

Charity Registration No. 1136362

Company Registration No. 07256996 (England and Wales)

DURAND EDUCATION TRUST

(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND CONSOLIDATED AUDITED ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 2017

DURAND EDUCATION TRUST (A COMPANY LIMITED BY GUARANTEE)

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Mark Adrian McLaughlin John Patrick Wentworth Brendan McShane	(Appointed 13 February 2017) (Appointed 30 October 2017)
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Charity number	1136362
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Company number	07256996
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Registered office	Durand Primary School Hackford Road Stockwell London SW9 0RD
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Auditor	Citroen Wells Chartered Accountants Devonshire House 1 Devonshire Street London W1W 5DR
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Bankers	Lloyds Bank Plc 25 Gresham Street London EC2V 7HN
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Solicitors	Lee Bolton Monier-Williams 1 The Sanctuary Westminster London SW1P 3JT
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DURAND EDUCATION TRUST (A COMPANY LIMITED BY GUARANTEE)

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DURAND EDUCATION TRUST (A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT) FOR THE YEAR ENDED 31 AUGUST 2017

The trustees present their annual report together with the consolidated accounts of the company and its subsidiary for the year ended 31 August 2017.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the company's Memorandum and Articles of Association, the Companies Act 2006 and "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)".

Objectives and activities

The company's objects are to advance education for the public benefit, in particular the education of the pupils at Durand Academy Trust, through establishing, maintaining and developing Academies to offer a broad curriculum.

The principal activity of the subsidiary, London Horizons Limited (LHL), is the running of a leisure centre and accommodation facilities owned by the company.

The trustees have paid due regard to guidance issued by the Charity Commission in deciding what activities the company should undertake.

Strategic report

The description under the headings "Achievements and performance" and "Financial review" meet the company law requirements for the trustees to present a strategic report.

Achievements and performance

The Statement of Financial Activities set out on page 6 shows the results for the year.

Total income amounted to £1,137,299 (2016: £1,185,718) which comprises of trading income of £1,136,817 (2016: £1,184,207), from the running of the leisure centre and accommodation facilities by LHL and interest income of £482 (2016: £1,511).

The group incurred costs relating to its charitable activities of £319,785 (2016: £628,342) and trading costs of £1,082,143 (2016: £631,368). Included in charitable activities are governance costs of £44,270 (2016: £352,857).

Financial review

The Statement of Financial Position set out on page 8 shows the group's financial position at 31 August 2017.

At 31 August 2017, the net book value of fixed assets was £16,694,228 and movements in tangible fixed assets are shown in note 10 to the accounts. Fixed assets include properties which are used by Durand Academy Trust in order to provide education and associated support services to pupils of the Durand Academy and the wider community. These have been treated as social investment properties as required by the new accounting standards and regulations.

Reserve Policy

It is the policy of the company that unrestricted funds which have not been designated for a specific use should be maintained at a level equivalent to between three and six month's expenditure. The trustees consider that reserves at this level will ensure that, in the event of a significant drop in funding, they will be able to continue the company's current activities whilst consideration is given to ways in which additional funds may be raised. This level of reserves has been maintained throughout the year.

Risk management

The trustees have assessed the major risks to which the group is exposed, and are satisfied that systems are in place to mitigate exposure to those risks.

DURAND EDUCATION TRUST (A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Structure, governance and management

The company is limited by guarantee and was incorporated in England on 18 May 2010 (no. 07256996) and is a registered charity no. 1136362.

The trustees who served during the year were:

Mark Adrian McLaughlin

David George Buckley

Philip Blair

John Patrick Wentworth

Brendan McShane

(Resigned 30 October 2017)

(Resigned 21 February 2017)

(Appointed 13 February 2017)

(Appointed 30 October 2017)

The number of trustees should not be less than two, but (unless otherwise determined by ordinary resolution) is not subject to any maximum. The appointment is subject to any restrictions imposed by the Education Acts. A director is appointed by the company under an ordinary resolution provided that not less than two thirds of the trustees support the application.

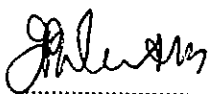
The company does not have a share capital. Every member of the company undertakes to contribute to the assets of the company, in the event of it being wound up while he/she is a member and for 12 months thereafter, such amounts as may be required, but not exceeding £10, for the debts and liabilities contracted before he/she ceases to be a member.

LHL is a 100% subsidiary of the company. In the event of LHL being wound up, the company undertakes to contribute £1 to its assets.

Plans for the future

The company will hopefully continue to receive charitable donations from LHL and will make these sums available to support the education of pupils at Durand Academy Trust or its successor school.

The trustees' report was approved by order of the Board of Trustees on 31 May 2018 and signed on the Board's behalf by:



John Patrick Wentworth
Trustee

DURAND EDUCATION TRUST (A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE YEAR ENDED 31 AUGUST 2017

The trustees, who also act as directors of Durand Education Trust for the purpose of company law, are responsible for preparing the Trustees' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law requires the trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP FRS102;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in operation.

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

DURAND EDUCATION TRUST (A COMPANY LIMITED BY GUARANTEE)

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF DURAND EDUCATION TRUST

Opinion

We have audited the accounts of Durand Education Trust (the 'parent charitable company' and its subsidiary (the 'group') for the year ended 31 August 2017 which comprise of the Consolidated Statements of Financial Activities, the Company's Statements of Financial Position, the Consolidated Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), 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 accounts:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 August 2017 and of the group's incoming resources and application of resources, including the group's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the accounts section of our report. We are independent of the group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the accounts in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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 accounts is not appropriate;
- the trustees have not disclosed in the accounts any identified material uncertainties that may cast significant doubt about the group's or 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 accounts are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the accounts and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts 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 accounts 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.

DURAND EDUCATION TRUST (A COMPANY LIMITED BY GUARANTEE)

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF DURAND EDUCATION TRUST

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the accounts is inconsistent in any material respect with the Trustees' Report; or
- sufficient accounting records have not been kept by the parent's charitable company; or
- the parent charitable company's accounts are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, the trustees, who are also the directors of the charitable company for the purpose of company law, are responsible for the preparation of the accounts 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 accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, 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.

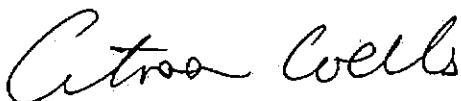
Auditor's responsibilities for the audit of the accounts

We have been appointed as auditors under section 152 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these accounts.

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

This report is made solely to the charitable company's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charitable company's trustees 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's and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Stephen Simou (Senior Statutory Auditor)
for an on behalf of Citroen Wells

31 May 2018

Chartered Accountants
Statutory Auditor

Devonshire House
1 Devonshire Street
London
W1W 6DR

Citroen Wells is eligible for appointment as auditor of the charitable company by virtue of its eligibility for appointment as auditor of a company under in terms of section 1212 of the Companies Act 2006

DURAND EDUCATION TRUST (A COMPANY LIMITED BY GUARANTEE)

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2017

	Notes	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
<u>Income from:</u>					
Trading activities	3	1,136,817	-	1,136,817	1,184,207
Investments	4	482	-	482	1,511
Total income		1,137,299	-	1,137,299	1,185,718
<u>Expenditure on:</u>					
Charitable activities	5	69,785	250,000	319,785	628,342
Trading costs	6	1,082,143	-	1,082,143	631,368
Net expenditure for the year/ Net movement in funds		(14,629)	(250,000)	(264,629)	(73,992)
Fund balances at 1 September 2016		3,452,155	13,425,000	16,877,155	16,951,147
Fund balances at 31 August 2017		3,437,526	13,175,000	16,612,526	16,877,155

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

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

DURAND EDUCATION TRUST (A COMPANY LIMITED BY GUARANTEE)

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2017

Comparative year information		Unrestricted	Restricted	Total
Year ended 31 August 2016		funds	funds	2016
	Notes	£	£	£
Income from:				
Trading activities	3	1,184,207	-	1,184,207
Investments	4	1,511	-	1,511
Total income		1,185,718	-	1,185,718
Expenditure on:				
Charitable activities	5	378,342	250,000	628,342
Trading costs	6	631,368	-	631,368
Net income/(expenditure) for the year/ Net movement in funds		176,008	(250,000)	(73,992)
Fund balances at 1 September 2015		3,276,147	13,675,000	16,951,147
Fund balances at 31 August 2016		3,452,155	13,425,000	16,877,155

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

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

DURAND EDUCATION TRUST (A COMPANY LIMITED BY GUARANTEE)

STATEMENTS OF FINANCIAL POSITION AS AT 31 AUGUST 2017

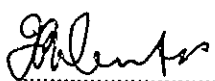
	Notes	Group 2017 £	2016 £	Company Restated 2017 £	2016 £
Fixed assets					
Property, plant and equipment	10	16,694,228	16,980,391	16,588,088	16,863,543
Current assets					
Trade and other receivables	12	68,154	59,812	6,474	12,416
Cash at bank and in hand		166,920	1,957,992	108,140	1,926,531
		235,074	2,017,804	114,614	1,938,947
Liabilities					
Current liabilities	13	(316,776)	(2,121,040)	(140,039)	(2,048,787)
Net current liabilities		(81,702)	(103,236)	(25,425)	(109,840)
Total assets less current liabilities		16,612,526	16,877,155	16,562,663	16,753,703
Funds					
Restricted funds	14	13,175,000	13,425,000	13,175,000	13,425,000
Unrestricted funds		3,437,526	3,452,155	3,387,663	3,328,703
		16,612,526	16,877,155	16,562,663	16,753,703

The group is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 31 August 2017, although an audit has been carried out under section 144 of the Charities Act 2011. No member of the group has deposited a notice, pursuant to section 476, requiring an audit of these accounts under the requirements of the Companies Act 2006.

The trustees' responsibilities for ensuring that the charity keeps accounting records which comply with section 386 of the Act and for preparing accounts which give a true and fair view of the state of affairs of the group as at the end of the financial year and of its incoming resources and application of resources, including its income and expenditure, for the financial year in accordance with the requirements of sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to accounts, so far as applicable to the group.

These accounts have been prepared in accordance with the provisions applicable to group subject to the small companies' regime.

The accounts were approved by the Trustees on 31 May 2018.



John Patrick Wentworth
Trustee

Company Registration No. 07256996

DURAND EDUCATION TRUST (A COMPANY LIMITED BY GUARANTEE)

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2017

	Notes	£	2017 £	£	2016 £
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	19		(1,778,192)		139,459
Investing activities					
Interest received		482		1,511	
Purchase of property, plant and equipment		(13,362)		(85,524)	
Net cash absorbed from investing activities			(12,880)		(84,013)
Net (decrease)/increase in cash and cash equivalents			(1,791,072)		55,446
Cash and cash equivalents at beginning of year			1,957,992		1,902,546
Cash and cash equivalents at end of year			166,920		1,957,992

DURAND EDUCATION TRUST (A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

1.1 Company and group information

Durand Education Trust is a private company limited by guarantee incorporated in England and Wales. The registered office is Durand Primary School, Hackford Road, Stockwell, London, SW9 0RD.

The Group consists of Durand Education Trust and its wholly owned subsidiary London Horizons Limited ("LHL"). LHL became a wholly owned subsidiary on 31 December 2014. LHL's company registration number is 03422748 and the company is registered in England and Wales.

1.2 Accounting convention

These accounts have been prepared in accordance with the Companies Act 2006 and "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)" (as amended for accounting periods commencing from 1 January 2016). The company is a Public Benefit Entity as defined by FRS 102.

The accounts are prepared in sterling, which is the functional currency of the group. Monetary amounts in these accounts are rounded to the nearest £.

The accounts have been prepared under the historical cost convention, modified to include the revaluation of freehold properties. The principal accounting policies adopted are set out below.

1.3 Going concern

The accounts have been prepared on a going concern basis on the underlying assumption that London Horizons Limited will continue to financially support the company and thereby allowing it to meet its financial commitments as they fall due.

1.4 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives unless the funds have been designated for other purposes.

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the company at the discretion of the trustees.

Restricted fixed asset funds are resources which are to be applied for specific capital purposes imposed by the sponsor where the asset acquired or created is held for a specific purpose.

1.5 Group accounts

The accounts consolidate the results of the charity and its wholly owned subsidiary, LHL, on a line-by-line basis. A separate Statement of Financial Activities and Income and Expenditure Account for the charity has not been presented because the Trust has taken advantage of the exception afforded by section 408 of the Companies Act 2006.

DURAND EDUCATION TRUST (A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies (continued)

1.6 Income

Income is recognised when the group is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the group has been notified of the donation, unless performance conditions require deferral of the amount.

Properties donated to the group are included in the accounts as incoming resources at the trustees' estimate of the market value of those properties at the time when the gift is made.

Interest receivable are included within the statement of financial activities on a receivable basis.

Trading income is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of VAT.

1.7 Expenditure

Resources expended are recognised in the period in which they are incurred. They have been classified under headings that aggregate all costs related to that activity.

Governance costs include the costs attributable to the company's compliance with constitutional and statutory requirements, including audit, strategic management and reimbursed expenses.

1.8 Property, plant and equipment

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost or valuation, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the Government or from donations from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. The related grants and donations are credited to either the restricted fixed asset funds or unrestricted funds in the statement of financial activities and carried forward in the balance sheet. Depreciation on such assets is charged to their respective fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the various assets on a basis consistent with the group's depreciation policy.

Tangible fixed assets are stated at cost or, in the case of donated assets, at the trustees' estimate of market value at the time the asset is donated, less depreciation. Depreciation is provided on the cost or valuation of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives from when they are first brought into use. The annual rates used for each class of asset are:

Freehold land is not depreciated

Freehold buildings

2% on a straight line basis

Leasehold improvements

7 years on a straight line basis

Fixtures, fittings & equipment

3 – 7 years on a straight line basis

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

DURAND EDUCATION TRUST (A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies (continued)

1.9 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease

1.10 Investments

Investments in subsidiaries are included in the balance sheet at cost less provisions for permanent diminution in value.

1.11 Accumulated funds

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the company at the discretion of the trustees and also the trading results of the subsidiary undertaking.

Restricted fixed asset funds are resources which are to be applied for specific capital purposes imposed by the sponsor where the asset acquired or created is held for a specific purpose.

1.12 Impairment of non-current assets

At each reporting end date, the group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in income/(expenditure) for the year, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.13 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

DURAND EDUCATION TRUST (A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies (continued)

1.14 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the accounts, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including trade and other payables are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

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 for charitable purposes.

The subsidiary donates all its taxable profits to the parent company each year and as such, there is no liability to corporation tax.

DURAND EDUCATION TRUST (A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies (continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

2 Critical accounting estimates and judgements

In the application of the company's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Critical accounting estimates and assumptions

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical areas of judgement

The company's accounting policy for tangible fixed assets is set out in note 1.8. The carrying value of fixed assets as at 31 August 2017 was £16,694,228 and the depreciation charge for the year was £299,525. The estimated useful economic lives of fixed assets are based on management's judgement and experience. Asset lives and residual values are reviewed regularly and an adjustment is made for any material difference arising from the difference between the actual and estimated useful lives. Historically however, any changes to the estimates of useful economic lives of any assets have not been material.

3 Trading activities

	2017	2016
	£	£
Membership fees	468,422	461,262
Accommodation fees	590,189	644,038
Other income	78,206	78,907
	<u>1,136,817</u>	<u>1,184,207</u>

4 Investments

	2017	2016
	£	£
Interest receivable	482	1,511
	<u>482</u>	<u>1,511</u>

DURAND EDUCATION TRUST (A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

5 Charitable activities

	2017 £	2016 £
Depreciation and impairment	275,455	275,455
Bank charges	60	30
	<u>275,515</u>	<u>275,485</u>
Governance costs (see note 7)	44,270	352,857
	<u>319,785</u>	<u>628,342</u>

6 Trading costs

	2017 £	2016 £
Cost of sales	640,068	581,553
Administrative expenses	37,075	49,815
Termination of contract fees	405,000	-
	<u>1,082,143</u>	<u>631,368</u>

7 Governance costs

	2017 £	2016 £
Audit fees	21,566	10,134
Legal and professional fees	(5,423)	297,205
Other costs	28,127	45,518
	<u>44,270</u>	<u>352,857</u>

8 Trustees

None of the trustees (or any persons connected with them) received any remuneration during the year.

9 Employees

Other than the Trustees and directors of LHL, there were no employees during the year (2016: no employees).

DURAND EDUCATION TRUST (A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

10 Property, plant and equipment

Group	Freehold land and buildings	Fixtures, fittings & equipment	Total
	£	£	£
Cost			
At 1 September 2016	18,400,000	272,160	18,672,160
Additions	-	13,362	13,362
At 31 August 2017	18,400,000	285,522	18,685,522
Depreciation and impairment			
At 1 September 2016	1,575,000	116,769	1,691,769
Depreciation charged in the year	250,000	49,525	299,525
At 31 August 2017	1,825,000	166,294	1,991,294
Carrying amount			
At 31 August 2017	16,575,000	119,228	16,694,228
At 31 August 2016	16,825,000	155,391	16,980,391
Company			
	£	£	£
Cost			
At 1 September 2016 and 31 August 2017	18,400,000	127,276	18,527,276
Depreciation and impairment			
At 1 September 2016	1,575,000	88,733	1,663,733
Depreciation charged in the year	250,000	25,455	275,455
At 31 August 2017	1,825,000	114,188	1,939,188
Carrying amount			
At 31 August 2017	16,575,000	13,088	16,588,088
At 31 August 2016	16,825,000	38,543	16,863,543

The company's assets include properties which are used by the Durand Academy Trust in order to provide education and associated support services to pupils of the Durand Academy and the wider community. These have been treated as social investment properties as required by the new accounting standards and regulations.

11 Subsidiaries

London Horizon Limited ('LHL') (Company no: 03422748) became a wholly owned subsidiary of the company on 31 December 2014. LHL is a company limited by guarantee incorporated in the United Kingdom with no share capital. Its principal activities are the running of a leisure centre and the provision of health and sporting activities. The latest audited accounts for LHL are for the period to 31 August 2017. At 31 August 2017, LHL's profit for the period and reserves were £272,629 and £49,863 respectively.

DURAND EDUCATION TRUST (A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

12 Trade and other receivables

	Group 2017 £	2016 £	Company 2017 £	2016 £
Amounts falling due within one year:				
Trade receivables	48,489	19,586	-	-
Other receivables	1,480	14,449	-	-
Prepayments and accrued income	18,185	25,777	6,474	12,416
	<u>68,154</u>	<u>59,812</u>	<u>6,474</u>	<u>12,416</u>

13 Current liabilities

	Group 2017 £	2016 £	Company 2017 £	2016 £
Trade payables	21,230	41,018	-	-
Other payables	124,252	2,041,937	124,659	2,041,937
Accruals and deferred income	171,294	38,085	15,380	6,850
	<u>316,776</u>	<u>2,121,040</u>	<u>140,039</u>	<u>2,048,787</u>

14 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Balance at 1 September 2016 £	Movement in funds		Balance at 31 August 2017 £
		Incoming resources £	Resources expended £	
Restricted Funds	13,425,000	-	(250,000)	13,175,000

The Restricted Funds comprise of freehold land and buildings originally donated by the Durand Primary School.

DURAND EDUCATION TRUST (A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

15 Analysis of net assets between funds

Group	Unrestricted funds £	Restricted funds £	Total £
Fund balances at 31 August 2017 are represented by:			
Property, plant and equipment	3,519,228	13,175,000	16,694,228
Current assets/(liabilities)	(81,702)	-	(81,702)
	<u>3,437,526</u>	<u>13,175,000</u>	<u>16,612,526</u>
Company	Unrestricted funds £	Restricted funds £	Total £
Fund balances at 31 August 2017 are represented by:			
Property, plant and equipment	3,413,088	13,175,000	16,588,088
Current assets/(liabilities)	(25,425)	-	(25,425)
	<u>3,387,663</u>	<u>13,175,000</u>	<u>16,562,663</u>

16 Financial commitments, guarantees and contingent liabilities

In the event of the sale or disposal by other means of those established assets donated by the Durand Primary School for the purpose of the delivery of education, the company shall, if it does not re-invest the proceeds for a similar purpose, repay to the Secretary of State of the Department for Education the same proportion of the proceeds of the sale or disposal as equates to the proportion of the original cost met by the Secretary of State.

17 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases totalling £nil (2016: £6,016).

18 Related party transactions

Mark McLaughlin was also a director of Durand Academy Trust ('DAT'), a charitable company registered in England and Wales. The school sites at Hackford Road and Cowley Road, London and in Midhurst, West Sussex are owned by the company and are leased informally to DAT for a peppercorn rent. After year end, DAT stopped occupying the property at Midhurst, West Sussex.

During the year, the group invoiced DAT for services it provided to the pupils, staff and parents totalling £158,498 (2016: £137,219). At the year end, the group owed £88,860 (2016: £1,996,240) to DAT.

GMG Educational Support (UK) Limited ('GMGES') and GMG Management Resources UK Limited ('GMGMR') are companies controlled by Sir Gregory Martin, who was also a director of DAT. During the year, the group paid £341,804 (2016: £376,463) for services it received from these companies. On 1 December 2016, the company terminated the 'agreement for services' contract with GMGMR triggering termination fees of £850,000 payable over an eighteen month period. During the period, an amount of £405,000 was payable by the company to GMGMR with remaining balance payable over nine months after the period end. At the year-end, the group was indebted to both companies in the amount of £107,646 (2016: £20,415).

DURAND EDUCATION TRUST (A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

19 Cash generated from operations	2017	2016
	£	£
Deficit for the year	(264,629)	(73,992)
Adjustments for:		
Investment income recognised in profit or loss	(482)	(1,511)
Depreciation and impairment of property, plant and equipment	299,525	289,574
Movements in working capital:		
Decrease in trade and other receivables	(8,341)	76,565
Decrease in trade and other payables	(1,804,265)	(151,177)
Cash generated from operations	(1,778,192)	139,459
