

ASHRIDGE (BONAR LAW MEMORIAL) TRUST

ANNUAL REPORT FOR THE YEAR ENDED

31 December 2020

Charity Registration Number: 311096

ASHRIDGE (BONAR LAW MEMORIAL) TRUST**CONTENTS**

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ASHRIDGE (BONAR LAW MEMORIAL) TRUST

LEGAL AND ADMINISTRATIVE DETAILS

Trustees

The governance of Ashridge (Bonar Law Memorial) Trust is managed by Ashridge CT Limited, a corporate trustee.

| | | |
|-------------------------------|---|-----------------------|
| Ashridge CT Limited directors | Mr Ulf Sandberg Mr Ajay Gundecha Mr Jeffrey Allen Mr Paul Coen | (resigned 26/03/2020) |
|-------------------------------|---|-----------------------|

| | |
|----------------|--------|
| Charity number | 311096 |
|----------------|--------|

| | |
|-------------------|---|
| Registered office | Ashridge Berkhamsted Hertfordshire HP4 1NS |
|-------------------|---|

| | |
|---------|---|
| Actuary | Mercer Tower Place West Tower Place London EC3R 5BU |
|---------|---|

| | |
|----------------------|--|
| Independent auditors | Knox Cropper LLP 65 Leadenhall Street London EC3A 2AD |
|----------------------|--|

| | |
|---------|--|
| Bankers | Lloyds Banking Group plc 205 High Street Berkhamsted Hertfordshire HP4 1AP |
| | Santander UK plc 2 Triton Square Regent's Place London NW1 3AN |

ASHRIDGE (BONAR LAW MEMORIAL) TRUST

Report of the Corporate Trustee for the year ended 31 December 2020

The Corporate Trustee is pleased to present the audited annual report together with the consolidated financial statements of Ashridge (Bonar Law Memorial) Trust (the Trust) for the year ended 31 December 2020.

The Corporate Trustee's report and the financial statements have been prepared in accordance with the Charities Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities 2019', Financial Reporting Standards 102 and Charities Act 2011.

The aims of Ashridge

Ashridge (Bonar Law Memorial) Trust was constituted as a charitable trust by the Ashridge (Bonar Law Memorial) Trust Act 1954, as amended in 1983 and 2014 (the Act).

The principal activities of the Trust are defined by the Act:

- Provide education at Ashridge
- Undertake research and disseminate the results to the public
- Establish and continue similar institutions overseas

These activities are undertaken by the Trust using the name of Ashridge. The Trust also had a wholly owned subsidiary during the year - see notes 3 and 8 of the financial statements for details. The trading subsidiary undertook specialist activities closely related to management education as follows:

- Ashridge Educational Services Ltd provided executive and organisation education to corporate clients.

The Corporate Trustee referred to the guidance contained in the Charity Commission's publications on public benefit when reviewing aims and objectives. They then considered how to maximise the contribution of planned activities to those aims and objectives as follows:

Provision of education

As a leading centre for management and organisation learning, the Ashridge vision is to make a substantial contribution to the development of managers, their organisations and society at large.

The activities undertaken to assist this development deliver public benefit in a variety of ways. Ashridge's clients include organisations in the public sector, corporate entities, and individual private students in pursuit of a UK degree.

Research

The purpose of research at Ashridge is to make a wider intellectual contribution to business practices overall, and a deeper contribution to certain academic and professional fields, as well as to continuously improve education for students and executives. Co-creating knowledge with leaders, managers and policymakers in private, public, and volunteer organizations is a hallmark of this strategy. So is the aspiration to catalyse innovation and be a partner in life-long learning. Ashridge has its roots in management practice, applied scholarship and social responsibility, and the research is designed to leverage these roots and its vast network of connections with private, public and volunteer organizations. The public benefits from Ashridge research as it is widely distributed and freely available.

Establishment of similar institutions overseas

Ashridge delivers a proportion of its services outside the UK through its corporate clients. Some contracted faculty are based abroad.

ASHRIDGE (BONAR LAW MEMORIAL) TRUST

Report of the Corporate Trustee for the year ended 31 December 2020 (continued)

Achievements and performance

In performing its activities Ashridge has run educational programs for more than 113 clients and 1,075 students with 105 students eligible to graduate during the calendar year 2020.

In addition, research at Ashridge has contributed to the academic debate through publishing 137 books, articles, reports and conference papers during 2020.

Financial review

The result for the year ended 31 December 2020 was a net income of £87k (2019: £1.3m). Continuing operations contributed £87k (2019: £-2.9m) and discontinued operations contributed £nil (2019: £4.2m).

The profitability from continuing operations is due to improve further due to the growth in apprenticeship and degree programmes.

Reserves

The total reserves of the Trust on 31 December 2020 was £16.6m (2019: £12.8m). The total reserves include a designated Research Fund £10m (2019: £10m), a restricted Restoration Fund £81k (2019: £81k) and unrestricted free reserves of £6.5m (2019: £2.7m).

The main driver of the increase was the actuarial defined benefit pension scheme revaluation gain of £3.9m of Ashridge Pension Scheme vs. 31 December 2019.

The Trust's reserves policy requires 3 months of unrestricted reserves to enable it to meet its charitable objectives. At 31 December 2020 the Trust held unrestricted free reserves of £6.5m to comply with this policy.

Going concern

The effect of COVID-19 has been assessed by the Corporate Trustee, reviewing the Trust's ongoing forecasts and projections to ensure that the organisation remains financially viable. There are no material uncertainties that the Trust would not be able to meet its liabilities as they fall due for the foreseeable future.

The Trust has an excellent liquidity position at 31 December 2020 with £10m cash available. Consequently, the Trustee has continued to prepare the financial statements on a going concern basis.

Principal risks and uncertainties

The Corporate Trustee has examined the major risks that the Trust faces and have documented these in a risk register, which is updated on a periodic basis. The Trust has developed systems to monitor and control these risks to mitigate any impact that they may have on the Trust in the future.

The outbreak of the COVID-19 virus has had an impact on higher education globally. The Corporate Trustee and executive team continue to monitor the outbreak, including UK Government advice. The board acknowledges the risk but deems the operational disruption to be limited as education is maintained and carried out online. In addition, the Corporate Trustee does not anticipate major deviances vs. budget for the 2021 fiscal year with the current vaccine rollout and the travel restrictions being gradually removed in 2021.

Most of the qualifications revenue relates to apprenticeships which is funded through the government's Education & Skills Funding Agency, as a government agency we deem the collection of this revenue to be low risk. The Trust may experience collection delays from tuition of independent students, collections are being monitored closely and graduation will only take place once all fees are settled.

ASHRIDGE (BONAR LAW MEMORIAL) TRUST

Report of the Corporate Trustee for the year ended 31 December 2020 (continued)

Investment powers and policy

The Corporate Trustee has wide powers to invest in land, government securities, commercial stocks and building society deposits provided that all commercial instruments are issued by companies listed on approved Stock Exchanges or associates of such companies.

Strategic objectives

Ashridge has identified the following strategic aspirations in relation to its core objects, to be:

- One of the top five global providers of customised executive education
- Being known as the place that knows about coaching
- Leading specialist in strategic organisational change and development
- Compact, differentiated, highly regarded qualifications portfolio
- All business streams integrated with facilitated learning over the web.
- Having a faculty noted for practical yet rigorous research that is widely available

Ashridge is one of few business schools worldwide to achieve the 'triple crown' of accreditation from the Association to Advance Collegiate Schools of Business (AACSB), the European Quality Improvement System (EQUIS) and the Association of MBAs (AMBA) and the objective is to retain these accreditations going forward.

In 2020 Ashridge reaffirmed its position among the top 20 Executive Education schools in the world.

Governance

Ashridge (Bonar Law Memorial) Trust was constituted as a charitable trust by the Ashridge (Bonar Law Memorial) Trust Act 1954, as amended in 1983 and 2014, and is governed by this act.

Ashridge CT Limited acts as the governing body of the Trust through its own board of directors which meets regularly.

The day-to-day management of Ashridge is undertaken by the President who is appointed by Ashridge CT Ltd. The President has delegated authority for finance, employment, and other operational matters.

Related parties

None of the directors of Ashridge CT Limited nor any persons connected with them, had at any time had any beneficial interest in dealings with the Trust and received no remuneration from the Trust.

Ashridge has subsidiaries and other related parties during the year ended 31 December 2020 as per below:

Ashridge CT Limited

Ashridge CT Limited was incorporated in 2015 and appointed as corporate trustee of the Trust with the objective to comply with the Act. The directors of Ashridge CT Limited are independent of the Trust in order to ensure there are no conflicts of interest.

Ashridge Historical Trust

The member of Ashridge CT Limited is the Ashridge Historical Trust. The trustees of the Ashridge Historical Trust are independent of the Trust and Ashridge CT Limited in order to ensure there are no conflicts of interest.

Ashridge Educational Services Ltd

Ashridge Educational Services Ltd is controlled through share ownership by the Trust and was incorporated on 16 December 2019.

ASHRIDGE (BONAR LAW MEMORIAL) TRUST

Report of the Corporate Trustee for the year ended 31 December 2020 (continued)

The Ashridge Pension Scheme

The Ashridge Pension Scheme is a post-employment benefit plan for the benefit of employees of the Trust. Until 2002 the Trust offered final salary pension entitlement to all Ashridge staff through membership of the Ashridge Pension Scheme.

Pay policy for senior staff

The pay of the senior staff is reviewed annually. In view of the nature of the charity salaries are benchmarked against pay levels in other comparable educational institutions.

Key management personnel

| | | |
|-----------------------------|---------------------|------------------------|
| President | Dr Stephen Hodges | |
| Chief Academic Officer | Dr Johan Roos | |
| Dean of Faculty | Dr Dina Dommett | |
| Associate Dean | Mr Andrew Hyams | |
| Chief Finance Officer | Mrs Emilie McCarthy | (appointed 01/01/2020) |
| Senior Director of Research | Miss Nadine Page | |

Corporate Trustee's responsibilities

The Corporate Trustee is responsible for the preparation of annual financial statements that provide a true and fair view of the state of affairs of Ashridge as at the end of the financial year and of the financial activities during the year.

In preparing the financial statements the Corporate Trustee is required to:

- Select suitable accounting policies and apply them consistently
- Observe the methods and principles in the Charities SORP
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the charity will continue in business

The Corporate Trustee is responsible for keeping proper accounting records that disclose with reasonable accuracy of the financial position of Ashridge at any time and to ensure that the financial statements comply with relevant statutes.

It is also responsible for safeguarding the assets of Ashridge taking reasonable steps to prevention and detection of fraud and other irregularities.

Disclosure of information to Auditors

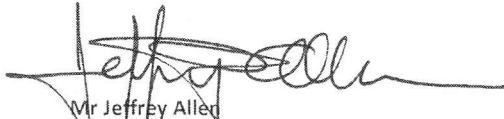
The Corporate Trustee confirms that:

- there is no relevant audit information of which the Trust's auditors are unaware; and
- it has taken all the steps that ought to be taken in order to make himself/herself aware of any relevant audit information and to establish that the Trust's auditors are aware of that information.

ASHRIDGE (BONAR LAW MEMORIAL) TRUST

Report of the Corporate Trustee for the year ended 31 December 2020 (continued)

The report of the Corporate Trustee was approved by the board of directors of Ashridge CT Limited and signed on their behalf by:



Mr Jeffrey Allen
Director
Ashridge CT Limited

7 April 2021

ASHRIDGE (BONAR LAW MEMORIAL) TRUST

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATE TRUSTEE OF ASHRIDGE (BONAR LAW MEMORIAL) TRUST

Opinion

We have audited the financial statements of Ashridge (Bonar Law Memorial) Trust ("the Parent Charity") and its subsidiary ("the Group") for the year ended 31 December 2020 which comprise the consolidated statement of financial activities, the consolidated and Charity balance sheet, the consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Charity's affairs as at 31 December 2020 and of the Group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Charity in accordance with the ethical requirements relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions related to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent Charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Report of the Corporate Trustee, other than the financial statements and our auditor's report thereon. The Trustee is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If,

ASHRIDGE (BONAR LAW MEMORIAL) TRUST

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 in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities Act 2011 requires us to report to you if, in our opinion;

- the information contained in the financial statements is inconsistent in any material respect with the Report of the Corporate Trustee; or
- adequate accounting records have not been kept by the Parent Charity; or
- the Parent Charity financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustee

As explained more fully in the Corporate Trustee's responsibilities statement, the Trustee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustee determines 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 Trustee is responsible for assessing the Group's and the Parent 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 Corporate Trustee either intends to liquidate the Group or the parent Charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act[s] and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- The Group and the Parent Charity are required to comply with charity law and, based on our knowledge of their activities, we identified that the legal requirement to accurately account for restricted funds was of key significance.
- We gained an understanding of how the Group and Parent Charity complied with their legal and regulatory framework, including the requirement to properly account for restricted funds, through discussions with management and a review of the documented policies, procedures and controls.
- The audit team, which is experienced in the audit of charities, considered the Group and Parent Charity's susceptibility to material misstatement and how fraud may occur. Our considerations included the risk of management override.
- Our approach was to check that all restricted income was properly identified and separately accounted for and to ensure that only valid and appropriate expenditure was charged to restricted funds. This included reviewing journal adjustments and unusual transactions.

ASHRIDGE (BONAR LAW MEMORIAL) TRUST

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Charity's Corporate Trustee, as a body, in accordance with the Charities Act 2011. Our audit work has been undertaken so that we might state to the Charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charity and the Charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Knox Cropper LLP

8 April 2021

Knox Cropper LLP, Statutory Auditor
65 Leadenhall Street
London
EC3A 2AD

Knox Cropper LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

ASHRIDGE (BONAR LAW MEMORIAL) TRUST

Consolidated Statement of Financial Activities for the year ended 31 December 2020

| | Note | Unrestricted Funds £'000 | 2020 Total Funds £'000 |
|--|------|--------------------------------|------------------------------|
| Income: | | | |
| <i>Income from charitable activities:</i> | | | |
| Fees from educational programmes | | 4,038 | 4,038 |
| <i>Income from other trading activities:</i> | | | |
| Commercial trading operations | | 5,383 | 5,383 |
| Investment income | | 12 | 12 |
| Total income | | 9,433 | 9,433 |
| Expenditure: | | | |
| Expenditure on charitable activities | 4 | (4,731) | (4,731) |
| Expenditure on other trading activities | 4 | (4,615) | (4,615) |
| Total expenditure | | (9,346) | (9,346) |
| Net income | 2 | 87 | 87 |
| <i>Other recognised gains/(losses):</i> | | | |
| Actuarial gains on APS pension | 13 | 3,758 | 3,758 |
| Foreign exchange losses | | (39) | (39) |
| Net movement in funds | | 3,806 | 3,806 |

| | Unrestricted Funds £'000 | Designated Funds £'000 | Restricted Funds £'000 | 2020 Total Funds £'000 |
|------------------------------------|--------------------------------|------------------------------|------------------------------|------------------------------|
| <i>Reconciliation of funds:</i> | | | | |
| Total funds brought forward | 2,692 | 10,000 | 81 | 12,773 |
| Net movement in funds | 3,806 | - | - | 3,806 |
| Total funds carried forward | 6,498 | 10,000 | 81 | 16,579 |

All income and expenditure has arisen from continuing activities.

The notes on pages 16 to 28 form part of these financial statements.

ASHRIDGE (BONAR LAW MEMORIAL) TRUST

Consolidated Statement of Financial Activities for the year ended 31 December 2019

| | | Continuing Operations | Discontinued Operations | | | |
|---|------|--------------------------------|--------------------------------|------------------------------|---|------------------------------|
| | | | | | Endowment Fund | |
| | Note | Unrestricted Funds £'000 | Unrestricted Funds £'000 | Restricted Funds £'000 | & Revaluation Reserve £'000 | 2019 Total Funds £'000 |
| Income: | | | | | | |
| Donations | 16 | - | - | 8 | - | 8 |
| <i>Income from charitable activities:</i> | | | | | | |
| Fees from educational programmes | | 2,848 | 3,021 | - | - | 5,869 |
| <i>Income from other trading activities:</i> | | | | | | |
| Commercial trading operations | | - | 28,381 | - | - | 28,381 |
| Investment income | | 7 | - | - | - | 7 |
| Other income | 7 | - | 3,572 | - | - | 3,572 |
| Total income | | 2,855 | 34,974 | 8 | - | 37,837 |
| Expenditure: | | | | | | |
| Expenditure on charitable activities | 4 | (5,791) | (3,075) | - | - | (8,866) |
| Expenditure on other trading activities | 4 | - | (27,668) | - | - | (27,668) |
| Other expenditure | | - | - | (11) | - | (11) |
| Total expenditure | | (5,791) | (30,743) | (11) | - | (36,545) |
| Net (expenditure) income | 2 | (2,936) | 4,231 | (3) | - | 1,292 |
| <i>Other recognised gains/(losses):</i> | | | | | | |
| Actuarial losses on APS pension | 13 | (5,884) | - | - | - | (5,884) |
| Foreign exchange losses | | (74) | - | - | - | (74) |
| Net movement in funds | | (8,894) | 4,231 | (3) | - | (4,666) |
| Reconciliation of funds: | | | | | | |
| | | Unrestricted Funds £'000 | Designated Funds £'000 | Restricted Funds £'000 | Endowment Fund & Revaluation Reserve £'000 | 2019 Total Funds £'000 |
| Total funds brought forward | | (6,010) | 10,000 | 84 | 13,365 | 17,439 |
| Net movement in funds - continuing operations | | (8,894) | - | - | - | (8,894) |
| Net movement in funds - discontinued operations | | 4,231 | - | (3) | - | 4,228 |
| Reclassification - sale of House | | 13,365 | - | - | (13,365) | - |
| Total funds carried forward | | 2,692 | 10,000 | 81 | - | 12,773 |

The notes on pages 16 to 28 form part of these financial statements.

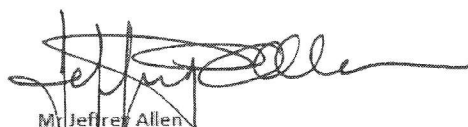
ASHRIDGE (BONAR LAW MEMORIAL) TRUST

Balance Sheets as at 31 December 2020

| | Note | Group | | Trust | |
|--|------|---------|---------|---------|---------|
| | | 2020 | 2019 | 2020 | 2019 |
| | | £'000 | £'000 | £'000 | £'000 |
| <i>Fixed assets:</i> | | | | | |
| Investments in subsidiaries | 8 | - | - | - | - |
| Total fixed assets | | - | - | - | - |
| <i>Current assets:</i> | | | | | |
| Debtors | 9 | 6,971 | 10,157 | 6,777 | 10,162 |
| Cash at bank and in hand | | 10,027 | 11,395 | 10,027 | 11,385 |
| Total current assets | | 16,998 | 21,552 | 16,804 | 21,547 |
| Creditors: amounts falling due within one year | 10 | (3,944) | (7,215) | (3,750) | (7,210) |
| Net current assets | | 13,054 | 14,337 | 13,054 | 14,337 |
| Total assets less current liabilities | | 13,054 | 14,337 | 13,054 | 14,337 |
| USS defined benefit pension scheme provision | 12 | (1,418) | (1,601) | (1,418) | (1,601) |
| APS defined benefit pension scheme asset | 13 | 4,943 | 37 | 4,943 | 37 |
| Net assets | | 16,579 | 12,773 | 16,579 | 12,773 |
| <i>The funds of the charity:</i> | | | | | |
| Unrestricted funds | | 6,498 | 2,692 | 6,498 | 2,692 |
| Designated funds | | 10,000 | 10,000 | 10,000 | 10,000 |
| Restricted funds | | 81 | 81 | 81 | 81 |
| Total charity funds | 15 | 16,579 | 12,773 | 16,579 | 12,773 |

The notes on pages 16 to 28 form part of these financial statements.

The financial statements were approved by the corporate trustee, Ashridge CT Limited, on 7 April 2021, and signed on their behalf by:


 Mr Jeffrey Allen
 Director
 Ashridge CT Limited

ASHRIDGE (BONAR LAW MEMORIAL) TRUST

Consolidated Statement of Cash Flows for the year ended 31 December 2020

| | Note | 2020 £'000 | 2019 £'000 |
|--|------|---------------|---------------|
| <u>Cash flows from operating activities:</u> | | | |
| Net cash provided by (used in) operating activities | A | (1,380) | (229) |
| <u>Cash flows from investing activities:</u> | | | |
| Investment income received in year | | 12 | 7 |
| Proceeds from sale of subsidiary, property and open business | | - | 10,200 |
| Purchase of tangible/intangible assets | | - | (408) |
| Net cash provided by (used in) from investing activities | | 12 | 9,799 |
| <u>Cash flows from financing activities:</u> | | | |
| Repayment of obligations under hire purchase and finance lease contracts | | - | (56) |
| Net cash provided by (used in) financing activities | | - | (56) |
| Change in cash in the reporting period | | (1,368) | 9,514 |
| Cash at the beginning of the reporting period | | 11,395 | 1,881 |
| Cash at the end of the reporting period | B | 10,027 | 11,395 |

Note A: Reconciliation of net income/(expenditure) to net cash flow from operating activities

| | | |
|--|---------|---------|
| Net incoming resources from educational and related activities | 87 | 1,292 |
| Adjustments for: | | |
| Depreciation/amortisation | - | 692 |
| Profit on disposal of subsidiary, property and open business | - | (3,572) |
| Investment income received in year | (12) | (7) |
| Gain on disposal of fixed assets | - | (9) |
| VAT not recovered | - | 56 |
| Decrease in stock | - | 20 |
| Decrease in debtors | 3,186 | 222 |
| (Decrease)/increase in creditors | (3,270) | 2,462 |
| Additional pension contributions | (1,000) | (1,644) |
| Pension costs relating to defined benefit plans: | | |
| APS administration costs | 191 | 350 |
| APS finance (gain)/cost | (339) | 264 |
| Movement in USS | (184) | (281) |
| Foreign exchange losses | (39) | (74) |
| Net cash provided by (used in) operating activities | (1,380) | (229) |

Note B: Analysis of cash and cash equivalents

| | At 01/01/20 £'000 | Cash Flow £'000 | At 31/12/20 £'000 |
|--------------------------|----------------------|--------------------|----------------------|
| Cash at bank and in hand | 11,395 | (1,368) | 10,027 |

The notes on pages 16 to 28 form part of these financial statements.

ASHRIDGE (BONAR LAW MEMORIAL) TRUST

Notes to the Financial Statements for the year ended 31 December 2020

1. Accounting Policies

Basis of accounting

These financial statements have been prepared under the historical cost convention, in accordance with the Statement of Recommended Practice – Accounting and Reporting by Charities (2019), Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS102), and the Charities Act 2011.

The Group financial statements incorporate a line by line consolidation of the financial statements of the Trust and its subsidiaries. There are uniform accounting policies across the Group. All intra-group transactions and balances between group entities are eliminated on consolidation.

Ashridge (Bonar Law Memorial) Trust, a public benefit entity, has taken advantage of the provision not to include its own Statement of Financial Activities and related notes in the consolidated financial statements.

These financial statements are presented in GBP Sterling which is also the functional currency of the Group. Monetary amounts in these financial statements are rounded to the nearest thousand.

Going Concern

The Corporate Trustee, after making enquiries, has a reasonable expectation that the Trust has adequate resources to continue in operational existence for the next 12 months and will continue to operate for the primary purpose of the Trust.

The effect of COVID-19 has been assessed by the Corporate Trustee, reviewing the Trust's ongoing forecasts and projections to ensure that the organisation remains financially viable. The board acknowledges the risk but deems the impact on operational disruption to be limited as education is maintained and carried out online and infrastructure is in place to allow staff to work remotely. In addition, the Trust has experienced growth in the degree programmes during 2020. Major deviances vs. budget for the 2020 fiscal year are not anticipated.

The Trust has an excellent liquidity position at 31 December 2020 with £10m cash available. The Corporate Trustee does not believe there are any material uncertainties relating to its ability to continue as a going concern and have therefore prepared the financial statements on that basis.

Income

Income represents revenue for programmes, consultancy, research and conference activities undertaken during the year. Revenue is recognised when the programme is delivered. Deferred income represents fees invoiced in advance.

Donations

Donations are credited to revenue on a receivable basis.

Expenditure

Costs relating to the provision of core education, research and consulting services are included within the Statement of Financial Activities.

Expenditure charged against Restricted Funds falls within the purposes outlined in note 14. All other expenses are borne out of the Unrestricted Fund. Costs are allocated to specific departments on a project basis as necessary.

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Gains and losses are recognised in the Statement of Financial Activities.

ASHRIDGE (BONAR LAW MEMORIAL) TRUST

Notes to the Financial Statements for the year ended 31 December 2020 (continued)

1. Accounting Policies (continued)

Financial instruments

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method. At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. The impairment loss is recognised in the profit or loss.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Retirement benefits

The Ashridge Pension Scheme is a historical single-employer defined benefit scheme. Recognised in the Balance Sheet is the value of the scheme's assets less the present value of the scheme's liabilities. The pension cost for the scheme is analysed between current service cost, past service cost and net return on pension scheme assets. Current service cost is the actuarially calculated present value of the benefits earned by the active employees in each period. Past service costs, relating to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits, are recognised in the Statement of Financial Activities on a straight line basis over the period in which the increase in benefits vest. The net expected return on the pension assets comprises the expected return on the pension scheme assets less interest on scheme liabilities. The actuarial gains and losses which arise from updating the latest actuarial valuation to reflect conditions at the balance sheet date are shown in the Statement of Financial Activities.

The Trust participates in the Universities Superannuation Scheme. The scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The Trust is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", the Trust accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the Statement of Financial Activities represents the contributions payable to the scheme. Since the Trust has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the Trust recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) with related expenses being recognised through the Statement of Financial Activities.

FRS 102 makes the distinction between a group plan and a multi-employer scheme. A group plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as Universities Superannuation Scheme. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense in profit or loss in accordance with section 28 of FRS 102. The Corporate Trustee is satisfied that Universities Superannuation Scheme meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the recovery plan in existence at the date of approving the financial statements.

ASHRIDGE (BONAR LAW MEMORIAL) TRUST**Notes to the Financial Statements for the year ended 31 December 2020 (continued)****1. Accounting Policies (continued)****Taxation**

The Trust is a registered charity, and as such is entitled to certain tax exemptions on income and profits from investments, and surpluses on any trading activities carried on in furtherance of the charity's primary objectives, if these profits and surpluses are applied solely for charitable purposes.

Judgements and key sources of estimation uncertainty

In the application on the group's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

(i) Treatment of the USS pension scheme

A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as USS. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (the recovery plan). The Trust is satisfied that USS meets the definition of a multi-employer scheme and has therefore recognised the liability of the future deficit contribution based on the recovery plan.

To determine the appropriate values for the USS pension recovery plan the Trust has applied an accounting model developed by the British Universities Finance Director's Group (BUFDG) in conjunction with the USS. The use of this model enables the Trust to reduce the level of uncertainty regarding the amount of the liability and is a model which is used by Universities across the board.

(ii) Impairment of debtors

The Trust makes an estimate of the recoverable value of trade and other debtors. When assessing the impairment, management considers factors including the ageing profile of debtors and historical experience.

ASHRIDGE (BONAR LAW MEMORIAL) TRUST

Notes to the Financial Statements for the year ended 31 December 2020 (continued)

2. Consolidated Group Income and Expenditure Account

The principal differences between the Income and Expenditure Account below and the Statement of Financial Activities are the classification of the income and expenditure together with the exclusion of unrealised gains and losses. The figures below reflect only movement of the unrestricted funds.

In the course of normal business, some costs are not directly attributable. These costs are apportioned based on the most relevant factor.

| | 2020 £'000 | 2019 £'000 |
|--|----------------|-----------------|
| Income | | |
| Qualification programmes (2019: Open & Qualifications) | 4,038 | 5,869 |
| Custom and consulting | 5,383 | 21,565 |
| Profit on disposal of subsidiary, property and open business | - | 3,572 |
| Other activities | - | 6,824 |
| Investment income | 12 | 7 |
| | <u>9,433</u> | <u>37,837</u> |
| Expenditure | | |
| Staff costs, including pension | (6,057) | (17,178) |
| Associates and agency staff | (2,690) | (8,107) |
| Other direct costs | (454) | (2,404) |
| Marketing and business development | (125) | (1,673) |
| Property and other overhead costs | (352) | (6,158) |
| Amortisation | - | (170) |
| Depreciation | - | (522) |
| APS pension administration and finance costs | 148 | (614) |
| USS pension provision movement | 184 | 281 |
| | <u>(9,346)</u> | <u>(36,545)</u> |
| Net income per Statement of Financial Activities | <u>87</u> | <u>1,292</u> |

3. Net Income from Trading Subsidiaries

The Trust had two wholly owned trading subsidiaries (note 8) both of which are incorporated in the UK and donate their trading profits to the Trust subject to Gift Aid.

| | 2020 | | 2019 | | |
|--------------------------------|------------------|----------------|----------------|---------------|----------------|
| | AES Ltd £'000 | Total £'000 | AE&OD £'000 | ASMC £'000 | Total £'000 |
| Income | 5,383 | 5,383 | 27,825 | 556 | 28,381 |
| Expenditure | (4,615) | (4,615) | (27,118) | (556) | (27,674) |
| Surplus | <u>768</u> | <u>768</u> | <u>707</u> | <u>-</u> | <u>707</u> |
| Donation subject to gift aid | (768) | (768) | (710) | - | (710) |
| Deficit on ordinary activities | - | - | (3) | - | (3) |

All transactions between Ashridge and its subsidiaries are conducted on an arm's length basis.

ASHRIDGE (BONAR LAW MEMORIAL) TRUST**Notes to the Financial Statements for the year ended 31 December 2020 (continued)****4. Analysis of Total Resources Expended**

Expenditure includes:

| | Group | | Trust | |
|---|-----------|------------|-----------|------------|
| | 2020 | 2019 | 2020 | 2019 |
| | £'000 | £'000 | £'000 | £'000 |
| Impairment of trade receivables | 75 | 22 | 75 | 22 |
| Fees payable to Group auditors - audit services | 19 | 104 | 19 | 104 |
| Fees payable to Group auditors - non audit services | 1 | 10 | 1 | 3 |
| Operating leases | - | 56 | - | 44 |
| | <u>95</u> | <u>192</u> | <u>95</u> | <u>173</u> |

| | Direct costs | Support costs | Support cost recharges | Total 2020 | Total 2019 |
|---|--------------|---------------|------------------------|--------------|--------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Expenditure on charitable activities | | | | | |
| Qualification Programmes | 1,111 | 1,661 | (910) | 1,862 | 4,097 |
| Faculty | 80 | 3,622 | (1,650) | 2,052 | (1) |
| Research | 28 | 393 | (160) | 261 | 1,170 |
| Overheads & Facilities | 52 | 1,075 | (280) | 847 | 736 |
| Custom & Open Programmes | 972 | 45 | (976) | 41 | 2,531 |
| APS & USS Pension P&L charge | - | (332) | - | (332) | 333 |
| | <u>2,243</u> | <u>6,464</u> | <u>(3,976)</u> | <u>4,731</u> | <u>8,866</u> |

Expenditure on other trading activities

| | | | | | |
|--------------------------|------------|----------|--------------|--------------|---------------|
| Custom & Open Programmes | 639 | - | 976 | 1,615 | 22,131 |
| Teaching costs | - | - | 3,000 | 3,000 | - |
| Virtual Ashridge | - | - | - | - | 702 |
| Events & Conferences | - | - | - | - | 3,579 |
| Hotel | - | - | - | - | 234 |
| Coaching | - | - | - | - | 466 |
| ASMC | - | - | - | - | 556 |
| | <u>639</u> | <u>-</u> | <u>3,976</u> | <u>4,615</u> | <u>27,668</u> |

5. Staff Costs (Group and Trust)

Salaries, wages and related payroll costs, including subsidiary undertakings, amounted to:

| | 2020 | 2019 |
|---|--------------|---------------|
| | £'000 | £'000 |
| Salaries and wages | 4,743 | 13,986 |
| Social security costs | 509 | 1,395 |
| Pension costs | 767 | 1,675 |
| Termination payments | 38 | 122 |
| Defined benefit scheme administration costs | 191 | 350 |
| | <u>6,248</u> | <u>17,528</u> |

The majority of staff were employed by the Trust on behalf of the Group. For the year ended 31 December 2020 the average number of staff employed by the Trust was 64 (2019: 334).

ASHRIDGE (BONAR LAW MEMORIAL) TRUST

Notes to the Financial Statements for the year ended 31 December 2020 (continued)

5. Staff Costs (Group and Trust) (continued)

Ashridge CT Limited, the corporate trustee, received no remuneration for its service to the Trust (2019: nil) but was reimbursed travel expenses of £nil during the year (2019: £nil).

Redundancy and termination payments were incurred during the year, an obligation of £nil (2019: £23k) is included in accruals and deferred income.

The remuneration (salary including staff benefits and termination payments but excluding pension contributions) paid to high paid members of staff falls into the following bands:

| | 2020 | 2019 |
|---------------------|------|------|
| £60,001 - £70,000 | 4 | 6 |
| £70,001 - £80,000 | 3 | 3 |
| £80,001 - £90,000 | 7 | 12 |
| £90,001 - £100,000 | 6 | 8 |
| £100,001 - £110,000 | 8 | 8 |
| £110,001 - £120,000 | - | 5 |
| £120,001 - £130,000 | 1 | 4 |
| £130,001 - £140,000 | - | 2 |
| £140,001 - £150,000 | 1 | - |
| £150,001 - £160,000 | 2 | 2 |
| £160,001 - £170,000 | - | 1 |
| £190,001 - £200,000 | - | 1 |
| £250,001 - £260,000 | - | 1 |
| £270,001 - £280,000 | - | 1 |
| £400,001 - £410,000 | - | 1 |
| | 32 | 55 |

6. Remuneration of key management personnel

Staff costs includes remuneration provided to key management personnel as follows:

| | 2020 £'000 | 2019 £'000 |
|-----------------------|---------------|---------------|
| Salaries and wages | 518 | 1,101 |
| Social security costs | 64 | 143 |
| Pension costs | 69 | 101 |
| | 651 | 1,345 |

7. Discontinued operations

As part of the Trust's strategy to focus on its charitable objectives of providing education and undertaking research, the Trust disposed of its shareholding in Ashridge Executive & Organisation Limited, its Open business, and the Ashridge House on 31 December 2019. A profit on disposal of £3.57m was recognised in the SOFA for the year ended 31 December 2019.

ASHRIDGE (BONAR LAW MEMORIAL) TRUST

Notes to the Financial Statements for the year ended 31 December 2020 (continued)

8. Investments in Subsidiaries

The following company, which is registered in England, was a wholly owned subsidiary of the Trust during the year:

| Company | Share Capital | Holding |
|---|------------------------|---------|
| Ashridge Educational Services Ltd | 100 £1 ordinary shares | 100% |
| Company number: 12363817 | | |
| Registered address: Ashridge, Berkhamsted, Hertfordshire, HP4 1NS | | |

The following companies were also wholly owned subsidiaries of the Trust during the year ended 31 December 2019:

| | | |
|---|------------------------|----|
| Ashridge Executive & Organisation Development Limited (Sold 31/12/19) | 100 £1 ordinary shares | 0% |
| Company number: 01784086 | | |
| Registered address: Ashridge, Berkhamsted, Hertfordshire, HP4 1NS | | |

| | | |
|---|----------------------|-----|
| Ashridge Strategic Management Centre (Members Voluntary Liquidation 19/12/19) | Limited by guarantee | N/A |
| Company number: 02215761 | | |
| Registered address: Ashridge, Berkhamsted, Hertfordshire, HP4 1NS | | |

9. Debtors

| | Group | | Trust | |
|-------------------------------------|--------------|---------------|--------------|---------------|
| | 2020 | 2019 | 2020 | 2019 |
| | £'000 | £'000 | £'000 | £'000 |
| Trade debtors | 2,157 | 1,815 | 1,738 | 1,815 |
| Amounts due from group undertakings | - | - | 225 | 5 |
| Other debtors | 128 | 2,655 | 128 | 2,655 |
| Prepayments and accrued income | 186 | 187 | 186 | 187 |
| Other financial instruments | 4,500 | 5,500 | 4,500 | 5,500 |
| | 6,971 | 10,157 | 6,777 | 10,162 |

Trade debtors are stated after provisions for impairment - Group: £75k (2019: £22k), Trust £75k (2019: £22k).

10. Creditors: amounts falling due within one year

| | Group | | Trust | |
|--|--------------|--------------|--------------|--------------|
| | 2020 | 2019 | 2020 | 2019 |
| | £'000 | £'000 | £'000 | £'000 |
| Trade creditors | 468 | 1,889 | 274 | 1,889 |
| Payments received on account for contracts | 7 | 20 | 7 | 20 |
| Taxation and social security | 643 | 1,023 | 643 | 1,023 |
| Other creditors | 1 | 2 | 1 | 2 |
| Accruals and deferred income | 2,825 | 4,281 | 2,825 | 4,276 |
| | 3,944 | 7,215 | 3,750 | 7,210 |

11. Deferred Revenue Movement

| | Group | | Trust | |
|-------------------------------------|--------------|--------------|--------------|--------------|
| | 2020 | 2019 | 2020 | 2019 |
| | £'000 | £'000 | £'000 | £'000 |
| Opening balance | 2,441 | 3,402 | 2,441 | 2,095 |
| Amounts released from prior year | (1,198) | (2,239) | (1,198) | (1,002) |
| Income deferred in current year | 1,062 | 3,181 | 1,062 | 1,348 |
| AE&OD balance sold 31 December 2019 | - | (1,903) | - | - |
| | 2,305 | 2,441 | 2,305 | 2,441 |

ASHRIDGE (BONAR LAW MEMORIAL) TRUST

Notes to the Financial Statements for the year ended 31 December 2020 (continued)

12. Provisions for liabilities - Group and Trust

Obligation to fund deficit on USS Pension:

| | £'000 |
|----------------------------------|--------------|
| At 1 January 2020 | 1,601 |
| Unwinding of discount factor | 33 |
| Deficit contributions paid | (69) |
| Change in expected contributions | (147) |
| At 31 December 2020 | <u>1,418</u> |

The obligation to fund the past deficit on the USS arises from the contractual obligation with the USS to deficit payments in accordance with the deficit recovery plan.

The change in expected contributions arose due to the scheme's deficit decreasing based on the latest valuation - see note 13.

13. Pension Commitments

The total pension cost charged in the Income and Expenditure account was £767k (2019: £1.67m).

(i) Universities Superannuation Scheme (USS)

Ashridge is a member of the Universities Superannuation Scheme (USS), a national defined benefits scheme for university academic and academic-related staff.

Pension benefits for 52 members of staff at 31 December 2020 (2019: 56) are provided under the USS.

An obligation to fund the past deficit on the USS arises from the contractual obligation with the USS for deficit payments in accordance with the deficit recovery plan. In calculating the provision, management have estimated future staff levels within the USS scheme for the duration of the contractual obligation and salary inflation.

To fund the shortfall the deficit recovery plan requires Employers Deficit Contribution payments as a percentage of salaries:

- 2% with effect from 1 October 2019
- 6% with effect from 1 October 2021 to 31 March 2028

Amounts recognised in the Balance Sheet:

| | 2020 | 2019 |
|---------------|-------|-------|
| | £'000 | £'000 |
| USS Provision | 1,418 | 1,601 |

The total gain charged to the SOFA is £184k (2019: £281k).

The latest available actuarial valuation of the USS was at 31 March 2018 (the valuation date). Since the Trust cannot identify its share of the scheme assets and liabilities, the following disclosures reflect those assets and liabilities as a whole:

| | 2019 | 2018 |
|------------------------------|------------|------------|
| | £ billions | £ billions |
| Scheme assets | 63.7 | 60.0 |
| Total scheme liabilities | (67.3) | (67.5) |
| FRS 102 total scheme deficit | (3.6) | (7.5) |
| FRS 102 total funding level | 95% | 89% |

ASHRIDGE (BONAR LAW MEMORIAL) TRUST

Notes to the Financial Statements for the year ended 31 December 2020 (continued)

13. Pension Commitments

(i) Universities Superannuation Scheme (USS) (continued)

The key financial assumptions used in the 2018 valuation are described below. More detail is set out in the Statement of Funding Principles, which can be found on the USS's website.

| | |
|-------------------------------|--|
| Pension increases (CPI) | Market derived price inflation less 1% pa |
| Discount Rate (forward rates) | Years 1-10: CPI +0.14% reducing linearly to CPI -0.73% |
| | Years 11-20: CPI +2.52% reducing linearly to CPI +1.55% by year 21 |
| | Years 21+: CPI +1.55% |

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2018 actuarial valuation. The mortality assumptions used in these figures are as follows:

| | |
|---------------------------------|--|
| Mortality - base table | <u>Pre-retirement:</u> 71% of AMCOO (duration 0) for males and 112% of AFCOO (duration 0) for females. <u>Post-retirement:</u> 97.6% of SAPS S1NMA "light" for males and 102.7% of RFV00 for females. |
| Mortality - future improvements | CMI_2017 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% pa for males and 1.6% pa for females. |

The current life expectancies on retirement at age 65 are:

| | 2019 | 2018 |
|-----------------------------------|------|------|
| Males currently aged 65 (years) | 24.4 | 24.5 |
| Females currently aged 65 (years) | 25.9 | 26.0 |
| Males currently aged 45 (years) | 26.3 | 26.5 |
| Females currently aged 45 (years) | 27.7 | 27.8 |

Key assumptions used are:

| | 2020 | 2019 |
|--------------------|-------|-------|
| Discount rate | 1.40% | 2.05% |
| RPI inflation rate | 2.90% | 3.05% |
| CPI inflation rate | 2.40% | 2.25% |

(ii) Ashridge Pension Scheme (APS)

The Ashridge Pension Scheme is a funded defined benefit pension scheme, with the assets held in a separate trustee administered funds. It was open to full and part-time employees together with those subject to fixed term contracts until May 2002. With effect from January 2004 an accrual for future service for Senior Staff was transferred to the USS although General Staff at that time continued to accrue future service within the APS. Accrual for future service for the great majority of those remaining transferred to USS at the end of 2008. The final active member retired in 2012. Ashridge Pension Scheme is closed to new members.

Costs relating to APS are assessed in accordance with the advice of an independent qualified actuary, from Mercer, using the Projected Unit Method.

ASHRIDGE (BONAR LAW MEMORIAL) TRUST

Notes to the Financial Statements for the year ended 31 December 2020 (continued)

13. Pension Commitments**(ii) Ashridge Pension Scheme (APS) (continued)**

The most recent Scheme Funding Report of the Actuarial Valuation for the Ashridge Pension Scheme was undertaken as at 31 December 2019. At the date of the valuation, the value of the scheme's assets were £113.9 million which represented 97% of the actuarial value of the benefits that had accrued to members.

The most recent FRS 102 Actuarial Valuation Report for Ashridge Pension Scheme was undertaken as at 31 December 2020.

Principal actuarial assumptions

| | 2020 | 2019 |
|---|-------|-------|
| Discount rate for scheme liabilities | 1.40% | 2.05% |
| Pensions in payment increase rate | 2.40% | 2.25% |
| Price inflation rate: CPI | 2.40% | 2.25% |
| Assumed life expectancy on retirement at age 65: | | |
| Retiring today (male member age 65) | 23.2 | 23.2 |
| Retiring in 20 years (male member age 45 today) | 24.0 | 24.6 |
| Retiring today (female member age 65) | 25.1 | 25.3 |
| Retiring in 20 years (female member age 45 today) | 26.2 | 26.8 |

Contributions paid to the Scheme by the Trust in relation to past service were £1 million (2019: £16.14 million). Contributions being paid by the Trust are in accordance with actuarial recommendation.

The Trust is committed to contribute £1 million to Ashridge Pension Scheme in 2021.

Amounts recognised in the Balance Sheet:

| | 2020 £'000 | 2019 £'000 |
|--|---------------|---------------|
| Defined benefit obligations at 31 December 2020 | (119,532) | (115,398) |
| Fair value of plan assets at 31 December 2020 | 124,475 | 115,435 |
| Net pension obligations at 31 December 2020 | 4,943 | 37 |

Changes in the present value of defined benefit obligations (DBO)

| | 2020 £'000 | 2019 £'000 |
|-------------------------------------|----------------|----------------|
| DBO at 31 December 2019 | 115,398 | 100,965 |
| <u>Movement in the year:</u> | | |
| Benefit payments from plan assets | (4,510) | (3,378) |
| Effect of changes in assumptions | 10,834 | 14,982 |
| Effect of experience adjustments | (4,179) | - |
| Interest on pension liabilities | 2,319 | 2,829 |
| Cost - gain on curtailments/changes | (330) | - |
| DBO at 31 December 2020 | 119,532 | 115,398 |

ASHRIDGE (BONAR LAW MEMORIAL) TRUST

Notes to the Financial Statements for the year ended 31 December 2020 (continued)

13. Pension Commitments

(ii) Ashridge Pension Scheme (APS) (continued)

Changes in the fair value of plan assets

| | 2020 | 2019 |
|---|----------------|----------------|
| | £'000 | £'000 |
| Fair value of plan assets at 31 December 2019 | 115,435 | 91,356 |
| <u>Movement in the year:</u> | | |
| Employer contributions | 1,000 | 16,144 |
| Benefit payments from plan assets | (4,510) | (3,378) |
| Administrative costs paid from plan assets | (191) | (350) |
| Return on plan assets | 10,413 | 9,098 |
| Interest on pension assets | 2,328 | 2,565 |
| Fair value of plan assets at 31 December 2020 | <u>124,475</u> | <u>115,435</u> |

Plan assets comprise:

| | 2020 | 2019 |
|--------------------------------|----------------|----------------|
| | £'000 | £'000 |
| Alternatives/multi asset funds | 68,757 | 56,051 |
| Bonds | 45,893 | 36,486 |
| Cash | 675 | 15,203 |
| Derivatives | 1,203 | (878) |
| Property | 2,685 | 2,357 |
| Annuity policies | 5,262 | 6,216 |
| | <u>124,475</u> | <u>115,435</u> |

Amount recognised in the Statement of Financial Activities

| | 2020 | 2019 |
|---|----------------|--------------|
| | £'000 | £'000 |
| Interest expense on pension liabilities | 2,319 | 2,829 |
| Interest income on pension assets | (2,328) | (2,565) |
| Administrative costs paid from plan assets | 191 | 350 |
| Gain on curtailments/changes | (330) | - |
| Pension (income)/charge for the year | <u>(148)</u> | <u>614</u> |
| Effect of changes in assumptions | 10,834 | 14,982 |
| Return on plan assets | (10,413) | (9,098) |
| Effect of experience adjustments | (4,179) | - |
| Actuarial (gain)/loss on defined benefit pension scheme | <u>(3,758)</u> | <u>5,884</u> |
| (Gain)/loss recognised in the SOFA | <u>(3,906)</u> | <u>6,498</u> |

ASHRIDGE (BONAR LAW MEMORIAL) TRUST

Notes to the Financial Statements for the year ended 31 December 2020 (continued)

14. Funds

| | Unrestricted | | | | Designated | Restricted | | |
|---|--------------|------------|----------|-------------|---------------|-------------|-----------|---------------|
| | General | Subsidiary | Building | Revaluation | Research | Restoration | Endowment | Total |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Total funds at 1 January 2019 | (6,536) | 3 | 523 | 13,266 | 10,000 | 84 | 99 | 17,439 |
| Net (expenditure)/income | 1,221 | - | - | - | - | (3) | - | 1,218 |
| APS actuarial | (5,884) | - | - | - | - | - | - | (5,884) |
| Reclassification - sale of House | 13,888 | - | (523) | (13,266) | - | - | (99) | - |
| Gift aid from subsidiary | 3 | (3) | - | - | - | - | - | - |
| Total funds at 31 December 2019 | 2,692 | - | - | - | 10,000 | 81 | - | 12,773 |
| Net (expenditure)/income | 48 | - | - | - | - | - | - | 48 |
| APS actuarial | 3,758 | - | - | - | - | - | - | 3,758 |
| Total funds at 31 December 2020 | 6,498 | - | - | - | 10,000 | 81 | - | 16,579 |
| <i>Memo</i> | | | | | | | | |
| APS scheme (surplus)/deficit (note 13) | (4,943) | - | - | - | - | - | - | (4,943) |
| USS pension provision (note 13) | 1,418 | - | - | - | - | - | - | 1,418 |
| Total funds excluding pension scheme | 2,973 | - | - | - | 10,000 | 81 | - | 13,054 |

The unrestricted general funds represent the cumulative total of past results generated by the Trust. The 1954 Act, as amended in 1983, stipulates that the Funds may be used solely to further the objects of the Trust.

The designated Research Fund exists to assist Ashridge to undertake research related to the roles of corporate headquarters and division levels in multi-business companies and to find ways of improving the strategic management process with the results of such research being disseminated to the public. The funds are intended for building research capability and capacity at Ashridge.

The restricted Restoration Fund represents house and garden tour receipts as well as donations received to maintain and restore the historic fabric of the estate.

15. Analysis of Net Assets Between Funds

| | Unrestricted Funds £'000 | Designated Research Fund £'000 | Restricted Restoration Fund £'000 | Total £'000 |
|---|--------------------------------|--------------------------------------|---|----------------|
| Total Funds at 31 December 2020: | | | | |
| Group | | | | |
| Net Current Assets | 2,973 | 10,000 | 81 | 13,054 |
| Pension Deficit - APS | 4,943 | - | - | 4,943 |
| Pension Provision - USS | (1,418) | - | - | (1,418) |
| Total | 6,498 | 10,000 | 81 | 16,579 |
| Trust | | | | |
| Net Current Assets | 2,973 | 10,000 | 81 | 13,054 |
| Pension Deficit - APS | 4,943 | - | - | 4,943 |
| Pension Provision - USS | (1,418) | - | - | (1,418) |
| Total | 6,498 | 10,000 | 81 | 16,579 |

ASHRIDGE (BONAR LAW MEMORIAL) TRUST

Notes to the Financial Statements for the year ended 31 December 2020 (continued)

15. Analysis of Net Assets Between Funds (continued)

| | Unrestricted Funds £'000 | Designated Research Fund £'000 | Restricted Restoration Fund £'000 | Total £'000 |
|---|--------------------------------|--------------------------------------|---|----------------|
| Total Funds at 31 December 2019: | | | | |
| Group | | | | |
| Net Current Assets | 4,257 | 10,000 | 81 | 14,338 |
| Pension Deficit - APS | 36 | - | - | 36 |
| Pension Provision - USS | (1,601) | - | - | (1,601) |
| Total | 2,692 | 10,000 | 81 | 12,773 |
| Trust | | | | |
| Net Current Assets | 4,257 | 10,000 | 81 | 14,338 |
| Pension Deficit - APS | 36 | - | - | 36 |
| Pension Provision - USS | (1,601) | - | - | (1,601) |
| Total | 2,692 | 10,000 | 81 | 12,773 |

16. Donations

Donations of £nil (2019: £8k) were received from house and garden tours and donations to restore the estate.

17. Related Parties

Details of the balances outstanding with subsidiaries owned during the year are as follows:

| | 2020 £'000 | 2019 £'000 |
|---|---------------|---------------|
| Debtors | | |
| Ashridge Strategic Management Centre: | - | 5 |
| Ashridge Executive & Organisation Development Limited | - | 2,292 |
| Ashridge Educational Services Limited | 225 | - |

Ashridge Educational Services Limited donated its profits of £768k to the Trust (2019: £nil).

Ashridge Executive & Organisation Development Limited donated its profits of £nil to the Trust (2019: £710k).

18. Post Balance Sheet Events

COVID-19 outbreak

The outbreak of the COVID-19 virus has had an impact on higher education globally. The Corporate Trustee and executive team continue to monitor the outbreak, including UK Government advice. The board acknowledges the risk but deems the operational disruption to be limited as education is maintained and carried out online. In addition, the Corporate Trustee does not anticipate major deviances vs. budget for the 2021 fiscal year with the current vaccine rollout and the travel restrictions being gradually removed in 2021.