

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

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

Company number 00109442

Registered charity number: 01142958

Draft - 30 September 2014

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Report of the College Governing Body

Reference and administrative details

College Governing Body members

Mr J. Blackie, Chair
Prof. S. J. Banks
The Revd Canon Dr J. P. Cassidy
Ms J. Haworth
Ms L Murphy (appointed 26 June 2014)
Mr S. Power
The Venerable Dr R Pratt
Ms E. Rowark
Mr R Schoonmaker (appointed 17 September 2014)
Mrs S. Shaw
Mr R. Taylor
Mr P Whitehead (appointed 26 June 2014)
Mr C. Winskell
Ms K. Almeida (resigned 26 June 2014)
Mr O. Burnham (resigned 17 September 2014)
Mr D. Coppock (resigned 26 June 2014)
Prof C. F. Higgins (resigned 17 September 2014)
Ms M. J. U. Houston (resigned 26 June 2014)
Prof S. D. Kunin (resigned 17 September 2014)
Ms C. Williamson (resigned 26 June 2014)

Company number

00109442

Registered Charity Number

01142958

Registered office

18 North Bailey
Durham
DH1 3RH

Company Secretary

Mr G. Cox

Report of the College Governing Body *(continued)*

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

Principal

The Revd Canon Dr J. P. Cassidy

Bursar

Mr G. Cox

Report of the College Governing Body *(continued)*

The College Governing Body, who are also directors of the company for the purposes of the Companies Act, submit their annual report and the audited financial statements of St Chad's College (the company) for the year ended 30 September 2014. The College Governing Body confirm that the annual report and financial statements of the company comply with current statutory requirements, the requirements of the company's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

Structure, Governance and Management

a) Constitution

The company is a charitable company limited by guarantee and was set up by a Memorandum of Association on 4 May 1910. St Chad's College Durham became a registered charity, registration number 1142958, on 19 July 2013. 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 are 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 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 College Governing Body

New members of the Governing Body are inducted by the Secretary to the Governing Body. New members are given a copy of the Guide for Members of Higher Education Governing Bodies in the UK (2004/40), produced by the Committee of University Chairmen. 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 enabled to see past minutes of Governing Body meetings. They are invited to tour the College, to dine with and meet the Principal and staff, and they are made members of the Senior Common Room of the College and so are invited to participate in the life of the College on a regular basis. Within the first year, they are given updates about the College's five year plan.

Durham University has the right to nominate up to two representatives for election to the Governing Body. The ultimate appointment is made by the Governing Body.

e) Organisational structure and decision making

The day to day running of the College is delegated to the Principal and the Bursar.

f) Risk management

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

Report of the College Governing Body (*continued*)

Objectives and activities

a) Policies and objectives

The principal objectives of the College are:

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

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

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

b) Strategies for achieving objectives

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

Academic and pastoral support is offered not just to enable our students to do well in their departmental-based studies, but also to stretch their academic and social potential by exposing them to issues and challenges beyond the curriculum. We do this by providing a variety of tutors and by our Education and Skills 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, then 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.

c) Activities for achieving objectives

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

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

Report of the College Governing Body (*continued*)

c) Activities for achieving objectives (*continued*)

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

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

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

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

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

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

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

2013/14 was a challenging year for many organisations reliant upon publicly-funded research and although the PRG continued again to be successful in winning contracts their overall income reduced and, margins were again being squeezed as the year proceeded, and this has had an impact on their income generation.

In summary 2013/14 was a very active and successful year for St Chad's College. We continue to focus on how to deliver our objectives against a background of economic challenges and with major changes to the way Higher Education is funded in the UK.

Finance

The year to 30 September 2014 was a successful year for St Chad's College. Net incoming resources achieved were £212,679. (2013: £130,079).

Balance sheet

The target set by College Governing Body of a basic cash flow of £400,000 per annum (net income plus depreciation) was achieved in 2013/14 with £453,049 being generated (2013: £329,612). It is pleasing to note this achievement and that the building blocks are in place to maintain this level of cash generation.

We continued to invest heavily in our long term capital refurbishment plan, investing this year £187,399 (2013: £138,540). This year the majority of the work was at No 1 North Bailey (Queen's Court) which was acquired on a 99 year peppercorn lease from Durham University.

In cash terms the bank balances have increased by £115,243 to stand at £1,486,405 (2013: £1,371,162).

The net asset value has risen from £8,807,077 to £9,018,186.

Report of the College Governing Body *(continued)*

Balance sheet *(continued)*

Income

The core activity of providing accommodation and welfare services for students was impacted in the year by an unusual number of “early leavers”. However, this impact of almost £40,000 was offset by an increase in bed stock following the lease on No 2 North Bailey and a 5% increase in the standard residence charge. (2014: £1,323,247 2013: £1,208,574). Overall this generated a 9% uplift in student residence income.

Commercial trade showed significant signs of continued improvement. Overall income increased to £414,079, though this is not reflected in the accounts where an improvement of £94,763 is published (2014: £284,311 2013: £189,548). This is difficult to see in the fiscal accounts as we recharge costs from College to Trading and then covenant the surplus in the Trading Company back to College, consequently the full value of the income is not shown in the College accounts.

The true comparison of trading income is achieved by combining the two businesses (2014: £414,079 2013: £347,006).

Trade for 2015 is already booked at 2014 levels with further bookings expected, indicating that the drop in 2012 has been reversed and that trade is moving back towards the 2011 levels, which we are setting as our target.

Alumni donations have shown a marked improvement on last year (2014: £59,702 2013: £19,721) which appears to indicate that the employment of staff in this area is starting to show benefit.

The fall in donation income from the subsidiary company is all tied in with the above comments relating to commercial trade, which included a change in profile between the two sister companies.

Bank interest is in line with last year due to the recognition of the interest due on the fixed term deposits which total £600,000.

Expenditure

The perpetual challenge regarding expenditure is how can we continue to improve the service standards we provide while trying to reduce the cost, especially in a sector where the majority of our non-staff costs are being significantly impacted by world-wide events seemingly driving costs ever higher (e.g. food and heating). We do this against a background of striving to be socially responsible by looking at the environmental and social pay aspects both internal and external to St Chad's, and at the same time working in a market sector that is becoming more commercially orientated each year.

Staff costs have increased to £1,193,805 (2013: £1,131,045). This is a 6% increase and is due to pay increases, the introduction of the Living Wage for permanent manual working staff and once again additional pay costs to cover long term sickness of staff. In addition the increased commercial activity required additional catering staff expenditure.

In 2013/14 our non-staff costs increased by 2.4% (2014: £1,051,180 2013: £1,026,301). Within this student costs remained constant (2014: £205,954 2013: £203,653) while premises costs increased by £72,960 (13%) due to increased depreciation, additional laundry costs, as we had to change our provider, and a one off benefit to last year's account. Academic projects show a decrease of £44,498 as a result of two of our academic leaders reducing their workload as they move towards retirement.

Overall the contribution from “college” activities generated £238,050.

Research activities

Research activities, have levelled out this year following pressure due to UK recession impacting on government funding, their prime income source. In real terms they have fallen as a result of the previously mentioned reduction in working hours of two key staff as they move towards retirement. (2014: £354,646; 2013: £392,649; 2012: £461,714; 2011: £529,685).

This aspect of college life continues to be monitored closely as research reserves reduced for a third year in succession by £25,369 (2013: £58,804; 2012: £33,163).

Report of the College Governing Body *(continued)*

St Chad's College Trading

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

Turnover in 2013/14 was £130,073 (2013: £157,458: 38%) which delivered a 42% return on income.

d) Reserves policy

Our total reserves at the end of the 2013/14 year were £9,018,186 (2012/13: £8,807,077). There are three elements to our reserves:

- i) Our Estate. Our policy is to keep our buildings renewed to prevent erosion of their value. We hold a reserve equivalent to the market value of the land and buildings. We generate annual operating surpluses to maintain these buildings, so no extra reserve is anticipated beyond the actual (unrealisable) value of our current buildings and land.
- ii) Our operating reserves, which we review annually on a risk basis. We have set it at £1,300,000 for 2014/15.
- iii) Our strategic development. To further the charitable purposes we need continually to look at new and potential residential properties and to ensure that the buildings we currently have are fit for purpose in both size and facility requirement. We would aim to build a fund of up to £1m to purchase or to support any borrowing required to finance such strategic developments.
- iv) Our building fund. We have developed beyond the capacity of our current buildings and we need to acquire or build further building(s) to achieve our strategic objectives. Based on an analysis of our current needs, we need to build up a fund of at least £3.5 million.

It is our target to increase 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 and the building fund. Both funds will be treated as designated reserves.

In 2013/14 the estate (ie our current building) reserves were £7,680,582 (2013: £7,736,694), restricted reserves were £2,935 (2013: £12,230) leaving free reserves of £1,334,669 (2013: £1,058,153).

e) Principal funding

The principal sources of funding for the year to 30 September 2014 were student maintenance and college fees - income generated through charitable trading, educational conferences and related research activity.

f) Investment policy and performance

The power to invest monies is held by the Governing Body and they can invest monies as they see fit. The investments are held in the form of a fixed interest bond and the performance of the investment is considered adequate. There is £600,000 invested in this manner.

Market value of land and buildings

The College Governing Body consider that the market value of the land and buildings is equivalent to the figure disclosed in the accounts. A valuation of the land and buildings was carried out to 30 September 2013 which is considered to be a valid valuation as at 30 September 2014

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

2014

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

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue its activities.

The College Governing Body 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.



KPMG LLP

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

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

We have audited the financial statements St Chad's College, for the year ended 30 September 2014 set out on pages 12 to 27.

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

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of College Governing Body and auditor

As explained more fully in the Statement of College Governing Body's Responsibilities set out on page 9, the Governors (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 30 September 2014 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

- the charitable company has not kept adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

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

2014

Statement of financial activities (incorporating income and expenditure account)
for the year ended 30 September 2014

| | <i>Note</i> | Unrestricted funds | Restricted | Total | Total |
|--|-------------|---------------------------|-------------------|----------------|------------------|
| | | General | Designated | income | funds |
| | | funds | funds | funds | funds |
| | | 2014 | 2014 | 2014 | 2013 |
| | | £ | £ | £ | £ |
| Incoming resources | | | | | |
| Incoming resources from generated funds | | | | | |
| Voluntary income | 2 | 59,702 | - | - | 19,721 |
| Activities for generating funds | 3, 4 | 11,391 | - | - | 17,190 |
| Investment income | 5 | 80,702 | - | - | 95,012 |
| Incoming resources from charitable activities | | | | | |
| | 6 | 1,705,498 | 354,646 | 297,959 | 2,188,278 |
| Total incoming resources | | 1,857,293 | 354,646 | 297,959 | 2,320,201 |
| Resources expended | | | | | |
| Cost of generating funds: | | | | | |
| Costs of generating voluntary income | 7 | 4,691 | - | - | 744 |
| Fundraising expenses and other costs | 7 | 24,814 | - | - | 11,760 |
| Charitable activities | 8-11 | 1,560,237 | 380,015 | 304,733 | 2,157,346 |
| Governance costs | 12 | 22,729 | - | - | 20,272 |
| Total resources expended | | 1,612,471 | 380,015 | 304,733 | 2,190,122 |
| Net incoming/(outgoing) resources before Transfers | | 244,822 | (25,369) | (6,774) | 130,079 |
| Gross transfers between funds | 23 | 402,521 | (400,000) | (2,521) | - |
| Net incoming/(outgoing) resources before revaluations (net income for the year) | | 647,343 | (425,369) | (9,295) | 130,079 |
| (Losses)/gains on revaluation on fixed assets | 13 | - | (1,570) | - | 977,803 |
| Net movement in funds for the year | | 647,343 | (426,939) | (9,295) | 1,107,882 |
| Total funds at 1 October 2013 | | 3,994,575 | 4,800,272 | 12,230 | 7,699,195 |
| Total funds at 30 September 2014 | 23 | 4,641,918 | 4,373,333 | 2,935 | 8,807,077 |

All of the above results are derived from continuing activities.

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

Balance sheet
at 30 September 2014

| | <i>Note</i> | 2014 | | 2013 | |
|--|-------------|------------------|------------------|------------------|---|
| | | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Tangible assets | <i>15</i> | 7,680,582 | | 7,736,694 | |
| Fixed asset investments | <i>16</i> | 1 | | 1 | |
| | | <hr/> | | <hr/> | |
| | | | 7,680,583 | 7,736,695 | |
| Current assets | | | | | |
| Stocks | <i>17</i> | 8,920 | | 2,279 | |
| Debtors: amounts falling due within one year | <i>18</i> | 442,848 | | 378,086 | |
| Cash at bank and in hand | | 1,486,405 | | 1,371,162 | |
| | | <hr/> | | <hr/> | |
| Creditors: amounts falling due within one year | <i>19</i> | 1,938,173 | | 1,751,527 | |
| | | (206,925) | | (257,450) | |
| | | <hr/> | | <hr/> | |
| Net current assets | | | 1,731,248 | 1,494,077 | |
| | | | <hr/> | <hr/> | |
| Total assets less current liabilities | | | 9,411,831 | 9,230,772 | |
| Creditors: amounts falling due after more than one year | <i>20</i> | | (393,645) | (423,695) | |
| | | | <hr/> | <hr/> | |
| Net assets | | | 9,018,186 | 8,807,077 | |
| | | | <hr/> <hr/> | <hr/> <hr/> | |
| Charity Funds | | | | | |
| Restricted funds | <i>23</i> | | 2,935 | 12,230 | |
| Designated funds | <i>23</i> | | 4,373,333 | 4,800,272 | |
| Unrestricted accumulated fund | <i>23</i> | | 4,641,918 | 3,994,575 | |
| | | | <hr/> | <hr/> | |
| | | | 9,018,186 | 8,807,077 | |
| | | | <hr/> <hr/> | <hr/> <hr/> | |

These financial statements on pages 12 to 27 were approved by the College Governing Body on 2014 and were signed on their behalf by:

Mr J Blackie
Chairman of Governors

Registered number: 00109442

Cash flow statement
for the year ended 30 September 2014

| | 2014 £ | 2013 £ |
|--|----------------|-------------|
| Net cash flow from operating activities | 274,150 | 145,850 |
| Capital expenditure | | |
| Payments to acquire tangible fixed assets | (128,857) | (138,539) |
| Financing | | |
| Capital repayments | (30,050) | (30,268) |
| | <hr/> | <hr/> |
| Increase/(decrease) in cash in the year | 115,243 | (22,957) |
| | <hr/> <hr/> | <hr/> <hr/> |

Reconciliation of changes in resources to net cashflow from operating activities
for the year ended 30 September 2014

| | 2014 £ | 2013 £ |
|---|----------------|-------------|
| Net incoming resources | 212,679 | 130,079 |
| Depreciation | 241,941 | 199,533 |
| (Increase)/decrease in stock | (6,641) | 422 |
| Increase in debtors | (64,762) | (130,808) |
| Decrease in creditors | (109,067) | (53,376) |
| | <hr/> | <hr/> |
| Net cash flow from operating activities | 274,150 | 145,850 |
| | <hr/> <hr/> | <hr/> <hr/> |

Reconciliation of net cashflow to movement in net funds
for the year ended 30 September 2014

| | 2014 £ | 2013 £ |
|---|------------------|-------------|
| Increase/(decrease) in cash in the period | 115,243 | (22,957) |
| Cash outflow on loan repayments | 30,050 | 30,268 |
| | <hr/> | <hr/> |
| Movement in net funds in the year | 145,293 | 7,311 |
| Net funds at start of year | 923,813 | 916,502 |
| | <hr/> | <hr/> |
| Net funds at end of year | 1,069,106 | 923,813 |
| | <hr/> <hr/> | <hr/> <hr/> |

Analysis of net funds
for the year ended 30 September 2014

| | At 30 September 2013 £ | Cash flow £ | Other non cash movements £ | At 30 September 2014 £ |
|--------------------------|------------------------------|----------------|----------------------------------|------------------------------|
| Cash at bank and in hand | 1,371,162 | 115,243 | - | 1,486,405 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Debt due after one year | (417,299) | - | 30,049 | (387,250) |
| Debt due within one year | (30,050) | 30,050 | (30,049) | (30,049) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | (447,349) | 30,050 | - | (417,299) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total net funds | 923,813 | 145,293 | - | 1,069,106 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

Notes

(forming part of the financial statements)

1 Accounting policies

Basis of preparation

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

Consolidation

These financial statements present information about the College as an individual undertaking and not as a group. Consolidated financial statements have not been prepared as the College has taken advantage of the exemptions available to small companies under Section 402 of the Companies Act 2006.

Company status

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

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

Fund accounting

Designated funds comprise general funds which have been set aside at the discretion of Members of the Council for specific purposes. The purpose and use of the designated funds are set out in note 23.

Restricted funds are funds subject to specific restrictive conditions imposed by founders (or the purpose of the appeal). The purpose and use of the restricted funds are set out in note 23.

Resources expended

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

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

Irrecoverable VAT is included as an expense where appropriate.

Investments

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

Notes (continued)

1 Accounting policies (continued)

Tangible fixed assets and depreciation

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

Freehold land is not depreciated.

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

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

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

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

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

Leases

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

Stock

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

Pensions

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 profit and loss account in respect of pension costs and other post-retirement benefits are the contributions payable in the year.

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

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

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

The latest actuarial valuation of the scheme was at 31 March 2013.

At the valuation date, the value of the assets of the scheme was £33.35 billion and the value of the scheme's technical provisions was £36.25 billion indicating a deficit of £2.9 billion. The assets therefore were sufficient to cover only 92% of the benefits which had accrued to members after allowing for expected future increases in earnings.

A recovery plan has been implemented by USS but contributions will remain at 16% until 31 March 2017.

Government grants

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

Notes *(continued)*

1 Accounting policies *(continued)*

Taxation

St Chad's College is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2013 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part II of the Corporation Tax Act 2013 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

2 Voluntary income

| | Unrestricted funds 2014 £ | Restricted funds 2014 £ | Total 2014 £ | Total 2013 £ |
|-----------|------------------------------------|----------------------------------|--------------------|--------------------|
| Donations | 59,702 | - | 59,702 | 19,721 |
| | <u>59,702</u> | <u>-</u> | <u>59,702</u> | <u>19,721</u> |

3 Fundraising income

| | Unrestricted funds 2014 £ | Restricted funds 2014 £ | Total 2014 £ | Total 2013 £ |
|--------------------|------------------------------------|----------------------------------|--------------------|--------------------|
| Merchandise income | 3,862 | - | 3,862 | 1,660 |
| | <u>3,862</u> | <u>-</u> | <u>3,862</u> | <u>1,660</u> |

4 Trading activities

| | Unrestricted funds 2014 £ | Restricted funds 2014 £ | Total 2014 £ | Total 2013 £ |
|------------------------------------|------------------------------------|----------------------------------|--------------------|--------------------|
| Charity trading income | | | | |
| Accommodation and other functions | 7,529 | - | 7,529 | 15,530 |
| | <u>7,529</u> | <u>-</u> | <u>7,529</u> | <u>15,530</u> |
| Charity trading expenses | | | | |
| Purchases | (5,044) | - | (5,044) | (10,405) |
| | <u>(5,044)</u> | <u>-</u> | <u>(5,044)</u> | <u>(10,405)</u> |
| Net income from trading activities | 2,485 | - | 2,485 | 5,125 |
| | <u>2,485</u> | <u>-</u> | <u>2,485</u> | <u>5,125</u> |

Notes *(continued)*

5 Investment income

| | Unrestricted funds 2014 £ | Restricted funds 2014 £ | Total 2014 £ | Total 2013 £ |
|----------------------------------|------------------------------------|----------------------------------|--------------------|--------------------|
| Bank and other interest | 38,963 | - | 38,963 | 41,307 |
| Donation from subsidiary company | 41,739 | - | 41,739 | 53,705 |
| | <u>80,702</u> | <u>-</u> | <u>80,702</u> | <u>95,012</u> |

6 Income from educational activities

| | Unrestricted funds 2014 £ | Restricted funds 2014 £ | Total 2014 £ | Total 2013 £ |
|-------------------|------------------------------------|----------------------------------|--------------------|--------------------|
| Maintenance fees | 1,323,245 | - | 1,323,245 | 1,208,574 |
| College fees | - | 297,959 | 297,959 | 313,583 |
| Conferences | 284,311 | - | 284,311 | 189,548 |
| Academic projects | 354,646 | - | 354,646 | 392,649 |
| Other income | 97,942 | - | 97,942 | 83,924 |
| | <u>2,060,144</u> | <u>297,959</u> | <u>2,358,103</u> | <u>2,188,278</u> |

7 Cost of generating funds

| | Unrestricted funds 2014 £ | Restricted funds 2014 £ | Total 2014 £ | Total 2013 £ |
|-------------------|------------------------------------|----------------------------------|--------------------|--------------------|
| Merchandise | 4,691 | - | 4,691 | 744 |
| Other expenditure | 24,814 | - | 24,814 | 11,760 |
| | <u>29,505</u> | <u>-</u> | <u>29,505</u> | <u>12,504</u> |

Notes *(continued)*

8 Expenditure by charitable activity

Summary by fund type

| | Unrestricted funds 2014 £ | Restricted funds 2014 £ | Total 2014 £ | Total 2013 £ |
|------------------------|------------------------------------|----------------------------------|--------------------|--------------------|
| Educational activities | 1,940,252 | 304,733 | 2,244,985 | 2,157,346 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

Summary by expenditure type

| | Staff costs 2014 £ | Other costs 2014 £ | Total 2014 £ | Total 2013 £ |
|------------------------|-----------------------------|-----------------------------|--------------------|--------------------|
| Educational activities | 1,193,805 | 1,051,180 | 2,244,985 | 2,157,346 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

9 Analysis of resources expended by activities

| | Activities undertaken directly 2014 £ | Support costs 2014 £ | Total 2014 £ | Total 2013 £ |
|------------------------|---|-------------------------------|--------------------|--------------------|
| Educational activities | 2,190,412 | 54,573 | 2,244,985 | 2,157,346 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

10 Educational activities undertaken directly

| | 2014 £ | 2013 £ |
|---------------------|-------------------|-------------------|
| Student costs | 205,954 | 203,653 |
| Premises costs | 643,803 | 570,843 |
| Conference expenses | 49,311 | 53,469 |
| Academic projects | 97,539 | 142,037 |
| Wages and salaries | 993,207 | 938,815 |
| National insurance | 76,761 | 75,704 |
| Pension cost | 123,837 | 116,526 |
| | <u> </u> | <u> </u> |
| | 2,190,412 | 2,101,047 |
| | <u> </u> | <u> </u> |

Notes *(continued)*

11 Support costs

| | 2014 | 2013 |
|---------------------------|--------|--------|
| | £ | £ |
| Miscellaneous expenditure | 12,764 | 9,521 |
| Office costs | 21,032 | 27,008 |
| Alumni and travel | 20,777 | 19,770 |
| | 54,573 | 56,299 |
| | 54,573 | 56,299 |

All support costs are allocated to educational activities.

12 Governance costs

| | Unrestricted funds 2014 £ | Restricted funds 2014 £ | Total 2014 £ | Total 2013 £ |
|------------------------|------------------------------------|----------------------------------|--------------------|--------------------|
| Auditor's remuneration | 6,100 | - | 6,100 | 6,200 |
| Professional fees | 6,958 | - | 6,958 | 7,004 |
| Bank charges | 8,810 | - | 8,810 | 6,429 |
| Other | 861 | - | 861 | 639 |
| | 22,729 | - | 22,729 | 20,272 |
| | 22,729 | - | 22,729 | 20,272 |

13 Net incoming resources

This is stated after charging:

| | 2014 | 2013 |
|---------------------------------------|---------|---------|
| | £ | £ |
| Depreciation of tangible fixed assets | | |
| Owned by the charity | 241,941 | 199,534 |
| Auditor's remuneration | 6,100 | 7,200 |
| | 248,041 | 206,734 |
| | 248,041 | 206,734 |

During the period, no College Governing Body member received any benefits in kind (2013: £nil).

During the year, the Principal was reimbursed expenses of £nil (2013: £nil) relating to non-Governing Body duties.

During the year, members of the College Governing Body received remuneration and pension contributions of £nil (2013: £nil). Remuneration was received for duties other than those connected to the College Governing Body.

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

Notes *(continued)*

14 Staff costs

Staff costs were as follows:

| | 2014 £ | 2013 £ |
|-------------------------------|-----------|-----------|
| Wages and salaries | 993,207 | 938,815 |
| Social security costs | 76,761 | 75,704 |
| Other pension costs (note 21) | 123,837 | 116,526 |
| | 1,193,805 | 1,131,045 |
| | 1,193,805 | 1,131,045 |

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

| | 2014 No | 2013 No |
|--|------------|------------|
| Student services – Tutors and administration | 20 | 20 |
| Student services – Support staff | 29 | 31 |
| | 49 | 51 |
| | 49 | 51 |

The average full time equivalent number of employees in 2014 was 33 (2013: 33).

The number of higher paid employees was:

| | 2014 | 2013 |
|-------------------------------|------|------|
| In the band £90,000 - £99,999 | 1 | 1 |
| | 1 | 1 |

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

| | 2014 | 2013 |
|---------------------|------|------|
| Number of employees | 1 | 1 |
| | 1 | 1 |

Notes *(continued)*

15 Tangible fixed assets

| | Land and buildings | Other fixed assets | Total |
|-----------------------------|-------------------------------|-------------------------------|------------------|
| | £ | £ | £ |
| <i>Cost or valuation</i> | | | |
| At beginning of year | 7,271,872 | 1,273,695 | 8,545,567 |
| Additions | - | 185,829 | 185,829 |
| | <hr/> | <hr/> | <hr/> |
| At end of year | 7,271,872 | 1,459,524 | 8,731,396 |
| | <hr/> | <hr/> | <hr/> |
| <i>Depreciation</i> | | | |
| At beginning of year | 185,846 | 623,027 | 808,873 |
| Charge for the year | 18,880 | 223,061 | 241,941 |
| | <hr/> | <hr/> | <hr/> |
| At end of year | 204,726 | 846,088 | 1,050,814 |
| | <hr/> | <hr/> | <hr/> |
| <i>Net book value</i> | | | |
| At 30 September 2014 | 7,067,146 | 613,436 | 7,680,582 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |
| At 30 September 2013 | 7,086,026 | 650,668 | 7,736,694 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

Freehold land and buildings of £6,645,000 (2013: £6,645,000), have not been depreciated.

The College's collection of rare books, antiques, paintings and silverware were reviewed and catalogued in 1997. Those assets considered to be of value have been identified and were included at a valuation of £106,170. This valuation was updated as at 30 September 2013 to £167,130, which is considered by the Governing Body to be a valid valuation at 30 September 2014. No depreciation has been provided.

At 30 September 2014, included within the net book value of land and buildings is £422,146 (2013: £441,026) relating to leasehold land and buildings.

Following the building revaluation in September 2013 the cost or valuation statement as at 30 September 2014 is as follows:

| | Land and buildings |
|---------------------|-------------------------------|
| | £ |
| At cost | 626,872 |
| At valuation | 6,645,000 |
| | <hr/> |
| | 7,271,872 |
| | <hr/> <hr/> |

Notes *(continued)*

15 Tangible fixed assets *(continued)*

The freehold land and buildings were revalued as at 30 September 2013 by an independent valuer, John G Hills FRICS, on the basis of market value at £6,645,000. This valuation is considered by the Governing Body to be a valid valuation at 30 September 2014.

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

| | 2014 £ | 2013 £ |
|--------------------------|-----------|-----------|
| Cost | 3,315,857 | 3,315,857 |
| Accumulated depreciation | (290,133) | (271,255) |
| | 3,025,724 | 3,044,602 |
| Net book value | 3,025,724 | 3,044,602 |

16 Subsidiary undertaking

The following was a subsidiary undertaking of the company:

St Chad's College (Trading) Limited 100%

The aggregate of the share capital and reserves as at 30 September 2014 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 £36,018 (2013: £87,235) were recharged by the College to its subsidiary and the College received a gift aid payment of £41,739 (2013: £53,705) from the subsidiary. At 30 September 2014 the College was owed £67,211 (2013: £144,850) by the subsidiary.

17 Stocks

| | 2014 £ | 2013 £ |
|------------------|-----------|-----------|
| Goods for resale | 8,920 | 2,279 |
| | 8,920 | 2,279 |

18 Debtors

| | 2014 £ | 2013 £ |
|------------------------------------|-----------|-----------|
| Trade debtors | 278,891 | 195,199 |
| Amounts owed by group undertakings | 67,211 | 144,850 |
| Other debtors | 2,400 | 1,101 |
| Prepayments | 16,080 | 15,536 |
| Accrued income | 78,266 | 21,400 |
| | 442,848 | 378,086 |
| | 442,848 | 378,086 |

Notes *(continued)*

19 Creditors: amounts falling due within one year

| | 2014 £ | 2013 £ |
|---------------------------------|-----------|-----------|
| Bank loans (note 20) | 30,049 | 30,050 |
| Trade creditors | 41,962 | 100,964 |
| Social security and other taxes | 22,336 | 23,381 |
| Other creditors | 15,853 | 14,813 |
| Accruals and deferred income | 96,725 | 88,242 |
| | 206,925 | 257,450 |
| | 206,925 | 257,450 |

20 Creditors: amounts falling due after more than one year

| | 2014 £ | 2013 £ |
|------------------------------|-----------|-----------|
| Bank loans | 387,250 | 417,299 |
| Accruals and deferred income | 6,395 | 6,396 |
| | 393,645 | 423,695 |
| | 393,645 | 423,695 |

The bank loan is secured by a first legal charge over 30 Hallgarth Street and 25 North Bailey, both situated in Durham. The repayment of the loan commenced in September 2013. Interest is charged at between 0.15% and 1.25% above base rate. The loan is being repaid in instalments over 20 years with the expected final payment due in 2032.

Maturity – loans

| | 2014 £ | 2013 £ |
|-----------------------------------|-----------|-----------|
| Aggregate amounts payable: | | |
| In more than five years | 267,050 | 297,099 |
| Between two and five years | 90,150 | 90,150 |
| Between one and two years | 30,050 | 30,050 |
| | 387,250 | 417,299 |
| Within one year or less (note 19) | 30,049 | 30,050 |
| | 417,299 | 447,349 |
| | 417,299 | 447,349 |

21 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 £123,837 (2013: £116,526).

Notes (continued)

22 Commitments

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

| | 2014 £ | 2013 £ |
|--|-----------|-----------|
| Other operating leases which expire: | | |
| Within one year | - | - |
| In the second to fifth years inclusive | 526 | 526 |
| After more than five years | 60,000 | 60,000 |
| | 60,526 | 60,526 |
| | 60,526 | 60,526 |

23 Funds

| | Brought forward £ | Incoming resources £ | Resources expended £ | Gains/ losses/ transfers £ | Carried forward £ |
|------------------------------|-------------------------|----------------------------|----------------------------|-------------------------------------|-------------------------|
| Designated funds | | | | | |
| Revaluation reserve | 4,210,124 | - | - | (1,570) | 4,208,554 |
| Durham Policy Research Group | 190,148 | 354,646 | (380,015) | - | 164,779 |
| Fixed asset funds | 400,000 | - | - | (400,000) | - |
| | 4,800,272 | 354,646 | (380,015) | (401,570) | 4,373,333 |
| General funds | | | | | |
| General funds | 3,994,575 | 1,857,293 | (1,612,471) | 402,521 | 4,641,918 |
| | 8,794,847 | 2,211,939 | (1,992,486) | 951 | 9,015,251 |
| Restricted funds | | | | | |
| College fees | - | 297,905 | (297,905) | - | - |
| Farmington Trust | 2,892 | - | - | - | 2,892 |
| Choir Association | 2,521 | - | - | (2,521) | - |
| Ray Thornhill | 6,827 | 1 | (6,828) | - | - |
| Nominated student fund | (10) | 53 | - | - | 43 |
| | 12,230 | 297,959 | (304,733) | (2,521) | 2,935 |
| Total funds | 8,807,077 | 2,509,898 | (2,297,219) | (1,570) | 9,018,186 |

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.

Notes *(continued)*

23 Funds *(continued)*

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.

The Choir Association ceased as a separate unit and its funds were merged with College during the year.

The Ray Thornhill fund provides a prize for an outstanding academic essay and this was fully utilised during the year.

The Nominated student fund is to be used to support students attending the College.

Designated funds

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

The Designated Asset Fund was merged into College general funds during the year following the redemption of the college reserves policy.

24 Analysis of net assets between funds

| | Unrestricted designated funds | Unrestricted funds | Restricted income funds | Total |
|-------------------------------------|--|-------------------------------|--|--------------|
| | £ | £ | £ | £ |
| Tangible fixed assets | 4,208,554 | 3,472,029 | - | 7,680,583 |
| Current assets | 164,779 | 1,770,459 | 2,935 | 1,938,173 |
| Creditors due in more than one year | - | (393,645) | - | (393,645) |
| Creditors due within one year | - | (206,925) | - | (206,925) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 4,373,333 | 4,641,918 | 2,935 | 9,018,186 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

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.