

Registered number: 02776914
Charity number: 1023407

DURHAM CATHEDRAL SCHOOLS FOUNDATION
(A company limited by guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

DURHAM CATHEDRAL SCHOOLS FOUNDATION
(A company limited by guarantee)

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2023**

| | |
|----------------------------------|---|
| Trustees | R Ribchester, Chair Q Anstee (resigned 7 July 2023) K Ballantyne S Dobson K Fenwick (resigned 22 March 2024) M Hampel R Hillier J Hind G Hodgson M Regan (resigned 7 July 2023) K Richards J Robson (resigned 7 July 2023) N Turner M Martin (appointed 16 October 2023) C Elliott (appointed 9 September 2023) T Mole (appointed 14 December 2023) P Plyming (appointed 11 January 2024) |
| Company registered number | 02776914 |
| Charity registered number | 1023407 |
| Registered office | The Bursars Office Durham School Durham DH1 4SZ |
| Company secretary | E C Mussell |
| Headmaster | K J McLaughlin |
| Independent auditors | Clive Owen LLP Chartered Accountants 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 2023

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 1 September 2022 to 31 August 2023. 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 2023 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.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

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 2023 £791,919 was provided in means tested bursary support, and a further £651,974 in scholarship support for excellence by the Foundation. These amounts equated to 11.7% 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 2023 the Trust provided £30,884 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.

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 2022/23, the Foundation educated 738 children at no cost to the state, saving the taxpayer over £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 262 pupils in the Junior School, which based on published average funding levels for primary schools in the state sector equates to £1,310,000. In addition, 476 pupils were educated in the Senior School, which based on published average funding levels for secondary schools in the state sector equates to £2,762,000. In total therefore the saving to the tax payer is £4,072,000.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

Objectives and activities (continued)

3. Community partnerships

Partnerships and Social Impact

As might be expected of a school that boasts a 600-year-old history, the Foundation has many long-term partnerships with organisations across the city, county and region. Guided by our values of Moral Integrity, Ambition, Responsibility and Kindness, the Foundation actively engages in a wide array of charitable work, across the whole Foundation, in our individual schools and as a whole. As well as benefiting many good causes, this work also helps to develop a sense of social responsibility in our pupils.

We share our facilities with organisations for free or at significantly discounted rates. We share expertise, coaching and equipment, and we regularly welcome members of the public into the Foundation for performances and events. More information about our partnerships can be found in our 2022/23 Partnership and Social Impact Report <https://link.dcsf.org.uk/socialimpact2023>.

"Our partnerships are at the heart of what we do. Supported by bursaries, the Foundation creates ripples of opportunity supporting young people across the world." - Rob Ribchester, Chairman of Governors

Teaching and Learning

Holiday Clubs

We offer the opportunity to access our facilities and staff through our DCSF Holiday Camps that take place every October, Easter and Summer Vacations. Around 50 young people from the local community access forest school, craft and sports activities.

Partnerships with local Primary Schools

Through collaborative efforts with local schools, universities, and corporations, Durham Cathedral Schools Foundation is breaking barriers for underprivileged young people. These partnerships provide mentoring, resources, and hands-on experiences, demystifying STEM fields and helping pupils realise their potential in science and technology careers. From primary school lessons through to additional A level tutoring, DCSF is leading the way in County Durham for STEM partnerships between independent and state schools.

Partnership schools in 2022/23 included - St Margaret's Primary School, Durham, Neville's Cross Primary School, Durham and Shincliffe Primary School.

Partnerships with local Secondary Schools

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.

This year we hosted teams of pupils and staff from six schools across County Durham to experience Post-mortem Live, a live human body dissection experience. After the school sessions, the Foundation hosted two lectures by Post-mortem Live for 120 medical practitioners as part of their CPD.

In 2022/23 the Foundation also ran a programme of career sessions for local schools, particularly in the areas of university applications, elite applications for subjects including medicine, and degree apprenticeships.

Sports

Pentathlon GB

The Foundation hosts the regional Pentathlon GB Academy Hub. The Hub 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.

Swimming

The Foundation's swimming pool hosts around 500 young people each week, 50 weeks of the year, for swimming lessons with our partners, SWIM, and regular training sessions for groups including Durham

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

Objectives and activities (continued)

University Swimming, Durham University Water Polo and regular life guard training sessions.

We provide weekly term-time swimming lessons for three local primary schools: St. Margaret's, St. Michael's and St. Oswald's. In addition, the School provides lifeguard training through the RLSS Drowning Prevention at no cost to the same schools.

Cricket

The Foundation is a key member of the "Durham, Cricket City" partnership, alongside Durham City Cricket Club, Durham University, and Durham County Cricket Club. We provide cricket facilities for a wide variety of young people across the city. Our "Playground" is a top-quality pitch that is used to host various Durham City and Durham County games across the summer, including Durham County Visually Impaired Cricket. Our Palmers Close pitches are used regularly for junior and women's games.

We also offer our net facilities out to many local cricket clubs including Brandon, Durham City and Kimblesworth Cricket Clubs.

Hockey

Durham City Hockey Club regularly play fixtures on our AstroTurf at weekends. Without floodlights, this partnership takes up much of the available time on the surface at weekends. We are currently seeking ways to develop floodlighting on this space, so we can offer up to 15 hours of community use each week.

Netball

We host two local sides, Durham Palatinates and Durham Dodgers, in our indoor "Budworth Sports Centre" weekly as well as occasional sessions with Netball England's North East group.

Rugby

Durham School is one of the four oldest rugby clubs, and has long had a role in supporting rugby in the city, county and region. In 2025 it will celebrate its 175th anniversary. We regularly welcome Newcastle Falcons U15s and U18s for residential training camps. We also host a number of junior rugby festivals for local junior sides and deep links with Durham City Rugby, where many of our staff volunteer as coaches.

The Arts

Music

The Foundation hosts over 100 local musicians and singers every week for rehearsals and concerts, including the prestigious Durham Choral Society.

Drama

Over 40 young people attend drama and performance classes using school facilities each week. The Foundation also hosted several public performances over the year including plays, talks, and poetry readings.

Chorister Outreach

DCSF empowers young choristers at Durham Cathedral with substantial bursaries, covering up to 100% of fees. This support benefits up to 48 talented boys and girls in the Cathedral Choir, creating opportunities for them to flourish musically. In partnership with Durham Cathedral we run three Chorister Experience Days, each of which give the opportunity of up to 30 young people aged 6-13 the opportunity to see what life as a Cathedral Chorister is like, and offer them the opportunity to audition for the choir.

Durham Fringe Festival

DCSF is a founding member of Durham Fringe Festival which has just completed a successful third year and is now the biggest Fringe Festival in the North East. The founding board of directors all have links with the school (staff, parents and alumni) and our pupils interested in drama and performance volunteer at the Fringe. This year we had over 15 volunteers from the Foundation involved with the Fringe.

Heritage Open Days

The Foundation takes part in the English Heritage "Heritage Open Days" in the autumn of every year. In 2022 we organised guided tours of the Durham School site, with 59 visitors touring the site, hearing a short recital in the chapel, and returning to the historic "Big School" hall for an afternoon tea.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

Objectives and activities (continued)

International Work

Zambezi Sunrise Trust

DCSF has a long-running partnership with North East based charity, The Zambezi Sunrise Trust. The Trust carries out projects in schools 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 and video calls 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 approximately £20,000 of new uniform to the Zambezi Sunrise Trust which have distributed the uniform across schools in Zambia.

Fundraising and Volunteering for other Charities

The Charity Committee is chaired by the School Chaplain. Great importance is attached to the priority of educating young people in an awareness of the needs of others (local, national and global) and in fostering a spirit of generosity and compassion.

Over the 2022/23 academic year, pupils and staff at the Foundation raised £10,001 for charities and good causes. From our youngest pupils at the Chorister School through to our Sixth Form BTEC pupils, the majority of our pupils are involved in at least one fundraising activity during the year. All pupils belong to one of nine houses (4 junior, 5 senior), with each raising money for charities across the year.

This academic year the charities supported included United 24, Moving On, Oasis Community Housing, Children in Need, NSPCC, Save the Children Christmas Jumper Day, St Cuthbert's Hospice, Sands.org.uk, Zambezi Sunrise Trust, RSPB, and Movember.

Our senior pupils regularly take part in the Great North Run and other fundraising challenges. Many pupils undertake community service through the Duke of Edinburgh Award scheme.

Achievements and performance

Charitable activities

a) Pupil Numbers

Pupil numbers in 2022/23 were 476 pupils in Durham School and 262 at Chorister School. Pupil numbers in 2021/22 were 422 at Durham School and 255 at Bow School.

b) Examination Results

Academic performance within the school continues to be strong, with a 97% pass rate at A level (2022: 99%) and an A* - B pass rate of 53.9% (2022: 73.4%) while at GCSE pass rates were: 7, 8 and 9 35.5% (2022: 52.9%), 6 - 9 pass rate of 56.8% (2022: 71.2%), and 4 - 9 90.8% (2021: 92.7%). It should be noted that in 2022 Ofqual decreed proportions of grades should be half way between the level reached in 2021 and the pre-COVID results of 2019 and marking and grade boundaries were adjusted accordingly. In 2023 no such mitigation was applied.

Academic performance continues to be a key focus for the Foundation.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

Achievements and performance (continued)

c) Other achievements

Other achievements in 2022/23:

- Music exam entries – there were 110 entries across a range of instruments, with 34% Pass, 41% Merit, 24% Distinction and 1% Fail. There were two ARSM Diplomas achieved.
- Music competitions were held throughout the academic year. These included a House music competition and the Chadeyron and Michael James music competitions.
- 5 pupils achieved Duke of Edinburgh Gold award, 10 pupils achieved the Silver award and 14 the Bronze award.
- Sporting success continues to be achieved both at team and individual basis across a wide variety of sports.

e) International Developments

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. Students on roll in 22/23 were 1,310 with the school having a max capacity of 1,330.

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. In 22/23 there were 250 children on roll and the school is expanding into Year 3 and 4. The school has been accepted as a member of KAIS (Kenya Association of International Schools).

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 increasing throughout 2022/23 to 164.

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 2023, the Group held fund balances of negative £1,408,541 comprising (£3,743,109) unrestricted funds, £2,016,578 restricted funds and £317,990 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.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

Financial position

The consolidated results for the year show a deficit of £414,549 (2022: £585,566 deficit). The budgeted position for 2022/23 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 2022/23 in difficult circumstances within the agreed overdraft facility limit. The loan agreement was re-negotiated in Feb 2024.

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 21 to the accounts sets out analysis of the assets attributable to the various funds. The trustees consider these assets to be 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.

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, with Nairobi school opening in January 2021. 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.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

3. Revaluation of freehold properties

The freehold properties of the Foundation were re-valued in February 2024, see note 30 for details.

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 |
| Operations Manager | H Bergenstjerna MSc (joined December 2023) |
| Chief Operating Officer | S Middleton (resigned November 2023) |
| Deputy Head Pastoral | H Thompson |
| Assistant Head (Boarding and Co-Curricular) | K Rochester |
| Assistant Head (Compliance) | P Gerrard |
| Development Director | A Beales |
| Director of International Operations | K Hannah |
| Company Secretary and Clerk to the Governors | E Mussell |

The day to day running of the Schools is delegated to the Principal and the Senior Management Team.

Any dealings between the charitable company and any Related Parties are disclosed in Note 29 to the Accounts.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

Structure, governance and management (continued)

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.

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.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

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.

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 2/7/24 and signed on their behalf by:



R Ribchester
(Chair of Trustees)

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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 2023 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 2023 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.

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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. 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

5 July 2024

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 2023**

| | Note | Endowment funds 2023 £ | Restricted funds 2023 £ | Unrestricted funds 2023 £ | Total funds 2023 £ | Total funds 2022 £ |
|--|------|---------------------------------|----------------------------------|------------------------------------|-----------------------------|-----------------------------|
| Income and endowments from: | | | | | | |
| Donations and legacies | 3 | - | 400,093 | 15,205 | 415,298 | 459,472 |
| Charitable activities | 4 | - | (29,857) | 11,798,104 | 11,768,247 | 9,337,611 |
| Other trading activities | 5 | - | - | 201,068 | 201,068 | 209,154 |
| Investments | 6 | 8,522 | 26,420 | 362,259 | 397,201 | 395,979 |
| Total income and endowments | | <u>8,522</u> | <u>396,656</u> | <u>12,376,636</u> | <u>12,781,814</u> | <u>10,402,216</u> |
| Expenditure on: | | | | | | |
| Raising funds | 7 | - | - | 481,000 | 481,000 | 376,617 |
| Charitable activities | 8 | - | 9,688 | 12,691,251 | 12,700,939 | 10,572,287 |
| Total expenditure | | <u>-</u> | <u>9,688</u> | <u>13,172,251</u> | <u>13,181,939</u> | <u>10,948,904</u> |
| Net income/(expenditure) before net losses on investments | | | | | | |
| | | 8,522 | 386,968 | (795,615) | (400,125) | (546,688) |
| Net losses on investments | | (5,862) | (8,562) | - | (14,424) | (38,878) |
| Net movement in funds | | <u>2,660</u> | <u>378,406</u> | <u>(795,615)</u> | <u>(414,549)</u> | <u>(585,566)</u> |
| Reconciliation of funds: | | | | | | |
| Total funds brought forward | | 315,330 | 1,638,172 | (2,947,494) | (993,992) | (408,426) |
| Net movement in funds | | 2,660 | 378,406 | (795,615) | (414,549) | (585,566) |
| Total funds carried forward | | <u>317,990</u> | <u>2,016,578</u> | <u>(3,743,109)</u> | <u>(1,408,541)</u> | <u>(993,992)</u> |

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

The notes on pages 20 to 43 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 2023

| | Note | 2023 £ | 2022 £ |
|---|------|---------------------------|-------------------------|
| Fixed assets | | | |
| Tangible assets | 13 | 5,216,372 | 5,312,643 |
| Investments | 14 | 1,024,824 | 1,038,147 |
| | | <u>6,241,196</u> | <u>6,350,790</u> |
| Current assets | | | |
| Stocks | 15 | 6,165 | 3,366 |
| Debtors | 16 | 1,392,775 | 1,387,565 |
| Cash at bank and in hand | | 83,139 | 153,598 |
| | | <u>1,482,079</u> | <u>1,544,529</u> |
| Creditors: amounts falling due within one year | 17 | (5,129,104) | (4,850,635) |
| Net current liabilities | | <u>(3,647,025)</u> | <u>(3,306,106)</u> |
| Total assets less current liabilities | | <u>2,594,171</u> | <u>3,044,684</u> |
| Creditors: amounts falling due after more than one year | 18 | (4,002,712) | (4,038,676) |
| Net liabilities excluding pension asset | | <u>(1,408,541)</u> | <u>(993,992)</u> |
| Total net assets | | <u><u>(1,408,541)</u></u> | <u><u>(993,992)</u></u> |
| Charity funds | | | |
| Endowment funds | 20 | 317,990 | 315,330 |
| Restricted funds | 20 | 2,016,578 | 1,638,172 |
| Unrestricted funds | 20 | (3,743,109) | (2,947,494) |
| Total funds | | <u><u>(1,408,541)</u></u> | <u><u>(993,992)</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 2/7/24 and signed on their behalf by:


R Ribchester
(Chair of Trustees)

The notes on pages 20 to 43 form part of these financial statements.

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

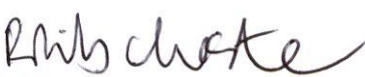
COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2023

| | Note | 2023 £ | 2022 £ |
|---|------|---------------------------|---------------------------|
| Fixed assets | | | |
| Tangible assets | 13 | 5,216,372 | 5,312,643 |
| Investments | 14 | 1,024,649 | 1,037,972 |
| | | <u>6,241,021</u> | <u>6,350,615</u> |
| Current assets | | | |
| Debtors | 16 | 1,275,200 | 1,477,165 |
| Cash at bank and in hand | | 33,458 | 5,187 |
| | | <u>1,308,658</u> | <u>1,482,352</u> |
| Creditors: amounts falling due within one year | 17 | (5,034,566) | (4,824,293) |
| Net current liabilities | | <u>(3,725,908)</u> | <u>(3,341,941)</u> |
| Total assets less current liabilities | | <u>2,515,113</u> | <u>3,008,674</u> |
| Creditors: amounts falling due after more than one year | 18 | (4,002,712) | (4,038,676) |
| Net liabilities excluding pension asset | | <u>(1,487,599)</u> | <u>(1,030,002)</u> |
| Total net assets | | <u><u>(1,487,599)</u></u> | <u><u>(1,030,002)</u></u> |
| Charity funds | | | |
| Endowment funds | 20 | 317,990 | 315,330 |
| Restricted funds | 20 | 2,016,578 | 1,638,172 |
| Unrestricted funds | 20 | (3,822,167) | (2,983,504) |
| Total funds | | <u><u>(1,487,599)</u></u> | <u><u>(1,030,002)</u></u> |

The Company's net movement in funds for the year was £(457,597) (2022 - £(624,560)).

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 21/7/24 and signed on their behalf by:


R Ribchester
 (Chair of Trustees)

The notes on pages 20 to 43 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 2023

| | 2023 £ | 2022 £ |
|---|-----------|-----------|
| Cash flows from operating activities | | |
| Net cash used in operating activities | 238,677 | (228,148) |
| Cash flows from investing activities | | |
| Dividends, interests and rents from investments | 26,420 | 15,341 |
| Purchase of tangible fixed assets | (122,588) | (135,120) |
| Net cash used in investing activities | (96,168) | (119,779) |
| Cash flows from financing activities | | |
| Repayments of borrowing | (121,430) | (56,299) |
| Repayments of finance leases | (35,408) | (5,941) |
| Receipt of endowment | 8,522 | 8,458 |
| Net cash used in financing activities | (148,316) | (53,782) |
| Change in cash and cash equivalents in the year | (5,807) | (401,709) |
| Cash and cash equivalents at the beginning of the year | 82,954 | 484,663 |
| Cash and cash equivalents at the end of the year | 77,147 | 82,954 |

The notes on pages 20 to 43 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 2023

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 August 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 and a potential change of government which may lead to changes to VAT legislation, 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 2023**

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 2023**

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 2023**

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 2023**

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 26, 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 2023 is £613,820 (2022 : £505,867).

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 2023**

3. Income from donations and legacies

| | Restricted funds 2023 £ | Unrestricted funds 2023 £ | Total funds 2023 £ | Total funds 2022 £ |
|--|----------------------------------|------------------------------------|-----------------------------|-----------------------------|
| Donations | | | | |
| Donations | 54,402 | 15,205 | 69,607 | 459,472 |
| Exceptional item - unclaimed deposits released | 345,691 | - | 345,691 | - |
| Subtotal detailed disclosure | 400,093 | 15,205 | 415,298 | 459,472 |
| | 400,093 | 15,205 | 415,298 | 459,472 |
| Total 2022 | 459,472 | - | 459,472 | |

4. Income from charitable activities

| | Restricted funds 2023 £ | Unrestricted funds 2023 £ | Total funds 2023 £ | Total funds 2022 £ |
|----------------------------------|----------------------------------|------------------------------------|-----------------------------|-----------------------------|
| School fees income | - | 12,355,409 | 12,355,409 | 10,299,905 |
| Bursaries, grants and allowances | (60,041) | (2,004,033) | (2,064,074) | (1,857,385) |
| Other ancillary fees | 30,184 | 1,446,728 | 1,476,912 | 895,091 |
| | (29,857) | 11,798,104 | 11,768,247 | 9,337,611 |
| Total 2022 | (73,911) | 9,411,522 | 9,337,611 | |

DURHAM CATHEDRAL SCHOOLS FOUNDATION
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

5. Income from other trading activities

| | Unrestricted funds 2023 £ | Total funds 2023 £ | Total funds 2022 £ |
|---------------------------|------------------------------------|-----------------------------|-----------------------------|
| Trading subsidiary income | 201,068 | 201,068 | 209,154 |
| | <u>201,068</u> | <u>201,068</u> | |
| Total 2022 | 209,154 | 209,154 | |
| | <u>209,154</u> | <u>209,154</u> | |

6. Investment income

| | Endowment funds 2023 £ | Restricted funds 2023 £ | Unrestricted funds 2023 £ | Total funds 2023 £ | Total funds 2022 £ |
|-------------------|---------------------------------|----------------------------------|------------------------------------|-----------------------------|-----------------------------|
| Investment income | 8,522 | 26,420 | 362,259 | 397,201 | 395,979 |
| | <u>8,522</u> | <u>26,420</u> | <u>362,259</u> | <u>397,201</u> | <u>395,979</u> |
| Total 2022 | 8,458 | 15,341 | 372,180 | 395,979 | |
| | <u>8,458</u> | <u>15,341</u> | <u>372,180</u> | <u>395,979</u> | |

7. Costs of raising funds

| | Unrestricted funds 2023 £ | Total funds 2023 £ | Total funds 2022 £ |
|--------------------------------|------------------------------------|-----------------------------|-----------------------------|
| Finance costs | 326,758 | 326,758 | 223,098 |
| Trading subsidiary expenditure | 154,242 | 154,242 | 153,519 |
| | <u>481,000</u> | <u>481,000</u> | <u>376,617</u> |
| | <u>481,000</u> | <u>481,000</u> | |
| Total 2022 | 376,617 | 376,617 | |
| | <u>376,617</u> | <u>376,617</u> | |

DURHAM CATHEDRAL SCHOOLS FOUNDATION
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**NOTES TO THE FINANCIAL STATEMENTS
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8. Analysis of expenditure on charitable activities

Summary by fund type

| | Restricted funds 2023 £ | Unrestricted funds 2023 £ | Total 2023 £ | Total 2022 £ |
|-----------------------------------|----------------------------------|------------------------------------|--------------------|--------------------|
| Educational charitable activities | 9,688 | 12,596,695 | 12,606,383 | 10,522,916 |
| Governance costs | - | 94,556 | 94,556 | 49,371 |
| | <u>9,688</u> | <u>12,691,251</u> | <u>12,700,939</u> | <u>10,572,287</u> |
| Total 2022 | <u>-</u> | <u>10,572,287</u> | <u>10,572,287</u> | |

Summary by expenditure type

| | Staff costs 2023 £ | Depreciation 2023 £ | Other costs 2023 £ | Total 2023 £ | Total 2022 £ |
|-----------------------------------|--------------------------|---------------------------|--------------------------|--------------------|--------------------|
| Educational charitable activities | 7,122,917 | 294,966 | 5,188,500 | 12,606,383 | 10,522,916 |
| Governance | - | - | 94,556 | 94,556 | 49,371 |
| | <u>7,122,917</u> | <u>294,966</u> | <u>5,283,056</u> | <u>12,700,939</u> | <u>10,572,287</u> |
| Total 2022 | <u>6,547,377</u> | <u>312,793</u> | <u>3,712,117</u> | <u>10,572,287</u> | |

9. Analysis of expenditure by activities

| | Direct costs 2023 £ | Support costs 2023 £ | Total funds 2023 £ | Total funds 2022 £ |
|-----------------------------------|---------------------------|-------------------------------|-----------------------------|-----------------------------|
| Educational charitable activities | 5,857,552 | 6,748,831 | 12,606,383 | 10,522,916 |
| Governance | - | 94,556 | 94,556 | 49,371 |
| | <u>5,857,552</u> | <u>6,843,387</u> | <u>12,700,939</u> | <u>10,572,287</u> |
| Total 2022 | <u>5,504,248</u> | <u>5,068,039</u> | <u>10,572,287</u> | |

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9. Analysis of expenditure by activities (continued)

Analysis of direct costs

| | Educational charitable activities 2023 £ | Total funds 2023 £ | Total funds 2022 £ |
|-------------------|--|-----------------------------|-----------------------------|
| Staff costs | 4,898,048 | 4,898,048 | 5,096,053 |
| Educational costs | 925,164 | 925,164 | 376,114 |
| Welfare | 34,340 | 34,340 | 32,081 |
| | <u>5,857,552</u> | <u>5,857,552</u> | <u>5,504,248</u> |
| Total 2022 | <u>5,504,248</u> | <u>5,504,248</u> | |

Analysis of support costs

| | Educational charitable activities 2023 £ | Governance 2023 £ | Total funds 2023 £ | Total funds 2022 £ |
|----------------------------|--|-------------------------|-----------------------------|-----------------------------|
| Staff costs | 2,224,869 | - | 2,224,869 | 1,451,324 |
| Depreciation | 294,966 | - | 294,966 | 312,793 |
| Welfare | 1,567,732 | - | 1,567,732 | 1,344,237 |
| Support costs of schooling | 1,070,608 | - | 1,070,608 | 622,398 |
| Premises | 1,590,656 | - | 1,590,656 | 1,287,916 |
| Governance costs | - | 94,556 | 94,556 | 49,371 |
| | <u>6,748,831</u> | <u>94,556</u> | <u>6,843,387</u> | <u>5,068,039</u> |
| Total 2022 | <u>5,018,668</u> | <u>49,371</u> | <u>5,068,039</u> | |

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10. Net income/(expenditure)

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

| | 2023 £ | 2022 £ |
|---|-----------|-----------|
| Depreciation - owned assets | 288,737 | 303,933 |
| Depreciation - assets on finance lease | 6,228 | 8,860 |
| Auditors' remuneration - audit | 18,560 | 18,560 |
| Operating lease payments - land and buildings | 343,777 | 158,635 |
| Operating lease payments - other | 44,016 | 13,261 |

11. Staff costs

| | Group 2023 £ | Group 2022 £ | Company 2023 £ | Company 2022 £ |
|--|--------------------|--------------------|----------------------|----------------------|
| Wages and salaries | 5,620,685 | 5,234,402 | 5,519,170 | 5,167,594 |
| Social security costs | 557,085 | 500,298 | 555,932 | 500,298 |
| Contribution to defined contribution pension schemes | 945,147 | 812,677 | 940,569 | 812,677 |
| | <u>7,122,917</u> | <u>6,547,377</u> | <u>7,015,671</u> | <u>6,480,569</u> |

During the year, total redundancy and termination payments amounted to £nil (2022: £20,000).

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

| | Group 2023 No. | Group 2022 No. |
|--------------------|----------------------|----------------------|
| Teaching staff | 88 | 92 |
| Non-teaching staff | 95 | 88 |
| | <u>183</u> | <u>180</u> |

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11. Staff costs (continued)

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

| | Group 2023 No. | Group 2022 No. |
|---------------------------------|----------------------|----------------------|
| In the band £60,001 - £70,000 | 3 | 2 |
| In the band £70,001 - £80,000 | 1 | - |
| In the band £80,001 - £90,000 | 1 | - |
| In the band £90,001 - £100,000 | 1 | 1 |
| In the band £110,001 - £120,000 | 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 £656,083 (2022: £629,340).

12. Trustees' remuneration and expenses

During the year, no Trustees received any remuneration or other benefits (2022 - £NIL).

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12. Trustees' remuneration and expenses (continued)

During the year ended 31 August 2023, no Trustee expenses have been incurred (2022 - £NIL).

13. Tangible fixed assets

Group and Company

| | Freehold property £ | Long-term leasehold property £ | Short-term leasehold property £ | Motor vehicles £ | Fixtures and fittings £ | Computer equipment £ | Total £ |
|-----------------------|---------------------------|---|--|------------------------|-------------------------------|----------------------------|------------|
| Cost | | | | | | | |
| At 1 September 2022 | 1,400,000 | 5,549,876 | 149,987 | 218,688 | 2,253,935 | 372,301 | 9,944,787 |
| Additions | - | - | - | 135,208 | 47,162 | 30,426 | 212,796 |
| Disposals | - | - | - | (33,845) | - | - | (33,845) |
| At 31 August 2023 | 1,400,000 | 5,549,876 | 149,987 | 320,051 | 2,301,097 | 402,727 | 10,123,738 |
| Depreciation | | | | | | | |
| At 1 September 2022 | 340,690 | 1,946,304 | 149,987 | 81,488 | 1,817,694 | 295,981 | 4,632,144 |
| Charge for the year | 29,624 | 135,544 | - | 19,985 | 80,826 | 28,986 | 294,965 |
| On disposals | - | - | - | (19,743) | - | - | (19,743) |
| At 31 August 2023 | 370,314 | 2,081,848 | 149,987 | 81,730 | 1,898,520 | 324,967 | 4,907,366 |
| Net book value | | | | | | | |
| At 31 August 2023 | 1,029,686 | 3,468,028 | - | 238,321 | 402,577 | 77,760 | 5,216,372 |
| At 31 August 2022 | 1,059,310 | 3,603,572 | - | 137,200 | 436,241 | 76,320 | 5,312,643 |

The net book value of the fixed assets, included in the above and in the below, which are held under finance leases is £126,382 (2022: £56,504).

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 £3,841,953 (2022 - £3,950,990).

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**NOTES TO THE FINANCIAL STATEMENTS
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14. Fixed asset investments

| Group | Listed investments £ | Unlisted investments £ | Investment in joint ventures £ | Total £ |
|--------------------------|----------------------------|------------------------------|--------------------------------------|------------------|
| Cost or valuation | | | | |
| At 1 September 2022 | 779,251 | 258,720 | 176 | 1,038,147 |
| Revaluations | (13,323) | - | - | (13,323) |
| At 31 August 2023 | <u>765,928</u> | <u>258,720</u> | <u>176</u> | <u>1,024,824</u> |

| Company | Listed investments £ | Unlisted investments £ | Investments in subsidiary companies £ | Total £ |
|--------------------------|----------------------------|------------------------------|--|------------------|
| Cost or valuation | | | | |
| At 1 September 2022 | 779,251 | 258,720 | 1 | 1,037,972 |
| Revaluations | (13,323) | - | - | (13,323) |
| At 31 August 2023 | <u>765,928</u> | <u>258,720</u> | <u>1</u> | <u>1,024,649</u> |

15. Stocks

| | Group 2023 £ | Group 2022 £ |
|-------------------------------------|--------------------|--------------------|
| Finished goods and goods for resale | <u>6,165</u> | <u>3,366</u> |

An impairment loss of £nil (2022 - £36,705) was recognised as an expense in the during the year due to slow-moving and obsolete stock.

16. Debtors

| | Group 2023 £ | Group 2022 £ | Company 2023 £ | Company 2022 £ |
|------------------------------------|--------------------|--------------------|----------------------|----------------------|
| Due within one year | | | | |
| Trade debtors | 1,042,284 | 1,183,503 | 951,167 | 1,050,222 |
| Amounts owed by group undertakings | - | - | 200,966 | 244,288 |
| Other debtors | 54,309 | - | 47,560 | - |
| Prepayments and accrued income | 296,182 | 204,062 | 75,507 | 182,655 |
| | <u>1,392,775</u> | <u>1,387,565</u> | <u>1,275,200</u> | <u>1,477,165</u> |

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17. Creditors: Amounts falling due within one year

| | Group 2023 £ | Group 2022 £ | Company 2023 £ | Company 2022 £ |
|---|--------------------|--------------------|----------------------|----------------------|
| Bank overdrafts | 5,992 | 70,644 | 5,992 | 70,644 |
| Bank loans | 208,750 | 252,893 | 208,750 | 252,893 |
| Trade creditors | 1,043,680 | 582,761 | 954,992 | 568,112 |
| Other taxation and social security | 274,455 | 129,495 | 274,455 | 126,175 |
| Obligations under finance lease and hire purchase contracts | 22,201 | 8,724 | 22,201 | 8,724 |
| Other creditors | 1,185,623 | 1,344,678 | 1,185,623 | 1,337,805 |
| Accruals and deferred income | 2,388,403 | 2,461,440 | 2,382,553 | 2,459,940 |
| | <u>5,129,104</u> | <u>4,850,635</u> | <u>5,034,566</u> | <u>4,824,293</u> |
| | Group 2023 £ | Group 2022 £ | Company 2023 £ | Company 2022 £ |
| Deferred income at 1 September 2022 | 2,318,856 | 2,780,879 | 2,318,856 | 2,780,879 |
| Resources deferred during the year | 2,222,369 | 2,337,176 | 2,222,369 | 2,337,176 |
| Amounts released from previous periods | (2,318,856) | (2,799,199) | (2,318,856) | (2,799,199) |
| Deferred income at 31 August 2023 | <u>2,222,369</u> | <u>2,318,856</u> | <u>2,222,369</u> | <u>2,318,856</u> |

Income deferred in the period relates to trips and visits income and fees received in advance.

18. Creditors: Amounts falling due after more than one year

| | Group 2023 £ | Group 2022 £ | Company 2023 £ | Company 2022 £ |
|---|--------------------|--------------------|----------------------|----------------------|
| Bank loans | 3,942,203 | 4,019,490 | 3,942,203 | 4,019,490 |
| Net obligations under finance lease and hire purchase contracts | 60,509 | 19,186 | 60,509 | 19,186 |
| | <u>4,002,712</u> | <u>4,038,676</u> | <u>4,002,712</u> | <u>4,038,676</u> |

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19. Secured debts

| | 2023 £ | 2022 £ |
|--|-------------------|-------------------|
| Bank overdrafts | 5,992 | 70,644 |
| Bank loans | 4,150,953 | 4,272,383 |
| Finance leases and hire purchase contracts | 82,710 | 27,910 |
| | <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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20. Statement of funds

Statement of funds - current year

| | Balance at 1 September 2022 £ | Income £ | Expenditure £ | Transfers in/out £ | Gains/ (Losses) £ | Balance at 31 August 2023 £ |
|--|--|-------------------|---------------------|--------------------------|-------------------------|--------------------------------------|
| Unrestricted funds | | | | | | |
| General Funds - all funds | (6,968,930) | 12,376,636 | (13,172,251) | 56,131 | - | (7,708,414) |
| Revaluation reserve | 4,021,436 | - | - | (56,131) | - | 3,965,305 |
| | <u>(2,947,494)</u> | <u>12,376,636</u> | <u>(13,172,251)</u> | <u>-</u> | <u>-</u> | <u>(3,743,109)</u> |
| Endowment funds | | | | | | |
| Endowment Funds - all funds | <u>315,330</u> | <u>8,522</u> | <u>-</u> | <u>-</u> | <u>(5,862)</u> | <u>317,990</u> |
| Restricted funds | | | | | | |
| Restricted Funds - all funds | 522,356 | 13,520 | - | - | (8,562) | 527,314 |
| The Peter E.I. Lee Scholarship Fund | 867,603 | (38,307) | - | - | - | 829,296 |
| The Catherine Cookson Charitable Trust | 248,213 | - | - | - | - | 248,213 |
| Restricted Legacy | - | 20,000 | - | - | - | 20,000 |
| Self Funded Balances | - | 34,402 | (9,688) | - | - | 24,714 |
| Donated Deposits | - | 345,691 | - | - | - | 345,691 |
| Burkitt Scholarships | - | 21,350 | - | - | - | 21,350 |
| | <u>1,638,172</u> | <u>396,656</u> | <u>(9,688)</u> | <u>-</u> | <u>(8,562)</u> | <u>2,016,578</u> |
| Total of funds | <u>(993,992)</u> | <u>12,781,814</u> | <u>(13,181,939)</u> | <u>-</u> | <u>(14,424)</u> | <u>(1,408,541)</u> |

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20. 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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20. Statement of funds (continued)

Statement of funds - prior year

| | Balance at 1 September 2021 £ | Income £ | Expenditure £ | Transfers in/out £ | Gains/ (Losses) £ | Balance at 31 August 2022 £ |
|--|--|-------------------|---------------------|--------------------------|-------------------------|--------------------------------------|
| Unrestricted funds | | | | | | |
| 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> |
| Endowment funds | | | | | | |
| Davies Legacy | <u>345,750</u> | <u>8,458</u> | <u>-</u> | <u>-</u> | <u>(38,878)</u> | <u>315,330</u> |
| Restricted funds | | | | | | |
| The Peter E.I. Lee Scholarship Fund | 519,015 | 3,341 | - | - | - | 522,356 |
| The Catherine Cookson Charitable Trust | 902,727 | (35,124) | - | - | - | 867,603 |
| Restricted Legacy | - | 248,213 | - | - | - | 248,213 |
| | <u>1,421,742</u> | <u>216,430</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,638,172</u> |
| Total of funds | <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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**NOTES TO THE FINANCIAL STATEMENTS
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21. Analysis of net assets between funds

Analysis of net assets between funds - current year

| | Endowment funds 2023 £ | Restricted funds 2023 £ | Unrestricted funds 2023 £ | Total funds 2023 £ |
|-------------------------------------|---------------------------------|----------------------------------|------------------------------------|-----------------------------|
| Tangible fixed assets | - | - | 5,216,372 | 5,216,372 |
| Fixed asset investments | 295,169 | 470,759 | 258,896 | 1,024,824 |
| Current assets | 22,821 | 1,545,819 | (86,561) | 1,482,079 |
| Creditors due within one year | - | - | (5,129,104) | (5,129,104) |
| Creditors due in more than one year | - | - | (4,002,712) | (4,002,712) |
| Total | 317,990 | 2,016,578 | (3,743,109) | (1,408,541) |

Analysis of net assets between funds - prior 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) |
| Total | 315,330 | 1,638,172 | (2,947,494) | (993,992) |

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

| | Group 2023 £ | Group 2022 £ |
|---|--------------------|--------------------|
| Net expenditure for the year (as per Statement of Financial Activities) | (414,549) | (585,566) |
| Adjustments for: | | |
| Depreciation charges | 294,965 | 312,793 |
| Gains on investments | 13,323 | 38,879 |
| Dividends, interests and rents from investments | (26,420) | (15,341) |
| Loss on the sale of fixed assets | 14,102 | - |
| Decrease/(increase) in stocks | (2,799) | 47,440 |
| Decrease/(increase) in debtors | (5,210) | 145,428 |
| Increase/(decrease) in creditors | 373,787 | (163,323) |
| Income attributable to endowment | (8,522) | (8,458) |
| Net cash provided by/(used in) operating activities | 238,677 | (228,148) |

23. Analysis of cash and cash equivalents

| | Group 2023 £ | Group 2022 £ |
|--|--------------------|--------------------|
| Cash in hand | 717 | (193) |
| Cash at bank | 82,422 | 153,791 |
| Overdraft facility repayable on demand | (5,992) | (70,644) |
| Total cash and cash equivalents | 77,147 | 82,954 |

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**NOTES TO THE FINANCIAL STATEMENTS
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24. Analysis of changes in net debt

| | At 1 September 2022 | Cash flows | New finance leases | At 31 August 2023 |
|-------------------------------------|---------------------------|----------------|-----------------------|----------------------|
| | £ | £ | £ | £ |
| Cash at bank and in hand | 153,598 | (70,459) | - | 83,139 |
| Bank overdrafts repayable on demand | (70,644) | 64,652 | - | (5,992) |
| Debt due within 1 year | (252,893) | 44,143 | - | (208,750) |
| Debt due after 1 year | (4,019,490) | 77,287 | - | (3,942,203) |
| Finance leases | (27,910) | 35,408 | (90,208) | (82,710) |
| | <u>(4,217,339)</u> | <u>151,031</u> | <u>(90,208)</u> | <u>(4,156,516)</u> |

25. 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 (2022: £4,134,000) based on valuations of market values of property of £6,890,000 at 20 October 2010.

26. 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 £940,569 (2022: £812,677). 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

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26. Pension commitments (continued)

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 2024.

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

27. Operating lease commitments

At 31 August 2023 the Group and the Company had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

| | Group 2023 £ | Group 2022 £ | Company 2023 £ | Company 2022 £ |
|--|--------------------|--------------------|----------------------|----------------------|
| Not later than 1 year | 312,534 | 313,896 | 312,534 | 313,896 |
| Later than 1 year and not later than 5 years | 1,381,928 | 1,429,645 | 1,381,928 | 1,429,645 |
| Later than 5 years | 3,919,358 | 4,177,542 | 3,919,358 | 4,177,542 |
| | <u>5,613,820</u> | <u>5,921,083</u> | <u>5,613,820</u> | <u>5,921,083</u> |

28. 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
(A company limited by guarantee)

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29. 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 (2022: £4,000) to cover secretarial and administration costs and received scholarships on behalf of pupils totalling £30,884 (2022: £29,994) 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 2023 the balance owed by the Burkitt Scholarship Fund was £33,699 (2022: £7,027).

During the year, the charitable company received scholarships on behalf of pupils of £1,380 (2022: 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 2023 the balance owed to Durham School Langley Foundation was £24,157 (2022: £26,748).

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

During the year, dividend income of £12,900 (2022: £12,000) was received from Durham Markets Company Limited.

Transactions with Trustees

During the year donations were received from trustees of £1,200 (2022: £1,200).

30. Post balance sheet events

The freehold property held by the Trust was revalued on 21st February 2024. The effect of the revaluation would be an increase in carrying value from the year end balance of £1.03m to a balance of £1.785m.

DURHAM CATHEDRAL SCHOOLS FOUNDATION
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31. Principal subsidiaries and joint ventures

The following was a subsidiary undertaking of the Company:

| Name | Company number | Registered office or principal place of business | Class of shares |
|-------------------------------|-----------------------|--|------------------------|
| Durham School Trading Limited | 04175538 | The Grove, Durham School, Quarryheads Lane, Durham, Co Durham, DH1 4SZ | Ordinary |

| | |
|----------------|----------------------------------|
| Holding | Included in consolidation |
|----------------|----------------------------------|

100% Yes

The financial results of the subsidiary for the year were:

| Name | Income £ | Expenditure £ | Net assets £ |
|-------------------------------|---------------------|--------------------------|-------------------------|
| Durham School Trading Limited | 563,270 | 320,221 | 79,060 |