

Registered number: 02776914
Charity number: 1023407

DURHAM CATHEDRAL SCHOOLS FOUNDATION

Previously known as DURHAM SCHOOL

(A company limited by guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2021

DURHAM CATHEDRAL SCHOOLS FOUNDATION
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2021**

Trustees

R Ribchester, Chair
G Hodgson
N Turner
M Regan
J Robson
Q Anstee
R Swart
S Dobson
A Tremlett (appointed 1 February 2021)
M Hampel
K Fenwick (appointed 1 February 2021)
K Richards (appointed 24 June 2021)
K Ballantyne
R Hillier (appointed 1 February 2021)

Company registered number

02776914

Charity registered number

1023407

Registered office

Chief Operating Officer's Office, Durham School, Durham, DH1 4SZ

Company secretary

E C Mussell

Headmaster

K J McLaughlin

Independent auditors

Clive Owen LLP, Statutory Auditors, Kepier House, Belmont Business Park, Durham, DH1 1TW

Bankers

Barclays Bank PLC, 6 Market Place, Durham, DH1 3NB

Solicitors

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

DURHAM CATHEDRAL SCHOOLS FOUNDATION
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2021

The Trustees, who are also directors of Durham Cathedral Schools Foundation, present their annual report together with the audited consolidated financial statements of the charitable company for the year ended 31 August 2021 and confirm they comply with the requirements of the Charities Act 2011, the charity's constitution and the Charities SORP (FRS 102).

OBJECTIVES AND ACTIVITIES

Objective and aims

The principal activity of the Foundation continues to be the provision of training and instruction of pupils, during the year ended 31 August 2021 at Durham School and Bow School on the basis of Church of England principles in spiritual, moral, mental and physical training.

Durham Cathedral Schools Foundation comprised Bow, Durham School (Nursery to Year 6) and Durham School (Year 7 to Year 13) during the year. It is a registered charity, and any and all surpluses are reinvested in education. The charitable purpose for which the Foundation exists is Education. In addition to this, the Foundation has a vital role to play in the Community, both local and further afield, being a boarding and day school.

During the year the Foundation was divided between two sites, within a short walking distance from each other. The education of Day pupils aged 3 to 11 took place in the Nursery, Pre-Prep and Prep departments at Bow, Durham School. The senior section at Durham School offered the choice of Day, Weekly Boarding and Full Boarding to pupils from the age of 11 to 18. Both Schools offered small classes and high-quality teaching and learning. The Foundation promotes an environment where civility, respect and a community spirit are expected of all pupils. The Foundation recognises the following standards which have been developed in conjunction with pupils, parents and staff and are standards which all involved in the Foundation should aspire to:

M - Moral integrity

A - Ambition

R - Respect

K - Kindness

The broad strategies of improving academic performance, achieving excellence in teaching and learning, increasing headcount and continuing to develop the Junior School as a stronger long term feeder unit for the Senior School remain unchanged. Both Schools strive to ensure that pupils attain their full academic potential, and provide an increasing extra curricular programme of activities, which are organised to develop the concepts of responsibility, leadership and service.

Public benefit

The Foundation's aims and achievements are set out within this report. The activities set out in this report have been undertaken to further the Foundation's charitable purposes for the public benefit. The Trustees have complied with the duty under Section 4 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charities Commission and the Trustees have paid due regard to this guidance in deciding what activities the Foundation should undertake.

Durham Cathedral Schools Foundation, as a registered charitable company, demonstrates its fulfilment of the Public Benefit criteria. Respect for others, with a charitable focus, is central to the Foundation's ethos, which enriches the life of the Schools and provides opportunities for pupils of all ages to understand the importance of giving.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2021

OBJECTIVES AND ACTIVITIES (continued)

The areas of public benefit identified come under the headings:

1. Educating our own pupils, including scholarships and bursaries
2. Savings to the taxpayer
3. Community partnerships
4. Fundraising and charity events

1. Educating our own pupils, including scholarships and bursaries

Financial support to pupils is provided through means tested bursaries and scholarships for excellence.

In the financial year ended 31 August 2021 £719,497 was provided in means tested bursary support, and a further £234,965 in scholarship support for excellence by the Foundation. These amounts equated to 12% of fee income.

In addition to the support provided by the Foundation, financial support was also provided to Durham School pupils through The Burkitt Scholarship Fund, which is administered by the School and specifically offers support to pupils achieving a high standard at GCSE level. In the year ended 31 August 2021 the Trust provided £42,200 of support.

In the 2016/17 year, Durham School developed a partnership arrangement with Castle View Enterprise Academy in Sunderland, through which substantial financial support was provided to 5 pupils to enable them to complete their A level studies at Durham School (2 in Year 13 and 3 in Year 12).

The Foundation continues to participate in 2 national schemes to provide financial support for pupils from overseas who would not otherwise have been able to access education in the UK, these were the HMC and ESU Schemes. Four pupils were supported through these schemes. The support provided by the Foundation amounted to £218,020.

The Trustees regularly review the policies associated with Scholarships and Bursaries to ensure that they support the target of widening access to the Schools. As a result of these reviews the emphasis on means testing of awards has and will continue to increase.

2. Savings to the taxpayer

In 2020/21, the Foundation educated 533 children at no cost to the state, saving the taxpayer almost £3 million annually, based on the published data for the cost of educating a child in the maintained sector. By providing an environment which is academic, residential, co educational and Anglican, the School provides an environment not generally available in the maintained sector. There were 156 pupils in the Junior School, which based on published average funding levels for primary schools in the state sector equates to £705,600. In addition, 377 pupils were educated in the Senior School, which based on published average funding levels for secondary schools in the state sector equates to £2,200,772. In total therefore the saving to the tax payer is £2,906,372.

3. Community partnerships

Combined Cadet Force

The Foundation has a thriving Combined Cadet Force, providing an excellent introduction for those pupils interested in a career in HM Armed Services. This offers weekly training activities and week-long training courses in partnership with the Army and Navy National CCF programme.

Pentathlon GB

The Foundation hosts the Pentathlon GB Academy, which provides regular training sessions, both short term and residential for budding pentathletes from the region. The Foundation provides facilities and some staffing for these activities at either cost or free of charge.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2021

OBJECTIVES AND ACTIVITIES (continued)

Home Instead

In conjunction with Home Instead the Foundation provides a venue in one of the boarding houses to host a memory cafe which supports those suffering from dementia and their carers.

Facilities

Facilities are shared with the community in a number of ways; the Foundation lets out facilities at either below market rates or for free on a regular basis including:

- a) Durham City Cricket Club [the Budworth];
- b) Durham City Swimming Club [pool];
- c) Durham City Hockey Club [Astro Turf];
- d) The University of Durham [the Budworth & pool];
- e) The Chorister School [pool];
- f) St Margaret's School [pool];
- g) World Challenge [Grounds];
- h) The Braes of Derwent [Grounds, the pool, and Big School];
- i) Durham School is let, subject to covid restrictions, during 4 weeks of the summer holiday to an international language school with 24 children resident on site.
- j) From September 2017, the School volunteered its facilities to be used as a blood donation centre with the NHS Blood and Transport Service; and during the global pandemic, laser printed covid protection masks to support the NHS.

Some of these activities were restricted in the year as a result of covid precautions.

The Chapel

The Chapel enjoys strong links with Durham Cathedral, and the Foundation shares both half-termly and end-of-term services with the Cathedral as well as occasional services such as Confirmation. The Foundation's Chapel is open to the public on Heritage Open Days, organised by English Heritage, with no entrance fee.

Partnerships with the Maintained Sector

Through the Foundation's various societies, we regularly invite pupils from the local maintained sector schools to participate in academic, cultural, or sporting enrichment activities at Durham School. These include:

- MedSoc;
- The Tristram Society [the Sciences];
- The Hillard Society [Classical & Modern Languages];
- Politics Society;
- University Entrance Examination Preparation;
- Durham School Boat Club.

Durham School runs an annual programme for maintained primary schools in the Durham City area; these schools include:

- St Margaret's Primary School, Durham
- Neville's Cross Primary School, Durham
- Shincliffe Primary School, Shincliffe

The Foundation has strong links with Castle View Enterprise Academy, Sunderland, initially the focus of the link was on the provision of financial support to enable Castle View Enterprise Academy Pupils to access sixth form provision at Durham School, including staff visits to promote the sharing of teaching and learning knowledge and practice.

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TRUSTEES' REPORT (continued)
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OBJECTIVES AND ACTIVITIES (continued)

The Foundation enjoys links with other schools through a swimming programme, in which pool use and coaching are offered at significantly reduced rates. In addition, the School provides lifeguard training through the RLSS Drowning Prevention at no cost to the same schools.

Schools which take advantage of this are St Oswald's, Durham, St Margaret's, Durham and St Michael's, Esh.

In addition, Durham School provides Saturday swimming lessons to the wider community with approximately 100 swimmers coming from local, maintained schools.

4. Fundraising and charity events

In line with its values of MARK, Durham School actively engages in a wide array of charitable work, both as a whole school, and in the individual houses. As well as benefiting many good causes, this work also helps to develop a sense of social responsibility in our pupils. Much of this work is coordinated by the School Charities Committee, which is chaired by the Chaplain.

This year, each house was encouraged to engage in house-based charity fundraising. Particular congratulations go to Poole House for raising over £5,000 for Mind through their "1.1 Challenge", School House for raising over £3,000 for Movember, and Macleod for organising a fantastic "virtual" pilgrimage to our sister school in Doha. The staff raised £1,000 for Macmillan Cancer Support and the Zambezi Sunrise Trust at the Sunderland City Runs and the "virtual" 2020 Great North Run.

The Foundation regularly engages in voluntary and charitable work, including:

- a) Many pupils undertake community service through the Duke of Edinburgh Award scheme, which is a thriving extracurricular activity at the Schools.
- b) Our pupils participate in the World Challenge programme, which offers them the opportunity to take part in charitable projects overseas.
- c) Durham School has established particular links with the Zambezi Sunrise Trust, a charity which helps fund educational projects in Zambia. The School now hosts the Zambezi Sunrise Trust Annual Dinner each November, and undertakes other fundraising events throughout the year. In addition, our pupils regularly exchange letters with pupils in Zambia. In recognition of this support, a classroom at a ZST School in Zambia has been named "The Durham Room".

ACHIEVEMENT AND PERFORMANCE

Charitable activities

a) Pupil Numbers

Pupil numbers in 2020/21 were 371 pupils in the Senior School and 147 at Bow School.

b) Examination Results

Academic performance within the school continues to be strong, with a 100% pass rate at A level (2020: 100%) and an A* - B pass rate of 83.7% (2020: 80.5%) while at GCSE pass rates were: 7, 8 and 9 55.4% (2020 48.6%), 6 - 9 pass rate of 75.5% (2020 72.8%), and 4 - 9 99.1% (2020 97%). It should be noted that in 2021 and 2020 grades were determined by schools although the systems for doing so were different in each year. Academic performance continues to be a key focus for the Foundation.

c) Other achievements

Other achievements in 2020/21:

- Pupils were entered for 40 ABSRM music exams across a range of instruments with 13% Distinction, 30% Merit, 57% Pass and 0% Fail.
- A small number of music competitions were held in the later part of the academic year, within the confines of the covid restrictions. These included a House e-music competition, 63 performances in the Chadeyron music competition, a Senior house music competition and a Junior cabaret.
- Despite the Covid restrictions 8 pupils achieved Duke of Edinburgh Silver award and 4 the Bronze award;
- Sporting success continues to be achieved both at team and individual basis across a wide variety of sports.

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TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2021

ACHIEVEMENT AND PERFORMANCE (continued)

d) Developments

The covid restrictions at the start of the academic year prevented work that might otherwise have been performed. The property stream of the merger, see future plans below, took up considerable time in the second half of the year, but has been extremely worthwhile.

e) International Developments

In 2012 Durham School entered into an agreement, through Durham School Trading Limited, with IKC Holdings Limited to form Durham Infinity International Schools, a joint venture company. The purpose of the joint venture company was to develop Schools carrying the Durham School brand and promoting the Durham School ethos in other parts of the world.

In 2017/18 a formal agreement was signed in relation to the opening of the first international school in Doha. Durham School for Girls Doha aims to inspire a lifelong appetite for learning in a caring environment that will develop emotional, moral and spiritual strength for future leaders. Durham School for Girls Doha opened in August 2019 with in excess of 400 pupils on the school roll in year groups from the Foundation Stage to year 6. In academic year 2020/21 year groups 7 and 9 were added and the roll increased to 950 pupils. In academic year 2021/22 year groups 8, 10 and 12 were added and the roll increased to 1197 with an expectation to increase to circa 1300 pupils in academic year 2022/23.

In 2020 a formal agreement was signed in relation to opening Durham International Nursery and Pre-Prep School Nairobi. The School was opened in January 2021 (academic year 2020/21) with 60 pupils across year groups Nursery, Foundation Stage 1 and 2. In academic year 2021/22 year group 2 will be added and it is expected that the roll will increase to in the region of 150 pupils.

This venture will bring commercial, cultural and academic benefits to Durham School.

FINANCIAL REVIEW

Financial position

The consolidated results for the year show a deficit of £518,768 (2020: £367,450 deficit). The budgeted position for 2020/21 was initially a breakeven position.

In common with other businesses the Covid19 pandemic has continued to have a significant impact on the results for 2020/21. Boarding pupils have not returned which has seen a reduction in tuition income of over £400k and fee reductions were applied during the compulsory school closure in the Spring term costing £280k. Other income arising from hire of the facilities has likewise reduced by some £273k. The losses have been mitigated to some extent by furlough claims and a reduction in catering costs when staff were furloughed.

In overall terms the impact of the pandemic on the financial results for 2020/21 has been assessed as a loss of £314k.

The long-term development plan for the Foundation continues to be to achieve a balance between investment back to the Schools by way of highly skilled personnel and physical enhancements, and the maintaining of surplus to reinstate reserves for the Foundation.

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TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2021

FINANCIAL REVIEW (continued)

During 2016/17 the Foundation worked with its Bankers, Barclays Bank plc, to restructure the loans and overdraft of the Foundation. The new arrangements came into effect on 1 September 2017, this generated a reduction in the costs of borrowing. The Foundation successfully managed cash balances over the course of 2020/21 in difficult circumstances within the agreed overdraft facility limit. The loan agreement has been re-negotiated during 2020/21.

The Foundation continues to purchase insurance for the Trustees during the year to indemnify them against liabilities arising from acts as part of their duties as Trustees of the Foundation.

Note 21 to the accounts sets out analysis of the assets attributable to the various funds. These assets are sufficient to meet the Foundation's obligations on a fund by fund basis.

The Foundation's tangible assets are all held for use in the Schools and the majority of the Foundation's investments are currently held in either the CBF Church of England Investment Fund or the COIF Charities Investment Fund. Both funds are invested primarily in equities and are aimed at achieving steady income and capital growth. Both funds have satisfactory long term performance records.

During the year ended 31 August 2021 Total Swimming Ltd funded expenditure of up to £80,000 to refurbish the changing rooms in the swimming baths. This sum is recognised as a donation in the financial statements.

RESERVES POLICY

The Trustees regularly review the finances, budgets, cashflows and expenditure against budget. The Foundation holds negative reserves of £(408,426) as at 31 August 2021 of which £1,421,742 relates to restricted funds, £345,750 to endowment funds and unrestricted reserves of £(2,175,918).

The Trustees recognise that the current level of reserves requires improvement and have taken steps as noted within future plans to improve the position.

The long term aim of the Trustees is to provide reserves for the Foundation

FUTURE PLANS

The long-term aim of increasing reserves is being taken forward through the following initiatives:

1. Fundraising

The development of funds to support financially assisted places at the Schools and capital projects continues to be a core aim.

2. International activities

Through its trading subsidiary Durham School Trading Limited, the Foundation in December 2012, entered into a joint venture company, Durham Infinity International Schools, with an Indian company to develop schools carrying the Durham School brand in other parts of the world.

As noted above in August 2019 Durham School for Girls Doha opened and the first two years of operation have been very successful with plans to expand further.

Work continues on the exploration of other options for the development of additional international schools.

3. Merger of Durham School and The Chorister School to form Durham Cathedral Schools Foundation

The Governing Body of Durham School and the Chapter of Durham Cathedral announced on 23rd November 2020 that, with effect from 1st September 2021, Durham School and The Chorister School will operate under one single Foundation to be known as Durham Cathedral Schools Foundation.

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TRUSTEES' REPORT (continued)
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FUTURE PLANS (continued)

This planned merger will combine the strengths of both existing schools and build on the strong heritage and values they have shared for over 600 years. The merged school will offer outstanding academic, pastoral and co-curricular opportunities for all pupils and further enhance the provision of independent education within the City of Durham. The merger will allow the Foundation to grow and develop in its size and strength whilst continuing to provide a focus on the education of the individual, which celebrates the unique talents of every child, nurturing and bringing out the best in them.

For the six months up to 31 August 2021 considerable work was undertaken to ensure that all would be ready for the new merged Foundation. There were five workstreams: Property, IT and data, Marketing and communications, School integration and Finance and HR.

Durham Cathedral have committed to spend over £2m on what was previously The Chorister School building, now the Cathedral Site, over a number of years using an endowment fund designated for that specific purpose. The first phase of works were performed over summer 2021 ready for occupation on 1st September. The Foundation is to pay no rent in 21/22 and reduced rent in 22/23 in recognition that works are required.

New IT provision was required to release The Chorister School from the Cathedral's network and GDPR regulations were followed in transferring data to the Foundation.

A re-branding exercise was carried out and a temporary new website has been compiled with plans for a brand new website design to be launched in spring 2022. Integration of the two schools was key to engender a new single community spirit, but ideas and plans were severely hampered by social distancing and bubble restrictions in place. A communications plan was followed to keep all stakeholders informed.

Finance and HR matters needed to be resolved e.g. the transfer of supplier contracts ready for 1 September and employees moved across to the Foundation under TUPE arrangements from 1 February. There was a staff restructuring exercise and 15 staff were made redundant, 12 of whom chose to leave voluntarily. During the period 1 February to 31 August 2021, 45 staff at The Chorister School were paid through Durham School's payroll and the staff costs recharged to Durham Cathedral. The total costs over the period were £850,406.

The costs incurred relating to the merger total £270,872 and are disclosed as an exceptional item. Some costs relating to the merger will arise in the year 21/22 also.

The Foundation is located on the current sites of both schools. The junior school is now called Chorister School with the Pre-prep School occupying the Bow site and the Prep School occupying what was The Chorister School, but is now called the Cathedral Site. The Senior School, the Durham School site, continues as before.

The Durham Cathedral Schools Foundation is governed by a Board which comprises Governors from both Durham School and The Chorister School, including members of the Chapter of Durham Cathedral. The Chair of Governors is Robert Ribchester, previously Chair of Durham School, and the Vice-Chair is the Very Reverend Andrew Tremlett, Dean of Durham.

The Principal of the Foundation is Kieran McLaughlin, who continues as the Headmaster of the Senior School. The Head of the Prep School is Sally Harrod, previously Headmistress of Bow School.

The Choristers of Durham Cathedral continue to be educated within the Foundation schools and their commitment to the Cathedral Choir is matched by a commitment from the Foundation to support them.

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TRUSTEES' REPORT (continued)
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FUTURE PLANS (continued)

£50,000 has been added to fixed assets to recognise the value of the fixtures, fittings and equipment that remained in The Chorister School and were effectively donated to the new Foundation over the summer and were set up accordingly in preparation for the new academic year.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The Foundation is controlled by its governing document, a deed of trust, and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006.

Durham School was incorporated as a Company Limited by Guarantee on 4th January 1993. The Foundation has charitable status (Charity Number 1023407) and is governed by its Memorandum and Articles of Association (Company Number 02776914).

The Governors and Directors of Durham Cathedral Schools Foundation are also the Trustees of the Foundation. The Trustees nominate a new Trustee when a vacancy arises and the Trustees will then vote on whether or not to appoint. A Trustee offers him / herself for re election every three years. The chairman of the Trustees is re elected on an annual basis by the other Trustees. None of the Trustees receive any remuneration.

To fulfil the requirements of the Articles of Association the Board of Trustees, comprising up to fourteen members, meets each term to administer the Foundation. They appoint a Headmaster to manage the day to day operations of the Foundation.

There are also currently a number of Trustee-led sub committees, which cover specific aspects of the business e.g. finance, estates, academic, marketing and health and safety. The sub committees involve officers of the Foundation as the Chairperson of that particular sub committee deemed to be appropriate. The sub committees also try to meet once each academic term.

New Trustees are reminded of their legal, and other, responsibilities and are provided with a thorough induction, which includes familiarisation in the layout, operations, staff and structure of the Schools in addition to financial, legal and safeguarding matters. Any subsequent training requirements that are brought to the attention of the Board of Trustees are seriously considered.

Headmaster - Durham School - K McLaughlin MA (Cantab)
Headmistress - Bow, Durham School - S Harrod BA
Deputy Head (Academic) - A Pearson BSc
Chief Operating Officer - C Butcher
Company Secretary and Clerk to the Governors - E Mussell

The day to day running of the Schools is delegated to the Headmaster and Chief Operating Officer.

Any dealings between the Foundation and any Related Parties are disclosed in Note 28 to the Accounts.

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TRUSTEES' REPORT (continued)
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STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Risk management

The Trustees have a duty to identify and review the risks to which the Foundation is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error.

The Board of Trustees is responsible for the management of the risks faced by the Foundation. During the year the Trustees have examined the principal areas of the Foundation's operations and considered the major risks associated with these areas. In the opinion of the Trustees the Foundation has established systems, which, under normal circumstances, should allow these risks to be mitigated to an acceptable level in its day to day operations. The Trustees recognise that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

The Trustees continue to carefully monitor and review risk on a regular basis, and will ensure that systems and procedures are established to manage the risks. During the year high level risks were considered and agreed by the Trustees, these together with the supporting management controls are documented within the Foundation's risk register.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also the directors of Durham Cathedral Schools Foundation (Limited by Guarantee) for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law 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 Foundation and of the incoming resources and application of resources, including the income and expenditure, of the Foundation for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Foundation will continue in business.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Foundation and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Foundation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

- there is no relevant audit information of which the Foundation's auditors are unaware; and the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.



.....
R Ribchester
Trustee
18 March 2022

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DURHAM CATHEDRAL SCHOOLS
FOUNDATION**

OPINION

We have audited the financial statements of Durham Cathedral Schools Foundation (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 August 2021 set out on pages 15 to 41. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 August 2021 and of the group's incoming resources and application of resources, including its 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 and the Charities Act 2011.

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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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.

MATERIAL UNCERTAINTY RELATING TO GOING CONCERN

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

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

In the context of the above we draw attention to note 1.3 in the financial statements, which refers to the application of the going concern concept being applied in the preparation of the consolidated financial statements. As stated in note 1.3, these events or conditions, along with the other matters as set forth in note 1.3 indicate that a material uncertainty exists that may cast significant doubt on the group's or the parent charitable company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

OTHER INFORMATION

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditors' 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.

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DURHAM CATHEDRAL SCHOOLS
FOUNDATION**

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.

OPINION 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 for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report and the Group strategic report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report.

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

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of 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 parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

DURHAM CATHEDRAL SCHOOLS FOUNDATION
Previously known as DURHAM SCHOOL
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DURHAM CATHEDRAL SCHOOLS
FOUNDATION**

AUDITORS' 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 Auditors' 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.

Detecting irregularities, including fraud, through our audit

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, to detect material misstatements in respect of irregularities, including fraud. Our audit must be alert to the risk of manipulation of the financial statements and seek to understand the incentives and opportunities for management to achieve this.

We undertake the following procedures to identify and respond to these risks of non-compliance:

- Understanding the key legal and regulatory frameworks that are applicable to the Group. We communicated identified laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit. We determined the most significant of these to be regulations set out by The Department for Skills and Education, Independent Schools Inspectorate and Employment Law
- Enquiry of Trustees and management as to policies and procedures to ensure compliance and any known instances of non-compliance
- Review of board minutes and correspondence with regulators
- Enquiry of Trustees and management as to areas of the financial statements susceptible to fraud and how these risks are managed
- Challenging management on key estimates, assumptions and judgements made in the preparation of the financial statements. These key areas of uncertainty are disclosed in the accounting policies
- Identifying and testing unusual journal entries, with a particular focus on manual journal entries.

Through these procedures, we did not become aware of actual or suspected non-compliance.

We planned and performed our audit in accordance with auditing standards but owing to the inherent limitations of procedures required in these areas, there is an unavoidable risk that we may not have detected a material misstatement in the accounts. The further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve concealment, collusion, forgery, misrepresentations, or override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

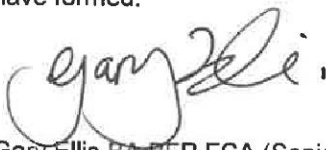
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.

DURHAM CATHEDRAL SCHOOLS FOUNDATION
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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DURHAM CATHEDRAL SCHOOLS
FOUNDATION**

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. 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 Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Gary Ellis BA BFP FCA (Senior statutory auditor)

for and on behalf of

Clive Owen LLP

Chartered Accountants

Statutory Auditors
Kepier House
Belmont Business Park
Durham
DH1 1TW
Date:

8 April 2022

DURHAM CATHEDRAL SCHOOLS FOUNDATION
Previously known as DURHAM SCHOOL
(A company limited by guarantee)

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND
EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2021**

	Note	Unrestricted funds 2021 £	Restricted funds 2021 £	Endowment funds 2021 £	Total funds 2021 £	Total funds 2020 £
INCOME AND ENDOWMENTS FROM:						
Donations and legacies	2	129,824	-	-	129,824	-
Charitable activities	3	8,675,278	-	-	8,675,278	7,585,342
Other trading activities	4	126,234	-	-	126,234	119,332
Investments	5	263,565	21,663	6,127	291,355	176,624
TOTAL INCOME AND ENDOWMENTS		9,194,901	21,663	6,127	9,222,691	7,881,298
EXPENDITURE ON:						
Raising funds		304,693	-	-	304,693	209,462
Charitable activities		9,192,581	90,214	6,960	9,289,755	8,060,573
Exceptional	13	270,872	-	-	270,872	-
TOTAL EXPENDITURE	6	9,768,146	90,214	6,960	9,865,320	8,270,035
NET EXPENDITURE BEFORE INVESTMENT GAINS		(573,245)	(68,551)	(833)	(642,629)	(388,737)
Net gains on investments	15	-	75,984	47,877	123,861	21,287
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		(573,245)	7,433	47,044	(518,768)	(367,450)
NET MOVEMENT IN FUNDS		(573,245)	7,433	47,044	(518,768)	(367,450)
RECONCILIATION OF FUNDS:						
Total funds brought forward		(1,602,673)	1,414,309	298,706	110,342	477,792
TOTAL FUNDS CARRIED FORWARD		(2,175,918)	1,421,742	345,750	(408,426)	110,342

The notes on pages 19 to 41 form part of these financial statements.

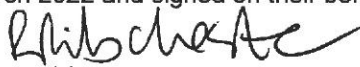
DURHAM CATHEDRAL SCHOOLS FOUNDATION
Previously known as DURHAM SCHOOL

(A company limited by guarantee)
REGISTERED NUMBER: 02776914

CONSOLIDATED BALANCE SHEET
AS AT 31 AUGUST 2021

	Note	£	2021 £	£	2020 £
FIXED ASSETS					
Tangible assets	14		5,490,316		5,598,140
Investments	15		1,076,850		952,989
Investments in joint ventures					
-Share of gross assets		175		175	
Share of net assets	15		175		175
			<u>6,567,341</u>		<u>6,551,304</u>
CURRENT ASSETS					
Stocks	16	50,806		80,559	
Debtors	17	1,532,993		763,964	
Cash at bank and in hand		484,663		313,978	
		<u>2,068,462</u>		<u>1,158,501</u>	
CREDITORS: amounts falling due within one year	18	(4,739,240)		(3,398,942)	
NET CURRENT LIABILITIES			<u>(2,670,778)</u>		<u>(2,240,441)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>3,896,563</u>		<u>4,310,863</u>
CREDITORS: amounts falling due after more than one year	19		(4,304,989)		(4,200,521)
NET (LIABILITIES)/ASSETS			<u>(408,426)</u>		<u>110,342</u>
CHARITY FUNDS					
Endowment funds	20		345,750		298,706
Restricted funds	20		1,421,742		1,414,309
Unrestricted funds	20		(2,175,918)		(1,602,673)
TOTAL (DEFICIT)/FUNDS			<u>(408,426)</u>		<u>110,342</u>

The financial statements were approved and authorised for issue by the Trustees on March 2022 and signed on their behalf, by:


.....
R Ribchester

18

The notes on pages 19 to 41 form part of these financial statements.

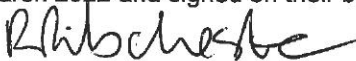
DURHAM CATHEDRAL SCHOOLS FOUNDATION
Previously known as DURHAM SCHOOL

(A company limited by guarantee)
REGISTERED NUMBER: 02776914

COMPANY BALANCE SHEET
AS AT 31 AUGUST 2021

	Note	£	2021 £	£	2020 £
FIXED ASSETS					
Tangible assets	14		5,490,316		5,598,140
Investments	15		1,076,850		952,989
			<u>6,567,166</u>		<u>6,551,129</u>
CURRENT ASSETS					
Debtors	17	1,571,874		860,067	
Cash at bank and in hand		478,751		312,450	
		<u>2,050,625</u>		<u>1,172,517</u>	
CREDITORS: amounts falling due within one year	18	(4,718,244)		(3,374,342)	
NET CURRENT LIABILITIES			(2,667,619)		(2,201,825)
TOTAL ASSETS LESS CURRENT LIABILITIES			3,899,547		4,349,304
CREDITORS: amounts falling due after more than one year	19		(4,304,989)		(4,200,521)
NET (LIABILITIES)/ASSETS			<u>(405,442)</u>		<u>148,783</u>
CHARITY FUNDS					
Endowment funds			345,750		298,706
Restricted funds			1,421,742		1,414,309
Unrestricted funds			<u>(2,172,934)</u>		<u>(1,564,232)</u>
TOTAL (DEFICIT)/FUNDS			<u>(405,442)</u>		<u>148,783</u>

The financial statements were approved and authorised for issue by the Trustees on March 2022 and signed on their behalf, by:


.....
R Ribchester

18

The notes on pages 19 to 41 form part of these financial statements.

DURHAM CATHEDRAL SCHOOLS FOUNDATION
Previously known as DURHAM SCHOOL
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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Net cash provided by operating activities	22	158,895	200,428
Cash flows from investing activities:			
Dividends, interest and rents from investments		21,663	38,412
Proceeds from the sale of tangible fixed assets		5,000	-
Purchase of tangible fixed assets		(59,552)	(26,627)
Net cash (used in)/provided by investing activities		(32,889)	11,785
Cash flows from financing activities:			
Repayments of borrowings		(12,547)	(199,729)
Cash inflows from new borrowing		58,059	-
Receipt of endowment		(833)	(424)
Net cash provided by/(used in) financing activities		44,679	(200,153)
Change in cash and cash equivalents in the year		170,685	12,060
Cash and cash equivalents brought forward		313,978	301,918
Cash and cash equivalents carried forward	23	484,663	313,978

The notes on pages 19 to 41 form part of these financial statements.

DURHAM CATHEDRAL SCHOOLS FOUNDATION
Previously known as DURHAM SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

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)) and the Companies Act 2006.

Durham Cathedral Schools Foundation meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The Statement of financial activities (SOFA) and Balance sheet consolidate the financial statements of the company and its subsidiary undertaking Durham School Trading Limited. The results of the subsidiary are consolidated on a line by line basis.

No separate SOFA has been presented for the company alone as permitted by section 408 of the Companies Act 2006.

1.2 Company status

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

1.3 Going concern

The Group's charitable activities, together with factors likely to affect its future development and performance, are set out in the Trustee's Report on pages 2 - 10.

The terms of financing facilities provided by Barclays plc to the group were renegotiated during the year and expire in October 2022. Based on discussions between the parties it is not anticipated that these financing facilities will be withdrawn or indeed that the terms of new facilities will be less favourable than the existing ones.

The Trustees have assessed the cash requirements of the Group for the period of at least one year from the date of issue of the financial statements. Based on that – and subject to the renewal of the financing facilities and continued support of the bank – the Trustees have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

At the date of approval of the financial statements the country and indeed the rest of the world is still dealing with the Covid19 pandemic. The Group has taken steps to deal with the financial impact of this as far as can currently be estimated, including the preparation of revised forecasts, and other measures, including seeking financial support from the Government where appropriate. Clearly an uncertainty exists as to the precise impact - financial or otherwise - that the pandemic will have and the period over which it will last.

Given the factors above, along with continued losses, there is a material uncertainty over going concern. Nevertheless the Trustees believe that it is appropriate to continue to adopt the going concern basis of accounting in preparing the financial statements, taking the above factors/measures, and the continued support of the bank, into account.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

1. ACCOUNTING POLICIES (continued)

1.4 Income

Fees receivable and charges for services and use of premises are accounted for in the period in which the service is provided. Gross fees receivable are stated after deducting allowances, scholarships and other remissions allowed by the school.

Gifts in kind donated for distribution are included at valuation and recognised as income when they are distributed to the projects. Gifts donated for resale are included as income when they are sold. Donated facilities are included at the value to the company where this can be quantified and a third party is bearing the cost. No amounts are included in the financial statements for services donated by volunteers.

Donated services or facilities are recognised when the company has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use of the company of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), the general volunteer time of the Friends is not recognised and refer to the Trustees' report for more information about their contribution.

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the company which is the amount the company would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

Other income is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

1.5 Expenditure

Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities and Governance costs are costs incurred on the company's operations, including support costs and costs relating to the governance of the company apportioned to charitable activities.

1.6 Basis of consolidation

The financial statements consolidate the accounts of Durham Cathedral Schools Foundation and all of its subsidiary undertakings ('subsidiaries').

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Income and expenditure account.

DURHAM CATHEDRAL SCHOOLS FOUNDATION
Previously known as DURHAM SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

1. ACCOUNTING POLICIES (continued)

1.7 Tangible fixed assets and depreciation

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of financial activities.

Freehold land and buildings and long-term leasehold land and buildings are included at the valuations applicable at 20 October 2010 at which time the interests in the properties were transferred to the limited company (see also note 14). All other assets are included at cost.

The cost of acquiring new freehold land and buildings and other major assets, together with extensions to existing buildings, and major assets acquired by way of gift are valued and capitalised.

All acquisition costs of vehicles, plant and machinery and major fixtures and fittings are capitalised, but general costs of refurbishment and converting existing buildings and plant are written off in the year in which they are incurred.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold land	-	straight line over 50 years
Leasehold property	-	straight line over 20 - 50 years
Motor vehicles	-	straight line over 10 years
Fixtures and fittings	-	straight line over 4 - 25 years

1.8 Investments

Listed investments are stated at fair value at the balance sheet date. The fair value of unlisted investments cannot be measured reliably, and therefore stated at cost less impairment.

Investments in joint ventures are stated at the company's share of net assets.

1.9 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the company; this is normally upon notification of the interest paid or payable by the Bank.

1.10 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of financial activities so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

DURHAM CATHEDRAL SCHOOLS FOUNDATION
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

1. ACCOUNTING POLICIES (continued)

1.11 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.12 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.13 Cash at Bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.14 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.15 Financial instruments

The company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

1.16 Taxation

The company is considered to pass the tests set out in Paragraph 1 Schedule 6 of the 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 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.

1.17 Government grants

Revenue based government grants are credited to the Statement of financial activities on receipt.

DURHAM CATHEDRAL SCHOOLS FOUNDATION
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

1. ACCOUNTING POLICIES (continued)

1.18 Pensions

The charitable company makes contributions to the Teachers Pension Scheme for academic staff and to a selective pension plan for non-academic staff. Contributions payable to the pension schemes are charged to the Statement of Financial Activities in the period to which they relate.

The TPS is an unfunded scheme and contributions are calculated to spread the cost of pensions over employees' working lives with the school in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 25, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

1.19 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the company and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

1.20 Critical accounting estimates and areas of judgement

Estimates and judgments 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.

Critical accounting estimates and assumptions:

The company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Critical areas of judgement:

Bad debt provision:

The school has included provisions for bad and doubtful debts. Debts considered to be bad are provided for in full, while debts considered to be doubtful have a provision of 25% of the balance included. The total bad debt provision at 31 August 2021 is £396,938 (2020 : £255,167).

Depreciation - Depreciation is calculated so as to write off the cost of an asset, less its residual value, over the economic life of that asset. An estimate of the useful life of assets is detailed in the depreciation accounting policy. The value of depreciation charged during the year was £297,200 (2020 : £298,706).

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

1. ACCOUNTING POLICIES (continued)

1.21 Redundancy and termination payments

Redundancy and termination costs are recognised as an expense in the Statement of Financial Activities and a liability on the Balance Sheet immediately at the point the Foundation is demonstrably committed to either: terminate the employment of an employee or group of employees before normal retirement date; or provide termination benefits as a result of an offer made in order to encourage voluntary redundancy. The Foundation is considered to be demonstrably committed only when it has a detailed formal plan for the termination and is without realistic possibility of withdrawal from the plan.

2. INCOME FROM DONATIONS AND LEGACIES

	Unrestricted funds 2021 £	Restricted funds 2021 £	Endowment funds 2021 £	Total funds 2021 £	Total funds 2020 £
Capital donations	129,824	-	-	129,824	-

Capital donations includes £50,000 of tangible fixed assets transferred on the merger with The Chorister School, further detail is given in the Trustees Report and note 13.

3. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2021 £	Restricted funds 2021 £	Endowment funds 2021 £	Total funds 2021 £	Total funds 2020 £
School fee income	8,311,660	-	-	8,311,660	8,433,504
Bursaries, grants and allowances	(1,620,248)	-	-	(1,620,248)	(1,698,558)
Other ancillary fees	1,441,953	-	-	1,441,953	273,207
Government income	541,913	-	-	541,913	577,189
	8,675,278	-	-	8,675,278	7,585,342
Total 2020	7,585,342	-	-	7,585,342	

DURHAM CATHEDRAL SCHOOLS FOUNDATION
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

4. FUNDRAISING INCOME

	Unrestricted funds 2021 £	Restricted funds 2021 £	Endowment funds 2021 £	Total funds 2021 £	Total funds 2020 £
Trading turnover	126,234	-	-	126,234	119,332
Total 2020	119,332	-	-	119,332	

5. INVESTMENT INCOME

	Unrestricted funds 2021 £	Restricted funds 2021 £	Endowment funds 2021 £	Total funds 2021 £	Total funds 2020 £
Income from investments	263,565	21,663	6,127	291,355	176,438
Bank interest received	-	-	-	-	186
	263,565	21,663	6,127	291,355	176,624
Total 2020	130,186	38,412	8,026	176,624	

6. ANALYSIS OF EXPENDITURE BY EXPENDITURE TYPE

	Staff costs 2021 £	Depreciation 2021 £	Other costs 2021 £	Total 2021 £	Total 2020 £
Trading expenditure	-	-	112,493	112,493	78,423
Finance costs	-	-	192,200	192,200	131,039
Costs of raising funds	-	-	304,693	304,693	209,462
Educational charitable activities	6,161,080	297,200	2,769,799	9,228,079	8,023,903
Governance costs	-	-	61,676	61,676	36,670
Exceptional - note 13	116,426	-	154,446	270,872	-
	6,277,506	297,200	3,290,614	9,865,320	8,270,035
Total 2020	5,203,293	298,710	2,768,032	8,270,035	

DURHAM CATHEDRAL SCHOOLS FOUNDATION
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

7. DIRECT COSTS

	Educational activities £	Total 2021 £	Total 2020 £
Educational costs	347,960	347,960	328,629
Bursaries	97,174	97,174	80,362
Welfare	23,692	23,692	30,990
Wages and salaries	3,321,677	3,321,677	2,983,107
National insurance	464,187	464,187	388,213
Pension cost	936,824	936,824	715,770
	<u>5,191,514</u>	<u>5,191,514</u>	<u>4,527,071</u>
Total 2020	<u>4,527,071</u>	<u>4,527,071</u>	

8. SUPPORT COSTS

	Educational activities £	Total 2021 £	Total 2020 £
Welfare	872,865	872,865	529,762
Support costs of schooling	710,252	710,252	604,047
Premises	717,856	717,856	948,110
Wages and salaries	1,438,392	1,438,392	1,116,203
Depreciation	297,200	297,200	298,710
	<u>4,036,565</u>	<u>4,036,565</u>	<u>3,496,832</u>
Total 2020	<u>3,496,832</u>	<u>3,496,832</u>	

9. GOVERNANCE COSTS

	Unrestricted funds 2021 £	Restricted funds 2021 £	Endowment funds 2021 £	Total funds 2021 £	Total funds 2020 £
Auditors' remuneration	18,560	-	-	18,560	18,000
Legal and professional costs	43,116	-	-	43,116	18,670
	<u>61,676</u>	<u>-</u>	<u>-</u>	<u>61,676</u>	<u>36,670</u>

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10. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2021 £	2020 £
Depreciation of tangible fixed assets:		
- owned by the charitable group	289,281	292,974
- held under finance leases	7,919	5,733
Auditors' remuneration - audit	18,560	18,000
Operating lease rentals - land and buildings	238,065	235,815
Operating lease rentals - other	13,239	15,068
	<u>289,281</u>	<u>292,974</u>

During the year, no Trustees received any remuneration (2020 - £NIL).

During the year, no Trustees received any benefits in kind (2020 - £NIL).

During the year, no Trustees received any reimbursement of expenses (2020 - £NIL).

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11. STAFF COSTS

Staff costs were as follows:

	2021 £	2020 £
Wages and salaries	4,876,495	4,099,310
Social security costs	464,187	388,213
Other pension costs	936,824	715,770
	<u>6,277,506</u>	<u>5,203,293</u>

During the year, total redundancy and termination payments amounted to £176,201 (2020: £nil).

The average number of persons employed by the company during the year was as follows:

	2021 No.	2020 No.
Teaching staff	110	72
Non-teaching staff	43	45
	<u>153</u>	<u>117</u>

The number of higher paid employees was:

	2021 No.	2020 No.
In the band £60,001 - £70,000	0	2
In the band £70,001 - £80,000	4	1
In the band £80,001 - £90,000	1	1
In the band £100,001 - £200,000	1	1

Of these employees, all six are members of the Teachers Pension Scheme.

The total amount of employee remuneration (including employer national insurance and pension contributions) received by key management personnel for their services to the charitable company was £635,647 (2020 : £592,203).

12. INTEREST PAYABLE

	2021 £	2020 £
On bank loans and overdrafts	156,153	107,890
On finance lease and hire purchase contracts	8,446	3,090
	<u>164,599</u>	<u>110,980</u>

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13. EXCEPTIONAL ITEMS

	2021 £	2020 £
Exceptional item	270,872	-

As noted within the Trustees Report (page 7, point 3), the Foundation incurred costs in relation to the merger, this included the payment of staff salaries, including severance.

The Foundation also received a donation of tangible fixed assets of £50,000 which is included within Note 2 of these accounts.

14. TANGIBLE FIXED ASSETS

Group	Freehold property £	Leasehold property £	Motor vehicles £	Fixtures and fittings £	Total £
Cost					
At 1 September 2020	1,400,000	5,699,863	133,543	2,395,217	9,628,623
Additions	-	-	29,141	160,235	189,376
Disposals	-	-	(19,709)	-	(19,709)
At 31 August 2021	1,400,000	5,699,863	142,975	2,555,452	9,798,290
Depreciation					
At 1 September 2020	281,442	1,825,651	73,152	1,850,238	4,030,483
Charge for the year	29,624	137,425	9,351	120,800	297,200
On disposals	-	-	(19,709)	-	(19,709)
At 31 August 2021	311,066	1,963,076	62,794	1,971,038	4,307,974
Net book value					
At 31 August 2021	1,088,934	3,736,787	80,181	584,414	5,490,316
At 31 August 2020	1,118,558	3,874,212	60,391	544,979	5,598,140

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

Group	2021 £	2020 £
Motor vehicles	65,364	44,143

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Company	Freehold property £	Long-term leasehold property £	Motor vehicles £	Fixtures and fittings £	Total £
Cost					
At 1 September 2020	1,400,000	5,699,863	133,543	2,383,210	9,616,616
Additions	-	-	29,141	160,235	189,376
Disposals	-	-	(19,709)	-	(19,709)
At 31 August 2021	<u>1,400,000</u>	<u>5,699,863</u>	<u>142,975</u>	<u>2,543,445</u>	<u>9,786,283</u>
Depreciation					
At 1 September 2020	281,442	1,825,651	73,152	1,838,231	4,018,476
Charge for the year	29,624	137,425	9,351	120,800	297,200
On disposals	-	-	(19,709)	-	(19,709)
At 31 August 2021	<u>311,066</u>	<u>1,963,076</u>	<u>62,794</u>	<u>1,959,031</u>	<u>4,295,967</u>
Net book value					
At 31 August 2021	<u>1,088,934</u>	<u>3,736,787</u>	<u>80,181</u>	<u>584,414</u>	<u>5,490,316</u>
At 31 August 2020	<u>1,118,558</u>	<u>3,874,212</u>	<u>60,391</u>	<u>544,979</u>	<u>5,598,140</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

Company	2021 £	2020 £
Motor vehicles	<u>65,364</u>	<u>44,143</u>

Cost or valuation at 31 August 2021 is as follows:

Group and Company	Land and buildings £
Cost	6,825,743
Valuation:	
Revaluation in 2010	<u>274,120</u>
	<u>7,099,863</u>

The land and buildings were revalued on 20 October 2010 by Sanderson Weatherall, Chartered Surveyors on an open market existing basis.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

15. FIXED ASSET INVESTMENTS

	Listed securities £	Unlisted securities £	Sub total carried forward £
Group			
Market value			
At 1 September 2020	694,269	258,720	952,989
Revaluations	123,861	-	123,861
	<hr/>	<hr/>	<hr/>
At 31 August 2021	818,130	258,720	1,076,850
	<hr/>	<hr/>	<hr/>
	Sub total brought forward £	Investments in participating interests £	Total £
Group			
Market value			
At 1 September 2020	952,989	175	953,164
Revaluations	123,861	-	123,861
	<hr/>	<hr/>	<hr/>
At 31 August 2021	1,076,850	175	1,077,025
	<hr/>	<hr/>	<hr/>
Group investments comprise:			
		2021 £	2020 £
Listed investments		818,130	694,269
Unlisted investments		258,720	258,720
Participating interests at cost		175	175
		<hr/>	<hr/>
Total market value		1,077,025	953,164
		<hr/>	<hr/>

All the fixed asset investments are held in the UK

	Listed securities £	Unlisted securities £	Total £
Company			
Market value			
At 1 September 2020	694,269	258,720	952,989
Revaluations	123,861	-	123,861
	<hr/>	<hr/>	<hr/>
At 31 August 2021	818,130	258,720	1,076,850
	<hr/>	<hr/>	<hr/>

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15. FIXED ASSET INVESTMENTS (continued)

Company investments at market value comprise:

	2021 £	2020 £
Listed investments	818,130	694,269
Unlisted investments	258,720	258,720
Total	1,076,850	952,989

All the fixed asset investments are held in the UK

16. STOCKS

	Group		Company	
	2021 £	2020 £	2021 £	2020 £
Finished goods and goods for resale	50,806	80,559	-	-

17. DEBTORS

	Group		Company	
	2021 £	2020 £	2021 £	2020 £
Trade debtors	1,255,820	685,892	1,212,532	676,187
Amounts owed by group undertakings	-	-	162,169	114,350
Other debtors	21,800	29,625	21,800	26,800
Prepayments and accrued income	255,373	48,447	175,373	42,730
Total	1,532,993	763,964	1,571,874	860,067

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18. CREDITORS: Amounts falling due within one year

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Bank loans and overdrafts	192,384	192,384	192,384	192,384
Net obligations under finance leases and hire purchase contracts	12,354	11,382	12,354	11,382
Trade creditors	357,037	174,258	344,933	161,034
Other taxation and social security	140,722	280,910	133,330	280,910
Other creditors	1,708,693	1,347,462	1,708,693	1,346,874
Accruals and deferred income	2,328,050	1,392,546	2,326,550	1,381,758
	<u>4,739,240</u>	<u>3,398,942</u>	<u>4,718,244</u>	<u>3,374,342</u>

	Group		Company	
	£	£	£	£
Deferred income				
Deferred income at 1 September 2020	715,990	1,104,088	715,990	1,104,088
Resources deferred during the year	1,482,710	500,526	1,482,710	500,526
Amounts released from previous years	(667,888)	(888,624)	(667,888)	(888,624)
Deferred income at 31 August 2021	<u>1,530,812</u>	<u>715,990</u>	<u>1,530,812</u>	<u>715,990</u>

Income deferred in the period relates to fees received in advance.

19. CREDITORS: Amounts falling due after more than one year

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Bank loans	4,136,298	4,100,776	4,136,298	4,100,776
Net obligations under finance leases and hire purchase contracts	21,497	12,479	21,497	12,479
Accruals and deferred income	147,194	87,266	147,194	87,266
	<u>4,304,989</u>	<u>4,200,521</u>	<u>4,304,989</u>	<u>4,200,521</u>

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19. CREDITORS: Amounts falling due after more than one year (continued)

Obligations under finance leases and hire purchase contracts, included above, are payable as follows:

	Group and Company	
	2021	2020
	£	£
Between one and five years	21,497	12,479

Bank loans are secured over the freehold property known as The Extension to No. 1 Pimlico, No. 2 Pimlico and No.4 Pimlico, Durham together with an additional legal charge over the leasehold property known as Durham School Area 1.

Hire purchase contracts are secured on the assets to which they relate.

20. STATEMENT OF FUNDS

STATEMENT OF FUNDS - CURRENT YEAR

	Balance at 1 September 2020 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2021 £
Unrestricted funds						
General fund	(5,720,055)	9,194,901	(9,768,146)	48,256	-	(6,245,044)
Revaluation reserve	4,117,382	-	-	(48,256)	-	4,069,126
	<u>(1,602,673)</u>	<u>9,194,901</u>	<u>(9,768,146)</u>	<u>-</u>	<u>-</u>	<u>(2,175,918)</u>
Endowment funds						
Davies Legacy	<u>298,706</u>	<u>6,127</u>	<u>(6,960)</u>	<u>-</u>	<u>47,877</u>	<u>345,750</u>
Restricted funds						
Trust Funds	443,031	9,663	(9,663)	-	75,984	519,015
The Peter E.I. Lee Scholarship Fund	971,278	12,000	(80,551)	-	-	902,727
	<u>1,414,309</u>	<u>21,663</u>	<u>(90,214)</u>	<u>-</u>	<u>75,984</u>	<u>1,421,742</u>
Total of funds	<u>110,342</u>	<u>9,222,691</u>	<u>(9,865,320)</u>	<u>-</u>	<u>123,861</u>	<u>(408,426)</u>

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20. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2020 £
General funds						
General fund	(5,411,291)	7,834,860	(8,189,673)	46,049	-	(5,720,055)
Revaluation reserve	4,163,431	-	-	(46,049)	-	4,117,382
	<u>(1,247,860)</u>	<u>7,834,860</u>	<u>(8,189,673)</u>	<u>-</u>	<u>-</u>	<u>(1,602,673)</u>
Endowment funds						
Davies Legacy	293,293	8,026	(8,450)	-	5,837	298,706
Restricted funds						
Trust Funds	427,581	12,372	(12,372)	-	15,450	443,031
The Peter E.I. Lee Scholarship Fund	1,004,778	26,040	(59,540)	-	-	971,278
	<u>1,432,359</u>	<u>38,412</u>	<u>(71,912)</u>	<u>-</u>	<u>15,450</u>	<u>1,414,309</u>
Total of funds	<u>477,792</u>	<u>7,881,298</u>	<u>(8,270,035)</u>	<u>-</u>	<u>21,287</u>	<u>110,342</u>

SUMMARY OF FUNDS - CURRENT YEAR

	Balance at 1 September 2020 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 August 2021 £
General funds	(1,602,673)	9,194,901	(9,768,146)	-	(2,175,918)
Endowment funds	298,706	6,127	(6,960)	47,877	345,750
Restricted funds	1,414,309	21,663	(90,214)	75,984	1,421,742
	<u>110,342</u>	<u>9,222,691</u>	<u>(9,865,320)</u>	<u>123,861</u>	<u>(408,426)</u>

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20. STATEMENT OF FUNDS (continued)

SUMMARY OF FUNDS - PRIOR YEAR

	Balance at 1 September 2019 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 August 2020 £
General funds	(1,247,860)	7,834,860	(8,189,673)	-	(1,602,673)
Endowment funds	293,293	8,026	(8,450)	5,837	298,706
Restricted funds	1,432,359	38,412	(71,912)	15,450	1,414,309
	<u>477,792</u>	<u>7,881,298</u>	<u>(8,270,035)</u>	<u>21,287</u>	<u>110,342</u>

The purpose of each fund is as follows:

Unrestricted funds

General fund

These funds represent the unrestricted resources available for the general work of the charitable company and its subsidiaries.

Restricted funds

Trust fund

Trust funds represent various funds transferred from the Dean and Chapter of Durham. The Dean and Chapter of Durham is still the appointed Trustee, although the funds are now in the custody of Durham School.

The Peter E.I. Lee Scholarship fund

The Peter E.I. Lee Scholarship fund is to be used for the granting of scholarships under the name of "The Lee Scholarships" and is to be awarded to academically qualified students of whom fifty percent should be of the Chinese race or of Hong Kong Chinese ancestry and the remaining fifty percent to be awarded to similarly qualified candidates of any race or nationality.

Endowment funds

Davies Legacy

The Davies Legacy was received from the Estate of the late Mr E W Davies. The income generated from the legacy is restricted to the use of educating children of Warrant and Non-commissioned Officers in HM Forces.

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21. ANALYSIS OF NET ASSETS BETWEEN FUNDS

ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT YEAR

	Unrestricted funds 2021 £	Restricted funds 2021 £	Endowment funds 2021 £	Total funds 2021 £
Tangible fixed assets	5,490,316	-	-	5,490,316
Fixed asset investments	176	761,316	315,533	1,077,025
Current assets	1,377,819	660,426	30,217	2,068,462
Creditors due within one year	(4,739,240)	-	-	(4,739,240)
Creditors due in more than one year	(4,304,989)	-	-	(4,304,989)
	<u>(2,175,918)</u>	<u>1,421,742</u>	<u>345,750</u>	<u>(408,426)</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2020 £	Restricted funds 2020 £	Endowment funds 2020 £	Total funds 2020 £
Tangible fixed assets	5,598,140	-	-	5,598,140
Fixed asset investments	174	685,331	267,659	953,164
Current assets	386,104	728,978	31,047	1,158,501
Creditors due within one year	(3,398,942)	-	-	(3,398,942)
Creditors due in more than one year	(4,200,521)	-	-	(4,200,521)
	<u>(1,615,045)</u>	<u>1,414,309</u>	<u>298,706</u>	<u>110,342</u>

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22. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Group	
	2021	2020
	£	£
Net expenditure for the year (as per Statement of Financial Activities)	(518,768)	(367,450)
Adjustment for:		
Depreciation charges	297,200	298,707
Gain on investments	(123,861)	(21,287)
Dividends, interest and rents from investments	(21,663)	(38,412)
Profit on the sale of fixed assets	(5,000)	-
Decrease/(increase) in stocks	29,753	(15,362)
(Increase)/decrease in debtors	(769,029)	478,597
Increase/(decrease) in creditors	1,399,254	(134,789)
Capital donations	(129,824)	-
Income attributable to endowment	(6,127)	(8,026)
Expenditure attributable to endowment	6,960	8,450
Net cash provided by operating activities	158,895	200,428

23. ANALYSIS OF CASH AND CASH EQUIVALENTS

	Group	
	2021	2020
	£	£
Cash in hand	341	3,490
Notice deposits (less than 3 months)	484,322	310,488
Total	484,663	313,978

24. CONTINGENT LIABILITIES

Properties transferred from the Dean and Chapter of Durham.

On 1 January 1995 the properties of the School as part of the Dean and Chapter of Durham were transferred to the charitable company on a variety of freehold, long and short leasehold agreements. The agreements provide that in the event of the sale of certain of the properties leased by the charitable company, a proportion of the proceeds generated are due to the Dean and Chapter of Durham as Landlords. The total contingent liability would amount to £4,134,000 (2020: £4,134,000) based on valuations of market values of property of £6,890,000 at 20 October 2010. No revaluation has been performed since this date.

25. PENSION COMMITMENTS

Defined Contribution Schemes

The charitable company operates separate defined contribution pension schemes for academic and non-academic staff. The assets of all of the Schemes are held separately from those of the company in independently administered funds.

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25. PENSION COMMITMENTS (continued)

Defined Benefit Schemes

Some of the charitable company's employees are members of the Teachers' Pension Scheme (England & Wales). This is a multi-employer defined benefit scheme for which the assets and liabilities attributable to the charitable company can not be identified and is treated as a defined contribution scheme under FRS 102.

Charitable company contributions charged to all of the charitable company's Schemes during the year amount to £936,824 (2020: £715,770). All contributions were paid during the year.

Teacher's Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies. All teachers have the option to opt-out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teacher's Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 (amended) published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 (amended). The valuation report was prepared for the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% employer administration charge)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million giving a notional past service deficit of £22,000 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return is 4.45%

The next valuation result is due to be implemented from 1 April 2023.

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The charity has accounted for its contributions to the scheme as if it were a defined contribution scheme. The charity has set out above the information available on the scheme.

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26. OPERATING LEASE COMMITMENTS

At 31 August 2021 the total of the group's future minimum lease payments under non-cancellable operating leases was:

Group and Company	2021	2020
	£	£
Amounts payable:		
Within 1 year	246,658	247,488
Between 1 and 5 years	818,072	971,033
After more than 5 years	2,043,746	2,251,701
	<hr/>	<hr/>
Total	3,108,476	3,470,222
	<hr/>	<hr/>

At 31 August 2021 the company had annual commitments under non-cancellable operating leases as follows:

Company		
Amounts payable:		
Within 1 year	246,658	247,488
Between 1 and 5 years	818,072	971,033
After more than 5 years	2,043,746	2,251,701
	<hr/>	<hr/>
Total	3,108,476	3,470,222
	<hr/>	<hr/>

27. MEMBERS' LIABILITY

The charitable company is incorporated under the Companies Act and does not have a Share Capital and is Limited by Guarantee.

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £ 1 for the debts and liabilities contracted before he/she ceases to be a member.

DURHAM CATHEDRAL SCHOOLS FOUNDATION
Previously known as DURHAM SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

28. RELATED PARTY TRANSACTIONS

The charitable company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions with associated charitable companies:

During the year, the charitable company charged £2,500 (2020: £2,500) to cover secretarial and administration costs and received scholarships on behalf of pupils totalling £37,300 (2019: £29,240) from The Burkitt Scholarship Fund, which is a separately administered charitable company, in which the Headmaster, K McLaughlin, is a Trustee. As at 31 August 2021 the balance owed by the Burkitt Scholarship Fund was £21,800 (2020: £12,440).

During the year, the charitable company received scholarships on behalf of pupils totalling £22,448 (2020: £nil) from Durham School Langley Foundation, which is a separately administered charitable company, in which G Hodgson and R Ribchester are trustees. As at 31 August 2021 the balance owed to Durham School Langley Foundation was £35,477 (2020: £13,050).

Transactions with companies where a non-controlling interest is held:

During the year, dividend income of £12,000 (£21,000) was received from Durham Markets Company Limited

29. PRINCIPAL SUBSIDIARIES

Durham School Trading Limited

Subsidiary name	Durham School Trading Limited
Company registration number	04175538
Basis of control	Shareholding
Equity shareholding %	100%
Total assets as at 31 August 2021	£ 180,182
Total liabilities as at 31 August 2021	£ 183,165
Total equity as at 31 August 2021	£ (2,983)
Turnover for the year ended 31 August 2021	£ 126,234
Expenditure for the year ended 31 August 2021	£ 354,342
Profit for the year ended 31 August 2021	£ 35,457

DURHAM CATHEDRAL SCHOOLS FOUNDATION

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**CONSOLIDATED DETAILED INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2021**

	2021 £	2020 £
TRADING INCOME		
Trading turnover	126,234	119,332
LESS: TRADING COST OF SALES		
Purchases	89,732	53,180
Wages	22,761	25,210
TOTAL TRADING COST OF SALES	<u>112,493</u>	<u>78,390</u>
GROSS TRADING PROFIT	<u>13,741</u>	<u>40,942</u>
INVESTMENT INCOME		
Investment income	291,355	176,624
Gain on investments	123,861	21,287
TOTAL INVESTMENT INCOME	<u>415,216</u>	<u>197,911</u>
LESS: OTHER TRADING EXPENSES		
Corporation tax	-	33
NET PROFIT FROM TRADING ACTIVITIES	<u>428,957</u>	<u>238,820</u>
CHARITY INCOME		
Gross fees	8,295,058	8,433,504
Bursaries, grants and allowances	(1,620,248)	(1,710,940)
Registration fees	16,602	13,672
Other ancillary income	1,441,953	259,535
Government income	541,913	577,189
Donations	129,824	-
TOTAL CHARITY INCOME	<u>8,805,102</u>	<u>7,572,960</u>

DURHAM CATHEDRAL SCHOOLS FOUNDATION
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CONSOLIDATED DETAILED INCOME AND EXPENDITURE ACCOUNT (continued)
FOR THE YEAR ENDED 31 AUGUST 2021

	2021 £	2020 £
LESS: CHARITY EXPENDITURE		
Wages	5,030,941	4,099,310
Social security	464,187	388,213
Pensions	936,824	715,770
Bursaries	97,174	67,990
Transport	54,005	45,006
Departmental	162,240	168,067
Marketing	59,140	54,582
Agents commission	48,856	50,663
Heat and light	162,562	298,213
Rent	238,064	235,815
Rates and water	75,707	131,610
Refuse	54,089	46,798
Maintenance	231,581	226,801
Telephone	4,716	11,011
Grounds maintenance	40,608	60,620
Insurance	70,853	60,273
Legal and professional	43,116	18,667
Postage	7,699	7,849
Central IT	57,727	64,039
Central printing	4,220	1,934
Administration	47,808	36,243
Catering and cleaning	872,865	722,230
Examinations	43,256	46,520
Staff training	6,382	8,020
Bad debts	98,684	107,348
Subscriptions	43,380	34,934
Recruitment costs	17,310	22,968
Auditors' remuneration	18,560	18,000
Depreciation	297,200	298,707
Exceptional costs	270,873	-
TOTAL CHARITY EXPENDITURE	<u>9,560,627</u>	<u>8,048,201</u>
NET EXPENDITURE FROM CHARITABLE SOURCES	<u>(755,525)</u>	<u>(475,241)</u>

DURHAM CATHEDRAL SCHOOLS FOUNDATION

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**CONSOLIDATED DETAILED INCOME AND EXPENDITURE ACCOUNT (continued)
FOR THE YEAR ENDED 31 AUGUST 2021**

	2021 £	2020 £
NET EXPENDITURE FROM CHARITABLE SOURCES (brought forward)	<u>(755,525)</u>	<u>(475,241)</u>
OTHER EXPENDITURE		
Finance costs	<u>(192,200)</u>	<u>(131,039)</u>
NET EXPENDITURE FOR THE YEAR	<u><u>(518,768)</u></u>	<u><u>(367,460)</u></u>
Deficit in year	(518,768)	(367,450)
Funds brought forward at 1 September 2020	<u>110,342</u>	<u>477,792</u>
Funds carried forward at 31 August 2021	<u><u>(408,426)</u></u>	<u><u>110,342</u></u>