



Goodenough College
(A company limited by guarantee)

Annual Report and Financial Statements
for the year ended 31 August 2023

Company Registration No. 00246919
Registered Charity No. 312894 (England and Wales) and SC039173 (Scotland)

Goodenough College

Trustees' Annual Report and Strategic Report

for the year ended 31 August 2023

From the President of the College (and Chair of the Board)

I am delighted to introduce Goodenough College's Annual Report and Financial Statements for the year ending 31 August 2023. It was a period which saw a strong admissions field, high occupancy levels in our accommodation, an excellent take-up by College Members of our intellectual, social and cultural enrichment programme, and an exceptional financial performance by the College's hotel, short-stay and sabbatical accommodation, which has helped put us on a firm financial footing for the year ahead.

It was clear, at the start of the year under review, that we faced significant strategic risks from inflationary pressures on the economy, rising staff, food and energy costs, uncertainty about Member occupancy and concerns about the resilience of the market for the College's trading activities. Against this challenging background, it was pleasing to see a significant rise in the number of applicants for accommodation for academic year 2022-23, reflecting an increasing awareness of the College's success in delivering high-quality accommodation, an unrivalled enrichment programme and sustained welfare support for its postgraduate community.

It was a year of lively community activity. College Members engaged in UK-wide and overseas study trips, several successful retreats on our Scottish estate, The Burn, and a wide variety of cross-disciplinary talks and seminars facilitated by eminent public figures, opinion-formers and scholars. We were delighted to be able to offer a number of musical events, including opera and orchestral performances, following the establishment of a generous endowment by the Argyris family, in memory of their son Christopher, a former College Member.

In common with many other residential institutions, the College continued to field significant challenges throughout the year. The heated UK job market posed difficulties for the recruitment and retention of staff. Rapidly rising inflation and energy costs placed huge pressure on the College budget, leading to a necessary but uncomfortable decision to increase catering costs for College Members and make preparations for future rent rises. In mitigation, we expanded our scholarships and bursaries programmes, increased our emergency fund, and established a budget to ensure students with limited financial means could continue to participate across the Dean's programme. A new Director of Development and Alumni Relations was appointed in December 2022, who is reinvigorating the College's engagement with its philanthropic supporters, including establishing new scholarships and reconnecting with Alumni communities.

Looking ahead, our main objective will be to ensure that the College continues to attract high numbers of exceptional students from across the world, who will make the most of their time at the College to build friendships, contacts, knowledge and experiences which will serve them and their communities in their subsequent lives and career. Areas for particular focus will include continuing outreach to countries (especially in the Commonwealth) where our visibility remains low; repositioning and relaunching our events and venue hire business to increase funding for our charitable enterprise; and enhanced marketing of our Scottish estate, The Burn, to build its financial sustainability. Preparations will continue for the proposed renovation of five Georgian townhouses on the College's estate, which will enable the College to offer further lower-cost student accommodation to students with limited financial means.



Stuart Shilson LVO DL
President of the College (and Chair of the Board)

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The Board of Trustees present their Report and audited Financial Statements for the year ended 31 August 2023 under the Charities Act 2011 and the Companies Act 2006.

COMPANY INFORMATION

PATRON

Queen Elizabeth II

TRUSTEE BOARD

Stuart Shilson LVO DL – President of the College (and Chair of the Board)
Dame Maura McGowan DBE – Vice President of the College (and Vice Chair of the Board)
Andrew Brown KC – Vice President of the College (and Vice Chair of the Board)
Alex Acland (Resigned 13 July 2023)
David Bulman (Appointed 1 September 2022)
Roger Chadwick OBE (Resigned 6 February 2023)
Corey Cook
Lindsay Dodsworth (Appointed 1 September 2022)
James Douglas
Guy Parsons (Appointed 26 July 2022)
Meredith Pierce Hunter (Resigned 31 March 2023)
Martin Schwab (Resigned 12 January 2024)
Danielle Weese (Appointed 1 September 2022)
Fiona Wilkinson (Appointed 18 February 2023)

Senior Staff

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

The Hon Alice Walpole OBE
Richard Barker

Janine Binks (until 15th September 2023)
Andrew McGowan (from 5 December 2022)
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:

Buzzacott LLP
130 Wood Street
London
EC2V 6DL

Legal Advisers:

Cripps LLP
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 00246919. It is registered with the Charity Commission, Charity number 312894 (England and Wales) and SC039173 (Scotland). The College's purposes are set out within its Articles of Association.

The governing document of the charity is the Articles of Association of Goodenough College Limited as adopted on 24 January 2023. The articles set out the following main features of the governance structure of the College:

- A Board of 8–15 Directors 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 holds meetings on a regular basis with an expectation of four meetings being held over the course of a calendar year.

The Articles of Association require each Director to be appointed by the Board for terms not exceeding three years. A Director shall not remain in office after the ninth anniversary of the date of their first appointment (with the provision that any Director in office on 2 January 2023 shall remain in office until the end of their current term).

- The process for the appointment of Board Directors is set out within the College's Articles of Association. Appointments are normally made on the recommendation of the Nominations and Remuneration Committee at Board meetings.
- The Members of the Company (as defined in the Articles of Association) can appoint/remove any Director notwithstanding the provisions available to the Board. On 24 October 2023 the Members resolved to re-appoint Andrew Brown as a Director, for a period of up to twelve months from 12 January 2024. Andrew Brown was appointed to the Board on 13 October 2009.

In accordance with the revised Memorandum of Association, every Member is liable to contribute a sum of £1 in the event of the company being wound up. At 31 August 2023, there were 11 members (2022: 26 members); on 25 January 2024 there were 10 members.

The Trustees are satisfied that the revised governance processes enable the College to engage more effectively with its mission and objectives. 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 and the Charity Governance Code for larger charities.

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

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Board of Trustees

The Board of Trustees holds 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.

New Trustees undertake an induction programme to familiarise themselves with the College, its objectives and its structure, alongside their roles and responsibilities under legislation and College governance. The Board has terms of reference for its own operation, based upon recommendations set out within the Charity Governance Code.

Committees

Trustees, Fellows and advisors may serve on one or more Board Committees, as set out below:

- Academic Committee
- Audit and Risk Advisory Committee
- Burn Management Committee
- Equality, Diversity and Inclusion Committee
- Finance & Investment Committee
- Nominations & Remuneration Committee
- Subsidiary Company Boards

Details of the composition and the Terms of Reference of each Committee are held by the Governance Officer.

Management

Operational management of the College is delegated by the Trustees to the College Director, who is accountable to the Board of Trustees for the stewardship of the Charity. The College Director and the senior leadership team (the Executive Committee) attend formal Board and Committee meetings. The College sets the pay of its key staff through its Nominations and Remuneration Committee, supported by the College 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 College Director is set by the Board.

The Board delegates the operation of the College through an approved scheme of delegation overseen by the Audit Committee. The scheme provides for the most significant financial and operational decisions to be carried out by the Board.

Group structure and relationships

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

- *Goodenough Trading Limited (Formerly Goodenough Club Limited)* (Company No. 02684378) provides overnight accommodation. The subsidiary takes on responsibility for the trading of The Goodenough Hotel, London and the provision of 'Short Stay' accommodation in London House

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and William Goodenough House. Its annual profits are donated to the College as qualifying distributions under deed of covenant;

- *Goodenough Ventures Limited* (Company No. 09342926) provides events, venue hire and catering and commercially-let accommodation at The Burn. Its annual profits are also donated to the College as qualifying distributions under deed of covenant.

The activities previously carried out by Goodenough Ventures Limited were transferred to Goodenough Trading Limited from 1 September 2023, following which Goodenough Ventures Limited has ceased trading.

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

Investment powers and policies

The Trustees have the authority conferred by the Articles of Association 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 enhances income and capital growth over the longer term, and maintains the capital value, whilst providing some protection from inflation for particular designated funds, thereby enabling them to meet their current and future objectives in accordance with the purposes and plans of Goodenough College. Investment management is overseen by the College's Finance and 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 normally agreed investment mandates matching the timing of the College's expected call on those funds and their attitude to risk. Stocks not quoted on a recognised stock exchange or otherwise actively traded, and sub investment grade or unrated bonds, may not be held within the portfolio, without prior approval of the Trustees.

STRATEGIC REPORT

The following sections comprise the strategic report required by the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013:

- Objectives and activities
- Achievements and performance
- Financial review
- Plans for future period.

OBJECTIVES AND ACTIVITIES

The history of the institution that is now Goodenough College began in 1930 when a group of individuals led by Frederick Craufurd Goodenough, Chairman of Barclays Bank, established a student residence in London for international postgraduate students. Goodenough's vision was the creation of a hall of residence for (male) students from Commonwealth countries, offering a collegiate community in the heart of London to promote friendships and enhance international understanding. The College has expanded greatly since that time and now consists of a six hundred-strong community of postgraduates, some with accompanying families, from across the world.

The College's charitable objects, as set out in its Articles of Association, 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)."

We will continue to build upon our strong foundations to achieve our current vision and mission:

Vision

A fellowship of global citizens with shared values of tolerance, respect, understanding, service and togetherness (reflecting the spirit of the UK and the principles of the Commonwealth).

Mission

To create a stimulating, inclusive and mutually supportive, residential community in the heart of London where outstanding postgraduate students exchange ideas, openly debate values and form lasting friendships.

The College presents its 2022/23 expenditure in the pursuit of four 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;

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- 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, underpinned by secure finances, a well-maintained estate and high-quality staff, with a commitment to minimising its environmental impact.

The College measures its performance through regular Key Performance Indicators (KPIs) that compare success in the reporting period with prior years. These KPIs cover areas including occupancy; diversity of membership; delivery of cultural, social, sporting and educational events; volume of Scholarships and Bursaries; and number of Alumni contacts. Further information is contained within the Financial Review and Achievements and Performance.

College Members attend over forty academic and professional institutions in London. The College works to maintain 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, Commonwealth, Monash, Windle 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 culture and politics of the UK. This contribution to international tolerance and understanding serves an ever greater purpose in today's world of political and economic uncertainty.

The College frames its distinctive paradigm through the vectors of 'commensality' and 'conviviality'—common eating and common living. Members jointly engage in many intellectual, cultural, social, experiential and developmental activities. Talks, seminars and colloquia, where renowned individuals lecture and share knowledge and life experience, are a regular feature of the College calendar. A series of 'GoodSkills' weeks take place to refine the non-academic skills base of College Members. College Members live and work 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 programme enables College Members to grow their capacity for understanding of the UK – and 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, our Scottish estate and academic retreat, both welcomes College Members, in study groups or privately, and actively supports Scottish universities, offering its facilities to national and international students and academic groups. As social and travel restrictions have eased in the wake of the pandemic, The Burn has provided a valuable opportunity for its guests to relax amongst their peers, undertake quiet or group study, build friendships and take pleasure in the natural world.

The College is opened to the public for concerts, operas, conferences and lectures. A large number of external organisations and individuals also use the College's facilities for their own events and activities.

ACHIEVEMENTS AND PERFORMANCE

College Member occupancy in 2022/23 remained high throughout the academic year and over the summer period. The College saw very strong commercial performance from its Hotel, Short Stay and Sabbatical room businesses. The Burn and the College events and venue hire business struggled to generate revenues sufficient to cover their increased costs resulting from high food and labour costs in particular.

The impact of the College's activities on Members is a growth in confidence through their experience at Goodenough, 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.

Postgraduate students continue to have an overwhelmingly positive experience at Goodenough College.

During 2022/23 £8.2m (2022: £7.6m) 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 2022/23 academic year delivered (including Member-led activities) 177 sporting fixtures or physical activity sessions; 125 cultural, music and arts-based events; 120 evening lecture 'Port Talks', transformative skills-based sessions (the 'GoodSkills' programmes) and academic seminar segments and study trips, all of them delivered in person, with a small number of blended events. In particular a series of celebratory events was organised to mark the Coronation of HM The King.

The Dean's Office carried out an extensive and tailored programme of activities to support individual Member wellbeing through the academic year which involved individual as well as group pastoral activity.

During 2022/23 the College maintained its accreditation against the National Code for Assured Accommodation, which demonstrates the College's commitment to the highest standards in delivering its accommodation and supporting its community. The College was again awarded the Global Student Living Index Best Specialist Accommodation Award in October 2023 and the new Global Student Living Platinum Certification for achieving the thresholds for seven metrics (Structural scores – Internet, Condition & Quality, Bedroom, Value for Money; Operational scores - Care & Support, Recycling & Environmental Facilities, Overall Management). Platinum Certification was only awarded to five operators and one university nationally.

The Burn has continued to fulfil its charitable objectives through the provision of an academic retreat and event venue to the Scottish HE sector and the wider academic marketplace. The Burn aims to add value by providing a unique and enriching student experience. The drive for long-term sustainability continues and this period has seen both footfall and income increase along with rising levels of interest from a range of new customers. The Burn has yet to realise the high activity levels enjoyed during the pre-COVID year but there are now positive signs of a rising market. The Burn's relationship with the Scottish university sector – The Burn's principal marketplace - remains strong. This association offers the greatest potential for future business success. In addition, The Burn is now fully engaged with supporting the Member programme within Goodenough College where it is seen as a key asset.

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The College spent £0.6m on Scholarships and Bursaries in 2022/23, (2022: £0.6m). The College continues to review the allocation of Scholarships and Bursaries to ensure that College is best able to target the appropriate students and match allocated scholarship funds to appropriate need. The budget for Scholarships and Bursaries grew in 2022/23 in line with the September 2022 increase in the level of rents.

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 recognises the importance of being able to support Members with limited financial means thanks to the generosity of friends and Alumni.

During the period the College received 2,003 applications (2022/23: 1,598) for its 2023/24 academic year intake, 4.9 for each available place at the College (2022/23: 3.5). The proportion of applications from EU countries stayed steady at 11% (2022/23: 11%) and applications from Commonwealth countries decreased to 45% (2022/23: 49%). The College continued to invest in additional marketing and engagement actions to maintain and develop the number of suitable applicants to the College and the appropriate Commonwealth representation.

During the 2022/23 academic year Members came from 95 (2021/22: 80) countries (India 10%; UK 9%; Canada 9%; China 5%; Pakistan 5%), of which 52% (2021/22: 50%) were from the Commonwealth. These Members were studying at 38 (2021/22: 37) academic institutions (UCL 29%; LSE 23%; Kings 10%); with 64% (2021/22: 66%) undertaking Masters Courses; 29% (2021/22: 28%) PhD and other research programmes; and 7% (2021/22: 6%) other forms of postgraduate qualifications. Their academic subject matter continued to be as diverse as their backgrounds.

The College spent £0.3m (2022: £0.3m) in raising the College's profile. Member representational visits to institutions in London and throughout the UK were continued.

Members made four trips to The Burn for four-day long educational retreats, subsidised by the College. Other Burn trips were planned and recruited but cancelled due to industrial action on the rail network, making Scotland largely inaccessible to visiting groups from London.

Including the £1.2m 2022/23 interest costs of the College's debt (2022: £1.2m) 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 (2022: £2.3m). Excluding loan interest, the College spent £0.8m on sustaining the College (2022: £1.1m).

The College applied funds of £1.2m (2022: £2.4m) in replacements and enhancements to the College estate and IT services, of which £0.3m related to the finalisation of works on the Hotel bedroom refurbishment, £0.2m on the ongoing development of 43-47 Mecklenburgh Square with the balance across the College estate.

Fundraising costs were £0.1m for the year (2022: £0.2m). Fundraising costs have not yet returned to pre pandemic levels due to reduced activity levels on events such as overseas travel and changes within the department following a review of the College's fundraising and external relations ambitions during the prior period, as part of which a new Executive appointment was created and the new Director of Development and Alumni Relations joined the College staff on 5 December 2022.

The College's wholly owned subsidiary companies traded successfully throughout 2022/23. During the year Goodenough Club Limited was renamed Goodenough Trading Limited. The Boards of Goodenough Trading Limited and Goodenough Ventures Limited were reinvigorated with the

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appointment of two new independent Non-Executive Directors with skills and experience in the activities of the companies.

The activities of Goodenough Ventures Limited were transferred to Goodenough Trading Limited from 1 September 2023, with Goodenough Ventures Limited ceasing trading from that date. Goodenough Ventures Limited's activities in the delivery of Events, Venue Hire and Catering activities were particularly hit by the increased inflationary costs of food and labour. This saw the College's subsidy for providing catering activities increase. Despite an increase in revenue of 21%, the 28% increase in costs saw the company's profits before qualifying distribution fall.

Following the reopening of the Hotel on 1 September 2022 (after completion of an extensive bedroom refurbishment project in the prior year) Goodenough Trading Limited saw strong performance from both the Hotel and the Short Stay and Sabbatical businesses, the company's profit before qualifying distribution rebounded to £2.7m, with both businesses generating substantially increased revenues compared to the pre-pandemic period.

FINANCIAL REVIEW

The College generated group revenues of £16.7m in the year to 3 August 2023 (2022: £11.3m). Income from charitable activities (predominantly income generated from rents from Member accommodation) was £8.6m (2022: £8.2m); with increased occupancy and higher rents. Average Member occupancy in the 2022/23 academic year was 93.5% compared to the 91.4% achieved in the prior year and 92.6% in the pre pandemic year of 2018/19.

Consolidated income from trading activities for the year was £6.3m (2022: £1.8m) as the reopened Hotel generated £3.9m alone. Consolidated revenues from the Goodenough Trading Ltd were £5.0m (2022: £0.7m). Revenue in 2022/23 consisted of Hotel income of £3.9m (none in 2021/22) and Short Stay accommodation income of £1.1m (2022: £0.7m). Goodenough Trading Limited generated a profit of £2.7m for the year (2022: a profit of £42k). Goodenough Ventures Limited generated consolidated revenues of £1.2m (2022: £1.1m), with £0.7m generated from Events and Venue Hire (2022: £0.7m); and £0.5m from providing catering to College Members (2022: £0.4m). Goodenough Ventures Limited generated a profit of £44k for the year (2022: profit of £128k).

The Trustees and Directors remain confident of the potential for Goodenough Trading Limited to generate surpluses to be donated to the College in future years and continue to monitor performance of the company. It is the intention to wind-up Goodenough Ventures Limited in the current year, following the transfer of all activities to Goodenough Trading Limited on 1 September 2023.

On 5 July 2023 the Directors of Goodenough Trading Ltd approved a budget for the 2023/24 financial year showing a £2.5m surplus and a business plan showing increasing surpluses thereafter. Post year end trading conditions remain strong.

The Consolidated Statement of Financial Activities for the year shows a £1.2m net income before gains and losses on investment assets (2022: £2.0m loss). The College bore £1.2m in loan interest charges (2022: £1.2m) and depreciation of £2.6m (2022: £2.4m) demonstrating an EBITDA gain (excluding debt and asset impairment costs) of £5m (2022: £1.6m gain). The gain was due to the move towards normal operating conditions (except for the Hotel business) as set out above. On 25 July 2023 the Trustees approved a consolidated budget for the 2023/24 academic year showing an EBITDA surplus of £3.9m. The Trustees remain confident that the College will achieve a significant operating surplus in 2023/24.

INVESTMENT PERFORMANCE

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 the Asset Replacement Reserve and is invested for the longer term with a long-term performance objective of CPI + 5% (net of fees). As at 31 August 2023 this fund held £9.6m under investment.

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 CPI + 3.5% (net of fees). As at 31 August 2023 this fund held £0.9m under investment.

The total return on the College main fund over the period was a gain of 1.9%, and for The Burn portfolio, a loss of -3.8%; the composite benchmark performance measures for these funds were a gain of 6.1% and loss of 3.1% respectively. These funds have achieved a total return of 25.1% and 16.4% respectively over the last five years, against composite benchmarks of 35.2% and 19.9% respectively. Their long-term performance objectives were 57.8% and 46.9% respectively over the same period.

The College No.2 portfolio held funds anticipated to be drawn in the medium term from, the College Development Reserve along with General Funds, and has a long-term performance objective of CPI. The fund was established in 2016 and achieved a total return of -3.6% for the year.. As at 31 August 2023 this fund held £6.7m under investment and held only General Funds.

The College No.3 portfolio was established in 2017 and held funds anticipated to be required in the shorter term from the College Development Reserve Funds Reserve and General Funds. The fund is invested primarily for capital preservation and achieved a total return of 2.5% for the year. No balances were withdrawn from the fund during 2022/23. As at 31 August 2023 this fund held £2.2m under investment, £1.2m of which related to the fund for future development of 43-47 Mecklenburgh Square, and the balance relating to General Funds.

The performance of the investment portfolios and the investment manager is reviewed regularly by the College's Finance and Investment Committee and the Trustees continue to be satisfied with their management and the performance of the funds over the long term. All investments acquired during the year were in accordance with Trustees' powers. The value of the portfolio at 31 August 2023 is shown in note 11. During the year the College engaged the services of Yoke & Co. Ltd to provide advice to the College's investment management and investment strategy. The Finance and Investment Committee, working with its advisors, expect to have concluded a review of the management of the College's investment portfolio during 2023/24.

Working through the Finance and Investment Committee and with its investment managers the Trustees continue to review the investment performance and strategies of its funds under investment as the College's financial performance, reserve position and capital ambition develops.

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Funds and reserves

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

Unrestricted funds total £138.6m (2022: £137.6m), which includes designated reserves of £130.3m (2022: £129.3m), general funds of the charity of £8.1m (2022: £8.2m) and general funds of the subsidiaries of £0.2m (2022: £0.2m). See Note 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 £115.3m at the year-end (2022: £116.6m). 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 £3.1m (2022: £3.1m), reflecting the revaluation of the investment properties at 31 August 2022.

During 2016 the College established a long term forecast, which enabled the College to agree 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 was agreed to be designated from the available funds accumulated by the College from annually generated operating surpluses and drawn down against relevant costs.

In light of the exceptional financial performance of the College and Hotel the Trustees designated the budgeted contribution from performance to the ARR. After debiting appropriate asset replacement expenditure and accounting for income, gains and losses, the value of the ARR stands at £8.4m on 31 August 2023 (2022: £7.9m). The Trustees 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 Finance and Investment Committee) matching the investment objectives and horizons of this reserve.

During 2022/23 the Board approved the utilisation of the College Development Reserve to continue to support the refurbishment of the Hotel bedrooms, with the balance of the fund to be transferred to the fund for the development of 43-47 Mecklenburgh Square. At 31 August 2023 the College Development Reserve had been fully utilised (2022: £0.7m).

Trustees had previously designated funds totalling £1m for the planned future development of 43-47 Mecklenburgh Square. In light of the stronger than expected performance of the College and the Hotel, Trustees have further designated the overperformance against budget into this fund, alongside the balance of the CDR. Combined with net investment performance the fund at 31 August 2023 stood at £3.5m (2022: £1.0m). The College continues to develop its plans for the site under the guidance of its Steering Committee. The fund is held with the College's investment portfolio.

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

Goodenough College

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general reserves in the range from £6m - £9m 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£6m) and a loss of 50% of The Goodenough Hotel, London and the College Short Stay and Sabbatical business net operating surplus for two years (c£2m). In addition, a minimum of £1m is considered necessary to deal with major estate issues, such as a failure of heating, plumbing or electrical services in either House. The Trustees also continue to consider the value of the College's General Funds in light of the experience of the COVID-19 pandemic.

The Trustees have assessed the value of reserves and the operations of the College and do not consider that there remain material uncertainties related to these or other events or conditions that cast significant doubt on the College's ability to continue as a going concern. The College remains very financially stable with freely available funds on 31 August 2023 of £8.1m (2022: £8.2m, see note 17 for more details); other unrestricted designated reserve funds of £11.9m (2022: £9.6m) and unrestricted investment properties valued at £3.1m.

Restricted funds are represented by assets and investments that can only be used or spent for a particular purpose as stated by the donors. The total value at 31 August 2023 was £12.3m (2022: £12.7m). See Note 16 for further details.

Restricted funds include The Burn Fund of £11.9m (2022: £12.2m) and other restricted funds of £0.4m (2022: £0.5m). The Burn fund includes the operating land, building and assets of the site represented by a tangible fixed assets reserve of £10.0m (2022: £10.2m); investment properties reserve of £0.9m (2022: £0.9m) and a general restricted fund of £1.0m (2022: £1.2m). The general restricted fund is mainly represented by The Burn investment portfolio.

The other restricted funds have been donated to the College for a number of restricted purposes including restricted Scholarships and Bursaries funds of £0.4m (2022: £0.5m). The College continues to seek to increase the level of support to its important Scholarships and Bursaries activity provided through donations. Expenditure on Scholarships and Bursaries from restricted or designated donated funds was £0.4m in the year compared to £0.4m in the preceding year.

Endowment funds comprise the Christopher G. Argyris Student Activity Fund which is an expendable endowment fund providing support for community participation at the College, and particularly the performance of opera and Dean's Seminars. £281k was received in the year with a further £2k generated from investments (after charges) and £12k spent supporting college activities. The remaining balance of £271k is held within the College's long term investment portfolio except for the element drawn down for spend in the year.

Borrowings and bank facilities

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%. The loan is secured against London House and William Goodenough House.

Principal risks and uncertainties

To optimise the College's management of risk, the College Board and staff are briefed on the nature of risk and accept responsibility for risks associated with their area of authority. Senior management provides appropriate support, assistance and commitment to ensure that both operational and strategic risk is managed on a daily basis to the best of the College's ability. This risk management process provides reasonable, but not absolute, assurance that the organisation is protected.

We define key strategic 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. The College continually improves the process by which it reviews, registers and mitigates risks that may impact on College life and operations. These risks (including likelihood, impact and mitigation measures) are listed in a Strategic Risks Register, which is regularly reviewed by the College Board and senior management. The risk management process encourages the Trustees to challenge any assumptions senior management has made about risks and interrogate the context in which decisions are taken. This helps ensure that the most serious risks are being mitigated effectively and the impact of mitigation is assessed.

Revenue shortfall, primarily through a downturn in Member application numbers, has been identified as a fundamental financial risk for Goodenough College. Vigorous promotion of the College through public outreach, strategic partnership building and enhancing the College's digital presence is given high priority in order to mitigate this risk; together with market-sensitive pricing of accommodation and a robust admissions policy making maximum use of search engine optimisation, peer reviews, advertising and approaches to educational institutions and scholarship bodies (within London, the UK and internationally). Application numbers are reviewed on a regular basis and the admissions strategy adjusted on the basis of findings.

The maintenance of a diverse College community (including enabling access for students with limited financial resources) is recognised by the Trustees as a key area of risk. The College will continue to focus on targeting its outreach on less represented geographic areas and socio-economic groups. It continues to enhance its Scholarships and Bursaries schemes (including developing partnership schemes with other scholarship providers) to support less affluent students. The College maintains its 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.

A key strategic objective of the College is to deliver a transformative experience for College Members through community, cross-cultural understanding and an exceptional intellectual and social programme. The College's ability to provide such an experience faced unprecedented challenges during the Covid pandemic, and has informed the College's efforts to expand the ways in which the programme is delivered in future. The College implements a rigorous process of risk assessment for all activities, together with impact reviews and ROI assessments of enrichment activities.

The College has previously recognised that failing to secure sufficient funds to implement its Asset Replacement Plan represents a key risk to the College. The College considers that it has substantially mitigated that risk through development of a comprehensive Asset Replacement Plan, long term financial planning and the securing of £40m of 30-year non-amortising debt. The Finance and Investment sub-Committee of the College Board reviews the long-term financially sustainable performance of the College and provides further diligence on the application of available funds. The College has demonstrated to itself, through challenging scenarios and stress testing, that it will be able to meet its Asset Replacement Plan for at least until 2046.

During the year the Board had particular focus on the risk that the College is the target of a cyber attack. Working with specialist advisors, Maxica Ltd, the College has developed a revised IT Strategy and reviewed its approach to IT security. The revised strategy included a number of high level and detailed recommendations including the establishment of an IT Strategic Planning Executive Advisory Committee (ITSPG), the adoption of a 'cloud-preference' approach to systems, the development of IT working practices and seeking to adopt the 'Cyber Essentials' standard for

Goodenough College

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cyber security. The Board approved the revised strategy at its meeting in October 2022; implementation of the strategy is ongoing under the management of the ITSPG, overseen by the Audit Committee.

The level of the College's unrestricted freely available reserves, combined with its designated funds (see below), reassure the College as to its going concern.

The 30-year fixed-interest debt minimises the College's exposure to variations in debt financing costs. Further details can be found in Note 15.

The Board continues to oversee the College's business continuity and contingency arrangements, should the College suffer from a major disaster affecting the College estate, be impacted by terrorism or disease outbreak or pandemic. The Board is confident that the College's plans, controls and insurance arrangements, adequately mitigate these risks to a tolerable level. As the College's main base of operations is in central London, the College recognises that terrorist activity, both local to the College and worldwide, has the potential significantly to affect the College, through restricting physical access to the College; reducing future 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, specific appropriate insurance cover, effective business continuity plans and robust welfare systems in order to mitigate that risk.

With accommodation at its heart, fire risk management forms a key consideration in the College's operation and development. The College regularly reviews its fire management policies and carries out annual fire risk assessments and complies with all statutory obligations and best practice.

To counter the risk of diminishing revenue generated by the College's wholly-owned hotel, *The Goodenough Hotel, London*, the College undertook an extensive refurbishment of the hotel's 65 bedrooms in 2021/22, following reopening on 1 September 2022 this asset (operated through its subsidiary company) has returned to substantial operating surplus.

With the majority of the College's income streams generated in-year from Member rents, hotel charges, letting of a lease to a commercial venture and other business income, 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 sufficiently manage these risks and enable the College to put in place appropriate mitigation measures. The skillsets of the College staff and the Directors of the subsidiary companies are particularly focussed on the management of this risk.

The College takes safeguarding very seriously. The College is confident that it provides a safe and trusted environment and promotes an organisational culture that prioritises safeguarding. The College considers that it maintains adequate safeguarding policies, procedures and measures to protect people. These are reviewed regularly, and kept up to date in line with Government guidance and best practice. 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 and communicate its procedures; and monitor and review its position.

Goodenough College

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Goodenough College continues to meet the requirements of the General Data Protection Regulations (GDPR) and the Privacy and Electronic Communications Regulations (PECR), building on its previous programme of work to achieve compliance. The Trustees remain content that the College is fully complying with the Regulations.

Fundraising standards

The College's fundraising activities are undertaken by its Development and Alumni Relations team. The College does not use third party fundraisers or commercial participators.

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, and allied areas. As part of its work, CASE sets standards and an ethical framework for the fundraising profession, which the College follows.

The College has established a Donations Advisory Committee that meets as necessary to review the acceptance of any large gifts.

Contacts who are judged to have an interest in Goodenough College are encouraged to donate. Those who have opted out of fundraising appeals are, of course, exempted from this programme of activity. There is a clear focus on enabling supporters to reengage and reconnect with the College, as well as making an informed decision on supporting the College financially. The College does not accept donations where we have reason to believe that the donor may be vulnerable, or where we judge accepting the donation would be ethically wrong or cause harm to the donor. To help inform our approach, we refer to the Fundraising Regulator's Code of Practice and the Chartered Institute of Fundraising's statement on vulnerable donors. We regularly review industry standards to ensure we are meeting requirements. No complaints have been received by CASE, the Charity Commission, the Fundraising Regulator or by the College about its fundraising activities in the year ended 31 August 2023.

PLANS FOR FUTURE PERIODS

The approved budget for 2023-24 reflects the College's ambitions and priorities for the year, including its increasing focus on scholarships for exceptional students with limited financial means and its commitment to a major renovation project to enhance student accommodation on the College estate.

The College remains confident of its capacity to attract high calibre students who will make a substantive contribution to the College community. Applications for admission for the 2023-24 academic year were the highest in a decade, with five applications for each available place. The College is at full occupancy and expects to remain at this level throughout the academic year, including over the summer period. Notwithstanding, the College will continue to develop and refine its marketing and admissions processes and procedures for the 2024-25 intake and thereafter - not least, in light of coming changes to UK visa regulations for dependants of international students, which is likely to reduce the number of applications from international students with accompanying family members.

Goodenough College

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Meanwhile, the College has committed to enhancing and diversifying its scholarship programme in future years. Working with alumni, partner bodies (such as the Chevening scholarships programme and London universities) and other stakeholders, the College is seeking to expand access to the College for those from lower income backgrounds and nations. Following the appointment of a new Director of Development & Alumni Relations in December 2022, the College has been working to develop a substantive philanthropic impulse among College alumni, partners and other stakeholders, thereby growing funding for scholarships and College activities. A very significant future focus will be a two-year capital fundraising campaign to enable the College to refurbish five Georgian townhouses at the north end of the College estate to provide cheaper student accommodation for members of limited means.

The Dean will continue to develop the College's renowned programme of events and activities, supported, inter alia, by the Argyris endowment, College Fellows and the goodwill of friends and stakeholders.

The College will continue to exert downward pressure, wherever possible, on current inflationary overhead costs through a programme of careful housekeeping and cost-effective expenditure. For example, since the conclusion of a three-year fixed-price energy contract in September 2023, the College has begun procuring its energy in an efficient, effective and sustainable manner through judicious pre-purchase mechanisms. This innovative energy acquisition programme will be formally assessed after its first year of operation.

The Director continues to develop the College's operations in consultation with the Board of Trustees. The College Director's 2022-23 staffing review has led to changes in a number of College staff posts, including the creation of a Director of Estates role, the termination of the Director of Operations role, the arrival of a new Director of Development & Alumni Relations and the unification of HR capabilities within a single HR Manager position.

Plans for the development of the College estate will include a substantive review of the College's Asset Replacement Plan, to commence in 2024 under the aegis of the new Director of Estates. The planned renovations for 43-47 Mecklenburgh Square will be further developed, with Listed Building Consent for the College's development plans to be sought in 2024. Subject to the availability of funds for the project, the College will start preparing the tendering of fully designed works.

The College will continue to maintain and develop its commercial activities, as overseen by the Directors of Goodenough Trading Ltd, conscious of the risks of relying excessively upon ongoing strong market conditions for continuing growth in the College's commercial operations. The College will continue to review its arrangements with its commercial advisors, including completing a review of its investment management arrangements.

The College will ensure that the College's activities in Scotland, delivered through its estate The Burn, remain well-targeted, financially sustainable and in line with its charitable objectives - in consultation with Scottish universities and the College Member community. With the impending retirement of the current Burn Bursar, the College will be seeking to recruit an appropriate replacement.

The Board of Trustees expects, in the coming year, to see the College further develop its impact, efficiency and opportunity; and to ensure that delivery of the College's objects to organise, encourage, and assist education - remain at the forefront of the College's successful endeavour.

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 applicable law and regulations and United Kingdom Accounting Standards (United Kingdom 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 charitable company and the group and of the income and expenditure of the charitable group for that period.

In preparing these financial statements the Trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the 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 United Kingdom and Republic of Ireland (FRS102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate and proper accounting records that disclose with reasonable accuracy at any time of the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006 the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial statements are published on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the charity's website is the responsibility of the trustees. The trustees' responsibility also extends to the ongoing integrity of the financial statements contained therein.

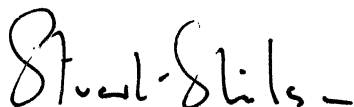
DISCLOSURE OF INFORMATION TO AUDITOR

In the case of each of the persons who are Directors (Trustees) of the charitable 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 charitable 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 charitable company's auditors are aware of that information.

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

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



Stuart Shilson LVO DL
President of the College (and Chair of the Board)

Date: 25/1/24

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

Opinion

We have audited the financial statements of Goodenough College (the 'charitable parent company') and its subsidiaries (the 'group') for the year ended 31 August 2023 which comprise the group statement of financial activities, group and charitable parent company balance sheets and statement of cash flows, the principal accounting policies and the notes to the financial statements. 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 charitable parent company's affairs as at 31 August 2023 and of the group's income and expenditure 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 regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

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 in accordance with the ethical requirements that are 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 relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and charitable parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the 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. 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.

Other information (continued)

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 is also the directors' report for the purposes of company law and includes the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the trustees' report, which is also the directors' report for the purposes of company law and includes the strategic report, has 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 charitable parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report including the strategic report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

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

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 charitable parent 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 charitable parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- ◆ the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- ◆ we obtained an understanding of the legal and regulatory frameworks that are applicable to the group and the charitable parent company and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework (Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011) and those that relate to data protection (General Data Protection Regulation); and
- ◆ identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the group's and the charitable parent company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- ◆ making enquiries of management as to their knowledge of actual, suspected and alleged fraud; and
- ◆ considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- ◆ performed analytical procedures to identify any unusual or unexpected relationships;
- ◆ tested journal entries to identify unusual transactions;
- ◆ assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- ◆ tested authorization controls on expenditure items, including staff expense claims, to check that all expenditure was approved in line with the group's and the parent charitable company's financial procedures;

Auditor's responsibilities for the audit of the financial statements (continued)

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- ◆ agreeing financial statement disclosures to underlying supporting documentation;
- ◆ reading the minutes of meetings of those charged with governance; and
- ◆ enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at 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 charity's trustees as a body, in accordance with Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Katharine Patel (Senior Statutory Auditor)
For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

Date: 01 February 2024

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

Goodenough College

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

for the year ended 31 August 2023

	Notes	Unrestricted Funds 2023 £'000	Restricted Funds 2023 £'000	Endowment Funds 2023 £'000	Total Funds 2023 £'000	Total Funds 2022 £'000
Income from:						
Donations and legacies	2	23	235	281	539	365
Charitable activities:						
College community accommodation	5	8,294	348	-	8,642	8,169
Trading activities:						
Commercial accommodation	4	5,023	-	-	5,023	733
Catering, Events and Venue Hire		1,238	-	-	1,238	1,058
Investments	3	1,128	94	6	1,228	1,005
Total		15,706	677	287	16,670	11,330
Expenditure on:						
Raising funds						
Investment management		83	6	4	93	104
Fundraising		103	-	-	103	179
Trading activities	17	3,544	-	-	3,544	1,621
Charitable activities:						
Attracting outstanding postgraduate students	6	890	344	-	1,234	1,248
Transforming College Members	6	7,516	666	12	8,194	7,582
Raising the College's profile	6	329	-	-	329	341
Sustaining the College	6	1,984	-	-	1,984	2,294
Total		14,449	1,016	16	15,481	13,369
Net income / (expenditure) before other (losses)		1,257	(339)	271	1,189	(2,039)
Net (losses) on investments	11	(259)	(59)	-	(318)	(1,347)
Net income / (expenditure)		998	(398)	271	871	(3,386)
Transfers between funds	16, 17	(9)	9	-	-	-
Net movement in funds		989	(389)	271	871	(3,386)
Reconciliation of funds:						
Total funds brought forward		137,629	12,678	-	150,307	153,693
Net movement in funds		989	(389)	271	871	(3,386)
Total funds carried forward		138,618	12,289	271	151,178	150,307

All results derive from continuing operations.

All gains and losses recognised in the period are included above. The notes on pages 29 to 51 form part of these Financial Statements.

Goodenough College

Balance Sheets

as at 31 August 2023

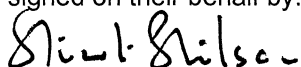
Company Registration No: 00246919

BALANCE SHEETS AS AT 31 AUGUST 2023

	Notes	31 August 2023 £'000	Group 31 August 2022 £'000	Charity 31 August 2023 £'000	Charity 31 August 2022 £'000
FIXED ASSETS					
Tangible assets					
Freehold land and buildings	10a	163,973	165,357	163,973	165,357
Heritage assets	10b	310	310	310	310
Fixtures, fittings, plant & equipment	10c	1,071	1,130	1,071	1,130
		165,354	166,797	165,354	166,797
Investments	11b	19,396	19,341	19,396	19,341
Investment properties	11b	3,976	3,928	3,976	3,928
Investments in subsidiaries	12	-	-	250	250
		188,726	190,066	188,976	190,316
CURRENT ASSETS					
Stocks		3	8	3	8
Debtors	13	806	1,160	838	1,079
Cash at bank and in hand		5,953	2,741	4,735	2,157
		6,762	3,909	5,576	3,244
CURRENT LIABILITIES					
Amounts falling due within one year	14	(4,250)	(3,668)	(3,485)	(3,424)
NET CURRENT ASSETS/(LIABILITIES)		2,512	241	2,091	(180)
TOTAL ASSETS LESS CURRENT LIABILITIES		191,238	190,307	191,067	190,136
Creditors: amounts falling due after more than one year	15	(40,060)	(40,000)	(40,060)	(40,000)
TOTAL NET ASSETS		151,178	150,307	151,007	150,136
Restricted funds	16	12,289	12,678	12,289	12,678
Endowment Funds		271	-	271	-
Unrestricted funds					
Designated funds	17	130,332	129,259	130,332	129,259
General funds	17	8,286	8,370	8,115	8,199
TOTAL FUNDS		151,178	150,307	151,007	150,136

The notes on pages 29 to 51 form part of these Financial Statements.

These Financial Statements were approved and authorised for issue by the Trustees on 25 January 2024 and signed on their behalf by:



Stuart Shilson LVO DL

President of the College (and Chair of the Board)

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR
ENDED 31 AUGUST 2023**

	Notes	2023 £'000	2022 £'000
Cash flows from operating activities:			
Net cash provided by operating activities	(a)	4,858	1,726
Interest paid on loan		(1,241)	(1,241)
Loan costs		(8)	(8)
Net cash generated from operating activities		3,609	477
Cash flows from investing activities:			
Dividends, interest and rents from investments		1,228	1,005
Purchase of property, plant and equipment		(1,211)	(2,412)
Proceeds from sale of investments		1,186	2,498
Purchase of investments		(3,459)	(1,779)
Net cash (used in) investing activities		(2,256)	(688)
Change in cash and cash equivalents in the reporting period		1,353	(211)
Cash and cash equivalents at 1 September		5,047	5,258
Cash and cash equivalents at 31 August	(b)	6,400	5,047

Analysis of changes in net debt	1 September 2022 £'000	Cash flows £'000	31 August 2023 £'000
Cash at bank	2,741	3,212	5,953
Cash equivalents	2,306	(1,859)	447
	5,047	1,353	6,400
Loans falling due after more than one year	(40,000)	-	(40,000)
Total	(34,953)	1,353	(33,600)

Goodenough College**Consolidated Statement of Cash Flows (continued)***for the year ended 31 August 2023*

	2023 £'000	2022 £'000
(a) Reconciliation of net income to net cash provided by operating activities		
Net income/(expenditure) for the reporting period	871	(3,386)
Adjustments for:		
Depreciation charges	2,631	2,425
Losses on investments	311	1,373
Dividends, interest and rents from investment	(1,228)	(1,005)
Impairment	-	296
Loss on disposal	23	21
Interest payable on loan	1,241	1,241
Loan costs	8	8
Decrease in stock	5	2
Decrease in debtors	354	153
Increase in creditors	642	598
Net cash inflow from operating activities	4,858	1,726

(b) Analysis of Cash and Cash Equivalents

	1 September 2022 £'000	Cash flows £'000	31 August 2023 £'000
Cash at bank and in hand	2,741	3,212	5,953
Cash held by investment manager	2,306	(1,859)	447
Total cash and cash equivalents	5,047	1,353	6,400

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2022

	Notes	Unrestricted Funds Year to 2022 £'000	Restricted Funds Year to 2022 £'000	Total Funds Year to 2022 £'000
Income from:				
Donations and legacies	2	34	331	365
Charitable activities:				
College community accommodation	5	7,851	318	8,169
Trading activities:	4			
Commercial accommodation		733	-	733
Catering, Events and Venue Hire		1,058	-	1,058
Investments	3	898	107	1,005
Total		10,574	756	11,330
Expenditure on:				
Raising funds				
Investment management		97	7	104
Fundraising		179	-	179
Trading activities	11	1,621	-	1,621
Charitable activities:				
Attracting outstanding postgraduate students	6	841	407	1,248
Transforming College Members	6	7,180	402	7,582
Raising the College's profile	6	341	-	341
Sustaining the College	6	2,280	14	2,294
Total		12,539	830	13,369
Net (expenditure) before other gains / (losses)		(1,965)	(74)	(2,039)
Net (losses) / gains on investments	11	(1,353)	6	(1,347)
Net (expenditure)		(3,318)	(68)	(3,386)
Transfers between funds	16, 17	(4)	4	-
Net movement in funds		(3,322)	(64)	(3,386)
Reconciliation of funds:				
Total funds brought forward		140,951	12,742	153,693
Net movement in funds		(3,322)	(64)	(3,386)
Total funds carried forward		137,629	12,678	150,307

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 and investment properties 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 2019) - (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.

Going Concern

The Trustees reviewed the College's surplus operating budget for the year 2023/24 and the subsequent long term forecast in July 2023 and were content that these plans were affordable and that the accounts should be prepared on a going concern basis.

There has been a high volume of applications for places in the College for the 2023/24 academic year, with occupancy levels achieving expectations. The Hotel reopened in September 2022 and subsequently outperformed budget by a significant margin and continues generate a higher contribution than was historically achieved. Current 2023/24 financial performance is ahead of budget.

The College holds in excess of £21m in unrestricted funds not representing current operating assets, of which £3m is in investment property and £18m in liquid investments managed through our investment managers. The invested portfolio includes in excess of £8m invested in short and medium term funds where capital preservation is the key investment strategy. In total these reserves are well in excess of the annual turnover and annual cash flow requirements of the College.

Given the strength of the balance sheet and the availability and liquidity of unrestricted investments the Trustees believe that, while uncertainty exists, this does not pose a material uncertainty that would cast doubt on the charity's ability to continue as a going concern. The Trustees, therefore, consider it appropriate for the accounts to be prepared on a going concern basis.

Further detail on the availability of unrestricted funds can be found on p12 of the Trustees' Report

(b) Company status

The Charity is a company limited by guarantee. The Members of the Company are the Trustee Board named on page two, who are also the Directors of the Company for the purposes of company law. In the event of the Company being wound up, the liability in respect of the guarantee is limited to one pound per Member of the Company.

1. ACCOUNTING POLICIES (*continued*)

(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 11, the fair values 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, receipt is probable and the amount can be quantified with sufficient reliability.

Investment income: 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.

Government grants: Income from Government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred. In respect of the furlough grant; all conditions, with respect to the eligible costs being claimed, need to be met.

(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.

1. ACCOUNTING POLICIES (*continued*)

(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) Endowment Funds

Endowment funds comprise the *Christopher G. Argyris Student Activity Fund* which is an expendable endowment fund providing support community participation at the College, and particularly the performance of opera and Dean's Seminars. Total distributions from the Fund in any year are not to exceed 5% of the fund unless the value of the fund falls below £12,500, in which case the balance may be distributed and the fund closed.

iii) 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 Hotel 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.

43-47 Mecklenburgh Square Reserve was established by the Trustees to support the future development of 43-47 Mecklenburgh Square.

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 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 reclaimed 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.

(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:

Goodenough College

Notes to the Financial Statements *(continued)*

for the year ended 31 August 2023

1. ACCOUNTING POLICIES *(continued)*

(i) Tangible fixed assets *(continued)*

	Life (years)
Freehold buildings	100
Roof work	15-50
Lifts	25-30
Bathrooms, heating, water, electrical and gas systems, and boiler equipment	10-25
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

The mixed use property is accounted for using the cost model as allowed under the Charities SORP (FRS 102) as the fair value of the investment component cannot be measured reliably, and it is rented out to a group entity.

(i) 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. The College has reviewed its Heritage Assets and does not consider that any impairment at 31 August 2022 is necessary.

(j) 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.

(k) 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.

(l) Stocks

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

(m) Operating leases

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

(n) Borrowing costs

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

1. ACCOUNTING POLICIES (continued)

(o) Pension accounting policy

Goodenough College makes contributions to employees' defined contribution pension plans. Contributions are charged to the SOFA as they become payable. They are analysed across expenditure according to the activity of the scheme members.

(p) Cashflow statement

Cash and cash equivalents includes cash in hand, deposits with banks and cash held within the investment portfolio. Interest paid is classified as a cashflow from operating activities as they are included in the statement of financial activities, this classification is consistent with prior periods.

2 DONATIONS AND LEGACIES

	Unrestricted funds 2023 £'000	Restricted funds 2023 £'000	Endowment funds 2023 £'000	Total funds 2023 £'000	Total funds 2022 £'000
Donations	23	235	281	539	365
Consolidated donations income	23	235	281	539	365
Donations from subsidiaries (note 17)	2,717	-	-	2,717	48
Charity donations income	2,740	235	281	3,256	413

Of the total funds stated for 2022, £331k was restricted and £34k unrestricted. There was no endowment income in 2022. Of these donations £2k (2022: £64k) was received from Trustees.

3 INVESTMENT INCOME

	Unrestricted funds 2023 £'000	Restricted funds 2023 £'000	Endowment funds 2023 £'000	Total funds 2023 £'000	Total funds 2022 £'000
Income from UK listed investments	145	31	3	179	190
Income from overseas listed investments	128	17	3	148	68
Rent from property	758	46	-	804	699
Other interest - short-term deposits	97	-	-	97	48
	1,128	94	6	1,228	1,005

Of the total funds stated for 2022, £107k was restricted and £898k unrestricted. There was no endowment income in 2022.

4 TRADING INCOME

Trading income comprises income arising from the College's two trading subsidiaries as detailed in note 12. Included within trading income is a total of £Nil (2022: £12k) arising from Coronavirus related business grants received by Goodenough Trading Limited (formerly Goodenough Club Limited) and Goodenough Ventures Limited.

5 INCOME FROM COLLEGE CHARITABLE ACTIVITIES

	Unrestricted funds 2023	Restricted funds 2023	Endowment funds 2023	Total funds 2023	Total funds 2022
	£'000	£'000	£'000	£'000	£'000
College accommodation income	8,294	-	-	8,294	7,851
The Burn income	-	348	-	348	318
	<u>8,294</u>	<u>348</u>	<u>-</u>	<u>8,642</u>	<u>8,169</u>

Included within income from College charitable activities for the prior period is £1.5k relating to the Coronavirus Job Retention Scheme and £2.1k relating to other coronavirus grant funding. There was no such funding in the current year.

Of the total funds stated for 2022, £318k was restricted and £7,851k was unrestricted. There was no endowment income in 2022.

6 EXPENDITURE FOR CHARITABLE PURPOSES

	Direct Costs 2023	Support Costs 2023	Total funds 2023	Total funds 2022
	£'000	£'000	£'000	£'000
Attracting outstanding postgraduate students	1,028	206	1,234	1,248
Transforming College Members	6,937	1,257	8,194	7,582
Raising the College's profile	274	55	329	341
Sustaining the College	<u>1,861</u>	<u>123</u>	<u>1,984</u>	<u>2,294</u>
	<u>10,100</u>	<u>1,641</u>	<u>11,741</u>	<u>11,465</u>

The College has paid £590k (2022: £597k) to College members as scholarships and bursaries, including hardship funds.

Goodenough College

Notes to the Financial Statements

For the year ended 31 August 2023

7 SUPPORT COSTS

	2023 £'000	2022 £'000
Finance	382	343
IT	622	559
HR	341	212
Governance	35	37
Other general overheads	468	523
	1,848	1,674

These support costs are split across the following areas:

Raising funds	207	182
Charitable activities	1,641	1,492
	1,848	1,674

GOVERNANCE COSTS

Support costs

	Year to 2023 £'000	Year to 2022 £'000
Council and Board meeting costs	5	-
Fees payable to the auditors - College	30	34
Other Fees	-	3
	35	37

Included within direct costs are fees payable to the auditors relating to the subsidiary companies of £15k (2022: £25k).

	Year to 2023 £'000	Year to 2022 £'000
Fees payable to the Company's auditors:		
<u>Statutory audit</u>		
Current auditors	36	-
Previous auditors	2	48
<u>Tax advisory services</u>		
Current auditors	12	-
Previous auditors	2	19
	52	67

8 NET INCOME/(EXPENDITURE)

	Year to 2023 £'000	Year to 2022 £'000
Net income/(expenditure) for the year is stated after charging:		
Amounts payable to auditors (Group)(note 7)	52	67
Depreciation of tangible fixed assets	2,631	2,425
Operating lease charges	19	19

**9 INFORMATION REGARDING
STAFF AND TRUSTEES**

	Headcount 2023 No.	2022 No.	Full Time Equivalent 2023 No.	2022 No.
Average number of employees (during the period:				
College	66	72	59	62
Hotel	10	3	10	3
The Burn	19	20	10	7
	95	95	79	72

	Year to 2023 £'000	Year to 2022 £'000
Wages and salaries	2,492	2,769
Social security costs	281	305
Pensions	119	136
Other benefits	59	71
	2,951	3,281

9 INFORMATION REGARDING STAFF AND TRUSTEES *(continued)*

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

	Year to 2023 No.	Year to 2022 No.
£60,001 - £70,000	3	4
£70,001 - £80,000	1	1
£80,001 - £90,000	2	1
£110,001 - £120,000	1	-
£120,001 - £130,000	-	1
£130,001 - £140,000	1	1
£160,001 - £170,000	1	1

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 six (2022: two) Trustees were reimbursed or had amounts paid on their behalf for sundry Board expenses incurred totalling £3,358 (2022: £342) relating to travel and subsistence. Trustees may stay in College accommodation in the course of their duties as trustees.

During the year and up to the date of approval of the Annual Report and Financial Statements, there was a qualifying third-party indemnity in place for directors, as allowed by Section 234 of the Companies Act 2006.

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 £119,323 (2022: £135,569). At 31 August 2023 outstanding payments due to the scheme were £23 (2022: £22,148).

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 reporting period was: £852,688 (2022: £870,816).

Redundancy and termination payments

Total payments incurred during this year in relation to redundancy and termination pay were £67,000 (2022: £25,750) paid to two individuals. The accounting policy is to recognise termination payment liabilities on communication of redundancy or termination and when quantifiable. Such payments are accounted for as staff costs.

10 TANGIBLE FIXED ASSETS

(a) Freehold properties

Consolidated and company

Land and buildings at deemed cost	College £'000	The Burn £'000	Assets under construction £'000	Total £'000
Brought forward deemed cost at 1 September 2022	158,541	11,104	11,209	180,854
Additions	620	5	319	944
Transfers	56	-	(56)	-
Disposals	(208)	-	(5)	(213)
At 31 August 2023	159,009	11,109	11,467	181,585
Depreciation				
Brought forward at 1 September 2022	14,545	952	-	15,497
Disposals	(208)	-	-	(208)
Charge for the year	2,207	116	-	2,323
At 31 August 2023	16,544	1,068	-	17,612
Net book value at 31 August 2023	142,465	10,041	11,467	163,973
Net book value at 31 August 2022	143,996	10,152	11,209	165,357

Freehold properties consisted of student accommodation, the hotel (The Goodenough Hotel, London) 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.

Assets under construction consist mainly of the properties at 43-46 Mecklenburgh Square, previously held as investment properties. The lease on the properties expired on 26 November 2019 and the intention of the College is to convert them into additional student accommodation. Accordingly they are no longer held as investments and were transferred to freehold properties at a value of £11m in the year ended 31 March 2020 and are treated as being at deemed cost. This is based on a valuation provided by Alpha Browett Taylor included in the accounts at 31 March 2018 and confirmed by them in June 2019. Further work on the project as well as other ongoing works at the college premises during the year amount to £319k. No depreciation is applied to these assets as they are not in operational use.

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

Excluding 43-46 Mecklenburgh Square, the historical cost net book value of the land and buildings if the revaluation had not taken place would be £30.2m (2022: £31.4m). The historical cost of 43-46 Mecklenburgh Square cannot be determined.

One of the College's properties is used by Goodenough Trading Ltd, trading as The Goodenough Hotel, London, a wholly owned subsidiary of Goodenough College. The purpose is to provide short-stay accommodation close to the college for alumni and others associated with the College as well as supporting college events. The hotel is also open to external guests. Due to the level of shared facilities and services with the College it is not possible to separate out the proportion of the site that relates to external guests so the entire property is treated as a functional fixed asset and held at depreciated cost of £15.9m (£16.1m in 2022).

10 TANGIBLE FIXED ASSETS *(continued)*

(b) Heritage assets

Consolidated and company

	College £'000	The Burn £'000	Total £'000
Deemed cost at 1 September 2022	290	20	310
Additions	-	-	-
At 31 August 2023	290	20	310

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

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 assets and ensures that they are located in an appropriately secure and managed environment.

A valuation of the heritage assets was carried out in 2013 and is treated as deemed cost. The Trustees do not consider that any impairment at 31 August 2022 is necessary. The deemed cost at 1 April 2017 was £300k, and the only subsequent transaction was an addition of £10k in the year ended 31 March 2019.

(c) Fixtures, fittings, plant and equipment

Consolidated and company

	College £'000	The Burn £'000	Assets under construction £'000	Total £'000
Cost at 1 September 2022	3,370	87	49	3,506
Additions	266	-	1	267
Transfers	32	-	(32)	-
Disposals	-	-	(18)	(18)
At 31 August 2023	3,668	87	-	3,755
Depreciation at 1 September 2022	2,294	82	-	2,376
Charge for the year	307	1	-	308
At 31 August 2023	2,601	83	-	2,684
Net book value at 31 August 2023	1,067	4	-	1,071
Net book value at 31 August 2022	1,076	5	49	1,130

11 INVESTMENTS HELD AS FIXED ASSETS

Goodenough College

Notes to the Financial Statements (*continued*)

for the year ended 31 August 2023

(a) Investment properties	College	The Burn	Total
Land and buildings at valuation:	£'000	£'000	£'000
Carried forward at 1 September 2022	3,068	860	3,928
Revaluation	30	18	48
At 31 August 2023	3,098	878	3,976

The College investment properties were the subject of an independent market valuation for inclusion at 31 August 2022 by Alpha Browett Taylor, RICS registered valuer with the necessary knowledge and expertise to provide this valuation. In 2022/23 an internal exercise was carried out to assess if the value of similar properties in the local area had changed during the financial year. The College investment properties were revalued upwards by £30k as a result (2022: downwards by £452k).

The Burn investment properties were the subject of an independent market valuation for inclusion at 31 August 2022 by J & E Shepherd, RICS registered valuer with the necessary knowledge and expertise to provide this valuation. In 2022/23 an internal exercise was carried out to assess if the value of similar properties in the local area had changed during the financial year. The Burn investment properties were revalued upwards by £18k as a result (2022: £50k).

	Consolidated and Company	
	31 August 2023	31 August 2022
(b) Listed investments	£'000	£'000
Market Value at 1 September	17,035	18,725
Additions at cost	3,457	1,779
Proceeds from disposals	(1,186)	(2,498)
Realised (loss)/gain	(81)	141
Unrealised (loss)	(276)	(1,112)
Market value at 31 August	18,949	17,035
Listed investments comprise the following:		
Investments listed on a recognised stock exchange - Equities	9,459	9,410
Investments listed on a recognised stock exchange - Bonds	2,203	625
Alternative Funds	7,287	7,000
Market value at 31 August	18,949	17,035
Investment assets in the United Kingdom	12,860	12,337
Investment assets outside the United Kingdom	6,089	4,698
Market value at 31 August	18,949	17,035
Cost at 31 August	15,799	13,751

11. INVESTMENTS HELD AS FIXED ASSETS *(continued)*

Total investments			
Listed investments (market value)	11b	18,949	17,035
Short term deposits in the portfolio		447	2,306
Investment properties (market value)	11a	3,976	3,928
Investments at 31 August		23,372	23,269

At 31 August 2023 the College held the following investments which represented more than 5% of the portfolio value:

	£'000	% of portfolio
CG Absolute Return Fund Class M Shares	2,438	12.9%
Link Fund Solutions Trojan S Income	4,136	21.8%
Treasury 0% T-Bill 18/12/2023	2,095	11.1%

12 SUBSIDIARY UNDERTAKINGS

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

Subsidiary undertaking	Company Investment at Cost £
Goodenough Trading Limited	250,000
Goodenough Ventures Limited	2
	250,002

The registered office of both subsidiaries is London House, Mecklenburgh Square, London, WC1N 2AB.

Summarised financial results of Goodenough Trading 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 £5,027k (2022: £733k) total income includes £3k (2022: £nil) for sales to the parent company. Commercial accommodation income of £5,024k (2022: £733k) has been included within the consolidated statement of financial activities in relation to the activities of this subsidiary.

The £2,353k (2022: £691k) 'Cost of Sales' includes £241k (2022: £258k) in charges to the subsidiary by the parent company for the use of parent company resources, £3k (2022: £Nil) in costs of providing services to the parent company and £133k (2022: £1k) in charges from Goodenough Ventures for the provision of services. Trading activity expenditure of £2,217k (2022: £691k) has been included within the consolidated statement of financial activities in relation to the activities of this subsidiary.

12 SUBSIDIARY UNDERTAKINGS *(continued)*

/	Year to 31 August 2023 £'000	Year to 31 August 2022 £'000
Hotel accommodation	3,936	-
Short Stay accommodation	1,091	727
Turnover	5,027	727
Cost of Sales	(2,353)	(691)
	2,674	36
Other income	-	6
Qualifying distribution under deed of covenant	(2,674)	(42)
Profit/(loss)	-	-
Assets	1,226	556
Liabilities	(805)	(135)
Shareholders' funds	421	421

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, although these operation were transferred to Goodenough Trading Limited from 1 September 2023. The following intercompany transactions are included within the subsidiary results.

The £1,987k (2022: £1,644k) total income includes £617k (2022: £584k) for sales to the parent company, and £133k (2022: £1k) for sales to other group entities. Catering Events and Venue Hire income of £1,238k (2022: £1,058k) has been included within the consolidated statement of financial activities in relation to the activities of this subsidiary.

The £1,943k (2022: £1,516k) 'Cost of Sales' includes £177k (2022: £163k) in charges to the subsidiary by the parent company for the use of parent company resources and £617k (2022: £585k) in costs of providing catering supplies for the parent company. The subsidiary was also charged £Nil (2022: £123) by the parent company in loan interest. Trading activity expenditure of £1,326k (2022: £930k) has been included within the consolidated statement of financial activities in relation to the activities of this subsidiary.

Goodenough College

Notes to the Financial Statements (continued)

for the year ended 31 August 2023

12 SUBSIDIARY UNDERTAKINGS (continued)

	Year to 31 August 2023 £'000	Year to 31 August 2022 £'000
Events and Venue Hire	807	720
Feeding College Members	1,047	916
Hotel Breakfasts	133	2
Turnover	1,987	1,638
Cost of sales	(1,943)	(1,516)
	44	122
Other income	-	6
Qualifying distribution under deed of covenant	(44)	(5)
Profit/(loss)	-	123
Assets	392	301
Liabilities	(392)	(301)
Shareholders' funds/(deficit)	-	-

13 DEBTORS

	Consolidated		Charity	
	31 August 2023 £'000	31 August 2022 £'000	31 August 2023 £'000	31 August 2022 £'000
Trade debtors	418	639	294	518
Amount due from subsidiary undertaking	-	-	204	126
Other debtors	25	172	25	172
Taxes recoverable	32	67	-	-
Prepayments and accrued Income	331	282	315	263
	806	1,160	838	1,079

The amount due from the subsidiary undertaking to the Charity represents the amount due from Goodenough Ventures Limited.

14 CREDITORS: amounts falling due within one year

	Consolidated		Charity	
	31 August	31 August	31 August	31 August
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Trade creditors	1,169	1,296	741	1,097
Amounts due to subsidiary undertaking	-	-	79	58
Taxation and social security	225	83	133	90
Other creditors	1,221	929	1,024	893
Accruals	1,572	1,304	1,445	1,230
Deferred income	43	56	43	56
Other deferred discount	20	-	20	-
	4,250	3,668	3,485	3,424

The amount due to the subsidiary undertaking from the Charity represents the amount due to Goodenough Trading Ltd.

Deferred income consists entirely of commercial rent received from tenants in advance. Prior year deferred income related in full to income recognised in the year ended 2023. A reconciliation is set out below:

Movement in deferred income in year

	Consolidated		Charity	
	31 August	31 August	31 August	31 August
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Balance brought forward	56	42	56	42
Released:	(56)	(42)	(56)	(42)
Added	43	56	43	56
Balance carried forward	43	56	43	56

15 CREDITORS: amounts falling due in greater than one year

	Consolidated and charity	
	31 August	31 August
	2023	2022
	£'000	£'000
Bank borrowing		
Falling due in more than 5 years	40,000	40,000
Other Deferred Discount		
Falling due between 1 and 2 years	20	-
Falling due between 2 and 5 years	40	-
Total	40,060	40,000

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 2022/23 the College entered into a new 5 year catering contract. The terms of the contract included the supplier refurbishing the College's catering outlets. The value of the works has been treated as a discount to the contract which will be applied equally to each remaining year of the contract, which will expire during 2027/28.

Goodenough College

Notes to the Financial Statements (continued)

for the year ended 31 August 2023

16 RESTRICTED FUNDS

	1 Sep'22	Transfer	Income	Gains / losses	Expenditure	31 Aug'23
	£'000	£'000	£'000	£'000	£'000	£'000
2022/23						
Burn Fund						
General fund	1,158	121	438	(77)	(670)	970
Specific donations	-	-	2	-	-	2
Investment property reserve	860	-	-	18	-	878
Tangible fixed asset reserve	10,177	(112)	-	-	-	10,065
Total Burn Fund	12,195	9	440	(59)	(670)	11,915
Other restricted funds						
Scholarships and Bursaries	472	-	236	-	(345)	363
Specific donations	11	-	1	-	(1)	11
Total other restricted funds	483	-	237	-	(346)	374
Total restricted funds	12,678	9	677	(59)	(1,016)	12,289
	1 Sep'21	Transfer	Income	Gains / losses	Expenditure	31 Aug'22
	£'000	£'000	£'000	£'000	£'000	£'000
2021/22						
Burn Fund						
General fund	1,042	121	421	(23)	(403)	1,158
Specific donations	-	-	5	-	(5)	-
Investment property reserve	810	-	-	50	-	860
Tangible fixed asset reserve	10,294	(117)	-	-	-	10,177
Total Burn Fund	12,146	4	426	27	(408)	12,195
Other restricted funds						
Scholarships and Bursaries	582	-	314	(21)	(403)	472
Specific donations	14	-	16	-	(19)	11
Total other restricted funds	596	-	330	(21)	(422)	483
Total restricted funds	12,742	4	756	6	(830)	12,678

The Burn Fund represents the assets and liabilities of The Burn, including a tangible fixed assets reserve, an investment property reserve and a general restricted fund. A transfer of £121k has been made from the tangible fixed assets reserve to the general restricted fund representing the movement in the net book value of fixed assets in the year. A transfer of £9k has been made from the Charity's general funds to The Burn general restricted fund representing the element of profit from Goodenough Ventures Limited activity that was generated at The Burn.

Scholarships and Bursaries are donations specifically made for providing scholarships and bursaries to qualifying members. Only one specific fund (2022: None) held more than £50k at the 31 August 2023. This fund was for providing support to Scholars at Risk.

Specific donations are those to support specific aspects of College activity and projects.

Goodenough College

Notes to the Financial Statements (continued)

for the year ended 31 August 2023

17 UNRESTRICTED FUNDS

	1 Sep'22	Transfer	Income	Gains/ (losses)	Expenditure	31 Aug'23
	£'000	£'000	£'000	£'000	£'000	£'000
2022/23						
Tangible fixed asset	156,620	(1,331)	-	-	-	155,289
Long term loan	(40,000)	-	-	-	-	(40,000)
Tangible fixed asset reserve	116,620	(1,331)	-	-	-	115,289
Investment property reserve	3,068	-	-	30	-	3,098
Asset Replacement reserve	7,863	454	170	(2)	(37)	8,448
College Development Reserve	668	(686)	22	(1)	(3)	-
43-47 Mecklenburgh Square Reserve	1040	2,414	34	(2)	(5)	3,481
Other designated reserves	-	-	23	-	(7)	16
Total designated reserves	129,259	851	249	25	(52)	130,332
General funds of the Charitable Company	8,199	(860)	11,913	(284)	(10,853)	8,115
Total funds of the charitable company	137,458	(9)	12,162	(259)	(10,905)	138,447
General funds of the subsidiaries	171	-	3,544	-	(3,544)	171
Total consolidated unrestricted funds	137,629	(9)	15,706	(259)	(14,449)	138,618
2021/22						
	1 Sep'21	Transfer	Income	Gains/ (losses)	Expenditure	31 Aug'22
	£'000	£'000	£'000	£'000	£'000	£'000
Tangible fixed asset	156,833	(213)	-	-	-	156,620
Long term loan	(40,000)	-	-	-	-	(40,000)
Tangible fixed asset reserve	116,833	(213)	-	-	-	116,620
Investment property reserve	3,520	-	-	(452)	-	3,068
Asset Replacement reserve	7,517	969	129	(717)	(35)	7,863
College Development Reserve	4,311	(3,640)	52	(38)	(17)	668
43-47 Mecklenburgh Square Reserve	250	811	4	(24)	(1)	1040
Other designated reserves	-	-	34	-	(34)	-
Total designated reserves	132,431	(2,073)	219	(1,231)	(87)	129,259
General funds of the Charitable Company	8,471	2,069	8,611	(122)	(10,830)	8,199
Total funds of the charitable company	140,902	(4)	8,830	(1,353)	(10,917)	137,458
General funds of the subsidiaries	49	-	1,744	-	(1,622)	171
Total consolidated unrestricted funds	140,951	(4)	10,574	(1,353)	(12,539)	137,629

17 UNRESTRICTED FUNDS *(continued)*

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

The transfer of £1,331k from the tangible fixed assets reserve represents the movement in the net book value of tangible fixed assets during the year.

The transfer of £454k to the Asset Replacement Reserve represents the budgeted cash surplus for the year excluding investment income.

The transfer of £3.6m from the College Development Reserve was approved by the Board in support of the refurbishment of the Hotel bedrooms and continuing support of the project to develop 43-47 Mecklenburgh Square.

The Board further designated an additional £2.4m (including the £129k balance on the College Development Reserve) to the 43-47 Mecklenburgh Square Reserve from the overperformance to the budgeted cash surplus arising predominantly on the Hotel business.

18 ANALYSIS OF ASSETS AND LIABILITIES BETWEEN FUNDS OF THE CHARITY

2022/23	Restricted Funds – The Burn £'000	Restricted Funds - other £'000	Endowment Funds £'000	Designated reserves £'000	General Funds £'000	Charity Total £'000
Tangible fixed assets	10,065	-	-	155,289	-	165,354
Investments	937	141	270	9,190	8,858	19,396
Investment properties	878	-	-	3,098	-	3,976
Investments in subsidiaries	-	-	-	-	250	250
Amounts due to subsidiaries	(61)	-	-	-	186	125
Other current assets	73	-	-	-	343	416
Cash at bank and in hand	81	233	1	2,755	1,665	4,735
Current and long term liabilities	(58)	-	-	(40,000)	(3,187)	(43,245)
	11,915	374	271	130,332	8,115	151,007

18 ANALYSIS OF ASSETS AND LIABILITIES BETWEEN FUNDS OF THE CHARITY
(continued)

2021/22	Restricted Funds – The Burn £'000	Restricted Funds - other £'000	Endowment Funds £'000	Designated reserves £'000	General Funds £'000	Charity Total £'000
Tangible fixed assets	10,177	-	-	156,620	-	166,797
Investments	1,111	200	-	9,571	8,459	19,341
Investment properties	860	-	-	3,068	-	3,928
Investments in subsidiaries	-	-	-	-	250	250
Amounts due to subsidiaries	-	-	-	-	68	68
Other current assets	71	-	-	-	883	954
Cash at bank and in hand	68	283	-	-	1,806	2,157
Current and long term liabilities	(92)	-	-	(40,000)	(3,267)	(43,359)
	12,195	483	-	129,259	8,199	150,136

19 LEASING COMMITMENTS

At 31 August 2023 the charitable company had the following amounts payable for equipment under non-cancellable operating leases.

	2023 £'000	2022 £'000
Amounts payable within one year	19	19
Amounts payable between two and five years	35	54
	54	73

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

20 CAPITAL COMMITMENTS

As at 31 August 2023 the College had no material capital commitments.

21 RELATED PARTY TRANSACTIONS

Alice Walpole was appointed Director of Goodenough College in April 2021, and as part of this role served as a director of Goodenough Trading Limited (formerly Goodenough Club Limited) and Goodenough Ventures Limited between April 2021 and August 2022. In September 2021 a private event was hosted at the College and charged to the Director at a total cost of £16,839. This cost was reduced by the agreed discount of 10% of the room hire element (only) that applies to staff, college members and alumni, bringing the total cost including VAT to £16,299.

Included in redundancy and termination payments are non-contractual payments totalling £40k to one of the key management personnel who left the College shortly after the year end, specifically the Director of Operations, Janine Binks. During 2021/22 £23k was included within redundancy and termination payments regarding non-contractual payments to one of the key management personnel who left the College during the year, specifically the Director of Development and External relations, Hannah Du Gray.

There have been no other related party transactions during the year other than those disclosed with group entities in notes 12, 13 and 14.