

St Chad's College

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

Company number 00109442

Registered charity number: 01142958

30 September 2017

Contents

Report of the College Governing Body	1
Statement of College Governing Body's responsibilities in respect of the College Governing Body's annual report and the financial statements	11
Independent auditor's report to the College Governing Body of St Chad's College	12
Statement of financial activities (incorporating income and expenditure account)	14
Balance sheet	15
Cash flow statement	16
Cash flows from operating activities	16
Notes	17

Report of the College Governing Body

Reference and administrative details

Key management personnel

College Governing Body members

Prof. SJ Banks
Mr J Blackie, Chair
A Buckle
Mr P Chandler
Prof HM Evans
Ms J Haworth
Mr S Power
The Venerable Dr R Pratt
Ms E Rowark
Mrs S Shaw
Mr R Taylor
Prof CLH Warwick
Miss J Atherley (from 28 September 2017)
Mr J Nelson (from 28 September 2017)
Mr C Winkell (until 22 June 2017)
Ms H Wong (from 28 September 2017)
J Angers (until 28 September 2017))
C Bateman (until 28 September 2017))
E Hoyt (until 28 September 2017)

College Officers

Principal – Dr MJ Masson
Senior Tutor – Dr E. Spencer-Regan
Bursar – Mr AJ Jenkins (from 28 March 2017/Mr G Cox until 28 March 2017)
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 (until 28 March 2017)
Mr AJ Jenkins (from 28 March 2017)

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 or College for the purposes of the Companies Act, submit their annual report and the audited financial statements of St Chad's College (the "Company" or "College") for the year ended 30 September 2017. The College Governing Body confirms that the annual report and financial statements of the Company or College comply with current statutory requirements, the requirements of the Company or College'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.

Chair's Statement

I am delighted to report that this has been another successful year for St Chads' College. In all areas of College life the results have been first class, a tribute to both students and staff.

The College is in an excellent state, and financially we carry a healthy surplus, and have invested significantly in the buildings over a number of years. Our Senior Management Team is now at full complement with the appointment of two new College Officers, Eleanor Spencer-Regan, our new Vice-Principal and Senior Tutor, and Alistair Jenkins who has joined us as Bursar. They join Margaret Masson now in her second year as Principal, and Ashley Wilson, Vice-Principal and Postgraduate Director, to form a highly effective College Officers' team. A new Financial Controller adds to this management strength with her considerable professional expertise.

In the course of the year, the College has developed a new Strategy for the next decade and has made a very good start in implementing this. In particular, we have focussed on developing our wider student experience offer, and worked hard to ensure that our College community remains true to its founding vision of being accessible to all qualified students, regardless of their social or financial background.

The College is a thriving community committed to maintaining the atmosphere and values which reflect and respect our Anglican heritage. In the course of the year, we appointed a new Chaplain and Outreach Officer and we also welcomed the Very Revd Andrew Tremlett, Dean of Durham Cathedral, as our new Rector. Our students have inspired me: their eloquence in debate and sense of ambition are very impressive, their academic results outstanding, and the quality of the student leadership has been exceptional.

Our boathouse has been rebuilt, and thanks to our Director of Development and Alumni Relations, we have an active group of alumni making significant contributions to both student facilities, and scholarships.

The work of our Policy & Practice Professorial Fellows continues to develop, with our voice being heard across County Durham and North East England. It is a great achievement that their work is recognised as making a real contribution to life across the North.

Our relationship with Durham University is thriving. Our Vice Chancellor, Stuart Corbridge, has spent time getting to know the College, and we were very encouraged by the excellent feedback received from our quinquennial College Review in May, undertaken by the University. In the course of this year, we have signed off a new five-year Financial Agreement with the University, which gives us more security about the financial contribution guaranteed by the University over the next few years, and allows us to plan accordingly.

We will continue to invest in the College to upgrade the facilities, support our students, realise their ambitions and make the most of their time in Durham, and to help prepare them to make a distinctive contribution in a whole variety of spheres as graduates.

Finally, this is my last year as Chair of Governors, and I would like to take this opportunity to thank all students, College staff and governors within St Chad's, as well as colleagues in the wider University, for their support over my term of office. I am confident that we are in an excellent position to build on the College's many strengths and, as we implement our 2017-2027 Strategy, to continue to thrive in the future.

Jonathan Blackie CBE

Report of the College Governing Body *(continued)*

St Chad's College: Vision, Values, and Strategic Framework

Our Vision: To be a hospitable, supportive, challenging community of learning, respected for our distinctive contribution to Durham University, the North East region, and the wider world.

Our Mission: To work as a warm, reflective community which sustains an outstanding collegiate experience, promotes academic excellence and personal development, and encourages our members to make a positive social impact.

Our Values: As an independent college within Durham University, shaped by our Anglican heritage, and embedded in the North East region, we seek to live with integrity as a community serving people of all faiths and beliefs.

St Chad's is:

- **Communal and Curious**

We welcome and value people from all backgrounds and perspectives, and promote a culture of respect, friendship, inclusion, and diversity. Our ethos supports the pursuit of academic excellence, the passion for ideas, the quest for truth, and a lifelong commitment to learning.

- **Just and Responsible**

We reach out to marginalised people within local, national, and global communities, and work towards a fairer and more ethical society. We respect our planet, and minimise the harm we do to it by adopting environmentally sustainable practices.

- **Holistic and Beautiful**

We live as a community which nurtures spiritual as well as intellectual growth, and we facilitate an appreciation of the personal and political significance of faith in our world today. We value the aesthetic quality of our community environment, recognise the creativity involved in all intellectual endeavor, and integrate sport, music, art, drama and literature into our life together.

- **Professional and Sustainable**

We live in a competitive, fast-changing world. We are committed to sustaining all that we love about our College and also to ensuring that we develop and flourish in the future.

Structure, Governance and Management

a) **Constitution**

The Company or College 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.

Report of the College Governing Body *(continued)*

Structure, Governance and Management *(continued)*

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 or College is exposed, in particular those related to the operations and finances of the Company or College 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 fluctuations in student residence and the associated levels of income. Ensuring stakeholder satisfaction by delivering value for money, a good quality service and investment in infrastructure is essential.

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) and contributes to the social justice ethos of the College.

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 is being mitigated by an ongoing capital refurbishment plan which commenced in 2010. 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.

Report of the College Governing Body *(continued)*

Objectives and activities *(continued)*

Public benefit statement

In shaping our objectives for the year and planning our activities, the Governing Body 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 Perspectives 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.

Following wide consultation, the St Chad's College Governing Body has recently agreed to implement a new strategy for the next ten years. There is general agreement that in many ways, St Chad's College is in very good shape just now – application rates are excellent, academic results are outstanding, student satisfaction levels with the opportunities we provide are high and our relationship with the University is as good as it has ever been,

However, there are clearly areas in which we need to improve. We are living in competitive and fast-changing times, both within the University and in our national and global context. We have to stay alert, responsive to opportunities and risks and to develop St Chad's as a flourishing College for decades to come.

We have created a Strategy that we believe will sustain the St Chad's culture, ethos and sense of community, building on the many things we already do well, whilst working to further enhance the quality and effectiveness of our college life. We will focus on five priorities.

Improving the quality of our community life

We must remain an attractive and vibrant community, for this is central to being able to develop our mission.

- **Enhancing our core residential offer:** we will create a more flexible and attractive catering package, explore a differential residence offer, and establish a programme of bursaries for returning students. This will improve the experience of all our residents and sustain our returner rates in the face of increased competition from private landlords.
- **Investing in our buildings and facilities with a view to both beauty and functionality:** our plans for refurbishment and new building include new kitchens, dining room, gym and music practice rooms, improved common room areas, building new bedrooms, reducing the number of shared rooms, and upgrading student kitchen facilities.

Report of the College Governing Body *(continued)*

b) Strategies for achieving objectives *(continued)*

Building on our opportunities to contribute more widely

St Chad's has always been a college with a conscience, committed to promoting social justice. We are keen to build on this tradition and ensure that we are living our values.

- **Creating greater access to learning:** we will increase student diversity at St Chad's through establishing more bursaries and we will enhance our Widening Participation Programme to reach more school students and made a deeper impact on those with whom we engage.
- **Increasing our engagement with and contribution to the University and to the North East:** we will encourage our students both to get involved across the University and to link to the region's communities through volunteering and internships, and we will build on the regional focus and impact of our research programme.

Improving our systems, empowering our staff

Whilst maintaining an ethos of warm community, St Chad's needs to have the systems, structures and culture in place to enable our staff to help us become a more efficient responsive and sustainable organisation.

- **Becoming more professional:** through better staff engagement, improved governance systems, more effective financial and commercial management, regular reviews of all key policies and procedures, a stronger culture of health and safety, and establishing a more adequate system of induction, training and review for all staff.

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 Perspectives 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.

As an independent college within Durham University shaped by our Anglican heritage and embedded in the North East region, we seek to live with integrity as a community serving people of all faiths and beliefs.

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 has experienced another successful year and continues to generate 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.

Overall

Net income before transfers was 25% lower than the previous year at £410,042 (2016: £549,046).

The College has seen lower levels of income from educational conferences as well as from donations when compared to the previous year.

Investment income from St Chad's (Trading) Limited has increased as a result of growth in income from non-educational conferences and weddings.

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 debtors and creditors balances are under control.

The cash balance increased by £497,799 in the year to £1,001,380, compared with £503,581 in the previous year.

Report of the College Governing Body *(continued)*

c) Activities for achieving objectives *(continued)*

Balance Sheet *(continued)*

A major capital project to refurbish the main catering kitchen at the College will be financed from cash during the early part of 2017/18, at an expected cost of around £300,000.

The balance of our short-term investments at the year end was £1,030,083 (2016: £1,077,547). These are held in a combination of fixed term deposits (£250,000) and common investment funds/unit trusts (£783,033).

Overall net assets increased to £10,297,300 (2016: £9,887,258).

Income

Overall, our income reduced by 3% to £2,663,441 compared to £2,756,153 in the previous year. Our core fundraising activity of residential accommodation showed an improvement on the previous year of 3%.

Income from educational conferences was 26% lower than the previous year, which we believe reflects the current economic landscape within the educational sector. Conversely, we have experienced growth in income from St Chad's College (Trading) Limited in terms of our non-educational conferences and weddings. The investment income from St Chad's College (Trading) Limited as a donation to St Chad's College was £143,606 compared to £58,923 in 2015/16.

As a result of the financial agreement signed with Durham University, we began to see income from our College fee at a higher level.

Bank interest benefitted from our short-term investments, generating £26,972 this year compared to £22,476 in 2015/16.

Income from donations was lower than the previous year at £105,496 (2016: £216,971). The 2015/16 figure included a substantial one-off donation of £43,943 from the Chaplaincy for Arts.

The level of Gift Aid recoverable on donations was lower in 2016/17. This is a very undulating area of income for the College, and much work is being done by the Development & Alumni Relations team to nurture long-term relationships with potential donors. A telephone marketing campaign will be run in early 2018 which should yield positive results in this area.

Research income saw a 9% increase on the previous year. The reduced cost base as a result of redundancies in 2015/16 puts the Policies & Practice Group (formerly PRG) in a healthier position going forward. The College recognises the value of the work being undertaken by our researchers and is keen to maintain the strong relationship it enjoys with its research fellows. This is also a key part of delivering on our social values.

Expenditure

St Chad's College expended total resources of £2,259,500 in 2016/17, compared to £2,256,339 in the previous year. This represents a very small increase of around 0.1% which is pleasing when considered against our wish to continue to deliver standards and quality that exceed the expectations of our students and commercial customers. The College continues to exercise tight control of expenditure. A lower depreciation charge of £139,374 in the year (compared to £180,126 in 2015/16) is as a result of early activity within our refurbishment strategy now being fully depreciated.

Higher student costs in the year of £289,990 are mainly as a result of food cost inflation as well as a higher level of investment in student in scholarships (£47k in 2016/17) compared to £18k the previous year). The increased investment in scholarships reflects the desire of the Governing Body to enable students from a wider range of backgrounds to benefit from a university education at St Chad's College.

d) Reserves Policy

Our total reserves at the end of 2016/17 were £10,297,300 (2015/16: £9,887,258). There are three elements to our reserves:

Report of the College Governing Body *(continued)*

d) Reserves Policy *(continued)*

- 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 were reviewed annually on a risk basis. We have set this at £1,300,000 for 2016/17 (2015/16: £1,300,000).
- 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 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, ie 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 2016/17 the estate (ie our current building) reserves were £8,444,470 (2015/16: £8,416,445), restricted reserves were £275,073 (2015/16: £191,933), leaving free reserves of £1,577,757 (2015/16: £1,278,880). This figure includes approximately £300,000 which will be expended on the new kitchen in early 2017/18.

e) Principal funding

The principal sources of funding for the year to 30 September 2017 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, common investment funds and unit trusts and the performance of the investments is considered adequate. There is £1,030,083 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 and an insurance valuation in March 2016 confirmed no material change. Therefore the 2013 valuation is considered to be a valid valuation as at 30 September 2017.

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

14 December 2017

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 Members of St Chad's College

Opinion

We have audited the financial statements of St Chad's College ("the charitable company") for the year ended 30 September 2017 which comprise the statement of financial activities (incorporating income and expenditure account), the balance sheet and the cash flow statement and related notes, including the accounting policies in note 1.

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 2017 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 accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the charitable company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Other information

The College Governing Body (who are directors for the purposes of company law) are responsible for the other information, which comprises the Report of the College Governing Body. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the Report of the College Governing Body, which constitutes the directors' report for the financial year, is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

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

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Governing Body responsibilities

As explained more fully in their statement set out on page 11, the College Governing Body (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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



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

14 December 2017

Statement of financial activities (incorporating income and expenditure account)
for the year ended 30 September 2017

	<i>Notes</i>	Unrestricted General funds £	Unrestricted Designated funds £	Restricted funds £	Total 2017 £	Total 2016 £
Income						
Donations and legacies	2	25,451	-	80,045	105,496	216,971
Investment income	3	170,579	-	-	170,579	81,399
<i>Income from charitable activities</i>						
Income from educational activities	4	1,873,420	201,883	297,824	2,373,127	2,431,846
<i>Income from other trading activities</i>						
Commercial business income	5	14,239	-	-	14,239	25,937
Total income		2,083,689	201,883	377,869	2,663,441	2,756,153
Expenditure						
Fundraising expenses and other costs	6	(4,762)	-	-	(4,762)	(8,322)
<i>Expenditure on charitable activities</i>						
Expenditure on educational activities	7	(1,793,146)	(163,768)	(297,824)	(2,254,738)	(2,248,017)
Total expenditure		(1,797,908)	(163,768)	(297,824)	(2,259,500)	(2,256,339)
Unrealised gains on investments	18	3,006	-	3,095	6,101	49,232
Net income before transfers	10	288,787	38,115	83,140	410,042	549,046
Gross transfers between funds	24	1	(1)	-	-	-
Net income before other recognised gains and losses		288,788	38,114	83,140	410,042	549,046
Movements on revaluation of fixed assets		-	-	-	-	-
Net movement in funds for the year		288,788	38,114	83,140	410,042	549,046
Fund balances brought forward		5,321,415	4,373,910	191,933	9,887,258	9,338,212
Fund balances carried forward	24	5,610,203	4,412,024	275,073	10,297,300	9,887,258

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 37 form part of these financial statements.

Balance sheet
at 30 September 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	14	8,444,470	8,416,445
Fixed asset investments	15	1	1
		<hr/>	<hr/>
		8,444,471	8,416,446
Current assets			
Stock	16	5,833	6,055
Debtors	17	339,837	384,513
Cash at bank and in hand		1,001,380	503,581
Short-term investments	18	1,030,083	1,077,547
		<hr/>	<hr/>
		2,377,133	1,971,696
Creditors: amounts falling due within one year	19	(227,203)	(167,338)
		<hr/>	<hr/>
Net current assets		2,149,930	1,804,358
		<hr/>	<hr/>
Total assets less current liabilities		10,594,401	10,220,804
		<hr/>	<hr/>
Creditors: amounts falling due after more than one year	20	(297,101)	(333,546)
		<hr/>	<hr/>
Net assets		10,297,300	9,887,258
		<hr/>	<hr/>
Charity funds			
Restricted funds	24	275,073	191,933
Designated funds	24	4,412,024	4,373,910
Unrestricted funds	24	5,610,203	5,321,415
		<hr/>	<hr/>
		10,297,300	9,887,258
		<hr/>	<hr/>

These financial statements were approved by the College Governing Body on 14 December 2017 and were signed on its behalf by:



Mr J Blackie
Chairman of Governors

Registered number: 00109442

The notes on pages 14 to 37 form part of these financial statements.

Cash flow statement
for the year ended 30 September 2017

	2017 £	2016 £
Cash flows from operating activities	641,683	550,561
Cash flows from investing activities		
Acquisition of tangible fixed assets	(167,399)	(822,940)
Acquisition of short term investments	(200,000)	(200,000)
Proceeds from disposal of short term investments	253,565	-
Net cash outflow from investing activities	(113,834)	(1,022,940)
Financing activities		
Repayment of borrowings	(30,050)	(30,050)
Increase/(decrease) in cash and cash equivalents in the year	497,799	(502,429)
Cash and cash equivalents at the beginning of the year	503,581	1,006,010
Cash and cash equivalents at the end of the year	1,001,380	503,581

Cash flows from operating activities

	2017 £	2016 £
Net income	410,042	549,046
(Gains)/losses on investments	(6,101)	(49,232)
Depreciation	139,374	180,126
(Increase)/decrease in stock	222	(1,219)
(Increase)/decrease in debtors	44,676	(28,223)
(Decrease)/increase in non-bank loan creditors	53,470	(96,372)
Short term investments interest receivable	-	(3,565)
Net cash flow from operating activities	641,683	550,561

The notes on pages 14 to 37 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 2016.

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 made one measurement and recognition adjustment. The College took 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.

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 legalities 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 or College'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 or College'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 into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company or College treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company or College 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 2017 £	Unrestricted designated funds 2017 £	Restricted funds 2017 £	Total 2017 £	Total 2016 £
Alumni donations	22,001	-	80,045	102,046	143,776
Other donations	3,450	-	-	3,450	73,195
	<u>25,451</u>	<u>-</u>	<u>80,045</u>	<u>105,496</u>	<u>216,971</u>

3 Investment income

	Unrestricted general funds 2017 £	Unrestricted designated funds 2017 £	Restricted funds 2017 £	Total 2017 £	Total 2016 £
Bank and other interest	26,973	-	-	26,973	22,476
Donation from subsidiary company	143,606	-	-	143,606	58,923
	<u>170,579</u>	<u>-</u>	<u>-</u>	<u>170,579</u>	<u>81,399</u>

Notes (continued)

4 Income from educational activities

	Unrestricted general funds 2017 £	Unrestricted designated funds 2017 £	Restricted funds 2017 £	Total 2017 £	Total 2016 £
Maintenance fees	1,615,820	-	-	1,615,820	1,564,989
College fees	-	-	297,824	297,824	285,388
Conferences	197,477	-	-	197,477	268,442
Academic projects	-	201,883	-	201,883	185,599
Other income	60,123	-	-	60,123	127,428
	<u>1,873,420</u>	<u>201,883</u>	<u>297,824</u>	<u>2,373,127</u>	<u>2,431,846</u>

5 Commercial business income

	Unrestricted general funds 2017 £	Unrestricted designated funds 2017 £	Restricted funds 2017 £	Total 2017 £	Total 2016 £
Merchandise income	137	-	-	137	256
Accommodation and other functions	14,102	-	-	14,102	25,681
	<u>14,239</u>	<u>-</u>	<u>-</u>	<u>14,239</u>	<u>25,937</u>

6 Fundraising expenses and other costs

	Unrestricted general funds 2017 £	Unrestricted designated funds 2017 £	Restricted funds 2017 £	Total 2017 £	Total 2016 £
Merchandise expenditure	-	-	-	-	3,945
Other expenditure	4,762	-	-	4,762	4,377
	<u>4,762</u>	<u>-</u>	<u>-</u>	<u>4,762</u>	<u>8,322</u>

Notes (continued)

7 Expenditure by charitable activity

Summary by fund type

	Unrestricted general funds 2017 £	Unrestricted designated funds 2017 £	Restricted funds 2017 £	Total 2017 £	Total 2016 £
Educational activities	1,793,146	163,768	297,824	2,254,738	2,248,017

Summary by expenditure type

	Staff costs 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Educational activities	1,168,465	1,086,273	2,254,738	2,248,017

Summary by activity type

	Activities undertaken directly 2017 £	Support costs 2017 £	Total 2017 £	Total 2016 £
Educational activities	2,101,441	153,297	2,254,738	2,248,017

8 Educational activities undertaken directly

	2017 £	2016 £
Student costs	289,990	248,349
Premises costs	545,240	557,418
Conference expenses	50,286	57,907
Academic projects	47,460	53,117
Wages and salaries	943,649	1,008,202
National insurance	84,678	71,677
Pension cost	140,138	115,132
	<u>2,101,441</u>	<u>2,111,802</u>

Notes (continued)

9 Support costs

	2017 £	2016 £
Miscellaneous expenditure	49,090	5,800
Office costs	25,457	24,084
Alumni and travel	41,067	50,171
<i>Governance costs</i>		
Fees payable to auditor	7,916	10,000
Professional fees	16,141	9,484
Bank charges	9,259	8,600
Other	4,367	28,076
	<u>153,297</u>	<u>136,215</u>

All support costs are allocated to educational activities.

10 Net income

This is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets		
Owned by the charity	139,374	180,126
Fees payable to auditor:		
- Audit of financial statements	7,560	7,200
- Other fees	-	2,400
	<u>-</u>	<u>2,400</u>

Notes (continued)

11 Staff costs

	2017 £	2016 £
Wages and salaries	943,649	1,008,202
Social security costs	84,678	71,677
Pension costs	140,138	115,132
	<u>1,168,465</u>	<u>1,195,011</u>

There were two employees (2016: two) whose emoluments, as defined for taxation purposes, amounted to over £60,000 in the current or prior year. The emoluments excluding employer pension costs of these employees fell within the following bands:

	2017	2016
£60,000 - £69,999	1	1
£70,000 - £79,999	1	1

One employee, who is also a college officer, is required to live in a property provided by the College in order to fulfil their employment duties. The estimated value of this benefit based on the potential annual rental value of the current property allocated to this employee is £30,000.

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

	2017	2016
Academic and administration	18	19
Support staff	30	31
	<u>48</u>	<u>50</u>

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

37	37
----	----

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 (2016: nil). One (2016: one) member of the College Governing Body received remuneration in total of £76,179 (2016: £75,000) in connection with their full-time employment by the College. The College paid contributions of £13,712 (2016: £12,750) to money purchase and defined benefit pension schemes in respect of one (2016: 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 £230,659 (2016: £176,299) in connection with their full-time employment by the College. The College paid contributions of £43,527 (2016: £40,277) to money purchase and defined benefit pension schemes in respect of the College Officers.

£973 of expenses (2016: £1,405) were reimbursed to the key management personnel during the year. No expenses were waived by the key management personnel (2016: £nil).

Four donations were made to the charitable company by the key management personnel during the year amounting to £590 (2016: £420).

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 £
<i>Cost or valuation</i>			
At the beginning of the year	8,211,872	1,680,763	9,892,635
Additions	76,650	90,749	167,399
	<hr/>	<hr/>	<hr/>
At the end of the year	8,288,522	1,771,512	10,060,034
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At the beginning of the year	241,600	1,234,590	1,476,190
Charge for year	18,437	120,937	139,374
	<hr/>	<hr/>	<hr/>
At the end of the year	260,037	1,355,527	1,615,564
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 30 September 2017	8,028,485	415,985	8,444,470
	<hr/>	<hr/>	<hr/>
At 30 September 2016	7,970,272	446,173	8,416,445
	<hr/>	<hr/>	<hr/>

Freehold land and buildings of £7,585,000 (2016: £7,585,000), 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 2017. No depreciation has been provided.

At 30 September 2017, included within the net book value of land and buildings is £443,486 (2016: £385,272) relating to leasehold land and buildings. Also included within land and buildings at 30 September 2017 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.

Notes (continued)

14 Tangible fixed assets (continued)

Following the building revaluation in September 2013 the cost or valuation statement as at 30 September 2017 is as follows:

	Land and buildings £
At cost	703,522
At valuation	7,585,000
	<hr/>
	8,288,522
	<hr/>

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 2017, 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.

15 Subsidiary undertaking

The following was a subsidiary undertaking of the Company or College:

St Chad's College (Trading) Limited 100%

The aggregate of the share capital and reserves as at 30 September 2017 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	-
	<hr/>	<hr/>

During the period wages, salaries and premises costs of £90,345 (2016: £84,762) were recharged by the College to its subsidiary and the College received a gift aid payment of £143,606 (2016: £58,923) from the subsidiary. At 30 September 2017 the College was owed £170,366 (2016: £143,685) by the subsidiary.

The registered office at St Chad's College (Trading) Limited is the same as St Chad's College.

Notes (continued)

16 Stock

	2017 £	2016 £
Goods for resale	5,833	6,055

17 Debtors

	2017 £	2016 £
Trade debtors	129,351	212,335
Amounts owed by group undertakings	170,368	143,686
Other debtors	1,295	1,991
Prepayments	-	3,229
Accrued income	38,823	23,272
	<u>339,837</u>	<u>384,513</u>

18 Short-term investments

	Unrestricted general CCLA £	Fixed term investments £	Restricted Elizabeth Griffiths Trust £	Total 2017 £	Total 2016 £
<i>Market value</i>					
At beginning of year	530,050	503,565	43,932	1,077,547	824,750
Additions in year	200,000	-	-	200,000	200,000
Interest receivable	-	-	-	-	3,565
Disposals in year	-	(253,565)	-	(253,565)	-
Net gains/(losses) on revaluation	3,006	-	3,095	6,101	49,232
	<u>733,056</u>	<u>250,000</u>	<u>47,027</u>	<u>1,030,083</u>	<u>1,077,547</u>
At end of year					

Notes (continued)

19 Creditors: amounts falling due within one year

	2017 £	2016 £
Bank loans (note 20)	30,049	30,050
Trade creditors	67,597	21,642
Social security and other taxes	39,283	34,244
Other creditors	11,665	9,761
Accruals and deferred income	78,609	71,641
	<u>227,203</u>	<u>167,338</u>

20 Creditors: amounts falling due after more than one year

	2017 £	2016 £
Bank loans	297,101	327,150
Accruals and deferred income	-	6,396
	<u>297,101</u>	<u>333,546</u>

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	2017 £	2016 £
Aggregate amounts payable:		
Within two and five years	120,200	120,200
More than five years	176,901	206,949
	<u>297,101</u>	<u>327,149</u>
Within one year (note 19)	30,049	30,050
	<u>327,150</u>	<u>357,199</u>

Notes (continued)

21 Financial instruments

21 (a) Carrying amount of financial instruments

The carrying amounts of the financial assets and liabilities include:

	2017 £	2016 £
Assets measured at fair value through profit or loss	780,083	573,982
Assets measured at amortised cost	301,014	358,012
Liabilities measured at amortised cost	(445,694)	(422,847)

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 2017 £	Fair value 2016 £
Non-derivative financial assets at fair value through profit and loss		
Short-term investments	780,083	573,982

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 £140,138 (2016: £115,132).

23 Commitments

Non-cancellable operating lease rentals are payable as follows:

	2017 £	2016 £
Within one year	60,526	60,526
Within two to five years	240,000	240,526
More than five years	960,000	1,020,000
	1,260,526	1,321,052

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
Policies and Practice fund	15,356	201,883	(163,768)	-	(1)	53,470
Fixed asset funds	150,000	-	-	-	-	150,000
Total designated funds	4,373,910	201,883	(163,768)	-	(1)	4,412,024
General funds						
General funds	5,321,415	2,083,689	(1,797,908)	3,006	1	5,610,203
Total unrestricted funds	9,695,325	2,285,572	(1,961,676)	3,006	-	10,022,227
Restricted funds						
College fees	-	297,824	(297,824)	-	-	-
Farmington Trust	2,892	-	-	-	-	2,892
Chaplaincy to the Arts	49,943	-	-	-	-	49,943
Elizabeth Griffiths Trust	43,932	-	-	3,095	-	47,027
Scholarships	95,166	80,045	-	-	-	175,211
Total restricted funds	191,933	377,869	(297,824)	3,095	-	275,073
Total funds	9,887,258	2,663,441	(2,259,500)	6,101	-	10,297,300

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 Policies and Practice fund (formerly 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. The property now is let on a residential basis to tenants on a standard short term lease.

Notes (continued)

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

	2017 £	2016 £
Income		
Donations and legacies	25,451	71,862
Investment income	170,579	81,399
<i>Income from charitable activities</i>		
Income from educational activities	1,873,420	1,960,859
<i>Income from other trading activities</i>		
Commercial business income	14,239	25,937
Total income	<u>2,083,689</u>	<u>2,140,057</u>
Expenditure		
Fundraising expenses and other costs	(4,762)	(8,322)
<i>Expenditure on charitable activities</i>		
Expenditure on educational activities	(1,793,146)	(1,645,219)
Total expenditure	<u>(1,797,908)</u>	<u>(1,653,541)</u>
Unrealised gains on investments	3,006	43,726
Net income before transfers	288,787	530,242
Gross transfers between funds	1	(9,552)
Net income before other recognised gains and losses	288,788	520,690
Movements on revaluation of fixed assets	-	-
Net movement in funds for the year	288,788	520,690
Fund balances brought forward	5,321,415	4,800,725
Fund balances carried forward	<u><u>5,610,203</u></u>	<u><u>5,321,415</u></u>

Notes (continued)

26 Prior year comparatives by type of funds (continued)

Unrestricted General Funds – Balance Sheet

	2017 £	2016 £
Fixed assets		
Tangible assets	4,085,916	4,056,321
Investments	1	1
	<hr/>	<hr/>
	4,085,917	4,056,322
 Current assets	 2,048,980	 1,765,977
Creditors due within one year	(227,593)	(167,338)
	<hr/>	<hr/>
Net current assets	1,821,387	1,598,639
	<hr/>	<hr/>
Total assets less current liabilities	5,907,304	5,654,961
 Creditors: amounts falling due after more than one year	 (297,101)	 (333,546)
	<hr/>	<hr/>
Net assets	5,610,203	5,321,415
	<hr/>	<hr/>
Charity funds		
Unrestricted general fund	5,610,203	5,321,415
	<hr/>	<hr/>

Notes (continued)

26 Prior year comparatives by type of funds (continued)

Unrestricted Designated Funds – Statement of Financial Activities

	2017 £	2016 £
Income		
Donations and legacies	-	-
Investment income	-	-
<i>Income from charitable activities</i>		
Income from educational activities	201,883	185,599
<i>Income from other trading activities</i>		
Commercial business income	-	-
	<hr/>	<hr/>
Total income	201,883	185,599
	<hr/>	<hr/>
Expenditure		
Fundraising expenses and other costs	-	-
<i>Expenditure on charitable activities</i>		
Expenditure on educational activities	(163,768)	(317,410)
	<hr/>	<hr/>
Total expenditure	(163,768)	(317,410)
	<hr/>	<hr/>
Unrealised gains/(losses) on investments	-	-
	<hr/>	<hr/>
Net income/(expenditure) before transfers	38,115	(131,811)
Gross transfers between funds	(1)	9,552
	<hr/>	<hr/>
Net income/(expenditure) before other recognised gains and losses	38,114	(122,259)
Movements on revaluation of fixed assets	-	-
	<hr/>	<hr/>
Net movement in funds for the year	38,114	(122,259)
Fund balances brought forward	4,373,910	4,496,169
	<hr/>	<hr/>
Fund balances carried forward	4,412,024	4,373,910
	<hr/>	<hr/>

Notes *(continued)*

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

Unrestricted Designated Funds – Balance Sheet

	2017 £	2016 £
Fixed assets		
Tangible assets	4,358,554	4,360,124
Current assets	53,470	13,786
	<hr/>	<hr/>
Net assets	4,412,024	4,373,910
	<hr/>	<hr/>
Charity funds		
Designated funds	4,412,024	4,373,910
	<hr/>	<hr/>

Notes (continued)

26 Prior year comparatives by type of funds (continued)

Restricted Funds – Statement of Financial Activities

	2017 £	2016 £
Income		
Donations and legacies	80,045	145,109
Investment income	-	-
<i>Income from charitable activities</i>		
Income from educational activities	297,824	285,388
<i>Income from other trading activities</i>		
Commercial business income	-	-
Total income	<u>377,869</u>	<u>430,497</u>
Expenditure		
Fundraising expenses and other costs	-	-
<i>Expenditure on charitable activities</i>		
Expenditure on educational activities	(297,824)	(285,388)
Total expenditure	<u>(297,824)</u>	<u>(285,388)</u>
Unrealised gains/(losses) on investments	3,095	5,506
Net income before transfers	<u>83,140</u>	<u>150,615</u>
Gross transfers between funds	-	-
Net income before other recognised gains and losses	<u>83,140</u>	<u>150,615</u>
Movements on revaluation of fixed assets	-	-
Net movement in funds for the year	<u>83,140</u>	<u>150,615</u>
Fund balances brought forward	191,933	41,318
Fund balances carried forward	<u><u>275,073</u></u>	<u><u>191,933</u></u>

Notes (continued)

26 Prior year comparatives by type of funds (continued)

Restricted Funds – Balance Sheet

	2017 £	2016 £
Fixed assets		
Tangible assets	-	-
Current assets	275,073	191,933
Net assets	<u>275,073</u>	<u>191,933</u>
Charity funds		
Restricted funds	<u>275,073</u>	<u>191,933</u>

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.