington

East Midlands DE74 2UZ

Bankers

Barclays Bank plc

Milton Keynes Grafton Court

Leicester LE87 2BB

Santander UK plc

Business Banking

301 St Vincent Street

Glasgow G2 5NT

Investment Managers

Waverton Investment Management Limited

16 Babmaes Street

London SW1Y 6AH

THE UNIVERSITY OF BUCKINGHAM FOUNDATION

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2019

The Trustees present their report and audited financial statements for the year ended 31 December 2019.

The financial statements have been prepared in accordance with accounting policies set out in the notes to the financial statements and in compliance with the Charities Act 2011.

The Trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

OBJECTIVES AND ACTIVITIES:

Charitable Objects

The objects of The University of Buckingham Foundation ("the Foundation" or "the Charity") are:

- a) To advance the education of the public by, in particular, supporting and promoting the education (including social and physical training) of students attending The University of Buckingham and by benefiting the wider academic community and purposes of The University of Buckingham as a whole; and
- b) To promote research into academic and scientific fields of learning.

Public Benefit

The Trustees have considered the Charity Commission's requirement in respect of Public Benefit. In their view the Foundation meets, in full, the criteria to satisfy the test. The Trustees' annual report describes the activities undertaken to further its charitable purposes for the public benefit.

Activities of the Foundation

Significant activities undertaken in relation to the delivery of the objects are:

- a) Receiving and investing donations;
- b) Managing the endowment assets; and
- c) Distributing funds in accordance with donors' wishes.

Donations and legacies are a small part of the Foundation's income and were £50,100 (2018: £11,850). Investment income was £128,956 (2018: £114,058), £61,200 (2018: £61,200) of which was rental income earned on three investment properties leased to The University of Buckingham.

£14,563 (2018: £19,270) was spent on investment management costs, financed from endowment funds. There were no other significant costs of generating funds.

THE UNIVERSITY OF BUCKINGHAM FOUNDATION

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

Scholarships and other disbursements in support of the University were £502,547 (2018: £370,755). These disbursements showed a significant increase on 2018, funding scholarships and the development of BSc Business Enterprise and Innovation courses, supported by the Klatten endowment.

STRUCTURE GOVERNANCE AND MANAGEMENT:

Status

The University of Buckingham Foundation was established at a Trust by a trust deed on 12 July 2002 and registered as a charity on 4 October 2002, number 1094042.

Trustees

Trustees are appointed by a resolution of the Trustees. Normally, there will be three or more who are Members of the University's Council and three or more who are independent. The trust deed requires that there be between three and fifteen trustees and they will normally serve five-year terms. Trustees may stand for re-appointment and will not normally serve for more than two terms. Selection of new Trustees is undertaken by the existing Trustees, who identify the need for particular experience.

The current composition of the Trustee Board is three independent members and four University nominated members, including the Chair.

Organisation

The Trustees are responsible for administering the Foundation.

The composition of the Board of Trustees facilitates the sharing of goals and information between the Foundation and the University. At each of their meetings the Trustees receive an update on the University from the Vice-Chancellor or another senior officer of the University. The University's Finance, Estates and Resources Committee receives regular updates about the Foundation.

The day-to-day administration and reporting of the Foundation has been devolved by the Trustees to the Chief Financial Officer and Head of Development Services of the University who feed back to the Trustees of the Foundation at the Trustee meetings.

Principal risks and uncertainties

The Trustees are responsible for managing risk effectively to protect the assets of the Foundation, deliver satisfactory performance, and deliver sound corporate governance. During the year the Trustees examined the major strategic, business and operational risks which the Foundation faces. The principal risk identified was partial loss of the value of investments and related income. This risk is addressed by engaging professional investment managers, receiving information about the quality and market value of the investment portfolio and keeping their appointment under review.

THE UNIVERSITY OF BUCKINGHAM FOUNDATION

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

FINANCIAL REVIEW

General

The Foundation's financial performance for the year ended 31 December 2019 was net expenditure of £159,047. As at 31 December 2019, the Foundation had net assets of £4,534,654. The Trustees consider the financial position and performance to be satisfactory.

The strong stock market performance in 2019 resulted in gains in investment valuations of £257,007, compared with a reduction in investment valuations of £106,363 in 2018. This was a major contributor to the improvement in financial performance in 2019.

The fund allocation comprises: Endowments of £3,348,937 (restated 2018 £3,108,791), Restricted funds of £1,143,646 (2018 £1,543,644) and Unrestricted funds of £42,071 (2018 £41,266).

Reserves

Unrestricted funds serve as reserves and are available to cover the governance costs of the Foundation. The Trustees estimate that governance costs of £40,000, which includes £20,000 in respect of audit costs, have been covered by The University of Buckingham with no recharge to the Foundation. These costs are being reflected in the statement of financial activities as donated services, from the University with corresponding equivalent governance and the audit cost.

The Trustees consider the minimum level of reserves to be held, as unrestricted reserves, is £20,000 (2018: £20,000). The Trustees take action such as to maintain the reserves, in liquid funds, at a sufficient levels to meet the Foundation's liabilities as they arise. The Trustees consider that the level of total reserves as at 31 December 2019, as below is adequate.

	31 December 2019	31 December 2018
	£	£
Endowment funds	3,348,937	3,108,791
Restricted funds	1,143,646	1,543,644
Unrestricted funds (also called unrestricted reserves)	42,071	41,266
	<hr/>	<hr/>
Total	4,534,654	4,693,701

THE UNIVERSITY OF BUCKINGHAM FOUNDATION

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

Investment Performance

The long term investment policy is to maintain the real value of the investments, while also earning an income to disburse for the purposes of the endowments being scholarships and research grants. The achievement of the policy is monitored against the Waverton Balanced Index, the benchmark adopted by the Trustees, along with a target income return of between 2.5% and 3.0%. Waverton Investment Management Limited ("Waverton"), the Foundation's Investment Managers, report as follows:

"2019 saw a strong recovery as markets rebounded from the sharp sell-off witnessed in the last quarter of 2018. Over the calendar year the portfolio produced a total return of +16.13% net of fees versus the Waverton Balanced Index benchmark which rose by +15.34% and cash which returned +0.72%. The performance exceeded that of the peer group, as measured by the ARC Steady Growth Index (net of fees) which was +15.00%.

In the first half (to 30th June) the portfolio produced a +12.45% total return. The total return of the benchmark over this period was +11.29%. For the second half the figures show a gain of +3.27% versus the benchmark total return of +3.64%.

The best performance during the year continued to come from the US investments and especially the technology related names such as Microsoft and Intuit. Strong performance also came from the likes of JP Morgan, Londonmetric and Philips – performance by sector was more broadly spread than it has been in the recent past. The weakest performance was from "value" cyclical such as Schlumberger and Showa Denko, both of which were sold from the portfolio during the year. Syncona also has a poor year, having seen stellar performance in 2018.

The overall asset allocation has changed slightly compared to a year ago, with the equity weighting reduced to just over 61% from 64% and a 6% increase in the amount of cash held. We took the decision to reduce equities in August as we were concerned about the greater likelihood of a recession in the US resulting from the trade war between the US and China. This has helped the portfolio to withstand the events of recent weeks. We added to the UK market for the first time in several years, at the expense of Continental Europe and in terms of our sector exposure we reduced some of the holdings that had performed especially well (e.g. US technology names) and added new positions in what we consider to be more defensive sectors of the market. Portfolio sales are listed in the table below – during the year we added new positions in Asahi Group (a global brewer based in Japan), Becton Dickinson (US medical supplies), Waverton Real Assets (listed "alternative" investments), AstraZeneca (UK pharmaceuticals), Greencoat UK Wind (renewable energy) and East Japan Railway (Japanese rail operator).

Until mid-February we were relatively optimistic on the outlook for the equity markets; growth was stable, corporate earnings growth appeared well underpinned and the US and China had signed an initial agreement to resolve their trade dispute, although equity markets were looking slightly expensive. As I write, however, equity and fixed income markets have been severely dislocated by the COVID-19 virus and we have absolutely no confidence in forecasts for corporate profits. We are, however, encouraged by the steps taken to date by governments and central banks and we see a short but very sharp recession as opposed to a long drawn out depression. What is very clear is that interest rates will most likely stay at very low levels for the foreseeable future and in the longer term inflation is likely to become more of an issue. Having reduced the risk profile of the portfolio during last autumn we are happy with the current positioning of the investments."

The Trustees note that since the narrative commentary from Waverton was obtained, equity and fixed income markets plus corporate profits have recovered significantly post 2019 year end and till the date of signing this report.

Regarding dividend income as a component of investment performance, during the year dividend income of £52,820 was generated (2018: £45,971) representing a dividend yield of 2.5% (2018: 2.5%), which is within the range set by the Trustees.

THE UNIVERSITY OF BUCKINGHAM FOUNDATION

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

Investment Properties / Tangible Assets

In 2011 the Foundation purchased three investment properties at a total cost of £684,191. They were revalued in 2016 and are held in the financial statements at 31 December 2019 at a value of £927,000 (2018: £965,000).

For 2019 these were restated as tangible assets. Depreciation was charged on these properties at 2% of their deemed cost. The properties were classed as investment properties and have been fair valued under FRS102. The Foundation has taken advantage of the triennial amendments to FRS102 that are applicable for entities renting properties to fellow group entities, for periods beginning on or after 1 January 2019. Accordingly, the properties are held at their value at the transition date of 1 January 2018, rather than revaluing each year, by presenting their value at transition as the 'deemed cost' and depreciating this deemed cost going forward.

These properties are owned by the Foundation and leased to the University, which uses them for student accommodation.

Correction of prior year errors / other adjustments

Within these financial statements, it was necessary to enact corrections of accounting errors in prior periods relating to the following issues:

- a. Investments, Deposits, Cash at bank and in hand, Cash in transit
Cash balances are now categorised according to their intended holding period and in line with guidance given in the SORP.
- b. Endowments
Following a review of permanent endowment funds held by the Foundation, accounting errors were identified in the allocation of income between various permanent endowments held by the Foundation. However, the total balance across all the endowment funds remains correct and unchanged.
- c. Investment properties reclassified to tangible assets
Given investment properties are rented out to The University of Buckingham, being a group entity, the Foundation has adopted the policy choice given as part of triennial review amendment in FRS102 for investment property accounting (applicable from 1 January 2019) to transfer the properties to Property, Plant and Equipment under the cost model. Accordingly, the comparative prior year reported numbers are also reclassified, as part of guidance on the change in the accounting policy and hence these properties are now classified within tangible assets and are depreciated at 2% on cost on an annual basis.

Note 18 provides further details of these errors and the corrections and other adjustments made.

THE UNIVERSITY OF BUCKINGHAM FOUNDATION

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

THE IMPACT OF COVID-19 AND GOING CONCERN

The immediate adverse impact of the COVID-19 pandemic has been widespread and severe and the longer-term outlook remains materially uncertain.

The pandemic has affected many aspects of business and personal life that may ultimately impact the Foundation, ranging from global equity values, the nature of education provision in relation to The University of Buckingham's own offering and requests for support and the future level of endowments and other donations to the Foundation.

However, the Foundation's financial outlook is satisfactory, notwithstanding the currently uncertain climate. It has access to liquid funds and is able to manage its expenditure, mainly disbursements to the University, in line with its available resources.

The Foundation's financial statements are prepared on a going concern basis, based on the Trustees' assessment of the financial position of the Foundation, its operating model and its forecast cash flows. This assessment has been reached based on net current assets at 31 December 2019 of £1,532,004 (2018, restated: £1,895,495) and total charity funds of £4,534,654 (2018, restated: £4,693,701) which are deemed sufficient funds to mitigate the risks described in this report.

The Foundation's assets have various degrees of risk but the Trustees are confident that the investment portfolio as a whole is sufficiently balanced and robust to withstand short-term declines in value. The Trustees thus expect broadly to maintain the Foundation's current levels of disbursements. A significant proportion of endowment funds is held as cash or near-cash deposits so will maintain their value, at least in a time of low inflation.

The Foundation's investments, managed by Waverton include global equity holdings fell in value after the year-end, due to the impact of COVID-19, but recovered subsequently in 2021. One partial indicator, the FTSE 100 index, was approximately 15% lower at 31 December 2020 than at the financial year-end. The Foundation's balance sheet and cash resources are sufficient to cope with a reduction of that scale.

The Foundation owns three houses as investment properties, held as long term investments. The Trustees note that Covid has not impacted property values, save for a slight initial downturn.

The Foundation is connected with the University, which faces an uncertain outlook due to COVID-19, in common with many universities. This uncertain outlook will be addressed in the University's own financial statements. There is a close strategic and working relationship between the University and the Foundation but the Foundation does not depend on the University for financial support. The Trustees are therefore confident that its outlook will remain strong, notwithstanding the financial position of the University.

The Trustees note comments from Waverton Investment managers that COVID-19 has significantly impacted corporate profits. The Trustees appreciate this will reduce the investment performance and thereby the financial support that Foundation is able to provide. However, based on their assessment in Autumn 2021, the Trustees are confident that investment returns will revert to previous levels.

FUTURE ACTIVITIES

The University continues to lead the fundraising efforts on behalf of the Foundation, with the Foundation focusing on managing investments and making disbursements in accordance with the donors' wishes. The Foundation expects to continue receiving donations, notably those that are intended as endowments.

THE UNIVERSITY OF BUCKINGHAM FOUNDATION

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity 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 charity 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:



.....
Mr Mark Rushton, Chair

Date: 28 January 2022

THE UNIVERSITY OF BUCKINGHAM FOUNDATION

Independent auditors' report to the trustees of The University of Buckingham Foundation

Report on the audit of the financial statements

Opinion

In our opinion, The University of Buckingham Foundation's financial statements (the "financial statements"):

- give a true and fair view of the state of the charity's affairs as at 31 December 2019 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 (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Charities Act 2011 and Regulation 8 of The Charities (Accounts and Reports) Regulations 2008).

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2019; the statement of financial activities for the year then ended, and the notes to the financial statements which include a summary of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the charity's ability to continue as a going concern.

THE UNIVERSITY OF BUCKINGHAM FOUNDATION

Independent auditors' report to the trustees of The University of Buckingham Foundation

Report on the audit of the financial statements (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

In connection with our audit of the financial statements, 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Trustees' Report

Under the Charities Act 2011 we are required 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. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Responsibilities of the Trustees for the financial statements

As explained more fully in the Statement of Trustees' Responsibilities set out on page 8, the trustees are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The trustees are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

We are eligible to act and have been appointed as auditors 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 auditors' 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

THE UNIVERSITY OF BUCKINGHAM FOUNDATION

Independent auditors' report to the trustees of The University of Buckingham Foundation

Report on the audit of the financial statements (continued)

Use of this report

This report, including the opinions, has been prepared for and only for the charity's trustees as a body in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act (Part 4 of The Charities (Accounts and Reports) Regulations 2008) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Charities Act 2011 exception reporting

Under the Charities Act 2011 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- sufficient accounting records have not been kept by the charity; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands
28 January 2022

THE UNIVERSITY OF BUCKINGHAM FOUNDATION

Statement of financial activities for the year ended 31 December 2019

	Note	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2019 £	Restated Total 2018 £
Income and endowments from:						
Donations and legacies	3	40,500	9,600	-	50,100	11,850
Investments	4	305	14,001	114,650	128,956	114,058
Other income		-	-	-	-	10,731
Total income and endowments		40,805	23,601	114,650	179,056	136,639
Expenditure on raising funds		-	-	-	-	-
Investment manager's costs	5	-	-	(14,563)	(14,563)	(19,270)
Expenditure on charitable activities						
Scholarships and other disbursements	6	-	(423,599)	(78,948)	(502,547)	(370,755)
Governance and audit costs	7	(40,000)	-	-	(40,000)	-
Other expenditure						
Depreciation	8	-	-	(38,000)	(38,000)	-
Total		(40,000)	(423,599)	(131,511)	(595,110)	(390,025)
Net gains/(losses) on investments		-	-	257,007	257,007	(106,363)
Net (expenditure)/income		805	(399,998)	240,146	(159,047)	(359,749)
Net movement in funds		805	(399,998)	240,146	(159,047)	(359,749)

Reconciliation of funds	2019 Unrestricted funds £	2019 Restricted funds £	2019 Endowment funds £	2019 Total £	2018 Total £
Total funds brought forward at 1 January	41,266	1,543,644	3,108,791	4,693,701	5,053,450
Net movement in funds	805	(399,998)	240,146	(159,047)	(359,749)
Total funds carried forward at 31 December	42,071	1,143,646	3,348,937	4,534,654	4,693,701

The statement of financial activities includes all gains and losses recognised in the year.

2018 comparative figures have been restated following prior year adjustments as detailed in Note 18.

The notes on pages 14 to 32 form part of these financial statements.

THE UNIVERSITY OF BUCKINGHAM FOUNDATION

Balance sheet as at 31 December 2019

	Note	31 December 2019 £	Restated 31 December 2018 £
Fixed assets			
Tangible assets	8, 18	927,000	965,000
Investments	9, 18	2,075,650	1,833,206
Total fixed assets		3,002,650	2,798,206
Current assets			
Debtors	10	1,877	1,877
Investments	11, 18	1,032,594	1,730,770
Cash at bank and in hand	12, 18	1,000,080	533,603
Total current assets		2,034,551	2,266,250
Current liabilities			
Creditors: Amounts falling due within one year	13	(502,547)	(370,755)
Net current assets		1,532,004	1,895,495
Total assets less current liabilities		4,534,654	4,693,701
Total funds of the charity			
Endowment funds	16, 17, 18	3,348,937	3,108,791
Restricted income funds	16, 17	1,143,646	1,543,644
Unrestricted funds	16, 17	42,071	41,266
Total charity funds		4,534,654	4,693,701

2018 comparative figures have been restated following a prior year adjustment as detailed in Note 17.

The notes on pages 14 to 32 form part of these financial statements.

The financial statements on pages 12 to 32 were approved by the Board of Trustees and authorised for issue on 28 January 2022 and are signed on its behalf by:

Mr Mark Rushton

Professor James Tooley

THE UNIVERSITY OF BUCKINGHAM FOUNDATION

Notes to the financial statements for the year ended 31 December 2019

1 Accounting policies

a) Basis of accounting

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities who prepare their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The 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, in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

The financial statements have been prepared in accordance with the historical cost convention, as modified by the revaluation of investment assets to market value.

The financial statements are prepared on a going concern basis and the principal accounting policies have been applied consistently throughout the year except for change in the accounting policy, as disclosed separately.

The Trustees recognise that the Foundation is connected closely with The University of Buckingham, which faces an uncertain outlook due to COVID-19 and in common with many universities. This uncertain outlook will be addressed in the University's own financial statements. There is a close strategic and working relationship between the University and the Foundation. However, the Foundation does not depend on the University for financial support.

The Trustees recognise that the Foundation receives administrative support from the University. However, the Trustees consider that the Foundation could, if necessary, continue without such administrative support on a standalone basis.

The Trustees are therefore confident that the Foundation's outlook will remain satisfactory, notwithstanding the financial position of the University.

The Foundation has taken advantage of the exemption in FRS 102 from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows of The University of Buckingham's Financial Statements includes the Foundation's cash flows.

THE UNIVERSITY OF BUCKINGHAM FOUNDATION

1 Accounting policies (continued)

b) Income recognition

Donations and endowments: Donations and similar incoming resources are included in the period in which they are received, namely when the Foundation becomes entitled to the resources.

There are four main types of donations and endowments:

1. Restricted donations – the donor has specified that the donation must be used for a particular purpose.
2. Unrestricted donations – the donor has not specified the use of the donation and it can be used for the general benefit of the Foundation.
3. Restricted expendable endowments – the donor has specified a particular objective and the Foundation has the power to use the capital.
4. Restricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

Donated services: These are recognised as income when the Foundation has received such services and any associated conditions, if any, have been complied with. The Foundation received donated services from The University of Buckingham. These comprised business administration services provided by the University, plus the University paid for the cost of the external audit of the Foundation. The Trustees and the Chief Financial Officer of the University have between themselves estimated the fair value of these services.

c) Funds

Permanent endowments are funds which are restricted to the extent the Foundation cannot draw down the capital but the income is used to provide an income to fund scholarships, staff research and student prizes, in accordance with the donors' respective wishes.

Expendable endowments are funds over which the Foundation has full access to the capital and income generated.

Restricted funds comprise monies where a restriction has been placed on their use by a donor (for a purpose which falls within, but is narrower than the general charitable objectives). Restricted funds are distributed in accordance with the terms of the original restriction. The Foundation has full access to the capital and income generated.

d) Expenditure

Expenditure relates to raising funds, charitable activities, and the administration and governance of the Foundation.

All administration and governance costs are borne by The University of Buckingham. Such services are recognised as donated services and corresponding notional recharge is reflected in these financial statements to recognise the cost of the services provided.

Costs of raising funds relates primarily to investment management fees. Costs of charitable activities relates to grants provided to The University of Buckingham, which the University uses subsequently to provide scholarships and education resources.

THE UNIVERSITY OF BUCKINGHAM FOUNDATION

Notes to the financial statements for the year ended 31 December 2019 (continued)

1 Accounting policies (continued)

e) Investments

Investments are recognised at market value at the balance sheet date. Any gains or losses on these investments is included in the Statement of Financial Activities.

Cash deposits at banks, intended to be held more than three months and up to twelve months, is classified as "Investments" within current assets.

Cash deposits at banks, intended to be held for more than twelve months, is classified as "Investments" within fixed assets.

Investment income and appreciation of endowments is recognised as income in the year in which it arises and restricted income is recognised according to the terms applied to the individual endowment fund.

f) Property, plant and equipment / tangible assets / investment properties

An investment property is a property (land or a building, or part of a building, or both) held to earn rentals or for capital appreciation or both, rather than for: a) use in the supply of goods or services or for administrative purposes; or b) sale in the ordinary course of business.

As the properties are rented out to other group companies, the Foundation has chosen to adopt the policy choice, as part of the triennial review amendment in FRS102 for investment property accounting (applicable from 1 January 2019), to transfer the properties to Property, Plant and Equipment under the cost model. The properties were classed previously as investment properties and under FRS102 have been fair valued.

From the financial year commencing 1 January 2019, the Foundation has taken the advantage of the triennial amendments to FRS102 that are applicable for entities renting properties to fellow group entities (for period beginning on or after 1 January 2019) and hold the carrying value at the transition date of 1 January 2018, as deemed cost, rather than fair value each year, and depreciating such deemed cost as per its estimated useful life.

The properties are depreciated at 2% of cost annually, in order to write off their cost or valuation evenly over their 50-year expected useful life.

g) Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount.

THE UNIVERSITY OF BUCKINGHAM FOUNDATION

1 Accounting policies (continued)

h) **Taxation and charitable status**

The Foundation is a Registered Charity. It is a charity within the meaning of Paragraph 1, Schedule 6, Finance Act 2010 and therefore exempt from taxation in respect of income or capital gains received within categories covered by section 478 – 488 of the Corporation Tax Act 2010 (CTA 2010) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes. Charitable status provides no similar exemption from VAT.

i) **Financial instruments**

The Foundation has elected to adopt Sections 11 and 12 of FRS 102 in respect of the recognition, measurement, and disclosure of financial instruments. Financial assets and liabilities are recognised when the Foundation becomes party to the contractual provision of the instrument and they are classified according to the substance of the contractual arrangements entered into.

Financial instruments are classified and accounted for according to the substance of the contractual arrangement as financial assets, financial liabilities or equity instruments.

Financial assets: Basic financial assets, which include trade debtors, other debtors, accrued income, amounts due from the parent undertaking and other debtors, are measured initially at transaction price including transaction costs and are carried subsequently at amortised cost.

Financial liabilities: Basic financial liabilities, which include bank overdraft, loans, trade creditors, accruals, and deferred income are measured initially at transaction price including transaction costs and are carried subsequently at amortised cost.

Equity instruments: An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its liabilities.

j) **Cash and cash equivalents**

These include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

k) **Critical estimates and judgements**

In the application of the Foundation's accounting policies, the Trustees are required to make judgements, estimates and assumptions that may not readily be apparent from other sources. Estimates and associated assumptions are based on historical experience and other factors the Trustees judge are relevant. Actual results may differ from estimates. The Trustees have exercised their judgement when applying the Foundation's accounting policies. In particular:

1. Impairment of investment properties:

The Trustees have considered an external valuation performed during 2020 and judged that there is no need to impair the value of investment properties as recorded at 31 December 2019.

2. Donated services provided by The University of Buckingham:

The Trustees have made what they consider a fair estimate of the value of services donated by The University of Buckingham, further to discussion with relevant officers of the University, and are recognised accordingly in the financial statements.

THE UNIVERSITY OF BUCKINGHAM FOUNDATION

Notes to the financial statements for the year ended 31 December 2019 (continued)

2 Statement of financial activities – 2018 comparatives

	Unrestricted funds £	Restricted funds £	Endowment funds £	Restated Total 2018 £
Income and endowments from				
Donations and legacies	750	11,100	-	11,850
Investments	862	5,610	107,586	114,058
Other income	10,731	-	-	10,731
Total income and endowments	12,343	16,710	107,586	136,639
Expenditure on raising funds	-	-	-	-
Investment manager's costs	-	-	(19,270)	(19,270)
Expenditure on charitable activities				
Scholarships and other disbursements	-	(271,848)	(98,907)	(370,755)
Governance and audit costs	-	-	-	-
Other expenditure				
Depreciation	-	-	-	-
Total	12,343	(255,138)	(10,591)	(253,386)
Net gains/(losses) on investments	-	-	(106,363)	(106,363)
Net (expenditure)/income	12,343	(255,138)	(116,954)	(359,749)
Net movement in funds	12,343	(255,138)	(116,954)	(359,749)

THE UNIVERSITY OF BUCKINGHAM FOUNDATION

3 Donations and legacies

	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2019 £	Total 2018 £
Donations in the year from third parties	500	9,600	-	10,100	11,850
Donated services provided by The University of Buckingham	40,000	-	-	40,000	-
	<u>40,500</u>	<u>9,600</u>	<u>-</u>	<u>50,100</u>	<u>11,850</u>

Donated services are detailed in Note 7.

4 Income from investments

	Unrestricted funds £	Restricted funds £	Endowment funds £	Total funds 2019 £	Total funds 2018 £
Barclays deposit account interest	274	-	-	274	849
Santander deposit account interest	31	1,163	630	1,824	1,266
Treasury account deposit interest	-	12,838	-	12,838	4,772
Dividends from listed investments	-	-	52,820	52,820	45,971
Rental income from investment properties	-	-	61,200	61,200	61,200
Total	305	14,001	114,650	128,956	114,058

5 Investment managers' costs

	2019 £	2018 £
Fees charged by Waverton Investment Managers	14,563	19,270
	<u>14,563</u>	<u>19,270</u>

Investment managers' costs comprise a full year's fees at the rate of 1% of the first £1 million of fund value and 0.5% on the balance, plus VAT which is irrecoverable.

THE UNIVERSITY OF BUCKINGHAM FOUNDATION

Notes to the financial statements for the year ended 31 December 2019 (continued)

6 Scholarships and other disbursements

	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2019 £	Total 2018 £
Scholarships	-	70,661	75,448	146,109	137,477
Prizes	-	-	1,000	1,000	1,000
Grants	-	352,938	2,500	355,438	232,278
	-	423,599	78,948	502,547	370,755

All disbursements have been made from endowed or restricted funds in accordance with the donors' wishes, or from unrestricted funds at the Trustees' discretion.

Disbursements of endowment funds have been made from investment income and capital where allowable given the donors' wishes. The Osborn, Desborough, and certain smaller endowment funds funds categorised among "Other" within Note 16 have used to pay for scholarships.

Student prizes have been paid from the Jewkes Fund, which is categorised among "Other" within Note 16. Scholarships were also funded by Paul E H Davis Restricted Fund. Staff and research grants have been paid from the Dennison fund.

Grants were also awarded from the Klatten Fund to fund the development of the Entrepreneurship and Innovation Centre, the development of the BSc Business Enterprise and Innovation course, plus the award of scholarships to students of The University of Buckingham studying courses within this Centre.

The table below analyses the charitable activities of the Foundation. The Foundation itself does not make direct disbursements to beneficiaries. All of the Foundation's activities were performed by the provision of grant funding to The University of Buckingham, which then disbursed funding to beneficiaries for the purposes of the relevant funds detailed Note 16.

All grant funding was provided to The University of Buckingham, which applied this grant funding for the purposes as below.	Activities undertaken directly £	Provision of grant funding £	Support costs £	Total 2019 £	Total 2018 £
Scholarship awards made	-	146,109	-	146,109	137,477
Prize awards made	-	1,000	-	1,000	1,000
Grants	-	355,438	-	355,438	232,278
	-	502,547	-	502,547	370,755

THE UNIVERSITY OF BUCKINGHAM FOUNDATION

Notes to the financial statements for the year ended 31 December 2019 (continued)

7 Governance and audit costs

No staff were employed directly by the Foundation (2018: nil). Governance costs for this year are estimated at £40,000 (2018: nil). None of these costs relate specifically to raising funds or the delivery of charitable activities.

The £40,000 estimated governance costs relate to the provision of corporate administration and corporate governance of the Foundation; within that figure is the provision of external audit services of an estimated £20,000 in value. Governance services are provided as a donation in kind by The University of Buckingham.

Expenditure listed at Note 17 comprises direct expenditure from the relevant funds.

8 Tangible assets

	Investment properties Restated £	Total Restated £
Property, plant and equipment		
Cost		
At 1 January 2019	-	-
Adjustment in prior year	965,000	965,000
Restated as at 1 January 2019	965,000	965,000
At 31 December 2019	965,000	965,000
Accumulated Depreciation		
At 1 January 2019	-	-
Depreciation charge for the year	38,000	38,000
At 31 December 2019	38,000	38,000
Net book value		
At 31 December 2019	927,000	927,000
At 31 December 2018	965,000	965,000

Tangible assets comprise three freehold residential properties in Buckingham that are leased to The University of Buckingham and which were purchased in 2011 for £684,191. These properties were revalued in 2016 with a market value of £965,000 and were carried at this value until 2018.

As the investment properties are rented out to The University of Buckingham, being another group entity, the Foundation has chosen to adopt the policy choice given as part of triennial review amendment in FRS102 for investment property accounting (applicable from 1 January 2019) to transfer the properties to Property, Plant and Equipment under the cost model.

Note 18 provides details of the prior year adjustment.

THE UNIVERSITY OF BUCKINGHAM FOUNDATION

Notes to the financial statements for the year ended 31 December 2019 (continued)

9 Fixed asset investments	2019	Restated 2018
	£	£
Listed investments	1,931,856	1,816,637
Cash held by the Investment Manager	143,794	16,569

Balance at 31 December	2,075,650	1,833,206
-------------------------------	------------------	------------------

a) Listed investments – summary of transactions	2019	2018
	£	£
Balance at 1 January	1,816,637	1,941,817
Purchases	350,273	818,857
Sales	(492,061)	(837,674)
Net gains / (losses) on investments	257,007	(106,363)

Balance at 31 December	1,931,856	1,816,637
-------------------------------	------------------	------------------

The realised profit on disposal of investments was £37,488 (2018: £220,375).

b) Listed investments – geographic analysis	2019	2018
	£	£
Bonds	362,754	358,990
UK equities	276,789	188,820
Continental European equities	202,594	268,666
North American equities	479,449	432,563
Japanese equities	134,732	100,892
Asia Pacific equities	118,840	131,097
Emerging market equities	57,818	50,596
Alternatives	298,880	285,013

1,931,856	1,816,637
------------------	------------------

c) The historic cost of investments	2019	2018
	£	£
Listed investments	1,572,896	1,676,977

Individual investments in the listed investments portfolio that are 5% or more of the total are:

	% of total market cost	2019 £	% of total market cost	2018 £
Waverton Global Strategic Bond Fund	5%	94,073	5%	91,014
Waverton Sterling Bond Fund	11%	215,100	11%	204,323
Findlay Park American Fund US\$ (Institutional)	5%	93,332	-	-
Waverton Asia Pacific Fund 'A' £	6%	118,840	5%	97,160
Waverton European Dividend Growth Fund 'L' £ "BF5KV40"	5%	100,650	5%	92,620
Market value as at 31 December		621,995		485,117

THE UNIVERSITY OF BUCKINGHAM FOUNDATION

Notes to the financial statements for the year ended 31 December 2019 (continued)

10 Debtors

Debtors represents money due from HM Revenue and Customs for tax recoverable on donations where a gift aid declaration has been made but funds not received.

	2019	2018
	£	£
Outstanding gift aid claim	1,877	1,877
	1,877	1,877

11 Current asset investments

These cash deposits represent the part of the endowed and restricted funds held in bank or treasury deposit accounts. The Trustees have determined the intended holding time is between three and twelve months.

	2019	Restated 2018
	£	£
Barclays treasury deposit	700,000	1,400,000
Santander deposit account	332,594	330,770
	1,032,594	1,730,770

12 Cash at bank and in hand

	2019	Restated 2018
	£	£
Barclays current account 1	851,513	446,650
Barclays current account 2	872	841
Barclays deposit account	136,419	74,944
Cash in transit	11,276	11,168
	1,000,080	533,603

Cash in transit relates to un-cleared lodgements as at the year-end date.

THE UNIVERSITY OF BUCKINGHAM FOUNDATION

Notes to the financial statements for the year ended 31 December 2019 (continued)

13 Creditors: Amounts falling due within one year

	2019 £	2018 £
Amounts owed to group and associated undertakings	502,547	370,755
	502,547	370,755

The creditors balance represents the balance due to The University of Buckingham, a group undertaking, for Scholarships, Bursaries and other grants and prizes awarded, being £502,547 (2018: £370,755).

These balances represent amounts due from the Foundation to The University of Buckingham, regarding grant support that was approved by the Foundation prior to the year-end but paid over after the year-end.

14 Trustee remuneration and expenses

The Trustees neither received nor waived any emoluments during the year and previous year. No Trustee was reimbursed for any expenses by the Foundation during the year and previous year.

THE UNIVERSITY OF BUCKINGHAM FOUNDATION

Notes to the financial statements for the year ended 31 December 2019 (continued)

15 Related party transactions

The University of Buckingham is the beneficiary of £502,547 (2018: £370,755) of charitable disbursements made by the Foundation, of which £502,547 (2018: £370,755) was outstanding at the year-end. All of the Foundation's running costs are met by the University, as mentioned below. The University also leases three properties from the Foundation at a rental cost of £61,200 (2018: £61,200) per annum.

The Foundation received donated services provided by The University of Buckingham. These included business administration services and the cost of the external audit of the Foundation. The Trustees and the Chief Financial Officer of the University have between themselves estimated the fair value of such donated services as £40,000; these are business administration services, including external audit services of an estimated value of £20,000.

16 Analysis of net assets between funds

	Unrestricted funds	Restricted funds	Endowment funds	Total funds 2019	Restated Total funds 2018
	£	£	£	£	£
Fixed assets					
Investments	-	-	2,075,650	2,075,650	1,833,206
Tangible Assets	-	-	927,000	927,000	965,000
Net current assets					
Investments	-	1,032,594	-	1,032,594	1,730,770
Other net current assets	42,071	111,052	346,287	499,410	164,725
	42,071	1,143,646	3,348,937	4,534,654	4,693,701

THE UNIVERSITY OF BUCKINGHAM FOUNDATION

Notes to the financial statements for the year ended 31 December 2019 (continued)

17 Movement in funds

	Restated At 1 Jan 2019 £	Incoming resources £	Net gain/(loss) on investment £	Outgoing resources £	At 31 Dec 2019 £
Permanent endowments					
Gregory	1,250,646	82,449	103,390	(60,409)	1,376,076
Ondaatje	368,097	6,254	30,430	(10,349)	394,432
Brunner	122,062	2,074	10,091	(4,995)	129,232
Weston 1997	98,957	1,681	8,181	(8,399)	100,420
Weston 1999	167,214	2,841	13,823	(783)	183,095
Other	266,215	4,524	22,012	(10,747)	282,004
Total permanent endowments	2,273,191	99,823	187,927	(95,682)	2,465,259
Expendable endowments					
Desborough	531,646	9,434	43,952	(15,516)	569,516
Coase	303,529	5,386	25,093	(20,311)	313,697
Grosvenor	425	7	35	(2)	465
Total expendable endowments	835,600	14,827	69,080	(35,829)	883,678
Total endowment funds	3,108,791	114,650	257,007	(131,511)	3,348,937
Restricted funds					
Klatten	1,501,719	13,970	-	(410,213)	1,105,476
Other restricted funds	41,925	9,631	-	(13,386)	38,170
Total restricted funds	1,543,644	23,601	-	(423,599)	1,143,646
Unrestricted funds	41,266	40,805	-	(40,000)	42,071
Total	4,693,701	179,056	257,007	(595,110)	4,534,654

Please see note 18 for details of the restatement. All of the incoming resources for permanent endowments and expendable endowments, shown in the table above, arise from investment income.

Purpose of restricted and endowment funds

The permanent endowments are invested to provide an income to fund scholarships, staff research and student prizes at The University of Buckingham, in accordance with the donors' respective wishes.

Gregory	Scholarships in Business, Humanities and Science
Ondaatje	General bursaries for students
Brunner	Scholarships for Business and Law
Weston 1997	Scholarships for Business and Law
Weston 1999	Scholarships for Business and Law
Other	Scholarships for Law

The Coase and Desborough expendable endowments are also invested but their base capital as well as income can be used to fund disbursements in accordance with the donors' wishes, being to fund Economics and Business scholarships respectively.

THE UNIVERSITY OF BUCKINGHAM FOUNDATION

Notes to the financial statements for the year ended 31 December 2019 (continued)

17 Movement in funds (continued)

Other restricted funds are disbursed in accordance with the donors' wishes, the main unexpended element being the Klatten Fund. The purpose of this fund is to further the development of the Entrepreneurship and Innovation Centre plus fund the costs of scholarships to students of The University of Buckingham studying courses within this Centre.

Restated 2018	At 1 Jan 2018 £	Incoming resources £	Net gain/(loss) on investment £	Outgoing resources £	At 31 Dec 2018 £
Permanent endowments					
Gregory	1,240,154	78,869	(40,891)	(27,486)	1,250,646
Ondaatje	399,030	5,683	(13,157)	(23,459)	368,097
Brunner	134,387	1,915	(4,431)	(9,809)	122,062
Weston 1997	107,102	1,526	(3,531)	(6,140)	98,957
Weston 1999	171,439	2,452	(5,653)	(1,024)	167,214
Other	281,993	4,019	(9,300)	(10,497)	266,215
Total permanent endowments	2,334,105	94,464	(76,963)	(78,415)	2,273,191
Expendable endowments					
Desborough	555,799	8,180	(18,327)	(14,006)	531,646
Coase	335,405	4,936	(11,059)	(25,753)	303,529
Grosvenor Trust	436	6	(14)	(3)	425
Total expendable endowments	891,640	13,122	(29,400)	(39,762)	835,600
Total endowment funds	3,225,745	107,586	(106,363)	(118,177)	3,108,791
Restricted funds					
Klatten	1,755,002	5,589	-	(258,872)	1,501,719
Other restricted funds	43,780	11,121	-	(12,976)	41,925
Total restricted funds	1,798,782	16,710	-	(271,848)	1,543,644
Unrestricted funds	28,923	12,343	-	-	41,266
Total	5,053,450	136,639	(106,363)	(390,025)	4,693,701

THE UNIVERSITY OF BUCKINGHAM FOUNDATION

Notes to the financial statements for the year ended 31 December 2019 (continued)

18 Prior year adjustments

a) Investments, Deposits, Cash at bank and in hand, Cash in transit

Certain cash deposits were categorised as fixed asset investments in the financial statements for the year ended 31 December 2018. The Trustees have now categorised cash deposit balances according to their intended holding period and in line with the guidance given in the SORP, namely:

- Cash deposits intended to be held up to three months are classified as “Cash at bank and in hand” within current assets;
- Cash deposits intended to be held more than three months and up to twelve months are classified as “Investments” within current assets;
- Cash deposits intended to be held for more than twelve months are classified as “Investments” within fixed assets.

Cash balances held by the investment manager are now classified under fixed asset investments.

	As reported at 31 Dec 2018 £	Prior year Adjustments to 31 Dec 2018 £	Restated at 31 Dec 2018 £
Prior year adjustments made			
Fixed assets: Investments	1,816,637	16,569	1,833,206
Fixed assets: Deposits	1,820,795	(1,820,795)	-
Current assets: Investments	-	1,730,770	1,730,770
Current assets: Cash at bank and in hand	448,979	84,624	533,603
Current assets: Cash in transit	11,168	(11,168)	-
Total	4,097,579	-	4,097,579

THE UNIVERSITY OF BUCKINGHAM FOUNDATION

Notes to the financial statements for the year ended 31 December 2019 (continued)

18 Prior year adjustments (continued)

b) Endowments

Following a critical review of permanent endowment funds held by the Foundation during the current year 2019, an accounting error was identified in the allocation of income across permanent endowments held by the Foundation. The income relates to rental income from investment properties, revaluation gains relating to those properties and investment income. The error relates to the accounting periods for 2011 to 2018 and amounts to an understatement of the value of the Gregory endowment of £506,101 as at 1 January 2018 and an equivalent overstatement of other permanent endowments.

The investment properties held by the Foundation were purchased in 2011 through a donation made by the Gregory family, with the intention that all rental income from them be directed to support scholarships at The University of Buckingham. The purpose of the donation has been met in full as all rental income has been allocated for scholarships, but the rental income had been allocated incorrectly across the Gregory and other permanent endowment funds.

All rental income should have been applied to the Gregory endowment fund but was allocated across all permanent endowment funds, resulting in an understatement of the value of the Gregory Fund and an overstatement in the value in other funds.

In addition, because all investment income and costs relating to permanent endowment funds were allocated based on fund balances at the start of each financial year, other investment related income and costs were calculated and allocated incorrectly.

The properties were revalued in 2016 and the revaluation gain was also allocated incorrectly across all permanent funds.

The errors in the allocation of rental income, revaluation gain, and all other investment income and costs relating to permanent endowment funds, have now been corrected and the 2018 comparatives have been restated.

Expendable endowments and other restricted funds are unaffected by the accounting error.

The analysis of endowments in these 2019 financial statements is provided on the corrected and updated basis.

THE UNIVERSITY OF BUCKINGHAM FOUNDATION

Notes to the financial statements for the year ended 31 December 2019 (continued)

18 Prior year adjustments (continued)

b) Endowments (continued)

A summary of adjustments to permanent endowment fund balances for the 2018 financial statements is as follows:

	Restatements as at 1 January 2018			Restatements as at 31 December 2018			
	As reported at 1 Jan 2018 £	Prior year adjustments to 1 Jan 2018 £	Restated at 1 Jan 2018 £	As reported at 31 Dec 2018 £	Transactions as reported in year 2018 £	Prior year adjustments in year 2018 £	Restated at 31 Dec 2018 £
	[a]	[b]	[a + b]	[c]	[d]	[e]	[b + c + e]
Funds							
Gregory	734,053	506,101	1,240,154	715,094	(18,959)	29,451	1,250,646
Ondaatje	592,717	(193,687)	399,030	572,545	(20,172)	(10,761)	368,097
Brunner	194,555	(60,168)	134,387	185,845	(8,710)	(3,615)	122,062
Weston 1997	154,509	(47,407)	107,102	149,244	(5,265)	(2,880)	98,957
Weston 1999	245,911	(74,472)	171,439	246,278	367	(4,592)	167,214
Other	412,360	(130,367)	281,993	404,185	(8,175)	(7,603)	266,215
Total	2,334,105	0	2,334,105	2,273,191	(60,914)	0	2,273,191

THE UNIVERSITY OF BUCKINGHAM FOUNDATION

Notes to the financial statements for the year ended 31 December 2019 (continued)

18 Prior year adjustments (continued)

c) Investment properties reclassified to tangible assets – restatement of comparatives as part of change in the accounting policy

As the investment properties are rented out to The University of Buckingham, being another group entity, the Foundation has chosen to adopt the policy choice given as part of triennial review amendment in FRS102 for investment property accounting (applicable from 1 January 2019) to transfer the properties to Property, Plant and Equipment under the cost model. In prior years, these properties were classified specifically as “Investment properties” and were carried at fair value. The carrying value of the properties on the date of transition as at 1 January, 2018, is considered as ‘deemed cost’, in line with the guidance given in such triennial amendment.

As such, these properties are now classified within tangible assets and are depreciated at 2% on cost on an annual basis. In 2019 two years’ worth of depreciation was charged to the statement of financial activities, as it was deemed immaterial to restate the financial statements for the prior year regarding depreciation.

	As reported at 31 Dec 2018 £	Prior year Adjustments to 31 Dec 2018 £	Restated at 31 Dec 2018 £
Prior year adjustments made			
Fixed assets: Investment properties	965,000	(965,000)	-
Fixed assets: Tangible assets	-	965,000	965,000
Total	965,000	-	965,000

THE UNIVERSITY OF BUCKINGHAM FOUNDATION

Notes to the financial statements for the year ended 31 December 2019 (continued)

19 Ultimate parent undertaking and controlling party

The Trustees consider that The University of Buckingham, incorporated by Royal Charter (number RC000730) and a Registered Charity (number 1141691), is the immediate and ultimate controlling party by virtue of the Trust Deed. Also, there is shared membership of the boards of The University of Buckingham and The University of Buckingham Foundation, with three Trustees of the Foundation normally being Members of the Council of The University of Buckingham.

The charitable objects of the Foundation are listed earlier, within the Trustees' report.

Consolidated financial statements that include the Foundation's financial statements can be obtained from the address below.

Finance Department
The University of Buckingham
Yeomanry House
Hunter Street
Buckingham MK18 1EG

No other group financial statements include the results of the Foundation.

20 Post balance sheet event

The impact of COVID-19 is considered to be a non-adjusting post balance sheet event, as detailed in the Report of the Trustees. Whilst the value of the Foundation's investment portfolio, managed by Waverton Investment Management Ltd, declined in 2020, portfolio values recovered with strong growth in 2021.

The Trustees, who consider they are competent to make this judgement and have also drawn upon an informal independent valuation by a local estate agent, consider there has been no diminution in value of the three freehold houses owned by the Foundation, be this from COVID-19 or otherwise.

Consequently, the Trustees have determined that COVID-19 has had no adverse impact upon the Foundation.