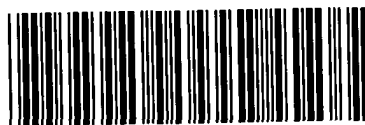


Registered number: 02776914
Charity number: 1023407

DURHAM SCHOOL
(A company limited by guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

SATURDAY



A83RBZNF

A24

20/04/2019

#88

COMPANIES HOUSE

DURHAM SCHOOL
(A company limited by guarantee)

CONTENTS

	Page
Reference and administrative details of the charity, its trustees and advisers	1
Trustees' report	2 - 8
Independent auditors' report	9 - 11
Consolidated statement of financial activities	12
Consolidated balance sheet	13
Company balance sheet	14
Consolidated statement of cash flows	15
Notes to the financial statements	16 - 36
 The following pages do not form part of the statutory financial statements:	
Company detailed income and expenditure account and summaries	37 - 38

DURHAM SCHOOL
(A company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2018

Trustees

M Coates
G Hodgson
D Kennedy (resigned 31 August 2018)
J Kirkley
S Langridge
A MacConachie
R Ribchester
J Salkeld (resigned 31 August 2018)
N Turner
J Cowie
M Regan
J Robson
Q Anstee (appointed 1 September 2018)
R Swart (appointed 16 October 2018)
S Dobson (appointed 5 December 2017)

Company registered number

02776914

Charity registered number

1023407

Registered office

Durham School, Durham, County Durham, DH1 4SZ

Company secretary

D Leigh

Headmaster

K J McLaughlin

Independent auditors

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

Bankers

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

Solicitors

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

DURHAM SCHOOL
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

The Trustees of the Durham School charity present their annual report and audited accounts for the year ended 31 August 2018 and confirm they comply with the requirements of the Charities Act 2011, the charity's constitution and the Charities SORP (FRS 102).

OBJECTIVES AND ACTIVITIES

Objectives and aims

The principal activity of the charitable company continues to be the provision of training and instruction of pupils at both Durham School and Bow, Durham School on the basis of Church of England principles in spiritual, moral, mental and physical training.

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

The School is divided between two sites, within a short walking distance from each other. The education of Day pupils aged 3 to 11 takes place in the Nursery, Pre-Prep and Prep departments at Bow, Durham School. The senior section at Durham School offers the choice of Day, Weekly Boarding and Full Boarding to pupils from the age of 11 to 18. Both Schools offer small classes and high quality teaching and learning. The School promotes an environment where civility, respect and a community spirit are expected of all pupils. In 2016/17 the School has worked with staff, pupils and parents on the development of the MARK project, which recognises the standards which all involved in the School 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. The University of Durham is the landlord of Bow, Durham School. The charitable company owns the entire share capital of Durham School Trading Limited, which organises the letting of School facilities.

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 School, as a registered charitable company, demonstrates its fulfilment of the Public Benefit criteria. Respect for others, with a charitable focus, is central to the School's ethos, which enriches the life of the School 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

DURHAM SCHOOL
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

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 2018 £751,833 was provided in means tested bursary support, and a further £502,537 in scholarship support for excellence by the School. These amounts equated to 14% of fee income.

In addition to the support provided by the school, 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 2018 the Trust provided £46,411 of support.

During 2016/17 the School has developed a partnership arrangement with Castle View Academy a maintained school, through which substantial financial support has been provided to 7 pupils to enable them to complete their A level studies at Durham School (3 in Year 13 and 4 in Year 12).

In addition, in 2017/18 the School participated in 2 national schemes to provide financial support for pupils from overseas who would not otherwise have been able to access education in the UK, these were the HMC and ESU Schemes. Four pupils were supported through these schemes the support provided by the school amounted to £226,715.

The Trustees regularly review the policies associated with Scholarships and Bursaries to ensure that they support the target of widening access to the School. 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 2017/18, the School educated over 527 children at no cost to the state, saving the taxpayer over £3 million annually, based on the published data for the cost of educating a child in the maintained sector. By providing an environment which is academic, residential, co-educational and Anglican, the School provides an environment not generally available in the maintained sector. There were 126 pupils in the Junior School, which based on published average funding levels for primary schools in the state sector equates to £617,400. In addition, 401 pupils were educated in the Senior School, which based on published average funding levels for secondary schools in the state sector equates to £2,526,300. In total therefore the saving to the tax payer is £3,143,700.

3. Community partnerships

Combined Cadet Force

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

Facilities

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

- a) Durham City Cricket Club [The Budworth];
- b) Durham City Swimming Club [pool];
- c) Durham City Hockey Club [Astro Turf];
- d) The University of Durham [The Budworth & pool];
- e) The Chorister School [pool];
- f) St Margaret's School [pool];
- g) National Childbirth Trust;
- h) The Professional Association of Teachers of Students with Specific Learning Disabilities;
- i) World Challenge [Grounds];
- j) The Braes of Derwent [Grounds, the pool, and Big School];
- k) Durham Association of Book Sellers;
- l) The school is let during 4 weeks of the summer holiday to an international language school with 24 children resident on site.
- m) From September 2017, the School has volunteered its facilities to be used as a blood donation centre with the NHS Blood and Transport Service.

DURHAM SCHOOL
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

The Chapel

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

Throughout 2017/18, the Chapel hosted Durham Youth Leaders meetings as well as various events for local clergy, including a comedy evening, A Pie and Two Revs.

Partnerships with the Maintained Sector

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

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

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

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

Through the History Department at the University of Durham and the RSA, the History Department runs a series of study days for LVI pupils from local academies and maintained-sector schools to work alongside undergraduate students, using the School facilities. In 2017, 35 pupils from St Robert of Newminster, Washington and Bede Academy, Blyth attended.

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

Schools which take advantage of this are:

- St Oswald's, Durham: 3 classes of 25-30 pupils over 2 terms;
- St Margaret's, Durham: 2 classes 30 pupils over 3 terms;
- St Michael's, Esh: 4 classes of 25-30 pupils over 3 terms.

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

4. Fundraising and charity events

The school actively engages in charitable work in the local community which benefits not only the community but those pupils engaged in the work by developing social responsibility; through the Charities' Committee, chaired by the Chaplain, the School has supported:

- a) Zambezi Sunrise Trust, British Red Cross, Meningitis Now, Lullaby, Charlie Bear Cancer Care, Great North Air Ambulance, MacMillan Cancer Support, Save the Children, Reaching the Unreached; through Chapel and other collections, over £5,837 was raised for the above charities.
- b) Hosting of visitors from the Indian cricket charity, Cricket beyond Boundaries;
- c) The School participates biennially in the World Challenge programmes with expeditions to Madagascar in 2017; pupils were required to raise funds to secure their participation in these activities, and helped with the construction of a school during the visit.

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

- a) The Great North Run, raising monies for a variety of charities [Cystic Fibrosis, the Rainbow Trust, Beating Bowel Cancer, Tommy's, and the Red Cross];

DURHAM SCHOOL
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Fundraising and charity events (continued)

- b) The School's pupils are actively involved in the Duke of Edinburgh Award scheme and consequently pupils from the school are involved in community service.
- c) Fund raising for charitable purposes is a fundamental part of life at Durham School and, this year, pupils and staff have raised money for the Red Cross.
- d) Through weekly Chapel collections, the School raises for a range of charities, and has established particular links with the Zambezi Sunshine Trust.

ACHIEVEMENT AND PERFORMANCE

Charitable activities

a) Pupil Numbers

Pupil numbers in 2017/18 were above the targeted level, with 401 pupils in the senior School (target 400) and 126 at Bow School (target 121).

b) Examination Results

Academic performance within the school continues to be strong, with a 99% pass rate at A level (2017: 100%) and an A*-B pass rate of 71% (2017: 67%), while at GCSE pass rates were: 7,8 and 9 42% in the new 9-1 GCSE structure (2017 A* - A: 40%), 6 - 9 pass rate of 60% (2017 A* - B: 71%), and 4 – 9 90% (2017 A* - C: 92%) . Academic performance continues to be a key focus for the School, the focus placed on improving the quality of teaching and learning in 2016/17 has continued into 2017/18, activities have included a comprehensive programme of staff development activities.

c) Other achievements

Other achievements in 2018/19:

- 6 pupils have achieved Duke of Edinburgh Gold awards, 9 have achieved silver and 21 bronze;
- Sporting success continues to be achieved both at team and individual basis across a wide variety of sports;
- A number of successful drama productions have been staged during the year, these have included productions for particular year groups and the whole school production of Oliver held at the Gala Theatre;
- In November 2017 the School Music Competition was held at Durham Cathedral

d) Developments

In 2017/18 the number of wireless access points within the School has been increased to support the use of online learning in the classroom. This development was also supported by the engagement of a specialist advisor to support staff in the use of the learning platform and the development of materials for delivery through the platform. Use of the learning platform has been a focus in both the Junior and Senior schools.

Other projects have included the refurbishment of the visitor toilets, replacement of the main doors to Big School and continuation of the rolling programme of furniture replacement in boarding accommodation.

FINANCIAL REVIEW

Financial position

The consolidated results for the year show a surplus of £32,253 (2017: £197,868 deficit).

The budgeted position for 2017/18 was a deficit of £40,487, the actual result for the year was better than budgeted due to cost control measures put in place the previous year.

The long term development plan for the School is to achieve a balance between investment back in the School 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 School worked with its Bankers, Barclays Bank plc, to restructure the loans and overdraft of the School. The new arrangements came into effect on 1 September 2017, this generated a reduction in the costs of borrowing. The School successfully managed cash balances over the course of 2017/18 and as a result made only minimal use of the agreed overdraft facility.

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.

DURHAM SCHOOL
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Financial position (continued)

Note 18 to the accounts sets out analysis of the assets attributable to the various funds and a description of the trusts. These assets are sufficient to meet the charitable company's obligations on a fund-by-fund basis.

The School's tangible assets are all held for use in the School and the majority of the School'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.

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. Fund raising

The development of funds to support financially assisted places at the School and capital projects continues to be a core aim. At the start of the 2016/17 financial year the Governors appointed a Development Director and Assistant. This team has continued to strengthen links with past pupils and has re-engaged with a number of Old Dunelmians. An initial capital project has been agreed and the quiet phase of fund raising commenced in 2017/18. It is anticipated that this project, together with the remainder of the capital programme will move forward in 2018/19, this will be supported by the development of an overall site plan.

2. International activities

Through its trading subsidiary Durham School Trading Limited, the School 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.

In 2017/18 significant activity took place with regard to the opening of the first Durham International School in Doha. Formal agreements were signed, the Founding Head appointed and recruitment started for a September 2019 opening.

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

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 School 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 School 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 these requirements the Board of Trustees, comprising up to fourteen members, meets each term to administer the charitable company. They appoint a Headmaster to manage the day-to-day operations of the charitable company.

DURHAM SCHOOL
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Governing document (continued)

There are also currently a number of Trustee-led sub-committees, which cover specific aspects of the business eg. 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 deems 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 School in addition to financial, legal and safeguarding matters. Any subsequent training requirements that are brought to the attention of the Board of Trustees are seriously considered.

Headmaster - Durham School	K McLaughlin MA (Cantab)
Headmistress - Bow, Durham School	S Harrod BA
Deputy Head (Academic)	A Pearson
Deputy Head (Pastoral)	J Burns
Deputy Head (Staff)	M Alderson
Bursar, Company Secretary and Clerk to the Governors	D Leigh BA, FCA

The day to day running of the School is delegated to the Headmaster and Bursar.

Any dealings between the charitable company and any Related Parties are disclosed in Note 20 to the Accounts.

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 School. During the year the Trustees have examined the principal areas of the School's operations and considered the major risks associated with these areas. In the opinion of the Trustees the School 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 School's risk register.

DURHAM SCHOOL
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

STATEMENT OF TRUSTEES RESPONSIBILITIES

The Trustees (who are also the directors of Durham School (Limited by Guarantee) for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

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

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

In so far as the Trustees are aware:

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

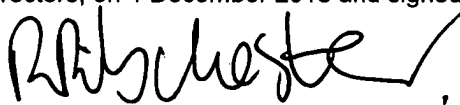
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the Trustees are aware, there is no relevant information (as defined by Section 418 of the Companies Act 2006) of which the charitable company's auditors are unaware, and each Trustee has taken all the steps that they ought to have taken as a Trustee in order to make them aware of any audit information and to establish that the charitable company's auditors are aware of that information.

AUDITORS

The auditors, Clive Owen LLP, are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

This report, incorporating the Group strategic report, was approved by the Trustees, in their capacity as company directors, on 4 December 2018 and signed on their behalf by:


Trustee R Ribchester

DURHAM SCHOOL
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DURHAM SCHOOL

OPINION

We have audited the financial statements of Durham School (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 August 2018 set out on pages 12 to 36. 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 2018 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.

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.

CONCLUSIONS RELATING TO GOING CONCERN

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

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

OTHER INFORMATION

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in

DURHAM SCHOOL
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DURHAM SCHOOL

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

DURHAM SCHOOL
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DURHAM SCHOOL

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.

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.



Gary Ellis BA FCA (Senior statutory auditor)

for and on behalf of

Clive Owen LLP

Chartered Accountants
Statutory Auditors

Kepier House
Belmont Business Park
Durham
County Durham
DH1 1TW
4 December 2018

DURHAM SCHOOL
(A company limited by guarantee)

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND
EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2018**

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Endowment funds 2018 £	Total funds 2018 £	Total funds 2017 £
INCOME AND ENDOWMENTS FROM:						
Charitable activities	2	7,764,872	-	-	7,764,872	7,687,704
Other trading activities	3	160,742	-	-	160,742	117,645
Investments	4	6	32,474	7,718	40,198	43,144
TOTAL INCOME AND ENDOWMENTS		<u>7,925,620</u>	<u>32,474</u>	<u>7,718</u>	<u>7,965,812</u>	<u>7,848,493</u>
EXPENDITURE ON:						
Raising funds		298,449	-	-	298,449	389,105
Charitable activities		7,626,266	43,541	8,177	7,677,984	7,714,787
TOTAL EXPENDITURE	5	<u>7,924,715</u>	<u>43,541</u>	<u>8,177</u>	<u>7,976,433</u>	<u>8,103,892</u>
NET INCOME / (EXPENDITURE) BEFORE INVESTMENT GAINS						
Net gains on investments	13	905	(11,067)	(459)	(10,621)	(255,399)
		<u>-</u>	<u>27,684</u>	<u>15,192</u>	<u>42,876</u>	<u>57,531</u>
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		905	16,617	14,733	32,255	(197,868)
NET MOVEMENT IN FUNDS		905	16,617	14,733	32,255	(197,868)
RECONCILIATION OF FUNDS:						
Total funds brought forward		(1,210,486)	1,400,303	261,549	451,366	649,234
TOTAL FUNDS CARRIED FORWARD		<u>(1,209,581)</u>	<u>1,416,920</u>	<u>276,282</u>	<u>483,621</u>	<u>451,366</u>

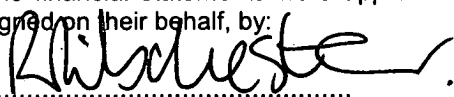
The notes on pages 16 to 36 form part of these financial statements.

DURHAM SCHOOL
(A company limited by guarantee)
REGISTERED NUMBER: 02776914

CONSOLIDATED BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£	2018 £	£	2017 £
FIXED ASSETS					
Tangible assets	12		6,124,427		6,332,497
Investments	13		887,128		844,252
Investments in joint ventures					
-Share of gross assets		176		176	
Share of net assets	13		176		176
			<u>7,011,731</u>		<u>7,176,925</u>
CURRENT ASSETS					
Stocks	14	59,477		53,578	
Debtors	15	1,262,503		1,218,311	
Cash at bank and in hand		618,928		865,033	
		<u>1,940,908</u>		<u>2,136,922</u>	
CREDITORS: amounts falling due within one year	16	(3,778,416)		(5,273,423)	
NET CURRENT LIABILITIES			(1,837,508)		(3,136,501)
TOTAL ASSETS LESS CURRENT LIABILITIES			5,174,223		4,040,424
CREDITORS: amounts falling due after more than one year	17		(4,690,602)		(3,589,058)
NET ASSETS			<u>483,621</u>		<u>451,366</u>
CHARITY FUNDS					
Endowment funds	18		276,282		261,549
Restricted funds	18		1,416,920		1,400,303
Unrestricted funds	18		(1,209,581)		(1,210,486)
TOTAL FUNDS			<u>483,621</u>		<u>451,366</u>

The financial statements were approved and authorised for issue by the Trustees on 4 December 2018 and signed on their behalf, by:


.....
R Ribchester

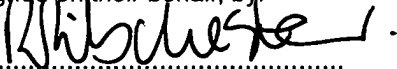
The notes on pages 16 to 36 form part of these financial statements.

DURHAM SCHOOL
(A company limited by guarantee)
REGISTERED NUMBER: 02776914

COMPANY BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£	2018 £	£	2017 £
FIXED ASSETS					
Tangible assets	12		6,124,427		6,332,483
Investments	13		887,129		844,253
			<u>7,011,556</u>		<u>7,176,736</u>
CURRENT ASSETS					
Debtors	15	1,444,015		1,372,039	
Cash at bank and in hand		609,889		859,569	
		<u>2,053,904</u>		<u>2,231,608</u>	
CREDITORS: amounts falling due within one year	16	(3,765,869)		(5,256,958)	
NET CURRENT LIABILITIES			<u>(1,711,965)</u>		<u>(3,025,350)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			5,299,591		4,151,386
CREDITORS: amounts falling due after more than one year	17		(4,690,602)		(3,589,058)
NET ASSETS			<u>608,989</u>		<u>562,328</u>
CHARITY FUNDS					
Endowment funds			276,282		261,549
Restricted funds			1,416,920		1,400,303
Unrestricted funds			(1,084,213)		(1,099,524)
TOTAL FUNDS			<u>608,989</u>		<u>562,328</u>

The financial statements were approved and authorised for issue by the Trustees on 4 December 2018 and signed on their behalf, by:


.....
R Ribchester

The notes on pages 16 to 36 form part of these financial statements.

DURHAM SCHOOL
(A company limited by guarantee)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash provided by operating activities	20	691,652	802,597
Cash flows from investing activities:			
Dividends, interest and rents from investments		32,474	35,542
Purchase of tangible fixed assets		(142,578)	(109,039)
Net cash used in investing activities		(110,104)	(73,497)
Cash flows from financing activities:			
Repayments of borrowings		(307,256)	(88,896)
Cash inflows from new borrowing		1,649,838	-
Receipt of endowment		(459)	(5,879)
Net cash provided by/(used in) financing activities		1,342,123	(94,775)
Change in cash and cash equivalents in the year		1,923,671	634,325
Cash and cash equivalents brought forward		(1,304,743)	(1,939,068)
Cash and cash equivalents carried forward	21	618,928	(1,304,743)

The notes on pages 16 to 36 form part of these financial statements.

DURHAM SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

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

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

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

The trustees consider that the charitable company and the School will continue in operation for the foreseeable future, and the accounts are therefore drawn up on a going concern basis. A restructure of overdraft and loan facilities was completed in September 2017 which has resulted in a lower interest rate agreed and part of the overdraft has been converted to a loan. This has resulted in a significant saving in finance costs. On this basis the financial statements have been prepared on a going concern basis.

1.2 Company status

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

1.3 Income

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

1.4 Expenditure

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

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

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

DURHAM SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.5 Basis of consolidation

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

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

The income and expenditure account for the year dealt with in the accounts of the company was £6,463 (2017 - £(145,378)).

1.6 Tangible fixed assets and depreciation

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

Freehold land and buildings and long-term leasehold land and buildings are included at the valuations applicable at 20 October 2010 at which time the interests in the properties were transferred to the limited company (see also note 12). All other assets are included at cost.

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

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

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

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

1.7 Investments

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

Investments in joint ventures are stated at the company's share of net assets. The company's share of the profits or losses of the joint ventures is included in the Statement of financial activities using the equity accounting basis.

1.8 Interest receivable

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

DURHAM SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.9 Leasing and hire purchase

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

1.10 Stocks

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

1.11 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.

1.12 Cash at Bank and in hand

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

1.13 Liabilities and provisions

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

1.14 Financial instruments

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

DURHAM SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.15 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.

1.16 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.

1.17 Fund accounting

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

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

1.18 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 judgement:

Bad debt provision:

The school has included provisions for bad and doubtful debts. Debts considered to be bad are provided for in full, while debts considered to be doubtful have a provision of 25% of the balance included. The total bad debt provision at 31 August 2018 is £414,923 (2017 : £440,218).

Depreciation - Depreciation is calculated so as to write off the cost of an asset, less its residual value, over the economic life of that asset. An estimate of the useful life of assets is detailed in the depreciation accounting policy. The value of depreciation charged during the year was £350,648 (2017 : £422,903)

DURHAM SCHOOL
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

2. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Endowment funds 2018 £	Total funds 2018 £	Total funds 2017 £
School fee income	9,145,876	-	-	9,145,876	8,851,077
Bursaries, grants and allowances	(1,717,935)	-	-	(1,717,935)	(1,585,138)
Registration fees	15,218	-	-	15,218	13,752
Other ancillary fees	321,713	-	-	321,713	408,013
	<u>7,764,872</u>	<u>-</u>	<u>-</u>	<u>7,764,872</u>	<u>7,687,704</u>
Total 2017	<u>7,687,704</u>	<u>-</u>	<u>-</u>	<u>7,687,704</u>	

3. FUNDRAISING INCOME

	Unrestricted funds 2018 £	Restricted funds 2018 £	Endowment funds 2018 £	Total funds 2018 £	Total funds 2017 £
Trading turnover	160,742	-	-	160,742	117,645
	<u>160,742</u>	<u>-</u>	<u>-</u>	<u>160,742</u>	
Total 2017	<u>117,645</u>	<u>-</u>	<u>-</u>	<u>117,645</u>	

4. INVESTMENT INCOME

	Unrestricted funds 2018 £	Restricted funds 2018 £	Endowment funds 2018 £	Total funds 2018 £	Total funds 2017 £
Income from investments	-	32,474	7,718	40,192	43,144
Bank interest received	6	-	-	6	-
	<u>6</u>	<u>32,474</u>	<u>7,718</u>	<u>40,198</u>	<u>43,144</u>
Total 2017	<u>-</u>	<u>35,542</u>	<u>7,602</u>	<u>43,144</u>	

DURHAM SCHOOL
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

5. ANALYSIS OF EXPENDITURE BY EXPENDITURE TYPE

	Staff costs 2018 £	Depreciation 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Trading expenditure	-	-	119,830	119,830	108,201
Investment management	-	-	178,619	178,619	280,684
Costs of raising funds	-	-	298,449	298,449	388,885
Educational charitable activities	4,697,452	350,648	2,592,912	7,641,012	7,682,221
Governance costs	-	-	36,972	36,972	32,786
	<u>4,697,452</u>	<u>350,648</u>	<u>2,928,333</u>	<u>7,976,433</u>	<u>8,103,892</u>
Total 2017	<u>4,557,023</u>	<u>422,903</u>	<u>3,123,966</u>	<u>8,103,892</u>	

6. DIRECT COSTS

	Educational activities £	Total 2018 £	Total 2017 £
Educational costs	185,837	185,837	277,962
Bursaries	51,718	51,718	13,481
Welfare	19,248	19,248	27,733
Wages and salaries	2,528,318	2,528,318	2,696,401
National insurance	365,439	365,439	352,909
Pension cost	482,201	482,201	465,749
	<u>3,632,761</u>	<u>3,632,761</u>	<u>3,834,235</u>
Total 2017	<u>3,834,235</u>	<u>3,834,235</u>	

DURHAM SCHOOL
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

7. SUPPORT COSTS

	Educational activities £	Total 2018 £	Total 2017 £
Welfare	898,152	898,152	915,593
Support costs of schooling	541,498	541,498	605,647
Premises	896,459	896,459	861,610
Wages and salaries	1,321,494	1,321,494	1,041,964
Depreciation	350,648	350,648	422,952
	<u>4,008,251</u>	<u>4,008,251</u>	<u>3,847,766</u>
Total 2017	<u>3,847,766</u>	<u>3,847,766</u>	

8. GOVERNANCE COSTS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Endowment funds 2018 £	Total funds 2018 £	Total funds 2017 £
Governance Auditors' remuneration	12,000	-	-	12,000	12,000
Legal and professional costs	24,972	-	-	24,972	20,786
	<u>36,972</u>	<u>-</u>	<u>-</u>	<u>36,972</u>	<u>32,786</u>

9. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets:		
- owned by the charitable group	350,648	422,952
Auditors' remuneration - audit	13,200	13,200
Operating lease rentals - land and buildings	213,943	213,491
Operating lease rentals - other	59,454	54,512
	<u>637,245</u>	<u>704,155</u>

During the year, no Trustees received any remuneration (2017 - £NIL).

During the year, no Trustees received any benefits in kind (2017 - £NIL).

During the year, no Trustees received any reimbursement of expenses (2017 - £NIL).

DURHAM SCHOOL
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

10. STAFF COSTS

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	3,849,812	3,738,365
Social security costs	365,439	352,909
Other pension costs	482,201	465,749
	<u>4,697,452</u>	<u>4,557,023</u>

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

	2018 No.	2017 No.
Teaching staff	71	74
Non-teaching staff	45	44
	<u>116</u>	<u>118</u>

The number of higher paid employees was:

	2018 No.	2017 No.
In the band £60,001 - £70,000	2	2
In the band £90,001 - £100,000	1	1

Of these employees, two are member of the Teachers Pension Scheme and one a selective pension plan for non-academic staff. The employer contributions in the year in relation to all of the higher-paid employees amount to £41,123 (2017 : £39,911).

The total amount of employee remuneration (including employer national insurance and pension contributions) received by key management personnel for their services to the charitable company was £562,032 (2017 : £498,610).

11. INTEREST PAYABLE

	2018 £	2017 £
On bank loans and overdrafts	<u>163,553</u>	<u>280,904</u>

DURHAM SCHOOL
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

12. TANGIBLE FIXED ASSETS

Group	Freehold property £	Leasehold property £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation					
At 1 September 2017	1,400,000	5,699,863	132,171	3,188,236	10,420,270
Additions	-	-	-	142,578	142,578
At 31 August 2018	1,400,000	5,699,863	132,171	3,330,814	10,562,848
Depreciation					
At 1 September 2017	192,570	1,413,372	34,748	2,447,083	4,087,773
Charge for the year	29,624	137,431	13,217	170,376	350,648
At 31 August 2018	222,194	1,550,803	47,965	2,617,459	4,438,421
Net book value					
At 31 August 2018	1,177,806	4,149,060	84,206	713,355	6,124,427
At 31 August 2017	1,207,430	4,286,491	97,423	741,153	6,332,497

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

Group	2018 £	2017 £
Motor vehicles	39,465	73,292

If the freehold land and buildings and long-term leasehold property had not been included at valuation they would have been included under the historical cost convention as follows:

Group	2018 £	2017 £
Cost	6,660,880	6,660,880
Accumulated depreciation	(2,751,374)	(2,615,186)
Net book value	3,909,506	4,045,694

DURHAM SCHOOL
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

Company	Freehold property £	Long-term leasehold property £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation					
At 1 September 2017	1,400,000	5,699,863	132,171	3,162,719	10,394,753
Additions	-	-	-	142,578	142,578
At 31 August 2018	1,400,000	5,699,863	132,171	3,305,297	10,537,331
Depreciation					
At 1 September 2017	192,570	1,413,372	34,748	2,421,580	4,062,270
Charge for the year	29,624	137,431	13,217	170,362	350,634
At 31 August 2018	222,194	1,550,803	47,965	2,591,942	4,412,904
Net book value					
At 31 August 2018	1,177,806	4,149,060	84,206	713,355	6,124,427
At 31 August 2017	1,207,430	4,286,491	97,423	741,139	6,332,483

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

Company	2018 £	2017 £
Motor vehicles	39,465	73,292

Cost or valuation at 31 August 2018 is as follows:

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

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

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

Company	2018 £	2017 £
Cost	6,660,880	6,660,880
Accumulated depreciation	(2,751,374)	(2,615,186)
Net book value	<u>3,909,506</u>	<u>4,045,694</u>

DURHAM SCHOOL
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

13. FIXED ASSET INVESTMENTS

	Listed securities £	Unlisted securities £	Sub total carried forward £
Group			
Market value			
At 1 September 2017	585,533	258,719	844,252
Revaluations	42,876	-	42,876
At 31 August 2018	628,409	258,719	887,128

	Sub total brought forward £	Investments in participating interests £	Total £
Group			
Market value			
At 1 September 2017	844,252	176	844,428
Revaluations	42,876	-	42,876
At 31 August 2018	887,128	176	887,304

Group investments comprise:

	2018 £	2017 £
Listed investments	628,409	585,533
Unlisted investments	258,719	258,719
Participating interests at cost	176	176
Total market value	887,304	844,428

All the fixed asset investments are held in the UK

	Listed securities £	Unlisted securities £	Total £
Company			
Market value			
At 1 September 2017	585,533	258,720	844,253
Revaluations	42,876	-	42,876
At 31 August 2018	628,409	258,720	887,129

DURHAM SCHOOL
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

13. FIXED ASSET INVESTMENTS (continued)

Company investments at market value comprise:

	2018 £	2017 £
Listed investments	628,409	585,533
Unlisted investments	258,720	258,720
Total	<u>887,129</u>	<u>844,253</u>

All the fixed asset investments are held in the UK

14. STOCKS

	<u>Group</u>		<u>Company</u>	
	2018 £	2017 £	2018 £	2017 £
Finished goods and goods for resale	<u>59,477</u>	<u>53,578</u>	<u>-</u>	<u>-</u>

15. DEBTORS

	<u>Group</u>		<u>Company</u>	
	2018 £	2017 £	2018 £	2017 £
Trade debtors	1,167,314	1,096,510	1,157,199	1,093,135
Amounts owed by group undertakings	-	-	192,019	157,103
Other debtors	21,739	28,464	21,347	28,464
Prepayments and accrued income	73,450	93,337	73,450	93,337
	<u>1,262,503</u>	<u>1,218,311</u>	<u>1,444,015</u>	<u>1,372,039</u>

16. CREDITORS: Amounts falling due within one year

	<u>Group</u>		<u>Company</u>	
	2018 £	2017 £	2018 £	2017 £
Bank loans and overdrafts	192,384	2,360,089	192,384	2,360,089
Net obligations under finance leases and hire purchase contracts	13,142	11,954	13,142	11,954
Trade creditors	148,440	205,808	143,868	202,518
Other taxation and social security	94,409	96,213	90,960	93,218
Other creditors	952,317	869,227	949,467	863,982
Accruals and deferred income	2,377,724	1,730,132	2,376,048	1,725,197
	<u>3,778,416</u>	<u>5,273,423</u>	<u>3,765,869</u>	<u>5,256,958</u>

DURHAM SCHOOL
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

16. CREDITORS: Amounts falling due within one year (continued)

	<u>Group</u>		<u>Company</u>	
	£	£	£	£
Deferred income				
Deferred income at 1 September 2017	1,466,224	1,216,421	1,466,224	1,216,421
Resources deferred during the year	1,080,203	1,191,604	1,080,203	1,191,604
Amounts released from previous years	(1,063,421)	(941,801)	(1,063,421)	(941,801)
Deferred income at 31 August 2018	<u>1,483,006</u>	<u>1,466,224</u>	<u>1,483,006</u>	<u>1,466,224</u>

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

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

	<u>Group</u>		<u>Company</u>	
	2018 £	2017 £	2018 £	2017 £
Bank loans	4,472,974	3,121,334	4,472,974	3,121,334
Net obligations under finance leases and hire purchase contracts	18,106	30,423	18,106	30,423
Accruals and deferred income	199,522	437,301	199,522	437,301
	<u>4,690,602</u>	<u>3,589,058</u>	<u>4,690,602</u>	<u>3,589,058</u>

Creditors include amounts not wholly repayable within 5 years as follows:

	<u>Group and Company</u>	
	2018 £	2017 £
Repayable by instalments	-	2,413,767

The bank loan is repayable over 36 months on a 25 year repayment basis. The final payment is due 3 years after the date of first drawdown. Interest is charged at 2.69% above base rate.

DURHAM SCHOOL
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

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

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

	Group and Company	
	2018	2017
	£	£
Between one and five years	18,106	30,423

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

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

18. STATEMENT OF FUNDS

STATEMENT OF FUNDS - CURRENT YEAR

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
General fund	(5,361,173)	7,850,138	(7,829,753)	46,572	-	(5,294,216)
McNay Bequest	5,074	-	(5,074)	-	-	-
Revaluation reserve	4,256,575	-	-	(46,572)	-	4,210,003
Other General funds	(110,962)	75,482	(89,888)	-	-	(125,368)
	<u>(1,210,486)</u>	<u>7,925,620</u>	<u>(7,924,715)</u>	<u>-</u>	<u>-</u>	<u>(1,209,581)</u>
Endowment funds						
Davies Legacy	<u>261,549</u>	<u>7,718</u>	<u>(8,177)</u>	<u>-</u>	<u>15,192</u>	<u>276,282</u>
Restricted funds						
Trust Funds	371,924	11,774	(11,774)	-	27,684	399,608
The Peter E.I. Lee Scholarship Fund	1,028,379	20,700	(31,767)	-	-	1,017,312
	<u>1,400,303</u>	<u>32,474</u>	<u>(43,541)</u>	<u>-</u>	<u>27,684</u>	<u>1,416,920</u>
Total of funds	<u>451,366</u>	<u>7,965,812</u>	<u>(7,976,433)</u>	<u>-</u>	<u>42,876</u>	<u>483,621</u>

DURHAM SCHOOL
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

18. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
General funds						
General fund	(5,280,303)	7,805,349	(8,043,753)	46,572	-	(5,472,135)
McNay Bequest	10,148	-	(5,074)	-	-	5,074
Revaluation reserve	4,303,147	-	-	(46,572)	-	4,256,575
	<u>(967,008)</u>	<u>7,805,349</u>	<u>(8,048,827)</u>	<u>-</u>	<u>-</u>	<u>(1,210,486)</u>
Endowment funds						
Davies Legacy	<u>231,666</u>	<u>7,602</u>	<u>(13,481)</u>	<u>-</u>	<u>35,762</u>	<u>261,549</u>
Restricted funds						
Trust funds	350,155	11,542	(11,542)	-	21,769	371,924
The Peter E.I. Lee Scholarship fund	1,034,349	24,000	(29,970)	-	-	1,028,379
Matthew Courtney Scholarship	<u>72</u>	<u>-</u>	<u>(72)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>1,384,576</u>	<u>35,542</u>	<u>(41,584)</u>	<u>-</u>	<u>21,769</u>	<u>1,400,303</u>
Total of funds	<u>649,234</u>	<u>7,848,493</u>	<u>(8,103,892)</u>	<u>-</u>	<u>57,531</u>	<u>451,366</u>

SUMMARY OF FUNDS - CURRENT YEAR

	Balance at 1 September 2017 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 August 2018 £
General funds	(1,210,486)	7,925,620	(7,924,715)	-	(1,209,581)
Endowment funds	261,549	7,718	(8,177)	15,192	276,282
Restricted funds	1,400,303	32,474	(43,541)	27,684	1,416,920
	<u>451,366</u>	<u>7,965,812</u>	<u>(7,976,433)</u>	<u>42,876</u>	<u>483,621</u>

DURHAM SCHOOL
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

18. STATEMENT OF FUNDS (continued)

SUMMARY OF FUNDS - PRIOR YEAR

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 August 2017 £
General funds	(967,008)	7,805,349	(8,048,827)	-	(1,210,486)
Endowment funds	231,666	7,602	(13,481)	35,762	261,549
Restricted funds	1,384,576	35,542	(41,584)	21,769	1,400,303
	<u>649,234</u>	<u>7,848,493</u>	<u>(8,103,892)</u>	<u>57,531</u>	<u>451,366</u>

The purpose of each fund is as follows:

Unrestricted Funds

General fund

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

McNay Bequest

The McNay Bequest was donated to the School by Major & Mrs B R F McNay. The income from the gift is to be used as the Headmaster decides.

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.

Matthew Courtney Scholarship

The Matthew Courtney Scholarship Fund represents a donation received to set up a prize fund to recognise the achievements of students at the school.

The Peter E.I. Lee Scholarship Fund

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

Endowment Funds

Davies Legacy

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

DURHAM SCHOOL
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT YEAR

	Unrestricted funds 2018 £	Restricted funds 2018 £	Endowment funds 2018 £	Total funds 2018 £
Tangible fixed assets	6,124,427	-	-	6,124,427
Fixed asset investments	175	641,910	245,219	887,304
Current assets	1,149,568	775,010	16,330	1,940,908
Creditors due within one year	(3,796,522)	-	-	(3,796,522)
Creditors due in more than one year	(4,672,496)	-	-	(4,672,496)
	<u>(1,209,581)</u>	<u>1,416,920</u>	<u>276,282</u>	<u>483,621</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2017 £	Restricted funds 2017 £	Endowment funds 2017 £	Total funds 2017 £
Tangible fixed assets	6,332,497	-	-	6,332,497
Fixed asset investments	175	614,226	230,027	844,428
Current assets	1,319,323	786,077	31,522	2,136,922
Creditors due within one year	(5,273,423)	-	-	(5,273,423)
Creditors due in more than one year	(3,589,058)	-	-	(3,589,058)
	<u>(1,210,486)</u>	<u>1,400,303</u>	<u>261,549</u>	<u>451,366</u>

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

	<u>Group</u>	
	2018 £	2017 £
Net income/(expenditure) for the year (as per Statement of Financial Activities)	32,255	(197,868)
Adjustment for:		
Depreciation charges	350,648	422,952
Gain on investments	(42,876)	(57,531)
Dividends, interest and rents from investments	(32,474)	(35,542)
Increase in stocks	(5,899)	(10,378)
(Increase)/decrease in debtors	(44,192)	171,927
Increase in creditors	433,731	503,158
Income attributable to endowment	(7,718)	(7,602)
Expenditure attributable to endowment	8,177	13,481
Net cash provided by operating activities	<u>691,652</u>	<u>802,597</u>

DURHAM SCHOOL
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

21. ANALYSIS OF CASH AND CASH EQUIVALENTS

	Group	
	2018	2017
	£	£
Cash in hand	3,805	3,527
Notice deposits (less than 3 months)	615,123	866,580
Overdraft facility repayable on demand	-	(2,174,850)
	<hr/>	<hr/>
Total	618,928	(1,304,743)
	<hr/>	<hr/>

22. 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 (2017: £4,134,000) based on valuations of market values of property of £6,890,000 at 20 October 2010.

23. PENSION COMMITMENTS

Defined Contribution Schemes

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

DURHAM SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

23. PENSION COMMITMENTS (continued)

Defined Benefit Schemes

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

Charitable company contributions charged to all of the charitable company's Schemes during the year amount to £465,749 (2016: £463,037). All contributions were paid during the year.

Teacher's Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a "pay as you go" basis - these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. 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 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% 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 £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 September 2019.

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

DURHAM SCHOOL
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

23. PENSION COMMITMENTS (continued)

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

24. OPERATING LEASE COMMITMENTS

At 31 August 2018 the total of the group's future minimum lease payments under non-cancellable operating leases was:

	2018 £	2017 £
Group and Company		
Amounts payable:		
Within 1 year	258,125	271,891
Between 1 and 5 years	362,565	554,426
After more than 5 years	488,148	551,782
Total	<u>1,108,838</u>	<u>1,378,099</u>

25. 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.

26. 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.

During the year, the charitable company charged £Nil (2017 : £2,500) to cover secretarial and administration costs and received scholarships on behalf of pupils totalling £46,411 (2017 : £44,983) from The Burkitt Scholarship Fund, which is a separately administered charitable company, in which the Headmaster is a Trustee. As at 31 August 2018 the balance owed by the Burkitt Scholarship Fund was £8,411 (2017 : £13,703).

During the year, the charitable company received scholarships on behalf of pupils totalling £Nil (2016: £14,007) from Durham School Langley Foundation, which is a separately administered charitable company, in which A MacConachie is a trustee. As at 31 August 2018 the balance owed by Durham School Langley Foundation was £Nil (2017 : £10,000 debtor).

DURHAM SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

27. PRINCIPAL SUBSIDIARIES

Durham School Trading Limited

Subsidiary name	Durham School Trading Limited
Company registration number	04175538
Basis of control	Shareholding
Equity shareholding %	100%
 Total assets as at 31 August 2018	 £ 79,199
Total liabilities as at 31 August 2018	£ (204,566)
Total equity as at 31 August 2018	£ (125,367)
 Turnover for the year ended 31 August 2018	 £ 160,742
Expenditure for the year ended 31 August 2018	£ (175,148)
Loss for the year ended 31 August 2018	£ (14,406)