

ASHRIDGE (BONAR LAW MEMORIAL) TRUST

ANNUAL REPORT FOR THE YEAR ENDED

31 December 2016

Charity Registration Number: 311096

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

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ASHRIDGE (BONAR LAW MEMORIAL) TRUST

Report of the Corporate Trustee for the year ending 31 December 2016

The Corporate Trustee is pleased to present the annual report together with the consolidated financial statements of the charity for the year ending 31 December 2016.

The financial statements comply with the Charities Act 2011, and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

The Aims of Ashridge

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

The principal activities of the Trust are defined by the Act. They are, and will continue to be, as follows:

- Provide management education at Ashridge
- Undertake research and disseminate the results to the public
- Preserve Ashridge for the benefit of the nation
- Establish and continue similar institutions overseas

These activities are undertaken by the Trust using the name of Ashridge. The Trust also has two wholly owned subsidiaries - see note 4 for details of their performance. Both undertake specialist activities closely related to management education as follows:

- Ashridge Executive & Organisation Development Limited provides executive and organisational development to corporate clients through customised executive education programmes and a range of organisation consultancy services
- Ashridge Strategic Management Centre Limited conducts research and provides teaching services on corporate strategy.

Ashridge has a Strategic Alliance Agreement with Hult International Business School Limited. This enables the institutions to leverage the expertise of Hult in degree programs and that of Ashridge in executive education to make both institutions more sustainable and robust. This in turn helps ensure that the charitable objectives of both institutions will continue to be met.

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 detailed above Ashridge has four objectives, each of which is discussed in detail below:

- **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. While the great majority of Ashridge's clients are corporate entities, the public benefits from the proven advantages of management and organisation development. The individual employees of Ashridge's clients also benefit from the personal development and education provided.

In addition to this, Ashridge takes a number of steps to ensure that education is provided to organisations and individuals who are unable to afford the full fees through a range of bursaries and scholarships.

ASHRIDGE (BONAR LAW MEMORIAL) TRUST

Report of the Corporate Trustee for the year ending 31 December 2016 (continued)

- 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 policy-makers 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.

- Preservation of Ashridge

Considerable resources are devoted to this objective every year. The public, in the guise of programme and conference participants as well as visitors, continues to enjoy the facilities on offer. The House is open for tours at Easter, during August and at other times by appointment. The Gardens are open every weekend between Easter and October. Every year, Ashridge hosts numerous events at no charge on behalf of a wide range of local, regional and national organisations.

- Establishment of Similar Institutions Overseas

Ashridge delivers a significant proportion of its services outside the UK using client premises. As such, the spirit of the original legislation is achieved without the requirement to establish permanent Ashridge premises overseas.

Achievements and performance

In performing its activities Ashridge has run educational programs for more than 230 clients and 710 students with 157 students graduating during the calendar year 2016.

In addition research at Ashridge has contributed to the academic debate through publishing 24 books and over 159 articles, reports and conference papers during 2016.

Financial review

Total revenue decreased from £54.9m in 2015 to £34.3m in 2016 due mainly to there being £12k donations in 2016 and £20m donations in 2015. The revenue from operations only decreased slightly from £34.9m in 2015 to £34.3m.

The activities generated a loss of £7.1m which resulted in the net asset position changing from £20.8m in 2015 to £13.7m in 2016.

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.

Ashridge had investments with BlackRock Investment Management (UK) Limited and WHEB Asset Management which were sold during 2016. The value and performance of the equity investment are shown in note 10.

Reserves Policy and going concern

Reserves will be maintained at a level exceeding the equivalent of one month's expenditure until such time as pension funding requirements permit a longer-term increase. Cash was £4.3m as at the end of 2016 which is in excess of average monthly expenditure. The reserves policy is generally reviewed annually.

ASHRIDGE (BONAR LAW MEMORIAL) TRUST

Report of the Corporate Trustee for the year ending 31 December 2016 (continued)

Strategic objectives

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

- Partner of choice for global change projects within European organisations
- 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
- Tightly focussed, flexible, innovative open programme portfolio
- 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.

Ashridge has historically been ranked highly by the Financial Times in the European Business School Rankings, Executive Education – Customised and Executive Education – Open rankings, and the objective is to remain highly ranked in the Financial Times and other relevant rankings.

Governance

The 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.

Organisation

Since 2 February 2015, Ashridge CT Limited has acted as the Governing Body of the Trust in accordance with the Ashridge Act. The Corporate Trustee operates through its own board of directors which normally meets quarterly and there are sub-committees such as the House Committee and Audit Committee which meet regularly.

The day-to-day management of Ashridge is undertaken by the President who is appointed by the Governing Body. To facilitate effective operations, the President has delegated authority, within terms of delegation approved by the Corporate Trustee, for operational matters including finance, employment and other operational matters.

Related parties

None of the Governors, 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 as per below:

Ashridge CT Limited

Ashridge CT Limited was incorporated (limited by guarantee) in 2015 and was appointed as corporate trustee of the Trust with the objective to comply with the Ashridge Act, taking over that responsibility from the former Governors. 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 Executive & Organisation Development Limited

Ashridge Executive & Organisation Development Limited is controlled through ownership by the Trust.

ASHRIDGE (BONAR LAW MEMORIAL) TRUST

Report of the Corporate Trustee for the year ending 31 December 2016 (continued)

Ashridge Strategic Management Centre Limited

Ashridge Strategic Management Centre Limited (limited by guarantee) is controlled through membership by the Trust.

The Ashridge Pension Scheme

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

In common with many final salary schemes, the combination of increased life expectancy and decreasing gilt yields (to which the discount rate is linked), has created a significant deficit within the Ashridge Pension Scheme.

The Trust and the Trustees of the Pension Scheme have agreed a level of future contributions intended to eliminate the deficit in the long term.

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.

Risk management

The Corporate Trustee has established a procedure to identify the major risks to which Ashridge is exposed to on an on-going basis. The position is reviewed regularly, with particular regard to prospective and existing large contracts. Systems exist to mitigate identified risks as far as is possible

Key management personnel

President	Dr Stephen Hodges	(appointed 01/01/2016)
Chief Executive	Professor Kai Peters	(sabbatical 01/05/2016)
Chief Academic Officer	Dr Johan Roos	(appointed 01/08/2016)
Dean of Graduate Studies	Mr Roger Delves	
Dean of Faculty	Dr Mikael Malmgren	
Chief Operations Officer	Mr Andy Plumbly	(resigned 30/04/2016)
General Manager	Ms Rebecca Churchill	(appointed 01/09/2016)
Financial Director	Mr Anders Ljungdahl	

Reference and administrative details

Charity Number:	311096
Registered Office:	Ashridge Berkhamsted Hertfordshire, HP4 1NS

Professional Advisors:

Auditors	PricewaterhouseCoopers LLP, St Albans
Bankers	Lloyds Banking Group plc, Berkhamsted
Portfolio Managers	Blackrock Investment Management (UK) Limited, London WHEB Asset Management, London
Solicitors	Mills & Reeve LLP, Cambridge

ASHRIDGE (BONAR LAW MEMORIAL) TRUST

Report of the Corporate Trustee for the year ending 31 December 2016 (continued)

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. It must ensure adherence to applicable Accounting Standards and Statements of Recommended Practice. Accounting policies approved by them must be suitable, consistently applied and supported by reasonable, prudent judgement.

The Corporate Trustee is obliged to prepare the financial statements on the going concern basis unless it is inappropriate to assume that Ashridge will continue in business. It is also responsible for maintaining adequate accounting records that enable disclosure with reasonable accuracy of the financial position of Ashridge in accordance with relevant statutes. It is obliged to safeguard the assets of Ashridge taking reasonable steps to prevent and detect 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 company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418(1) to (4) of the Companies Act 2006.



Erik Forsberg
Director
Ashridge CT Limited

11 April 2017

ASHRIDGE (BONAR LAW MEMORIAL) TRUST

Independent auditors' report to the trustees of Ashridge (Bonar Law Memorial) Trust

Report on the financial statements

Our opinion

In our opinion, Ashridge (Bonar Law Memorial) Trust's group financial statements and parent charity financial statements (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 2016 and of the group's and parent charity's incoming resources and application of resources and of the group's cash flows, 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 section 144 of the Charities Act 2011 and Regulation 15 of The Charities (Accounts and Reports) Regulations 2008.
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What we have audited

The financial statements, included within the Ashridge (Bonar Law Memorial) Trust Annual Report (the "Annual Report"), comprise:

- the group and parent charity balance sheets as at 31 December 2016;
- the consolidated statement of financial activities for the year then ended;
- the consolidated cash flow statements for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Other matters on which we are required to report by exception

Sufficiency of accounting records and information and explanations received

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 parent charity; or
- the parent charity financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Other information in the Annual 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

Our responsibilities and those of the trustees

As explained more fully in the Corporate Trustees' Responsibilities Statement set out on page 8, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

ASHRIDGE (BONAR LAW MEMORIAL) TRUST

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 (Regulation 30 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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and the parent charity's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the trustees; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the trustees' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
St Albans
11 April 2017

PricewaterhouseCoopers LLP is eligible to act, and has been appointed, as auditor under section 144(2) of the Charities Act 2011.

ASHRIDGE (BONAR LAW MEMORIAL) TRUST

Consolidated Statement of Financial Activities for the year ended 31 December 2016

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Fund & Revaluation Reserve £'000	Total Funds 2016 £'000	Total Funds 2015 £'000
Income:						
Donations	18	-	12	-	12	20,014
<i>Income from charitable activities:</i>						
Fees from educational programmes		7,260	-	-	7,260	8,780
<i>Income from other trading activities:</i>						
Commercial trading operations		27,034	-	-	27,034	26,147
Investment income		20	-	-	20	12
Total income	2	<u>34,314</u>	<u>12</u>	<u>-</u>	<u>34,326</u>	<u>54,953</u>
Expenditure:						
Expenditure on charitable activities		(38,514)	-	-	(38,514)	(37,274)
Corporation tax		(1)	-	-	(1)	(1)
Auditors' remuneration	5	(37)	-	-	(37)	(43)
Total expenditure		<u>(38,552)</u>	<u>-</u>	<u>-</u>	<u>(38,552)</u>	<u>(37,318)</u>
Net gains on investments		120	-	-	120	56
Net income/(expenditure)		<u>(4,118)</u>	<u>12</u>	<u>-</u>	<u>(4,106)</u>	<u>17,691</u>
<i>Other recognised gains/(losses):</i>						
Actuarial losses on defined benefit pension scheme	13	(3,107)	-	-	(3,107)	(661)
Foreign exchange gains		83	-	-	83	110
Net movement in funds		<u>(7,142)</u>	<u>12</u>	<u>-</u>	<u>(7,130)</u>	<u>17,140</u>
<i>Reconciliation of funds:</i>						
Total funds brought forward		7,370	67	13,365	20,802	3,662
Total funds carried forward		<u>228</u>	<u>79</u>	<u>13,365</u>	<u>13,672</u>	<u>20,802</u>
Pension scheme deficit	13	16,412	-	-	16,412	14,551
Total funds excluding pension scheme deficit	14	<u>16,640</u>	<u>79</u>	<u>13,365</u>	<u>30,084</u>	<u>35,353</u>

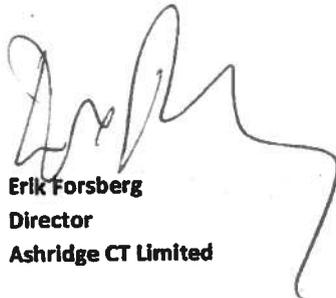
All gains and losses in the year are generated from continuing activities and are included in the Statement of Financial Activities.

ASHRIDGE (BONAR LAW MEMORIAL) TRUST

Balance Sheets as at 31 December 2016

	Note	Group		Trust	
		2016 £'000	2015 £'000	2016 £'000	2015 £'000
Fixed assets:					
Intangible Assets	7	129	-	129	-
Tangible Assets	8	26,052	26,318	26,052	26,318
Investments in Subsidiaries	9	-	-	-	-
Investments	10	-	1,026	-	1,026
Total Fixed Assets		26,181	27,344	26,181	27,344
Current Assets:					
Stocks		79	88	26	63
Debtors	11	7,691	9,476	3,955	6,820
Cash at bank and in hand		4,270	7,229	4,270	7,229
Total Current Assets		12,040	16,793	8,251	14,112
Current Liabilities:					
Creditor amounts falling due within one year	12	(8,137)	(8,784)	(12,072)	(6,106)
Net Current Assets/Liabilities		3,903	8,009	(3,821)	8,006
Total assets less current liabilities		30,084	35,353	22,360	35,350
Defined benefit pension scheme liability	13	(16,412)	(14,551)	(16,412)	(14,551)
Net Assets		13,672	20,802	5,948	20,799
The funds of the charity:					
Restricted Income Funds (Restoration Fund)		79	67	79	67
Endowment fund - Ashridge House		99	99	99	99
Unrestricted Income Funds		16,640	21,921	8,916	21,918
Revaluation Reserve		13,266	13,266	13,266	13,266
Pension Reserve	13	(16,412)	(14,551)	(16,412)	(14,551)
Total Charity Funds	15	13,672	20,802	5,948	20,799

The financial statements were approved by the corporate trustee, Ashridge CT Limited, on 11 April 2017, and signed on their behalf by:



Erik Forsberg
Director
Ashridge CT Limited

ASHRIDGE (BONAR LAW MEMORIAL) TRUST

Consolidated Statement of Cash Flows for the year ended 31 December 2016

	Note	2016 £'000	2015 £'000
Net cash outflow from operating activities	A	(3,793)	(4,451)
<i>Cash flows from investing activities:</i>			
Investment income received in year		20	12
Proceeds from sale of investments		1,146	-
Purchase of tangible assets		(166)	(371)
Purchase of intangible assets		(166)	-
Net cash used in investing activities		834	(359)
Net cash flows from financing activities		-	-
Decrease in cash in the year	B	(2,959)	(4,810)

Note A: Reconciliation of Net Incoming Resources to Net Cash Flow from Operating Activities:

	2016 £'000	2015 £'000
Net (outgoing)/incoming resources from educational and related activities	(4,106)	17,691
Amortisation	37	-
Depreciation	313	380
Gains on investments	(120)	(56)
Investment income received in year	(20)	(12)
Loss on disposal of fixed assets	119	-
Decrease/(increase) in stock	9	(54)
Decrease/(increase) in debtors	1,785	(306)
Decrease in creditors	(647)	(1,211)
Donations research fund	-	(10,000)
Additional pension contributions	(2,000)	(12,000)
Pension cost relating to defined benefit plan	754	777
Foreign exchange gains	83	110
FRS 102 adjustment	-	230
	(3,793)	(4,451)

Note B: Analysis of Net Funds:

	At 01/01/16 £'000	Cash Flow £'000	At 31/12/16 £'000
Cash at bank and in hand	7,229	(2,959)	4,270

ASHRIDGE (BONAR LAW MEMORIAL) TRUST

Notes to the Financial Statements for year ended 31 December 2016

1. Accounting Policies

Accounting Policies are consistent with previous years.

- (a) The Group financial statements incorporate a line by line consolidation of the financial statements of the Trust and its subsidiaries. They have been prepared on a going concern basis in accordance with the Statement of Recommended Practice – Accounting and Reporting by Charities (2015), Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS102), and the Charities Act 2011. Reserves will be maintained at a level the equivalent of one month's expenditure until such time as pension funding requirements permit a longer-term increase. There are uniform accounting policies across the Group and all intra-group transactions eliminate on consolidation. The Trust is a Public Benefit Entity.
- (b) 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 company therefore continues to adopt the going concern basis in preparing its financial statements.
- (c) These financial statements have been prepared in accordance with applicable accounting standards under the historical cost convention as modified by the revaluation of the Land and House (in 1929 and 2012) and investments (which are stated at market value).
- (d) Donations are credited to revenue on a receivable basis.
- (e) 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.
- (f) Building maintenance work is charged within the Statement of Financial Activities.
- (g) Intangible assets comprises acquired computer software. This is initially recognised at cost, which is purchase price plus any directly attributable costs, and subsequently measured at cost less accumulated amortisation.

Amortisation is charged on a straight line basis over the estimated useful life of the asset, which is as follows:

Computer Software	3 years
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- (h) The Land and Buildings were valued in January 2012 (see note 8) and are included in the financial statements at this market valuation. No depreciation is charged on the Land and Buildings. In the opinion of the Corporate Trustee the lives of all these assets, which include listed buildings, extend beyond 50 years and therefore depreciation is not charged which is in accordance with FRS102. Accordingly, an annual review based on value in use is carried out to ensure that these assets have not suffered any impairment in value.

Construction in progress is stated at cost and not depreciated. Depreciation will commence when the asset is ready for its intended use at which time it is transferred to an appropriate asset classification.

Items with an expected useful life exceeding one year that have an individual or aggregate value in excess of £500 are capitalised.

ASHRIDGE (BONAR LAW MEMORIAL) TRUST

Notes to the Financial Statements for year ended 31 December 2016 (continued)

1. Accounting Policies (continued)

Depreciation is provided on other tangible assets, which are stated in the Balance Sheet at cost less accumulated depreciation, on a straight line basis over the estimated useful lives of the assets, which are as follows:

Fixtures, fittings and equipment	3 – 10 years
Vehicles	4 years

- (i) 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.
- (j) Stocks represent goods held for consumption or resale which are shown at the lower of cost and net realisable value.
- (k) Investments are managed on a portfolio basis and are shown at market value. All movements in market value are included in the Statement of Financial Activities. Investment income is accounted for on a receivable basis. The Trust has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.
- (l) 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.
- (m) Ashridge has an outstanding obligation for a defined benefit pension scheme. The pension liability 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 profit and loss account 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.

Ashridge participates in the Universities Superannuation Scheme (the USS scheme). Throughout the current and preceding periods, the USS scheme was a defined benefit only pension scheme until 31 March 2016. The assets of the USS scheme are held in a separate trustee-administered fund. Because of the mutual nature of the USS scheme, the USS scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The institution 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 USS scheme on a consistent and reasonable basis and therefore, as required by Section 28 of FRS 102 "Employee benefits", accounts for the USS scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the USS scheme in respect of the accounting period.

Ashridge also contributes to the Legal & General Stakeholder scheme. This is a defined contribution scheme and is accounted for as a defined contribution scheme and the costs are charged in the Statement of Financial Activities over the service lives of the employees in the scheme (see note 13).

ASHRIDGE (BONAR LAW MEMORIAL) TRUST

Notes to the Financial Statements for year ended 31 December 2016 (continued)

1. Accounting Policies (continued)

- (n) Costs in respect of operating leases are charged in the Statement of Financial Activities on a straight line basis over the lease term.
- (o) Expenditure charged against Restricted and Designated Funds falls within the purposes outlined in note 14. All other expenses are borne out of the General Fund.
- (p) Costs relating to the provision of core education, research and consulting services together with expenditure relating to routine improvement and maintenance of the Ashridge site is included within the Statement of Financial Activities.
- (q) Ashridge (Bonar Law Memorial) Trust has taken advantage of the provision not to include its own Statement of Financial Activities and related notes in the consolidated financial statements. The Trust result for the year is disclosed in note 4.
- (r) 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.
- (s) Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical judgements in applying accounting policies:

- (i) Defined benefit pension scheme

There have been no changes to the actuarial methods or accounting policies, apart from those required by the transition to the newly adopted standard (FRS 102) since the prior valuation.

Critical accounting estimates and assumptions:

- (i) Useful economic lives of tangible assets

The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and physical condition of the assets.

- (ii) Impairment of debtors

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

- (iii) Defined benefit pension scheme

The Trust has an obligation to pay benefits to employees through the pension scheme. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. These factors are used to determine the net pension obligation in the balance sheet.

ASHRIDGE (BONAR LAW MEMORIAL) TRUST

Notes to the Financial Statements for year ended 31 December 2016 (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 on the General Fund.

In the course of normal business, some costs are not directly attributable. These costs are apportioned based on the most relevant factor. For example, bed nights occupied to determine Hotel related costs.

	2016 £'000	2015 £'000
Income		
Custom & Consulting	20,349	20,254
Open & Qualification Programmes	7,260	8,780
Other Activities	6,685	25,893
	34,294	54,927
Expenditure		
Staff Costs, including pension	20,025	19,746
Associates & Agency Staff	6,212	5,568
Other Direct costs	3,423	4,355
Marketing & Business Development	1,692	1,717
Property and other overhead costs	6,095	4,775
Amortisation	37	-
Depreciation	313	380
	37,797	36,541
(Deficit)/surplus from educational and related activities for year	(3,503)	18,386
Pension Deficit charge (FRS102)	(754)	(776)
Net gains on investments	120	56
Corporation Tax	(1)	(1)
Investment Income	20	12
Net income/(expenditure)	(4,118)	17,677

ASHRIDGE (BONAR LAW MEMORIAL) TRUST

Notes to the Financial Statements for year ended 31 December 2016 (continued)

3. Deferred Revenue Movement

	Group		Trust	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Opening balance	5,313	5,097	3,917	3,314
Amounts released from prior year	(3,031)	(2,814)	(2,235)	(1,830)
Income deferred in current year	1,924	3,030	1,717	2,433
	4,206	5,313	3,399	3,917

4. Net Income from Trading Subsidiaries

The Trust has two wholly owned trading subsidiaries (note 9) both of which are incorporated in the UK and donate their trading profits to the Trust subject to Gift Aid.

	Trust £'000	AE&OD £'000	ASMC £'000	Total £'000
Income	7,272	26,056	978	34,306
Expenditure	(16,014)	(24,464)	(978)	(41,456)
Investment income	20	-	-	20
Surplus	(8,722)	1,592	-	(7,130)
Donation subject to Gift Aid	1,592	(1,592)	-	-
Surplus on Ordinary Activities	(7,130)	-	-	(7,130)

AE&OD - Ashridge Executive & Organisation Development Limited.

ASMC - Ashridge Strategic Management Centre Limited.

AE&OD has a residual revenue reserve accumulated whilst the Small Companies Corporation Tax Exemption was valid. There are no other net assets in either subsidiary. All transactions between Ashridge and its subsidiaries are conducted on an arm's length basis.

5. Analysis of Total Resources Expended

Expenditure includes:

	Group		Trust	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Audit fees	37	43	37	19
Operating leases	81	73	57	33
	118	116	94	52

Fees payable in the year to auditors for non-audit services amounted to £15,160 (2015: £33,565)

ASHRIDGE (BONAR LAW MEMORIAL) TRUST

Notes to the Financial Statements for year ended 31 December 2016 (continued)

6. Staff Costs (Group and Trust)

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

	2016	2015
	£'000	£'000
Salaries and wages	13,885	14,895
Social security costs	1,423	1,400
Pension costs	1,767	2,591
Termination payments	2,950	860
	<u>20,025</u>	<u>19,746</u>

All staff were employed by the Trust on behalf of the Group including its subsidiary companies. The monthly average number of staff employed by the Trust was 362 (2015: 408). Ashridge CT Limited, the corporate trustee, received no remuneration for its service to the Trust. In 2015 the Governors received no remuneration but were reimbursed travel expenses of £151 during the year.

Redundancy and termination payments stated above were incurred during the year, an obligation of £70.5k is included in accruals and deferred income at 31 December 2016.

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

	2016	2015
£60,001 - £70,000	3	22
£70,001 - £80,000	12	16
£80,001 - £90,000	13	14
£90,001 - £100,000	9	11
£100,001 - £110,000	10	8
£110,001 - £120,000	12	2
£120,001 - £130,000	2	-
£130,001 - £140,000	3	-
£140,001 - £150,000	3	-
£150,001 - £160,000	1	-
£160,001 - £170,000	2	-
£170,001 - £180,000	1	-
£180,001 - £190,000	1	-
£200,001 - £210,000	1	-
£220,001 - £230,000	1	1
	<u>74</u>	<u>74</u>

The analysis above includes 21 people who received redundancy payments.

ASHRIDGE (BONAR LAW MEMORIAL) TRUST

Notes to the Financial Statements for year ended 31 December 2016 (continued)

7. Intangible Assets (Group and Trust)

	Computer Software £'000	Total £'000
Cost		
At 1 January 2016	-	-
Additions	166	166
Disposals	-	-
At 31 December 2016	<u>166</u>	<u>166</u>
Accumulated Depreciation		
At 1 January 2016	-	-
Charge for year	37	37
Disposals	-	-
At 31 December 2016	<u>37</u>	<u>37</u>
Carrying Value		
At 31 December 2016	129	129
At 31 December 2015	-	-

8. Tangible Assets (Group and Trust)

	Freehold land & buildings £'000	Fixtures, fittings & equipment £'000	Vehicles £'000	Construction in Progress £'000	Total £'000
Cost					
At 1 January 2016	25,000	3,512	75	189	28,776
Additions	-	156	-	10	166
Transfer	-	70	-	(70)	-
Disposals	-	-	-	(119)	(119)
At 31 December 2016	<u>25,000</u>	<u>3,738</u>	<u>75</u>	<u>10</u>	<u>28,823</u>
Accumulated Depreciation					
At 1 January 2016	-	2,395	63	-	2,458
Charge for year	-	309	4	-	313
Disposals	-	-	-	-	-
At 31 December 2016	<u>-</u>	<u>2,704</u>	<u>67</u>	<u>-</u>	<u>2,771</u>
Carrying Value					
At 31 December 2016	25,000	1,034	8	10	26,052
At 31 December 2015	25,000	1,117	12	189	26,318

The market value of the Freehold Land and Buildings was assessed by an independent valuer (Patrick Eve BSc (Hons) MRICS of Savills) in February 2014 at £25 million. The Pension Trust conducts an annual valuation and their latest valuation was in line with the 2014 valuation.

ASHRIDGE (BONAR LAW MEMORIAL) TRUST

Notes to the Financial Statements for year ended 31 December 2016 (continued)

8. Tangible Assets (continued)

A charge over Ashridge property equal to 50% of the pension deficit (calculated on a buy-out basis) was granted to the Ashridge Pension Scheme Trustees with effect from November 2008. This was renewed in March 2012 (see note 14).

The disposal of construction in progress is due to the projects not becoming assets. This cost has now become operating expenditure in the Statement of Financial Activities.

All the Group's fixed assets are used in the furtherance of the Charity's activities.

9. Investments in Subsidiaries

The following companies, which are all registered in England are wholly owned subsidiaries of the Trust:

Company	Share Capital
Ashridge Executive & Organisation Development Limited (Company number: 01784086)	100 £1 ordinary shares
Ashridge Strategic Management Centre Limited (Company number: 02215761)	Limited by guarantee

10. Investments (Group and Trust)

Market Value	2016 £'000	2015 £'000
Brought forward valuation	1,026	970
Revaluation	120	56
Disposal proceeds	(1,146)	-
	-	1,026
	-	1,026

The Group holds no overseas investments. All the equity investments are listed on the London Stock Exchange, within a managed investment portfolio. There were no individual investments in excess of 5% of the total portfolio value. The Trustees consider the value of the investments to be supported by their underlying assets.

ASHRIDGE (BONAR LAW MEMORIAL) TRUST

Notes to the Financial Statements for year ended 31 December 2016 (continued)

11. Debtors

	Group		Trust	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Trade debtors	7,207	8,333	1,227	1,663
Amounts due from group undertakings	-	-	2,546	4,912
Other debtors	15	22	7	24
Prepayments and accrued income	469	1,121	175	221
	7,691	9,476	3,955	6,820

12. Creditors: Amounts Falling Due Within One Year

	Group		Trust	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Trade Creditors	2,306	1,628	1,499	1,314
Amounts due to group undertakings	-	-	6,076	-
Payments received on account for contracts	481	688	355	624
Taxation and social security	817	751	817	222
Other creditors	2	8	2	10
Accruals and deferred income	4,531	5,709	3,323	3,936
	8,137	8,784	12,072	6,106

Amounts owed to group undertakings by the Trust arise due to the inclusion of all AE&OD trade debtors in the Trust. These are unsecured, interest free and have no fixed date of repayment.

ASHRIDGE (BONAR LAW MEMORIAL) TRUST

Notes to the Financial Statements for year ended 31 December 2016 (continued)

13. Pension Commitments

(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 169 members (2015: 277) of staff are provided under the USS. Ashridge bears its proportionate share of the USS scheme costs.

The latest available full actuarial valuation of the scheme was at 31 March 2014 ("the valuation date"), which was carried out using the projected unit method. Since the institution cannot identify its share of scheme assets and liabilities, the following disclosures reflect those relevant for the scheme as a whole.

The 2014 valuation was the third valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £41.6 billion and the value of the scheme's technical provisions was £46.9 billion indicating a shortfall of £5.3 billion. The assets therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings.

Defined benefit liability numbers for the scheme have been produced using the following assumptions:

	2016	2015
Discount rate	3.6%	3.3%
Pensionable salary growth n/a	N/A	3.5% first year, 4.0% thereafter
Pension increases (CPI)	2.2%	2.2%

The main demographic assumption used relates to the mortality assumptions. Mortality in retirement is assumed to be in line with the Continuous Mortality Investigation's (CMI) S1NA tables as follows:

Male members' mortality	98% of S1NA ["light"] YoB tables – No age rating
Female members' mortality	99% of S1NA ["light"] YoB tables – rated down 1 year

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2014 projections with a 1.5% pa long term rate were also adopted. The current life expectancies on retirement at age 65 are:

	2016	2015
Males currently aged 65 (years)	24.3	24.2
Women currently aged 65 (years)	26.5	24.5
Males currently aged 45 (years)	26.4	26.3
Women currently aged 45 (years)	28.8	28.7

Scheme assets	£49.8bn	£49.1bn
Total scheme liabilities	£58.3bn	£60.2bn
FRS 102 total scheme deficit	£8.5bn	£11.1bn
FRS 102 total funding level	85%	82%

(ii) Stakeholder (Legal & General)

A defined contribution stakeholder scheme became available to new members of general staff and all casual employees with effect from September 2003. The scheme is managed on behalf of Ashridge by Legal & General. As at 31 December 2016 there were 85 members (2015: 80).

ASHRIDGE (BONAR LAW MEMORIAL) TRUST

Notes to the Financial Statements for year ended 31 December 2016 (continued)

13. Pension Commitments (continued)

(iii) Ashridge Pension Scheme (APS)

Ashridge (Bonar Law Memorial) Trust has an outstanding obligation in respect of a defined benefit scheme that 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.

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

The pension cost figures comply with the accounting standard FRS 102. There was a FRS 102 Actuarial Report at 31 December 2016. At that date the Scheme's assets were £86.1 million and liabilities £102.5 million leaving a net liability of £16.4 million per FRS 102 assumptions.

The most recent Scheme Funding Report of the Actuarial Valuation of the Ashridge Scheme was undertaken as at 31 December 2013. At the date of the valuation, the market value of the scheme's invested assets was £52.4 million. The scheme also holds annuity policies with insurance companies which were valued at £6.0 million. The value of these assets represented 66% of the actuarial value of the benefits that had accrued to members. The scheme was therefore in deficit at the valuation date.

The financial assumptions used to calculate scheme liabilities are:

	2016	2015
Discount Rate (pre and post-retirement)	2.7%	3.9%
Inflation Rate: RPI	3.3%	3.1%
Inflation Rate: CPI	2.3%	2.1%
Rate of Increase in Salaries	N/A	N/A
Rate of Increase in Pension: pre 1 July 1994 service	5.0%	5.0%
Rate of Increase in Pension: post 1 July 1994 service	2.3%	2.1%

Contributions paid to the Scheme by the Trust in relation to past service were £2,000,000 (2015: £12,218,000). Contributions being paid by the Trust are in accordance with actuarial recommendation. The total pension cost charged in the Income and Expenditure account of the Trust across all three schemes was £5,627,846 (2015: £2,590,858).

The assets in the scheme and the long-term rates of return expected at 31 December were:

	2016	2016	2015	2015	2014	2013	2012
	Return	Value	Return	Value	Value	Value	Value
	%	£000	%	£000	£000	£000	£000
Equities	5.5%	25,081	6.5%	25,995	19,748	28,944	26,000
Fixed Interest	3.5%	46,377	4.0%	36,479	23,400	13,637	14,065
Property	0.0%	-	0.0%	-	-	4,459	4,053
Absolute Return	0.0%	-	0.0%	-	5,682	5,506	5,057
Alternatives	8.5%	10,190	9.2%	6,231	4,705	-	-
Cash	0.0%	4,466	1.5%	(804)	5,739	185	234
Total Market Value		86,114		67,901	59,274	52,731	49,409
Present Value of Liabilities		(102,526)		(82,452)	(84,605)	(77,056)	(79,096)
Deficit		(16,412)		(14,551)	(25,331)	(24,325)	(29,687)

ASHRIDGE (BONAR LAW MEMORIAL) TRUST

Notes to the Financial Statements for year ended 31 December 2016 (continued)

13. Pension Commitments (continued)**(iii) Ashridge Pension Scheme (APS)****Movement in defined benefit obligation**

	2016	2015
	£'000	£'000
Deficit in scheme at beginning of year	(14,551)	(25,331)
<i>Movement in year:</i>		
Current service costs	(221)	(216)
Contribution	2,000	12,218
Interest cost	(533)	(561)
Actuarial loss	(3,107)	(661)
Deficit in scheme at end of year	<u>(16,412)</u>	<u>(14,551)</u>

Analysis of net return on pension scheme

	2016	2015
	£'000	£'000
Expected return on pension scheme costs	2,624	2,522
Interest on pension liabilities	(3,157)	(3,083)
Interest cost	<u>(533)</u>	<u>(561)</u>

Analysis of amount recognised in Statement of Financial Activities (SOFA)

	2016	2015
	£'000	£'000
Actual return less expected return on assets	16,802	(3,337)
Changes in assumptions	<u>(19,909)</u>	2,676
Actuarial loss recognised in SOFA	<u>(3,107)</u>	<u>(661)</u>

Weighted average life expectancy for mortality tables used to determine benefit obligations at:

	31-Dec-16	31-Dec-15
Member age 65 (current life expectancy)	23.5	23.4
Member age 45 (life expectancy at age 65)	25.2	25.1

The Trust is committed to contribute £2,000,000 to Ashridge Pension Scheme in 2017.

ASHRIDGE (BONAR LAW MEMORIAL) TRUST

Notes to the Financial Statements for year ended 31 December 2016 (continued)

14. General & Designated Funds

	General	Subsidiary	Building	Research	Restoration (Restricted)	Revaluation	Endowment	Total 2016	Total 2015
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Total funds at 1 January	(3,879)	4	523	10,722	67	13,266	99	20,802	3,662
Net (expenditure)/income	(4,155)	-	-	-	12	-	-	(4,143)	17,745
Pension Scheme Actuarial	(3,107)	-	-	-	-	-	-	(3,107)	(661)
Movement in unrealised investment gains	120	-	-	-	-	-	-	120	56
Total funds at 31 December	(11,021)	4	523	10,722	79	13,266	99	13,672	20,802
Pension scheme deficit (note 13)	16,412	-	-	-	-	-	-	16,412	14,551
Total funds excluding pension scheme deficit	5,391	4	523	10,722	79	13,266	99	30,084	35,353

The General and Designated 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 Endowment Fund reflects the permanent endowment of Ashridge House and Gardens to the Trust enshrined in the 1954 Act. The Revaluation Reserve reflects the increase in value of the Land and Buildings established by the revaluation in January 2012 (see note 8).

The Designated Funds listed above have the following objectives:

- The Building Fund is intended to fund renovation expenditure relating to Ashridge House and Gardens.
- The 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.
- Other funds listed under Research exist to undertake research into and effect implementation of innovative methods of delivering executive education; pioneer research into applications of leadership; and investigate means to help clients implement viable sustainability initiatives.

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

ASHRIDGE (BONAR LAW MEMORIAL) TRUST

Notes to the Financial Statements for year ended 31 December 2016 (continued)

15. Analysis of Net Assets Between Funds

	Unrestricted Funds £'000	Restricted Funds £'000	Revaluation Reserve £'000	Endowment Fund £'000	Total 2016 £'000	Total 2015 £'000
Group						
Fixed Assets	12,816	-	13,266	99	26,181	27,344
Net Current Assets	3,824	79	-	-	3,903	8,009
Pension Deficit	(16,412)	-	-	-	(16,412)	(14,551)
Total	228	79	13,266	99	13,672	20,802
Trust						
Fixed Assets	12,816	-	13,266	99	26,181	27,344
Net Current Assets	(3,900)	79	-	-	(3,821)	8,006
Pension Deficit	(16,412)	-	-	-	(16,412)	(14,551)
Total	(7,496)	79	13,266	99	5,948	20,799

16. Capital Commitments

The estimated amount of capital commitments authorised and contracted but not provided for is £nil (2015: £nil)

17. Related Parties

The Corporate Trustee has considered the disclosure requirements of the Statement of Recommended Practice for Charities and of FRS 8 and believe that there are no related party transactions requiring disclosure.

18. Donations

Donations of £12k (2015: £14k) were received from house and garden tours and donations to restore the estate.

In 2015 a donation of £10m was received by Ashridge for research and £10m for the Ashridge Pension Scheme from Hult International Business School Limited as part of the Strategic Alliance.