

CUMBERLAND LODGE

(A Registered Charity and Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2020

Company No. 05383055
Charity No. 1108677

CUMBERLAND LODGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2020

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REFERENCE AND ADMINISTRATIVE DETAILS

FOR THE YEAR ENDED 31 AUGUST 2020

Status	The organisation is a charitable company limited by guarantee, incorporated on 4 March 2005.
Governing Document	The company was established under Memorandum and Articles which established the objects and powers of the charitable company.
Company Number	05383055
Charity Number	1108677
Registered & Operating Office	Cumberland Lodge, The Great Park, Windsor, Berkshire, SL4 2HP
Trustees	<p>Baroness Usha Prashar (Chairman) CBE PC, appointed 9 January 2019 Charles Anson CVO DL (F19, B) Sir Malcolm Evans KCMG OBE (P), resigned 16 January 2020 Jane Furniss CBE (P, B) Alan Gemmell (P, F20), appointed 10 October 2019 Paul Hampden Smith (A, F19, F20, I) John Lotherington (P, B), appointed 26 July 2019 Baroness Ruby McGregor Smith CBE (A, I), resigned 19 March 2020 Simon Pearce (F19, F20, I) Baroness Pitkeathley of Caversham, OBE (P, F20) Jayaprakasa Rangaswami (A, P,B), appointed 16 January 2020</p> <p>(F19 – Member of the Finance and General Purposes Committee until October 2020; F20 from October 2020) (A – Member of the Audit Committee) (I – Member of the Investment Committee until 20 July 2020) (P – Member of the Programme Committee until 15 October 2020) (B – Member of the Business Development Committee from 16 October 2020)</p>
Honorary Treasurer	Simon Pearce
Chief Executive	Canon Dr Edmund Newell
Bankers	HSBC Bank Plc, 105 Mount Pleasant, Tunbridge Wells, Kent, TN1 1QP
Solicitors	Farrer & Co LLP, 66 Lincoln's Inn Fields, London, WC2A 3LH
Investment Managers	<p>Kleinwort Hambros, 8 St James's Square, London, SW1Y 4JU (to April 2020) CCLA, Senator House, 85 Queen Victoria Street London EC4V 4ET (from March 2020)</p>
Auditors	Haysmacintyre LLP, 10 Queen Street Place, London, EC4R 1AG

CUMBERLAND LODGE

CHAIRMAN'S REPORT

FOR THE YEAR ENDED 31 AUGUST 2020

Chairman's report

As a charity that brings people together for discussions, and receives most of its income from conferences, the impact of COVID-19 on Cumberland Lodge has been severe. In 2020, our buildings were closed from mid-March until the end of August, resulting in the cancellation of some of our own events, as well as depriving us of conference income from visiting groups and organisations.

Cost-cutting measures taken in the summer, including some staff redundancies and an internal restructuring exercise to maximise efficiencies, have reduced our cost base by 35%, the benefit of which will mostly be seen in the coming financial year. There has been no significant recovery since being able to reopen, owing to bookings being cancelled or postponed in light of the ongoing pandemic and its wider economic impacts.

The reason for our closure was, of course, to protect people, and this has been our number one priority throughout the pandemic. While, at the time of writing, nobody on site has been taken ill, sadly our Visitor, Sir John Laws, died in March 2020 after contracting COVID-19. Shortly afterwards, we also heard of the death of one of my predecessors, Sir Eric Anderson. We are immensely grateful to John and Eric for their unerring commitment and friendships, and for all they did to make Cumberland Lodge such an inspiring and convivial organisation. We offer our deepest condolences to their families.

While the financial situation at Cumberland Lodge remains serious, we are fortunate to have sufficient free reserves to prevent the immediate threat of insolvency. We are using a portion of these, carefully and strategically, as a buffer, while we put in place a new business model and a strategy for continuing to develop our own programme of activities. Our objective is to come through this difficult period stronger, as an organisation, if financially poorer, and we are pouring our energies into paving the way for an invigorating and increasingly impactful future.

This year's Chief Executive's report demonstrates clearly how our programme has continued to build a movement for positive change, offering transformational experiences for participants, and generating cross-sector ideas and recommendations on a range of issues relating to social cohesion, which are valuable to practitioners in many fields and to those who shape social policy.

We are committed to maintaining this momentum, and one of the main ways we are doing this is by harnessing the power and scope of new digital opportunities. We are particularly thankful that our investment in a multi-media studio and new audio-visual equipment last year, as well as staff training in webcasting, means that we have been well-placed to keep our work going online while we have been unable to host guests at Cumberland Lodge in person.

Over the past year, Sir Malcolm Evans and Baroness McGregor Smith stepped down from the Board, and I am grateful to them both for their expertise and valued contributions to our work. We also welcomed Alan Gemmell OBE and JP Rangaswami as new trustees and I look forward to working with them over the coming years.

Crises of the kind we are now facing often amplify the qualities of individuals and organisations. What struck me in particular, in 2020, was the tenacity, agility and calmness of the staff and my fellow trustees in dealing with the challenges that the COVID-19 pandemic poses. I am grateful to everyone who has contributed to safeguarding the future of this important institution, this year, and confident that these qualities will not only see us through the present crisis, but enable us to grow and flourish in whatever our 'new normal' world will be.

CUMBERLAND LODGE

CHIEF EXECUTIVE'S REPORT

FOR THE YEAR ENDED 31 AUGUST 2020

Chief Executive's report

If there is one word to describe the effect of COVID-19 on the work of Cumberland Lodge, it is 'digital'. Long before the pandemic, we had taken the decision to develop our digital presence in order to expand our reach and become increasingly agile in our response to current events. So, when lockdown forced us to close for physical events in March 2020, we were well-placed to move our work online. I am pleased to say that this was a fairly seamless transition and one that has allowed us to build our networks and involve ever larger numbers of people in the conversations we convene.

During the autumn of 2019, we live-streamed a number of events, including a discussion on *Defending Democracy: Checks and Balances under the Rule of Law* led by Neal Katyal (former Acting Solicitor-General to the United States) and Lord (David) Anderson QC (our recently appointed Visiting Fellow). Then, in January 2020, when we launched our 'Dialogue & Debate' webinar series, we started live-streaming from our new multi-media studio. As with all our work, our webinars involve people of different ages, backgrounds and perspectives in candid conversation on pressing aspects of social cohesion. The emphasis is on constructive discussion that draws on different viewpoints and perspectives, and we were delighted to launch this initiative with an exploration of *The Art of Reflection in a Digital Age*, involving another of our Visiting Fellows, Dr Rowan Williams, and Sophie Deen, CEO of the children's media company Bright Little Labs. Subsequent webinars have included a four-part mini-series on issues of social cohesion relating to the *Black Lives Matter* movement, and discussions on *Finding Common Values*, *How Future Literate is the Charity Sector?*, *A Good Death and The Community*, *Reimagining the High Street*, *Faith Responses to COVID-19*, *Fake News and Press Freedom*, and *Polarisation and The Pandemic*. They have been hosted by our staff, trustees and Cumberland Lodge Scholars. During the first national lockdown alone, these webinars and our other online events involved around 10,000 participants, which bodes well as we continue to develop this stream of work. As well as 'Dialogue & Debate', we brought to fruition a series of other initiatives set out in our five-year plan for 2016–21, *Raising our Game*. These included consolidating a methodology whereby our cross-sector projects begin with research conducted by a freelance Research Associate, to shape and inform discussions at a residential conference held at Cumberland Lodge. Key themes and ideas that emerge from those discussions are then collated in a draft report, which is reviewed and refined by conference participants and further specialists in the relevant field, before being published and launched at a public event in Westminster. Thus, in autumn 2019, we launched the reports from our previous year's conferences, in central London, on *Race in Britain* (in partnership with the Runnymede Trust), *Difficult Histories & Positive Identities*, and *Working Identities*. In October 2019, we also convened a consultation on *Understanding and Policing Gangs*, to review the draft report prepared after our June 2019 conference on this topic, and we launched our final report at New Scotland Yard in January 2020. Our cross-sector conference on *Resilient Communities*, convened in partnership with the Young Foundation in February 2020, was followed by a consultation via Zoom during the first national lockdown, in May 2020, and an online launch event in July 2020. The topical nature of this work has resulted in significant interest. Our *Digital Inclusion: Bridging Divides* conference in November 2019 was followed by a virtual consultation in March 2020 and an online launch in August 2020. In this sense, we were well placed to carry out our work and continue to make a meaningful impact, despite the physical constraints of the pandemic.

Within a short period, we have generated a considerable range of concrete outputs – from interdisciplinary briefings and cross-sector reports to interactive webinars, podcasts, blog posts, live-streams, and a considerable library of audio and video recordings, which is precisely what we aimed to achieve from the five-year plan.

Looking ahead, we are seeking to develop our work in two main ways: by convening a wider range of partners, at the outset of a project, who are likely to take action in response to the ideas and recommendations that are generated; and by initiating our own spin-off projects to further support the implementation of those recommendations. An example of the latter can be seen in the partnership we have established with Royal Holloway, University of London, to develop resources for schools that encourage a balanced interpretation and exploration of Britain's colonial history, in line with recommendations from our 2019 *Difficult Histories & Positive Identities* report.

Mindful of our connections with the Commonwealth, we were pleased to work with the Commonwealth Secretariat, the British Council and the Association of Commonwealth Universities to convene a conference for youth leaders from across the Commonwealth in December 2019. The recommendations from *Commonwealth Futures: Youth Perspectives*, concerning ICT innovation, the rule of law and leadership, have

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FOR THE YEAR ENDED 31 AUGUST 2020

been fed into the Commonwealth Youth Forum, which in turn will feed into the postponed 26th Commonwealth Heads of Government Meeting (CHOGM).

Our Commonwealth links were also expressed through our Commonwealth and International Students' Christmas Conference in 2019, which this year explored the role of digital technologies in promoting progress towards more peaceful, open and inclusive societies, and our flourishing Emerging International Leaders programme on Freedom of Religion or Belief, for Commonwealth and Chevening scholars studying in the UK. Although the final residential retreat for the latter could not take place this year, we held a condensed programme online instead. We were delighted, as well, to renew our association with Goodenough College in London, which hosted our 2019 Annual Dialogue, ensuring that we had a lively audience of international students for the discussion on *Challenges for Democracy in the Digital Age* between Lord Howell, Dr Katharine Domett, and Marnie Howlett, chaired by our Chairman, Baroness Prashar.

Another way in which we are seeking to expand our work is to encourage sixth-form students to think critically about contemporary issues through the lens of Amy Buller's 1943 book, *Darkness over Germany*, which was instrumental in the post-war establishment of Cumberland Lodge as a centre for intergenerational dialogue. A trial event was held at the Marist School in Sunninghill, in November 2019, involving 29 students from local schools, and we are currently developing an online resource for national use, to be launched in 2021.

Unfortunately, the pandemic restricted the number of events we were able to hold this year for the Friends of Cumberland Lodge and our wider local community. Nevertheless, we marked the restoration of our historic collection of Crimean War prints by convening a Cumberland Conversation with the war artist Arabella Dorman. Earlier in the day, Arabella had officially opened the refurbished Hobson Corridor, where the prints are on display. The corridor is named after the late Sir Ronald Hobson, a generous benefactor to Cumberland Lodge who provided a grant to restore the print collection. Shortly before the first national lockdown, in March 2020, we held a live-streamed Conversation with Baroness Hale, having decided not to host an audience on-site as cases of COVID-19 were rising rapidly. Before Christmas, singer-songwriter Ana Silvera also performed a fundraising concert for us in our new performance space in the basement, The Vaults. We were delighted to display an exhibition of paintings by local artists Sally Anne and Peter Jones in our main corridor for much of the year, before installing our new semi-permanent exhibition boards charting the history and heritage of the Lodge. Meanwhile we continued to host our popular Dining Club, which is an income-generating initiative that helps us to make new connections locally.

Our New Year Shakespeare retreat explored *The Merchant of Venice*, and as well as contributions by Dr Rowan Williams, the Rev Dr Paul Edmondson, Dr Amanda Piesse and Sir Stanley Wells, we were joined by Rowan Mackenzie, an award-winning doctoral researcher from the Shakespeare Institute at the University of Birmingham, theatre director Bill Alexander, and actors Anton Lesser and John McAndrew. We also hosted three literary events for the 2019 Windsor Festival, with Sadie Jones speaking about her novel *The Snakes*, Simon Heffer on his book *Staring at God: Britain in the Great War*, and a seminar on my own book, *The Sacramental Sea: A Spiritual Voyage through Christian History*.

We are always pleased to play our part in the local community, and so it was particularly good to be able to use our catering facilities and work in partnership with the Crown Estate to provide supplies of food to pensioners living in the Great Park during the early part of the first COVID-19 lockdown. We also partnered with the Royal Chapel in the Great Park to provide a weekly online Sunday morning service while the chapel was closed, and this is ongoing, as the number of people allowed in the chapel is still restricted because of the need to maintain social distancing.

During the year we were also pleased to help the AMAR International Charitable Foundation by accommodating a choir of young Yezidi women and other musicians from Iraq, who were in the UK to raise awareness of how the Yezidi people have been affected by attacks from ISIS. During their time with us, they performed a concert in the library for a small invited audience, which was recorded and broadcast for *Music Planet* on BBC Radio 3.

The Cumberland Lodge Scholarship scheme, which is now in its seventh year, goes from strength to strength. This year we appointed ten new scholars who are studying for doctorates at universities across the UK, and in the summer we held a virtual reunion to bring together past and present scholars. It is particularly good that past scholars are staying in touch and returning to participate in our events, which is what we hoped would happen when the scheme was introduced in 2014. As ever, we held an annual autumn retreat for the scholars, and were honoured and delighted when the Patron of Cumberland Lodge, Her Majesty The Queen, met privately with current scholars in the spring to find out more about their role with us.

Despite having to postpone our summer Police Conference on justice and reconciliation until 2021, and cancel our annual Life Beyond the PhD conference in August 2020, being well prepared to move the majority of our

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FOR THE YEAR ENDED 31 AUGUST 2020

programme online meant that we were able to deliver an extensive range of events during lockdown. Although our experience of online working has reinforced our belief that face-to-face meetings are more effective than those held over the internet, it has also highlighted the potential for hybrid events that enable people to take part who might not otherwise attend. This will be an important consideration in future planning, not least because greater use of virtual and blended meetings is likely to become the norm in society as a whole.

Finances

Over the past year, we expended £2.3 million on delivering our charitable objectives. This included providing subsidised places for 2,949 students from 22 higher education institutions to attend residential study retreats at Cumberland Lodge, including 15 fully funded bursary places to allow applicants with limited financial means to attend with their peers. We also supported 20 Cumberland Lodge Scholarships and an Amy Buller Scholarship in association with Royal Holloway, University of London. In the first half of the year – ahead of the first national lockdown of the COVID-19 pandemic – we awarded 16 bursaries to enable PhD students working in relevant fields to take part in our cross-sector residential conferences.

The impact of the pandemic on our income has been significant. The closure of Cumberland Lodge for on-site events between March and August 2020 resulted in an estimated loss of conference income of £1.1m. To mitigate this loss, significant cost-cutting measures were taken, including, sadly, some staff redundancies, and reducing the level of subsidised educational activities planned for 2020–21. As the lockdown eased, we were able to generate some income by reopening for socially distanced afternoon teas on the lawn, which proved very popular, but we were still unable to host larger visiting groups.

Last year's annual report highlighted our relatively high level of reserves, which are required both for protecting the work of the charity and maintaining the large complex of historic, listed buildings that we are responsible for. As the Chairman's report makes clear, the wisdom of this policy of maintaining substantial reserves quickly became evident during the pandemic. However, although this has protected us from the threat of insolvency, we are acutely aware that the economic impact of the pandemic will be long-term. For that reason, we are reviewing our current business model. We are particularly conscious of the lack of diversity in our income streams, with a high dependency on conference income and, within that, a particular reliance on business from the higher-education sector.

As well as developing a wider client base, we are also reviewing our approach to fundraising and how we plan and deliver our charitable activities. Before the pandemic, we had already begun to explore the potential for increased partnership working with funding organisations whose objectives and areas of work align with ours. As well as the financial benefits of this model, it offers potential for scaling up our work and increasing its impact.

People

Staff departures this year included: Dr Daren Bowyer (Chief Operating Officer and Deputy Chief Executive), Dr Jan-Jonathan Bock (Programme Director), Katy Crowe (Development Director), Matthew Hancock (Sales and Marketing Manager), Deborah West (Executive Assistant), Emma Alberty (Friends, Outreach and Alumni Officer), Alison Taggart and Crystal Chillingworth (Duty Managers), Jane Bailey (Accountant) and Ethan Coombridge (Programme Assistant). We are grateful to all that they contributed to the life and work of Cumberland Lodge.

We also welcomed four new members of staff to the team: Sarah Birch (Head of Meetings and Events), Nasima Khatun (Management Accountant), Charlotte Booth (Event Manager) and Joe Adams (Maintenance Assistant).

Concluding remarks

At this time of rapid change and great uncertainty, it is good to look back over the past year and be reminded of what has been achieved, whilst operating under severe financial and logistical constraints. Although some of our work has been curtailed, we have, at the same time, developed new ways of operating online, and responded quickly and positively to the unprecedented challenges that we have faced. This has only been possible thanks to the commitment and resilience of our wonderful team of staff and Board of Trustees, who work so hard to make Cumberland Lodge such a vibrant and effective organisation.

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TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2020

Trustees' Report

The Trustees, who are the directors of the charitable company, present their report, which includes the strategic report, and the audited financial statements for the year ended 31 August 2020.

The Charity's significant activities are outlined in detail in the Chairman's and Chief Executive's Reports, which, as noted above, should be read in conjunction with the Trustees' Report (together "the Reports").

Objectives and activities

Set up after the Second World War as St Catharine's Foundation, based on Christian faith and philosophy, Cumberland Lodge has as its objects:

To advance education of the public, in particular British, Commonwealth and overseas students in accordance with the principles of the Christian faith with particular reference to: the nature of human life in society; the relationship between Christian theology and philosophy and alternative religious and secular beliefs; the inter-relationship of various academic disciplines and their practical relevance.

In furtherance of those objects, the Charity aims to provide opportunities for the exchange of views and beliefs, and to explore how study and research can improve society. It does this through the provision and management of a residential conference centre in surroundings conducive to study, debate and interaction. The centre is used by a wide range of members of the public, from Britain, the Commonwealth and elsewhere, including in particular undergraduates, postgraduates and young people in training at a variety of institutions, including the Inns of Court and the National Health Service, and young people connected through international organisations.

The Trustees have set a number of objectives for the Charity:

- to widen the impact of Cumberland Lodge;
- to widen the range of visiting institutions;
- to encourage international groups;
- to increase student participation.

Review of significant activities and achievements including public benefit

The Trustees have had regard to the Charity Commission's guidance on public benefit and have considered how the objects have been fulfilled, through the activities undertaken, for the public benefit.

As is evident from the Reports, the Charity has focused on providing access to student groups, educational conferences, public conversations and exhibitions in an atmosphere that lends itself to study and reflection.

We provide facilities for universities and other institutions of higher education, learned societies, the National Health Service, Inns of Court and other similar bodies to run programmes that bring people together to discuss matters of an ethical, moral and spiritual nature which lie outside their routine programmes of work.

We also run our own conferences and external events throughout the year. Through that programme, the Charity initiates fresh debate on issues of national and international significance. We are independent and so able to promote frank exchanges of views and cross-sector co-operation on matters affecting the development of society. Although the Charity is Christian by foundation, we encourage the expression of all reasonable views, whether they be religious, moral or social. Details of these events are set out in the Chief Executive's report.

It is important to the Charity that access to the educational experience it provides is open to all who are interested. The principal beneficiaries are students and young people in training and we subsidise their visits by a programme of bursary support and reduced charges.

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In a more 'normal' year, our own conferences bring together wide audiences from a range of backgrounds for discussion and debate. Reports of the presentations are published to people unable to attend so they can also benefit and podcasts of selected conferences are made freely available on our website. Additionally, we organise a number of lectures, discussions and exhibitions which are provided free to the public. Many local people also attend the lectures and conversations. Since March 2020 we have been very restricted in the ways in which we can reach our audiences, but have made the most of our studio facilities and virtual conferencing to continue our work.

Fundraising statement

Cumberland Lodge is registered with the Fundraising Regulator. In the past year Cumberland Lodge has received no complaints in respect of its fundraising.

Financial review

Up until the end of March 2020, the Charity generated a small operating surplus, in line with the previous year and ahead of budget. Unfortunately since then COVID-19 restrictions have severely limited our ability to generate income, and the Charity produced an operating deficit for the year of £645,696. Total incoming resources of £1,937,038 represent a year-on-year fall of 33%. Net deficit before gains on investments for the year was £712,637 (2019: net deficit £32,644). After investment gains of £66,941, there was a reduction in reserves of £645,696 (2019: £72,972 increase).

Reserves policy

As a charity whose principal activity is 'The provision of a residential conference centre in surroundings conducive to study, debate and interaction', the intervention of the COVID-19 pandemic has forced us, in common with many other charities, to reconsider our reserves policy. In a more normal year, most of our income is derived from groups attending conferences at the Lodge, and so the effects of the virus have drastically reduced our income, and are likely to continue to do so over at least the coming months.

We believe that there are three main purposes for which we require reserves. Firstly, to meet our charitable purposes, secondly to support our commercial operations, which in turn provide income for our charitable activities, and finally to enable us to act as responsible custodians for our heritage property, Cumberland Lodge, (for which we have responsibility for all repairs and maintenance).

Designated funds

Whilst we have been creative in developing additional income streams and focussing on opportunities for smaller groups, together with virtual events, the impact will continue to be felt for at least some months to come. Accordingly we are forecasting a substantial loss in 2020-21, and have designated a fund of £900,000 to cover this, allowing us to continue with adapted versions of our programme work in the meantime, as well as continue to diversify our income sources and plan ahead for the future, including a major fundraising drive for our 75th anniversary in 2022. This fund therefore supports the first two of the purposes outlined above.

In respect of our duties as custodians of the buildings here at Cumberland Lodge, the trustees consider that it is prudent to retain a property fund, available both for capital improvements and repairs and maintenance. Last year, £500,000 was designated for this purpose. A decennial survey of the buildings has recently been undertaken. This will assist the preparation of a detailed plan, which is likely to see work commencing towards the end of 2020-2021. The fund will be reassessed when the working plan is complete.

A further designated fund recognises that a proportion of our funds is tied up in fixed assets which are not readily convertible to cash. At 31 August 2020 the required sum was £1,432,587.

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TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2020

Undesignated funds

Previously, we determined that our most significant risk was a major catastrophe (e.g. fire) that substantially denies us the use of our principal facilities. Consequently, we required sufficient free reserves to continue to operate and to maintain at least a reduced programme of residential events, using off-site facilities as necessary, for up to 18 months while repairs and refurbishment take place, and for a reduced operation on-site for a further 12 months.

This risk remains key, as it is fundamental to being able to fulfil all three of our main purposes. However, having reduced our operations during the pandemic, our estimate of these costs has fallen to £1.7- £1.9 million (2019: £2-£2.2 million). This sum is greater than the estimated costs of closure. Current undesignated, unrestricted reserves of £1,823,390 therefore provide sufficient cover for this eventuality.

Endowment fund

Given the economic uncertainty ahead it is felt that now is not the appropriate time to restrict the use of funds unnecessarily and so the plans for an endowment fund seeded by the charity's own funds have been put aside for at least the forthcoming year.

Investments

Cumberland Lodge seeks to produce the best financial return within an acceptable level of risk. The investment objective for the long term is to generate a return in excess of inflation whilst generating an income to support the ongoing activities of Cumberland Lodge. The investment objective for the short term is to preserve the capital value with a moderate level of risk. Assets should be readily available to meet unanticipated cash requirements. As a result of a review early in the financial year, the Trustees decided to transfer investment to CCLA's COIF Charities Investment Fund. The investment committee has now been disbanded and investments are monitored by the Trustee group as a whole. A review meeting with CCLA was held in July 2020 with the full Board of Trustees. The Trustees consider that given the market conditions the net gain on investments was acceptable.

Principal risks and uncertainties

Cumberland Lodge has a formal risk management process through which the major risks to which the organisation may be exposed and has ranked these by likelihood and impact, culminating in a risk control document which is updated on a regular basis. All significant risks, together with current mitigation actions, are reviewed by the Trustees at their meetings. The Trustees are satisfied that systems have been developed and are in place to mitigate identified risks to an acceptable level.

The principal risks and uncertainties identified by the charity are as follows:

Risk identified	Action taken to mitigate the risk
Inadequate income	COVID-19 Restrictions have severely impacted business and the necessary social distancing regulations that may stay in place for some time after we are able to reopen represent an ongoing threat to income levels. The budget for 2020-2021 is set accordingly and income levels and forecasts will be kept under close review. Work is underway to diversify income streams, with a new Business Development committee.
Loss of property	Risks resulting in the loss of access to the property are mitigated by the fire safety system, insurance and discussion with the landlord. The condition of the buildings is constantly reviewed and both preventative and reactive maintenance measures are undertaken to ensure that the buildings are safe and efficient and offer appropriate facilities to all categories of users.
Insufficient funds for the organisation to operate	The cost base has been reduced by 35% and work has begun to revise the fundraising strategy, ahead of a fundraising drive for the Charity's 75 th anniversary in 2022. Whilst reserves are able to cushion the impact of COVID-19 for several months, Trustees are keen to ensure that costs are continually scrutinised, additional sources of income are developed and these funds are used constructively to strengthen our long-term financial resilience.

CUMBERLAND LODGE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2020

Structure, governance and management

Structure

Cumberland Lodge was incorporated on 4 March 2005, and the assets and activities of the King George VI and Queen Elizabeth Foundation of St Catharine's charity were transferred to it with effect from 1 June 2005 when the new charity and its trading subsidiary commenced operations.

The King George VI and Queen Elizabeth Foundation of St Catharine's continues as a dormant charity, holding the Royal warrant for the occupation of Cumberland Lodge. A uniting direction was issued by the Charity Commission (8 March 2006), which removed the need to account separately for the old charity.

Cumberland Lodge has a wholly-owned non-charitable trading subsidiary, Cumberland Lodge Enterprises Limited, which provides conference facilities for professional bodies, charities and other organisations. The consolidated results of Cumberland Lodge and its subsidiary are shown on page 16 of the financial statements. The original charity, King George VI and Queen Elizabeth Foundation of St Catharine's, is held in trust by Cumberland Lodge as corporate trustee.

Governance

The Company is governed by its Memorandum and Articles of Association. The Trustees are directors of the company and those who served during the year and since are set out on page 2.

During the year four committees of the Board; Finance and General Purposes, Audit, Investments and Programme, met to implement policy and exercise control. Trustees are represented on each committee.

Since the end of the financial year the committees have been restructured, with a new Business Development Committee set up alongside the existing Finance and General Purposes and Audit Committees. Both the Investment and Programme committees have been disbanded, with their remits now covered by the main Board. During the financial year day-to-day management of the charity was delegated to the Chief Executive, Chief Operating Officer and Finance Director, supported by other senior staff. Since the Chief Operating Officer's departure in October 2020, day-to-day management is delegated to the Chief Executive, Finance Director and a new post of Hospitality Director, filled by Merrill Ryan (formerly General Manager). There is a maximum limit to the number of years a Trustee may serve, and the Board regularly reviews the range of skills it needs. New Trustees are encouraged to undertake the induction course for new Trustees. Trustees are conscious of the need to keep up to date with current legislation and issues and are kept informed about relevant training courses.

Remuneration of key management

The Trustees consider the Board of Trustees and the senior management team comprise the key management personnel of the charity in charge of directing and controlling, running and operating the Charity on a day-to-day basis. All trustees give of their time freely and no director received remuneration in the year. Details of directors' expenses and related party transactions are disclosed in notes 4 and 17 to the accounts.

The pay of the key management personnel and all staff are reviewed annually.

In view of the nature of the charity, the Trustees benchmark against pay levels in other charities. The remuneration bench-mark is the mid-point of the range paid for similar roles in similar charities and sizes.

Statement of the Board of Trustees' responsibilities for the financial statements

The Trustees, who are also directors of Cumberland Lodge for the purpose of company law, are responsible for preparing the Trustees' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year and not approve the financial statements unless they are satisfied that the financial statements give a true and fair view of the state of the affairs of the Charity as at the balance sheet date and of its incoming resources and application of resources, including income and expenditure, for the year then ended.

CUMBERLAND LODGE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2020

In preparing those financial statements which give a true and fair view, the Trustees should follow best practice and:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the charitable company will continue on that basis

The Trustees are responsible for keeping accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and which enable them to ensure that the financial statements comply with the Companies Act 2006. The Trustees are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

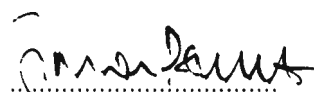
The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website.

Each of the directors, who held office at the date of approval of this Trustees' Report, has confirmed that there is no information of which they are aware which is relevant to the audit but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditors are made aware of such information.

Approved by the Trustees on 11 February 2021 and signed on their behalf by:



.....
Baroness Usha Prashar



.....
Simon Pearce

CUMBERLAND LODGE

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CUMBERLAND LODGE

FOR THE YEAR ENDED 31 AUGUST 2020

Independent auditor's report to the members of Cumberland Lodge

Opinion

We have audited the financial statements of Cumberland Lodge for the year ended 31 August 2020 which comprise Consolidated Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheets, 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 charitable company's affairs as at 31 August 2020 and of the group's and parent charitable company's net movement in funds, including the income and expenditure, 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 Companies Act 2006.

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 charitable company in accordance with the ethical requirements that are 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.

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 11 the trustees (who are also the directors of the charitable company for the purposes of company law) are 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 trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group and charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

CUMBERLAND LODGE

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CUMBERLAND LODGE

FOR THE YEAR ENDED 31 AUGUST 2020

Conclusions relating 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 trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group and charitable company'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 trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report and Chairman's Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Annual Report (which includes the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Trustees' Annual Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report (which incorporates the strategic report and the directors' report).

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the group and charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the consolidated charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

CUMBERLAND LODGE

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CUMBERLAND LODGE

FOR THE YEAR ENDED 31 AUGUST 2020

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Kathryn Burton (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory Auditors
17 February 2021

10 Queen Street Place, London EC4R 1AG

CUMBERLAND LODGE

Company No. 05383055

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

(including consolidated income and expenditure account)

AT 31 AUGUST 2020

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2020 £	Total 2019 £
INCOME:					
Donations, legacies and grants	2	189,589	26,319	215,908	62,858
Charitable activities					
Cumberland Lodge conferences		24,384	13,715	38,099	74,124
Student and training conferences		998,658	-	998,658	1,556,641
Other trading activities					
Accommodation income		535,974	-	535,974	1,033,361
Rents and lettings		19,613	-	19,613	30,945
Investments		107,362	-	107,362	88,497
Other income		21,424	-	21,424	23,337
Total income		<u>1,897,004</u>	<u>40,034</u>	<u>1,937,038</u>	<u>2,869,763</u>
EXPENDITURE:					
Costs of raising funds					
Trading costs		376,268	13,249	389,517	612,356
Expenditure on charitable activities					
Cumberland Lodge conferences		453,270	2,800	456,070	421,065
Student and training conferences		1,787,123	16,965	1,804,088	1,844,886
Total expenditure	3	<u>2,616,661</u>	<u>33,014</u>	<u>2,649,675</u>	<u>2,878,307</u>
		<u>(719,657)</u>	<u>7,020</u>	<u>(712,637)</u>	<u>(8,544)</u>
Gains on investments, net of charges		66,941	-	66,941	81,515
Net movement in funds		<u>(652,716)</u>	<u>7,020</u>	<u>(645,696)</u>	<u>72,971</u>
Funds brought forward		<u>5,308,693</u>	<u>31,620</u>	<u>5,340,313</u>	<u>5,267,342</u>
Funds carried forward		<u>4,655,977</u>	<u>38,640</u>	<u>4,694,617</u>	<u>5,340,313</u>

The notes on pages 18 - 29 form part of these financial statements.

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

All amounts derive from continuing activities.

Full comparative figures for the year ended 31 August 2019 are shown in note 20.

CUMBERLAND LODGE

Company No. 05383055

CONSOLIDATED AND CHARITY BALANCE SHEETS

AT 31 AUGUST 2020

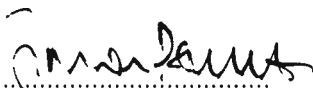
	Notes	2020 Group £	Charity £	2019 Group £	Charity £
FIXED ASSETS					
Tangible assets	7	1,432,586	1,432,586	1,655,787	1,655,787
Investments	8	3,370,980	3,370,980	3,304,187	3,304,187
		<u>4,803,566</u>	<u>4,803,566</u>	<u>4,959,974</u>	<u>4,959,974</u>
CURRENT ASSETS					
Stock		19,369	9,903	25,857	15,070
Debtors	9	122,633	157,316	281,802	307,383
Short term deposits and cash in hand		239,827	72,545	644,015	202,156
		<u>381,829</u>	<u>239,764</u>	<u>951,674</u>	<u>524,609</u>
CURRENT LIABILITIES					
Creditors: amounts falling due within one year	10	(490,778)	(352,413)	(571,335)	(409,303)
		<u>(108,949)</u>	<u>(112,649)</u>	<u>380,339</u>	<u>115,306</u>
NET CURRENT ASSETS					
		<u>4,694,617</u>	<u>4,690,917</u>	<u>5,340,313</u>	<u>5,075,280</u>
NET ASSETS					
		<u>4,694,617</u>	<u>4,690,917</u>	<u>5,340,313</u>	<u>5,075,280</u>
FUNDS					
Unrestricted general funds	13	1,823,390	1,818,189	3,152,906	2,887,873
Restricted funds	13/14	38,640	40,141	31,620	31,620
Designated funds	15	2,832,587	2,832,587	2,155,787	2,155,787
		<u>4,694,617</u>	<u>4,690,917</u>	<u>5,340,313</u>	<u>5,075,280</u>
TOTAL FUNDS		<u>4,694,617</u>	<u>4,690,917</u>	<u>5,340,313</u>	<u>5,075,280</u>

The deficit of the parent charity was £645,694. This comprises a deficit of £799,395 (2019:292,061) plus donated profits from Cumberland Lodge Enterprises Ltd of £153,701 (2019: £617,506).

Approved and authorised for issue on 11 February 2021 by the Trustees and signed on their behalf by:



Baroness Usha Prashar



Simon Pearce

The notes on pages 18 - 29 form part of these financial statements.

CUMBERLAND LODGE

Company No. 05383055

STATEMENT OF CASH FLOWS AND CONSOLIDATED STATEMENT OF CASH FLOWS

AT 31 AUGUST 2020

	2020 £	2019 £
Net cash provided by operating activities	(490,840)	112,370
Cash flows from investing activities		
Investment income	107,362	88,497
Purchase of tangible fixed assets	(20,858)	(28,657)
Sale of tangible fixed assets	-	8,456
Purchase of investments	(3,019,749)	(1,113,957)
Sale of investments	3,019,897	935,526
Cash used in investing activities	86,652	(330,135)
Change in cash and cash equivalents in the year	(404,188)	(217,765)
Cash and cash equivalents at the beginning of the year	644,015	861,780
TOTAL CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	239,827	644,015

RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

Net (deficit) /income for the year	(645,696)	72,971
Adjustments for:		
Depreciation charge	244,059	237,795
(Gains)/ losses on disposal of fixed assets	-	(8,456)
(Gains)/ losses on investments	(66,941)	(105,615)
Income from investments	(107,362)	(88,497)
Decrease / (increase) in debtors	159,169	10,319
Decrease in stock	6,488	6,361
(Decrease) in creditors	(80,557)	(12,508)
Cash used in investing activities	(490,840)	112,370

CUMBERLAND LODGE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2020

1. ACCOUNTING POLICIES

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Second Edition, effective 1 January 2019) - (Charities SORP (FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Cumberland Lodge meets the definition of a public benefit entity under FRS 102. The registered office and company number can be found page 2. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note.

In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required.

Preparation of accounts on a going concern basis

The COVID-19 pandemic has forced periods of closure and restricted activity upon us. Although the emergence of vaccines is encouraging, it is likely that income will be reduced for some time to come. Accordingly, staffing levels and costs have been reduced and where possible conferences are going ahead on a smaller scale and/ or virtually. The review of our financial position, reserves levels and future plans gives Trustees confidence the charity remains a going concern for the foreseeable future.

Group financial statements

The financial statements consolidate the results of the charity and its wholly owned subsidiary Cumberland Lodge Enterprises Limited on a line-by-line basis. A separate Statement of Financial Activities and Income and Expenditure Account for the charity has not been presented because the charity has taken advantage of the exemption afforded by section 408 of the Companies Act 2006.

Income recognition

All income is recognised once the charity is entitled to the income, the amount of income receivable can be measured reliably and receipt is probable.

Donations and legacies

Donations and gifts are included in full in the Statement of Financial Activities when the charity is entitled to the income, the amount of income receivable can be measured reliably and receipt is probable.

Grants

Grants are recognised in full in the statement of financial activities in the year in which the charity is entitled to the income, the amount of income receivable can be measured reliably and receipt is probable.

Grants include Government grant income relating to the Coronavirus Job Retention Scheme (CJRS) and is recognised as receivable in line with the period that the expense has been incurred.

Income from charitable activities

Income from charitable activities is recognised as earned when the related services are provided. Income from other trading activities is recognised as earned when the related goods are provided.

Investment income

Investment income is recognised on a receivable basis once the amounts can be measured reliably.

CUMBERLAND LODGE

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2020

1. ACCOUNTING POLICIES (continued)

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds comprises the direct and allocated costs of the trading subsidiary, and investment management costs
- Expenditure on charitable activities comprises the direct and allocated costs of Cumberland Lodge conferences and student and training conferences

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

Expenditure is allocated to the particular activity on a direct and indirect cost basis. The apportionment of indirect costs is based on estimates of the relative use of Lodge resources.

Allocation of costs

Expenditure is summarised under functional headings on a direct and indirect cost basis. The apportionment of indirect costs is based on estimates of the relative use of Lodge resources.

Operating leases

Rental charges are charged on a straight-line basis over the life of the lease.

Financial Instruments

The charitable company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Investments

Investments are a form of basic financial instrument and are initially shown in the financial statements at market value. Movements in the market values of investments are shown as unrealised gains and losses in the Statement of Financial Activities.

Profits and losses on the realisation of investments are shown net of costs (which are deducted at source) as realised gains and losses in the Statement of Financial Activities. Realised gains and losses on investments are calculated between sales proceeds and their opening carrying values or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

Fixed assets

Fixed assets are stated at cost or deemed cost (donated valuation at estimated fair value) less accumulated depreciation and impairment losses. Assets costing more than £1,500 are capitalised.

Depreciation is calculated to write off the costs of the fixed asset by equal instalments as follows:

Motor vehicles	4 years
Furniture, fittings and equipment	3 to 10 years
Leasehold improvements	10 to 20 years

CUMBERLAND LODGE

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2020

1. ACCOUNTING POLICIES (continued)

Cash

Cash represents cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Stock

Stocks are valued at the lower of cost and net realisable value.

Funds

Unrestricted funds are donations and other incoming resources receivable or generated for the objects of the charity.

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

Restricted funds are those funds which are to be used in accordance with specific instructions imposed by the donor or trust deed.

Employee benefits

- **Short term benefits**

Short term benefits including holiday pay are recognised as an expense in the period in which the service is received.

- **Employee termination benefits**

Termination benefits are accounted for on an accrual basis and in line with FRS 102.

- **Pension scheme**

Cumberland Lodge operates a defined contribution pension scheme for the benefit of its employees. The assets of the scheme are held independently from those of Cumberland Lodge in an independently administered fund. The pension costs charged in the financial statements represents the contributions payable during the year.

Critical accounting judgements and key sources of estimation uncertainty

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

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

In the view of the trustees, no assumptions concerning the future or estimation uncertainty affecting assets or liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

CUMBERLAND LODGE

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2020

2. VOLUNTARY INCOME	2020 £	2019 £
Donations, legacies and grants	37,592	62,858
Coronavirus Job Retention Scheme grant	178,316	-
	<u>215,008</u>	<u>62,858</u>

3. ANALYSIS OF EXPENDITURE	Staff Costs £	Other Costs £	Depreciation £	Total £
2020				
Charitable Activities				
Cumberland Lodge				
Conferences	359,082	89,580	7,408	456,070
Student and training				
Conferences	1,076,192	533,267	194,629	1,804,088
Costs of Generating Funds				
Trading costs	232,358	115,135	42,022	389,515
Group total	<u>1,667,632</u>	<u>737,982</u>	<u>244,059</u>	<u>2,649,673</u>
2019				
Charitable Activities				
Cumberland Lodge				
Conferences	318,554	77,823	24,688	421,065
Student and training				
Conferences	960,027	671,752	213,107	1,844,886
Costs of Generating Funds				
Trading costs	376,938	235,418	-	612,356
Group total	<u>1,655,519</u>	<u>984,993</u>	<u>237,795</u>	<u>2,878,307</u>

Included within Other Costs above were Governance costs of £16,440 (2019: £15,761) relating to Auditor's remuneration.

4. NET INCOME FOR THE YEAR	2020 £	2019 £
This is stated after charging		
Auditor's remuneration (including irrecoverable VAT):		
Audit	14,862	14,156
Other Services	1,578	1,605
	<u>16,440</u>	<u>15,761</u>
Expenses reimbursed and paid on behalf of Trustees	<u>542</u>	<u>1,081</u>

No Trustee received remuneration in the current or prior year.

CUMBERLAND LODGE

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2020

5. SUBSIDIARIES

The wholly-owned subsidiary Cumberland Lodge Enterprises Limited is incorporated in the UK (company number: 05389873, registered office: Cumberland Lodge, The Great Park, Windsor, SL4 2HP) and provides conference facilities for professional bodies, charities and other organisations. The subsidiary pays all of its profits to Cumberland Lodge under the Gift Aid scheme. The summary financial performance of the subsidiary alone is:

	2020 £	2019 £
Turnover	556,452	1,039,405
Cost of sales and administration costs	(402,751)	(674,371)
Net profit	153,701	365,034
Brought forward – retained in subsidiary	265,034	517,506
Gift aided to the charity in year	(415,033)	(617,506)
Retained in subsidiary	3,702	265,034
The current assets and liabilities of the subsidiary were:		
Current assets	194,060	527,909
Current liabilities	(190,358)	(262,875)
Total net assets	3,702	265,034
Aggregate share capital and reserves	3,702	265,034

6. STAFF COSTS AND NUMBERS

	2020 £	2019 £
Staff costs were as follows:		
Salaries and wages	1,407,852	1,414,573
Social security costs	122,202	119,960
Pension contributions	120,160	120,986
	1,650,214	1,655,519
The number of employees whose emoluments for the year fell within the following bands were:		
	Number	Number
£80,001 - £90,000	1	1
£70,001- £80,000	1	1

These employees are accruing pension contributions totalling £19,371 (2019: £15,578). The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel of the Group and charity were £236,207 (2019: £236,519).

CUMBERLAND LODGE

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2020

	2020 Number	2019 Number
The average number of employees during the year was as follows:		
Academic	6	6
House	49	48
Administration	13	18
	<u>68</u>	<u>72</u>

The full-time equivalent number of staff in 2020 was 45 (2019:49).

7. FIXED ASSETS (GROUP AND CHARITY)

	Improvements to property	Furniture, fittings & equipment	Motor Vehicles	Total
	£	£	£	£
Cost				
At 1 September 2019	3,298,492	1,716,545	37,880	5,052,917
Additions	2,992	17,866	-	20,858
Disposals	-	-	-	-
Balance at 31 August 2020	<u>3,301,484</u>	<u>1,734,411</u>	<u>37,880</u>	<u>5,073,775</u>
Accumulated depreciation				
At 1 September 2019	2,179,537	1,199,300	18,293	3,397,130
Charge for the year	120,996	116,878	6,185	244,059
Disposals	-	-	-	-
Balance at 31 August 2020	<u>2,300,533</u>	<u>1,316,178</u>	<u>24,478</u>	<u>3,641,189</u>
Net Book Value				
C/f at 31 August 2020	<u>1,000,951</u>	<u>418,233</u>	<u>13,402</u>	<u>1,432,586</u>
B/f at 1 September 2019	<u>1,118,955</u>	<u>517,245</u>	<u>19,587</u>	<u>1,655,787</u>

8. INVESTMENTS (GROUP AND CHARITY)

	2020 £	2019 £
Market value at 1 September	3,304,187	3,020,141
Additions	3,019,749	1,113,957
Disposals	(3,019,897)	(935,526)
Net gains /(losses)	<u>66,941</u>	<u>105,615</u>
Market value at 31 August	<u>3,370,980</u>	<u>3,304,187</u>
Historical cost as at 31 August	<u>2,848,492</u>	<u>2,842,711</u>

CUMBERLAND LODGE

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2020

9. DEBTORS: amounts falling due within one year	2020		2019	
	Group £	Charity £	Group £	Charity £
Accommodation debtors	29,977	12,867	209,741	209,741
Other debtors and prepayments	92,656	92,454	72,061	72,061
Amounts due from subsidiary		51,995		105,894
	<u>122,633</u>	<u>157,316</u>	<u>281,802</u>	<u>307,383</u>
	<u><u>122,633</u></u>	<u><u>157,316</u></u>	<u><u>281,802</u></u>	<u><u>307,383</u></u>
10. CREDITORS: amounts falling due within one year	2020		2019	
	Group £	Charity £	Group £	Charity £
Trade creditors	27,598	27,598	56,616	56,616
Other taxation and social security	46,411	54,956	89,600	32,419
Other creditors, accruals and deferred income	416,769	269,859	425,119	320,268
	<u>490,778</u>	<u>352,413</u>	<u>571,335</u>	<u>409,303</u>
	<u><u>490,778</u></u>	<u><u>352,413</u></u>	<u><u>571,335</u></u>	<u><u>409,303</u></u>
11. ANALYSIS OF DEFERRED INCOME	2020		2019	
	Group £	Charity £	Group £	Charity £
Deferred income at 1 September	274,169	182,007	314,803	209,764
Released during the year	(274,169)	(182,007)	(314,803)	(209,764)
Applied during the year	227,717	134,943	274,169	182,007
	<u>227,717</u>	<u>134,943</u>	<u>274,169</u>	<u>182,007</u>
	<u><u>227,717</u></u>	<u><u>134,943</u></u>	<u><u>274,169</u></u>	<u><u>182,007</u></u>

CUMBERLAND LODGE

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2020

12. FINANCIAL INSTRUMENTS	2020		2019	
	Group £	Charity £	Group £	Charity £
Financial assets measured at amortised cost	362,460	229,861	925,817	509,539
Financial assets measured at fair value	3,370,980	3,370,980	3,304,187	3,304,187
Financial liabilities measured at amortised cost	(490,778)	(352,413)	(571,335)	(409,303)
Net financial assets measured at amortised cost	<u>3,242,662</u>	<u>3,248,428</u>	<u>3,658,669</u>	<u>3,404,423</u>

Financial assets measured at amortised cost include cash, accommodation debtors and other debtors.

Financial assets measured at fair value comprise listed investments.

Financial liabilities measured at amortised cost include trade creditors and other creditors.

13. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS	Restricted Funds £	General Funds £	Total Funds £
2020			
Fixed assets	2,908	1,429,678	1,432,587
Investments	-	3,370,980	3,370,980
Current assets	35,732	346,097	381,829
Current liabilities	-	(490,778)	(490,777)
Net assets at 31 August	<u>38,640</u>	<u>4,655,977</u>	<u>4,694,619</u>
2019			
Fixed assets	25,910	1,629,877	1,655,787
Investments	-	3,304,187	3,304,187
Current assets	5,710	945,964	951,674
Current liabilities	-	(571,335)	(571,335)
Net assets at 31 August	<u>31,620</u>	<u>5,308,693</u>	<u>5,340,313</u>

CUMBERLAND LODGE

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2020

14. ANALYSIS OF RESTRICTED FUNDS

	1 September £	Income £	Expenditure £	31 August £
2020				
Mews lighting project*	7,958	-	(500)	7,458
Chapel capital appeal*	10,226	-	(1,908)	8,318
Dining room furniture*	2,856	3,070	-	5,926
Basement refurbishment*	4,870	-	(500)	4,370
Scholarship scheme	2,843	-	(1,013)	1,830
Bursary fund	1,427	10,000	(689)	10,738
Conference grants	1,440	13,715	(15,155)	-
COVID-19 food parcels	-	13,249	(13,249)	-
Group total	31,620	40,034	(33,014)	38,640
2019				
Mews lighting project*	8,458	-	(500)	7,958
Chapel capital appeal*	12,117	-	(1,891)	10,226
Dining room furniture*	-	6,380	(3,524)	2,856
Basement refurbishment*	-	5,000	(130)	4,870
Art restoration fund	10,688	-	(10,688)	-
Scholarship scheme	4,225	-	(1,382)	1,427
Bursary fund	1,800	-	(373)	1,800
Conference grants	-	12,098	(10,658)	1,440
Group total	37,288	23,478	(29,146)	31,620

Capital Funds

As of 31 August 2020, these funds have been spent in full. However, expenditure is spread over the asset's useful economic life, and so remaining balances will be allocated in future financial years as depreciation, and do not represent unspent funds.

Excluding capital funds, the balance of restricted funds not spent is £13,068 (2019: £5,710).

Capital Funds* comprise:

Mews lighting - Lighting improvement within the conference rooms in the Mews.

Chapel capital appeal - Chapel refurbishment

Dining room furniture - Individual donations towards the cost of new furniture.

Basement refurbishment - Refurbishing the basement for use as a recreational space for guests.

Non-capital Funds comprise:

Art restoration fund - Restoration of Cumberland Lodge's collection of Crimea prints.

Scholarship scheme - Support for scholars from the North East of England.

Bursary fund - Towards the costs of students in financial hardship.

Conference grants - Grants for specific Cumberland Lodge conferences.

COVID-19 food parcels - Donations for the food cost of meals provided locally as support parcels during lockdown

CUMBERLAND LODGE

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2020

15. DESIGNATED FUNDS

	Balance at 1 September 2019 £	Transfers £	Expenditure £	Balance at 31 August 2020 £
Tangible fixed assets	1,655,787	-	-223,200	1,432,587
Property fund	500,000	-	-	500,000
COVID-19 impact fund	-	900,000	-	900,000
Total – Group and Charity	2,155,787	900,000	-223,200	2,832,587

Tangible fixed assets

The fund represents assets which are essential for the provision of charitable activities.

Property fund

In respect of our duties as custodians of the buildings here at Cumberland Lodge, the trustees consider that it is prudent to retain a property fund, available both for capital improvements and repairs and maintenance. Last year, £500,000 was designated for this purpose. A decennial survey of the buildings has recently been undertaken. This will assist the preparation of a detailed plan, which is likely to see work commencing towards the end of 2020-2021. The fund will be reassessed when the working plan is complete.

16. TAXATION

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes. The charity is not exempt from VAT, the irrecoverable part of which is included with the expenses to which it relates on the Statement of Financial Activities.

17. RELATED PARTY TRANSACTIONS

In 2020 the following transactions took place between the Charity and its wholly-owned subsidiary:

Cumberland Lodge recharged £389,517 (2019: £658,637) to Cumberland Lodge Enterprises Limited during the year, in respect of operating expenses.

Cumberland Lodge Enterprises Limited gift aids 100% of its taxable profits to the parent company. Cumberland Lodge Enterprises Limited has paid £265,033 during 2020 in gift aid relating to profits for the year ended 31 August 2019. A further £150,000 was paid in gift aid relating to profits in the current year. At 31 August 2020 an amount of £51,995 (2019: £100,844) was owed by Cumberland Lodge Enterprises Limited to its parent company, Cumberland Lodge in respect of the above transactions.

Canon Dr Edmund Newell, Chief Executive of Cumberland Lodge and a Director of Cumberland Lodge Enterprises Limited, is a Trustee of the AMAR International Charitable Foundation which held an event at Cumberland Lodge during 2020. The event was charged in accordance with Cumberland Lodge standard pricing and the income earned by Cumberland Lodge Enterprises Limited from the booking totalled £7,165. There were no transactions with this organisation in 2019.

Canon Dr Newell is Vice-Patron of Windsor Festival Society, who held one meeting during the year, billed at £277. The event was billed in accordance with standard pricing.

CUMBERLAND LODGE

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2020

There were no other transactions with related parties as at 31 August 2020.

18. OPERATING LEASES

At the year end, the Group and Charity were committed to the following future minimum lease payments in respect of operating leases:

	Land and buildings		Land and buildings	
	Group 2020 £	Charity 2020 £	Group 2019 £	Charity 2019 £
In less than one year	-	-	-	-
In one to two years	19,620	19,620		
In two to five years	-	-	19,620	19,620
	<u>19,620</u>	<u>19,620</u>	<u>19,620</u>	<u>19,620</u>
	<u><u>19,620</u></u>	<u><u>19,620</u></u>	<u><u>19,620</u></u>	<u><u>19,620</u></u>
	Office equipment		Office equipment	
	Group 2020 £	Charity 2020 £	Group 2019 £	Charity 2019 £
In less than one year	478	478	3,454	3,454
In one to two years	239	239	478	478
In two to five years	-	-	239	239
	<u>717</u>	<u>717</u>	<u>4,171</u>	<u>4,171</u>
	<u><u>717</u></u>	<u><u>717</u></u>	<u><u>4,171</u></u>	<u><u>4,171</u></u>

19. POST BALANCE SHEET EVENT

In light of the emergence and spread of the coronavirus (COVID-19), the Trustees have been monitoring the situation very closely to assess the potential impact on the Charity's operations.

Since the year end, two nationwide lockdowns have been implemented, forcing temporary closure of the Lodge to the public, impacting on income. Events will only be able to start again once Government advice makes it possible. These are considered non-adjusting post balance sheet events.

The Trustees have prepared cash flow forecasts to plan for the above, including any reasonably foreseeable mitigating factors and the Trustees are comfortable that the Charity can continue as a going concern for the foreseeable future.

CUMBERLAND LODGE

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2020

20. COMPARATIVE CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (2019):

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2018 £
INCOME:				
Donations, legacies and grants		39,380	23,478	62,858
Charitable activities				
Cumberland Lodge conferences		74,124	-	74,124
Student and training conferences		1,556,641	-	1,556,641
Other trading activities				
Accommodation income		1,033,361	-	1,033,361
Rents and lettings		30,945	-	30,945
Investments		88,497	-	88,497
Other		23,337	-	23,337
Total income		<u>2,846,285</u>	<u>23,478</u>	<u>2,869,763</u>
EXPENDITURE:				
Costs of raising funds				
Trading costs	3	612,356	-	612,356
Investment management costs		24,100	-	24,100
Expenditure on charitable activities				
Cumberland Lodge conferences	3	406,915	14,150	421,065
Student and training conferences		1,829,890	14,996	1,844,886
Total expenditure	3	<u>2,873,261</u>	<u>29,146</u>	<u>2,902,407</u>
		(26,976)	(5,668)	(32,644)
Net gains on investments		<u>105,615</u>	<u>-</u>	<u>105,615</u>
Net movement in funds		78,639	(5,688)	72,971
Funds brought forward		<u>5,230,054</u>	<u>37,288</u>	<u>5,267,342</u>
Funds at 31 August 2019		<u><u>5,308,693</u></u>	<u><u>31,620</u></u>	<u><u>5,340,313</u></u>