

St Chad's College
(a company limited by guarantee and not having a share
capital)

**Report of the College Governing Body
and Financial Statements**

Company number 00109442
Registered charity number: 01142958
Draft - 30 September 2015

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Report of the College Governing Body

Reference and administrative details

College Governing Body members

Mr J. Blackie, Chair	
Prof. S. J. Banks	
The Revd Canon Dr J. P. Cassidy	(deceased 28 March 2015)
Ms J. Haworth	
Ms L Murphy	(resigned 17 June 2015)
Mr S. Power	
The Venerable Dr R. Pratt	
Ms E. Rowark	
Mr R. Schoonmaker	(resigned 17 September 2015)
Mrs S. Shaw	
Mr R. Taylor	
Mr P. Whitehead	(resigned 17 June 2015)
Mr C. Winskell	
Mr M. Aspin	(appointed 17 June 2015)
Mr F. Seidelin	(appointed 17 September 2015)
Mr J. De-Lusignan	(appointed 17 June 2015)
Mr P. Chandler	(appointed 6 May 2015)
Prof H. M. Evans	(appointed 6 May 2015)
Prof C. L. H. Warwick	(appointed 18 May 2015)

The Revd Canon Dr Joe P. Cassidy was Principal of St Chad's College for nearly eighteen years. His unexpected death (at only 60, from a heart attack) on the 28th March this year was a huge shock to St Chad's College, as well as to his many friends in the University – and beyond.

Joe was appointed Principal of St Chad's College in 1997 at a time when the college was in a state of disarray and on the brink of bankruptcy. He is widely credited with saving the college and transforming it into a solvent and happy community, a thriving college in the University of Durham. He was always protective of St Chad's independent identity, but keen to play a constructive and reflective role in the University beyond the doors of St Chad's. He was a robust supporter of the Durham collegiate system and a perceptive member of the University's Senate.

Joe Cassidy was a remarkable Principal of St Chad's College. His considerable academic and philosophical gifts were matched by a strong, hands-on practical approach and a shrewd understanding of finance. Known affectionately by the students as "Papa Joe", he was loved in St Chad's for his humane wisdom, his personal warmth and his willingness to talk to a student about anything at any time (preferably down in the college's cellar bar), conversations that were sometimes remembered as transformative. He epitomised the spirit of the college he had done so much to help shape into a strong, loyal, supportive community which prized academic excellence, social justice and good friendship.

Joe Cassidy is mourned by all who knew him, and in particular, by his wife, Gillian Skinner, and his three children, Emmeline, Marianne and Benedict.

The process of replacing Joe is now underway and the College are utilising the skills of Perrett Laver in their search for a suitable replacement. It is hoped that an appointment will be made in February / March 2016.

Company number

00109442

Registered Charity Number

01142958

Report of the College Governing Body *(continued)*

Registered office

18 North Bailey
Durham
DH1 3RH

Company Secretary

Mr G. Cox

Bankers

National Westminster Bank
12 Market Street
Durham
DH1 3NG

Solicitors/Legal issues

Swinburne Maddison Solicitors
Venture House
Aykley Heads Business Centre
Aykley Heads
Durham
DH1 5TS

College Surveyor

Richard de Robeck, FRICS, DipAg
Sebergham Hall
Sebergham
Carlisle
Cumbria
CA5 7DQ

Auditor

KPMG LLP
Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX

Acting Principal

Dr M. J. Masson

Bursar

Mr G. Cox

Report of the College Governing Body *(continued)*

The College Governing Body, who are also directors of the company for the purposes of the Companies Act, submit their annual report and the audited financial statements of St Chad's College (the company) for the year ended 30 September 2015. The College Governing Body confirms that the annual report and financial statements of the company comply with current statutory requirements, the requirements of the company's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

Structure, Governance and Management

a) Constitution

The company is a charitable company limited by guarantee and was set up by a Memorandum of Association on 4 May 1910. St Chad's College Durham became a registered charity, registration number 1142958, on 19 July 2014. Prior to that it was an exempted charity.

b) Method of Election of College Governing Body

The management of the College is the responsibility of the College Governing Body who is elected and co-opted under the terms of the Articles of Association.

The members of the Governing Body who held office during the year were as stated on page 1.

c) College Governing Body's liability

The College Governing Body guarantees to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up.

d) Policies adopted for the induction and training of College Governing Body

New members of the Governing Body are inducted by the Secretary to the Governing Body and the Principal of the College. They are also given a copy of the College's Memorandum of Association, its current standing orders, the Principal's annual report and the annual audited financial report. They are asked formally to commit themselves to the College's charitable aims and objectives, and they are asked to disclose possible conflicts of interest. They are invited to participate in the life of the College on a regular basis.

e) Organisational structure and decision making

The day to day running of the College is delegated to the Principal, the Vice Principal, the Bursar and the Chaplain/Postgraduate Director.

f) Risk management

The College Governing Body has assessed the major risks to which the company is exposed, in particular those related to the operations and finances of the company and they regularly review the systems that are in place to mitigate the exposure to the major risks.

Risks are categorised into the following broad headings: strategic direction, infrastructure, conduct of business, academic/research activities, student support, financial sustainability, health & safety, building maintenance and commercial activity. The major risks relate to student intake and the finance generated. Consequently this is impacted by the value for money that is achieved (stakeholder satisfaction) and in turn the largest impact upon this is the building infrastructure and the investment being made to maintain and upgrade in particular bedrooms but in general all areas.

Meeting intake targets

The student intake risks are managed by detailed monitoring of student admissions through close liaison with Durham University, regular conversation between College officers and routine reporting and debating at Governing Body meetings.

Report of the College Governing Body *(continued)*

Structure, Governance and Management *(continued)*

Achieving value for money

The value for money risks are a combination of budget monitoring to prevent unnecessary expenditure and enable value for money in procurement and through discussion with student representatives and surveys of the student community to ascertain that value is being given/received. Ultimately this results in a positive report to Governing Body.

Funding of investments in infrastructure

The investment in infrastructure risk would be a major problem if the College had buildings which were not fit for purpose. This has been mitigated by an extensive capital refurbishment plan which commenced in 2010 and is now 85% complete. Regular reporting through an internal committee structure, with a costed five year plan approved by Governing Body, has enabled significant progress.

Objectives and activities

a) Policies and objectives

The principal objectives of the College are:

- (i) to advance education, learning, religion and research within the College in accordance with the principles of the Church of England; and
- (ii) to provide a College for persons who shall be members of the University of Durham wherein they may work for degrees and other qualifications of the University of Durham (including, in particular, advancing the education, spiritual and moral welfare of students enrolled at the College).

Key amongst the principal objects of the College is our provision of academic and pastoral support to undergraduates and postgraduate students reading for degrees in the University of Durham. The College also provides education in and of itself via various programmes in the College.

In shaping our objectives for the year and planning our activities, the Council Members have considered the Charity Commission's guidance on public benefit.

b) Strategies for achieving objectives

We aim to provide excellent academic and pastoral support in a residential context via College officers, the chaplaincy, the mentoring/tutorial team, our academic and research staff, the maintenance of our libraries and other facilities, not to mention our academic programme, which is offered through our Collegiate Studies Programme and through various summer schools and courses offered chiefly in the Easter and Summer breaks.

Academic and pastoral support is offered not just to enable our students to do well in their departmental-based studies, but also to stretch their academic and social potential by exposing them to issues and challenges beyond the curriculum. We do this by providing a variety of tutors and by our Collegiate Studies Programme, which, in addition to providing for the acquisition and honing of transferable skills, encourages them to engage with regional issues by actually visiting the region and experiencing some of the challenges first-hand.

Our academic support is offered in the context of support provision within the University of Durham as a whole. A key part of our overall strategy is to coordinate what we do in the College with what is done in the University, be it via collaboration with University departments or collaboration with the University's student support services.

We target our conference work to maximise the academic aims of the College. While conferences generate income to support academic activities, most of them are academic activities in and of themselves. Our conference strategy has been to enter into longer-term relationships with providers who are doing what we otherwise might do ourselves and so further our charitable aims.

Report of the College Governing Body (*continued*)

c) Activities for achieving objectives

The College's major charitable activity is furthering the education of students and scholars in an Anglican environment as a College within the University of Durham. Given that St Chad's is a university College providing extensive in-house academic activities and support, the actual maintenance of the College's buildings and facilities is a primary activity. Another key activity is the actual delivery of academic support via the work of College officers and College tutors and via the tuition offered through the Collegiate Studies Programme.

Being a residential College, we provide food and lodging to 240 students as well as infrastructure support to a further 260, which means that we serve a student body of around 500 students (350 undergraduates and 150 postgraduates). This number does not include those who study part-time through various summer schools, not to mention those served by our support for academic conferences and colloquia throughout the year.

Our library facilities are the most extensive amongst the Durham colleges, as are our computer facilities. Our tutor to student ratio is currently the highest in Durham, and our tutors provide excellent service (according to a University survey which we use as a KPI, the College's tutorial support received the highest grading by students).

With thirty two Fellows, the College also supports the work of established researchers and scholars. In the past year, we co-hosted a wide variety of academic conferences and had several key lectures from noted academic and public figures both within and beyond the university.

Our support for music and the arts generally is well-developed. Such college-based support for music is deemed crucial given the musical backgrounds of many of our students who are reading for degrees outside of music.

The College is an Anglican foundation, and while it does not discriminate in terms of selection of students, it is committed to furthering the Anglican ethos of the College, chiefly by ensuring that our decisions are informed by a commitment to justice, by the maintenance of our chaplaincy programme, by engaging with critical academic research in theology on behalf of the Church and by offering sabbatical programmes to scholars from around the world.

As mentioned above, we aim to target our conferences and summer schools, seeing them as furthering our overall aims and objectives. Though we aim to maximise income as much as possible we engage in delivery of services that also maximise, or rather optimise, impact in terms of our charitable purposes.

The College does not have a large endowment, but it does offer a number of scholarships each year to postgraduates, and a number of visiting fellowships to scholars.

The College continues to prosper in its core charitable objective as an academic environment, once again achieving some of the top academic results in the University as well as the top places in almost all of the welfare and student support responses to Durham University's student experience survey. Alongside this, the provision of residential accommodation for students once again proved very popular within Durham University with waiting lists for our accommodation this September. Our educational / Anglican conferencing business again increased its activity year on year.

In summary 2014/15 was a very active and successful year for St Chad's College. We continue to focus on how to deliver our objectives against a background of economic challenges being particularly successful with our recently rekindled alumni development office.

However 2014/15 was a challenging year for many organisations reliant upon publicly-funded research and although the Research Groups continued again to be successful in winning contracts their overall income reduced and, margins were again being squeezed as the year proceeded, and this has had an impact on their income generation.

Overall

Net incoming resources at £355,276 (2014: £212,679) were supported by two gifts which totalled £190,000, without these then the year to 30 September 2015 would have shown a result below that of the previous year at £165,276.

Report of the College Governing Body *(continued)*

Balance sheet

The balance sheet remains in a healthy position with asset values based upon recent valuations, investment into those assets (being buildings) continuing throughout the year and debtors and creditor balance being under good control.

The net result was that bank balances and short term investments increased by £344,355 to stand at £1,830,760 (2014: £1,486,405), and the net asset value increased to £9,358,212.

As mentioned above we received a gift of a house (value £150,000) and stocks and shares (held in Trust) of £40,000 during the year. We also placed £500,000 in fixed term deposits (one year) and £300,000 into unit trusts in an attempt to generate income from these investments .

Income

Overall our income increased from £2,509,898 to £2,666,510 in 2014/15. A small increase in relative terms which had the following items of note:

Our core fundraising activity of residential accommodation (maintenance fees as per note 6) showed an improvement on last year by 7%, however, the remainder of our educational activities showed shortfalls when compared to last year. Consequently our overall incoming resources from charitable activities at £2,343,340 in 2014/15 was £14,763 lower.

Voluntary income - in the main generated through alumni contacts - at £272,281 indicates that the recent efforts of the re-kindled development office are starting to show real positive results. Even if we exclude the major donations of £190,000 the net regular giving of £82,281 was 38% up on last year (2014: £59,702).

Our researchers struggled again in 2014/15 and their income fell for a further year. However, there are signs in 2015/16 of a recovery in their work with potential new business being generated.

Expenditure

St Chad's College total resources expended were £2,311,234 in 2014/15, a less than 1% increase on 2013/14 (2014: £2,297,219). This is pleasing when considered against everything College has achieved in the last year; striving to continue to deliver standards and quality that over achieve our client expectations against a background of rising costs, it is commendable to do this without any great increase in net expenditure.

Much of this is a result of the sudden death of the College Principal giving half year salary savings which when set alongside careful staff management resulted in savings of £75,060 when compared to last year. (2015: £1,118,745 2014: £1,193,805).

This "saving" has however, being utilised to fund other activities, the main one being the preparation work undertaken to replace our boathouse. It is hoped that once we obtain planning permission that we will be able to generate alumni donations to meet all the cost, but to date we are carrying the initial funding.

St Chad's College Trading

St Chad's College Trading Ltd is a wholly-owned subsidiary – a trading arm of the College – which is audited separately. The trading company manages most of the non-academic commercial activities associated with the College, and the company's entire profits are covenanted to the College.

Turnover in 2014/15 was £123,587 (2014: £130,073) which delivered a 28% return on income (2014: 32%).

Report of the College Governing Body *(continued)*

d) Reserves policy

Our total reserves at the end of the 2014/15 year were £9,358,212 (2013/14: £9,018,186). There are three elements to our reserves:

- i) Our Estate. Our policy is to keep our buildings renewed to prevent erosion of their value. We hold a reserve equivalent to the market value of the land and buildings. We generate annual operating surpluses to maintain these buildings, so no extra reserve is anticipated beyond the actual (unrealisable) value of our current buildings and land.
- ii) Our operating reserves, which we review annually on a risk basis. We have set it at £1,300,000 for 2015/16.
- iii) Our strategic development. To further the charitable purposes we need to ensure that we have the capacity to deliver the service we want to deliver and from time to time will need to add to, or enhance, our buildings and facilities to do so. In addition, we need to have capacity to acquire (often very expeditiously) new residential properties that become available on the Bailey or close to our other sites where these would further our charitable purposes.

We would need at least £1m to support any borrowing required to finance either of these strategic initiatives – and considerably more if we were to finance them ourselves.

It is our target to hold our operating reserve to be between 75% of the risk based calculation and the closure cost, i.e. to be between £1.2m and £1.4m, and then for any funds beyond this amount to be placed into the strategic development reserve. Both funds will be treated as designated reserves.

In 2014/15 the estate (ie our current building) reserves were £7,773,631 (2014: £7,680,582), restricted reserves were £41,318 (2014: £2,935) leaving free reserves of £1,543,263 (2014: £1,334,669).

e) Principal funding

The principal sources of funding for the year to 30 September 2015 were student maintenance and college fees - income generated through charitable trading, educational conferences and related research activity.

f) Investment policy and performance

The power to invest monies is held by the Governing Body and they can invest monies as they see fit. The investments are held in the form of fixed interest bonds and unit trusts and the performance of the investments is considered adequate. There is £824,750 invested in this manner.

Market value of land and buildings

The College Governing Body consider that the market value of the land and buildings is equivalent to the figure disclosed in the accounts. A valuation of the land and buildings was carried out to 30 September 2013 which is considered to be a valid valuation as at 30 September 2015.

Disclosure of information to auditor

The members who held office at the date of the approval of this College Governing Body report confirm that, so far as they are each aware, there is no relevant audit information of which the College's auditor is unaware; and each member has taken all the steps that he/she ought to have taken as a member to make himself/herself aware of any relevant audit information and to establish that the College's auditor is aware of that information.

Report of the College Governing Body *(continued)*

Auditor

A resolution for the reappointment of KPMG LLP as auditor of the College is to be proposed at the forthcoming Annual General Meeting.

By order of the College Governing Body.

Mr J Blackie
Chairman of Governors

18 North Bailey
Durham
DH1 3RH

2015

Statement of College Governing Body's responsibilities in respect of the College Governing Body's Report and the Financial Statements

The College Governing Body is responsible for preparing the College Governing Body's Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the College Governing Body to prepare financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the College Governing Body must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the excess of income over expenditure for that period. In preparing these financial statements, the College Governing Body is required to:

- select suitable accounting policies and then apply them consistently;
- 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue its activities.

The College Governing Body is responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect fraud and other irregularities.



KPMG LLP

Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX
United Kingdom

Independent auditor's report to the members of St Chad's College

We have audited the financial statements St Chad's College, for the year ended 30 September 2015 set out on pages 12 to 27.

The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the 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 its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of College Governing Body and auditor

As explained more fully in the Statement of College Governing Body's Responsibilities set out on page 9, the Governors (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.

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 30 September 2015 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information in the Report of the College Governing Body for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of St Chad's College *(continued)*

Matters on which we are required to report by exception

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

- the charitable company has not kept adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the 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; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

Mick Thompson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX

2015

Statement of financial activities (incorporating income and expenditure account)
for the year ended 30 September 2015

	<i>Note</i>	Unrestricted funds	Restricted	Total	Total
		General	Designated	income	Total
		funds	funds	funds	funds
		2015	2015	2015	2014
		£	£	£	£
Incoming resources					
Incoming resources from generated funds					
Voluntary income	2	82,281	150,000	40,000	272,281
Activities for generating funds	3, 4	26,804	-	-	26,804
Investment income	5	24,085	-	-	24,085
Incoming resources from charitable activities	6	1,749,379	308,573	285,388	2,343,340
Total incoming resources		1,882,549	458,573	325,388	2,666,510
Resources expended					
Cost of generating funds:					
Costs of generating voluntary income	7	-	-	-	4,691
Fundraising expenses and other costs	7	9,428	-	-	9,428
Charitable activities	8-11	1,641,664	335,737	285,431	2,244,985
Governance costs	12	38,974	-	-	38,974
Total resources expended		1,690,066	335,737	285,431	2,311,234
Net incoming resources before transfers		192,483	122,836	39,957	355,276
Gross transfers between funds	24	-	-	-	-
Net incoming resources before revaluations (net income for the year)	13	192,483	122,836	39,957	355,276
Losses on revaluation on short term investments		(13,676)	-	(1,574)	(15,250)
Net movement in funds for the year		178,807	122,836	38,383	340,026
Total funds at 1 October 2014		4,641,918	4,373,333	2,935	9,018,186
Total funds at 30 September 2015	24	4,820,725	4,496,169	41,318	9,358,212

All of the above results are derived from continuing activities.

The charitable company has no recognised gains or losses other than those stated above.

The accompanying notes form an integral part of the financial statements.

Balance sheet
at 30 September 2015

	<i>Note</i>	2015		2014	
		£	£	£	£
Fixed assets					
Tangible assets	<i>15</i>	7,773,631		7,680,582	
Fixed asset investments	<i>16</i>	1		1	
		<hr/>		<hr/>	
			7,773,632		7,680,583
Current assets					
Stocks	<i>17</i>	4,836		8,920	
Debtors	<i>18</i>	356,290		442,848	
Cash at bank and in hand		1,006,010		1,486,405	
Short term investments	<i>19</i>	824,750		-	
		<hr/>		<hr/>	
		2,191,886		1,938,173	
Creditors: amounts falling due within one year	<i>20</i>	(243,710)		(206,925)	
		<hr/>		<hr/>	
Net current assets			1,948,176		1,731,248
			<hr/>		<hr/>
Total assets less current liabilities			9,721,808		9,411,831
Creditors: amounts falling due after more than one year	<i>21</i>		(363,596)		(393,645)
			<hr/>		<hr/>
Net assets			9,358,212		9,018,186
			<hr/> <hr/>		<hr/> <hr/>
Charity Funds					
Restricted funds	<i>24</i>	41,318		2,935	
Designated funds	<i>24</i>	4,496,169		4,373,333	
Unrestricted general funds	<i>24</i>	4,820,725		4,641,918	
			<hr/>		<hr/>
			9,358,212		9,018,186
			<hr/> <hr/>		<hr/> <hr/>

These financial statements on pages 12 to 27 were approved by the College Governing Body on
and were signed on their behalf by:

2015

Mr J Blackie
Chairman of Governors

Registered number: 00109442

Cash flow statement
for the year ended 30 September 2015

	2015	2014
	£	£
Net cash flow from operations	537,953	274,150
Capital expenditure		
Payments to acquire tangible fixed assets	(188,299)	(128,857)
Financing		
Loan repayments	(30,049)	(30,050)
Investing		
Short term investments	(800,000)	-
	<hr/>	<hr/>
(Decrease)/increase in the year	(480,395)	115,243
	<hr/> <hr/>	<hr/> <hr/>

Reconciliation of changes in resources to net cashflow from operating activities
for the year ended 30 September 2015

	2015	2014
	£	£
Net incoming resources	355,276	212,679
Depreciation	245,250	241,941
Decrease/(increase) in stock	4,084	(6,641)
Decrease/(increase) in debtors	86,558	(64,762)
Increase/(decrease) in creditors	36,785	(109,067)
Non-cash income	(190,000)	-
	<hr/>	<hr/>
Net cash flow from operating activities	537,953	274,150
	<hr/> <hr/>	<hr/> <hr/>

Reconciliation of net cashflow to movement in net funds
for the year ended 30 September 2015

	2015 £	2014 £
(Decrease)/increase in cash in the year	(480,395)	115,243
Cash outflow on loan repayments	30,049	30,050
	<hr/>	<hr/>
Movement in net funds in the year	(450,346)	145,293
Net funds at start of year	1,069,106	923,813
	<hr/>	<hr/>
Net funds at end of year	618,760	1,069,106
	<hr/> <hr/>	<hr/> <hr/>

Analysis of net funds
for the year ended 30 September 2015

	At 30 September 2014 £	Cash flow £	Other non cash movements £	At 30 September 2015 £
Cash at bank and in hand	1,486,405	(480,395)	-	1,006,010
	<hr/>	<hr/>	<hr/>	<hr/>
Debt due after one year	(387,250)	-	30,050	(357,200)
Debt due within one year	(30,049)	30,049	(30,050)	(30,050)
	<hr/>	<hr/>	<hr/>	<hr/>
	(417,299)	30,049	-	(387,250)
	<hr/>	<hr/>	<hr/>	<hr/>
Total net funds	1,069,106	(450,346)	-	618,760
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes

(forming part of the financial statements)

1 Accounting policies

Basis of preparation

These financial statements have been prepared under the historical cost convention modified to include the revaluation of certain assets. The financial statements have been prepared in accordance with the Statement of Recommended Practice: 'Accounting and Reporting by Charities' (SORP 2005) issued in March 2005 and applicable accounting standards.

Consolidation

These financial statements present information about the College as an individual undertaking and not as a group. Consolidated financial statements have not been prepared as the College has taken advantage of the exemptions available to small companies under Section 405 of the Companies Act 2006.

Company status

The College is a company limited by guarantee. The Members of the College are the members of the College Governing Body named on page 1. In the event of the College being wound up, the liability in respect of the guarantee is limited to £1 per member of the College.

The College Governing Body is satisfied that the activities of the charitable company are continuing, and that it is appropriate to adopt the going concern assumption.

Fund accounting

Designated funds comprise general funds which have been set aside at the discretion of Members of the Council for specific purposes. The purpose and use of the designated funds are set out in note 24.

Restricted funds are funds subject to specific restrictive conditions imposed by founders (or the purpose of the appeal). The purpose and use of the restricted funds are set out in note 24.

Resources expended

All expenditure is recognised on the accruals basis. Where costs cannot be directly attributed they have been allocated to activities on a basis consistent with use of the resources. Trading costs are those incurred in connection with the company's trading activities. Support costs are those costs incurred in support of expenditure on the objects of the College. Governance costs are those incurred in connection with constitutional and statutory requirements.

All income and expenditure is shown in the Statement of Financial Activities. Incoming resources are recognised when the three criteria of entitlement, certainty and measurement are met.

Irrecoverable VAT is included as an expense where appropriate.

Investments

Investments in subsidiary undertakings are valued at market value, which is considered to be equal to the cost of the shareholding in the subsidiary.

Notes (continued)

1 Accounting policies (continued)

Tangible fixed assets and depreciation

Freehold land and buildings are stated at market value, which is calculated on a depreciated replacement cost basis.

Freehold land is not depreciated.

The College's antiques are stated at valuation and are not depreciated.

Additions, which are capitalised when a de minimus level of £5,000 has been met (£500 for computer equipment) and disposals are included when all contractual obligations have been met.

Other tangible fixed assets are stated at cost less depreciation. Depreciation is provided on these assets on a straight line basis at rates calculated to write off the cost, less estimated residual value, over their estimated useful economic lives as follows:

Long term leasehold property	-	over the period of the lease
Fixtures and fittings	-	5-12 years
Computer equipment	-	3 years

No depreciation is provided on freehold buildings as estimated residual value exceeds net book value.

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Cash and liquid resources and short term investments

Cash flows comprise increases or decreases in cash. Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are available within 24 hours without penalty. Liquid resources comprise assets held as a readily disposable store of value. Assets do not satisfy these criteria are classified as short term investments.

Stock

Stock is stated at the lower of cost and net realisable value.

Pensions

The College contributes to various pension schemes. The assets of these funds are held separately from those of the College in independently administered funds.

For defined contribution schemes, the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits are the contributions payable in the year.

The main scheme in which the charity participates is the Universities Superannuation Scheme.

The Universities Superannuation Scheme (USS) is a defined benefit scheme.

The College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 'Retirement benefits', accounts for the scheme as if it were a defined contribution scheme.

The latest available triennial actuarial valuation of the scheme was at 31 March 2014.

At the valuation date, the value of the assets of the scheme was £41.6 billion and the value of the scheme's technical provisions was £46.9 billion indicating a deficit of £5.3 billion. The assets therefore were sufficient to cover only 89% of the benefits which had accrued to members after allowing for expected future increases in earnings.

A recovery plan has been implemented by USS and contributions will increase to 18% from 1 April 2016.

Notes (continued)

1 Accounting policies (continued)

Government grants

Capital based grants are included within deferred income in the balance sheet and credited to income over the estimated useful economic lives of the assets to which they relate.

Taxation

St Chad's College is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2014 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part II of the Corporation Tax Act 2014 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

2 Voluntary income

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total 2015 £	Total 2014 £
Donations	232,281	40,000	272,281	59,702
	<u>232,281</u>	<u>40,000</u>	<u>272,281</u>	<u>59,702</u>

3 Fundraising income

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total 2015 £	Total 2014 £
Merchandise income	2,239	-	2,239	3,862
	<u>2,239</u>	<u>-</u>	<u>2,239</u>	<u>3,862</u>

4 Trading activities

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total 2015 £	Total 2014 £
Charity trading income				
Accommodation and other functions	24,565	-	24,565	7,529
	<u>24,565</u>	<u>-</u>	<u>24,565</u>	<u>7,529</u>
Charity trading expenses				
Purchases	(16,460)	-	(16,460)	(5,044)
	<u>(16,460)</u>	<u>-</u>	<u>(16,460)</u>	<u>(5,044)</u>
Net income from trading activities	8,105	-	8,105	2,485
	<u>8,105</u>	<u>-</u>	<u>8,105</u>	<u>2,485</u>

Notes *(continued)*

5 Investment income

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total 2015 £	Total 2014 £
Bank and other interest	(10,506)	-	(10,506)	38,963
Donation from subsidiary company	34,591	-	34,591	41,739
	<u>24,085</u>	<u>-</u>	<u>24,085</u>	<u>80,702</u>

6 Income from educational activities

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total 2015 £	Total 2014 £
Maintenance fees	1,411,929	-	1,411,929	1,323,245
College fees	-	285,388	285,388	297,959
Conferences	251,188	-	251,188	284,311
Academic projects	308,573	-	308,573	354,646
Other income	86,262	-	86,262	97,942
	<u>2,057,952</u>	<u>285,388</u>	<u>2,343,340</u>	<u>2,358,103</u>

7 Cost of generating funds

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total 2015 £	Total 2014 £
Merchandise	-	-	-	4,691
Other expenditure	9,428	-	9,428	24,814
	<u>9,428</u>	<u>-</u>	<u>9,428</u>	<u>29,505</u>

Notes *(continued)*

8 Expenditure by charitable activity

Summary by fund type

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total 2015 £	Total 2014 £
Educational activities	1,977,401	285,431	2,262,832	2,244,985

Summary by expenditure type

	Staff costs 2015 £	Other costs 2015 £	Total 2015 £	Total 2014 £
Educational activities	1,118,745	1,144,087	2,262,832	2,244,985

9 Analysis of resources expended by activities

	Activities undertaken directly 2015 £	Support costs 2015 £	Total 2015 £	Total 2014 £
Educational activities	2,176,195	86,637	2,262,832	2,244,985

10 Educational activities undertaken directly

	2015 £	2014 £
Student costs	246,930	205,954
Premises costs	669,018	643,803
Conference expenses	62,509	49,311
Academic projects	78,993	97,539
Wages and salaries	947,997	993,207
National insurance	64,959	76,761
Pension cost	105,789	123,837
	2,176,195	2,190,412

Notes (continued)

11 Support costs

	2015 £	2014 £
Miscellaneous expenditure	30,821	12,764
Office costs	26,546	21,032
Alumni and travel	29,270	20,777
	<u>86,637</u>	<u>54,573</u>

All support costs are allocated to educational activities.

12 Governance costs

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total 2015 £	Total 2014 £
Fees payable to auditor	11,540	-	11,540	6,100
Professional fees	17,635	-	17,635	6,958
Bank charges	8,491	-	8,491	8,810
Other	1,308	-	1,308	861
	<u>38,974</u>	<u>-</u>	<u>38,974</u>	<u>22,729</u>

13 Net incoming resources

This is stated after charging:

	2015 £	2014 £
Depreciation of tangible fixed assets		
Owned by the charity	245,250	241,941
Fees payable to auditor:		
- Audit of financial statements	5,550	6,100
- Other fees	5,990	-
	<u>256,790</u>	<u>248,041</u>

During the period, no College Governing Body member received any benefits in kind (2014: £nil).

During the year, the Principal was reimbursed expenses of £nil (2014: £nil) relating to non-Governing Body duties.

During the year, members of the College Governing Body received remuneration and pension contributions of £nil (2014: £nil). Remuneration was received for duties other than those connected to the College Governing Body.

Owing to the nature of the College's operations and the composition of the College Governing Body, it is inevitable that transactions will take place with organisations in which a member of the College Governing Body may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with College financial regulations and normal procurement procedures.

Notes *(continued)*

14 Staff costs

Staff costs were as follows:

	2015 £	2014 £
Wages and salaries	947,997	993,207
Social security costs	64,959	76,761
Other pension costs (note 22)	105,789	123,837
	1,118,745	1,193,805
	1,118,745	1,193,805

The average monthly number of employees during the period was as follows:

	2015 No	2014 No
Student services – Tutors and administration	21	20
Student services – Support staff	31	29
	52	49
	52	49

The average full time equivalent number of employees in 2015 was 36 (2014: 33).

The number of higher paid employees was:

	2015	2014
In the band £60,000 - £69,999	1	-
£70,000 - £79,999	1	-
£90,000 - £99,999	-	1
	2	1
	2	1

The number of higher paid employees for which contributions were made to a defined benefit pension scheme:

	2015	2014
Number of employees	2	1
	2	1

Notes (continued)

15 Tangible fixed assets

	Land and buildings	Other fixed assets	Total
	£	£	£
<i>Cost or valuation</i>			
At beginning of year	7,271,872	1,459,524	8,731,396
Additions	150,000	188,299	338,299
	<hr/>	<hr/>	<hr/>
At end of year	7,421,872	1,647,823	9,069,695
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At beginning of year	204,726	846,088	1,050,814
Charge for the year	18,437	226,813	245,250
	<hr/>	<hr/>	<hr/>
At end of year	223,163	1,072,901	1,296,064
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 30 September 2015	7,198,709	574,922	7,773,631
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 30 September 2014	7,067,146	613,436	7,680,582
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Freehold land and buildings of £6,795,000 (2014: £6,645,000), have not been depreciated.

The College's collection of rare books, antiques, paintings and silverware were reviewed and catalogued in 1997. Those assets considered to be of value have been identified and were included at a valuation of £106,170. This valuation was updated as at 30 September 2013 to £167,130, which is considered by the Governing Body to be a valid valuation at 30 September 2015. No depreciation has been provided.

At 30 September 2015, included within the net book value of land and buildings is £403,710 (2014: £422,146) relating to leasehold land and buildings. Also included within land and buildings at 30 September 2015 is a property received as part of a donation, 11 Tenter Terrace which was valued at £150,000 on 26 August 2015 by JW Wood Survey and Valuation at market value with benefit of vacant possession, in accordance with RICS appraisal and valuation manual.

Following the building revaluation in September 2013 the cost or valuation statement as at 30 September 2015 is as follows:

	Land and buildings
	£
At cost	626,872
At valuation	6,795,000
	<hr/>
	7,421,872
	<hr/> <hr/>

Notes *(continued)*

15 Tangible fixed assets *(continued)*

The freehold land and buildings were revalued as at 30 September 2013 by an independent valuer, John G Hills FRICS, on the basis of market value at £6,645,000. This valuation is considered by the Governing Body to be a valid valuation at 30 September 2015, with the inclusion of the donation received in 2014/15 of 11 Tenter Terrace valued at £150,000.

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	2015 £	2014 £
Cost	3,465,857	3,315,857
Accumulated depreciation	(308,572)	(290,133)
	3,157,285	3,025,724
Net book value	3,157,285	3,025,724

16 Subsidiary undertaking

The following was a subsidiary undertaking of the company:

St Chad's College (Trading) Limited 100%

The aggregate of the share capital and reserves as at 30 September 2015 and the profit or loss for the year ended on that date for the subsidiary undertaking were as follows:

	Aggregate of share capital and reserves £	Profit/ (loss) £
St Chad's College (Trading) Limited	1	-
	1	-

During the period wages, salaries and premises costs of £50,293 (2014: £36,018) were recharged by the College to its subsidiary and the College received a gift aid payment of £34,591 (2014: £41,739) from the subsidiary. At 30 September 2015 the College was owed £79,549 (2014: £67,211) by the subsidiary.

17 Stocks

	2015 £	2014 £
Goods for resale	4,836	8,920
	4,836	8,920

18 Debtors

	2015 £	2014 £
Trade debtors	236,768	278,891
Amounts owed by group undertakings	79,549	67,211
Other debtors	1,182	2,400
Prepayments	4,091	16,080
Accrued income	34,700	78,266
	356,290	442,848
	356,290	442,848

Notes (continued)

19 Short term investments

	2015	2014
	£	£
CCLA	286,324	-
Elizabeth Griffiths	38,426	-
Fixed term investments	500,000	-
	824,750	-
	824,750	-

20 Creditors: amounts falling due within one year

	2015	2014
	£	£
Bank loans (note 21)	30,050	30,049
Trade creditors	46,392	41,962
Social security and other taxes	19,932	22,336
Other creditors	6,425	15,853
Accruals and deferred income	140,911	96,725
	243,710	206,925
	243,710	206,925

21 Creditors: amounts falling due after more than one year

	2015	2014
	£	£
Bank loans	357,200	387,250
Accruals and deferred income	6,396	6,395
	363,596	393,645
	363,596	393,645

The bank loan is secured by a first legal charge over 30 Hallgarth Street and 25 North Bailey, both situated in Durham.

The repayment of the loan commenced in September 2013.

Interest is charged at between 0.15% and 1.25% above base rate.

The loan is being repaid in instalments over 20 years with the expected final payment due in 2032.

Maturity – loans	2015	2014
	£	£
Aggregate amounts payable:		
In more than five years	237,000	267,050
Between two and five years	90,150	90,150
Between one and two years	30,050	30,050
	357,200	387,250
Within one year or less (note 20)	30,050	30,049
	387,250	417,299

Notes (continued)

22 Pension scheme

The College contributes towards two pension schemes, the Universities Superannuation Scheme (USS) and the Durham University Pension Scheme. The pension cost for the year represents contributions payable by the College to the funds and amounted to £105,789 (2014: £123,837).

23 Commitments

Annual commitments under non-cancellable operating leases are as follows:

	2015 £	2014 £
Other operating leases which expire:		
Within one year	29,532	-
In the second to fifth years inclusive	526	526
After more than five years	60,000	60,000
	90,058	60,526
	90,058	60,526

24 Funds

	Brought forward £	Incoming resources £	Resources expended £	Transfers £	Gains/ losses £	Carried forward £
Designated funds						
Revaluation reserve	4,208,554	-	-	-	-	4,208,554
Durham Policy Research Group	164,779	308,573	(335,737)	-	-	137,615
Fixed asset funds	-	150,000	-	-	-	150,000
	4,373,333	458,573	(335,737)	-	-	4,496,169
General funds						
General funds	4,641,918	1,882,549	(1,690,066)	-	(13,676)	4,820,725
	9,015,251	2,341,122	(2,025,803)	-	(13,676)	9,316,894
Restricted funds						
College fees	-	285,388	(285,388)	-	-	-
Farmington Trust	2,892	-	-	-	-	2,892
Nominated student fund	43	-	(43)	-	-	-
Elizabeth Griffiths Trust	-	40,000	-	-	(1,574)	38,426
	2,935	325,388	(285,431)	-	(1,574)	41,318
Total funds	9,018,186	2,666,510	(2,311,234)	-	(15,250)	9,358,212

Revaluation reserve

The revaluation reserve represents the antiques brought into the accounts at valuation of £167,130 and the revaluation of the College's land and buildings of £4,041,424.

Notes (continued)

24 Funds (continued)

General fund

The general fund is retained to cover working capital. The College Governing Body consider that sufficient appropriate funds are now held.

Restricted funds

The College fees are restricted as they can only be spent on the costs of running the College.

Income received from the Farmington Trust is to be used for research projects.

Elizabeth Griffiths Trust (a donation received in 2014/15) is restricted such that any interest receivable is used for scholarships and bursaries for students of the College.

Designated funds

The Durham Policy Research Group fund is income received to enable Professors Fred Robinson, Ian Stone and Tony Chapman, to carry out their research.

Fixed asset funds relate to 11 Tenter Terrace which was donated to the College during 2014/15. While the value of the property may in due course be utilised by the College without any restrictions, the property has a sitting tenant and the College has agreed that the tenant can remain living at the property until such a time as it is no longer required. Therefore, the College has allocated the amount to a designated unrestricted fund.

25 Analysis of net assets between funds

	Unrestricted designated funds £	Unrestricted funds £	Restricted income funds £	Total £
Fixed assets	4,358,554	3,415,078	-	7,773,632
Current assets	137,615	2,012,953	41,318	2,191,886
Creditors due in more than one year	-	(363,596)	-	(363,596)
Creditors due within one year	-	(243,710)	-	(243,710)
	<hr/>	<hr/>	<hr/>	<hr/>
	4,496,169	4,820,725	41,318	9,358,212
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

26 Contingent liabilities

St Chad's College received a conditional grant of £45,000 from the Central Board of Finance of the Church of England in November 1962. The grant was provided to help with the cost of building alterations and additions to the College. Under the conditions of the grant, if the Governors of the Central Board of Finance are satisfied that St Chad's College has ceased to preserve, as far as may be practicable, its Anglican traditions, the grant becomes repayable.