

St Chad's College Durham

Report of the Governors
and Financial Statements

Year Ended 30 September 2018

Company number 00109442
Registered charity number: 01142958

Contents

Report of the Governors of St Chad's College Durham	1
Statement of the Governors' responsibilities in respect of the College's annual report and the financial statements	11
Independent auditor's report to the Governors 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 Governors

Legal and Administrative

St Chad's College is an independent constituent College of the University of Durham, founded in 1904 and governed by a Memorandum and Articles of Association dated 19 July 2014. The Members of the Association constitute the College and are the Governors for the time being, who are also the Trustees of the Registered Charity and Directors of the Limited Company.

Governors

Rev M Woodruff, Chair (from 14 December 2017)
Prof J Blackie, Chair (until 14 December 2017)
Prof S J Banks (until 25 September 2018)
Mr A Buckle
Mr P Chandler
Prof H M Evans
Ms J Haworth
Mr J Marshall (from 1 June 2018)
Mr S Power
Ven Dr R Pratt
Ms E Rowark
Mrs S Shaw
Mr R Taylor
Prof C L H Warwick
Prof J MacNaughton (from 1 August 2018)
Miss J Atherley (until 1 June 2018)
Mr J Nelson
Ms H Wong (until 1 June 2018)
Mr D Humphries (from 1 April 2018)
Mr J Barker (from 1 April 2018)

College Officers

Principal – Dr M J Masson*
Vice-Principal & Bursar – Mr A J Jenkins
Vice-Principal & Senior Tutor – Dr E Spencer-Regan
Vice-Principal & Postgraduate Director – Rev Dr A P Wilson

*Dr M J Masson is also Director of the Limited Company.

Company number

00109442

Registered Charity Number

01142958

Report of the Governors *(continued)*

Registered office

18 North Bailey
Durham
DH1 3RH

Secretary to the Governors and Company Secretary

Mr A J Jenkins

Bankers

National Westminster Bank
12 Market Street
Durham
DH1 3NG

Solicitors

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

Surveyor

Ashley Smith Chartered Surveyors
Oakmere
Belmont Business Park
Durham
DH1 1TW

Auditors

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

Report of the Governors *(continued)*

The Governors, 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 2018. The Governors confirm 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.

Foreword of the Chair of Governors

During my first year as Chair of Governors, I am delighted to report another successful academic year in the life of St Chad's College.

With the widely valued leadership of Dr Margaret Masson as Principal, the structure of team of College Officers as three Vice-Principals, with Alistair Jenkins as Bursar, Dr Ashley Wilson as Postgraduate Director and Dr Eleanor Spencer-Regan as Senior Tutor, is now well established and enabled the steady development of the College's operations and activities with increased clarity and renewed purpose. Extensive consultation on our College's strategy for the ten years in 2017 has been agreed and applied to every aspect of the College's life and work, enabling us to see where improvement is needed quickly and put together the necessary action. Already there has been some significant change.

Because, once again, the College is in good shape financially thanks to another healthy surplus in 2017/18, significant investment into our buildings and facilities could continue. The long awaited installation of a new kitchen in our Main College building during the short Christmas break was completed on time and within budget. The success of the project was soon seen in enhancement to morale in the College and student satisfaction surveyed in summer 2018, and is testament to the value of the detailed planning led by the Bursar with the support of my predecessor, Professor Jonathan Blackie, that our strategic approach facilitated. Other notable work was completed at Trinity Hall, where an additional ten postgraduate rooms were built in what was the former Principal's residence. Further refurbishment of student rooms has taken place in Main College, with a new and fresh aesthetic appealing to a wide range of students.

The summer of 2018 has seen us commission a number of important pieces of work which will help inform our decisions around investment into our buildings over the next five to ten years. Building condition surveys have been carried out across the entire estate, giving us a picture of the work required to bring our historic buildings up to a standard which we can be proud of. Significant investment will be required, and towards the end of the year we detected some challenges caused by a decline in revenue from conferences, revealing that we will need to rebuild our income in order to support our educational objects to the high standards we have set ourselves. But this is achievable and with a strong team of governors, officers, staff and advisers, and now with the full information we need, we can plan and implement the development work ahead that will be integral to our ensuring the secure growth and sustainability of the College.

At the same time as thanking Professor Blackie for the good estate of the College in which he left it on completion of his time as Chair of Governors, I am glad that on succeeding him Paul Chandler agreed to join me in the leadership of the Governors in combined role of Vice-Chair and Treasurer. His extensive expertise and his long-standing dedication to St Chad's as both a governor and tutor have meant that we were able to move ahead quickly with the careful analysis and evaluation of our finances for planning the course ahead. Together with a renewed Finance Committee, we also reviewed the task of the Governors' Audit Committee in collaboration with our senior team. I would like to record my thanks to Archdeacon Richard Pratt as outgoing Vice-Chair for his strong commitment to developing the governors' audit capacity and focus, and to Jenny Howarth for taking on the new role of chair of this committee and its work. We have been able to ensure the continued engagement of our stakeholders in supplying nominations to serve as governors, notably the wider University community, the northern dioceses of the Church of England, our alumni and the wider region. Because of our particular constitution, each constituency of our College community has a presence on our board of Governors, and it has been especially refreshing to see that the voices of our undergraduate and postgraduate students, with both their concerns and optimism for St Chad's borne out of strong dedication to the College, have made powerful and challenging contributions to our work of scrutiny, support and forward thinking. The role of the Tutors, too, as mentors, friends and supporters of the students is a particular strength of St Chad's and a foundation to its success and appeal.

Report of the Governors *(continued)*

During much of my first months as Chair, I have been grateful to work with Dr Ashley Wilson on a review of governance and the College organisation, leading to an imminent review of our statutes and other regulations. His insight with that of Dr Masson's have been valuable in what we hope will be to craft a framework that support and drives what we do and how we can do it even more effectively.

During the year, a new Chaplain arrived. The Christian foundation of the College is not only a historical legacy. St Chad's was founded to impart a spirit of service in its students and to realise aspirations that might otherwise have been beyond their reach. David Rushton has at the heart of his role not only the pastoral care and spiritual wellbeing of the whole College community, but also, in collaboration with the Senior Tutor who leads on our Outreach and Widening Participation programmes, to promote engagement with the wider community in the North East region and encourage the idea in the schools we work with that their students can realistically hope to come and study at Durham and St Chad's. It is important that our founding purposes are not something we appreciate from the past, but also the means by which faith and life, religion and society, can have bearing upon each other to the advancement of all for the common good.

Thus we have continued to work hard to ensure that St Chad's College remains accessible to all qualified students, regardless of their social or financial background. Thanks to the investment of time and building relationships with our alumni, their ongoing generous support has enabled us to offer a number of scholarships to students who might otherwise struggle to sustain their place at university. This all helps our College to remain true to its founding vision and its achievement, with ambitions to provide even more, is something we can rightly be proud of.

Academically, our students continue to thrive, once again attaining superb degree results. Their welfare towards fulfilling their highest hopes is our paramount concern. Many who have left us have taken up exciting positions in a variety of fields. Our alumni remain vital parts of our College community, and it is wonderful to see the St Chad's network not only present in but, in typical St Chad's fashion, of dynamic service in so many walks of life.

The work of our Policy & Practice Professorial Fellows Tony Chapman and Fred Robinson develops strongly, ensuring that our voice is heard across County Durham and North East England. The work also has national significance, thanks to its consistent focus and the depth and quality of its understanding. It is a great achievement that their work is justly recognised for its real contribution to the region and beyond.

Our relationship with Durham University continues to be excellent, with collaboration taking place on a number of levels. Our Vice-Chancellor, Stuart Corbridge, has continued to be a regular visitor to the college, and this builds on the excellent feedback we received in the quinquennial review of College by the University in May 2017. It is very important to the Governors that what we can achieve at St Chad's is at the service of the wider University and its Colleges.

We will continue to invest in the College, not only to upgrade the facilities and watch over the careful use of our resources: our main investment is in our students, supporting them to realise their ambitions, to make the most of their time in Durham, and to help prepare them to find the way to that distinctive contribution to the world that will inspire them in a whole variety of spheres as graduates in life ahead.

We are in a strong position for embarking on the next stage of our journey. There are many strengths in the College and its people. As we proceed with implementing our 2018-2027 Strategy, we look forward to seeing how far this will take us, so the St Chad's will continue to thrive for those who trust us enough to come here for long into the future.

Structure, Governance and Management

a) Constitution

The Company or College is a charitable company limited by guarantee and established by a Memorandum of Association on 4 May 1910. St Chad's College became a registered charity, of which the Governors are the trustees, registration number 1142958, on 19 July 2014. Prior to that it was an exempt charity. The Members of the Association are the Governors, who constitute the College and form its Governing Body.

Report of the Governors *(continued)*

b) Method of Election of Governors

The management of the College is the responsibility of the Governors who are elected or appointed under the terms of the Articles of Association.

The Governors who held office during the year were as stated on page 1.

c) College Governing Body's liability

The Governors guarantee 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 Governors

New Governors 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 and Articles of Association, its current Standing Orders, the Principal's annual report and the annual audited financial report. They are required to subscribe to the College's charitable aims and objectives, and 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 Governors have 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 exposure to 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 scrutiny and discussion at meetings of the Governors.

In addition to monitoring admissions in collaboration with the University, the College is proactively establishing its own fund that will provide, from interest generated, a significant number of bursaries and scholarships targeted at students who find funding their education a considerable challenge. This will help to alleviate the risk of reduced income because of unoccupied rooms, thanks to a fund created from external funding (mostly from the donations of alumni), which strongly advances the College's foundational social justice ethic to provide a place of higher education for those less able to afford it.

Achieving value for money

The risks as to value for money are a combination of budget monitoring to prevent unnecessary expenditure, and enabling value for money in procurement. These are monitored through discussion with student representatives and surveys of the student community, in order to ascertain that value is being given and seen as received. These feed into a report to the Governors, and during the year we recorded the positive position of 95% student occupancy, as well as commercial trading yielding over 50% occupancy.

Report of the Governors (*continued*)

Funding of investments in infrastructure

The risk as to investment in infrastructure 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, supplemented by work identified within our regular building condition surveys. Regular reporting through an internal committee structure, with a costed five year plan approved by Governing Body, will enable significant progress.

Objects and activities

a) Objects of the College

The objects for which the College is established 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).

Our principal means of meeting those objects is our provision of academic and pastoral support to undergraduates and postgraduate students reading for degrees in the University of Durham.

St Chad's also provides its own education, study support, and research programmes within the College.

b) Our Strategy for achieving our objectives

Our aim is to provide excellent academic and pastoral support in a residential context via College Officers, the Chaplaincy, our mentoring and tutorial team, our academic and research staff, the provision of our extensive libraries and other facilities, not to mention our *Sed Vos* Programme, which offers support and other opportunities for engagement through various summer schools and courses, chiefly in the Easter and Summer breaks.

Our academic and pastoral support exists not only 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 our students with a variety of tutors and through our Perspectives Programme, which, in addition to encouraging the acquisition and honing of transferable skills, gives our students the opportunity to engage with regional issues by actually visiting the region, and experiencing some of the challenges faced by people in the community at first hand.

The academic support at St Chad's is offered in the context of support within the University of Durham as a whole. It is essential to our overall strategy that we coordinate what we do in the College with what is done in the University, be it through collaboration with the University's departments or its student support services.

We target our conference work to further the academic aims of the College. While conferences generate income to support our own 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.

During the year, following extensive consultation, the College began to implement its Vision, Values, and Strategic Framework for 2018 to 2027. There is general agreement that, in many ways, St Chad's College is currently in very good shape. 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. Nevertheless, there are clearly areas in which we need to improve and we must avoid complacency. 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, realising the social purposes and academic aims for which it was founded, for decades to come.

Report of the Governors *(continued)*

The Principal, College Officers and other senior staff regularly map the management and operations of the College to this framework, and this in turn is regularly monitored through reports to each meeting of the Governors. The overall framework is set out as follows:

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.

Thus, 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:** building on the successful installation of a new kitchen in December 2017, our plans for refurbishment and development will run alongside the work identified within the building condition surveys to ensure that our students are accommodated in premises which are attractive, functional and safe.

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.

Report of the Governors (*continued*)

- **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 in a highly engaged and engaging learning community, integral to which is academic and personal support from College Officers, our Tutors and mentors, and the skills and experiences offered through the Perspectives programme of extra-curricular activities.

St Chad's provides a residential College to 240 students living in at any one time, as well as infrastructure support to a further 300. Of these 540, students 390 are undergraduates and 150 postgraduates. We are glad to report that the academic and personal support provided to all students is of an exceptional standard, as recently confirmed 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.

Thus, at the heart of the College is its chapel and its regular worshipping community. A full time Chaplain, who is an Anglican priest, offers spiritual as well as pastoral support to the whole College community, working closely with our work to promote social inclusion and wider community engagement.

In addition to providing student accommodation, the College becomes a 3 Star guest house during vacation periods. The financial benefits from this trading activity are utilised to support the College main activities in pursuit of our objects.

The College has experienced another successful year and continues to generate a valued and much sought after academic environment. This was clear from the waiting list for our student accommodation in September of this year, and the high numbers of those applying to come to Durham indicating their preference to be admitted to St Chad's. We are also glad to report that our business from hosting educational and religious conferences once again increased upon the previous year, although we are monitoring the general decline in other conferences and considering other ways of using our premises and resources to build the income we need to further our work as a College.

Overall

Net income before transfers was 14.7% lower than the previous year at £349,640 (2017: £410,042).

Investment income from St Chad's (Trading) Limited has reduced this year due a reduction in income from non-educational conferences.

Donations & legacies income is higher this year, owing to a legacy accounted for within the year of around £86,770.

Total expenditure has increased by 3.8% on the previous year. Staff costs, professional fees, depreciation costs and investment in alumni relations have seen increases this year above the normal levels of cost inflation.

Report of the Governors *(continued)*

Balance sheet

The balance sheet remains in a healthy position, with land and building asset values being based on current valuations as at 30 September 2018 and investment into those assets continuing throughout the year.

The freehold land and buildings have seen a positive revaluation movement of £2,435,000 in the year following the commissioning of a buildings valuation.

Year end debtors and creditors balances are under control.

The cash balance decreased by £156,665 in the year to £844,715, compared with £1,001,380 in the previous year. This reduction is largely attributed to a major capital project to refurbish the main kitchen and dining hall at the College. This was completed in the early part of 2017/18 at a cost of £299,224.

The balance of our short-term investments at the year end was £1,060,944 (2017: £1,030,083). These are held in a combination of fixed term deposits (£256,807) and common investment funds/unit trusts (£804,137).

Overall net assets increased to £13,127,480 (2017: £10,297,300).

Income

Total income increased by 0.3% to £2,671,648 compared with £2,663,441 in the previous year.

Our core income generating activity of residential accommodation showed an improvement on the previous year of 5.3% (2017:3%). Additional income has been generated from ten new post-graduate rooms at Trinity Hall which were brought into use in October 2017, following a renovation project last year.

The College fee, received from Durham University, has risen to £360,000 per annum (2017: £297,824) and this reflects the agreement negotiated in 2016, and is fixed for 5 years until the end of 2021/22.

Income from educational conferences was 11.2% lower than the previous year, however prior year adjustments posted this year have reduced current year income by £21,500. The underlying level of educational conference income this year is 11.9% higher than last year.

This year we have experienced a decline 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 £26,722 compared to £143,606 in 2016/17. The income from non-educational conferences has fallen this year as some conference trade from 2016/17 did not re-book with us in 2017/18.

Part of the reduction in the level of this donation can be explained by a change to the management recharge mechanism implemented this year which is used to apportion costs from St Chad's College to the trading company. The level of variable conference costs now being apportioned is based on conference sales levels in both companies, whereas historically, a fixed percentage had been used year on year.

Bank interest benefitted from the performance of our short-term investments, generating £28,804 this year compared to £26,973 in 2016/17.

Income from donations and legacies was higher than the previous year at £206,118 (2017: £105,496). A substantial legacy has been accounted for in the year at £86,770.

Income from research activity was £84,880 in the current year (2017: £201,883). Overall, a smaller number of projects were undertaken by our researchers this year and staff costs were reduced in line with this. Last year was an ambitious year in terms of volume of work, and with several substantial pieces of work coming to a conclusion. A new cycle of projects was initiated in 2017/18, with a significant amount of time invested in funding bids. 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 integral to delivering on our social values.

Report of the Governors *(continued)*

Expenditure

St Chad's College expended total resources of £2,346,062 in 2017/18, compared to £2,259,500 in the previous year. This represents an increase of around 3.8%. The majority of expenditure remains in line with prior year spend and the costs remain under tight control.

The areas of expenditure where significant differences can be seen are as follows:

Staff costs are comparatively high this year due to a) one-off redundancy costs, b) higher levels of catering overtime and casual hours due to staff absence, and c) additional maintenance hours for building refurbishment projects.

Significant investment and change has been made this year in terms of addressing the needs to upgrade our hospitality and catering services, both by means of the installation of a new kitchen and investment in people following a staffing restructure.

Depreciation costs charged in the year were £179,249 (2017: £139,374). Additional depreciation is now being charged on the new kitchen and student bedroom refurbishment projects.

Repairs and maintenance costs were £48,458 in the year (2017: £83,722). The prior year costs included the emergency repairs required to the boat house at £16,568. The level of replacement fixtures and fittings is much lower this year compared with last, since the focus has been on the capital projects within main college.

Professional fees of £27,000 were incurred this year as a result of commissioning building conditions surveys. Full surveys have been completed across the estate, and these will be used to establish the investment priorities over the next 5-10 years in respect of buildings.

Alumni relations & travel costs were £83,120 in the current year (2017: £41,067). Current year costs include a) £24,682 in respect of Alumni donation expenditure for two new rowing boats and a set of oars, funds having been donated in prior years for this purpose; and b) a telephone fundraising campaign at a cost of £23,500.

Office costs show a credit in the accounts this year of (£5,550) compared with a prior year costs of £25,457. This can be explained by an accrual release of (£19,400) relating to several years of information support costs from Durham University. Durham University has confirmed that a separate accrual is not required, since the costs have already been recovered via existing IT service invoices.

The College continues to work hard to ensure the delivery of the standards and quality that exceed the expectations of our students and commercial customers.

d) Reserves Policy

Our total reserves at the end of 2017/18 were £13,127,480 (2016/17: £10,297,300). There are four elements to our reserves:

- i) Our estate reserves: 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 and use these in part to maintain these buildings, so no extra reserve is anticipated beyond the actual (effectively unrealisable) value of our current buildings and land.
- ii) Our restricted reserves: these are funds held for specific purposes, principally in relation to our Bursaries Fund but also in relation to monies raised to enable the delivery of other special projects.
- iii) Our free operating reserves, which are reviewed annually. The figure should normally be within the bounds of 3-6 months of normal expenditure plus an amount that would cover the orderly wind-down of operations (currently estimated at £145,000). For 2017/18 this would indicate a target range between £785,000 and £1,400,000. These reserves allow us to manage fluctuations in cashflow and meet urgent needs. The Finance Committee considers the prudent minimum level of reserves at present to be £1,000,000. Any surplus over this figure may be considered as designated for strategic development.

Report of the Governors (*continued*)

- iv) Our strategic development reserves. To further our charitable purposes we need to ensure that we have the capacity to undertake major expenditure projects on our buildings or to acquire new residential properties that may become available on the Bailey or close to our other sites where these would further our charitable purposes. These reserves are intended to contribute towards such projects, but may be redesignated to other purposes by the Governors.

As at 30 September 2018 the estate reserve was £11,303,936 (*2018: £ 8,444,470*), and restricted reserves were £464,017 (*2017: £275,073*), leaving free reserves of £1,359,527 (*2017: £ 1,577,757*).

e) **Principal funding**

The principal sources of funding for the year to 30 September 2018 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 Governors who have the power to 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. £1,060,944 is invested in this manner.

Market value of land and buildings

The Governors 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 2018.

Disclosure of information to auditor

The Governors who held office at the date of the approval of this 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 Governor has taken all the steps that he or she ought to have taken as a Governor to make himself or herself aware of any relevant audit information and to establish that the College's auditor is aware of that information.

Public benefit statement

In shaping our objectives for the year and planning our activities, the Governors 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).

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.

Revd Mark Woodruff
Chair of Governors

18 North Bailey
Durham
DH1 3RH

2018

Statement of the Governors' responsibilities in respect of the Governors' Annual Report and Financial Statements

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

Company law requires the Governors 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 Governors 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 Governors are 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 Governors are 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 Governors are 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.

ABCD

KPMG LLP

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

Independent auditor’s report to the Governors 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 2018 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 2018 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 Governors of St Chad’s College (who are directors for the purposes of company law) are responsible for the other information, which comprises the Report of the Governors. 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 Governors, 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 Governors 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 12, the Governors who constitute the College as its 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.

Rachel Fleming (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 2018

Statement of financial activities (incorporating income and expenditure account)
for the year ended 30 September 2018

	<i>Notes</i>	Unrestricted General funds £	Unrestricted Designated funds £	Restricted funds £	Total 2018 £	Total 2017 £
Income						
Donations and legacies	2	90,710	-	115,408	206,118	105,496
Investment income	3	42,667	-	12,859	55,526	170,579
<i>Income from charitable activities</i>						
Income from educational activities	4	1,937,566	84,880	360,000	2,382,446	2,373,127
<i>Income from other trading activities</i>						
Commercial business income	5	19,758	7,800	-	27,558	14,239
Total income		2,090,701	92,680	488,267	2,671,648	2,663,441
Expenditure						
Fundraising expenses and other costs	6	(3,647)	-	-	(3,647)	(4,762)
<i>Expenditure on charitable activities</i>						
Expenditure on educational activities	7	(1,807,453)	(128,927)	(406,035)	(2,342,415)	(2,254,738)
Total expenditure		(1,811,100)	(128,927)	(406,035)	(2,346,062)	(2,259,500)
Unrealised gains on investments	18	4,928	-	19,126	24,054	6,101
Net income before transfers	10	284,529	(36,247)	101,358	349,640	410,042
Gross transfers between funds	24	(87,586)	-	87,586	-	-
Net income before other recognised gains and losses		196,943	(36,247)	188,944	349,640	410,042
Movements on revaluation of fixed assets		-	2,480,540	-	2,480,540	-
Net movement in funds for the year		196,943	2,444,293	188,944	2,830,180	410,042
Fund balances brought forward		5,610,203	4,412,024	275,073	10,297,300	9,887,258
Fund balances carried forward	24	5,807,146	6,856,317	464,017	13,127,480	10,297,300

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 18 to 39 form part of these financial statements.

Balance sheet
at 30 September 2018

	<i>Note</i>	2018		2017	
		£	£	£	£
Fixed assets					
Tangible assets	<i>14</i>	11,303,936		8,444,470	
Fixed asset investments	<i>15</i>	1		1	
		<hr/>		<hr/>	
			11,303,937		8,444,471
Current assets					
Stock	<i>16</i>	4,215		5,833	
Debtors	<i>17</i>	412,271		339,837	
Cash at bank and in hand		844,715		1,001,380	
Short-term investments	<i>18</i>	1,060,944		1,030,083	
		<hr/>		<hr/>	
Creditors: amounts falling due within one year	<i>19</i>	2,322,145 (231,551)		2,377,133 (227,203)	
		<hr/>		<hr/>	
Net current assets			2,090,594		2,149,930
			<hr/>		<hr/>
Total assets less current liabilities			13,394,531		10,594,401
Creditors: amounts falling due after more than one year	<i>20</i>		(267,051)		(297,101)
			<hr/>		<hr/>
Net assets			13,127,480		10,297,300
			<hr/> <hr/>		<hr/> <hr/>
Charity funds					
Restricted funds	<i>24</i>	464,017		275,073	
Designated funds	<i>24</i>	6,856,317		4,412,024	
Unrestricted funds	<i>24</i>	5,807,146		5,610,203	
			<hr/>		<hr/>
			13,127,480		10,297,300
			<hr/> <hr/>		<hr/> <hr/>

These financial statements were approved by the Governors on 14 December 2018 were signed on its behalf by:

The Rev M Woodruff
Chair of Governors

Registered number: 00109442

The notes on pages 18 to 39 form part of these financial statements.

Cash flow statement

for the year ended 30 September 2018

	2018 £	2017 £
Cash flows from operating activities	431,560	641,683
Cash flows from investing activities		
Acquisition of tangible fixed assets	(558,175)	(167,399)
Acquisition of short term investments	-	(200,000)
Proceeds from disposal of short term investments	-	253,565
Net cash outflow from investing activities	(558,175)	(113,834)
Financing activities		
Repayment of borrowings	(30,050)	(30,050)
(Decrease)/increase in cash and cash equivalents in the year	(156,665)	497,799
Cash and cash equivalents at the beginning of the year	1,001,380	503,581
Cash and cash equivalents at the end of the year	844,715	1,001,380

Cash flows from operating activities

	2018 £	2017 £
Net income	349,640	410,042
Gains on investments	(24,054)	(6,101)
Depreciation	179,249	139,374
Decrease in stock	1,618	222
(Increase)/decrease in debtors	(72,434)	44,676
Increase in non-bank loan creditors	4,348	53,470
Short term investments interest receivable	(6,807)	-
Net cash flow from operating activities	431,560	641,683

The notes on pages 18 to 39 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 2017.

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 Governors 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 Governors 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 minimis* 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 2018 £	Unrestricted designated funds 2018 £	Restricted funds 2018 £	Total 2018 £	Total 2017 £
Alumni donations	90,710	-	99,443	190,153	102,046
Other donations	-	-	15,965	15,965	3,450
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	90,710	-	115,408	206,118	105,496
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

3 Investment income

	Unrestricted general funds 2018 £	Unrestricted designated funds 2018 £	Restricted funds 2018 £	Total 2018 £	Total 2017 £
Bank and other interest	15,944	-	12,859	28,803	26,973
Donation from subsidiary company	26,723	-	-	26,723	143,606
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	42,667	-	12,859	55,526	170,579
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes *(continued)*

4 Income from educational activities

	Unrestricted general funds 2018 £	Unrestricted designated funds 2018 £	Restricted funds 2018 £	Total 2018 £	Total 2017 £
Maintenance fees	1,700,867	-	-	1,700,867	1,615,820
College fees	-	-	360,000	360,000	297,824
Conferences	175,397	-	-	175,397	197,477
Academic projects	-	84,880	-	84,880	201,883
Other income	61,302	-	-	61,302	60,123
	<u>1,937,566</u>	<u>84,880</u>	<u>360,000</u>	<u>2,382,446</u>	<u>2,373,127</u>

5 Commercial business income

	Unrestricted general funds 2018 £	Unrestricted designated funds 2018 £	Restricted funds 2018 £	Total 2018 £	Total 2017 £
Merchandise income	54	-	-	54	137
Accommodation and other functions	19,704	7,800	-	27,504	14,102
	<u>19,758</u>	<u>7,800</u>	<u>-</u>	<u>27,558</u>	<u>14,239</u>

6 Fundraising expenses and other costs

	Unrestricted general funds 2018 £	Unrestricted designated funds 2018 £	Restricted funds 2018 £	Total 2018 £	Total 2017 £
Merchandise expenditure	809	-	-	809	-
Other expenditure	2,838	-	-	2,838	4,762
	<u>3,647</u>	<u>-</u>	<u>-</u>	<u>3,647</u>	<u>4,762</u>

Notes (continued)

7 Expenditure by charitable activity

Summary by fund type

	Unrestricted general funds 2018 £	Unrestricted designated funds 2018 £	Restricted funds 2018 £	Total 2018 £	Total 2017 £
Educational activities	1,807,453	128,927	406,035	2,342,415	2,254,738
	<u>1,807,453</u>	<u>128,927</u>	<u>406,035</u>	<u>2,342,415</u>	<u>2,254,738</u>

Summary by expenditure type

	Staff costs 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Educational activities	1,223,503	1,118,912	2,342,415	2,254,738
	<u>1,223,503</u>	<u>1,118,912</u>	<u>2,342,415</u>	<u>2,254,738</u>

Summary by activity type

	Activities undertaken directly 2018 £	Support costs 2018 £	Total 2018 £	Total 2017 £
Educational activities	2,177,904	164,511	2,342,415	2,254,738
	<u>2,177,904</u>	<u>164,511</u>	<u>2,342,415</u>	<u>2,254,738</u>

8 Educational activities undertaken directly

	2018 £	2017 £
Student costs	299,418	289,990
Premises costs	564,671	545,240
Conference expenses	44,204	50,286
Academic projects	46,108	47,460
Wages and salaries	994,476	943,649
National insurance	87,380	84,678
Pension cost	141,647	140,138
	<u>2,177,904</u>	<u>2,101,441</u>

Notes *(continued)*

9 Support costs

	2018	2017
	£	£
Miscellaneous expenditure	24,782	49,090
Office costs	(5,550)	25,457
Alumni and travel	83,120	41,067
<i>Governance costs</i>		
Fees payable to auditor	7,800	7,916
Professional fees	37,596	16,141
Bank charges	9,640	9,259
Other	7,123	4,367
	164,511	153,297
	164,511	153,297

All support costs are allocated to educational activities.

10 Net income

This is stated after charging:

	2018	2017
	£	£
Depreciation of tangible fixed assets		
Owned by the charity	179,249	139,374
Fees payable to auditor:		
- Audit of financial statements	7,800	7,560
- Other fees	-	-
	187,049	146,934
	187,049	146,934

Notes (*continued*)

11 Staff costs

	2018 £	2017 £
Wages and salaries	965,461	943,649
Social security costs	87,380	84,678
Pension costs	141,647	140,138
Redundancy Costs	29,005	-
	1,223,503	1,168,465
	1,223,503	1,168,465

Redundancy payments amounting to £29,005 were made in the year in respect of 2 employees.

There was one employee (*2017: 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:

	2018	2017
£60,000 - £69,999	-	1
£70,000 - £79,999	1	1
	1	2
	1	2

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:

	2018	2017
Academic and administration	20	18
Support staff	31	30
	51	48
	51	48

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

	38	37
	38	37
	38	37

12 Key management personnel

The Governors of the College 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 Governors in their capacity as trustees during the year (*2017: nil*). One (*2017: one*) Governor received remuneration in total of £77,552 (*2017: £76,179*) in connection with their full-time employment by the College. The College paid contributions of £13,991 (*2017: £13,712*) to money purchase and defined benefit pension schemes in respect of one (*2017: one*) Governor. Remuneration was received for duties other than those connected to the Governors of the College.

The College Officers received remuneration in total of £215,440 (*2017: £230,659*) in connection with their full-time employment by the College. The College paid contributions of £38,935 (*2017: £43,527*) to money purchase and defined benefit pension schemes in respect of the College Officers.

£699 of expenses (*2017: £973*) were reimbursed to the key management personnel during the year. No expenses were waived by the key management personnel (*2017: £nil*). Four donations were made to the charitable company by the key management personnel during the year amounting to £3,760 (*2017: £590*).

Notes (continued)

12 Key management personnel (continued)

Owing to the nature of the College's operations and the composition of the College's Governing Body, it is inevitable that transactions will take place with organisations in which a Governor 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	8,288,522	1,771,512	10,060,034
Additions	-	558,175	558,175
Revaluation	2,435,000	45,540	2,480,540
	<hr/>	<hr/>	<hr/>
At the end of the year	10,723,522	2,375,227	13,098,749
	<hr/>	<hr/>	<hr/>
Depreciation			
At the beginning of the year	260,037	1,355,527	1,615,564
Charge for year	22,271	156,978	179,249
	<hr/>	<hr/>	<hr/>
At the end of the year	282,308	1,512,505	1,794,813
	<hr/>	<hr/>	<hr/>
Net book value			
At 30 September 2018	10,441,214	862,722	11,303,936
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 30 September 2017	8,028,485	415,985	8,444,470
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Freehold land and buildings of £10,020,000 (2017: £7,585,000), have not been depreciated. The freehold property has been revalued as at 30 September 2018. The value of the freehold property has appreciated by £2,435,000 since the last valuation in July 2013.

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 an original valuation of £106,170. These assets have been revalued as at the 30 September 2018 at £212,670 (2016/17 £167,130).

At 30 September 2018, included within the net book value of land and buildings is £421,214 (2017: £443,485) relating to leasehold land and buildings.

Notes *(continued)*

14 Tangible fixed assets *(continued)*

Following the building revaluation in September 2018 the cost or valuation statement as at 30 September 2018 is as follows:

	Land and buildings £
At cost	703,522
At valuation	10,020,000
	10,723,522
	10,723,522

The freehold land and buildings were revalued as at 30 September 2018 by an independent firm, Ashley Smith Chartered Surveyors (RICS) on the basis of market value at £10,020,000.

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 2018 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 £112,713 (2017: £90,345) were recharged by the College to its subsidiary and the College received a gift aid payment of £26,722 (2017: £143,606) from the subsidiary. At 30 September 2018 the College was owed £171,440 (2017: £170,368) by the subsidiary.

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

Notes (*continued*)

16 Stock

	2018 £	2017 £
Goods for resale	4,215	5,833
	4,215	5,833

17 Debtors

	2018 £	2017 £
Trade debtors	111,287	129,351
Amounts owed by group undertakings	171,440	170,368
Other debtors	2,745	1,295
Prepayments	10,977	-
Accrued income	115,822	38,823
	412,271	339,837

18 Short-term investments

	Unrestricted general		Restricted	Restricted Elizabeth Griffiths Trust	Total 2018	Total 2017
	CCLA	Fixed term investments	CCLA	£	£	£
	£	£	£	£	£	£
Market value						
At beginning of year	733,056	250,000	-	47,027	1,030,083	1,077,547
Additions in year	-	-	-	-	-	200,000
Interest receivable	-	6,807	-	-	6,807	-
Disposals in year	-	-	-	-	-	(253,565)
Transfers	(328,505)	-	328,538	(33)	-	-
Net gains/(losses) on revaluation	4,928	-	19,961	(835)	24,054	6,101
	409,479	256,807	348,499	46,159	1,060,944	1,030,083

Notes *(continued)*

19 Creditors: amounts falling due within one year

	2018	2017
	£	£
Bank loans (note 20)	30,049	30,049
Trade creditors	86,149	67,597
Social security and other taxes	39,456	39,283
Other creditors	9,754	11,665
Accruals and deferred income	66,143	78,609
	<hr/>	<hr/>
	231,551	227,203
	<hr/> <hr/>	<hr/> <hr/>

20 Creditors: amounts falling due after more than one year

	2018	2017
	£	£
Bank loans	267,051	297,101
	<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	2018	2017
	£	£
Aggregate amounts payable:		
Within two and five years	120,200	120,200
More than five years	146,851	176,901
	<hr/>	<hr/>
	267,051	297,101
	<hr/>	<hr/>
Within one year (note 19)	30,049	30,049
	<hr/>	<hr/>
	297,100	327,150
	<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:

	2018	2017
	£	£
Assets measured at fair value through profit or loss	804,137	780,083
Assets measured at amortised cost	285,472	301,014
Liabilities measured at amortised cost	(393,004)	(406,412)
	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>

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 2018	Fair value 2017
	£	£
Non-derivative financial assets at fair value through profit and loss		
Short-term investments	804,137	780,083
	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>

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 £141,647 (2017: £140,138).

23 Commitments

Non-cancellable operating lease rentals are payable as follows:

	2018	2017
	£	£
Within one year	60,000	60,526
Within two to five years	240,000	240,000
More than five years	900,000	960,000
	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
	1,200,000	1,260,526
	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>

Notes (continued)

24 Movements in funds

	Brought forward	Income	Expenditure	Revaluations/ Unrealised gains/(losses) on investments	Transfers	Carried forward
	£	£	£	£	£	£
Designated funds						
Revaluation reserve	4,208,554	-	-	2,415,540	-	6,624,094
Policies and Practice fund	53,470	84,880	(121,127)	-	-	17,223
Fixed asset funds	150,000	7,800	(7,800)	65,000	-	215,000
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total designated funds	4,412,024	92,680	(128,927)	2,480,540	-	6,856,317
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
General funds						
General funds	5,610,203	2,090,701	(1,811,100)	4,928	(87,586)	5,807,146
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total unrestricted funds	10,022,227	2,183,381	(1,940,027)	2,485,468	(87,586)	12,663,463
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Restricted funds						
College fees	-	360,000	(360,000)	-	-	-
Farmington Trust	2,892	-	-	-	-	2,892
Chaplaincy to the Arts	49,943	-	-	-	-	49,943
Elizabeth Griffiths Trust	47,027	1,503	(1,503)	(868)	-	46,159
Scholarships & Bursaries Fund	175,211	108,774	(11,356)	19,994	55,910	348,533
Boat Club Fund	-	4,510	(24,682)	-	22,682	2,510
College Choir Fund	-	11,325	(8,384)	-	8,384	11,325
Other Funds	-	2,155	(110)	-	610	2,655
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total restricted funds	275,073	488,267	(406,035)	19,126	87,586	464,017
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total funds	10,297,300	2,671,648	(2,346,062)	2,504,594	-	13,127,480
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Revaluation reserve

The revaluation reserve represents the revaluation of antiques at £212,670 and the revaluation of the College's land and buildings of £6,411,424.

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 investment income 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.

The Scholarships & Bursaries Fund is restricted in such a way that any investment income receivable is used to fund scholarships for students studying at Durham University enrolled at St Chad's College. The fund balance is invested in the COIF Charities Ethical Investment Fund.

The Boat Club Fund is restricted to funding St Chad's College Boat Club and this year includes within expenditure the purchase of 2 new rowing boats.

24 Movement in funds (continued)

Restricted funds (continued)

The College Choir Fund is a restricted to funding choral scholarships and music expenses for the college choir.

Transfers

Following a comprehensive review of historic donations, £87,586 has been reclassified from unrestricted to restricted reserves in the accounting period as a correction to restricted fund balances.

Designated funds

The Policies and Practice 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. The property has been revalued at the 30th September 2018 by Ashley Smith Chartered Surveyors to a value of £215,000.

Notes (continued)

25 Prior year comparatives by type of funds

Unrestricted General Funds – Statement of Financial Activities

	2018 £	2017 £
Income		
Donations and legacies	90,710	25,451
Investment income	42,667	170,579
<i>Income from charitable activities</i>		
Income from educational activities	1,937,566	1,873,420
<i>Income from other trading activities</i>		
Commercial business income	19,758	14,239
Total income	2,090,701	2,083,689
Expenditure		
Fundraising expenses and other costs	(3,647)	(4,762)
<i>Expenditure on charitable activities</i>		
Expenditure on educational activities	(1,807,453)	(1,793,146)
Total expenditure	(1,811,100)	(1,797,908)
Unrealised gains on investments	4,928	3,006
Net income before transfers	284,529	288,787
Gross transfers between funds	(87,586)	1
Net income before other recognised gains and losses	196,943	288,788
Movements on revaluation of fixed assets	-	-
Net movement in funds for the year	196,943	288,788
Fund balances brought forward	5,610,203	5,321,415
Fund balances carried forward	5,807,146	5,610,203

Notes *(continued)*

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

Unrestricted General Funds – Balance Sheet

	2018	2017
	£	£
Fixed assets		
Tangible assets	4,464,842	4,085,916
Investments	1	1
	<hr/>	<hr/>
	4,464,843	4,085,917
Current assets	1,840,905	2,048,980
Creditors due within one year	(231,551)	(227,593)
	<hr/>	<hr/>
Net current assets	1,609,354	1,821,387
	<hr/>	<hr/>
Total assets less current liabilities	6,074,197	5,907,304
Creditors: amounts falling due after more than one year	(267,051)	(297,101)
	<hr/>	<hr/>
Net assets	5,807,146	5,610,203
	<hr/> <hr/>	<hr/> <hr/>
Charity funds		
Unrestricted general fund	5,807,146	5,610,203
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

25 Prior year comparatives by type of funds (continued)

Unrestricted Designated Funds – Statement of Financial Activities

	2018 £	2017 £
Income		
Donations and legacies	-	-
Investment income	-	-
<i>Income from charitable activities</i>		
Income from educational activities	84,880	201,883
<i>Income from other trading activities</i>		
Commercial business income	7,800	-
Total income	92,680	201,883
Expenditure		
Fundraising expenses and other costs	-	-
<i>Expenditure on charitable activities</i>		
Expenditure on educational activities	(128,927)	(163,768)
Total expenditure	(128,927)	(163,768)
Unrealised gains/(losses) on investments	-	-
Net income/(expenditure) before transfers	(36,247)	38,115
Gross transfers between funds	-	(1)
Net income/(expenditure) before other recognised gains and losses	(36,247)	38,114
Movements on revaluation of fixed assets	2,480,540	-
Net movement in funds for the year	2,444,293	38,114
Fund balances brought forward	4,412,024	4,373,910
Fund balances carried forward	6,856,317	4,412,024

Notes *(continued)*

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

Unrestricted Designated Funds – Balance Sheet

	2018	2017
	£	£
Fixed assets		
Tangible assets	6,839,094	4,358,554
Current assets	17,223	53,470
	<hr/>	<hr/>
Net assets	6,856,317	4,412,024
	<hr/> <hr/>	<hr/> <hr/>
Charity funds		
Designated funds	6,856,317	4,412,024
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

25 Prior year comparatives by type of funds (continued)

Restricted Funds – Statement of Financial Activities

	2018 £	2017 £
Income		
Donations and legacies	115,408	80,045
Investment income	12,859	-
<i>Income from charitable activities</i>		
Income from educational activities	360,000	297,824
<i>Income from other trading activities</i>		
Commercial business income	-	-
	<hr/>	<hr/>
Total income	488,267	377,869
	<hr/>	<hr/>
Expenditure		
Fundraising expenses and other costs	-	-
<i>Expenditure on charitable activities</i>		
Expenditure on educational activities	(406,035)	(297,824)
	<hr/>	<hr/>
Total expenditure	(406,035)	(297,824)
	<hr/>	<hr/>
Unrealised gains/(losses) on investments	19,126	3,095
	<hr/>	<hr/>
Net income before transfers	101,358	83,140
Gross transfers between funds	87,586	
	<hr/>	<hr/>
Net income before other recognised gains and losses	188,944	83,140
Movements on revaluation of fixed assets	-	-
	<hr/>	<hr/>
Net movement in funds for the year	188,944	83,140
Fund balances brought forward	275,073	191,933
	<hr/>	<hr/>
Fund balances carried forward	464,017	275,073
	<hr/> <hr/>	<hr/> <hr/>

Notes *(continued)*

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

Restricted Funds – Balance Sheet

	2018	2017
	£	£
Fixed assets		
Tangible assets	-	-
Current assets	464,017	275,073
	<hr/>	<hr/>
Net assets	464,017	275,073
	<hr/> <hr/>	<hr/> <hr/>
Charity funds		
Restricted funds	464,017	275,073
	<hr/> <hr/>	<hr/> <hr/>

26 **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.