



Goodenough College

(A company limited by guarantee)

Annual Report and Financial Statements

for the year ended 31 March 2019

Company Registration No. 246919

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

Goodenough College

Trustees' Annual Report and Strategic Report

for the year ended 31 March 2019

Goodenough College Chairman's Personal Welcome

I am delighted to introduce this Annual Report and Financial Statements for the year ended 31st March 2019, which saw the appointment of Rebecca Matthews as Director of the College from 1st October 2018, following the retirement of Andrew Ritchie.

In last year's welcome I commented on Rebecca's experience and the qualities she brought to College. All of these qualities have been demonstrated thoroughly in her first nine months in post. I have been overwhelmed with feedback from Members, Governors, Fellows, Staff and Alumni alike, confirming what an excellent choice the Board has made and what an excellent start Rebecca has made. I am particularly pleased with her strengthening of the College's ties with a number of British and Commonwealth institutions with a genuine interest in the long-term success of the College.

A key focus of the last year, and beginning of the current one, has been a review of our Strategic Priorities. A comprehensive review of the College's Mission and Strategic Objectives is close to completion, including wide consultation with Members, Executives, Fellows, Governors and Alumni. A revised Mission Statement and supporting Strategic Objectives for the next five years is anticipated to be approved by the Board at its next meeting in September. Detailed Plans and related KPIs for implementing them will form a key part of the final approval. The review of our Strategic Priorities will include an ongoing audit of our governance arrangements including discussions on the role of our Ex-Officio Governors.

Last year's report highlighted strategic changes we had made in recognition of the need to invest more in fundraising. This has been continued in the year under review, with further changes been made in the Development and Communications functions and in their budget allocation for the current year. This change in emphasis is in part to counter the growing cost of studying and living in London. To assist our Members financially more than at present, we are committed to increasing the level of funds available for Bursaries and Scholarships.

I am delighted to have welcomed College Governor, Corey Cook, to the Board during the year and to pay tribute to two Board Members, Fabian French and Philip Remnant, who retired from the Board after long periods of outstanding service to the College. College Governor, Dr Grahame Davis, has more recently been welcomed to the Board and new Elected Governor, Alan Gemmell OBE, to the Advisory Council.

My thanks go to the Board and Advisory Council members who have all provided support and challenge over the last year and to the Director, Rebecca Matthews, and her team, for the way in which day-to-day operations have been so well managed.

Finally, I would like to pay tribute to the President of our Advisory Council, Professor René Weis, who has informed the Board that he will retire from the Advisory Council at the conclusion of the next Annual General Meeting in October, to coincide with his retirement later in the year from his role at UCL. René, also an alumnus and Fellow of the College, has been regularly accessible to our Members, rejuvenated our Academic Committee and has served us with distinction as President over the last six years. I have greatly enjoyed working with him and the wise counsel he has been able to offer me.

The process for choosing a successor to René from the existing Governors is underway and is expected to be finalised shortly, well in advance of the AGM.

Eric Tracey
Chairman
2 July 2019



Goodenough College

Trustees' Annual Report and Strategic Report

for the year ended 31 March 2019

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Goodenough College

Trustees' Annual Report and Strategic Report

for the year ended 31 March 2019

The Board of Trustees present their report and audited Financial Statements for the year ended 31 March 2019 under the Charities Act 2011 and the Companies Act 2006.

COMPANY INFORMATION

PATRON

Her Majesty The Queen

TRUSTEE BOARD

Eric Tracey (Chairman)

Graham Ward CBE (Vice Chairman)

Alex Acland

David Brooks Wilson

Andrew Brown QC

Corey Cook (from 17th October 2018)

Hugh Crossley

Dr Grahame Davies (from 13th May 2019)

James Douglas

Fabian French (until 17th October 2018)

Fiona Kirk

Dame Maura McGowan DBE

Charles McGregor

Hon Phillip Remnant CBE (until 17th October 2018)

Martin Schwab

THE ADVISORY COUNCIL

President

Prof René Weis

7

Elected Governors

Alex Acland

2,8

Lord Bilimoria CBE

David Brooks Wilson

5

Andrew Brown QC

3

Roger Chadwick (from 17th October 2018)

2,4

Chris Cobb

2,5

Corey Cook

4

Hugh Crossley

5

Dr Grahame Davies (from 13th May 2019)

1,7

Chantal Aimee Doerries (from 17th October 2018)

9

James Douglas

6,9

Fabian French (until 17th October 2018)

4,7

Jane French (from 17th October 2018)

2

Alan Gemmell OBE (from 11th June 2019)

4

Sir William Goodenough

2,9

Deborah Goodwin

Constance Jackson

4,6

Gregory Jones QC (from 17th October 2018)

5

Fiona Kirk

4

John Lotherington

1

Dame Judith Mayhew Jonas DBE

7,8

Dame Maura McGowan DBE

1,7

Charles McGregor

5,6,9,10

David McCahon

6

Hon Philip Remnant CBE (until 17th October 2018)

6,9

Anni Rowland-Campbell

Martin Schwab

9

Deborah Scott

Maureen Simpson

4,7,8,9

Eric Tracey

Graham Ward CBE

2,7,8

Prof Stuart Ward

1

Sir David Wootton

6

Student Governors

David Marzagão (from 17th October 2018)

Rani Suleman

Emmy Stavropoulou (from 1st November 2018)

5

1. Member of Academic Committee

2. Member of Audit Committee

3. Member of Burn Management Committee

4. Member of Fundraising and Development Committee

5. Member of Estates Committee

6. Member of Investment Committee

7. Member of Nominations Committee

8. Member of Remuneration Committee

9. Member of Finance Committee

10. Advisor to Hotel Executive Committee

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
Professor Stephen Toope
Professor Peter Kopelman (until 30th June 2019)
Professor Anton Muscatelli
Dr Andrew Goddard (from 26th September 2018)
Richard Atkins QC (from 1st January 2019)

Paul Aplin OBE (until 5th June 2019)

Sir Ciaran Devane
Sir David Brewer (until 30th April 2019)

Senior Staff

College Director

Rebecca Matthews R. (from 1st October 2018)
Andrew Ritchie CBE (until 30th September 2018)
Richard Barker

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

Janine Binks
Hannah Du Gray (from 8th April 2019)
The Rev Dr Alan McCormack
Caroline Persaud
David Turner OBE

Address and Registered Office

London House
Mecklenburgh Square
London
WC1N 2AB

Website: www.goodenough.ac.uk

Professional Advisers

Auditor:

BDO LLP

55 Baker Street
London
W1U 7EU

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

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 31st March 2019 there were 43 members (2018: 39 members).

The names at the date of this report of all the Elected and Ex-Officio Governors at the date of the report 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 College governance structure are:

- A Board of 10 - 15 Board Governors who are legally and financially responsible for the management of College affairs. These are the charity Trustees and the Directors of the company. The Board meets no less than four times per year. One nominated Student Governor attends the College Board.
- A broader College Advisory Council, comprising 20 – 50 Governors (being Elected Governors, Ex-Officio Governors, the Chair of the Members' Council of the College and up to two other Student Governors nominated by resident Members of the College). The Advisory Council is held not less than twice per year.
- Each Board and elected Advisory Council Governor serves for up to five terms of three years each. Eric Tracey (13 years), David Brooks Wilson (11), Andrew Brown (9), Fiona Kirk (10) and Charles McGregor (10) have served as Trustees for 9 or more years at the balance sheet date. As part of the Governance review referred to below, the Trustees are reviewing the current 15 years' limit on Trustee terms and how that might be reduced. The Board believes that the Trustees that have served for nine years or more continue to provide substantial skills and contribution towards the governance of the College.

The Trustees are satisfied that current governance processes enable the College to deal effectively with the financial and administrative challenges it faces. The Trustees consider that they have paid due regard to the Charity Commission's guidance in respect of their duties and obligations as Trustees of Goodenough College. The Board continues to implement changes to its governance arrangements to comply better with the Charity Governance Code for larger charities, following its review carried out in the prior year. During the year the Board commenced a review of the role of Ex-Officio Governors on the College's Advisory Council and will review its governance arrangements further, following a review of the College's Strategy, during 2019/20.

Election of Governors

The process for the election of Governors and Board Directors is set out within the College's Articles of Association. The aggregate number of the Elected Governors shall at all times be at least one third more in number than the number of Ex-Officio Governors. Board Governors and Elected Advisory Council Governors shall be elected on the recommendation of the Nominations Committee at Annual General Meetings of the College. Board Governors are appointed at Annual General Meetings of the College on recommendation of the Nominations Committee. The Board, on nomination from the Nominations Committee, may appoint Governors and Directors to fill a casual vacancy or as an additional Elected Governor or Director who shall retire at the next Annual General Meeting but will be eligible for re-election. Nominations may be made to the Nominations Committee at any time.

No Governor or Trustee has any financial interest in the Charity or any group companies.

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 set out below:

Academic Committee
Audit Committee
Burn Management Committee
Fundraising and Development Committee
Estates Committee
Finance Committee
Investment Committee
Nominations Committee
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. The subsidiary takes on responsibility for the trading of The Goodenough on Mecklenburgh Square and the provision of 'Short Stay' accommodation in London House and William Goodenough House. 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 and commercially let accommodation at The Burn. 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 that 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 overseen by the College's Investment Committee.

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 agreed investment mandates matching the timing of the College's expected call on those funds.

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.

STRATEGIC REPORT

The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 require the College to prepare a strategic report.

The strategic report comprises of the following sections:

- Objectives and activities
- Achievements and performance
- Financial Review
- Plans for future periods

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 through Key Performance Indicators (KPIs) that assess the success in the reporting period compared to prior years. 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. Further information is contained within the Financial Review and Achievements and Performance.

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. The College attracts scholars from a wide range of international schemes including Chevening, Fulbright, Commonwealth and Marshall.

The College provides a wide public benefit. The Trustees are aware of and have regard to the Charity Commission's public benefit guidance when exercising any powers or duties to which the guidance is relevant. College Members return to their home nations or elsewhere with a broadened perspective on the world and a much expanded knowledge of and affection for the cultures and politics of the UK. This contribution to international tolerance and understanding serves an even greater purpose in today's world of political and economic uncertainty.

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 within a rich peer group. 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 and beyond. 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.

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 organisations such as Council for At-Risk Academics 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's membership of the Knowledge Quarter, a partnership of over 90 academic, cultural, research, scientific and media organisations, large and small, and actively engaged in advancing and disseminating knowledge, reflects the College's place at the heart of academic and cultural London.

ACHIEVEMENTS AND PERFORMANCE

During 2018/19 the College continued to provide a vibrant and transformative College experience to Members and to invest in the long term sustainability of the College. The College continues to be on a firm financial footing for the next generation.

The recruitment of a new College Director (Rebecca Matthews) has provided a stimulus for a refresh of the College's ambition, strategic objectives and governance arrangements. This consultation is ongoing, for conclusion and launch by the Trustees and Executive team during 2019/20. The new Director has initially focussed on developing and maintaining stakeholder and alumni engagement, including with the office of Her Majesty the Queen, our Patron, and developing opportunities for the College's charitable purpose to flourish. The Director has strengthened the College's ties with a number of new and existing British and Commonwealth institutions, has secured investment and renewed focus on the College's Communications and Fundraising functions and taken forward the Strategic Review process.

The College continues to maintain its financial sustainability whilst ensuring appropriate access to all international postgraduate students, including those less able to provide resources of their own. A focus on fundraising for scholarships and bursaries, careful consideration of annual Member rent increases and a focus on further exploiting the commercial opportunities available to the College has been maintained.

The impact on Members is a growth in confidence through their experience at Goodenough College, with broadened perspectives, strong cultural, social and professional networks and a positive image of the UK and the Commonwealth. Supported by this growth we expect our Alumni to be outstanding leaders in their fields, engaged global citizens and advocates of the College. During 2018/19 the College commissioned the development of an 'Impact Framework' to express more clearly the benefits of Goodenough during and after Members' residence at the College. This will be developed more fully, along with appropriate KPIs, in 2019/20.

During 2018/19 £7.2m (2018: £6.9m) 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 for the full 2017/18 Academic year ending in the period delivered (including member led activities), over 65 sporting fixtures, 137 cultural, music and arts events alongside 95 evening lecture 'Port Talks', transformative skills based sessions (including the 'Goodskills' programmes) and academic occasions. The 2018/19 academic year has been equally busy and saw Dean's seminars to Budapest, Lisbon and Florence.

In 2019 the College secured accreditation against the National Code for Assured Accommodation, demonstrating the College's commitment to the highest standards in delivering its accommodation and community.

The activities of The Burn provided a different (but no less important) experience for the students attending activities at this venue, funded from its restricted fund. The College Board approved business plan saw further development of The Burn towards a truly long-term sustainable position focusing on its services provided to Scottish Universities. The Burn continues to provide a valuable facility for both national and international university groups and is a useful resource for College Members and guests.

The £1.0m costs of 'Attracting outstanding postgraduate students' (2018: £0.9m) reflect the costs of our vital student registry function alongside our bursary and scholarship schemes and marketing activity. The College spent £408k on Bursaries and Scholarships in 2018/19, a 17% increase on the £349k spent in the prior financial year. This further increase continues to reflect the importance to the College in supporting the economic diversity of our Members. The College expects to spend £517k on scholarships and bursaries during the 2019/20 academic year.

Scholarships, Bursaries and Mecklenburgh (hardship) funds are awarded by the College to individual current and potential College Members, predominantly as reductions in rent, on the basis of financial need.

The College received 1,128 applications (2018: 1,039), 2.8 applications for each available place at the College for its 2018/19 academic year intake (2018: 3.0). Members come from 81 (2018: 77) countries (UK 10%; Canada 10%; China 8%; USA 8%; India 6%) of which 49% (2018: 54%) were from the Commonwealth. They were studying at 45 (2018: 45) academic institutions (UCL 32%; LSE 18%; Kings 10%); with 57% (2018: 52%) undertaking Masters Courses; 36% (2018: 39%) PhD and other research programmes; and 7% (2018: 9%) other forms of postgraduate qualifications. Their academic subject matter was as diverse as their backgrounds. The College experienced a 4% increase in applications from the EU. Applications from Commonwealth countries reduced by 15%. The College has invested in additional marketing and engagement actions to maintain and develop the number of suitable applicants to the College and the appropriate Commonwealth representation.

The College spent £0.3m (2018: £0.3m) in raising the College's profile. The College's focus on its profile within the City of London included a reception at the College for the Lord Mayor of London, his Sheriffs and many Aldermen. In addition to the College's 'float' at the Lord Mayor's Show, this new activity aims to reflect and renew the College's founding support from the City of London. The outgoing Director represented the College with the Alumni, academic and local communities during visits to Singapore, Australia, Hong Kong, the US and Canada.

Members continued to engage in a large number of representative events and occasions, including the December visit of the Abe Bailey Bursars. Members attended receptions, lectures or seminars at St Paul's Cathedral, Westminster Abbey, the Mansion House, the Guildhall, the Barbican, the Royal College of Defence Studies, the Royal Institute for International Affairs, the Royal United Services Institute, the Royal College of Physicians, as well as at many notable City of London Livery Companies and diplomatic legations. Of note was the successful attempt, staged in conjunction with the Worshipful Company of World Traders, on the Guinness Book of World Records record for the most number of nationalities singing together.

Including the £1.2m interest costs of the College's debt and the costs of supporting the development and the strategic financial management of the College, £2.0m was spent on 'Sustaining the College' during the year (2018: £2.9m). Excluding loan interest, the College spent £0.7m on sustaining the College (2018: £1.0m).

With the support of the Estates Committee, the College applied capital funds of £1.0m (2018: £1.0m) in replacements and enhancements to the estate and IT services.

The College's fundraising secured £376k in donations and legacies (2018: £225k). Fundraising costs of £250k (2018: £144k) reflect the College's strategic investment in this area including a new post focusing on major giving and changes in senior management.

The subsidiary companies have continued to perform well, generating qualifying donations totalling £1.8m (2018: £1.6m). These trading activities provide valuable revenue to the College and provide many opportunities to enhance the experience and opportunities of College Members, Alumni and friends. The College's hotel was rebranded as 'The Goodenough on Mecklenburgh Square' in June 2018. The College Events and Venue Hire business continues to grow in line with its Board approved business plan.

FINANCIAL REVIEW

The College generated group revenues of £13.4m (2018: £12.6m) in the year to 31 March 2019. Income from charitable activities (predominantly income generated from rents from Member accommodation) was £7.5m (2018: £7.3m); this increase reflected the Board's approval of a weighted average increase in rents of 3.5% across Member accommodation from 1 September 2018.

Consolidated income from trading activities (predominantly the hotel, short stays, catering and event and venue hire) was £4.2m (2018: £4.1m). Consolidated revenues from the Goodenough Club Ltd were £3.3m (2018: £3.1m). Hotel operations (trading as The Goodenough on Mecklenburgh Square) generated income of £2.4m (2018: £2.3m). Short Stay accommodation income was £0.9m (2018: £0.8m). Goodenough Ventures Ltd generated consolidated revenues of £1.8m (2018: £1.7m).

The College's subsidiary companies' combined surpluses of £1.8m (2018: £1.6m) will be gift aided to the College. The Goodenough Club Ltd created a surplus of £1.5m (2018: £1.4m). Goodenough Ventures Ltd generated a surplus of £0.2m (2018: £0.2m). The Trustees and Directors remain confident of the potential for the subsidiary companies to generate surpluses to be gift aided to the College in future years.

The Consolidated Statement of Financial Activities shows a £0.1m surplus before gains and losses on investment assets and financial instruments (2018: £1.0m, deficit). This increase was due in part to the £0.6m of one off costs for the June 2017 debt restructuring exercise charged to 2017/18. The College bore £1.2m in loan interest charges (2018: £1.1m) and depreciation of £2.1m (2018: £2.1m) demonstrating an EBITDA (excluding debt and asset impairment costs) of £3.5m (2018: £3.0m).

The College holds investment portfolios with Rathbone Brothers Plc under four separate mandates. Where appropriate, composite benchmarks for the funds are developed by the Investment Manager in consultation with the Investment Committee, recognising agreed asset allocation ranges, along with separate long-term performance objectives. All long-term performance objectives are after fees.

The College main portfolio includes the College reserve and (from June 2018) the Asset Replacement Reserve, and is invested for the longer term with a long-term performance objective of RPI + 4% (net of fees). The Burn portfolio is invested on a similar horizon but, reflecting the annual requirement for income and draw down from that fund to support The Burn's operations, it has a long-term performance objective of RPI + 3.5% (net of fees). The total return on the College main fund over the year was 5.1% and for The Burn portfolio was 6.5%; the composite benchmark performance measures for these funds were 6.0% and 6.5% respectively. These funds have achieved a total return of 33.7% and 34.7% respectively over the last five years, against composite benchmarks of 37.6% and 38.3% respectively. Their long-term performance objectives were 36.4% and 33.1% respectively over the same period.

The College No.2 portfolio holds funds anticipated to be drawn in the medium term (including the Asset Replacement Reserve (until May 2018) and College Development Reserve Funds), and has a long-term performance objective of RPI + 1.5%. The fund was established in 2016 and achieved a total return of 1.1% for the year.

The College No.3 portfolio was established in 2017 and holds funds anticipated to be required in the shorter term (including College Development Reserve Funds). The fund is invested primarily for capital preservation and achieved a total return of 1.5% for the year.

The performance of the investment portfolios and of the investment manager is reviewed regularly by the College's Investment Committee and the Trustees continue to be satisfied with their management and the performance of the funds over the long term, despite recognising shortfalls in performance against benchmarks shown above. All investments acquired during the year were in accordance with Trustees' powers. The values of the portfolios at 31st March 2019 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 £144.3m (2018: £144.3m), which includes designated reserves of £137.2m (2018: £137.7m), general funds of the charity of £6.4m (2018: £5.9m) and general funds of the subsidiaries of £0.7m (2018: £0.7m). See Notes 16 and 17 for further details.

The Trustees have designated the value of the College's non-investment fixed assets (net of funding from the long-term loan) 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 £108.5m at the year-end (2018: £109.5m) reflecting the £12.5m increased borrowing against those assets secured in June 2017 and the transfer of £1.2m of assets identified as investment properties from the March 2018 valuation. The Trustees have designated the value of the College's investment properties (recognising the College's strategy to retain investment properties for the benefit of future beneficiaries) as the Investment Property Reserve at £14.0m (2018: £14.3m), reflecting the revaluation of the investment properties at the balance sheet date.

During 2016 the College established a long term forecast, which 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*'. This established the 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 hotel 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 and drawn down against relevant costs.

The Trustees designated the net cash surplus (excluding investment income) of £1,135k from 2018/19 activity into the ARR. The value of the ARR stands at £3.4m on 31st March 2019 (2018: £2.2m). 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 investment funds with investment mandates (as overseen by the Investment Committee) matching the investment objectives and horizons of this reserve.

Following the completion of the debt restructuring exercise in June 2017, the Trustees designated £11.9m of funds secured in excess of that required to settle the previous long term loan and swap arrangements, as the College's Estate Development Reserve. In March 2019 the Board resolved that the Estate Development Reserve be renamed the College Development Reserve (CDR) and its designation be widened to include investment in 'intangible' matters other than fixed assets. The final criteria for its use would be determined through the development of the College Strategy.

The Trustees aim to apply these additional funds, secured at an historically low 3.102% interest rate, to take opportunities to further develop the College's activities and its estate over future years. The CDR is represented by investment funds with an investment mandate (as overseen by the Investment Committee) matching the investment objectives and horizons of this reserve. This fund bears the interest cost of this excess borrowing.

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 on Mecklenburgh Square 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 reserve investment fund was £7.6m on 31st March 2019 (2018: £7.2m). After taking account of other balances within the College's general funds, the College's freely available funds stand at £6.4m on 31st March 2019 (see note 17 for more details). Other designated reserves includes funds donated to the College for 'greatest need'.

The Trustees have assessed the value of reserves and the operations of the College and do not consider that there are material uncertainties related to events or conditions that cast significant doubt on the College's ability to continue as a going concern.

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 31st March 2019 was £12.8m (2018: £12.9m). See Note 15 for further details.

Restricted funds include The Burn Fund of £12.3m (2018: £12.4m) and other restricted funds of £0.5m (2018: £0.5m). The Burn fund includes the operating land, building and assets of the site represented by a tangible fixed assets reserve of £10.5m (2018: £10.6m); investment properties reserve of £0.7m (2018: £0.7m) and a general restricted fund of £1.1m (2018: £1.1m). The general restricted fund is represented by The Burn investment portfolio along with working capital.

The other restricted funds have been donated to the College for a number of restricted purposes including restricted scholarships and bursaries funds of £354k (2018: £370k). The College has adopted a policy to increase the level of support to its important scholarships and bursaries activity provided through donations. Expenditure on scholarships and bursaries from restricted funds rose to £208k (2018: £162k) in the year.

Borrowings and bank facilities

On 2nd June 2017, the College secured a £40m non-amortising 30-year loan with Rothesay Life at a fixed interest rate of 3.102%. The loan is secured against London House and William Goodenough House. The College holds a £250,000 overdraft facility with Barclays Bank.

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 is 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 have been identified as fundamental financial risks in respect of Goodenough College. The promotion of the College through advertising and to educational institutions and scholarship bodies (within London, the UK and internationally) is given the highest priority in order to mitigate this risk; application numbers are reviewed on a regular basis.
- The maintenance of a diverse College community (including enabling access to those students less able to provide resources of their own) has been recognised as a key area of risk by the Board. The College will continue to target marketing at key geographic areas and has continued to enhance its own scholarships and bursaries schemes to support less affluent students. The College continues to increase focus on fundraising for scholarships and bursaries (including hardship funds allocated as the Mecklenburgh Fund). The College reviews its rent annually and any increases applied are based on sound market information and consultation with the College Member community.
- The College has previously recognised that securing sufficient funds to implement the identified asset replacement plan represents a key risk to the College. The College considers that it has substantially mitigated that risk through the development of the comprehensive Asset Replacement Plan, long term financial planning and the securing of £40m of 30 year non-amortising debt. The Finance Committee reviews the required long-term financially sustainable performance of the College and provides further diligence over the application of available funds.
- As the College's main base of operations is in central London, the College recognises that (though the likelihood is low) terrorist activity both locally to the College and worldwide has the potential of a high impact on the College through: restricting access to the College; reducing applications to the College; and directly on the welfare of College Members. The College exercises care in maintaining its access control and security arrangements, holds financial reserves, broad insurance cover, effective business continuity plans and robust welfare systems in order to mitigate that risk.
- The 30 year fixed interest debt has minimised the College's exposure to variations in debt financing costs. Further details can be found in Note 14.
- In order to maintain the contribution generated by The Goodenough on Mecklenburgh Square, the College remains committed to maintain that accommodation to a high standard whilst continuing a proactive sales and marketing policy.
- With accommodation at its heart, fire risk management forms a key consideration for the College's operation and development. The College regularly reviews its fire management policies and carries out fire risk assessments in line with statutory obligations and best practice. The Trustees remain confident in the College's fire management policies and practices. The College welcomed inspections by the London Fire Brigade's Fire Safety Officer to William Goodenough House and the hotel over the past year.

The College continually improves the process by which it reviews, registers and mitigates those risks that may impact on College life and operations. These risks are reviewed by senior staff throughout the College year and, in addition, the Board reviews a Strategic Risks Register on a quarterly basis and risk management oversight is 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, hotel 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.

The College takes safeguarding very seriously. The College considers that it provides a safe and trusted environment and has an organisational culture that prioritises safeguarding. The College considers that it does have adequate safeguarding policies, procedures and measures to protect people. These are reviewed regularly and kept up to date. The College has reviewed its safeguarding governance and management arrangements within the last 12 months.

In response to the Corporate Criminal Offence of Failure to Prevent the Facilitation of Tax Evasion introduced by the Criminal Finances Act 2017, the College carried out a risk assessment and made a Top Level Commitment to a zero tolerance to the criminal facilitation of tax evasion at its Board meeting in March 2018. The College continues to apply due diligence; apply, communicate and train its procedures; and monitor and review its position.

Goodenough College completed its assessment of the requirements of the General Data Protection Regulations (GDPR) and carried out a programme of work to achieve compliance. The Trustees are content that sufficient progress has been made in complying with the Regulation.

Fundraising standards

The College's fundraising activities are undertaken by its own Development and External Relations team, with oversight by the Board's Fundraising and Development 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.

Goodenough College is understanding and compassionate towards its supporters and will never exploit vulnerability. We do everything we can in order to assist our supporters to make an informed decision about the support they choose to give to the College. We deal with each donor on a case-by-case basis and do not accept donations where we have reason to believe that the donor may be experiencing vulnerable circumstances and accepting the donation would be ethically wrong and/or harmful to the donor. We are also in the process of joining the Fundraising Preference Service so that we can be immediately aware of any suppression. No complaints have been received by CASE or by the College directly about its fundraising activities.

PLANS FOR FUTURE PERIODS

In the coming year the College will complete and publish the results of a Strategic Review of College activities and implement a new College Strategic Plan 2020-2025. The purpose of the review will be to check that the College is heading in the right direction and that our goals are right for our time and the increasingly globalised 21st Century environment in which we now live and operate. Being more than a hall of residence, we will ensure that Goodenough College continues to thrive as a diverse community, where Members are encouraged and enabled to enjoy cultural, social and other activities beyond academe. The College expects its new core objectives and enabling objectives to form the foundation of activities going forward.

The College will continue to enhance its Member experience and offer, and look to recruit Members that not only benefit from the Goodenough experience but also enhance that experience for others. The College will find routes to improve the ways in which it recognises the contribution of, and develops its relationships with, its Alumni groups worldwide.

The College will continue to develop its estate and will continue to ensure that the Goodenough staff team are properly aligned and motivated, and through these first-rate estates and services, ensure that Members enjoy the opportunities that only Goodenough College offers. The College will continue to support its Members and staff with a continued focus on mental health awareness and safeguarding, and on staff professional and individual development. We will continue to ensure that the College remains on a sound financial footing and remains a much-loved institution in the heart of London.

The College will endeavour to raise its profile, both in Britain and internationally, so that it can continue to attract as many talented postgraduate students as possible. We will build on our partnerships secured, and in the process of being secured, in London, the UK and across the world.

Fundraising will form a key part of the strategy going forward. The College will ask for further financial support from sources, including Alumni, to enable as many postgraduate students as possible, irrespective of background, to have a chance to join the College community. This will focus particularly on the growth of College scholarships and bursaries. The College will consider how best to deploy its own limited funds, including its College Development Reserve, against the same goals and the potential expansion of the College's activity on Mecklenburgh Square.

The Trustees will continue their review of the College's governance arrangements and ensure that the College reflects best modern practice in its recruitment, retention and application of Governors, Trustees and staff. The ongoing review of Ex-Officio positions will conclude alongside recommendations in line with the Charity Governance Code and the development of the College Strategy.

The College will complete the development of an Impact Framework to articulate clearly its impact on individuals and society through the pursuance of the College's charitable objectives. The College will measure and report upon its impact in more detail.

The College remains committed to improving its environmental sustainability, working through the established joint staff/Member Environmental Panel. This panel will seek to continue to enhance its work to challenge and influence behaviour, consumption and efficiency across the College and build on recent improvements.

In 2020, the College will celebrate its ninetieth birthday since Foundation. We are developing ambitious celebratory plans, alongside plans to increase diversity within these walls and to make our community ever more 'intentional', and effective in achieving its charitable purposes.

The year after, in 2021, we will keep the anniversary of the post-war Lord Mayor's Thanksgiving Fund which did so much to establish the work of Goodenough College.

The College remains confident and ambitious in its plans for the development and enhancement of the College's impact on individuals and society. The College expresses great thanks to the Governors, Fellows, Members, Alumni and other stakeholders that enhance the College community through their engagement, skills, experience, sharing of opportunities and financial support, without whom the College would not continue to thrive.

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
- 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.

BDO have signified their willingness to provide audit services for the coming year. Auditors are appointed at the College AGM.

Goodenough College

Trustees' Annual Report and Strategic Report

for the year ended 31 March 2019

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

2/7/19

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF GOODENOUGH COLLEGE

Opinion

We have audited the financial statements of Goodenough College ("the Parent Charitable Company") and its subsidiaries ("the Group") for the year ended 31 March 2019 which comprise the consolidated statement of financial activities, the consolidated balance sheet, the consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Charitable Company's affairs as at 31 March 2019 and of the Group's incoming resources and application of resources for the year then ended;
- 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 in 2010.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Charitable Company in accordance with the ethical requirements relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions related to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group and the Parent Charitable Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Annual Report and financial statements, other than the financial statements and our auditor's report thereon. The other information comprises Trustees' Annual Report and the Goodenough College Chairman's Personal Welcome. The Trustees are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Independent Report of the Auditor

for the year ended 31 March 2019

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report, which includes the Directors' Report and the Strategic report prepared for the purposes of Company Law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' Report, which are included in the Trustees' Report, have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatement in the Strategic report or the Trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities and Trustee Investment (Scotland) Act 2005 requires us to report to you if, in our opinion;

- proper and adequate accounting records have not been kept by the Parent Charitable Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Charitable Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement, 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, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Group's and the Parent Charitable Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Group or the Parent Charitable Company or to cease operations, or have no realistic alternative but to do so.

Independent Report of the Auditor

for the year ended 31 March 2019

Auditor's responsibilities for the audit of the financial statements

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 the Acts and relevant regulations made or having effect thereunder.

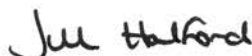
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee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

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at:


<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Charitable Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the Charitable Company's trustees, as a body, in accordance with the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the Charitable Company's members and trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charitable Company, the Charitable Company's members as a body and the Charitable Company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Jill Halford (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London

Date: 

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Goodenough College

Consolidated statement of financial activities (incorporating a consolidated Income and Expenditure account)

for the year ended 31 March 2019

	Notes	Unrestricted Funds	Restricted Funds	Total Funds	Total Funds
		£'000	£'000	2019 £'000	2018 £'000
Income from:					
Donations and legacies	2	7	369	376	225
Charitable Activities:					
College Community Accommodation	4	7,151	378	7,529	7,268
Trading Activities:					
Commercial Accommodation		3,261	-	3,261	3,078
Catering, Events and Venue Hire		983	43	1,026	989
Investments	3	1,145	105	1,250	1,015
Total		12,547	895	13,442	12,575
Expenditure on:					
Raising Funds					
Investment Management		127	5	132	78
Fundraising		250	-	250	144
Trading activities	11	2,486	15	2,501	2,431
Charitable Activities:					
Attracting outstanding postgraduate students	5	788	228	1,016	936
Transforming College Members	5	6,505	676	7,181	6,856
Raising the College's profile	5	324	1	325	269
Sustaining the College	5	1,957	2	1,959	2,907
Total		12,437	927	13,364	13,621
Net income before other (losses) / gains		110	(32)	78	(1,046)
Net (losses) on financial instruments	14	-	-	-	(25)
Net gains / (losses) on investments	10	(242)	48	(194)	1,573
Net Income/(expenditure)		(132)	16	(116)	502
Transfers between funds		128	(128)	-	-
Net Movement in Funds		(4)	(112)	(116)	502
Reconciliation of funds:					
Total funds brought forward		144,328	12,863	157,191	156,689
Net Movement in Funds		(4)	(112)	(116)	502
Total funds carried forward		144,324	12,751	157,075	157,191
Reconciliation of funds for year ended 2018					
Total funds brought forward	21	142,744	13,945	156,689	
Net Movement in funds		1,584	(1,082)	502	
Total funds carried forward		144,328	12,863	157,191	

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

The deficit for the year for Companies Act purposes, comprising the net expenditure for the year, was £116,000 (surplus in 2018: £502,000). The notes on pages 28 to 49 form part of these Financial Statements.

Goodenough College

Balance Sheet

for the year ended 31 March 2019

Company Registration No: 246919

		Group		Charity	
	Notes	2019	2018	2019	2018
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible assets					
Freehold land and buildings	9a	157,498	158,875	157,498	158,875
Heritage assets	9b	310	300	310	300
Fixtures, fittings plant & equipment	9c	1,193	947	1,193	947
		<u>159,001</u>	<u>160,122</u>	<u>159,001</u>	<u>160,122</u>
Investments	10	37,983	37,277	37,983	37,277
Investments in subsidiaries	11	-	-	250	250
		<u>196,984</u>	<u>197,399</u>	<u>197,234</u>	<u>199,649</u>
CURRENT ASSETS					
Stocks		24	23	24	23
Debtors	12	346	419	2,004	1,885
Cash at bank and in hand		<u>1,631</u>	<u>1,205</u>	<u>1,020</u>	<u>601</u>
		<u>2,001</u>	<u>1,647</u>	<u>3,048</u>	<u>2,509</u>
CURRENT LIABILITIES					
Amounts falling due within one year	13	(1,892)	(1,800)	(3,897)	(3,620)
		<u>109</u>	<u>(153)</u>	<u>(849)</u>	<u>(1,111)</u>
NET CURRENT ASSETS/(LIABILITIES)					
		<u>197,093</u>	<u>197,246</u>	<u>196,385</u>	<u>196,538</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
Creditors: amounts falling due after more than one year	14	(40,018)	(40,055)	(40,018)	(40,055)
		<u>157,075</u>	<u>157,191</u>	<u>156,367</u>	<u>156,483</u>
TOTAL NET ASSETS					
Restricted funds	15	12,751	12,863	12,751	12,863
Unrestricted funds	16	144,324	144,328	143,616	143,620
		<u>157,075</u>	<u>157,191</u>	<u>156,367</u>	<u>156,483</u>
TOTAL FUNDS					

The notes on pages 28 to 49 form part of these Financial Statements.

These Financial Statements were approved and authorised for issue by the Trustees on 2 July 2019 and signed on their behalf by:

Eric Tracey
Chairman



Consolidated Statement of Cash Flows

for the year ended 31 March 2019

	Notes (Page 26)	2019 £'000	2018 £'000
Cash flows from operating activities:			
Cash from operating activities	(a)	2,360	1,815
Interest paid on loan		(1,248)	(1,123)
Net cash generated from operating activities		1,112	692
Cash flows from investing activities:			
Dividends, interest and rents from investments		1,250	1,015
Proceeds from sale of investments		3,010	943
Purchase of tangible fixed assets		(1,028)	(1,003)
Purchase of investments		(3,760)	(11,205)
Net cash used in investing activities		(528)	(10,250)
Cash Flows from financing activities:			
Interest paid on interest rate swap		-	-
Repayment of interest rate swap		-	(2,107)
Cash Inflows from new loan		-	40,000
Costs for acquiring new loan		(8)	(563)
Cash Outflows from repayment of borrowing		-	(25,426)
Net cash provided /(used) by financing activities		(8)	11,904
Change in cash and cash equivalents in the reporting period			
		576	2,346
Cash and cash equivalents at the beginning of the reporting period		3,914	1,568
Cash and cash equivalents at the end of the reporting period	(b)	4,490	3,914

NOTES TO THE CONSOLIDATED CASHFLOW STATEMENT

	2019	2018
	£'000	£'000
(a) Reconciliation of net income to net cash inflow from operating activities		
Net (expenditure)/surplus	(116)	502
Losses on fair value of financial instrument	-	25
Unrealised loss/ (gain) on investments	178	(1,667)
Investment income	(1,014)	(912)
Interest receivable	(236)	(103)
Loss on disposal of investments	16	94
Depreciation charges	2,149	2,080
Impairment of fixed assets	-	265
Interest payable on loan	1,248	1,123
Loan costs	8	563
(Increase)/decrease in stock	(1)	5
Decrease in debtors	73	9
Increase/(decrease) in creditors	55	(169)
Net cash inflow from operating activities	2,360	1,815

(b) Analysis of Cash and Cash Equivalents	2018 £'000	Cash flows £'000	2019 £'000
Cash in hand	1,205	426	1,631
Notice deposits	2,709	150	2,859
Total Cash and cash equivalents	3,914	576	4,490

Goodenough College

Charity only statement of financial activities

for the year ended 31 March 2019

		Unrestricted Funds £'000	Restricted Funds £'000	Total Funds 2019 £'000	Total Funds 2018 £'000
Income from:					
Donations and legacies		1,765	369	2,134	1,829
Charitable Activities:					
College Community Accommodation	4	7,151	378	7,529	7,268
Trading Activities:					
Catering, Events and Venue Hire		-	43	43	44
Investments	3	1,145	105	1,250	1,015
Total		10,061	895	10,956	10,156
Expenditure on:					
Raising Funds					
Investment Management		127	5	132	78
Fundraising		250	-	250	144
Trading activities		-	15	15	12
Charitable Activities:					
Attracting outstanding postgraduate students	5	788	228	1,016	936
Transforming College Members	5	6,505	676	7,181	6,856
Raising the College's profile	5	324	1	325	269
Sustaining the College	5	1,957	2	1,959	2,907
Total		9,951	927	10,878	11,202
Net Income/(losses) before other gains /(losses)		110	(32)	78	(1,046)
Net (losses) on financial instruments		-	-	-	(25)
Net gains / (losses) on investments	10	(242)	48	(194)	1,573
Net (Losses)/Income		(132)	16	(116)	502
Transfers between funds		128	(128)	-	-
Net Movement in Funds		(4)	(112)	(116)	502
Reconciliation of funds:					
Total funds brought forward		143,620	12,863	156,483	155,981
Net Movement in Funds		(4)	(112)	(116)	502
Total funds carried forward		143,616	12,751	156,367	156,483

1. ACCOUNTING POLICIES

(a) Basis of preparation

The Financial Statements have been prepared under the historical cost convention, as modified by the inclusion of investments at fair value at balance sheet date.

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 18.

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 2019 on a line by line basis.

(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 Company being wound up, the liability in respect of the guarantee is limited to £1 per member of the Company.

(c) Key assumptions and estimates

Key assumptions and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The assumptions and estimates that are likely to cause any material impact to the accounts are set out below:

Valuation of Investment Properties – as disclosed in note 10, the holding value of the investment properties are reviewed at the balance sheet date to determine any changes in value. This is done by reviewing key property price indicators for the local area or an external valuation by RICS registered valuers.

Depreciation – Fixed Assets are depreciated on a straight line basis as set out in note 1i) Tangible Fixed Assets.

(d) 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.

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.

1. ACCOUNTING POLICIES (CONTINUED)

(e) 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 are apportioned across the four strategic goals. See note 6 for further information.

(f) 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 study and holiday 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 in support of the Asset Replacement Plan currently covering a 30 year period to 2046.

College Development Reserve (CDR) was established to hold the funds in excess of those required to settle previous borrowing when the College's debt was restructured in June 2017. These funds have been designated by the trustees to fund the further development of Goodenough College above and beyond the refurbishment and replacement of existing assets as provided for in the Asset Replacement Reserve and to include investment in 'intangible' matters other than fixed assets. The final criteria for its use would be determined through the development of the College Strategy.

Other designated funds reserve represents other funds designated by the trustees for particular purposes.

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 include the College's reserve.

1. ACCOUNTING POLICIES (CONTINUED)

(g) Financial instruments

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.

Other financial instruments (including the College's interest rate swap agreement which was settled in June 2017) 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'.

(h) 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 is charged to the Statement of Financial Activities.

1. ACCOUNTING POLICIES (CONTINUED)

(i) Tangible fixed assets

The College has elected to present the deemed cost of its freehold assets at the value held at 1 April 2014, as permitted under the FRS102 transitional arrangements. Where there is an indication of an asset being impaired the recoverable amount is identified and the impairment loss is recognised as expenditure in the Statement of Financial Activities.

Depreciation on 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	15-50
Lifts	25-30
Bathrooms, heating, water, electrical and gas systems, and boiler equipment	10-25
CCTV	5-20
Ventilation and fire detection systems and fire stopping works	10-15
Access and telephone system	10
Vehicles	5
Computer and other office equipment	4
Computer software	4
Furniture	8-20
Improvements to Freehold (including room refurbishment)	6-15
Other plant and equipment and other fixtures and fittings	4-15

(j) Heritage Assets

The College has elected to present the deemed cost of its Heritage Assets at the value held at 1 April 2014, as permitted under the FRS102 transitional arrangements. Heritage Assets are not depreciated.

(k) 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.

(l) Investment Properties

Investment properties are held initially at cost and subsequently at fair value at the reporting date. Any Gains or Losses are recognised under 'Net gains/ (losses) on investments' on the Statement of Financial Activities. Investment properties are not depreciated.

(m) Stocks

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

(n) Operating Leases

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

1. ACCOUNTING POLICIES (CONTINUED)

(o) Borrowing Costs

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

(p) Pension Accounting Policy

Goodenough College operates a defined contribution pension scheme. Contributions are charged to the SOFA as they become payable.

2 DONATIONS

	Unrestricted funds 2019 £'000	Restricted funds 2019 £'000	Total funds 2019 £'000	Total funds 2018 £'000
Legacies	-	-	-	11
Donations	7	369	376	214
	<u>7</u>	<u>369</u>	<u>376</u>	<u>225</u>

Of the total funds stated for 2018, £215k was restricted and £10k unrestricted.

Of these donations £1,080 (2018: £1,750) was received from Trustees.

3 INVESTMENT INCOME

	Unrestricted funds 2019 £'000	Restricted funds 2019 £'000	Total funds 2019 £'000	Total funds 2018 £'000
Income from UK listed investments	244	43	287	270
Income from overseas listed investments	78	21	99	75
Rent from property	596	32	628	567
Other interest - short-term deposits	227	9	236	103
	<u>1,145</u>	<u>105</u>	<u>1,250</u>	<u>1,015</u>

Of the total funds stated for 2018, £109k was restricted and £906k unrestricted.

4 INCOMING RESOURCES FROM COLLEGE CHARITABLE ACTIVITIES

	Unrestricted funds 2019 £'000	Restricted funds 2019 £'000	Total funds 2019 £'000	Total funds 2018 £'000
College gross accommodation income	7,151	-	7,151	6,935
The Burn income	-	378	378	333
	<u>7,151</u>	<u>378</u>	<u>7,529</u>	<u>7,268</u>

Of the total funds stated for 2018, £333k was restricted and £6,935k was unrestricted.

5 EXPENDITURE FOR CHARITABLE PURPOSES

	Direct Costs 2019 £'000	Support Costs 2019 £'000	Total 2019 £'000	Total 2018 £'000
Attracting outstanding postgraduate students	848	168	1,016	936
Transforming College Members	6,100	1,081	7,181	6,856
Raising the College's profile	271	54	325	269
Sustaining the College	<u>1,836</u>	<u>123</u>	<u>1,959</u>	<u>2,907</u>
	<u>9,055</u>	<u>1,426</u>	<u>10,481</u>	<u>10,968</u>

The College has paid £408k (2018: £349k) to College members as scholarships and bursaries, including hardship funds.

6 SUPPORT COSTS

	2019 £'000	2018 £'000
Finance	348	373
IT	586	597
HR	257	240
Governance	27	26
Other General Overheads	<u>396</u>	<u>326</u>
	<u>1,614</u>	<u>1,562</u>

These support costs are split across the following areas:

Raising Funds	188	190
Charitable Activities	<u>1,426</u>	<u>1,372</u>
	<u>1,614</u>	<u>1,562</u>

GOVERNANCE COSTS

	2019 £'000	2018 £'000
Support Costs		
Council and Board meeting costs	7	5
Fees payable to the auditors - College	21	21
	28	26
Direct Costs		
Fees payable to the auditors – Subsidiary Companies	17	17
Total Governance Costs	45	43
 Fees payable to the Company's auditors		
 Statutory audit	32	33
Advisory services	6	6
	38	39

7 NET OUTGOING RESOURCES

	2019 £'000	2018 £'000
Net outgoing resources for the year are stated after charging :		
Amounts payable to auditors (Group)	38	39
Depreciation of tangible fixed assets	2,149	2,080
Operating lease charge	62	90

8 INFORMATION REGARDING STAFF AND TRUSTEES

	2019 No.	2018 No.
Average number of employees (full time equivalent) during the year:		
College	61	62
Hotel	11	13
Burn	13	13
	85	88

8 INFORMATION REGARDING STAFF AND TRUSTEES (continued)

	2019	2018
	£'000	£'000
Wages and Salaries	2,881	2,839
Social security costs	286	281
Pensions	110	72
	3,277	3,192

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

	2019	2018
	No.	No.
£60,001 - £70,000	5	3
£70,001 - £80,000	2	2
£90,001 - £100,000	1	-
£110,001 - £120,000	-	1
£120,001 - £130,000	1	-
£140,000 - £150,000	-	1

Pension contributions for these senior staff were £48,878 (2018: £37,211).

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 four Trustees were reimbursed or had amounts paid on their behalf for expenses incurred totalling £3,518 (2018: £1,494).

Pension Schemes

The Company operates stakeholder pension schemes administered by Legal and General. The employer's contributions are 10% of pensionable salary for senior staff and are matched to those of the qualifying employees to a maximum of 5% of pensionable salary for other staff and amounted to £109,824 (2018: £71,778). At 31 March 2019 outstanding payments due to the scheme were £16,382 (2018: £9,853).

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 employer's National Insurance Contributions) paid or payable to 'key management personnel' during this year was: £670,966 (2018: £705,236).

The previous Director of Development and External Relations was unable to fulfil the role during the period due to long term illness. Services in support of the responsibilities of this post were secured by a consultant during the year. No costs for the Director of Development and External Relations are included within Key Management Personnel.

8 INFORMATION REGARDING STAFF AND TRUSTEES (continued)

Redundancy Payments

Total payments made during this year in relation to redundancy pay were £22,629 (2018: £Nil). 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**

	College	The Burn	Total
	£'000	£'000	£'000
Land and buildings at valuation			
Brought forward valuation or cost at 1 April 2018	154,466	11,048	165,514
Additions	530	-	530
At 31 March 2019	154,996	11,048	166,044
Depreciation			
Brought forward at 1 April 2018	6,175	464	6,639
Charge for the year	1,804	103	1,907
At 31 March 2019	7,979	567	8,546
Net book value at 31 March 2019	147,017	10,481	157,498
Net book value at 31 March 2018	148,291	10,584	158,875

Freehold properties consisted of student accommodation, the hotel (the Goodenough on Mecklenburgh Square) 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.

Also included in Freehold Properties are the College's Royal Albert Hall seats, held at historic cost of £350. The seats were purchased by the College in 1967 and are held on a 999 year lease from 1867.

The historical cost net book value of the land and buildings if the revaluation had not taken place would be £32,129,000 (2018: £32,833,000).

9 TANGIBLE FIXED ASSETS (continued)

One of the College's properties is used by Goodenough Club Ltd, trading as The Goodenough on Mecklenburgh Square, 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 2019 the net book value of the mixed use property is £14,897k, with accumulated depreciation of £635k and in year depreciation charge of £246k.

(b) Heritage Assets

Consolidated and company

	College £'000	The Burn £'000	Total £'000
Valuation at 1 April 2018	280	20	300
Additions	10	-	10
At 31 March 2019	290	20	310

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 2018	1,907	87	1,994
Additions	483	-	483
Assets under construction	-	5	5
At 31 March 2019	2,390	92	2,482
Depreciation at 1 April 2018	989	58	1,047
Charge for year	230	12	242
At 31 March 2019	1,219	70	1,289
Net Book Value at 31 March 2019	1,171	22	1,193
Net book value at 31 March 2018	918	29	947

10 INVESTMENTS HELD AS FIXED ASSETS

	College	The Burn	Total
(a) Investment Properties			
Land and buildings at valuation:	£'000	£'000	£'000
Carried forward at 1 April 2018	14,346	700	15,046
Disposals	(70)	-	(70)
Revaluation	(315)	-	(315)
At 31 March 2019	<u>13,961</u>	<u>700</u>	<u>14,661</u>

The College Investment properties were the subject of an independent market valuation for inclusion at 31 March 2018 by Alpha Browett Taylor, RICS registered valuer with the necessary knowledge and expertise to provide this valuation. An internal exercise was carried out to assess if the market had changed during the financial year, and it was identified that the value of properties in the local market had decreased and the College Investment properties were adjusted to reflect that.

The Burn investment properties were the subject of an independent market valuation for inclusion at 18 January 2018 by J & E Shepherd, RICS registered valuer with the necessary knowledge and expertise to provide this valuation. An internal exercise was carried out to assess if the market had changed during the financial year, and no change was identified.

During the year there was a disposal of an investment property, 14 Mecklenburgh Square. The College received £74.5k from this transaction and the gain on the sale has been taken to net gains / (losses) on investments as shown on the SOFA.

10 INVESTMENTS HELD AS FIXED ASSETS (continued)

			Consolidated and Company	
			2019	2018
(b)	Listed Investments	Notes	£'000	£'000
	Market Value at 1 April		19,522	9,795
	Additions at cost		3,760	11,205
	Proceeds from disposals		(2,935)	(943)
	Realised gain		(21)	(94)
	Unrealised (loss)/gain		137	(441)
	Market Value at 31 March		20,463	19,522
Listed Investments comprise the following:				
	Investments listed on a recognised stock exchange - Equities		9,762	7,577
	Investments listed on a recognised stock exchange - Bonds		6,095	5,875
	Alternative Funds		4,606	6,070
	Market Value at 31 March		20,463	19,522
	Investment assets in the United Kingdom		15,825	16,260
	Investment assets outside the United Kingdom		4,638	3,262
	Market Value at 31 March		20,463	19,522
	Cost at 31 March		18,686	20,551
Total investments				
	Listed Investments (Market Value)	10b	20,463	19,522
	Short term deposits		2,859	2,709
	Investment Properties (Market Value)	10a	14,661	15,046
	Investments at 31 March		37,983	37,277

11 SUBSIDIARY UNDERTAKINGS

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

Subsidiary Undertaking	Company Investment at Cost £
Goodenough Club Limited	250,000
Goodenough Ventures Limited	2
	<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 £3,268k (2018: £3,084k) 'Turnover' includes £7k (2018: £6k) for sales to the parent company. Commercial Accommodation income of £3,261k (2018: £3,078k) has been included within the consolidated statement of financial activities in relation to the activities of this subsidiary.

The £1,736k (2018: £1,651k) 'Cost of Sales' includes £301k (2018: £285k) in charges to the subsidiary by the parent company for the use of parent company resources, £7k (2018: £6k) in costs of providing services to the parent company and £214k (2018: £186k) in charges from Goodenough Ventures for the provision of services. Trading activity expenditure of £1,515k (2018: £1,459k) has been included within the consolidated statement of financial activities in relation to the activities of this subsidiary.

	2019	2018
	£'000	£'000
Turnover	3,268	3,084
Cost of sales	<u>(1,736)</u>	<u>(1,651)</u>
	1,532	1,433
Gift aid payment	<u>(1,532)</u>	<u>(1,433)</u>
Profit	<u>-</u>	<u>-</u>
Assets	2,821	2,664
Liabilities	<u>(1,863)</u>	<u>(1,706)</u>
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 £1,789k (2018: £1,695k) 'Turnover' includes £593k (2018: £563k) for sales to the parent company, and £214k (2018: £186k) for sales to other group entities. Catering Events and Venue Hire income of £983k (2018: £945k) has been included within the consolidated statement of financial activities in relation to the activities of this subsidiary.

The £1,563k (2018: £1,524k) 'Cost of Sales' includes £141k (2018: £134k) in charges to the subsidiary by the parent company for the use of parent company resources and £593k (2018: £563k) in costs of providing catering supplies for the parent company. Trading activity expenditure of £971k (2018: £961k) has been included within the consolidated statement of financial activities in relation to the activities of this subsidiary.

	2019 £'000	2018 £'000
Turnover	1,789	1,695
Cost of sales	(1,563)	(1,524)
	226	171
Gift aid payment	(226)	(171)
Profit	-	-
Assets	446	351
Liabilities	(446)	(351)
Shareholders' funds	-	-

12 DEBTORS

	Consolidated		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Trade debtors	193	227	79	93
Amounts due from subsidiary undertaking	-	-	1,758	1,604
Other debtors	27	55	27	56
Taxes recoverable	36	-	51	-
Prepayments and accrued Income	90	137	89	132
	346	419	2,004	1,885

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

13 CREDITORS:

Amounts falling due within one year

	Consolidated		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Trade creditors	1,042	1,188	635	813
Amounts due to subsidiary undertaking	-	-	2,467	2,255
Taxation and social security	128	116	128	81
Other creditors	121	94	121	93
Accruals	449	260	398	236
Deferred income	115	105	111	105
Other deferred discount	37	37	37	37
	1,892	1,800	3,897	3,620

Deferred income consists entirely of commercial rent received from tenants in advance. Prior year deferred income related in full to income recognised in 2019. A reconciliation is set out below:

Movement in deferred income in year

	Consolidated		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Balance brought forward	105	100	105	100
Released:	(105)	(100)	(105)	(100)
Added	115	105	111	105
Balance carried forward	115	105	111	105

14 CREDITORS: amounts falling due in greater than one year

	2019	2018
	£'000	£'000
Bank Borrowing		
Falling due in more than 5 years	40,000	40,000
	40,000	40,000
Other Deferred Discount		
Falling due between 1 and 2 years	18	37
Falling due between 2 and 5 years	-	18
Total	40,018	40,055

Bank Borrowing

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%. This loan is repayable in full in June 2047. The Rothesay loan is secured against London House and William Goodenough House.

Financial Instruments

At the balance sheet date the College held no complex financial instruments.

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.

15 RESTRICTED FUNDS

	31 Mar'18	Transfer	Income	Gains / losses	Expenditure	31 Mar'19
	£'000	£'000	£'000	£'000	£'000	£'000
2018/19						
Burn Fund						
General fund	1,063	110	516	31	(660)	1,060
Specific Donations	6	-	-	-	-	6
Investment Property reserve	700	-	-	-	-	700
Tangible fixed asset reserve	10,633	(110)	-	-	-	10,523
Total Burn Fund	12,402	-	516	31	(660)	12,289
Other Restricted Funds						
Scholarships and Bursaries	370	-	178	14	(208)	354
Specific donations	91	(128)	201	3	(59)	108
Total Other Restricted Funds	461	(128)	379	17	(267)	462
Total Restricted Funds	12,863	(128)	895	48	(927)	12,751

	31 Mar'17	Transfer	Income	Gains / losses	Expenditure	31 Mar'18
	£'000	£'000	£'000	£'000	£'000	£'000
2017/18						
Burn fund						
General fund	1,197	393	468	(63)	(932)	1,063
Specific Donations	8	-	1	-	(3)	6
Investment Property reserve	1,170	-	-	(470)	-	700
Tangible fixed asset reserve	11,026	(393)	-	-	-	10,633
Total Burn Fund	13,401	-	469	(533)	(935)	12,402
Other Restricted Funds						
Scholarships and Bursaries	393	10	140	(11)	(162)	370
Specific donations	151	(103)	92	(4)	(45)	91
Total Other Restricted Funds	544	(93)	232	(15)	(207)	461
Total Restricted Funds	13,945	(93)	701	(548)	(1,142)	12,863

- *Burn funds* are further discussed in the financial review on page 13.
- *Scholarships and 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.

16 UNRESTRICTED FUNDS

	31 Mar'18	Transfer	Income	Gains/losses	Expenditure	31 Mar'19
	£'000	£'000	£'000	£'000	£'000	£'000
2018/19						
Tangible fixed asset	149,491	(1,013)	-	-	-	148,478
Long term loan	(40,000)	-	-	-	-	(40,000)
Tangible fixed asset reserve	109,491	(1,013)	-	-	-	108,478
Investment property reserve	14,346	(70)	-	(315)	-	13,961
Asset Replacement reserve	2,213	1,135	50	(27)	(6)	3,365
College Development Reserve	11,442	70	262	(183)	(419)	11,172
Other Designated Reserves	196	-	4	-	(4)	196
Total designated reserves	137,688	122	316	(525)	(429)	137,172
General funds of the Charitable Company	5,932	6	12,231	283	(12,008)	6,444
Total funds of the charitable company	143,620	128	12,547	(242)	(12,437)	143,616
General funds of the subsidiaries	708	-	-	-	-	708
Total consolidated unrestricted funds	144,328	128	12,547	(242)	(12,437)	144,324

	31 Mar'17	Transfer	Income	Gains/losses	Expenditure	31 Mar'18
	£'000	£'000	£'000	£'000	£'000	£'000
2017/18						
Tangible fixed asset	151,640	(2,149)	-	-	-	149,491
Long term loan incl interest rate swap	(27,509)	(12,491)	-	-	-	(40,000)
Tangible fixed asset reserve	124,131	(14,640)	-	-	-	109,491
Investment property reserve	10,566	1,202	-	2,578	-	14,346
Asset Replacement reserve	1,244	985	7	(20)	(3)	2,213
Capital replacement reserve	-	11,878	101	(220)	(317)	11,442
Other Designated reserves	196	-	6	-	(6)	196
Total designated reserves	136,137	(575)	114	2,338	(326)	137,688
General funds of the Charitable Company	5,899	668	11,760	(242)	(12,153)	5,932
Total funds of the charitable company	142,036	93	11,874	2,096	(12,479)	143,620
General funds of the subsidiaries	708	-	-	-	-	708
Total consolidated unrestricted funds	142,744	93	11,874	2,096	(12,479)	144,328

The designated reserves are further discussed in the financial review on page 12.

17 ANALYSIS OF ASSETS AND LIABILITIES BETWEEN FUNDS OF THE CHARITY

2018/19	Restricted Funds – The Burn £'000	Restricted Funds - Other £'000	Designated reserves £'000	General Funds £'000	Charity Total £'000
Tangible fixed assets	10,523	-	148,478	-	159,001
Investments	1,391	462	13,846	7,623	23,322
Investment properties	700	-	13,961	-	14,661
Investments in subsidiaries	-	-	-	250	250
Amounts due to subsidiaries	-	-	-	(709)	(709)
Other current assets	15	-	255	-	270
Cash at bank and in hand	90	-	632	298	1,020
Current and long term liabilities	(430)	-	(40,000)	(1,018)	(41,448)
	12,289	462	137,172	6,444	156,367

2017/18	Restricted Funds – The Burn £'000	Restricted Funds - Other £'000	Designated reserves £'000	General Funds £'000	Charity Total £'000
Tangible fixed assets	10,633	-	149,489	-	160,122
Investments	1,352	461	13,171	7,247	22,231
Investment properties	700	-	14,346	-	15,046
Investments in subsidiaries	-	-	-	250	250
Amounts due to subsidiaries	-	-	-	(651)	(651)
Other current assets	28	-	276	-	304
Cash at bank and in hand	74	-	406	121	601
Current and long term liabilities	(385)	-	(40,000)	(1,035)	(41,420)
	12,402	461	137,688	5,932	156,483

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

18 LEASING COMMITMENTS

At 31 March 2019 the charitable company had the following total commitments for equipment under non-cancellable operating leases.

	2019	2018
	£'000	£'000
Operating leases which expire in 5 years	<u>62</u>	<u>90</u>

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

19 CAPITAL COMMITMENTS

As at 31 March 2019 the College had no capital commitments.

20 RELATED PARTY TRANSACTIONS

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

21 Consolidated statement of financial activities for period ended 31 March 2018

	Unrestricted Funds	Restricted Funds	Total Funds
	£'000	£'000	2018 £'000
Income from:			
Donations and legacies	10	215	225
Charitable Activities:			
College Community Accommodation	6,935	333	7,268
Trading Activities:			
Commercial Accommodation	3,078	-	3,078
Catering, Events and Venue Hire	945	44	989
Investments	906	109	1,015
Total	11,874	701	12,575
Expenditure on:			
Raising Funds			
Investment Management	72	6	78
Fundraising	144	-	144
Trading activities	2,419	12	2,431
Charitable Activities:			
Attracting outstanding postgraduate students	753	183	936
Transforming College Members	6,202	654	6,856
Raising the College's profile	269	-	269
Sustaining the College	2,620	287	2,907
Total	12,479	1,142	13,621
Net income before other (losses) / gains	(605)	(441)	(1,046)
Net (losses) on financial instruments	(25)	-	(25)
Net gains / (losses) on investments	2,121	(548)	1,573
Net Income/(expenditure)	1,491	(989)	502
Transfers between funds	93	(93)	-
Net Movement in Funds	1,584	(1,082)	502
Reconciliation of funds:			
Total funds brought forward	142,744	13,945	156,689
Net Movement in Funds	1,584	(1,082)	502
Total funds carried forward	144,328	12,863	157,191