

St Chad's College

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

Company number 00109442

Registered charity number: 01142958

30 September 2016

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Report of the College Governing Body

Reference and administrative details

Key management personnel

College Governing Body members

Mr J. Blackie, Chair
Prof. S. J. Banks
Ms J. Haworth
Mr S. Power
The Venerable Dr R. Pratt
Ms E. Rowark
Mrs S. Shaw
Mr R. Taylor
Mr C. Winskell
Mr M. Aspin (until 23 June 2016)
Mr F. Seidelin (until 23 September 2016)
Mr J. De-Lusignan (until 23 June 2016)
Mr P. Chandler
Prof H. M. Evans
Prof C. L. H. Warwick
J Angers (from 23 June 2016)
C Bateman (from 23 June 2016)
E Hoyt (from 23 September 2016)
A Buckle (from 23 June 2016)

College Officers

Principal – Dr M.J. Masson
Senior Tutor – Dr E. Spencer-Regan (from 23 September 2016)
Bursar – Mr G. Cox
Postgraduate Director – Rev Dr A.P. Wilson

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

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 2016. 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 Charities Statement of Recommended Practice (SORP) FRS 102 issued on 16 July 2014 and applicable from 1 January 2015.

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 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 trustees and the Vice Principals (Bursar Postgraduate Director and Senior Tutor).

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.

In addition to monitoring the College is taking proactive action to create a fund that will deliver, from interest generated, a significant number of bursaries/scholarships targeted at students who find funding their education a major problem. This will help alleviate the risk of empty rooms from a fund created ultimately from external funding (alumni donations).

It also delivers the social justice ethos of the College.

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 enabling value for money in procurement. This is monitored through discussion with student representatives and via surveys of the student community to ascertain that value is being given/received. Ultimately this results in a positive report to Governing Body, and achievement of a College student residence with over 95% occupancy and commercial trade with over 50% occupancy.

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.

Public benefit statement

In shaping our objectives for the year and planning our activities, the Council Members have considered the Charity Commission's guidance on public benefit and are satisfied that the College benefits the public through the advancement of education, learning and research within the College in accordance with the principles of the Church of England. In addition, the College provides a community for members of the University of Durham wherein they may work for degrees and other qualifications of the University (including, in particular, advancing the education, spiritual and moral welfare of the students enrolled at the College).

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 Sed Vos 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 Sed Vos 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.

Report of the College Governing Body *(continued)*

b) Strategies for achieving objectives *(continued)*

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.

c) Activities for achieving objectives

The College's major charitable activity is furthering the education of students who are enrolled within the University of Durham. This is carried out by providing a residential experience that incorporates the delivery of academic and personal support via the work of College Officers, Tutors/mentors and the skills and experiences offered through the Sed Vos programme of extra-curricular activities.

St Chad's provides a residential experience to 240 students as well as infrastructure support to a further 300. Of these 540 students 390 are undergraduates and 150 postgraduates. The academic and personal support provided to all of these students is of an exceptional standard, this statement justified by the University wide student experience survey.

While the College is an Anglican Foundation it does not discriminate in terms of faith or no-faith but it is committed to furthering the Anglican ethos, in particular a commitment to social justice.

In addition to providing student accommodation, the College becomes a 3 star guest house during vacation periods and the financial benefits are utilised to meet the College main activities mentioned above.

The College continues to prosper in all of its activities which create a valued academic environment. The result of this was a waiting list for our student accommodation in September of this year, and our educational/religious conference business once again increasing upon last year.

Unfortunately our research teams did not fare as well in 2015/16 and we had to make three staff (out of five) redundant during the year as public funding of the research in which the teams engage continuing to be severely restricted during these times of recession.

Overall

Net income before transfers £549,046 (2015: £340,026) continues to grow year on year. This produced a positive cash flow from operating activities once again in excess of £500,000.

Balance Sheet

The Balance Sheet remains in a healthy position, with land and building asset values being based upon recent valuations and investment into those assets continuing throughout the year. Year end debtor and creditor balances are under control.

The cash balance, after the purchase of No 7 Pimlico (£790,000) and short term investments (£200,000), decreased by £502,429 to £503,581 (2015: £1,006,010) but the net asset value increased to £9,887,258.

As mentioned above we purchased a house for our Principal (value £790,000) and there was a cash donation from the Chaplaincy for the Arts (held in trust as a restricted reserve) of £49,943 during the year. We also held £1,077,547 as short term investments, this is a combination of fixed term deposits (one and two year) and unit trusts.

Income

Overall our income increased from £2,666,510 in 2014/15 to £2,756,153. A small increase in relative terms (3.3%) which had the following items of note:

Our core fund raising activity of residential accommodation showed an improvement on last year up 10% and our commercial income likewise an increase of 12%.

We also received the first of hopefully several payments from the University in respect of commission generated by enabling postgraduate studentships through an alumni contact (£23,278).

Report of the College Governing Body (*continued*)

Income (*continued*)

Bank interest benefitted from the short term investments generating £22,476.

Donation income was £55,310 behind last year (last year benefitted from a number of significant gifts valued at £190,000) at £216,971, however, at this level of income being generated this indicates that the recent efforts of the re-kindled development office are starting to show real positive results. If we exclude the major non-cash donations in each year then giving of £167,028 in 2015/16 compares to £82,281 in 2014/15.

Our researchers struggled again in 2015/16 despite early signs of recovery their income eventually falling for a further year. As a result we had to make some redundancies (all costs are included in 2015/16 accounts).

Expenditure

St Chad's College total resources expended were £2,311,234 in 2014/15 and £2,256,339 in 2015/16. A 2.4% increase. This is pleasing when considered against everything the College has achieved in the last year; striving to continue to deliver standards and quality that over achieve the expectations of our students and customers against a background of rising costs, it is commendable to do this without any great increase in expenditure.

Much of this is a result of a reduction in the depreciation charge (2015/16 £180,126, 2014/15 £245,250, resulting from the early activity of recent refurbishment strategy now being fully depreciated).

d) Reserves policy

Our total reserves at the end of the 2014/15 year were £9,887,258 (2014/15: £9,338,212). 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.

In 2015/16 the estate (ie our current building) reserves were £8,416,445 (2015: £7,773,631), restricted reserves were £191,933 (2015: £41,318) leaving free reserves of £1,278,880 (2015: £1,543,263).

e) Principal funding

The principal sources of funding for the year to 30 September 2016 were student maintenance and college fees - income generated through charitable trading, educational conferences, related research activity and alumni donations and gifts.

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 £1,077,547 invested in this manner.

Report of the College Governing Body *(continued)*

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 and an insurance valuation in March 2016 confirmed no material charge. Therefore the 2013 valuation is considered to be a valid valuation as at 30 September 2016.

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.

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

15 December 2016

Statement of College Governing Body's responsibilities in respect of the College Governing Body's annual 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), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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.

The College Governing Body is responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



KPMG LLP

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

Independent auditor's report to the College Governing Body of St Chad's College

We have audited the financial statements of St Chad's College, Durham, for the year ended 30 September 2016 set out on pages 11 to 36. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*. 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 its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the College Governing Body and auditor

As explained more fully in the Statement of the College Governing Body's Responsibilities set out on page 8, 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 website 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 2016 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 properly prepared in accordance with the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

Independent auditor's report to the College Governing Body 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

15 December 2016

Statement of financial activities (incorporating income and expenditure account)
for the year ended 30 September 2016

	<i>Notes</i>	Unrestricted General funds £	Unrestricted Designated funds £	Restricted funds £	Total 2016 £	Total 2015 £
Income						
Donations and legacies	2	71,862	-	145,109	216,971	272,281
Investment income	3	81,399	-	-	81,399	24,085
<i>Income from charitable activities</i>						
Income from educational activities	4	1,960,859	185,599	285,388	2,431,846	2,343,340
<i>Income from other trading activities</i>						
Commercial business income	5	25,937	-	-	25,937	26,804
Total income		2,140,057	185,599	430,497	2,756,153	2,666,510
Expenditure						
Fundraising expenses and other costs	6	(8,322)	-	-	(8,322)	(9,428)
<i>Expenditure on charitable activities</i>						
Expenditure on educational activities	7	(1,645,219)	(317,410)	(285,388)	(2,248,017)	(2,301,806)
Total expenditure		(1,653,541)	(317,410)	(285,388)	(2,256,339)	(2,311,234)
Unrealised gains/(losses) on investments	18	43,726	-	5,506	49,232	(15,250)
Net income/(expenditure) before transfers	10	530,242	(131,811)	150,615	549,046	340,026
Gross transfers between funds	24	(9,552)	9,552	-	-	-
Net income/(expenditure) before other recognised gains and losses		520,690	(122,259)	150,615	549,046	340,026
Movements on revaluation of fixed assets		-	-	-	-	-
Net movement in funds for the year		520,690	(122,259)	150,615	549,046	340,026
Fund balances brought forward		4,800,725	4,496,169	41,318	9,338,212	8,998,186
Fund balances carried forward	24	5,321,415	4,373,910	191,933	9,887,258	9,338,212

All of the above results are derived from continuing activities. The charitable company has no other recognised gains and losses other than those stated above.

The notes on pages 14 to 36 form part of these financial statements.

Balance sheet
at 30 September 2016

	<i>Note</i>	2016		2015	
		£	£	£	£
Fixed assets					
Tangible assets	<i>14</i>	8,416,445		7,773,631	
Fixed asset investments	<i>15</i>	1		1	
		<hr/>		<hr/>	
			8,416,446		7,773,632
Current assets					
Stock	<i>16</i>	6,055		4,836	
Debtors	<i>17</i>	384,513		356,290	
Cash at bank and in hand		503,581		1,006,010	
Short term investments	<i>18</i>	1,077,547		824,750	
		<hr/>		<hr/>	
Creditors: amounts falling due within one year	<i>19</i>	1,971,696		2,191,886	
		(167,338)		(263,710)	
		<hr/>		<hr/>	
Net current assets			1,804,358		1,928,176
			<hr/>		<hr/>
Total assets less current liabilities			10,220,804		9,701,808
Creditors: amounts falling due after more than one year	<i>20</i>		(333,546)		(363,596)
			<hr/>		<hr/>
Net assets			9,887,258		9,338,212
			<hr/> <hr/>		<hr/> <hr/>
Charity funds					
Restricted funds	<i>24</i>	191,933		41,318	
Designated funds	<i>24</i>	4,373,910		4,496,169	
Unrestricted funds	<i>24</i>	5,321,415		4,800,725	
			<hr/>		<hr/>
			9,887,258		9,338,212
			<hr/> <hr/>		<hr/> <hr/>

These financial statements were approved by the College Governing Body on 15 December 2016 and were signed on its behalf by:

Mr J Blackie
Chairman of Governors

Registered number: 00109442

The notes on pages 14 to 36 form part of these financial statements.

Cash flow statement
for the year ended 30 September 2016

	2016 £	2015 £
Cash flows from operating activities	550,561	537,953
Cash flows from investing activities		
Acquisition of tangible fixed assets	(822,940)	(188,299)
Acquisition of short term investments	(200,000)	(800,000)
	<hr/>	<hr/>
Net cash outflow from investing activities	(1,022,940)	(988,299)
Financing activities		
Repayment of borrowings	(30,050)	(30,049)
	<hr/>	<hr/>
Decrease in cash and cash equivalents in the year	(502,429)	(480,395)
Cash and cash equivalents at the beginning of the year	1,006,010	1,486,405
	<hr/>	<hr/>
Cash and cash equivalents at the end of the year	503,581	1,006,010
	<hr/> <hr/>	<hr/> <hr/>

Cash flows from operating activities

	2016 £	2015 £
Net income	549,046	340,026
(Gains)/losses on investments	(49,232)	15,250
Depreciation	180,126	245,250
(Increase)/decrease in stock	(1,219)	4,084
(Increase)/decrease in debtors	(28,223)	86,558
(Decrease)/increase in non-bank loan creditors	(96,372)	36,785
Non-cash income	-	(190,000)
Short term investments interest receivable	(3,565)	-
	<hr/>	<hr/>
Net cash flow from operating activities	550,561	537,953
	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 14 to 36 form part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011 and UK Generally Accepted Accounting Practice as it applies from 1 January 2015.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair' view. This departure has involved following the Charities SORP (FRS 102) issued on 16 July 2014 rather than the preceding Charities SORP (SORP 2005) which was effective from 1 April 2005 and has since been withdrawn.

The financial statements are prepared on a going concern basis which the College Governing Body believe to be appropriate.

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.

Reconciliation with previous generally accepted accounting practice

In the transition to FRS 102 from old UK GAAP, the charitable company has made one measurement and recognition adjustment. The company has taken advantage of the following first time adoption exemptions.

- Business combinations – business combinations that took place prior to 1 October 2014 have not been restated.
- Lease arrangements – in order to determine whether an arrangement contains a lease, the charitable company has analysed facts and circumstances existing at 1 October 2014 rather than commencement date of the arrangement.
- Lease incentives – for leases commenced before 1 October 2014 the charitable company continued to account for lease incentives under previous UK GAAP.
- Borrowing costs – the charitable company has elected to capitalise borrowing costs only from 1 October 2014.

An explanation of how the transition to FRS 102 has affected financial position and financial performance of the Charitable Company is provided in note 28.

Fund accounting

Designated funds comprise general funds which have been set aside at the discretion of the College Governing Body 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 funders or by the purpose of the appeal. The purpose and use of the restricted funds are set out in note 24.

All income and expenditure is shown in the Statement of Financial Activities.

Notes (continued)

1 Accounting policies (continued)

Income

All income is recognised when the College becomes entitled to the funds, likelihood of receipt is probable and the amount is measurable:

- Fees income comprises College fees, maintenance and student rents.
- Vacation business income comprises, bed and breakfast lettings and conferences during vacations.
- Other income comprises gains on disposal of fixed assets, sales of alumni merchandise and various publications and other miscellaneous income.
- Donations and legacies comprises gifts and donations given by supporters, the general public and business.

Expenditure

All expenditure is recognised on the accruals basis. Charitable expenditure comprises expenditure relating to the direct furtherance of the charitable objectives. Where costs cannot be directly attributed they have been allocated to activities on a basis consistent with use of the resources. Central overheads are allocated on the basis of their use with the aim of ensuring that those costs remaining within administration relate to the management of the charity's assets, administration and compliance with constitutional and statutory requirements.

Irrecoverable VAT is included as an expense where appropriate.

Governance costs

Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements. These are included within expenditure on charitable activities.

Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the Statement of Financial Activities.

Interest receivable and Interest payable

Interest payable and similar charges include interest payable and finance leases recognised in the Statement of Financial Activities using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the Statement of Financial Activities (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in Statement of Financial Activities as they accrue, using the effective interest method. Dividend income is recognised in the Statement of Financial Activities on the date the company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Notes (continued)

1 Accounting policies (continued)

Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the charitable company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Other financial instruments

Financial instruments not considered to be Basic financial instruments (Other financial instruments)

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in Statement of Financial Activities except investments in equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably shall be measured at cost less impairment.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation including any incidental expenses of acquisition. Additions, which are capitalised when greater than a *de minimus* level of £5,000 for any individual item or £500 for any computer equipment items, and disposals are included when all contractual obligations have been met. Cost includes directly attributable finance costs.

Freehold land held as an investment is not depreciated.

Depreciation is provided on all other tangible fixed assets at rates calculated to write off the cost or valuation, 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

The Trustees consider the need for impairment of fixed assets on an annual basis. No depreciation is provided on freehold buildings as estimated residual value exceeds net book value.

Revaluation

Gains on revaluation are recognised on the face of the Statement of Financial Activities before arriving at net movement in funds and accumulated in revaluation reserve.

Losses arising on revaluation are recognised on the face of the Statement of Financial Activities before arriving at net movement in funds to the extent of any previously recognised revaluation increase accumulated in equity, in respect of that asset. Any excess is recognised in expenditure.

Notes (continued)

1 Accounting policies (continued)

Impairment excluding stocks, investment properties and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through the Statement of Financial Activities is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the charitable company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in the Statement of Financial Activities. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the Statement of Financial Activities.

Non-financial assets

The carrying amounts of the charitable company's non-financial assets, other than investment property and stocks are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire entity into which it has been integrated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the Statement of Financial Activities. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Provisions

A provision is recognised in the balance sheet when the charitable company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the charitable company enters in to financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

Stocks

Stocks are stated at the lower of cost and net realisable value. Stock includes catering provisions and bar provisions.

Notes (continued)

1 Accounting policies (continued)

Pension costs

The College operates 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 Statement of Financial Activities in respect of pension costs and other post-retirement benefits are the contributions payable in the year.

The main schemes in which the charity participates are the Universities Superannuation Scheme and Durham University Pension 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 102, accounts for the scheme as if it were a defined contribution scheme.

Investments

Investments are stated at market value. Unrealised and realised gains or losses are reported in accordance with the SORP.

Investment income is recognised on a receivable basis.

2 Donations and legacies

	Unrestricted general funds 2016 £	Unrestricted designated funds 2016 £	Restricted funds 2016 £	Total 2016 £	Total 2015 £
Alumni donations	48,610	-	95,166	143,776	257,815
Other donations	23,252	-	49,943	73,195	14,466
	<u>71,862</u>	<u>-</u>	<u>145,109</u>	<u>216,971</u>	<u>272,281</u>

3 Investment income

	Unrestricted general funds 2016 £	Unrestricted designated funds 2016 £	Restricted funds 2016 £	Total 2016 £	Total 2015 £
Bank and other interest	22,476	-	-	22,476	(10,506)
Donation from subsidiary company	58,923	-	-	58,923	34,591
	<u>81,399</u>	<u>-</u>	<u>-</u>	<u>81,399</u>	<u>24,085</u>

Notes (continued)

4 Income from educational activities

	Unrestricted general funds 2016 £	Unrestricted designated funds 2016 £	Restricted funds 2016 £	Total 2016 £	Total 2015 £
Maintenance fees	1,564,989	-	-	1,564,989	1,411,929
College fees	-	-	285,388	285,388	285,388
Conferences	268,442	-	-	268,442	251,188
Academic projects	-	185,599	-	185,599	308,573
Other income	127,428	-	-	127,428	86,262
	<u>1,960,859</u>	<u>185,599</u>	<u>285,388</u>	<u>2,431,846</u>	<u>2,343,340</u>

5 Commercial business income

	Unrestricted general funds 2016 £	Unrestricted designated funds 2016 £	Restricted funds 2016 £	Total 2016 £	Total 2015 £
Merchandise income	256	-	-	256	2,239
Accommodation and other functions	25,681	-	-	25,681	24,565
	<u>25,937</u>	<u>-</u>	<u>-</u>	<u>25,937</u>	<u>26,804</u>

6 Fundraising expenses and other costs

	Unrestricted general funds 2016 £	Unrestricted designated funds 2016 £	Restricted funds 2016 £	Total 2016 £	Total 2015 £
Merchandise expenditure	3,945	-	-	3,945	-
Other expenditure	4,377	-	-	4,377	9,428
	<u>8,322</u>	<u>-</u>	<u>-</u>	<u>8,322</u>	<u>9,428</u>

Notes (continued)

7 Expenditure by charitable activity

Summary by fund type

	Unrestricted general funds 2016 £	Unrestricted designated funds 2016 £	Restricted funds 2016 £	Total 2016 £	Total 2015 £
Educational activities	1,645,219	317,410	285,388	2,248,017	2,301,806

Summary by expenditure type

	Staff costs 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Educational activities	1,195,011	1,053,006	2,248,017	2,301,806

Summary by activity type

	Activities undertaken directly 2016 £	Support costs 2016 £	Total 2016 £	Total 2015 £
Educational activities	2,111,802	136,215	2,248,017	2,301,806

8 Educational activities undertaken directly

	2016 £	2015 £
Student costs	248,349	246,930
Premises costs	557,418	669,018
Conference expenses	57,907	62,509
Academic projects	53,117	78,993
Wages and salaries	1,008,202	947,997
National insurance	71,677	64,959
Pension cost	115,132	105,789
	<u>2,111,802</u>	<u>2,176,195</u>

Notes *(continued)*

9 Support costs

	2016	2015
	£	£
Miscellaneous expenditure	5,800	30,821
Office costs	24,084	26,546
Alumni and travel	50,171	29,270
<i>Governance costs</i>		
Fees payable to auditor	10,000	11,540
Professional fees	9,484	17,635
Bank charges	8,600	8,491
Other	28,076	1,308
	136,215	125,611
	136,215	125,611

All support costs are allocated to educational activities.

10 Net income

This is stated after charging:

	2016	2015
	£	£
Depreciation of tangible fixed assets		
Owned by the charity	180,126	245,250
Fees payable to auditor:		
- Audit of financial statements	6,000	5,550
- Other fees	2,000	5,990
	188,126	257,790
	188,126	257,790

Notes (*continued*)

11 Staff costs

	2016 £	2015 £
Wages and salaries	1,008,202	947,997
Social security costs	71,677	64,959
Pension costs	115,132	105,789
	1,195,011	1,118,745
	1,195,011	1,118,745

Unfortunately the College concluded in early May 2016 that, despite effort from those involved over the last few years of recession, the Policy Research Group (PRG) were struggling to be financially viable. A period of consultation commenced and the staff were put on notice that redundancy was being considered. Redundancy occurred on 17 August 2016 for 3 employees, with redundancy costs totalling £21,076.

There were two employees (*2015: two*) whose emoluments, as defined for taxation purposes, amounted to over £60,000 in the current or prior year. The emoluments of these employees fell within the following bands:

	2016	2015
£60,000 - £69,999	1	1
£70,000 - £79,999	1	1
	2	2
	2	2

The average number of employees, analysed by function, was:

	2016	2015
Tutors and administration	19	21
Support staff	31	31
	50	52
	50	52

The average number of full-time equivalent persons employed by the College during the year was

	37	36
	37	36

12 Key management personnel

The College Governing Body and the College Officers are the key management personnel of the Charitable Company. They are in charge of directing and controlling, running and operating the Charitable Company on a day to day basis.

No remuneration was paid to any of the College Governing Body in their capacity as trustees during the year (*2015: nil*). One (*2015: one*) member of the College Governing Body received remuneration in total of £75,000 (*2015: £72,558*) in connection with their full-time employment by the College. The College paid contributions of £12,750 (*2015: £11,609*) to money purchase and defined benefit pension schemes in respect of one (*2015: one*) member of the College Governing Body. Remuneration was received for duties other than those connected to the College Governing Body.

The College Officers received remuneration in total of £176,299 (*2015: £219,942*) in connection with their full-time employment by the College. The College paid contributions of £40,277 (*2015: £44,774*) to money purchase and defined benefit pension schemes in respect of the College Officers.

No expenses (*2015: £nil*) were reimbursed to the key management personnel during the year. No expenses were waived by the key management personnel (*2015: £nil*).

One donation was made to the charitable company by the key management personnel during the year of £120 (*2015: £120*).

Notes (continued)

12 Key management personnel (continued)

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.

13 Taxation

St Chad's College, is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 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 11 Corporation Tax Act 2010 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.

14 Tangible fixed assets

	Land and buildings £	Other fixed assets £	Total £
Cost or valuation			
At the beginning of the year	7,421,872	1,647,823	9,069,695
Additions	790,000	32,940	822,940
	-----	-----	-----
At the end of the year	8,211,872	1,680,763	9,892,635
	-----	-----	-----
Depreciation			
At the beginning of the year	223,163	1,072,901	1,296,064
Charge for year	18,437	161,689	180,126
	-----	-----	-----
At the end of the year	241,600	1,234,590	1,476,190
	-----	-----	-----
Net book value			
At 30 September 2016	7,970,272	446,173	8,416,445
	=====	=====	=====
At 30 September 2015	7,198,709	574,922	7,773,631
	=====	=====	=====

Freehold land and buildings of £7,585,000 (2015: £6,795,000), 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 2016. No depreciation has been provided.

At 30 September 2016, included within the net book value of land and buildings is £385,272 (2015: £403,710) relating to leasehold land and buildings. Also included within land and buildings at 30 September 2016 is a property received as part of a donation, 11 Tenter Terrace which was valued at £150,000 on 26 August 2015 by J W Wood Survey and Valuation at market value with benefit of vacant possession, in accordance with RICS appraisal and valuation manual.

Notes (continued)

14 Tangible fixed assets (continued)

Following the building revaluation in September 2013 the cost or valuation statement as at 30 September 2016 is as follows:

	Land and buildings £
At cost	626,872
At valuation	7,585,000
	8,211,872
	8,211,872

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 2016, with the inclusion of the donation received in 2014/15 of 11 Tenter Terrace valued at £150,000 and the purchase of No 1 Pimlico at £790,000.

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

	2016 £	2015 £
Cost	4,255,857	3,465,857
Accumulated depreciation	(327,009)	(308,572)
	3,928,848	3,157,285
Net book value	3,928,848	3,157,285

15 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 2016 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 £59,053 (2015: £50,293) were recharged by the College to its subsidiary and the College received a gift aid payment of £58,923 (2015: £34,591) from the subsidiary. At 30 September 2016 the College was owed £143,685 (2015: £79,549) by the subsidiary.

Notes (*continued*)

16 Stock

	2016 £	2015 £
Goods for resale	6,055	4,836
	6,055	4,836

17 Debtors

	2016 £	2015 £
Trade debtors	212,335	236,768
Amounts owed by group undertakings	143,686	79,549
Other debtors	1,991	1,182
Prepayments	3,229	4,091
Accrued income	23,272	34,700
	384,513	356,290

18 Short term investments

	Unrestricted general CCLA	Fixed term investments	Restricted Elizabeth Griffiths Trust	Total 2016	Total 2015
	£	£	£	£	£
<i>Market value</i>					
At beginning of year	286,324	500,000	38,426	824,750	-
Additions in year	200,000	-	-	200,000	840,000
Interest receivable	-	3,565	-	3,565	-
Disposals in year	-	-	-	-	-
Net gains/(losses) on revaluation	43,726	-	5,506	49,232	(15,250)
	530,050	503,565	43,932	1,077,547	824,750

Notes (continued)

19 Creditors: amounts falling due within one year

	2016	2015
	£	£
Bank loans (note 20)	30,050	30,050
Trade creditors	21,642	46,392
Social security and other taxes	34,244	19,932
Other creditors	9,761	6,425
Accruals and deferred income	71,641	160,911
	<hr/>	<hr/>
	167,338	263,710
	<hr/> <hr/>	<hr/> <hr/>

20 Creditors: amounts falling due after more than one year

	2016	2015
	£	£
Bank loans	327,150	357,200
Accruals and deferred income	6,396	6,396
	<hr/>	<hr/>
	333,546	363,596
	<hr/> <hr/>	<hr/> <hr/>

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 March 2010.

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

The loan is being repaid in instalments over 18 years with the expected final payment due in July 2028.

Maturity – loans	2015	2014
	£	£
Aggregate amounts payable:		
Within two and five years	120,200	120,200
More than five years	206,950	237,000
	<hr/>	<hr/>
	327,150	357,200
	<hr/>	<hr/>
Within one year (note 19)	30,050	30,050
	<hr/>	<hr/>
	357,200	387,250
	<hr/> <hr/>	<hr/> <hr/>

Notes *(continued)*

21 Financial instruments

21 (a) Carrying amount of financial instruments

The carrying amounts of the financial assets and liabilities include:

	2016	2015
	£	£
Assets measured at fair value through profit or loss	573,982	324,750
Assets measured at amortised cost	358,012	317,499
Liabilities measured at amortised cost	(422,847)	(459,999)
	<u> </u>	<u> </u>

21 (b) Financial instruments measured at fair value

The financial assets measured at fair value held by the Charitable Company are represented by two short term investment portfolios:

- 1 Shares held in the COIF Charities Ethical Investment Fund administered by the CCLA (Churches, Charities and Local Authorities) Investment Management Limited
- 2 The Elizabeth Griffiths Bursary Trust for St Chad's College investment portfolio administered by Speirs & Jeffrey Limited

The fair value of these investments is determined by reference to their quoted bid price at the balance sheet date.

The Charitable Company does not hold any financial liabilities that are measured at fair value.

21 (c) Fair values

The amounts for all financial assets carried at fair value are as follows:

	Fair value	Fair value
	2016	2015
	£	£
Non-derivative financial assets at fair value through profit and loss		
Short term investments	573,982	324,750
	<u> </u>	<u> </u>

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 £115,132 (2015: £105,789).

23 Commitments

Non-cancellable operating lease rentals are payable as follows:

	2016	2015
	£	£
Within one year	60,526	90,058
Within two to five years	240,526	241,052
More than five years	1,020,000	1,080,000
	<u> </u>	<u> </u>
	1,321,052	1,411,110
	<u> </u>	<u> </u>

Notes (continued)

24 Movements in funds

	Brought forward £	Income £ £	Expenditure	Unrealised gains/(losses) on investments £	Transfers £	Carried forward £
Designated funds						
Revaluation reserve	4,208,554	-	-	-	-	4,208,554
Durham Policy Research Group	137,615	185,599	(317,410)	-	9,552	15,356
Fixed asset funds	150,000	-	-	-	-	150,000
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total designated funds	4,496,169	185,599	(317,410)	-	9,552	4,373,910
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
General funds						
General funds	4,800,725	2,140,057	(1,653,541)	43,726	(9,552)	5,321,415
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total unrestricted funds	9,296,894	2,325,656	(1,970,951)	43,726	-	9,695,325
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Restricted funds						
College fees	-	285,388	(285,388)	-	-	-
Farmington Trust	2,892	-	-	-	-	2,892
Chaplaincy to the Arts	-	49,943	-	-	-	49,943
Elizabeth Griffiths Trust	38,426	-	-	5,506	-	43,932
Scholarships	-	95,166	-	-	-	95,166
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total restricted funds	41,318	430,497	(285,388)	5,506	-	191,933
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total funds	9,338,212	2,756,153	(2,256,339)	49,232	-	9,887,258
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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.

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.

Chaplaincy to the Arts is a restricted gift to be used to fund Arts in the North East via annual/biannual awards.

Scholarships are restricted donations from alumni to be used to fund scholarships for students studying at Durham University who are St Chad's members.

Designated funds

The Durham Policy Research Group fund is income received to enable Professors Fred Robinson 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.

Transfers

Unfortunately the College concluded in early May 2016 that, despite effort from those involved over the last few years of recession, the Policy Research Group (PRG) were struggling to be financially viable. A period of

Notes (continued)

24 Movements in funds (continued)

consultation commenced and the staff were put on notice that redundancy was being considered. Redundancy occurred on 17 August 2016. A transfer was deemed necessary to prevent the balance on the designated fund upon closure of the PRG becoming negative.

25 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.

26 Prior year comparatives by type of funds

Unrestricted General Funds – Statement of Financial Activities

	2016 £	2015 £
Income		
Donations and legacies	71,862	82,281
Investment income	81,399	24,085
<i>Income from charitable activities</i>		
Income from educational activities	1,960,859	1,749,379
<i>Income from other trading activities</i>		
Commercial business income	25,937	26,804
Total income	2,140,057	1,882,549
Expenditure		
Fundraising expenses and other costs	(8,322)	(9,428)
<i>Expenditure on charitable activities</i>		
Expenditure on educational activities	(1,645,219)	(1,680,638)
Total expenditure	(1,653,541)	(1,690,066)
Unrealised gains/(losses) on investments	43,726	(13,676)
Net income before transfers	530,242	178,807
Gross transfers between funds	(9,552)	-
Net income before other recognised gains and losses	520,690	178,807
Movements on revaluation of fixed assets	-	-
Net movement in funds for the year	520,690	178,807
Fund balances brought forward	4,800,725	4,621,918
Fund balances carried forward	5,321,415	4,800,725

Notes *(continued)*

26 **Prior year comparatives by type of funds** *(continued)*

Unrestricted General Funds – Balance Sheet

	2016 £	2015 £
Fixed assets		
Tangible assets	4,056,321	3,415,077
Investments	1	1
	<hr/>	<hr/>
	4,056,322	3,415,078
Current assets	1,765,977	2,012,953
Creditors due within one year	(167,338)	(263,710)
	<hr/>	<hr/>
Net current assets	1,598,639	1,749,243
	<hr/>	<hr/>
Total assets less current liabilities	5,654,961	5,164,321
Creditors: amounts falling due after more than one year	(333,546)	(363,596)
	<hr/>	<hr/>
Net assets	5,321,415	4,800,725
	<hr/> <hr/>	<hr/> <hr/>
Charity funds		
Unrestricted general fund	5,321,415	4,800,725
	<hr/> <hr/>	<hr/> <hr/>

Notes *(continued)*

26 Prior year comparatives by type of funds *(continued)*

Unrestricted Designated Funds – Statement of Financial Activities

	2016	2015
	£	£
Income		
Donations and legacies	-	150,000
Investment income	-	-
<i>Income from charitable activities</i>		
Income from educational activities	185,599	308,573
<i>Income from other trading activities</i>		
Commercial business income	-	-
	<hr/>	<hr/>
Total income	185,599	458,573
	<hr/>	<hr/>
Expenditure		
Fundraising expenses and other costs	-	-
<i>Expenditure on charitable activities</i>		
Expenditure on educational activities	(317,410)	(335,737)
	<hr/>	<hr/>
Total expenditure	(317,410)	(335,737)
	<hr/>	<hr/>
Unrealised gains/(losses) on investments	-	-
	<hr/>	<hr/>
Net (expenditure)/income before transfers	(131,811)	122,836
Gross transfers between funds	9,552	-
	<hr/>	<hr/>
Net (expenditure)/income before other recognised gains and losses	(122,259)	122,836
Movements on revaluation of fixed assets	-	-
	<hr/>	<hr/>
Net movement in funds for the year	(122,259)	122,836
Fund balances brought forward	4,496,169	4,373,333
	<hr/>	<hr/>
Fund balances carried forward	4,373,910	4,496,169
	<hr/> <hr/>	<hr/> <hr/>

Notes *(continued)*

26 **Prior year comparatives by type of funds** *(continued)*

Unrestricted Designated Funds – Balance Sheet

	2016	2015
	£	£
Fixed assets		
Tangible assets	4,360,124	4,358,554
Current assets	13,786	137,615
	<hr/>	<hr/>
Net assets	4,373,910	4,496,169
	<hr/> <hr/>	<hr/> <hr/>
Charity funds		
Designated funds	4,373,910	4,496,169
	<hr/> <hr/>	<hr/> <hr/>

Notes *(continued)*

26 **Prior year comparatives by type of funds** *(continued)*

Restricted Funds – Statement of Financial Activities

	2016	2015
	£	£
Income		
Donations and legacies	145,109	40,000
Investment income	-	-
<i>Income from charitable activities</i>		
Income from educational activities	285,388	285,388
<i>Income from other trading activities</i>		
Commercial business income	-	-
	<hr/>	<hr/>
Total income	430,497	325,388
	<hr/>	<hr/>
Expenditure		
Fundraising expenses and other costs	-	-
<i>Expenditure on charitable activities</i>		
Expenditure on educational activities	(285,388)	(285,431)
	<hr/>	<hr/>
Total expenditure	(285,388)	(285,431)
	<hr/>	<hr/>
Unrealised gains/(losses) on investments	5,506	(1,574)
	<hr/>	<hr/>
Net income before transfers	150,615	38,383
Gross transfers between funds	-	-
	<hr/>	<hr/>
Net income before other recognised gains and losses	150,615	38,383
Movements on revaluation of fixed assets	-	-
	<hr/>	<hr/>
Net movement in funds for the year	150,615	38,383
Fund balances brought forward	41,318	2,935
	<hr/>	<hr/>
Fund balances carried forward	191,933	41,318
	<hr/> <hr/>	<hr/> <hr/>

Notes *(continued)*

26 Prior year comparatives by type of funds *(continued)*

Restricted Funds – Balance Sheet

	2016	2015
	£	£
Fixed assets		
Tangible assets	-	-
Current assets	191,933	41,318
	<hr/>	<hr/>
Net assets	191,933	41,318
	<hr/> <hr/>	<hr/> <hr/>
Charity funds		
Restricted funds	191,933	41,318
	<hr/> <hr/>	<hr/> <hr/>

27 Accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The Trustees consider that the valuation of land and buildings to be the principal judgemental areas in these accounts. Land and buildings are carried on the balance sheet at depreciated fair value. The directors periodically engage with external valuation specialists to ensure that valuations used are up to date and in cases where they consider market factors may indicate material changes in value.

Notes (continued)

28 Explanation of transition to FRS 102 from old UK GAAP

As stated in note 1, these are the Charitable Company's first financial statements prepared in accordance with FRS 102.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 30 September 2016 and the comparative information presented in these financial statements for the year ended 30 September 2015.

In preparing its FRS 102 balance sheet, the Charitable Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to FRS 102 has affected the Charitable Company's financial position and financial performance is set out in the following tables and the notes that accompany the tables.

Reconciliation of balance sheet

	Note	1 October 2014			30 September 2015		
		As previously reported £	Effect of transition to FRS 102 £	FRS 102 £	As previously reported £	Effect of transition to FRS 102 £	FRS 102 £
Fixed assets							
Tangible fixed assets		7,680,582	-	7,680,582	7,773,631	-	7,773,631
Fixed asset investments		1	-	1	1	-	1
		<u>7,680,583</u>	<u>-</u>	<u>7,680,583</u>	<u>7,773,632</u>	<u>-</u>	<u>7,773,632</u>
Current assets							
Stocks		8,920	-	8,920	4,836	-	4,836
Debtors		442,848	-	442,848	356,290	-	356,290
Cash at bank and in hand		1,486,405	-	1,486,405	1,006,010	-	1,006,010
Short term investments		-	-	-	824,750	-	824,750
		<u>1,938,173</u>	<u>-</u>	<u>1,938,173</u>	<u>2,191,886</u>	<u>-</u>	<u>2,191,886</u>
Creditors: amounts due within one year	a	(206,925)	(20,000)	(226,925)	(243,710)	(20,000)	(263,710)
Net current assets		<u>1,731,248</u>	<u>(20,000)</u>	<u>1,711,248</u>	<u>1,948,176</u>	<u>(20,000)</u>	<u>1,928,176</u>
Creditors: amounts falling due after more than one year		(393,645)	-	(393,645)	(363,596)	-	(363,596)
Net assets		<u>9,018,186</u>	<u>(20,000)</u>	<u>8,998,186</u>	<u>9,358,212</u>	<u>(20,000)</u>	<u>9,338,212</u>
Charity funds							
Restricted funds		2,935	-	2,935	41,318	-	41,318
Designated funds		4,373,333	-	4,373,333	4,496,169	-	4,496,169
Unrestricted funds	a	4,641,918	(20,000)	4,621,918	4,820,725	(20,000)	4,800,725
		<u>9,018,186</u>	<u>(20,000)</u>	<u>8,998,186</u>	<u>9,358,212</u>	<u>(20,000)</u>	<u>9,338,212</u>

Notes to the reconciliation of balance sheet

- a) Recognition of accrued holiday pay expenses is required under FRS 102 whereby the accruals and deferred income balance within creditors due within one year and unrestricted general fund balance are affected.

Notes (continued)

28 Explanation of transition to FRS 102 from old UK GAAP (continued)

Reconciliation of the statement of financial activities for the year ended 30 September 2015

	<i>Notes</i>	As previously reported £	Effect of transition to FRS 102 £	FRS 102 £
Income				
Donations and legacies		272,281	-	272,281
Investment income		24,085	-	24,085
<i>Income from charitable activities</i>				
Income from educational activities		2,343,340	-	2,343,340
<i>Income from other trading activities</i>				
Commercial business income		26,804	-	26,804
Total income		<u>2,666,510</u>	<u>-</u>	<u>2,666,510</u>
Expenditure				
Fundraising expenses and other costs		(9,428)	-	(9,428)
<i>Expenditure on charitable activities</i>				
Expenditure on educational activities		(2,301,806)	-	(2,301,806)
Total expenditure		<u>(2,311,234)</u>	<u>-</u>	<u>(2,311,234)</u>
Unrealised losses on investments		(15,250)	-	(15,250)
Net income before transfers		340,026	-	340,026
Gross transfers between funds		-	-	-
Net income before other recognised gains and losses		340,026	-	340,026
Movements on revaluation of fixed assets		-	-	-
Net movement in funds for the year		340,026	-	340,026
Fund balances brought forward	<i>b</i>	9,018,186	(20,000)	8,998,186
Fund balances carried forward		<u>9,358,212</u>	<u>(20,000)</u>	<u>9,338,212</u>

Notes to the reconciliation of the statement of financial activities

b) Recognition of accrued holiday pay expenses is required under FRS 102 whereby only the brought forward unrestricted general funds is affected.