

**DURHAM CATHEDRAL SCHOOLS FOUNDATION**  
(A company limited by guarantee)

**TRUSTEES' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2022**

**DURHAM CATHEDRAL SCHOOLS FOUNDATION**  
**(A company limited by guarantee)**

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**DURHAM CATHEDRAL SCHOOLS FOUNDATION**

**(A company limited by guarantee)**

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS  
FOR THE YEAR ENDED 31 AUGUST 2022**

<b>Trustees</b>	R Ribchester, Chair Q Anstee K Ballantyne S Dobson K Fenwick M Hampel R Hillier J Hind (appointed 18 March 2022) G Hodgson M Regan K Richards J Robson R Swart (resigned 1 July 2022) A Tremlett (resigned 1 July 2022) N Turner
<b>Company registered number</b>	02776914
<b>Charity registered number</b>	1023407
<b>Registered office</b>	The Bursars Office Durham School Durham DH1 4SZ
<b>Company secretary</b>	E C Mussell
<b>Headmaster</b>	K J McLaughlin
<b>Independent auditors</b>	Clive Owen LLP Chartered Accountants Statutory Auditors Kepier House Belmont Business Park Durham DH1 1TW
<b>Bankers</b>	Barclays Bank PLC 6 Market Place Durham DH1 3NB
<b>Solicitors</b>	Swinburne Maddison LLP Venture House Aykley Heads Business Centre Durham DH1 5TS

## **DURHAM CATHEDRAL SCHOOLS FOUNDATION**

**(A company limited by guarantee)**

### **TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2022**

The Trustees, who are also Directors of Durham Cathedral Schools Foundation present their annual report together with the audited financial statements of the Company for the year 1 September 2021 to 31 August 2022. The Annual report serves the purposes of both a Trustees' report and a directors' report under company law. The Trustees confirm that the Annual report and financial statements of the charitable company comply with the current statutory requirements, the requirements of the charitable company's governing document and the provisions of the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019).

#### **Objectives and activities**

##### **Objectives and aims**

The principal activity of the charitable company continues to be the provision of training and instruction of pupils, during the year ended 31 August 2022 at Durham School and Chorister School on the basis of Church of England principles in spiritual, moral, mental and physical training.

Durham Cathedral Schools Foundation comprised Chorister School at Bow Site (Nursery to Year 2), Chorister School at the Cathedral Site (Year 3 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 re invested 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 three sites, within a short walking distance from each other. The education of Day pupils aged 3 to 7 took place in the Nursery and Pre-Prep departments at Bow Site, Chorister School. Education of Day pupils, Choristers and Boarders aged 8 to 11 took place in the Prep department at Cathedral Site, Chorister 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.

The charitable company continues to have a close relationship with the Chapter of Durham Cathedral, which is the charitable company's main landlord at both the Durham School and the Cathedral Site. The University of Durham is the landlord of the Bow Site. The charitable company owns the entire share capital of Durham School Trading Limited, which organises the letting of Foundation facilities.



**DURHAM CATHEDRAL SCHOOLS FOUNDATION**  
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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2022**

**Objectives and activities (continued)**

**Public Benefit**

The charitable company's aims and achievements are set out within this report. The activities set out in this report have been undertaken to further the charitable company'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 charitable company 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 School's and provides opportunities for pupils of all ages to understand the importance of giving.

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 2022 £762,510 was provided in means tested bursary support, and a further £497,320 in scholarship support for excellence by the Foundation. These amounts equated to 12.3% of fee income.

In addition to the support provided by the Foundation, financial support was also provided to Durham School pupils through The Burkitt Trust, 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 2022 the Trust provided £29,994 of support.

In the 2016/17 year the Durham School developed a partnership arrangement with Castle View Enterprise Academy in Sunderland, through which substantial financial support was provided to 4 pupils to enable them to complete their A level studies at Durham School (3 in Year 13 and 1 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 £287,504.

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 2021/22, the Foundation educated 677 children at no cost to the state, saving the taxpayer almost £4 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 Foundation provides an environment not generally available in the maintained sector. There were 255 pupils in the Junior School, which based on published average funding levels for primary schools in the state sector equates to £1,275,000. In addition, 422 pupils were educated in the Senior School, which based on published average funding levels for secondary schools in the state sector equates to £2,448,000. In total therefore the saving to the tax payer is £3,723,000.

## **DURHAM CATHEDRAL SCHOOLS FOUNDATION**

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### **TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022**

#### **Objectives and activities (continued)**

#### **3. Community partnerships**

##### **Combined Cadet Force**

The School had, until the end of 2021/22, a thriving Combined Cadet Force, providing an excellent introduction for those pupils interested in a career in HM Armed Services. This offer weekly training activities and week-long training courses in partnership with the Army and Navy National CCF programme. An Outdoor Club is now offered which runs similar activities to CCF but the Armed Services partnership has stopped and there is now flexibility to broaden the scope of this club.

##### **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.

##### **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:

###### Grounds

- Durham City Cricket Club
- Durham City Rugby Club
- Durham City Hockey Club
- World Challenge
- Newcastle Falcons
- Durham County Cricket
- Durham & Chester-le-Street School Sport Partnership
- Netball England
- Brandon Cricket Club
- England Hockey

###### Swimming Pool

- Durham City Swimming Club
- The University of Durham
- The Chorister School
- St. Margaret's Primary School
- St. Michael's Primary School
- St. Oswald's Primary School

###### Teaching & Learning Space

- Ustinov College
- Northumbria University PGCE Training
- Home Instead
- Dyslexia North East Teachers Group
- NHS Blood Donation Centre
- Numerous local choirs

The School also provides access to its facilities through a number of holiday clubs where young people can take part in a range of sporting and leisure activities.

Community "learn to swim" lessons take place in the pool throughout the year, with a year long waiting list for sessions.



## **DURHAM CATHEDRAL SCHOOLS FOUNDATION**

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### **TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022**

#### **Objectives and activities (continued)**

##### **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. These are staffed by alumni volunteers. Guests are also invited to tour the rest of the School site. These free tours are given by pupils and staff.

##### **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.

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 Moral Integrity, Ambition, Responsibility and Kindness, 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 the School has raised over £9,894 in support of the following charities: Children in Need, MacMillan Cancer Support, MIND and the Zambezi Sunrise Trust.

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

- a) The Great North Run, raising monies for a variety of charities [Cystic Fibrosis, the Rainbow Trust, Beating Bowel Cancer, Tommy's, and the Red Cross].
- b) Many pupils undertake community service through the Duke of Edinburgh Award scheme, which is a thriving extracurricular activity at the Schools.
- c) Our pupils participate in the World Challenge programme, which offers them the opportunity to take part in charitable projects overseas.



## **DURHAM CATHEDRAL SCHOOLS FOUNDATION**

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### **TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022**

#### **Objectives and activities (continued)**

##### **4. Fundraising and charity events (continued)**

d) 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". This year, we have donated all of our old school uniform to the Zambezi Sunrise Trust who have distributed it across schools in Zambia.

#### **Achievements and performance**

##### **Charitable activities**

##### **a) Pupil Numbers**

Pupil numbers in 2021/22 were 422 pupils in Durham School and 255 at Chorister School. Pupil numbers in 2020/21 were 371 at Durham School and 147 at Bow School.

##### **b) Examination Results**

Academic performance within the school continues to be strong, with a 99% pass rate at A level (2021: 100%) and an A\* - B pass rate of 73.4% (2021: 83.7%) while at GCSE pass rates were: 7,8 and 9 52.9% (2021: 55.4%), 6 - 9 pass rate of 71.2% (2021: 75.5%), and 4 - 9 92.7% (2021: 99.1%). 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 2021/22:

- Pupils were entered for 40 ABRM music exams across a range of instruments with 13% Distinction, 30% Merit, 57% Pass and 0% Fail.
- Music competitions were held throughout the academic year. These included a House music competition, the Chadeyron music competition, a Senior house music competition and a Junior cabaret.
- 4 pupils achieved Duke of Edinburgh Gold award, 5 pupils achieved the Silver award and 22 the Bronze award.
- Sporting success continues to be achieved both at team and individual basis across a wide variety of sports.

##### **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 was added and it is expected that the roll will increase to in the region of 150 pupils.



**DURHAM CATHEDRAL SCHOOLS FOUNDATION**  
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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2022**

**Achievements and performance (continued)**

**e) International Developments (continued)**

On 29th August 2022, Durham School Dubai opened in a new development within Dubai Investments Park with a site capacity of 1,700 pupils. Pupils on roll on opening were 89, with admissions expected to increase throughout 2022/23.

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

**Financial review**

**Going concern**

After making appropriate enquiries, the Trustees have a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies.

**Reserves policy**

The policy of the Group is to achieve an annual operating surplus which secures its future financial viability and allows continued investment in its infrastructure. As at 31 August 2022, the Group held fund balances of (£993,992) comprising (£2,947,494) unrestricted funds, £1,638,172 restricted funds and £315,330 endowment funds.

After making appropriate enquiries the Trustees have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

**Financial position**

The consolidated results for the year show a deficit of £585,566 (2021: £518,768 deficit). The budgeted position for 2021/22 was initially a breakeven position.

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 charitable company.

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 2021/22 in difficult circumstances within the agreed overdraft facility limit. The loan agreement was re-negotiated in Feb 2023.

The charitable company 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 charitable company.

Note 22 to the accounts sets out analysis of the assets attributable to the various funds. These assets are sufficient to meet the charitable company's obligations on a fund by fund basis.

**Investments policy**

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.



**DURHAM CATHEDRAL SCHOOLS FOUNDATION**  
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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2022**

**Principal risks and uncertainties**

The main risk areas for the School are risks associated with the protection of the School's pupils, staff and assets. Procedures and systems to identify and minimise these risks are regularly reviewed and updated. Within financial risks, liquidity risk is managed by a combination of loans to finance long term projects coupled with the judicious use of cash reserves to deal with monthly fluctuations in cash flow.

**FUTURE PLANS**

The long term aim of the Trustees is to provide reserves for the charitable company. The long-term aim 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 expansion plans continue to be very successful. In August 2022, Durham School Dubai opened and recruitment of pupils continues to grow.

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.

This merger has combined the strengths of both existing schools and build on the strong heritage and values they have shared for over 600 years. The merged school offers 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 has allowed 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.

The first year of operation of the new merged Foundation has gone well. The Foundation paid no rent in 21/22 and will pay reduced rent in 22/23 for The Chorister School buildings in recognition that works are required to the Cathedral Site.

New IT equipment 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 brand new website design was launched in Spring 2022. Integration of the two schools was key to engender a new single community spirit. A communications plan was followed to keep all stakeholders informed.

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.

**4. Revaluation of freehold properties**

The freehold properties of the Foundation have not been re-valued since June 2015 and are still retained at the value then of £1.4m. A re-valuation exercise will take place in 2022/23.

## **DURHAM CATHEDRAL SCHOOLS FOUNDATION**

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### **TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022**

#### **Structure, governance and management**

##### **Governing document**

The charitable company 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 Cathedral Schools Foundation was incorporated as a Company Limited by Guarantee on 4th January 1993. The charitable company 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 charitable company. 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 charitable company. They appoint a Principal to manage the day to day operations of the charitable company.

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 charitable company 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.

The Senior Management Team is as follows:

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

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

Any dealings between the charitable company and any Related Parties are disclosed in Note 30 to the Accounts.

##### **Pay policy for key management personnel**

The remuneration of the Principal is set by the Chair of Trustees alongside the Finance & General Purposes Committee. Senior Management salaries are set by the Principal and reviewed by the Finance & General Purposes committee. These are benchmarked using data provided by sector associations.



**DURHAM CATHEDRAL SCHOOLS FOUNDATION**  
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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2022**

**Structure, governance and management (continued)**

**Risk management**

The Trustees have a duty to identify and review the risks to which the charitable company 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 the Company for the purposes of company law) are responsible for preparing the Trustees' report 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. Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of their incoming resources and application of resources, including their income and expenditure, 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 of the Charities SORP (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Disclosure of information to auditors**

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable group's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable group's auditors are aware of that information.



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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2022**

**Auditors**

The auditors, Clive Owen LLP, have indicated their willingness to continue in office. The designated Trustees will propose a motion reappointing the auditors at a meeting of the Trustees.

Approved by order of the members of the board of Trustees on 30 May 2023 and signed on their behalf by:

A handwritten signature in blue ink, appearing to read 'R Ribchester', followed by a small dash.

**R Ribchester**  
(Chair of Trustees)

**DURHAM CATHEDRAL SCHOOLS FOUNDATION**  
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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 charitable company') and its subsidiaries (the 'group') for the year ended 31 August 2022 which comprise the Consolidated statement of financial activities, the Consolidated balance sheet, the Company balance sheet, the Consolidated statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent charitable company's affairs as at 31 August 2022 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.

**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 related to going concern**

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

- the Trustees use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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 1.2 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 1.2, these events and conditions, along with the other matters as set forth in note 1.2 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.

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



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

**Other information**

The other information comprises the information included in the Annual report other than the financial statements and our Auditors' report thereon. The Trustees are responsible for the other information contained within the Annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 has 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 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**  
**(A company limited by guarantee)**

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

**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.

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:

We have undertaken 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 around employment law, charity law, company law, health and safety law, food and hygiene regulations, taxation law, Independent Schools Regulator and GDPR.
- 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' report.



**DURHAM CATHEDRAL SCHOOLS FOUNDATION**

**(A company limited by guarantee)**

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

**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: *30 May 2023*

**DURHAM CATHEDRAL SCHOOLS FOUNDATION**  
(A company limited by guarantee)

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND  
EXPENDITURE ACCOUNT)  
FOR THE YEAR ENDED 31 AUGUST 2022**

	Note	Endowment funds 2022 £	Restricted funds 2022 £	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
<b>Income and endowments from:</b>						
Donations and legacies	3	-	275,000	184,472	459,472	129,824
Charitable activities	4	-	(73,911)	9,411,522	9,337,611	8,675,278
Other trading activities	5	-	-	209,154	209,154	126,234
Investments	6	8,458	15,341	372,180	395,979	291,355
<b>Total income and endowments</b>		<u>8,458</u>	<u>216,430</u>	<u>10,177,328</u>	<u>10,402,216</u>	<u>9,222,691</u>
<b>Expenditure on:</b>						
Raising funds	7	-	-	376,617	376,617	304,693
Charitable activities	8	-	-	10,572,287	10,572,287	9,289,755
Other expenditure	9	-	-	-	-	270,872
<b>Total expenditure</b>		<u>-</u>	<u>-</u>	<u>10,948,904</u>	<u>10,948,904</u>	<u>9,865,320</u>
<b>Net income/(expenditure) before net (losses)/gains on investments</b>						
		8,458	216,430	(771,576)	(546,688)	(642,629)
Net (losses)/gains on investments		(38,878)	-	-	(38,878)	123,861
<b>Net movement in funds</b>		<u>(30,420)</u>	<u>216,430</u>	<u>(771,576)</u>	<u>(585,566)</u>	<u>(518,768)</u>
<b>Reconciliation of funds:</b>						
Total funds brought forward		345,750	1,421,742	(2,175,918)	(408,426)	110,342
Net movement in funds		(30,420)	216,430	(771,576)	(585,566)	(518,768)
<b>Total funds carried forward</b>		<u>315,330</u>	<u>1,638,172</u>	<u>(2,947,494)</u>	<u>(993,992)</u>	<u>(408,426)</u>

The Consolidated statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 20 to 42 form part of these financial statements.

**DURHAM CATHEDRAL SCHOOLS FOUNDATION**

(A company limited by guarantee)  
REGISTERED NUMBER: 02776914

**CONSOLIDATED BALANCE SHEET  
AS AT 31 AUGUST 2022**

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Tangible assets	14	5,312,643	5,490,316
Investments	15	1,038,147	1,077,025
		<u>6,350,790</u>	<u>6,567,341</u>
<b>Current assets</b>			
Stocks	16	3,366	50,806
Debtors	17	1,387,565	1,532,993
Cash at bank and in hand		153,598	484,663
		<u>1,544,529</u>	<u>2,068,462</u>
Creditors: amounts falling due within one year	18	(4,850,635)	(4,739,240)
<b>Net current liabilities</b>		<u>(3,306,106)</u>	<u>(2,670,778)</u>
<b>Total assets less current liabilities</b>		<u>3,044,684</u>	<u>3,896,563</u>
Creditors: amounts falling due after more than one year	19	(4,038,676)	(4,304,989)
<b>Net liabilities excluding pension asset</b>		<u>(993,992)</u>	<u>(408,426)</u>
<b>Total net assets</b>		<u><u>(993,992)</u></u>	<u><u>(408,426)</u></u>
<b>Charity funds</b>			
Endowment funds	21	315,330	345,750
Restricted funds	21	1,638,172	1,421,742
Unrestricted funds	21	(2,947,494)	(2,175,918)
<b>Total funds</b>		<u><u>(993,992)</u></u>	<u><u>(408,426)</u></u>

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements were approved and authorised for issue by the Trustees on 30 May 2023 and signed on their behalf by:

**R Ribchester**  
(Chair of Trustees)

The notes on pages 20 to 42 form part of these financial statements.

**DURHAM CATHEDRAL SCHOOLS FOUNDATION**  
**(A company limited by guarantee)**  
**REGISTERED NUMBER: 02776914**

**COMPANY STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 AUGUST 2022**

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Tangible assets	14	5,312,643	5,490,316
Investments	15	1,037,972	1,076,850
		<u>6,350,615</u>	<u>6,567,166</u>
<b>Current assets</b>			
Debtors	17	1,477,165	1,571,874
Cash at bank and in hand		5,187	478,751
		<u>1,482,352</u>	<u>2,050,625</u>
Creditors: amounts falling due within one year	18	(4,824,293)	(4,718,244)
<b>Net current liabilities</b>		<u>(3,341,941)</u>	<u>(2,667,619)</u>
<b>Total assets less current liabilities</b>		<u>3,008,674</u>	<u>3,899,547</u>
Creditors: amounts falling due after more than one year	19	(4,038,676)	(4,304,989)
<b>Net liabilities excluding pension asset</b>		<u>(1,030,002)</u>	<u>(405,442)</u>
<b>Total net assets</b>		<u><u>(1,030,002)</u></u>	<u><u>(405,442)</u></u>
<b>Charity funds</b>			
Endowment funds	21	315,330	345,750
Restricted funds	21	1,638,172	1,421,742
Unrestricted funds	21	(2,983,504)	(2,172,934)
<b>Total funds</b>		<u><u>(1,030,002)</u></u>	<u><u>(405,442)</u></u>

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements were approved and authorised for issue by the Trustees on 30 May 2023 and signed on their behalf by:



**R Ribchester**  
(Chair of Trustees)

The notes on pages 20 to 42 form part of these financial statements.



**DURHAM CATHEDRAL SCHOOLS FOUNDATION**  
(A company limited by guarantee)

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2022**

	2022 £	2021 £
<b>Cash flows from operating activities</b>		
Net cash used in operating activities	(228,148)	158,895
<b>Cash flows from investing activities</b>		
Dividends, interests and rents from investments	15,341	21,663
Proceeds from the sale of tangible fixed assets	-	5,000
Purchase of tangible fixed assets	(135,120)	(59,552)
<b>Net cash used in investing activities</b>	(119,779)	(32,889)
<b>Cash flows from financing activities</b>		
Repayments of borrowing	(56,299)	35,522
New finance leases	-	22,537
Repayments of finance leases	(5,941)	(12,547)
Receipt of endowment	8,458	(833)
<b>Net cash (used in)/provided by financing activities</b>	(53,782)	44,679
<b>Change in cash and cash equivalents in the year</b>	(401,709)	170,685
Cash and cash equivalents at the beginning of the year	484,663	313,978
<b>Cash and cash equivalents at the end of the year</b>	82,954	484,663

The notes on pages 20 to 42 form part of these financial statements

**DURHAM CATHEDRAL SCHOOLS FOUNDATION**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2022**

**1. Accounting policies**

**1.1 Basis of preparation and consolidation of financial statements**

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - 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), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The financial statements have been prepared under the historical cost convention with the exception of investments which are included at market value.

There were no material departures from the standard.

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 Consolidated statement of financial activities (SOFA) and Consolidated balance sheet consolidate the financial statements of the Company and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of financial activities in these financial statements.

The principal accounting policies adopted in the preparation of the financial statements are set out below and have remained unchanged from the previous year, and also have been consistently applied within the same accounts.

The financial statements are reported in £ sterling.

**1.2 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.

The terms of financing facilities provided by Barclays plc to the group were renegotiated recently and expire in April 2024. 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.

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.



**DURHAM CATHEDRAL SCHOOLS FOUNDATION**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2022**

**1. Accounting policies (continued)**

**1.3 Income**

All income is recognised once the Company has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the Consolidated statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

Where the donated good is a fixed asset, it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset class and depreciated over the useful economic life in accordance with the Company's accounting policies.

On receipt, donated professional services and facilities are recognised on the basis of the value of the gift to the Company which is the amount it 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.

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.

**1.4 Expenditure**

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources.

Expenditure on raising funds includes all expenditure incurred by the Group to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Expenditure on charitable activities is incurred on directly undertaking the activities which further the Group's objectives, as well as any associated support costs.

**DURHAM CATHEDRAL SCHOOLS FOUNDATION**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2022**

**1. Accounting policies (continued)**

**1.5 Tangible fixed assets and depreciation**

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed asset into its intended working condition should be included in the measurement of cost.

The freehold and leasehold properties were revalued prior to the FRS transition date. On the date of transition the group accepted the transitional relief to recognise the value of those assets as deemed cost.

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following bases:

Freehold property	- straight line over 50 years
Leasehold property	- straight line over 15 - 50 years
Motor vehicles	- straight line over 10 years
Fixtures and fittings	- straight line over 10 - 15 years
Computer equipment	- straight line over 5 years

No depreciation is provided on freehold land.

**1.6 Investments**

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance sheet date, unless the value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and presented as 'Gains/(Losses) on investments' in the Consolidated statement of financial activities.

Investments in subsidiaries are valued at cost less provision for impairment.

Investments in joint ventures are stated at the amount of the Group's share of net assets. The Consolidated statement of financial activities includes the Group's share of the joint ventures' net income or expenditure using the equity accounting basis. As the joint venture is a charity, the investment is presented within unrestricted funds.

**1.7 Stocks**

Stocks are valued at the lower of cost and estimated selling price less costs to sell.

**1.8 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.

**1.9 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.



**DURHAM CATHEDRAL SCHOOLS FOUNDATION**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2022**

**1. Accounting policies (continued)**

**1.10 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 in the Consolidated statement of financial activities as a finance cost.

**1.11 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.

**1.12 Financial instruments**

The Group 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.

**1.13 Finance leases 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 Group.

The interest element of these obligations is charged to the Balance Sheet over the relevant period. The capital element of the future payments is treated as a liability.

**1.14 Operating leases**

Rentals paid under operating leases are charged to the Consolidated statement of financial activities on a straight-line basis over the lease term.

**DURHAM CATHEDRAL SCHOOLS FOUNDATION**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2022**

**1. Accounting policies (continued)**

**1.15 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 27, 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.

**1.16 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 Group and which have not been designated for other purposes.

Endowment funds represent the permanent funds of the School. All income generated by these funds is unrestricted and used to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Group 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.

Investment income, gains and losses are allocated to the appropriate fund.

**2. Critical accounting estimates and areas of judgment**

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 judgment:

Bad debt provision:

The school has included provisions for bad and doubtful debts. Debts considered to be bad are provided for in full. The total bad debt provision at 31 August 2022 is £505,867 (2021 : £396,938).

Deferred income:

Fees paid in advance are allocated to deferred income and released each term across the year to which the payment relates. Income is to be released evenly each term. The judgment lies around the release of the income across the deferral period and ensuring this income is recognised in the correct period.



**DURHAM CATHEDRAL SCHOOLS FOUNDATION**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

**3. Income from donations and legacies**

	Restricted funds 2022 £	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
<b>Donations</b>				
Capital donations	-	-	-	129,824
General donations	275,000	184,472	459,472	-
<b>Subtotal detailed disclosure</b>	<u>275,000</u>	<u>184,472</u>	<u>459,472</u>	<u>129,824</u>
	<u>275,000</u>	<u>184,472</u>	<u>459,472</u>	<u>129,824</u>
Total 2021	<u>-</u>	<u>129,824</u>	<u>129,824</u>	

**4. Income from charitable activities**

	Restricted funds 2022 £	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
School fees income	-	10,299,905	10,299,905	8,311,660
Bursaries, grants and allowances	(73,911)	(1,783,474)	(1,857,385)	(1,620,248)
Other ancillary fees	-	895,091	895,091	1,441,953
Government Income	-	-	-	541,913
	<u>(73,911)</u>	<u>9,411,522</u>	<u>9,337,611</u>	<u>8,675,278</u>
Total 2021	<u>-</u>	<u>8,675,278</u>	<u>8,675,278</u>	

**DURHAM CATHEDRAL SCHOOLS FOUNDATION**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

**5. Income from other trading activities**

	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Trading subsidiary income	209,154	209,154	126,234
Total 2021	126,234	126,234	

**6. Investment income**

	Endowment funds 2022 £	Restricted funds 2022 £	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Investment income	8,458	15,341	372,180	395,979	291,355
Total 2021	6,127	21,663	263,565	291,355	

**7. Costs of raising funds**

	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Finance costs	223,098	223,098	192,200
Trading subsidiary expenditure	153,519	153,519	112,493
	376,617	376,617	304,693
Total 2021	304,693	304,693	



**DURHAM CATHEDRAL SCHOOLS FOUNDATION**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

**8. Analysis of expenditure on charitable activities**

**Summary by fund type**

	Endowment funds 2022 £	Restricted funds 2022 £	Unrestricted funds 2022 £	Total 2022 £	Total 2021 £
Educational charitable activities	-	-	10,522,916	10,522,916	9,228,079
Governance costs	-	-	49,371	49,371	61,676
	<u>-</u>	<u>-</u>	<u>10,572,287</u>	<u>10,572,287</u>	<u>9,289,755</u>
Total 2021	<u>6,960</u>	<u>90,214</u>	<u>9,192,581</u>	<u>9,289,755</u>	

**Summary by expenditure type**

	Staff costs 2022 £	Depreciation 2022 £	Other costs 2022 £	Total 2022 £	Total 2021 £
Educational charitable activities	6,547,377	312,793	3,662,746	10,522,916	9,228,079
Governance	-	-	49,371	49,371	61,676
	<u>6,547,377</u>	<u>312,793</u>	<u>3,712,117</u>	<u>10,572,287</u>	<u>9,289,755</u>
Total 2021	<u>6,161,080</u>	<u>297,200</u>	<u>2,831,475</u>	<u>9,289,755</u>	

**9. Other expenditure - Exceptional Items**

	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Exceptional item - merger costs	-	-	154,446
Exceptional item - merger costs wages and salaries	-	-	116,426
	<u>-</u>	<u>-</u>	<u>270,872</u>
Total 2021	<u>270,872</u>	<u>270,872</u>	

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**10. Analysis of expenditure by activities**

	Direct costs 2022 £	Support costs 2022 £	Total funds 2022 £	Total funds 2021 £
Educational charitable activities	5,504,248	5,018,668	10,522,916	9,228,079
Governance	-	49,371	49,371	61,676
	<u>5,504,248</u>	<u>5,068,039</u>	<u>10,572,287</u>	<u>9,289,755</u>
Total 2021	<u>5,191,514</u>	<u>4,098,241</u>	<u>9,289,755</u>	

**Analysis of direct costs**

	Educational charitable activities 2022 £	Total funds 2022 £	Total funds 2021 £
Staff costs	5,096,053	5,096,053	4,722,688
Educational costs	376,114	376,114	347,960
Bursaries	-	-	97,174
Welfare	32,081	32,081	23,692
	<u>5,504,248</u>	<u>5,504,248</u>	<u>5,191,514</u>
Total 2021	<u>5,191,514</u>	<u>5,191,514</u>	



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**10. Analysis of expenditure by activities (continued)**

**Analysis of support costs**

	Educational charitable activities 2022 £	Governance 2022 £	Total funds 2022 £	Total funds 2021 £
Staff costs	1,451,324	-	1,451,324	1,438,392
Depreciation	312,793	-	312,793	297,200
Welfare	1,344,237	-	1,344,237	872,865
Support costs of schooling	622,398	-	622,398	710,252
Premises	1,287,916	-	1,287,916	717,856
Governance costs	-	49,371	49,371	61,676
	<u>5,018,668</u>	<u>49,371</u>	<u>5,068,039</u>	<u>4,098,241</u>
Total 2021	<u>4,036,565</u>	<u>61,676</u>	<u>4,098,241</u>	

**11. Net income/(expenditure)**

Net income/(expenditure) is stated after charging/(crediting):

	2022 £	2021 £
Depreciation - owned assets	303,933	289,281
Depreciation - assets on finance lease	8,860	7,919
Auditors' remuneration - audit	18,560	18,560
Operating lease payments - land and buildings	158,635	238,065
Operating lease payments - other	13,261	13,239

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**12. Staff costs**

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Wages and salaries	5,234,402	4,876,495	5,167,594	4,799,374
Social security costs	500,298	464,187	500,298	464,187
Contribution to defined contribution pension schemes	812,677	936,824	812,677	936,824
	<u>6,547,377</u>	<u>6,277,506</u>	<u>6,480,569</u>	<u>6,200,385</u>

During the year, total redundancy and termination payments amounted to £20,000 (2021: £176,201).

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

	Group 2022 No.	Group 2021 No.
Teaching staff	92	110
Non-teaching staff	88	43
	<u>180</u>	<u>153</u>

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	Group 2022 No.	Group 2021 No.
In the band £60,001 - £70,000	2	2
In the band £90,001 - £100,000	1	1

The total amount of employee remuneration and benefits (including employer national insurance and pension contributions) received by key management personnel for their services to the charitable company was £629,340 (2021: £635,647).

**13. Trustees' remuneration and expenses**

During the year, no Trustees received any remuneration or other benefits (2021 - £NIL).



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**13. Trustees' remuneration and expenses (continued)**

During the year ended 31 August 2022, no Trustee expenses have been incurred (2021 - £NIL).

**14. Tangible fixed assets**

**Group and Company**

	Freehold property £	Long-term leasehold property £	Short-term leasehold property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost</b>							
At 1 September 2021	1,400,000	5,699,863	-	142,975	2,555,452	-	9,798,290
Additions	-	-	-	76,343	40,327	18,450	135,120
Disposals	-	-	-	(630)	-	-	(630)
Transfers between classes	-	(149,987)	149,987	-	(353,851)	353,851	-
At 31 August 2022	1,400,000	5,549,876	149,987	218,688	2,241,928	372,301	9,932,780
<b>Depreciation</b>							
At 1 September 2021	311,066	1,963,076	-	62,794	1,971,038	-	4,307,974
Charge for the year	29,624	133,215	-	19,324	87,165	43,465	312,793
On disposals	-	-	-	(630)	-	-	(630)
Transfers between classes	-	(149,987)	149,987	-	(252,516)	252,516	-
At 31 August 2022	340,690	1,946,304	149,987	81,488	1,805,687	295,981	4,620,137
<b>Net book value</b>							
At 31 August 2022	1,059,310	3,603,572	-	137,200	436,241	76,320	5,312,643
At 31 August 2021	1,088,934	3,736,787	-	80,181	584,414	-	5,490,316

The net book value of the fixed assets, included in the above and in the below, which are held under finance leases is £56,504 (2021: £65,364).

The land and buildings were revalued on 20 October 2010 by Sanderson Weatherall, Chartered Surveyors on an open market existing basis. A relief on transition to FRS 102 was taken and therefore this value is now used as the deemed cost.

The carrying amount under the cost model of the assets which were revalued would have been £3,950,990 (2021 - £4,083,490).

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**15. Fixed asset investments**

<b>Group</b>	Listed investments £	Unlisted investments £	Investment in joint ventures £	Total £
<b>Cost or valuation</b>				
At 1 September 2021	818,130	258,720	176	1,077,026
Revaluations	(38,879)	-	-	(38,879)
At 31 August 2022	<u>779,251</u>	<u>258,720</u>	<u>176</u>	<u>1,038,147</u>

  

<b>Company</b>	Listed investments £	Unlisted investments £	Investments in subsidiary companies £	Total £
<b>Cost or valuation</b>				
At 1 September 2021	818,130	258,720	1	1,076,851
Revaluations	(38,879)	-	-	(38,879)
At 31 August 2022	<u>779,251</u>	<u>258,720</u>	<u>1</u>	<u>1,037,972</u>

**16. Stocks**

	Group 2022 £	Group 2021 £
Finished goods and goods for resale	<u>3,366</u>	<u>50,806</u>

An impairment loss of £36,705 (2021 - £nil) was recognised as an expense in the Consolidated statement of financial activities during the year due to slow-moving and obsolete stock.

**17. Debtors**

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
<b>Due within one year</b>				
Trade debtors	1,183,503	1,255,820	1,050,222	1,212,532
Amounts owed by group undertakings	-	-	244,288	162,169
Other debtors	-	21,800	-	21,800
Prepayments and accrued income	204,062	255,373	182,655	175,373
	<u>1,387,565</u>	<u>1,532,993</u>	<u>1,477,165</u>	<u>1,571,874</u>



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**18. Creditors: Amounts falling due within one year**

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Bank overdrafts	70,644	-	70,644	-
Bank loans	252,893	192,384	252,893	192,384
Trade creditors	582,761	357,037	568,112	344,933
Other taxation and social security	129,495	140,722	126,175	133,330
Obligations under finance lease and hire purchase contracts	8,724	12,354	8,724	12,354
Other creditors	1,344,678	1,254,364	1,337,805	1,254,364
Accruals and deferred income	2,461,440	2,782,379	2,459,940	2,780,879
	<u>4,850,635</u>	<u>4,739,240</u>	<u>4,824,293</u>	<u>4,718,244</u>
	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
<b>Deferred income at 1 September 2021</b>	2,780,879	715,990	2,780,879	715,990
Resources deferred during the year	2,337,176	2,732,777	2,337,176	2,732,777
Amounts released from previous periods	(2,799,199)	(667,888)	(2,799,199)	(667,888)
<b>Deferred income at 31 August 2022</b>	<u>2,318,856</u>	<u>2,780,879</u>	<u>2,318,856</u>	<u>2,780,879</u>

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

**19. Creditors: Amounts falling due after more than one year**

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Bank loans	4,019,490	4,136,298	4,019,490	4,136,298
Net obligations under finance lease and hire purchase contracts	19,186	21,497	19,186	21,497
Accruals and deferred income	-	147,194	-	147,194
	<u>4,038,676</u>	<u>4,304,989</u>	<u>4,038,676</u>	<u>4,304,989</u>

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**20. Secured debts**

	2022 £	2021 £
Bank overdrafts	70,644	-
Bank loans	4,272,383	4,328,682
Finance leases and hire purchase contracts	27,910	33,851
	<u>          </u>	<u>          </u>

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

Finance leases and hire purchase contracts are secured over the assets to which they relate.



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**21. Statement of funds**

**Statement of funds - current year**

	Balance at 1 September 2021 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2022 £
<b>Unrestricted funds</b>						
General Fund	(6,245,044)	10,177,328	(10,948,904)	47,690	-	(6,968,930)
Revaluation reserve	4,069,126	-	-	(47,690)	-	4,021,436
	<u>(2,175,918)</u>	<u>10,177,328</u>	<u>(10,948,904)</u>	<u>-</u>	<u>-</u>	<u>(2,947,494)</u>
<b>Endowment funds</b>						
Davies Legacy	<u>345,750</u>	<u>8,458</u>	<u>-</u>	<u>-</u>	<u>(38,878)</u>	<u>315,330</u>
<b>Restricted funds</b>						
Trust Funds	519,015	3,341	-	-	-	522,356
The Peter E.I. Lee Scholarship Fund	902,727	(35,124)	-	-	-	867,603
The Catherine Cookson Charitable Trust	-	248,213	-	-	-	248,213
	<u>1,421,742</u>	<u>216,430</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,638,172</u>
<b>Total of funds</b>	<u>(408,426)</u>	<u>10,402,216</u>	<u>(10,948,904)</u>	<u>-</u>	<u>(38,878)</u>	<u>(993,992)</u>

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**21. Statement of funds (continued)**

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.

The Catherine Cookson Charitable Trust

This money is to be utilised in support of the School's bursary campaign.

**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.

The transfer noted above is in respect of the additional depreciation charged on the assets at their revalued amounts in comparison to their historical cost values.



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**21. Statement of funds (continued)**

**Statement of funds - prior year**

	Balance at 1 September 2020 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2021 £
<b>Unrestricted funds</b>						
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>
<b>Endowment funds</b>						
Davies Legacy	<u>298,706</u>	<u>6,127</u>	<u>(6,960)</u>	<u>-</u>	<u>47,877</u>	<u>345,750</u>
<b>Restricted funds</b>						
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>
<b>Total of funds</b>	<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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**22. Analysis of net assets between funds**

**Analysis of net assets between funds - current year**

	Endowment funds 2022 £	Restricted funds 2022 £	Unrestricted funds 2022 £	Total funds 2022 £
Tangible fixed assets	-	-	5,312,643	5,312,643
Fixed asset investments	300,595	737,376	176	1,038,147
Current assets	14,735	900,796	628,998	1,544,529
Creditors due within one year	-	-	(4,850,635)	(4,850,635)
Creditors due in more than one year	-	-	(4,038,676)	(4,038,676)
<b>Total</b>	<b>315,330</b>	<b>1,638,172</b>	<b>(2,947,494)</b>	<b>(993,992)</b>

**Analysis of net assets between funds - prior year**

	Endowment funds 2021 £	Restricted funds 2021 £	Unrestricted funds 2021 £	Total funds 2021 £
Tangible fixed assets	-	-	5,490,316	5,490,316
Fixed asset investments	315,533	761,316	176	1,077,025
Current assets	30,217	660,426	1,377,819	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)
<b>Total</b>	<b>345,750</b>	<b>1,421,742</b>	<b>(2,175,918)</b>	<b>(408,426)</b>

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**23. Reconciliation of net movement in funds to net cash flow from operating activities**

	Group 2022 £	Group 2021 £
Net expenditure for the year (as per Statement of Financial Activities)	(585,566)	(518,768)
<b>Adjustments for:</b>		
Depreciation charges	312,793	297,200
Gains/(losses) on investments	38,879	(123,861)
Dividends, interests and rents from investments	(15,341)	(21,663)
Loss/(profit) on the sale of fixed assets	-	(5,000)
Decrease in stocks	47,440	29,753
Decrease/(increase) in debtors	145,428	(769,029)
Increase/(decrease) in creditors	(163,323)	1,399,254
Capital donations	-	(129,824)
Income attributable to endowment	(8,458)	(6,127)
Expenditure attributable to endowment	-	6,960
<b>Net cash provided by/(used in) operating activities</b>	<b>(228,148)</b>	<b>158,895</b>

**24. Analysis of cash and cash equivalents**

	Group 2022 £	Group 2021 £
Cash in hand	(193)	341
Cash at bank	153,791	484,322
Overdraft facility repayable on demand	(70,644)	-
<b>Total cash and cash equivalents</b>	<b>82,954</b>	<b>484,663</b>



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**25. Analysis of changes in net debt**

	At 1 September 2021	Cash flows £	At 31 August 2022 £
	£		
Cash at bank and in hand	484,663	(331,065)	153,598
Bank overdrafts repayable on demand	-	(70,644)	(70,644)
Debt due within 1 year	(192,384)	(60,509)	(252,893)
Debt due after 1 year	(4,136,298)	116,808	(4,019,490)
Finance leases	(33,851)	5,941	(27,910)
	<u>(3,877,870)</u>	<u>(339,469)</u>	<u>(4,217,339)</u>

**26. 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 (2021: £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.

**27. Pension commitments**

Defined Contribution Scheme

The charitable company operates a defined contribution pension schemes for academic and non-academic staff. The assets of the schemes are held separately from those of the group in an independently administered fund.

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 £812,677 (2021: £936,824). 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.

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**27. Pension commitments (continued)**

**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

**28. Operating lease commitments**

At 31 August 2022 the Group and the Company had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Not later than 1 year	313,896	246,658	313,896	246,658
Later than 1 year and not later than 5 years	1,429,645	818,072	1,429,645	818,072
Later than 5 years	4,177,542	2,043,746	4,177,542	2,043,746
	<u>5,921,083</u>	<u>3,108,476</u>	<u>5,921,083</u>	<u>3,108,476</u>

**29. 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.



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FOR THE YEAR ENDED 31 AUGUST 2022**

**30. 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 £4,000 (2021: £2,500) to cover secretarial and administration costs and received scholarships on behalf of pupils totalling £29,994 (2021: £37,300) 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 2022 the balance owed by the Burkitt Scholarship Fund was £7,027 (2021: £21,800).

During the year, the charitable company received no scholarships on behalf of pupils (2021: £22,448) 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 2022 the balance owed to Durham School Langley Foundation was £26,748 (2021: £35,477).

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

During the year, dividend income of £12,000 (2021: £12,000) was received from Durham Markets Company Limited.

**31. Principal subsidiaries and joint ventures**

The following was a subsidiary undertaking of the Company:

<b>Name</b>	<b>Company number</b>	<b>Registered office or principal place of business</b>	<b>Class of shares</b>	<b>Holding</b>
Durham School Trading Limited	04175538	The Grove, Durham School, Quarryheads Lane, Durham, Co Durham, DH1 4SZ	Ordinary	100%

**Included in consolidation**

Yes

The financial results of the subsidiary for the year were:

<b>Name</b>	<b>Income £</b>	<b>Expenditure £</b>	<b>Net assets £</b>
Durham School Trading Limited	581,334	581,334	(2,983)