



ASHRIDGE (BONAR LAW MEMORIAL) TRUST

ANNUAL REPORT FOR THE YEAR ENDED

31 December 2019

Charity Registration Number: 311096

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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)
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Charity number	311096
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Registered office	Ashridge Berkhamsted Hertfordshire HP4 1NS
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Actuary	Mercer Tower Place West Tower Place London EC3R 5BU
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Independent auditors	BDO LLP Bridgewater House Counterslip Bristol BS1 6BX
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Bankers	Lloyds Banking Group plc 205 High Street Berkhamsted Hertfordshire HP4 1AP
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Santander UK plc 2 Triton Square Regent's Place London NW1 3AN
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ASHRIDGE (BONAR LAW MEMORIAL) TRUST

Report of the Corporate Trustee for the year ended 31 December 2019

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 2019.

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 wholly owned subsidiaries during the year - see notes 10 and 3 of the financial statements for details. The trading subsidiaries undertook specialist activities closely related to management education as follows:

- Ashridge Executive & Organisation Development Limited (AE&OD) provided executive and organisational development to corporate clients through customised executive education programmes and a range of organisation consultancy services
- Ashridge Strategic Management Centre Limited (ASMC) conducted research and provided teaching services on corporate strategy

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 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.

ASHRIDGE (BONAR LAW MEMORIAL) TRUST

Report of the Corporate Trustee for the year ended 31 December 2019 (continued)

Establishment of similar institutions overseas

Ashridge delivers a proportion of its services outside the UK using client premises and other temporary venues. Some contracted faculty are based abroad.

Divestitures

On 31 December 2019, the Ashridge House, the share capital in Ashridge Executive & Organisation Development Ltd and certain rights to its associated wedding, events and executive education business lines were divested after confirmation via a Consent Order by the Charity Commission. Staff working with the associated business lines TUPE transferred to the new owner.

The Trust remains a viable going concern with its faculty, accreditations and degree programs unchanged. The Trust also remains the provider of executive education under its own management.

The divestiture significantly improved the liquidity of the Trust.

Achievements and performance

In performing its activities Ashridge has run educational programs for more than 270 clients and 577 students with 107 students graduating during the calendar year 2019.

In addition, research at Ashridge has contributed to the academic debate through publishing 127 books, articles, reports and conference papers during 2019.

Financial review

The result for the year ended 31 December 2019 was a net income of £1.3m (2018: £0.7m). Continuing operations contributed £-2.9m (2018: £-2.7m) and discontinued operations contributed £4.2m (2018: £3.4m).

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

The requirement to recognise the Trust's share of increased future deficit contributions to the Universities Superannuation Scheme (USS) has been reflected in these accounts. The 2018 financials have been restated to reflect the USS provision retrospectively. At 31 December 2019 the USS liability was £1.6m.

Reserves

The total reserves of the Trust at 31 December 2019 was £12.8m (2018 restated: £17.4m). The total reserves include a restricted Restoration Fund £81k (2018: £84k), a designated Research Fund £10m (2018: £10m) and unrestricted free reserves of £2.7m (2018: £7.4m).

The main driver of the reduction was the actuarial defined benefit pension scheme revaluation cost of £6.5m of Ashridge Pension Scheme vs. 31 December 2018.

The Trust's reserves policy requires 3 months of unrestricted reserves to enable it to meet its charitable objectives. At 31 December 2019 the Trust held unrestricted free reserves of £2.7m 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.

ASHRIDGE (BONAR LAW MEMORIAL) TRUST

Report of the Corporate Trustee for the year ended 31 December 2019 (continued)

The Trust has an excellent liquidity position at 31 December 2019 with £11.4m 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 principal uncertainty currently facing the Trust is the impact of the post-balance sheet outbreak of the COVID-19 virus, which 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 and infrastructure is in place to allow staff to work remotely, so does not anticipate major deviances vs. budget for the 2020 fiscal year.

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.

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:

- 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.

In 2020 Ashridge reaffirmed its position among the top 20 Executive Education schools in the world. It has historically been ranked highly by the Financial Times in the Custom Executive Education and Open rankings, the objective is to remain highly ranked in the Financial Times and other relevant rankings.

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.

ASHRIDGE (BONAR LAW MEMORIAL) TRUST

Report of the Corporate Trustee for the year ended 31 December 2019 (continued)

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 2019 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 Executive & Organisation Development Limited

Ashridge Executive & Organisation Development Limited was controlled through share ownership by the Trust until 31 December 2019.

Ashridge Strategic Management Centre Limited

Ashridge Strategic Management Centre Limited was controlled through membership by the Trust and entered into voluntary liquidation on 19 December 2019.

Ashridge Educational Services Ltd

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

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	
President, Executive Education	Mr Bjorn Bengtsson	(resigned 31/12/2019)
Dean of Faculty	Dr Dina Dommett	
Associate Dean	Mr Andrew Hyams	
Senior Vice President, Operations	Mr Mark Coleman	(resigned 31/12/2019)
Chief Finance Officer	Mrs Emilie McCarthy	(appointed 01/01/2020)
Senior Director of Research	Miss Nadine Page	

ASHRIDGE (BONAR LAW MEMORIAL) TRUST**Report of the Corporate Trustee for the year ended 31 December 2019 (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.

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.

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

14 January 2021

ASHRIDGE (BONAR LAW MEMORIAL) TRUST

INDEPENDENT AUDITOR'S REPORT TO 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 subsidiaries ("the Group") for the year ended 31 December 2019 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 2019 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

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

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

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.

ASHRIDGE (BONAR LAW MEMORIAL) TRUST

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify 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, 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.

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.

ASHRIDGE (BONAR LAW MEMORIAL) TRUST**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.

BDO LLP

Heather Wheelhouse (Senior Statutory Auditor)
BDO LLP, statutory auditor
Bristol, UK

Date 21 January 2021

BDO 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.

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

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	20	-	-	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	17	(5,884)	-	-	-	(5,884)
Foreign exchange losses		(74)	-	-	-	(74)
Net movement in funds		(8,894)	4,231	(3)	-	(4,666)

		Unrestricted Funds £'000	Restricted Funds £'000	Endowment Fund & Revaluation Reserve £'000	2019 Total Funds £'000
<i>Reconciliation of funds:</i>					
Total funds brought forward		(6,010)	10,084	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	10,081	-	12,773

The notes on pages 16 to 32 form part of these financial statements.

ASHRIDGE (BONAR LAW MEMORIAL) TRUST

Consolidated Statement of Financial Activities for the year ended 31 December 2018

		Continuing Operations	Discontinued Operations			
					Endowment Fund & Revaluation Reserve	2018 Total Funds Restated
	Note	Unrestricted Funds £'000	Unrestricted Funds £'000	Restricted Funds £'000	£'000	£'000
Income:						
Donations	20	-	-	6	-	6
<i>Income from charitable activities:</i>						
Fees from educational programmes		3,811	3,415	-	-	7,226
<i>Income from other trading activities:</i>						
Commercial trading operations		-	29,269	-	-	29,269
Investment income		7	-	-	-	7
Total income		3,818	32,684	6	-	36,508
Expenditure:						
Expenditure on charitable activities	4	(6,478)	(2,839)	-	-	(9,317)
Expenditure on other trading activities	4	-	(26,429)	-	-	(26,429)
Other expenditure		-	-	(4)	-	(4)
Total expenditure		(6,478)	(29,268)	(4)	-	(35,750)
Net (expenditure) income	2	(2,660)	3,416	2	-	758
<i>Other recognised gains/(losses):</i>						
Actuarial losses on APS pension	17	(849)	-	-	-	(849)
Foreign exchange losses		(89)	(6)	-	-	(95)
Net movement in funds		(3,598)	3,410	2	-	(186)
Reconciliation of funds:						
Total funds brought forward		(5,822)	10,082		13,365	17,625
Net movement in funds - continuing operations		(3,598)	2		-	(3,596)
Net movement in funds - discontinued operations		3,410	-		-	3,410
Total funds carried forward		(6,010)	10,084		13,365	17,439

The notes on pages 16 to 32 form part of these financial statements.

ASHRIDGE (BONAR LAW MEMORIAL) TRUST

Balance Sheets as at 31 December 2019

	Note	Group		Trust	
		2019	2018 Restated	2019	2018 Restated
		£'000	£'000	£'000	£'000
Fixed assets:					
Intangible Assets	8	-	286	-	286
Tangible Assets	9	-	26,558	-	26,558
Investments in Subsidiaries	10	-	-	-	-
Total Fixed Assets		-	26,844	-	26,844
Current Assets:					
Stocks		-	104	-	33
Debtors	11	10,157	7,910	10,162	5,229
Cash at bank and in hand		11,395	1,881	11,385	1,881
Total Current Assets		21,552	9,895	21,547	7,143
Creditors: amounts falling due within one year	12	(7,214)	(7,736)	(7,209)	(4,987)
Net Current Assets		14,338	2,159	14,338	2,156
Total assets less current liabilities		14,338	29,003	14,338	29,000
Creditors: amounts falling due after more than one year	13	-	(72)	-	(72)
USS defined benefit pension scheme provision	16	(1,601)	(1,883)	(1,601)	(1,883)
APS defined benefit pension scheme asset (liability)	17	36	(9,609)	36	(9,609)
Net Assets		12,773	17,439	12,773	17,436
The funds of the charity:					
Unrestricted Funds					
General		2,692	(6,010)	2,692	(6,013)
Revaluation Reserve		-	13,266	-	13,266
Designated Funds					
Research		10,000	10,000	10,000	10,000
Restricted Funds					
Restoration		81	84	81	84
Endowment Funds		-	99	-	99
Total Charity Funds	19	12,773	17,439	12,773	17,436

The notes on pages 16 to 32 form part of these financial statements.

The financial statements were approved by the corporate trustee, Ashridge CT Limited, on 14 January 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 2019

	Note	2019 £'000	2018 £'000
Cash flows from operating activities:			
Net cash provided by (used in) operating activities	A	(229)	1,057
Cash flows from investing activities:			
Investment income received in year		7	7
Proceeds from sale of subsidiary, property and open business		10,200	-
Purchase of tangible/intangible assets		(408)	(474)
Net cash provided by (used in) from investing activities		9,799	(467)
Cash flows from financing activities:			
Repayment of obligations under hire purchase and finance lease contracts		(56)	(58)
Net cash provided by (used in) financing activities		(56)	(58)
Change in cash in the reporting period		9,514	532
Cash at the beginning of the reporting period		1,881	1,349
Cash at the end of the reporting period	B	11,395	1,881

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

Net incoming resources from educational and related activities		1,292	758
Adjustments for:			
Depreciation/amortisation		692	711
Profit on disposal of subsidiary, property and open business		(3,572)	-
Investment income received in year		(7)	(7)
(Gain)/loss on disposal of fixed assets		(9)	1
VAT not recovered		56	-
Decrease/(increase) in stock		20	(19)
Decrease/(increase) in debtors		222	2,652
Increase/(decrease) in creditors		2,462	(2,342)
Additional pension contributions		(1,644)	(1,652)
Pension costs relating to defined benefit plans:			
APS Administration costs		350	909
APS Finance costs		264	220
Movement in USS		(281)	(79)
Foreign exchange losses		(74)	(95)
Net cash provided by (used in) operating activities		(229)	1,057

Note B: Analysis of cash and cash equivalents

	At 01/01/19 £'000	Cash Flow £'000	At 31/12/19 £'000
Cash at bank and in hand	1,881	9,514	11,395

The notes on pages 16 to 32 form part of these financial statements.

ASHRIDGE (BONAR LAW MEMORIAL) TRUST

Notes to the Financial Statements for year ended 31 December 2019

1. Accounting Policies

The principal accounting policies are set out below:

- (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 (2019), Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS102), and the Charities Act 2011. There are uniform accounting policies across the Group and all intra-group transactions eliminate on consolidation. The Trust is a Public Benefit Entity.
- (b) 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.
- (c) 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 2019 with £11.4m 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.

- (d) 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.
- (e) Donations are credited to revenue on a receivable basis.
- (f) 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.
- (g) Building maintenance work is charged within the Statement of Financial Activities.
- (h) Intangible assets comprise acquired and developed 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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- (i) All fixed assets were disposed of on 31 December 2019.

No depreciation was 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, as this is deemed to be immaterial.

ASHRIDGE (BONAR LAW MEMORIAL) TRUST

Notes to the Financial Statements for year ended 31 December 2019 (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

- (j) 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.
- (k) Stocks represent goods held for consumption or resale which are shown at the lower of cost and net realisable value.
- (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 participates in several pension schemes.

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.

ASHRIDGE (BONAR LAW MEMORIAL) TRUST

Notes to the Financial Statements for year ended 31 December 2019 (continued)

1. Accounting Policies (continued)

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.

During 2019, Ashridge also contributed 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 17).

- (n) Assets held under finance lease are recognised as assets within fixtures, fittings and equipment at their fair value. The assets are subsequently depreciated over the shorter of the lease term and their useful life. The corresponding finance lease liability is recognised as a finance lease obligation. All finance leases at 31 December 2019 were transferred as part of the transaction.
- (o) Operating lease expenditure is charged in the Statement of Financial Activities on a straight-line basis over the lease term.
- (p) Expenditure charged against Restricted Funds falls within the purposes outlined in note 18. All other expenses are borne out of the Unrestricted Fund. Costs are allocated to specific departments on a project basis as necessary.
- (q) 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.
- (r) 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.
- (s) 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.
- (t) A prior period adjustment was identified during the year ended 31 December 2019 where a liability in respect of the recovery plan for the USS pension scheme had not been recognised in accordance with the FRS102. The liabilities of the Trust were understated by £1,961k in 2017 and £1,883k in 2018. There were corresponding overstatements of reserves.

ASHRIDGE (BONAR LAW MEMORIAL) TRUST

Notes to the Financial Statements for year ended 31 December 2019 (continued)

1. Accounting Policies (continued)

- (u) 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 estimates, assumptions and judgements in applying accounting policies:

- (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.

The adoption of the deficit recovery plan has required a restatement of the USS pension provision for the years ending 31 December 2017 (£1.96m) and 31 December 2018 (£1.88m).

- (ii) 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.

No depreciation was 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 deemed to be immaterial.

- (iii) 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 year ended 31 December 2019 (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. For example, bed nights occupied to determine Hotel related costs.

	2019 £'000	2018 £'000
Income		
Custom and consulting	21,565	23,066
Open and qualification programmes	5,869	7,226
Profit on disposal of subsidiary, property and open business	3,572	-
Other activities	6,824	6,209
Investment income	7	7
	37,837	36,508
Expenditure		
Staff costs, including pension	(17,178)	(16,398)
Associates and agency staff	(8,107)	(6,476)
Other direct costs	(2,404)	(3,728)
Marketing and business development	(1,673)	(1,756)
Property and other overhead costs	(6,158)	(5,631)
Amortisation	(170)	(207)
Depreciation	(522)	(504)
APS pension administration and finance costs	(614)	(1,129)
USS pension provision movement	281	79
	(36,545)	(35,750)
Net income per Statement of Financial Activities	1,292	758

3. Net Income from Trading Subsidiaries

The Trust had two wholly owned trading subsidiaries (note 10) both of which are incorporated in the UK and donate their trading profits to the Trust subject to Gift Aid.

	2019			2018		
	AE&OD £'000	ASMC £'000	Total £'000	AE&OD £'000	ASMC £'000	Total £'000
Income	27,825	556	28,381	28,394	875	29,269
Expenditure	(27,118)	(556)	(27,674)	(25,561)	(875)	(26,436)
Surplus	707	-	707	2,833	-	2,833
Donation subject to Gift Aid	(710)	-	(710)	(2,833)	-	(2,833)
Deficit on Ordinary Activities	(3)	-	(3)	-	-	-

AE&OD had 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.

ASHRIDGE (BONAR LAW MEMORIAL) TRUST

Notes to the Financial Statements for year ended 31 December 2019 (continued)

4. Analysis of Total Resources Expended

Expenditure includes:

	Group		Trust	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Impairment of trade receivables	22	218	22	52
Fees payable to Group auditors - audit services	104	69	104	69
Fees payable to Group auditors - non audit services	10	6	3	6
Operating leases	56	89	44	67
	192	382	173	194

	Direct costs	Support costs	Support cost recharges	Total 2019	Total 2018
	£'000	£'000	£'000	£'000	£'000
Expenditure on charitable activities					
Facilities	45	4,159	(3,377)	827	1
Qualification Programmes	1,084	1,295	1,718	4,097	3,888
Open Programmes	713	464	1,354	2,531	2,769
Faculty	291	4,483	(4,775)	(1)	(13)
Research	160	726	284	1,170	1,062
Overheads	108	5,241	(5,440)	(91)	560
APS & USS Pension P&L charge	333			333	1,050
	2,734	16,368	(10,236)	8,866	9,317

Expenditure on other trading activities

Custom Programmes	6,612	5,382	10,137	22,131	19,968
Virtual Ashridge	182	225	295	702	906
Events & Conferences	93	521	2,965	3,579	2,095
Hotel	953	2,598	(3,317)	234	2,492
Coaching	30	305	131	466	93
ASMC	348	183	25	556	875
	8,218	9,214	10,236	27,668	26,429

5. Staff Costs (Group and Trust)

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

	2019	2018
	£'000	£'000
Salaries and wages	13,986	13,564
Social security costs	1,395	1,362
Pension costs	1,675	1,416
Termination payments	122	56
Defined benefit scheme administration costs	350	376
	17,528	16,774

The majority of staff were employed by the Trust on behalf of the Group including its subsidiary companies. For the year ended 31 December 2019 the average number of staff employed by the Trust was 334 (2018: 314) and AE&OD was 9 (2018: 6).

ASHRIDGE (BONAR LAW MEMORIAL) TRUST**Notes to the Financial Statements for year ended 31 December 2019 (continued)****5. Staff Costs (Group and Trust) (continued)**

Ashridge CT Limited, the corporate trustee, received no remuneration for its service to the Trust (2018: nil) but was reimbursed travel expenses of £nil during the year (2018: £5k).

Redundancy and termination payments were incurred during the year, an obligation of £23k (2018: £nil) 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:

	2019	2018
£60,001 - £70,000	6	4
£70,001 - £80,000	3	8
£80,001 - £90,000	12	12
£90,001 - £100,000	8	6
£100,001 - £110,000	8	10
£110,001 - £120,000	5	3
£120,001 - £130,000	4	-
£130,001 - £140,000	2	3
£140,001 - £150,000	-	1
£150,001 - £160,000	2	1
£160,001 - £170,000	1	1
£170,001 - £180,000	-	2
£190,001 - £200,000	1	1
£220,001 - £230,000	-	1
£240,001 - £250,000	-	1
£250,001 - £260,000	1	-
£270,001 - £280,000	1	-
£360,001 - £370,000	-	1
£400,001 - £410,000	1	-
	<u>55</u>	<u>55</u>

6. Remuneration of key management personnel

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

	2019 £'000	2018 £'000
Salaries and wages	1,101	1,137
Social security costs	143	147
Pension costs	101	65
	<u>1,345</u>	<u>1,349</u>

ASHRIDGE (BONAR LAW MEMORIAL) TRUST

Notes to the Financial Statements for year ended 31 December 2019 (continued)

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.

During the year AE&OD contributed post-tax profits of £0.7m (2018: £2.8m) and the Open business contributed post-tax profits of £497k (2018: £646k).

8. Intangible Assets (Group and Trust)

	Computer Software £'000	Total £'000
Cost		
At 1 January 2019	624	624
Additions	-	-
Disposals	(624)	(624)
At 31 December 2019	-	-
Accumulated Amortisation		
At 1 January 2019	338	338
Charge for year	170	170
Disposals	(508)	(508)
At 31 December 2019	-	-
Carrying Value		
At 31 December 2019	-	-
At 31 December 2018	286	286

9. Tangible Assets (Group and Trust)

	Freehold land & buildings £'000	Fixtures, fittings & equipment £'000	Vehicles £'000	Total £'000
Cost				
At 1 January 2019	25,000	3,771	71	28,842
Additions	-	448	57	505
Disposals	(25,000)	(4,219)	(128)	(29,347)
At 31 December 2019	-	-	-	-
Accumulated Depreciation				
At 1 January 2019	-	2,213	71	2,284
Charge for year	-	519	3	522
Disposals	-	(2,732)	(74)	(2,806)
At 31 December 2019	-	-	-	-
Carrying Value				
At 31 December 2019	-	-	-	-
At 31 December 2018	25,000	1,558	-	26,558

ASHRIDGE (BONAR LAW MEMORIAL) TRUST

Notes to the Financial Statements for year ended 31 December 2019 (continued)

9. Tangible Assets (Group and Trust) (continued)

All the Group's fixed assets were used in the furtherance of the Trust's activities.

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 charge was released when the property was sold on 31 December 2019.

The net book value of assets held under hire purchase and finance lease contracts, included above, are as follows:

	2019 £'000	2018 £'000
Fixtures, fittings & equipment	-	141
	-	141

10. Investments in Subsidiaries

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

Company	Share Capital	Holding
Ashridge Educational Services Ltd (Incorporated 16/12/19)	100 £1 ordinary shares	100%
Company number: 12363817		
Registered address: Ashridge, Berkhamsted, Hertfordshire, HP4 1NS		
 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		

11. Debtors

	Group		Trust	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Trade debtors	1,815	6,665	1,815	1,970
Amounts due from group undertakings	-	-	5	2,679
Other debtors	2,655	20	2,655	20
Prepayments and accrued income	187	1,225	187	560
Other financial instruments	5,500	-	5,500	-
	10,157	7,910	10,162	5,229

Trade debtors are stated after provisions for impairment - Group: £22k (2018: £218k), Trust £22k (2018: £52k).

ASHRIDGE (BONAR LAW MEMORIAL) TRUST

Notes to the Financial Statements for year ended 31 December 2019 (continued)

12. Creditors: amounts falling due within one year

	Group		Trust	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Trade creditors	1,888	2,289	1,888	1,383
Amounts owed to group undertakings	-	-	-	92
Payments received on account for contracts	20	180	20	61
Taxation and social security	1,023	807	1,023	758
Obligations under hire purchase and finance lease contracts	-	60	-	60
Other creditors	2	3	2	3
Accruals and deferred income	4,281	4,397	4,276	2,630
	7,214	7,736	7,209	4,987

Hire purchase and finance lease obligations are secured on the assets to which they relate.

13. Creditors: amounts falling due after more than one year

	Group		Trust	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Obligations under hire purchase and finance lease contracts	-	72	-	72
	-	72	-	72

Hire purchase and finance lease obligations are secured on the assets to which they relate.

14. Deferred Revenue Movement

	Group		Trust	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Opening balance	3,402	4,859	2,095	2,478
Amounts released from prior year	(2,239)	(3,170)	(1,002)	(1,940)
Income deferred in current year	3,181	1,713	1,348	1,557
AE&OD balance sold 31 December 2019	(1,903)	-	-	-
	2,441	3,402	2,441	2,095

15. Finance Lease Obligations

The Company had outstanding commitments for future minimum lease payments under non-cancellable finance leases as at the reporting date as follows:

	2019	2018
	£'000	£'000
<i>Fixtures, fittings & equipment</i>		
Not later than 1 year	-	34
Later than 1 year and not later than five years	-	25
Total finance lease obligations	-	59

ASHRIDGE (BONAR LAW MEMORIAL) TRUST

Notes to the Financial Statements for year ended 31 December 2019 (continued)

16. Provisions for liabilities - Group and Trust

Obligation to fund deficit on USS pension:

	£'000
At 1 January 2019	1,883
Unwinding of discount factor	53
Deficit contributions paid	(79)
Change in expected contributions	(256)
At 31 December 2019	1,601

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 17.

17. Pension Commitments

The Trust participates in the University Superannuation Scheme (USS). The Legal & General stakeholder scheme was also used during year, contributions ceased at 31 December 2019 when all staff TUPE transferred to the new owner of their business lines. The Ashridge Pension Scheme is closed to new members. The total pension cost charged in the Income and Expenditure account across all three schemes was £1.67 million (2018: £1.42 million).

(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 56 members of staff at 31 December 2019 (2018: 154) 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

The adoption of the deficit recovery plan has required a restatement of the USS pension provision for the years ending 31 December 2017 (£1.96m) and 31 December 2018 (£1.88m).

Amounts recognised in the Balance Sheet:

	2019 £'000	2018 £'000
USS Provision	1,601	1,883

The total gain charged to the SOFA is £281k (2018: £79k).

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:

ASHRIDGE (BONAR LAW MEMORIAL) TRUST

Notes to the Financial Statements for year ended 31 December 2019 (continued)

17. Pension Commitments

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

	2019 £ billions	2018 £ 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%

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 AMC00 (duration 0) for males and 112% of AFC00 (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:

	2019	2018
Discount rate	2.05%	2.85%
RPI inflation rate	3.05%	3.25%
CPI inflation rate	2.25%	2.25%

(ii) Stakeholder (Legal & General)

A defined contribution stakeholder scheme was available to new members of general staff and all casual employees from September 2003. At 31 December 2019 all members of this scheme were TUPE transferred to the new owner of their business lines. The scheme was managed on behalf of Ashridge by Legal & General.

ASHRIDGE (BONAR LAW MEMORIAL) TRUST

Notes to the Financial Statements for year ended 31 December 2019 (continued)

17. Pension Commitments

(iii) 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.

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

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 2019.

Principal actuarial assumptions

	2019	2018
Discount rate for scheme liabilities	2.05%	2.85%
Pensions in payment increase rate	2.25%	2.25%
Price inflation rate: CPI	2.25%	2.25%
Assumed life expectancy on retirement at age 65:		
Retiring today (male member age 65)	23.2	23.1
Retiring in 20 years (male member age 45 today)	24.6	24.5
Retiring today (female member age 65)	25.3	25.2
Retiring in 20 years (female member age 45 today)	26.8	26.7

Contributions paid to the Scheme by the Trust in relation to past service were £16.14 million (2018: £1.65 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 2020.

Amounts recognised in the Balance Sheet:

	2019 £'000	2018 £'000
Defined benefit obligations at 31 December 2019	(115,398)	(100,965)
Fair value of plan assets at 31 December 2019	115,435	91,356
Net pension obligations at 31 December 2019	37	(9,609)

ASHRIDGE (BONAR LAW MEMORIAL) TRUST

Notes to the Financial Statements for year ended 31 December 2019 (continued)

17. Pension Commitments

(iii) Ashridge Pension Scheme (APS) (continued)

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

	2019	2018
	£'000	£'000
DBO at 31 December 2018	100,965	105,547
<u>Movement in the year:</u>		
GMP equalisation	-	533
Benefit payments from plan assets	(3,378)	(3,453)
Effect of changes in assumptions	14,982	(4,309)
Interest on pension liabilities	2,829	2,647
DBO at 31 December 2019	<u>115,398</u>	<u>100,965</u>

Changes in the fair value of plan assets

	2019	2018
	£'000	£'000
Fair value of plan assets at 31 December 2018	91,356	96,264
<u>Movement in the year:</u>		
Employer contributions	16,144	1,652
Benefit payments from plan assets	(3,378)	(3,453)
Administrative costs paid from plan assets	(350)	(376)
Return on plan assets	9,098	(5,158)
Interest on pension assets	2,565	2,427
Fair value of plan assets at 31 December 2019	<u>115,435</u>	<u>91,356</u>

Plan assets comprise:

	2019	2018
	£'000	£'000
Alternatives/multi asset funds	56,051	47,166
Bonds	36,486	37,543
Cash	15,203	879
Derivatives	(878)	(1,320)
Property	2,357	1,372
Annuity policies	6,216	5,718
	<u>115,435</u>	<u>91,356</u>

Amount recognised in the Statement of Financial Activities

	2019	2018
	£'000	£'000
GMP equalisation	-	533
Interest expense on pension liabilities	2,829	2,647
Interest income on pension assets	(2,565)	(2,427)
Administrative costs paid from plan assets	350	376
Pension charge for the year	<u>614</u>	<u>1,129</u>
Effect of changes in assumptions	14,982	(4,309)
Return on plan assets	(9,098)	5,158
Actuarial loss on defined benefit pension scheme	<u>5,884</u>	<u>849</u>
Total amount recognised in the SOFA	<u><u>6,498</u></u>	<u><u>1,978</u></u>

ASHRIDGE (BONAR LAW MEMORIAL) TRUST

Notes to the Financial Statements for year ended 31 December 2019 (continued)

18. Funds

	Unrestricted	Subsidiary	Building	Research (Designated)	Restoration (Restricted)	Revaluation	Endowment	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Total funds at 1 January 2017	(6,348)	3	523	10,000	82	13,266	99	17,625
Net (expenditure)/income	582	-	-	-	2	-	-	584
Pension Scheme Actuarial	(849)	-	-	-	-	-	-	(849)
USS provision movement	79	-	-	-	-	-	-	79
Total funds at 31 December 2018	(6,536)	3	523	10,000	84	13,266	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
<i>Memo</i>								
APS scheme (surplus)/deficit (note 17)	(36)	-	-	-	-	-	-	(36)
USS pension provision (note 17)	1,601	-	-	-	-	-	-	1,601
Total funds excluding pension scheme deficit	4,257	-	-	10,000	81	-	-	14,338

The unrestricted 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 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. The Building Fund is intended to fund renovation expenditure relating to Ashridge House and Gardens. These were released to General reserves upon disposal of the Ashridge House and Gardens on 31 December 2019.

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 trustees will establish the Ashridge institute and approve the research projects in financial year 2021.

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.

ASHRIDGE (BONAR LAW MEMORIAL) TRUST

Notes to the Financial Statements for year ended 31 December 2019 (continued)

19. Analysis of Net Assets Between Funds

	Unrestricted Funds	Restricted Restoration Fund	Research Fund	Revaluation Reserve	Endowment Fund	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Total Funds at 31 December 2019:						
Group						
Net Current Assets	4,257	81	10,000	-	-	14,338
Pension Deficit - APS	36	-	-	-	-	36
Pension Provision - USS	(1,601)	-	-	-	-	(1,601)
Total	2,692	81	10,000	-	-	12,773
Trust						
Net Current Assets	4,257	81	10,000	-	-	14,338
Pension Deficit - APS	36	-	-	-	-	36
Pension Provision - USS	(1,601)	-	-	-	-	(1,601)
Total	2,692	81	10,000	-	-	12,773
Total Funds at 31 December 2018:						
Group						
Fixed Assets	13,479	-	-	13,266	99	26,844
Net Current Assets	(7,925)	84	10,000	-	-	2,159
Non - Current Liabilities	(72)	-	-	-	-	(72)
Pension Deficit - APS	(9,609)	-	-	-	-	(9,609)
Pension Provision - USS	(1,883)	-	-	-	-	(1,883)
Total	(4,127)	84	10,000	13,266	99	17,439
Trust						
Fixed Assets	13,479	-	-	13,266	99	26,844
Net Current Assets	(7,928)	84	10,000	-	-	2,156
Non - Current Liabilities	(72)	-	-	-	-	(72)
Pension Deficit - APS	(9,609)	-	-	-	-	(9,609)
Pension Provision - USS	(1,883)	-	-	-	-	(1,883)
Total	(6,013)	84	10,000	13,266	99	17,436

20. Donations

Donations of £8k (2018: £6k) were received from house and garden tours and donations to restore the estate.

21. Related Parties

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

	2019 £'000	2018 £'000
Debtors		
Ashridge Strategic Management Centre:	5	-
Ashridge Executive & Organisation Development Limited	2,292	2,679
Creditors		
Ashridge Strategic Management Centre:	-	92

Ashridge Executive & Organisation Development Limited donated its profits of £710k to the Trust (2018: £2,833k).

ASHRIDGE (BONAR LAW MEMORIAL) TRUST

Notes to the Financial Statements for year ended 31 December 2019 (continued)

22. Post Balance Sheet Events

COVID-19 outbreak

The post-balance sheet outbreak of 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 and infrastructure is in place to allow staff to work remotely, so does not anticipate major deviances vs. budget for the 2020 fiscal year.