



## **Goodenough College**

**(A company limited by guarantee)**

## **Annual Report and Financial Statements**

*for the year ended 31 March 2017*

Company Registration No. 246919

Registered Charity No. 312894 (England and Wales) and SC039173 (Scotland)

## **Goodenough College Chairman's Personal Welcome**

I am delighted to introduce my first Annual Report and Financial Statements since being appointed Chairman in September 2016.

Amidst considerable political turbulence in much of the world, the College's year included moments of both great joy and deep sadness. Following a major capital restructuring since the year end, the College now faces the future with a newfound confidence.

The joyful highlight of the year for many was the visit of our Patron, HM The Queen, to William Goodenough House in December, when she met many members of the College as well as staff, contractors and local community colleagues before unveiling a plaque to mark her visit as well as recall her opening of the building 60 years previously. We are most fortunate to have Her Majesty as our Patron and her support, with this being her tenth visit to the College as Patron.

The College was saddened by the death of one of its members, Ms Stefania Barichello in March of this year. Not only a brilliant Ph.D student but also a very popular member, who appeared as a photographer at nearly all of our major events.

I also note the passing away of three Governors who made significant contributions to the development of the College over long periods. They were Nicholas Fitzherbert, Roger Goodenough and Julian Wathen.

The continuing political uncertainties surrounding Brexit are far from trivial for or remote from the College. Undue restrictions on international student numbers are not only inimical to the long term best interests of the UK but pose a clear threat to the attractiveness of studying in the UK and hence potentially to the diversity of our College membership. The diversity of nationalities and the subjects being studied by our Members is at the heart of the College's mission and contributes to the UK's reputation across the globe as a provider of top quality tertiary education. Our alumni list is testament to that and its contribution to the soft power it provides the UK.

The College remains confident it will be able to weather this storm, whatever the nuances of the eventual Brexit outcome. I shall do whatever possible to influence government towards more benign outcomes for international postgraduate students wishing to study in the UK.

I wish to pay tribute to the great contribution of my predecessor, Jonathan Hirst, QC, who stepped down from the role last year for health reasons. Jonathan had been Chairman for 8 years and led the Board through a period of great change and achievement, most notably the refurbishment of both Houses, the College's first ever major borrowing and a major upgrade of The Goodenough Club. His leadership of the Board was notable for being inclusive, yet decisive. He has left both the Board and the College much better placed than when he began. I am delighted with the contributions by Governors to a Commonwealth Scholarship set up in Jonathan's name to benefit future Commonwealth members.

Last year the Board established a financial Planning Sub-Committee (FPSC) to review the College's long term financial plan and consider any necessary restructuring to ensure the financial sustainability of the College. In March of this year the FPSC recommended a major debt restructuring, which the board approved and which was finalised last month. This 30 year borrowing at a fixed and lower annual interest cost, has been used to repay the existing borrowings and provide funds for further development.

The putting in place of the long-term debt is the third leg of the long-term sustainability strategy which the Board has pursued since the current Director, Andrew Ritchie, identified the need shortly after his appointment. The other legs were the refurbishment of both London House and William Goodenough House and the creation of a long-term Asset Replacement Plan to ensure that the asset maintenance and replacement needs of the College became central to our planning.

## **Goodenough College**

*for the year ended 31 March 2017*

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This is a transformational achievement of lasting benefit to the College. Having established sustainable asset replacement and financial plans and arranged a long-term loan at an attractive interest rate, the Board and College can look forward with a confidence not imaginable a few years ago before the refurbishment programme commenced. How we build upon this wonderful platform will be a major focus for the Board in the current year.

My thanks go to all Board and Advisory Board members who have provided the appropriate support and challenge over the last year and to the Director and his team for the way in which so much beyond normal day to day operations has been so well managed.

Eric Tracey  
Chairman  
4 July 2017

<b>Contents</b>	<b>Page</b>
<b>Trustees' Annual Report</b>	
• Company information	2-3
• Structure, governance and management	4-6
• Objectives and activities	7-8
• Achievements and performance	9-10
• Financial review	11-14
• Plans for future periods	14
• Statement of Trustees' Responsibilities	15-16
<b>Independent Report of the Auditor</b>	16-17
<b>Financial Statements</b>	
• Consolidated statement of financial activities	18
• Balance sheet	19
• Consolidated cashflow statement	20-21
• Charity statement of financial activities	22
• Notes to the Financial Statements	23-41

## Goodenough College

### Trustees' Annual Report

for the year ended 31 March 2017

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The Board of Trustees present their report and audited Financial Statements for the year ended 31 March 2017 under the Charities Act 2011.

## COMPANY INFORMATION

### PATRON

Her Majesty The Queen

### TRUSTEE BOARD

Jonathan Hirst QC (Chairman until 26 September 2016)

Eric Tracey (Chairman from 26 September 2016; Vice Chairman until 26 September 2016)

Graham Ward CBE (Vice Chairman from 26 September 2016)

Alex Acland

David Brooks Wilson

Andrew Brown QC

Hugh Crossley

Fabian French

Fiona Kirk

Charles McGregor

Christopher Palmer-Tomkinson

John Polk

Hon Philip Remnant CBE

Martin Schwab

### THE ADVISORY COUNCIL

#### President

Prof René Weis      **7**

### Elected Governors

Alex Acland	<b>2,8</b>	David McCahon <i>(from 18 October 2016)</i>	<b>6</b>
Lord Bilimoria CBE		Dr Bill Palmer	
David Brooks Wilson	<b>5</b>	Christopher Palmer-Tomkinson	
Andrew Brown QC	<b>3</b>	John Polk	
Chris Cobb <i>(from 26 April 2016)</i>	<b>2</b>	Hon Philip Remnant CBE	<b>6,9</b>
Corey Cook	<b>4</b>	Martin Schwab	<b>9</b>
Hugh Crossley	<b>5</b>	Deborah Scott <i>(from 18 October 2016)</i>	
Dr Grahame Davies	<b>1</b>	Maureen Simpson	
James Douglas	<b>2,9</b>	Eric Tracey	<b>5,7,8,9</b>
Fabian French	<b>4,7</b>	Graham Ward CBE	<b>2,7</b>
Sir William Goodenough	<b>2,4</b>	Prof Stuart Ward	<b>5</b>
Constance Jackson	<b>4,6</b>	Dr Hazel Woodward	<b>1</b>
Fiona Kirk	<b>4</b>		
John Lotherington	<b>1</b>		
Dame Judith Mayhew Jonas DBE	<b>7,8</b>	<b>Student Governors</b>	
Dame Maura McGowan	<b>1</b>	Sarah Speziali <i>(from 18 October 2016)</i>	
Charles McGregor	<b>5,9</b>	Tatjana Nikitina	<b>5</b>
		Luisa Olander <i>(from 18 October 2016)</i>	

1. Member of Academic Committee
2. Member of Audit Committee
3. Member of Burn Management Committee
4. Member of Development Advisory Board
5. Member of Estates Committee
6. Member of Investment Committee
7. Member of Nominations Committee
8. Member of Remuneration Committee
9. Member of Financial Planning Sub Committee

## **Goodenough College**

### **Trustees' Annual Report**

*for the year ended 31 March 2017*

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#### **COMPANY INFORMATION** *(continued)*

##### **Ex-Officio Governors**

The Vice-Chancellor of the University of Oxford  
The Vice-Chancellor of the University of Cambridge  
The Vice-Chancellor of the University of London  
The Principal of the University of Glasgow  
The President of the Royal College of Physicians  
The Chairman of the General Council of the Bar of  
England & Wales  
The President of the Institute of Chartered  
Accountants in England and Wales  
The Chief Executive of the British Council  
The Chairman of the Royal Over-Seas League

Professor Louise Richardson  
Sir Leszek Borysiewicz  
Professor Sir Adrian Smith  
Professor Anton Muscatelli  
Professor Jane Dacre

Andrew Langdon QC

Dr Hilary Lindsay  
Sir Ciaran Devane  
Sir David Brewer

##### **Senior Staff**

College Director  
Director of Finance and Resources  
(Company Secretary, deputy to the Director)  
Director of Operations  
Director of Development and External Relations  
Dean  
Registrar  
Bursar, The Burn

Andrew Ritchie CBE  
Richard Barker

Janine Binks  
Mark Lewis  
Alan McCormack  
Caroline Persaud  
David Turner OBE

##### **Address and Registered Office**

London House  
Mecklenburgh Square  
London  
WC1N 2AB

**Website:** [www.goodenough.ac.uk](http://www.goodenough.ac.uk)

##### **Professional Advisers**

###### **Auditor:**

**BDO LLP**  
2 City Place  
Beehive Ring Road  
Gatwick  
RH6 0PA

###### **Legal Advisers:**

**Cripps Harries Hall**  
Number 22  
Mount Ephraim  
Tunbridge Wells  
Kent  
TN4 8AS

###### **Investment Managers:**

**Rathbone Brothers Plc**  
8 Finsbury Circus  
London  
EC2M 7AZ

###### **Bankers:**

**Barclays Bank Plc**  
1 Churchill Place  
Canary Wharf  
London  
E14 5HP

## **Goodenough College**

### **Trustees' Annual Report**

*for the year ended 31 March 2017*

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## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

The full name of the Charity is Goodenough College ("the College").

The College was formed as a company limited by guarantee without share capital on 28 March 1930, registered company number 246919. It is registered with the Charity Commission, Charity number 312894 (England and Wales) SC039173 (Scotland). The College's purposes are set out in its Memorandum and Articles of Association.

In accordance with the Memorandum of Association, every member is liable to contribute a sum of £1 in the event of the company being wound up. At 31 March 2017 there were 41 members (2016:39 members).

The names at the date of this report of all the Elected and Ex-Officio Governors forming the Advisory Council, the Trustees and of those who held office during the year, together with details of the Senior Staff and Advisers of the College, are given on pages 2 and 3.

The main features of the structure are:

- A Board of 10 - 15 Governors, drawn from the Advisory Council, who are legally and financially responsible for the management of College affairs. These are the College Trustees and the directors of the company;
- A broader College Advisory Council, comprising 20 - 50 elected and ex-officio Governors; and
- The establishment of set tours of duty of 5 terms each of 3 years for both bodies.

At the meeting of the Advisory Council in October 2008, it was decided to allocate two places on the Council to College members. It was also agreed that one of the two College members concerned should be co-opted to attend Board meetings. It was subsequently agreed that, additionally, the elected Chair of the Members' Council would be allocated a place on the Advisory Council.

In 2011 it was agreed by Special Resolution that, in exceptional circumstances, the term of a Governor might be extended beyond 15 years to enable the individual to maintain a significant ongoing contribution to College life. The Trustees are satisfied that these governance processes enable the College to deal effectively with the financial and administrative challenges it faces.

### **Election of Governors**

Unless and until otherwise determined by the College in General Meeting, the aggregate number at any one time of the Nominated Governors shall not be less than 20 nor more than 50 and shall at all times be at least one third more in number than the number of Ex-Officio Governors for the time being. Notice to propose any person for election as an Elected Governor shall be given in writing to the Company Secretary not less than five nor more than 28 days before the meeting at which it is intended to propose him/her. Governors are initially identified by the Nominations Committee prior to election.

Board members are selected by the Nominations Committee and formally elected by the Advisory Council at the Annual General Meeting.

The Advisory Council, consisting of all Governors, meets twice a year. No Governor has any financial interest in the Charity or any group companies.

## **Goodenough College**

### **Trustees' Annual Report**

*for the year ended 31 March 2017*

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#### **Trustee Board**

The Trustee Board has ultimate responsibility for the governance and strategic direction of the College, ensuring that the Charity upholds its ethos and values and delivers its objectives.

The Board has a written schedule of matters reserved for decision by the whole Board and delegates certain responsibilities to Board Committees. The Trustee Board meets quarterly.

All new Trustees have induction programmes familiarising them with the College, its objectives and its structure, alongside their roles and responsibilities under legislation and College governance.

#### **Committees**

Trustees may serve on one or more Board Committees as detailed below:

- The Academic Committee
- The Audit Committee
- The Burn Management Committee
- The Development Advisory Board
- The Estates Committee
- The Investment Committee
- The Nominations Committee
- The Remuneration Committee

Details of the composition of each Committee are to be found on page 2.

#### **Management**

Operational management of the College is delegated by the Trustees to the College Director, who is accountable to the Trustee Board for the stewardship of the Charity. The College Director and the senior leadership team attend Board and Committee meetings. The College sets the pay of its key management personnel through the work of its remuneration committee supported by the Director. The Committee makes reference to general inflation, comparative salaries and pay awards within the charity, Higher Education and hospitality sectors and historical increases in pay. The remuneration of the Director is set by the Board.

#### **Group Structure and relationships**

The College has two wholly owned subsidiary companies, both registered in England and Wales:

- *Goodenough Club Limited* (Company No. 02684378) provides overnight accommodation. From 1 April 2015 the subsidiary took on responsibility for the provision of 'Short Stay' accommodation in London House and William Goodenough House in addition to the main 'Club' building. Its annual profits are donated to the College under the Gift Aid Scheme; and
- *Goodenough Ventures Limited* (Company No. 09342926) provides events, venue hire and catering. Its annual profits are donated to the College under the Gift Aid Scheme.

*The Burn*, in Angus, Scotland (a property donated to the College in 1947) is used by many of the Scottish universities as a centre for reading parties, study groups and for educational events and seminars and by members of the College for educational and recreational activities.. The Burn's assets are a restricted fund of the College.



**Investment powers and policies**

The Trustees are permitted to invest the monies of the College not immediately required for its purposes in or upon such investments, securities or property as may be thought fit, subject nevertheless to such conditions (if any) and such consents (if any) as may for the time being be imposed or required by law.

The Trustees wish to pursue a policy which provides revenue for its current purposes and enhances income and capital growth over the longer term, thereby enabling them to meet their current and future objectives in accordance with the purposes of Goodenough College.

Investment management is delegated to and managed by Rathbones. The Trustees require the managers to pay attention to the standard investment criteria, namely the suitability of the class of investment and the need for diversification insofar as is appropriate to the circumstances of Goodenough College. Any restrictions on the type of investments or markets in which the manager would invest on the client's behalf are set out in writing.

The Trustees have determined that the main College portfolio be managed to produce a total return of RPI plus 4% over a three year rolling period.

Stocks which are not quoted on a recognised stock exchange or otherwise actively traded may not be held by the investment manager, without prior approval of the Trustees.

## **OBJECTIVES AND ACTIVITIES**

The College opened in 1931 as a residence for students from the then Dominions. Its aim was to improve international tolerance and understanding amongst people on the brink of their careers by providing a forum in which they could interact. It has expanded greatly since that time and now consists of a community of postgraduates from any country worldwide.

The College's charitable objects, as set out in its Memorandum and Articles of Association, are:

The objects for which the College is established are to organise, encourage and assist the education in England of students ("Resident members of the College") from any part of the world, giving preference to students from the Commonwealth (with priority for students from those nations less able from time to time to provide resources and facilities of their own).

The College's main activities undertaken in relation to those purposes are defined through its mission and ambition.

### **Mission**

- To develop future leaders by providing a welcoming residential community for outstanding international postgraduate students and their families, irrespective of background, where mutual understanding and respect are fostered and intellectual, cultural and social interactions are nurtured.

### **Ambition**

- From its earliest days Goodenough College has sought to transform the lives of those talented students who have lived and worked here. Its success can be measured by the global success of many of our Alumni and by the ties of loyalty and affection which they display towards the College. These strengths can never be taken for granted, and we must continue to ensure that we attract to the College the same quality of postgraduate student, to continue to provide them with an exceptional experience while they are here, and to maintain the closest links with our global Alumni community.

The College has adopted the following strategic goals:

- To attract outstanding postgraduate students from a wide geographic, academic and social base giving preference to those from the Commonwealth;
- To transform College members through the experience of living in a values-based community which inspires intellectual engagement and endeavour, encourages cross-cultural understanding and offers an exceptional social environment;
- To raise the College profile, internationally and within the UK, by developing key opportunities and pursuing strategic partnerships consistent with our values and ambitions; and
- To sustain the College as an enduring institution which is underpinned by secure finances, a well-maintained estate and high quality staff, with a commitment to minimising its environmental impact.

The College regularly measures its performance against Key Performance Indicators (KPIs) that assess the success in the reporting period. These KPIs cover areas including: occupancy; diversity of membership; numbers of cultural, social, sporting and educational events; numbers and levels of scholarships and bursaries; and number of Alumni contacts.

During the year the Advisory Council of the College approved the adjustment of the College's fourth strategic goal better to reflect the College's commitment to minimising its environmental impact.

The College serves many of the academic and professional institutions in London. It maintains a balance between the broad faculties of medicine and natural sciences, law, business, political and social sciences and the arts and humanities. It is the first option for scholars from a wide range of international schemes including Chevening, Fulbright, Commonwealth and Marshall.

As required by the Charities (Accounts and Reports) Regulations 2008 and the Charities Act 2011, the Trustees consider that they have paid due regard to the Charities Commission guidance in respect of their duties and obligations as trustees of Goodenough College.

The College provides a wide public benefit. College members return to their home nations or elsewhere with a broadened perspective on the world and a much expanded knowledge of the cultures and politics of the UK. The College frames its distinctive domestic paradigm through the vectors of 'commensality' and 'conviviality'- common eating and common living. The experience of College members is framed entirely residentially and in common they negotiate the joys and the trials, the ups and the downs, of life. They engage in many intellectual, social, experiential and developmental activities. 'Port talks' are arranged very frequently where esteemed and internationally renowned individuals lecture and share knowledge and life experience. 'Dean's Seminars' are conducted in various European locations and allow the free exchange of knowledge between College Fellows and College members. A series of 'GoodSkills' weeks is also arranged to refine the non-academic skills base of College members. In short, College members work, play and dine amongst a broad spread of social, national and economic backgrounds developing understanding and empathy across a wide spectrum of experience. An external 'representation' programme is additionally coordinated by the College staff to enable College members to grow their capacity for fluent networking across a range of external institutions in the Cities of London and Westminster. The College seeks to secure and provide an increasing level of scholarships and bursaries to support those who struggle to meet the costs of their accommodation at the College. This contribution to international tolerance and understanding serves an even greater purpose in today's world of political and economic uncertainty.

The Burn actively supports the majority of Scottish universities and offers its facilities as an academic retreat and holiday centre to national and international students and study groups. Serving to enhance the learning experience, The Burn also plays a key role in supporting the local community and will often organize events to bring the academic and local communities together.

The College is open to the public on a number of occasions, chiefly for concerts, operas, conferences and lectures. A large number of external organisations and individuals use the College's facilities for their own conferences and lectures. The College supports initiatives such as the Queen's Young Leaders, and the Bloomsbury Festival, and works closely with other charitable organisations that share the College's aims.

In 2016 the College commissioned an audit of the possibilities for volunteer engagement in the local area and used the results to fine tune its volunteer activity. Currently there is active participation by both staff and College members in local initiatives through churches and other charitable organisations in the community at large. The College-led "Cultural Bloomsbury", a network comprising local commercial and cultural organisations, further reinforces the College's role in the local community.

## **ACHIEVEMENTS AND PERFORMANCE**

Following the development of the College's operations last year the College's focus for 2016/17 was further to enhance the vibrant and transformative nature of the College experience to members, and to secure the long term financial position of the College. The College has introduced a new presentation of its expenditure for 2017 aligning its costs more clearly against its strategic goals.

During 2016/17 £6.6m (2016: £6.5m) was spent against the goal of 'Transforming College Members', reflecting the operating costs of the College buildings (that so influence College life) alongside the influential Dean's programme. The Dean's programme (including member led activities) was developed, we had over 40 sporting fixtures, 103 cultural, arts and educational events alongside 18 transformative skills based sessions (including the 'Goodskills' programmes) and 3 Dean's seminars to Dublin, Rome and Paris.

The activities of the Burn provided a different (but no less transformative) experience for the students attending activities at this venue funded from its restricted fund. The Burn continues to develop in line with the Board approved plan, providing a valuable facility for Scottish university study weeks and a useful resource for College members and guests.

The £0.9m costs of 'attracting' members (2016: 0.7m) reflect the costs of our vital student registry function alongside our bursary and scholarship schemes and marketing activity. The College spent £280k on Bursaries and Scholarships in 2016/17 a 57% increase on the £178k spent in the prior financial year. This increase reflected the importance of this to the College in supporting the economic diversity of our Members. The College expects to provide financial assistance to over 120 members during the 2016/17 academic year.

The College received 2.7 applications for each available place at the College for its 2016 academic year intake, attracting 569 Members for 2016/17. Members come from 85 countries, of which 51% were from the Commonwealth. They were studying at 46 academic institutions, with 52% undertaking Masters courses, 39% PhD and other research programmes and 9% other forms of postgraduate qualifications. Their academic subject matter was as diverse as their backgrounds. The College has not yet experienced any material impact on applications from the UK's decision to exit the European Union.

The College spent £0.3m (2016: £0.3m) in raising the College's profile. The College focused particularly on its profile within the City of London and internationally. The Director represented the College with the Alumni, academic and local communities with visits to the USA, Canada and Hong Kong and the College hosted the prestigious International Houses Worldwide conference at the College and the Burn. Members engaged in representative events including the Patron's Lunch, together with receptions, lectures or seminars at St Paul's Cathedral, Westminster Abbey, the Mansion House, the Guildhall, the Royal College of Defence Studies, the Royal Institute for International Affairs, notable City of London Livery Companies and the Embassies of Ireland, Spain, Mexico, Canada and the Holy See. Members, Governors and Staff welcomed Her Majesty The Queen (our Patron) to visit William Goodenough House on 1 December 2016.

Including the interest costs of the existing debt and the costs of supporting the development and the strategic financial management of the College, £1.6m was spent on 'sustaining' the College during the year (2016: £1.5m).

During the year the College built on the earlier work of its established Financial Planning Subcommittee, and its agreed 50 year Asset Replacement Plan. The Board approved a requirement and opportunity to secure long term non amortising fixed interest debt for the College (in place of the existing amortising loan and hedging arrangements with Barclays). Working through the Subcommittee the College secured £40m of such debt on 2 June 2017. The College considers that this debt (secured at an attractive 3.1% fixed interest for 30 years) will ensure that sufficient funds are available to meet the planned costs of replacing College assets over the same period and provide additional funds for the appropriate expansion and development of the College estate over

## **Goodenough College**

### **Trustees' Annual Report**

*for the year ended 31 March 2017*

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coming years. The College applied capital funds of £574k in additions (replacing and enhancing) to its estate during 2016/17 (2016: £1,965k).

The College's fundraising secured £253k in donations and legacies (2016: £237k).

The subsidiary companies have performed well generating gift aid donations totalling £1.6m (2016: £1.1m) reflecting the full year and improving operation of the Club during 2016/17 and the full year operation of the College's event venue hire and catering activities. These trading activities provide valuable revenue to the College and provide many opportunities to enhance the experience and opportunities to College Members, Alumni and friends.

The College has continued to meet its charitable objects throughout the year.

## **FINANCIAL REVIEW**

The College generated group revenues of £12.1m (2016: £10.9m) in the year to 31 March 2017. Income from charitable activities (predominantly income generated from rents from Member accommodation) was £7.0m (2016: £6.7m) this increase reflected, the Board's approval of a weighted average increase in rents of 5% across member accommodation from 1 September 2016 and a higher number of Members staying at the College over the summer period.

Income from trading activities (predominantly the Club, short stays, catering and event and venue hire) was £4.1m (2016: £3.2m) reflecting a full year of catering and event and venue hire income following the change in arrangements commencing on 1 October 2015 generating £1.0m (2016: £0.6m). Revenues from the Club Ltd were £3.1m (2016: £2.6m). A full year of Club operation generated income of £2.3m (2016: £1.8m, the Club was closed for part of 2016 for bathrooms refurbishment). Short Stay accommodation income was £0.8m (2016: £0.8m). Trading activities generated a surplus of £1.6m (2016: 1.1m)

The Consolidated Statement of Financial Activities shows a £0.2m surplus before gains and losses on investment assets and financial instruments (2016: £0.3m, deficit). This improvement of £0.6m included a £0.5m increase in the surplus from Trading activities. The College bore £0.7m in loan interest charges (2016: £0.7m) and depreciation of £2.0m (2016: £1.9m) during 2016/17, demonstrating an EBITDA of £2.9m (2016: £2.2m).

The College's subsidiary companies' combined surpluses of £1.6m will be gift aided to the College. The Goodenough Club Ltd created a surplus of £1.5m (2016: £1.0m). Goodenough Ventures Ltd generated a surplus of £0.1m (2016: £0.1m). The trustees and directors remain confident on the potential for the subsidiary companies to generate surpluses to be gift aided to the College in future years.

The College holds three investment portfolios, one for the College and one for The Burn and one representing the Asset Replacement Reserve established during the year. The performance of the investment portfolios are reviewed regularly by the College's Investment Committee. The total return on the main College portfolio over the year was 21%, The Burn portfolio 18%. During the year the College established a 'No.2' portfolio to initially hold the ARR fund under a lower risk mandate. The College has set a benchmark performance of RPI + 4% for the College, 3.5% for the Burn and 1.5% for the ARR portfolios (after fees), reflecting the differing risk and income requirements of the funds. The portfolios have exceeded the benchmarks since inception of the earliest funds in December 2012. The portfolios were managed throughout the year by Rathbones Brothers Plc and the Trustees continue to be satisfied with their management. All investments acquired during the year were in accordance with Trustees' powers. The values of the portfolios at 31 March 2017 are shown in note 10.

## **Funds and reserves**

The College's reserves are divided between unrestricted and restricted funds. Unrestricted funds are further divided into designated and other unrestricted funds.

- **Unrestricted funds** total £142,547k (2016: £141,335k), which includes designated reserves of £135,941k (2016: £129,568k) and general funds of £5,899k. See Notes 16 and 17 for further details. Changes in the treatment of designated funds and the general reserve are set out below.

As part of the College's review of its long term forecast the Trustees have reviewed the designated funds of the College. The Trustees have designated the value of the College's non-investment fixed assets (net of funding from the long term loan and swap arrangements) as the Tangible Fixed Asset reserve. The value of this reserve is adjusted annually to reflect the net value of these assets and stands at £124.1m at the year end

## Goodenough College

### Trustees' Annual Report

for the year ended 31 March 2017

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(2016: £127.0m). The trustees have further recognised their designation of the value of the College's investment properties (reflecting the College's strategy to retain investment properties for the benefit of future beneficiaries) as the Investment Property Reserve at £10.6m (2016: nil).

Through the work of the financial planning subcommittee, the long term forecast has enabled the College to establish a revised framework for the management of its unrestricted funds and to quantify the level of liquid assets required to "*sustain the College as an enduring institution*". The College has established a plan to ensure that sufficient levels of cash are available to secure "*a well-maintained estate*" over the next 30 years.

The long term forecast established a requirement for an Asset Replacement Reserve (ARR) to support the costs identified for the replacement and refurbishment of the buildings, fixtures, fittings and equipment of London House, William Goodenough House and the Club over a 30 year period to 2046. The required value of this fund will be designated from the funds accumulated by the College from annually generated operating surpluses. The trustees designated £600k of funds during 2016/17 and the net cash surplus (including investment income) of £644k from 2016/17 activity into the ARR. The value of the ARR stands at £1.2m on 31 March 2017, in line with long term forecast assumptions (2016: £nil). The Trustees will review the value of this designated fund annually as it accumulates and is utilised for Asset Replacement. The ARR is represented by an investment fund with an investment mandate (as overseen by the Investment Committee) matching the investment objectives and horizons of this reserve. The establishment of the ARR has led to the Trustees removing the previously designated Capital Replacement Reserve (2016: £2.6m).

The Trustees have reviewed the College's reserves policy. The policy considers the nature of the income and expenditure streams, the need to match variable income with fixed commitments and the need to provide for known essential estate maintenance expenditure. To allow the College to be managed efficiently and to provide a buffer against interrupted services, the policy requires that general reserves in the range from £5 million - £8 million should be maintained. This range is based on managing to sustain core College activity if there were a fall in member income of 25% for three years (c£5 million) and a loss of 50% of Goodenough Club net revenue for 2 years (c£2 million). In addition, a minimum of £1 million is considered necessary to deal with major estate issues, such as a failure of heating, plumbing or electrical services in either House. The College has established the value of its main investment portfolio (excluding investment income generated during 2016/17 and that representing restricted funds) as its reserve fund. This reserve fund has been established at £7.15m on 31 March 2017. After taking account of other balances within the College's general funds the College's freely available funds stand at £5.9m on 31 March 2017 (see note 17 for more details).

- **Restricted funds** are represented by assets and investments that can only be used or spent for a particular purpose as stated by the donors. The total value at 31 March 2017 was £14,205k (2016: £14,086k). See Note 15 for further details.

Restricted funds include the Burn Fund of £13.5m (2016: £13.4m) and other restricted funds of £0.7m (2016: £0.7m). The Burn fund includes the operating land, building and assets of the site represented by a tangible fixed assets reserve of £9.8m (2016: £9.9m) and a general restricted fund of £3.6m (2016: £3.5m). The general restricted fund is represented by the investment properties and investment portfolio of the fund along with working capital.

The other restricted funds have been donated to the College for a number of restricted purposes including a restricted bursaries fund of £230k (2016: £191k). The College has adopted a policy to increase the level of support to its important scholarships and bursaries activity provided through donation.

### **Bank facilities and borrowings**

At the balance sheet date the College held a £25.4m amortising loan with Barclays secured against the College Estate (see note 14 for more details) and interest rate hedging swaps. In March 2017 the Board approved the terms by which the College's bank loan facility and swaps could be restructured through seeking long term, fixed interest non-amortising debt. On 7 June the College received £40m in new debt which was used to settle the original loan and swap arrangements with the balance paid to the College.

### **Principal Risks and Uncertainties**

To manage risk, all College Governors and staff must understand the nature of risk and accept responsibility for risks associated with their area of authority. The necessary support, assistance and commitment of senior management are provided to ensure that both operational and strategic risk is managed to the best of our ability. The risk management process, therefore, provides reasonable, but not absolute, assurance that the organisation is protected.

We define key strategic and operational risks as those that, without effective and appropriate mitigation, would have a severe impact on our work, our reputation or our ability to achieve our ambitions. These risks are reported to the Trustees through the risk management process, allowing them to challenge any assumptions management have made about risks and understand the context in which decisions are taken. This helps them to ensure that the most serious risks are being managed effectively.

- Revenue shortfall and downturn in member application numbers and diversity have been identified as fundamental financial risks in respect of Goodenough College. The promotion of the College to educational institutions and scholarship bodies both within London and internationally is given the highest priority in order to mitigate this risk along with the development of the College's own scholarships and bursaries schemes. Application numbers are reviewed on a regular basis.
- The College recognises that securing sufficient funds to implement the identified asset replacement plan represents a key risk to the College. The College is mitigating that risk through the development of the comprehensive asset replacement plan, long term financial planning and seeking to restructure the College's debt.
- There was a comprehensive interest rate hedging arrangement in place in respect of the loan facilities. Further details can be found in Note 14.
- In order to secure income generated by Goodenough Club, the College remains committed to maintain the accommodation to a high standard whilst continuing a proactive sales and marketing policy.

The College continually improves the process by which it reviews, registers and mitigates those risks which may impact on College life and operations. Risks are reviewed by senior staff throughout the College year and, in addition, the Board reviews a financial risk analysis on a quarterly basis and there is risk management oversight provided by the Audit Committee. The capacity and capability of staff and contractors is regularly reviewed by the Executive and reported to the Board and its committees.

With the majority of the College's income streams generated in year from Member Rents, Club charges and other trading income streams the impact of these trading environments will affect the financial performance of the College. The College is confident that its planning, risk management and operational management activities mitigate these risks adequately.



### **Fund-raising standards**

The College's fundraising activities are undertaken by its own Development and External Relations team, with oversight by the Board's Development Advisory Committee. Any external consultants or suppliers are employed to support activities rather than lead them. The College is a member of The Council for Advancement and Support of Education (CASE), a professional association serving educational institutions and the professionals who work on their behalf in alumni relations, communications, development, marketing and allied areas. This includes standards and an ethical framework for the profession. The College runs an annual telephone fundraising campaign to its alumni where members of the College are employed as callers. All alumni who might be called are written to in advance and offered the opportunity to opt out of the Call. No complaints have been received by CASE or the College directly about its fundraising activities.

### **PLANS FOR FUTURE PERIODS**

In the coming year the College will continue to consolidate progress made under its 'sustain', 'transform' and 'raise' Goals and seek particularly to develop its work under its 'attract' goal.

To attract outstanding postgraduate students the College will seek further to increase the provision of Scholarships and Bursaries to Members both entering the College and renewing their Membership respectively. The approved budget provides for a 20% annual increase in such funding for the academic year 2017/18. The College will look to its supporters, alumni and funding institutions to expand further the number of scholarships and bursaries provided through donated funds. The College is committed to ensuring that these schemes maintain and develop the accessibility of the College to students across geographic, academic and social bases. Such work will be refocussed following the UK's decision to exit the European Union, though we are yet to see any meaningful impact on Member applications. The College will also consider further how to attract Members from Commonwealth countries. We will seek to raise our current application to available place ratio.

The College's progress in transforming College members through the experience of living in a values-based community will be further developed through refining and enhancing the College's presence and engagement in the City of London. The College will seek more ways to develop Members during their stay at College through new intellectual, social, experiential and developmental activities including expanding the 'Dean's Seminar' programme. The College looks to support its members and staff with a developing focus on mental health awareness. This will be supported by a renewed focus on staff professional and individual development.

The College will seek to raise its profile by increasing the number of strategic partnerships (including a partnership with Massey College, University of Toronto, agreed on 27 May 2017). Further opportunities for such partnerships will be developed throughout the coming year with organisations in the UK and internationally. Work within the City of London will be further leveraged in this regard.

Since the year end, the College has secured a new debt structure building on the forecasting work carried out during 2016/17. This new debt demonstrates the College's ability to retain sufficient funds to maintain its estate at the current standard for at least the next 30 years. With this solid base the College will also look for opportunities to increase the size of the College estate over the coming years. Furthermore the College is committed to improving its Environmental sustainability through the establishment of a joint staff/member led Environmental Panel, challenging and influencing behaviour, consumption and efficiency across the College and building on recent improvements in matters such as waste recycling.

The College remains confident and ambitious in its plans for continuous improvement and development.

## **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

The Trustees (who are also directors of the College for the purposes of company law) are responsible for preparing the Annual Report, incorporating the Strategic Report, and the Financial Statements in accordance with the Companies Act 2006, including (The Strategic Report and Directors' Report) Regulations 2013 and the Charities (Accounts and Reports) Regulations 2008 and for being satisfied that the Financial Statements give a true and fair view. The Trustees are also responsible for preparing the Financial Statements in accordance with United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the Charity and of the incoming resources and application of resources of the Charity for that period. In preparing each of the Group and charitable company Financial Statements the Trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charity SORP;
- 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 Charity and group will continue their activities.

The Trustees are responsible for keeping proper accounting records that are sufficient to show and explain the charitable company's transactions and which disclose with reasonable accuracy at any time the financial position of the charitable company and group and to enable them to ensure that the accounts comply with the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006.

They are also responsible for safeguarding the assets of the charitable company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Trustees 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.

The Trustees have the authority conferred by the memorandum and articles of association to invest as they think fit any of the College's money that is not immediately required. They delegate day-to-day management of the College to the College Director, Officers and senior staff.

This information is given and should be interpreted in accordance with the provisions of the Companies Act 2006 s418.

### **Disclosure of information to auditor**

In the case of each of the persons who are directors of the company at the date when this report was approved:

so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the company's auditors are unaware; and

**Goodenough College**

**Trustees' Annual Report**

*for the year ended 31 March 2017*

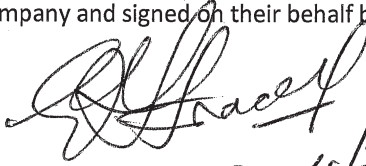
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- each of the directors has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information (as defined) and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

The Trustees' Report and Strategic Report were approved by the Trustees in their capacity as Directors of the Charitable Company and signed on their behalf by:

**Eric Tracey**  
**Chairman**



Date *4/7/17*

**Independent Report of the Auditor**

*for the year ended 31 March 2017*

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We have audited the financial statements of Goodenough College for the year ended 31 March 2017 which comprise consolidated statement of financial activities, the consolidated balance sheet, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's trustees and members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the charity's trustees and 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 charity and the charity's trustees and members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of Trustees and auditor**

As explained more fully in the statement of trustees' responsibilities, the trustees (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 Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

**Scope of the audit of the Financial Statements**

A description of the scope of an audit of Financial Statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://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 group's and parent charity's affairs as at 31 March 2017 and of the group's and parent charity's incoming resources and application of resources, including the income and expenditure, for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the trustees' report, which includes the strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements and the strategic report and the trustees' report have been prepared in accordance with applicable legal requirements.

Based on our knowledge and understanding of the charity and its environment obtained during the course of the audit we have identified no material misstatements in the strategic report and trustees' report.

**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 and the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent charity, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charity 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.



**Don Bawtree Senior Statutory Auditor**

**for and on behalf of BDO LLP, Statutory Auditor, Gatwick**

**Date:** 4 July 2017

BDO LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC30512)

# Goodenough College

## Consolidated statement of financial activities

(incorporating a consolidated Income and Expenditure account)

for the year ended 31 March 2017

	Notes	Unrestricted Funds	Restricted Funds	Total Funds	Total Funds Restated 2016
		£'000	£'000	2017 £'000	2016 £'000
<b>Income from:</b>					
Donations and legacies	2	5	248	253	237
Charitable Activities:					
College Community Accommodation	4	6,603	378	6,981	6,711
Trading Activities:					
Commercial Accommodation		3,080	-	3,080	2,602
Catering, Events and Venue Hire		962	35	997	626
Investments	3	758	80	838	746
<b>Total</b>		<b>11,408</b>	<b>741</b>	<b>12,149</b>	<b>10,922</b>
<b>Expenditure on:</b>					
Raising Funds					
Investment Management		48	9	57	37
Fundraising		106	-	106	77
Trading activities	11	2,449	24	2,473	2,108
Charitable Activities:					
Attracting outstanding postgraduate students	5	721	137	858	734
Transforming College Members	5	5,950	627	6,577	6,506
Raising the College's profile	5	291	1	292	299
Sustaining the College	5	1,534	20	1,554	1,506
<b>Total</b>		<b>11,099</b>	<b>818</b>	<b>11,917</b>	<b>11,267</b>
<b>Net income before other gains / (losses)</b>		<b>309</b>	<b>(77)</b>	<b>232</b>	<b>(345)</b>
Net gains / (losses) on financial instruments	14	(235)	-	(235)	(524)
Net gains / (losses) on investments		1,124	210	1,334	(512)
<b>Net Income</b>		<b>1,198</b>	<b>133</b>	<b>1,331</b>	<b>(1,381)</b>
<b>Transfers between funds</b>		<b>14</b>	<b>(14)</b>	<b>-</b>	<b>-</b>
<b>Net Movement in Funds</b>		<b>1,212</b>	<b>119</b>	<b>1,331</b>	<b>(1,381)</b>
<b>Reconciliation of funds:</b>					
Total funds brought forward		141,335	14,086	155,421	156,802
Net Movement in Funds		1,212	119	1,331	(1,381)
<b>Total funds carried forward</b>		<b>142,547</b>	<b>14,205</b>	<b>156,752</b>	<b>155,421</b>

All results derive from continuing operations. All gains and losses recognised in the year are included above.

The surplus for the year for Companies Act purposes, comprising the net income for the year, was £1,331,000 (loss in 2016: £1,381,000).

The notes on pages 23 to 41 form part of these Financial Statements

# Goodenough College

## Balance Sheet

for the year ended 31 March 2017

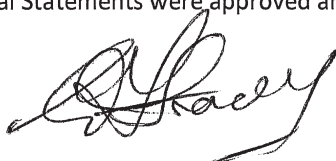
Company Registration No: 246919

		Group		Charity	
	Notes	2017	2016	2017	2016
		£'000	£'000	£'000	£'000
<b>FIXED ASSETS</b>					
Tangible assets for use by Charity					
Freehold land and buildings	9a	160,166	161,784	160,166	161,784
Heritage assets	9b	300	300	300	300
Fixtures, fittings plant & equipment	9c	979	790	979	790
		<u>161,445</u>	<u>162,874</u>	<u>161,445</u>	<u>162,874</u>
Investments	10	23,205	21,137	23,205	21,137
Investments in subsidiaries	11	-	-	250	250
		<u>184,650</u>	<u>184,011</u>	<u>184,900</u>	<u>184,261</u>
<b>CURRENT ASSETS</b>					
Stocks		28	45	28	45
Debtors	12	427	494	1,998	1,387
Cash at bank and in hand		1,179	1,681	710	1,593
		<u>1,634</u>	<u>2,220</u>	<u>2,736</u>	<u>3,025</u>
<b>CURRENT LIABILITIES</b>					
Amounts falling due within one year	13	(2,630)	(2,731)	(4,689)	(4,493)
<b>NET CURRENT (LIABILITIES)</b>		<u>(996)</u>	<u>(511)</u>	<u>(1,953)</u>	<u>(1,468)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>183,654</b>	<b>183,500</b>	<b>182,947</b>	<b>182,793</b>
Creditors: amounts falling due after more than one year	14	(26,902)	(28,079)	(26,902)	(28,079)
<b>TOTAL NET ASSETS</b>		<u><b>156,752</b></u>	<u>155,421</u>	<u><b>156,045</b></u>	<u>154,714</u>
Restricted funds	15	14,205	14,086	14,205	14,086
Unrestricted funds	16	142,547	141,335	141,840	140,628
<b>TOTAL FUNDS</b>		<u><b>156,752</b></u>	<u>155,421</u>	<u><b>156,045</b></u>	<u>154,714</u>

The notes on pages 23 to 41 form part of these Financial Statements.

These Financial Statements were approved and authorised for issue by the Trustees on 4 July 2017 and signed on their behalf by:

Eric Tracey



**Consolidated Statement of Cash Flows**

*for the year ended 31 March 2017*

	Notes (Page 21)	2017 £'000	2016 £'000
<b>Cash flows from operating activities:</b>			
Cash from operating activities	(a)	1,912	533
Interest paid on loan		(703)	(720)
<b>Net cash generated from operating activities</b>		<b>1,209</b>	<b>(187)</b>
<b>Cash flows from investing activities:</b>			
Dividends, interest and rents from investments		838	746
Proceeds from sale of investments		1,797	773
Purchase of property plant and equipment		(565)	(1,515)
Purchase of investments		(2,303)	(1,054)
<b>Net cash used in investing activities</b>		<b>(233)</b>	<b>(1,050)</b>
<b>Cash Flows from financing activities:</b>			
Interest paid on interest rate swap		(676)	(697)
Cash Outflows from repayment of borrowing		(574)	2,428
<b>Net cash provided by financing activities</b>		<b>(1,250)</b>	<b>1,731</b>
<b>Change in cash and cash equivalents in the reporting period</b>		<b>(274)</b>	<b>495</b>
Cash and cash equivalents at the beginning of the reporting period		1,842	1,347
<b>Cash and cash equivalents at the end of the reporting period</b>	(b)	<b>1,568</b>	<b>1,842</b>



**Consolidated Statement of Cash Flows** *(continued)*

*for the year ended 31 March 2017*

**NOTES TO THE CONSOLIDATED CASHFLOW STATEMENT**

	2017	2016
	£'000	£'000
<b>(a) Reconciliation of net outgoing resources to net cash outflow from operating activities</b>		
Net outgoing resources	1,331	(1,381)
Losses / (Gains) on fair value of financial instrument	235	524
Unrealised losses / (Gains) on Investment	(1,276)	430
Investment income	(801)	(705)
Interest receivable	(37)	(41)
Loss on disposal of investments	(58)	82
Depreciation charges	1,994	1,865
Interest payable on loan	703	720
(Increase) / decrease in stock	17	(2)
(Increase) / decrease in debtors	67	(27)
(Decrease) / increase in creditors	(263)	(932)
<b>Net cash inflow from operating activities</b>	<b>1,912</b>	<b>533</b>

<b>(b) Analysis of Cash and Cash Equivalents</b>	2016	Cash flows	2017
	£'000	£'000	£'000
Cash in hand	1,681	(502)	1,179
Notice deposits	161	228	389
<b>Total Cash and cash equivalents</b>	<b>1,842</b>	<b>(274)</b>	<b>1,568</b>

# Goodenough College

## Charity only statement of financial activities

for the year ended 31 March 2017

	Unrestricted Funds £'000	Restricted Funds £'000	<b>Total Funds 2017 £'000</b>	<i>Total Funds 2016 £'000</i>
<b>Income from:</b>				
Donations and legacies	1,598	248	<b>1,846</b>	<i>1,353</i>
Charitable Activities:				
College Community Accommodation	6,603	378	<b>6,981</b>	<i>6,711</i>
Trading Activities:				
Catering, Events and Venue Hire	-	35	<b>35</b>	<i>52</i>
Investments	758	80	<b>838</b>	<i>746</i>
<b>Total</b>	<b>8,959</b>	<b>741</b>	<b>9,700</b>	<i>8,862</i>
<b>Expenditure on:</b>				
Raising Funds				
Investment Management	48	9	<b>57</b>	<i>37</i>
Fundraising	106	-	<b>106</b>	<i>77</i>
Trading activities	-	24	<b>24</b>	<i>48</i>
Charitable Activities:				
Attracting outstanding postgraduate students	721	137	<b>858</b>	<i>734</i>
Transforming College Members	5,950	627	<b>6,577</b>	<i>6,506</i>
Raising the College's profile	291	1	<b>292</b>	<i>299</i>
Sustaining the College	1,534	20	<b>1,554</b>	<i>1,506</i>
<b>Total</b>	<b>8,650</b>	<b>818</b>	<b>9,468</b>	<i>9,207</i>
<b>Net Income before other gains /(losses)</b>	<b>309</b>	<b>(77)</b>	<b>232</b>	<i>(345)</i>
Net (losses) on financial instruments	(235)	-	<b>(235)</b>	<i>(524)</i>
Net gains / (losses) on investments	1,124	210	<b>1,334</b>	<i>(512)</i>
<b>Net Income</b>	<b>1,198</b>	<b>133</b>	<b>1,331</b>	<i>(1,381)</i>
<b>Transfers between funds</b>	<b>14</b>	<b>(14)</b>	<b>-</b>	<i>-</i>
<b>Net Movement in Funds</b>	<b>1,212</b>	<b>119</b>	<b>1,331</b>	<i>(1,381)</i>
<b>Reconciliation of funds:</b>				
Total funds brought forward	<b>140,628</b>	<b>14,086</b>	<b>154,714</b>	<i>156,095</i>
Net Movement in Funds	1,212	119	<b>1,331</b>	<i>(1,381)</i>
<b>Total funds carried forward</b>	<b>141,840</b>	<b>14,205</b>	<b>156,045</b>	<i>154,714</i>

## **1. ACCOUNTING POLICIES**

### **(a) Basis of preparation**

The Financial Statements have been prepared under the historic cost convention, as modified by the inclusion of investments at market value.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006 and the Charities Act 2011.

They also comply with the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 and applicable accounting standards. The accounting policies have been applied consistently throughout the accounts.

The Financial Statements have been prepared on a going concern basis as discussed in the Trustees' report and the Trustees' statement of responsibilities on page 15.

The group statement of financial activities (SOFA) and balance sheet, consolidate the Financial Statements of the Charity and its wholly owned subsidiaries, all of which were made up to 31 March 2017 on a line by line basis. In accordance with Section 480(4) of the Companies Act 2006 and paragraph 397 of the SORP no separate statement of financial activities is presented for the Charity.

### **(b) Company status**

The Charity is a company limited by guarantee. The members of the company are the Governors named on pages 2 and 3. The Directors of the Company are the Trustee Board named on page 2. In the event of the Charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the Charity.

### **(c) Income**

All income is recognised in the SOFA when the Charity has met conditions for receipt and the amount can be quantified with sufficient reliability. Investment income is accounted for when receivable and includes the related tax recoverable.

*Legacies:* Legacies are deemed receivable from the date of notification, provided that sufficient information has been received to enable the Group to calculate entitlement and receipt is probable.

*Gifts in Kind:* Donations in kind are recognised at their value to the Charity when they are received. No amounts are included for services donated by volunteers.

### **(d) Expenditure**

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to that category. Investment Management costs represent the fees incurred on raising Investment Income. Fundraising costs represent expenditure in relation to fund-raising and publicity costs. Direct expenditure incurred on charitable activities is identified against one of the four strategic goals of the charity. Support costs represent expenditure incurred in general management, Trustee related costs and audit costs, and is apportioned across the four strategic goals.

## 1. ACCOUNTING POLICIES (CONTINUED)

### (e) Fund accounting

The College maintains various types of funds as follows:

#### i) Restricted funds

*The Burn Restricted funds* include donations received which were allocated by the donor for the upkeep of The Burn, a Scottish holiday and study centre for students and graduates.

In addition other donations which are earmarked for particular purposes are treated as restricted funds.

#### ii) Unrestricted funds

*Designated reserves* are amounts which have been put aside at the discretion of the Trustees and comprise:

*Tangible fixed asset reserve* representing the value of all reserves used for operating tangible fixed assets (excluding those of The Burn, which are restricted) and only realisable by the disposal of these fixed assets.

*Investment property reserve* represents the value of all reserves held in investment properties and only realisable by the disposal of these fixed assets.

*Asset Replacement Reserve (ARR)* has been established to hold the current level of funds identified for the future replacement and refurbishment of the buildings, fixtures, fittings and equipment of London House, William Goodenough House and the Club as determined by an Asset Replacement Plan currently covering a 30 year period to 2046

*General unrestricted funds* represent funds which are expendable at the discretion of the Trustees in the furtherance of the objects of the company. Such funds may be held in order to finance working capital or capital investment and includes the College's reserve.

### (f) Financial instruments

The College may use derivative financial instruments to hedge its risks associated with interest rate fluctuation. The use of derivative financial instruments is governed by the Trustees' policies, which provide written principles on the use of financial derivatives. Derivative financial instruments, if used by the College are for hedging purposes to alter the future risk profile of interest rate fluctuation associated with agreed banking facilities.

Financial assets and financial liabilities are recognised when the College becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at transaction price (including transaction costs). Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value. Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due. Creditors and provisions are recognised where the College has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

**1. ACCOUNTING POLICIES (CONTINUED)**

Other financial instruments (including the College's interest rate swap agreement) are initially recognised at fair value and any changes to their fair value are subsequently recognised in the SOFA under 'net gains / (losses) on financial instruments'.

**(g) Taxation**

Goodenough College is a Charity within the meaning of Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly the company is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 of Part 11 of the 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.

The subsidiaries make qualifying donations of all taxable profit to Goodenough College. Income from Gift Aid Tax reclaim is recognised in relation to qualifying donations received.

The College is registered for Value Added Tax ("VAT"). Any irrecoverable VAT has been charged to the statement of Financial Activities.

**(h) Tangible fixed assets**

The College has elected to present the deemed cost of its freehold assets and its Heritage Assets at the value held at 1 April 2014, as permitted under the FRS102 transitional arrangements.

Properties held for Investment and Heritage Assets are not depreciated. Depreciation on other fixed assets is charged so as to write down the value of properties and material components over their expected useful lives, on a straight line basis as follows:

	Life (years)
Freehold buildings	100
Roof work	50
Lifts	30
Bathrooms, heating, water, electrical and gas systems, and boiler equipment	18-25
CCTV	20
Ventilation and fire detection systems	15
Access and telephone system	10
Vehicles	5
Computer and other office equipment	4
Other plant and equipment and other fixtures and fittings	4-8

**(i) Investments**

Investments are valued at bid value as at the balance sheet date and the surplus or deficit arising from this revaluation is shown within 'net gains / (losses) on investments' on the face of the SOFA. Realised gains and losses represent the difference between the sale proceeds and the opening market value of an investment or cost if purchased during the year and are also shown within this line.

**1. ACCOUNTING POLICIES (CONTINUED)**

**(j) Stocks**

Stocks are stated at the lower of cost and net realisable value and comprise consumable goods.

**(k) Operating Leases**

Rental costs under operating leases are charged to the SOFA in equal amounts over the period of the lease.

**(l) Borrowing Costs**

Interest and charges are expensed and charged to the SOFA when incurred.

**Notes to the Financial Statements (continued)**

for the year ended 31 March 2017

**2 DONATIONS**

	Unrestricted funds 2017 £'000	Restricted funds 2017 £'000	<b>Total funds 2017 £'000</b>	<i>Total funds 2016 £'000</i>
Donations	5	248	<b>253</b>	237
	<u>5</u>	<u>248</u>	<u><b>253</b></u>	<u>237</u>

Of the total funds stated for 2016, £231k was restricted and £6k unrestricted.

Of these donations £23,850 (2016: £1,716) was received from Trustees.

**3 INVESTMENT INCOME**

	Unrestricted funds 2017 £'000	Restricted funds 2017 £'000	<b>Total funds 2017 £'000</b>	Total funds 2016 £'000
Income from UK listed investments	182	33	<b>215</b>	221
Income from overseas listed investments	58	20	<b>78</b>	41
Rent from property	486	22	<b>508</b>	443
Other interest - short-term deposits	32	5	<b>37</b>	41
	<u>758</u>	<u>80</u>	<u><b>838</b></u>	<u>746</u>

Of the total funds stated for 2016, £78k was restricted and £668k unrestricted.

**4 INCOMING RESOURCES FROM COLLEGE ACTIVITIES**

	Unrestricted funds 2017 £'000	Restricted funds 2017 £'000	<b>Total funds 2017 £'000</b>	Total funds 2016 £'000
College gross accommodation income	6,603	-	<b>6,603</b>	6,348
The Burn income	-	378	<b>378</b>	363
	<u>6,603</u>	<u>378</u>	<u><b>6,981</b></u>	<u>6,711</u>

Of the total funds stated for 2016, £363k was restricted and £6,348k was unrestricted.

## 5 EXPENDITURE FOR CHARITABLE PURPOSES

	Direct Costs 2017 £'000	Support Costs 2017 £'000	Total 2017 £'000	Total 2016 £'000
Attracting outstanding postgraduate students	727	131	858	734
Transforming College Members	5,673	904	6,577	6,506
Raising the College's profile	248	44	292	299
Sustaining the College	1,318	236	1,554	1,506
	<u>7,966</u>	<u>1,315</u>	<u>9,281</u>	<u>9,045</u>

For 2017, expenditure has been split between Raising Funds and Charitable Activities, which is further split out to demonstrate the expenditure incurred on each of the four strategic goals of the charity. The expenditure incurred in 2016 has been restated to provide comparatives to the 2017 layout.

## 6 SUPPORT COSTS

	2017 £'000	2016 £'000
Finance	376	387
IT	523	533
HR	255	222
Governance	28	39
Other General Overheads	319	458
	<u>1,501</u>	<u>1,639</u>

These support costs are split across the following areas:

Raising Funds	186	167
Charitable Activities	1,315	1,472
	<u>1,501</u>	<u>1,639</u>



## GOVERNANCE COSTS

	2017 £'000	2016 £'000
<b>Support Costs</b>		
Council and Board meeting costs	4	1
Fees payable to the auditors - College	24	38
	<b>28</b>	39
<b>Direct Costs</b>		
Fees payable to the auditors – Subsidiary Companies	12	12
Fees payable to the auditors – Charitable Activities	7	-
	<b>19</b>	12
<b>Total Governance Costs</b>	<b>47</b>	51
 Fees payable to the Company's auditors		
 Statutory audit	<b>30</b>	34
Advisory services	<b>13</b>	16
	<b>43</b>	50

## 7 NET OUTGOING RESOURCES

	2017 £'000	2016 £'000
Net outgoing resources for the year are stated after charging :		
Amounts payable to auditors (Group)	43	50
Depreciation of tangible fixed assets	1,994	1,864

## 8 INFORMATION REGARDING STAFF AND TRUSTEES

	2017 No.	2016 No.
Average number of employees (full time equivalent) during the year:		
College	57	54
Club	12	13
Burn	13	14
	<b>82</b>	81

**8 INFORMATION REGARDING STAFF AND TRUSTEES (continued)**

	2017	2016
	£'000	£'000
Wages and Salaries	2,797	2,697
Social security costs	274	263
Pensions	72	68
	<b>3,143</b>	<b>3,028</b>

The number of senior staff paid over £60,000 during the year (salary plus taxable benefits excluding pension contributions) was:

	2017 No.	2016 No.
£60,001 - £70,000	4	2
£110,001 - £120,000	1	1
£120,001 - £130,000	-	-
£140,000 - £150,000	1	-
£150,001-£160,000	-	1

Pension contributions for these senior staff were £36,683 (2016: £24,260).

**Trustees' Remuneration**

Members of the Board of Trustees (who are all directors within the meaning of the Companies Act 2006) receive no remuneration or taxable benefits for their services.

During the year three Trustees were reimbursed a total of £589.93 for travel expenses incurred (2016: £556).

**Pension Schemes**

The Company operates stakeholder pension schemes administered by Legal and General. The employer's contributions are matched to those of the qualifying employees to a maximum of 10% of pensionable salary for senior staff and 5% of pensionable salary for other staff and amounted to £71,842 (2016: £67,870). At 31 March 2017 outstanding payments due to the scheme were £9,861 (2016: £9,687).

**Key Management Personnel**

Key Management Personnel of Goodenough College comprise the Trustees and those employees making up the Executive team, consisting of the Director, the Director of Finance and Resources, the Director of Operations, the Director of Development and External Relations, the Dean, the Registrar and the Bursar to the Burn.

The aggregate compensation (remuneration plus benefits and employers National Insurance Contributions) paid or payable to 'key management personnel' during this year was: £696,980 (2016 restated: £659,481).

**Redundancy payments:**

Total payments made during this year in relation to redundancy pay were £Nil (2016: £75,757). The accounting policy is to recognise termination payment liabilities on communication of intention to pay and when quantifiable. Such payments are accounted for as staff costs.

**9 TANGIBLE FIXED ASSETS**

**a Freehold properties:**

**Consolidated and company**

Land and buildings at valuation	College £'000	The Burn £'000	Total £'000
Valuation or cost at 1 April 2016	154,725	10,053	164,778
Additions	159	-	159
Assets under construction	17	-	17
<b>At 31 March 2017</b>	<b>154,901</b>	<b>10,053</b>	<b>164,954</b>
Depreciation			
At 1 April 2016	2,788	206	2,994
Charge for the year	1,691	103	1,794
<b>At 31 March 2016</b>	<b>4,479</b>	<b>309</b>	<b>4,788</b>
<b>Net book value at 31 March 2017</b>	<b>150,422</b>	<b>9,744</b>	<b>160,166</b>
Net book value at 31 March 2016	151,937	9,847	161,784

Freehold properties consisted of student accommodation, the Club and The Burn. They were all the subject of independent valuations, for inclusion in the accounts at 31 March 2013, provided by Drivers Jonas Deloitte, Willis Ltd, Ecclesiastical, Bell Ingram and Alpha Browett Taylor.

The historical cost and net book value of the land and buildings if the revaluation had not taken place would be £33,334,000 (2016: £33,158,000).

One of the College's properties is used by Goodenough Club, a wholly owned subsidiary of Goodenough College. It is a mixed use property, in that it provides overnight accommodation for businesses and private individuals but also for those involved in College activities, including College Alumni, providing College Alumni the opportunity to be a part of the College community even after they are no longer full time residents.

At 31 March 2017 the net book value of the mixed use property is £14,661k, with accumulated depreciation of £251k and in year depreciation charge of £183k.

**b Heritage Assets**

**Consolidated and company**

	College £'000	The Burn £'000	Total £'000
Valuation at 1 April 2016	280	20	300
Additions/ disposals	-	-	-
<b>At 31 March 2017</b>	<b>280</b>	<b>20</b>	<b>300</b>

**9 TANGIBLE FIXED ASSETS (continued)**

The Director of Finance and Resources leads on the preservation and management of Heritage assets. The College maintains an asset register which details the location, value and description of the asset and ensures that the Heritage Assets are located in an appropriately secure and managed environment.

Heritage assets comprise paintings and furniture which are available for use and enjoyment of College members, staff and guests throughout the College and Burn.

**c Fixtures, fittings, plant and equipment**

	College £'000	The Burn £'000	Total £'000
Cost at 1 April 2016 ( <i>Restated</i> )	1,350	74	<b>1,424</b>
Additions	364	13	<b>377</b>
Assets under construction	12	-	<b>12</b>
Disposals	(18)	-	<b>(18)</b>
At 31 March 2017	<u>1,708</u>	<u>87</u>	<u><b>1,795</b></u>
Depreciation at 1 April 2016 ( <i>Restated</i> )	598	36	<b>634</b>
Charge for year	190	10	<b>200</b>
Disposals	(18)	-	<b>(18)</b>
At 31 March 2017	<u>770</u>	<u>46</u>	<u><b>816</b></u>
<b>Net Book Value at 31 March 2017</b>	<u>938</u>	<u>41</u>	<u><b>979</b></u>
Net book value at 31 March 2016	<u>752</u>	<u>38</u>	<u><b>790</b></u>

The College Fixtures, fittings plant and equipment cost and depreciation have been restated by £1,259k, as at 1 April 2016 to remove the assets which were fully depreciated and no longer in use at this date. This has nil effect on net book value as at 31 March 2016 or 31 March 2017.

**10 INVESTMENTS HELD AS FIXED ASSETS**

**a Investment Properties**

Land and buildings at valuation:

	College £'000	The Burn £'000	Total £'000
At 1 April 2016	10,557	2,455	<b>13,012</b>
Additions	9	-	<b>9</b>
Disposals	-	-	<b>-</b>
At 31 March 2017	<u>10,566</u>	<u>2,455</u>	<u><b>13,021</b></u>

The investment properties were the subject of an independent valuation for inclusion at March 2013 by Alpha Browett Taylor and Ecclesiastical.

The College undertook an internal review during the year and the investment properties were not found to be impaired.

**10 INVESTMENTS HELD AS FIXED ASSETS** *(continued)*

		Consolidated and Company	
		2017	2016
<b>b Listed Investments</b>	Notes	£'000	£'000
Market Value at 1 April		7,964	8,605
Additions at cost		2,294	604
Proceeds from disposals		(1,797)	(724)
Realised gain		58	(88)
Unrealised (loss)/gain		1,276	(433)
<b>Market Value at 31 March</b>		<b>9,795</b>	<b>7,964</b>
<b>Listed Investments comprise the following:</b>			
Investments listed on a recognised stock exchange - Equities		7,544	6,104
Investments listed on a recognised stock exchange - Bonds		1,377	1,620
Alternative Funds		874	240
<b>Market Value at 31 March</b>		<b>9,795</b>	<b>7,964</b>
Investment assets in the United Kingdom		6,816	6,081
Investment assets outside the United Kingdom		2,979	1,883
<b>Market Value at 31 March</b>		<b>9,795</b>	<b>7,964</b>
<b>Cost at 31 March</b>		<b>7,614</b>	<b>6,887</b>
<b>Total investments</b>			
Listed Investments (Market Value)	10b	9,795	7,964
Short term deposits		389	161
Investment Properties (Market Value)	10a	13,021	13,012
<b>Investments at 31 March</b>		<b>23,205</b>	<b>21,137</b>

No shareholding investment exceeds 5% of the charity's investment portfolio.

## **11 SUBSIDIARY UNDERTAKINGS**

The College owns 100% of the issued capital of the following companies.

<b>Subsidiary Undertaking</b>	<b>Company Investment at Cost £</b>
Goodenough Club Limited	250,000
Goodenough Ventures Limited	<u>2</u>
	<u>250,002</u>

Summarised financial results of Goodenough Club Limited (Company Registration 2684378) are set out below and are included in the consolidated SOFA. All activities relate to continuing operations. The following intercompany transactions are included within the subsidiary results.

The £3,087k (2016: £2,602k) 'Turnover' includes £7k (2016: £5k) for sales to the parent company. Commercial Accommodation income of £3,080k (2016: £2,602k) has been included within the consolidated statement of financial activities in relation to the activities of this subsidiary.

The £1,623k (2016: £1,630k) 'Cost of Sales' includes £263k (2016: £553k) in charges to the subsidiary by the parent company for the use of parent company resources, £7k (2016: £5k) in costs of providing services to the parent company and £183k (2016: £87k) in charges from Goodenough Ventures for the provision of services. Trading activity expenditure of £1,433k (2016: £1,543k) has been included within the consolidated statement of financial activities in relation to the activities of this subsidiary.

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Turnover	<b>3,087</b>	2,602
Cost of sales	<b>1,623</b>	1,630
	<u>1,464</u>	<u>972</u>
Gift aid payment	<b>1,464</b>	972
Profit	<u>-</u>	<u>-</u>
Assets	<b>2,736</b>	2,281
Liabilities	<b>(1,778)</b>	(1,323)
Shareholders' funds	<u>958</u>	<u>958</u>

## 11 SUBSIDIARY UNDERTAKINGS (continued)

Goodenough Ventures Limited (Company Registration 09342926) is an events and venue hire business which commenced trading in October 2015.

Summarised financial results of Goodenough Ventures Limited are set out below and are included in the consolidated SOFA. All activities relate to continuing operations. The following intercompany transactions are included within the subsidiary results.

The £1,719k (2016: £1,046k) 'Turnover' includes £574k (2016: £387k) for sales to the parent company, and £183k (2016: £86k) of sales to other group entities. Catering Events and Venue Hire income of £962k (2016: £573k) has been included within the consolidated statement of financial activities in relation to the activities of this subsidiary.

The £1,590k (2016: £903k) 'Cost of Sales' includes £131k (2016: £89k) in charges to the subsidiary by the parent company for the use of parent company resources and £574k (2016: £387k) in costs of providing catering supplies for the parent company. Trading activity expenditure of £1,016k (2016: £516k) has been included within the consolidated statement of financial activities in relation to the activities of this subsidiary.

	2017 £'000	2016 £'000
Turnover	1,719	1,046
Cost of sales	1,590	903
	129	143
Gift aid payment	129	143
Profit	-	-
Assets	467	439
Liabilities	(467)	(439)
Shareholders' funds	-	-

## 12 DEBTORS

	Consolidated		Company	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Trade debtors	188	320	54	70
Amounts due from subsidiary undertaking	-	-	1,685	1,115
Other debtors	48	20	28	20
Taxes recoverable	52	7	94	34
Prepayments and accrued income	139	147	137	148
	427	494	1,998	1,387

The amounts presented above are net of provision for doubtful recoverability and foreseeable losses.

**Notes to the Financial Statements (continued)**

for the year ended 31 March 2017

**13 CREDITORS:**

**Amounts falling due within one year**

	<b>Consolidated</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Trade creditors	<b>1,270</b>	<b>1,294</b>	<b>834</b>	<b>824</b>
Amounts due to subsidiary undertaking	<b>-</b>	<b>-</b>	<b>2,552</b>	<b>2,270</b>
Taxation and social security	<b>80</b>	<b>76</b>	<b>80</b>	<b>75</b>
Other creditors	<b>99</b>	<b>396</b>	<b>88</b>	<b>375</b>
Accruals	<b>345</b>	<b>244</b>	<b>299</b>	<b>228</b>
Deferred income	<b>100</b>	<b>109</b>	<b>100</b>	<b>109</b>
Other deferred discount	<b>37</b>	<b>38</b>	<b>37</b>	<b>38</b>
Bank Borrowings due within one year	<b>699</b>	<b>574</b>	<b>699</b>	<b>574</b>
	<b>2,630</b>	<b>2,731</b>	<b>4,689</b>	<b>4,493</b>

Deferred income consists entirely of commercial rent paid in advance. Prior year deferred income related in full to income recognised in 2017.



**14 CREDITORS: amounts falling due in greater than one year**

	2017 £'000	2016 £'000
<b>Bank Borrowing</b>		
Falling due between 1 and 2 years	811	697
Falling due between 2 and 5 years	10,908	2,783
Falling due in more than 5 years	13,008	21,946
	<b>24,727</b>	<b>25,426</b>
<b>Financial Instrument</b>		
Falling due between 2 and 5 years	2,082	-
Falling due in more than 5 years	-	2,523
<b>Other Deferred Discount</b>		
Falling due between 1 and 2 years	38	38
Falling due between 2 and 5 years	55	92
<b>Total</b>	<b>26,902</b>	<b>28,079</b>

**Bank Borrowing**

In 2016/17 the College made quarterly repayments on the £26 million loan, totalling £574k (2016: £Nil) bringing the total loan outstanding to £25.43m at the balance sheet date. The loan was fully drawn down during 2015/16.

The indebtedness arises from draw down of funds under the College's 25 year term loan facility agreement with Barclays Bank dated 7 July 2011 and last amended and restated on 3<sup>rd</sup> August 2016. In 2020/21 the entire term loan facility was subject to refinancing discussions with Barclays.

Post balance sheet date the College has refinanced the entire loan facility, as described further in Note 21.

**Financial Instrument**

The bank loan exposed the College to potential cash flow interest rate risk. At the balance sheet date the College held financial instruments in the form of interest rate swaps entered into to fix the interest on the majority of the loan, from 30 September 2014 through to 30 June 2021. The financial instrument is included in the accounts at a fair value of £2.1m, as at 31 March 2017 (2016: £2.5m).

At the balance sheet date the interest rate swaps covered £18.75million of the £25.43 million remaining on the loan; the fixed rate (including margin) on the hedge was 6.66% on £15million of loan and 3.88% on £3.75million of loan; the remaining £6.68m loan was on a floating interest rate of LIBOR plus 2.25% margin.

As at the date of signing these accounts, the College no longer holds these financial instruments as the swaps have been settled alongside the refinancing of the College's loan facility (see note 21).

**Other Deferred Discount**

During 2015/16, the College entered into a new 5 year catering contract. The terms of the contract included the supplier refurbishing the College's catering outlets at a cost of £184,980. The value of the works has been treated as a discount to the contract which will be applied equally to each year of the 5 year term.

Notes to the Financial Statements (continued)

for the year ended 31 March 2017

15 RESTRICTED FUNDS

	31 Mar'16	Transfer	Income	Gains / losses	Expenditure	31 Mar'17
	£'000	£'000	£'000	£'000	£'000	£'000
<b>2016/17</b>						
<b>Burn Fund</b>						
General fund	3,494	139	493	178	(652)	3,652
Specific Donations	9	(5)	4	-	-	8
Tangible fixed asset reserve	9,905	(100)	-	-	-	9,805
<b>Total Burn Fund</b>	<b>13,408</b>	<b>34</b>	<b>497</b>	<b>178</b>	<b>(652)</b>	<b>13,465</b>
<b>Other Restricted Funds</b>						
Bursaries	191	8	10	32	(11)	230
Specific donations	487	(56)	234	-	(155)	510
<b>Total Other Restricted Funds</b>	<b>678</b>	<b>(48)</b>	<b>244</b>	<b>32</b>	<b>(166)</b>	<b>740</b>
<b>Total Restricted Funds</b>	<b>14,086</b>	<b>(14)</b>	<b>741</b>	<b>210</b>	<b>(818)</b>	<b>14,205</b>

	31 Mar'15	Transfer	Income	Gains / losses	Expenditure	31 Mar'16
	£'000	£'000	£'000	£'000	£'000	£'000
<b>2015/16</b>						
<b>Burn fund</b>						
General Fund	3,660	84	490	(65)	(675)	3,494
Specific Donations	7	-	2	-	-	9
Tangible fixed asset reserve	9,989	(84)	-	-	-	9,905
<b>Total Burn Fund</b>	<b>13,656</b>	<b>-</b>	<b>492</b>	<b>(65)</b>	<b>(675)</b>	<b>13,408</b>
<b>Other Restricted Funds</b>						
Bursaries	200	-	11	(11)	(9)	191
Specific donations	481	(84)	227	-	(137)	487
<b>Total Other Restricted Funds</b>	<b>681</b>	<b>(84)</b>	<b>238</b>	<b>(11)</b>	<b>(146)</b>	<b>678</b>
<b>Total Restricted Funds</b>	<b>14,337</b>	<b>(84)</b>	<b>730</b>	<b>(76)</b>	<b>(821)</b>	<b>14,086</b>

- *Burn fund* represents donations given to meet expenditure incurred towards the running and maintenance of The Burn. Income from investments held in these funds, together with other income relating to The Burn, is disclosed on the face of the SOFA as restricted income.
- *Bursaries* are donations specifically made for providing scholarships and bursaries to qualifying members.
- *Specific donations* are those to support specific aspects of College activity and projects.

**Notes to the Financial Statements (continued)**

for the year ended 31 March 2017

**16 UNRESTRICTED FUNDS**

	31 Mar'16 £'000	Transfer £'000	Income £'000	Gains/losses £'000	Expenditure £'000	31 Mar'17 £'000
<b>2016/17</b>						
Tangible fixed asset	<b>152,969</b>	(1,329)	-	-	-	<b>151,640</b>
Long term loan incl interest rate swap	<b>(26,000)</b>	(1,509)	-	-	-	<b>(27,509)</b>
Tangible fixed asset reserve	<b>126,969</b>	(2,838)	-	-	-	<b>124,131</b>
Investment property reserve	-	10,566	-	-	-	<b>10,566</b>
Asset Replacement reserve	-	1,242	-	2	-	<b>1,244</b>
Capital replacement reserve	<b>2,599</b>	(2,599)	-	-	-	-
<b>Total designated reserves</b>	<b>129,568</b>	6,371	-	2	-	<b>135,941</b>
General funds of the Charitable Company	<b>11,060</b>	(6,357)	11,408	887	(11,099)	<b>5,899</b>
<b>Total funds of the charitable company</b>	<b>140,628</b>	14	11,408	889	(11,099)	<b>141,840</b>
General funds of the subsidiary	<b>707</b>	-	-	-	-	<b>707</b>
<b>Total consolidated unrestricted funds</b>	<b>141,335</b>	<b>14</b>	<b>11,408</b>	<b>889</b>	<b>(11,099)</b>	<b>142,547</b>
<b>2015/16</b>	31 Mar'15 restated £'000	Transfer £'000	Income £'000	Gains/losses £'000	Expenditure £'000	31 Mar'16 £'000
Tangible fixed asset	153,235	(266)	-	-	-	<b>152,969</b>
Long term loan	(23,572)	(2,428)	-	-	-	<b>(26,000)</b>
Tangible fixed asset reserve	129,663	(2,694)	-	-	-	<b>126,969</b>
Capital replacement reserve	2,599	-	-	-	-	<b>2,599</b>
<b>Total designated reserves</b>	132,262	(2,694)	-	-	-	<b>129,568</b>
General funds of the Charitable Company	9,496	2,778	10,192	(960)	(10,446)	<b>11,060</b>
<b>Total funds of the charitable company</b>	141,758	84	10,192	(960)	(10,446)	<b>140,628</b>
General funds of the subsidiary	707	-	-	-	-	<b>707</b>
<b>Total consolidated unrestricted funds</b>	<b>142,465</b>	<b>84</b>	<b>10,192</b>	<b>(960)</b>	<b>(10,446)</b>	<b>141,335</b>

The designated reserves are further discussed in the financial review on page 11.

The 2015 balances have been restated as a result of transition to FRS102. This has resulted in the removal of the revaluation reserve with no net impact on the tangible fixed asset reserve. The change in investment valuation and the inclusion of the financial instrument, held at fair value, have impacted the General funds.

**Notes to the Financial Statements (continued)**

for the year ended 31 March 2017

**17 ANALYSIS OF ASSETS AND LIABILITIES BETWEEN FUNDS OF THE CHARITY**

<b>2016/17</b>	Restricted Funds – The Burn £'000	Restricted Funds - Other £'000	Designated reserves £'000	General Funds £'000	<b>Consolidated Total £'000</b>
Tangible fixed assets	9,805	-	151,640	-	<b>161,445</b>
Investments	3,919	740	11,396	7,150	<b>23,205</b>
Investments in subsidiaries	-	-	-	250	<b>250</b>
Amounts due to subsidiaries	-	-	-	(867)	<b>(867)</b>
Other current assets	20	-	-	321	<b>341</b>
Cash at bank and in hand	30	-	414	266	<b>710</b>
Current and long term liabilities	(309)	-	(27,509)	(1,221)	<b>(29,039)</b>
	<b>13,465</b>	<b>740</b>	<b>135,941</b>	<b>5,899</b>	<b>156,045</b>

<b>2015/16</b>	Restricted Funds – The Burn £'000	Restricted Funds - Other £'000	Designated reserves £'000	General Funds £'000	<b>Consolidated Total £'000</b>
Tangible fixed assets	9,905	-	152,969	-	<b>162,874</b>
Investments	3,839	678	2,599	14,021	<b>21,137</b>
Investments in subsidiaries	-	-	-	250	<b>250</b>
Amounts due to subsidiaries	-	-	-	(1,152)	<b>(1,152)</b>
Other current assets	20	-	-	294	<b>314</b>
Cash at bank and in hand	177	-	-	1,416	<b>1,593</b>
Current and long term liabilities	(533)	-	(26,000)	(3,769)	<b>(30,302)</b>
	<b>13,408</b>	<b>678</b>	<b>129,568</b>	<b>11,060</b>	<b>154,714</b>

Further details of the analysis between each material fund are provided in Notes 15 and 16.

**18 LEASING COMMITMENTS**

At 31 March 2017 the charitable company had the following total commitments for equipment under non-cancellable operating leases.

	<b>2017 £'000</b>	<b>2016 £'000</b>
Operating leases which expire in 5 years	<b>118</b>	-

These leases provide printers and photocopiers to support the College's operations.

## **19 CAPITAL COMMITMENTS**

As at 31 March 2017 the College had no capital commitments.

## **20 RELATED PARTY TRANSACTIONS**

There have been no related party transactions during the year other than those disclosed in notes 8, 11, 12 and 13.

## **21 SUBSEQUENT EVENTS**

On 2 June 2017 the College secured a £40m non amortising 30 year loan with Rothesay Life at a fixed interest rate of 3.102% and closed out its interest rate swap arrangements at a cost of £2.1m . On 7 June 2017 the proceeds of the loan were used to repay the outstanding Barclays loan of £25.4m and the swap cost. Excess funds will be used to settle the costs associated with securing the debt and provide the College with additional funds to support its charitable objectives. The Rothesay loan is secured against London House and William Goodenough House, the previous security on the same buildings held by Barclays was released on repaying that loan.