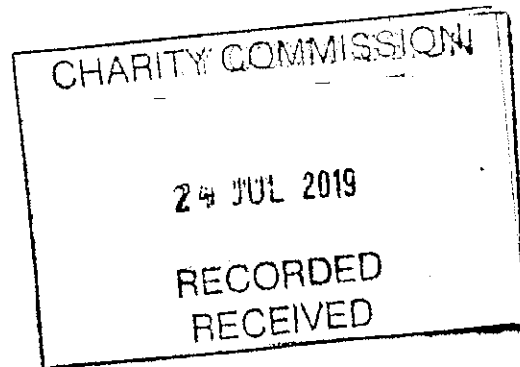
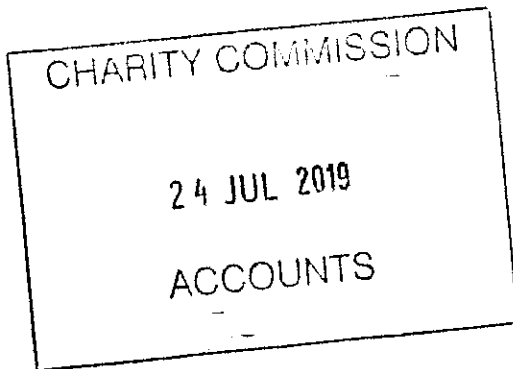


REGISTERED COMPANY NUMBER: 06596258 (England and Wales)
REGISTERED CHARITY NUMBER: 1125375



**Report of the Governors and
Financial Statements for the Year Ended 31 August 2018
for
Barnard Castle School**

Clive Owen LLP
Chartered Accountants
& Statutory Auditors
140 Coniscliffe Road
DARLINGTON
County Durham
DL3 7RT

Barnard Castle School
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for the Year Ended 31 August 2018

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Barnard Castle School
Report of the Governors
for the Year Ended 31 August 2018

The Governors who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 August 2018. The Governors have adopted the provisions of 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).

Introduction from the Chairman

Barnard Castle School (Barney), as one of the leading Independent Day and Boarding schools in the North of England, is fully committed to providing a first-class education for boys and girls from the age of 4 to 18. Our work is characterised by two constant imperatives:

- to inspire pupils in a safe, happy and supportive environment; and
- to provide an educational experience which combines academic rigour with a breadth of extra-curricular opportunities designed to help each child to find their own individual focus and to develop to their fullest potential.

The cornerstone of School life continues to be characterised by the following values which were laid down at the Schools inception in 1883.

- **Community**
Our staff and pupils feel part of something bigger than themselves, not just during their time at school, but for the rest of their lives;
- **Endeavour**
The School encourages its pupils to be intellectually curious, to be multi-dimensional and to embrace new challenges as they arise;
- **Integrity**
Pupils are helped to develop a robust work ethic, to have consistency and humility in their actions towards other people and to apply a strong moral compass to all that they do;
- **Compassion**
Being part of the community requires each individual to care about other people's happiness. By developing high level emotional intelligence, each child is expected to treat others with kindness and understanding;
- **Duty**
The School is committed to imbue its pupils with an understanding that they have a moral obligation to serve others and to seek out opportunities to enrich the wider community with an altruistic and selfless outlook; and
- **Enjoyment**
The community aspires to bring a sense of fun and enjoyment in all it does for and with others. By striving to be the best version of ourselves and by adopting the values above, we aim to enjoy our lives and make ourselves and those around us happy and proud.

I hope that this report will clearly show to any interested party the energy, enthusiasm and commitment which characterise the school as it strives to improve how its core values are delivered. It is particularly encouraging to see that commitment so clearly demonstrated by all parts of our community, namely;

- our staff. Barney's achievements are in great measure founded on the sterling work of its senior management team and its teaching and support staff and I would take this opportunity to thank them for all that they do both to sustain and to enhance the quality and standing of the School;
- our Governing Body and our local partners in their dedication to providing controlled governance, to supporting and mentoring staff, and to providing strategic, development and fund-raising support which has allowed us to move on from the sixth form centre development to the next exciting stage of our development Master Plan;
- our Old Barnardians, who have contributed their interest, time and financial resource so generously; and, of course,
- our pupils and parents, who continue to make the School come to life and create such a positive and happy atmosphere. We place great emphasis and value on the whole school "Barney" journey, and the fact that so many of our pupils grow up with us through all of their childhood is both a humbling responsibility, but also immensely rewarding for all concerned.

Barnard Castle School
Report of the Governors
for the Year Ended 31 August 2018

Introduction from the Chairman (continued)

In parallel, we continue to make a significant commitment to strengthen what it means, in practical terms, as a School, to be a charity through, inter alia, support of:

- pupils through bursaries and scholarships;
- the local community and schools by providing access to the School's facilities and grounds; and
- Barnard Castle, County Durham and beyond through charity fundraising and events.

The School and Governing body see this work as an immensely important part of our role within the locality and, in providing the opportunity to experience its benefits to as wide and diverse a cross-section of society as possible, a key driver in breaking down barriers.

I continue to be proud of all that the School has achieved in the last twelve months and hope that the pages that follow will clearly show Barney to be an encouraging and happy community which takes every opportunity to enrich lives and strives for excellence in all things.

Peter Mothersill
Chairman of the Governing Body

Barnard Castle School
Report of the Governors
for the Year Ended 31 August 2018

From the Headmaster

It has been an absolute privilege leading this wonderful school in my first year as Headmaster. In a world which increasingly finds faults in the independent sector, and with very few friends in the political and media worlds, it is an honour to see at first hand the efforts this school goes to widen access to as many young people as it can, within our means, and to transform lives as a result.

With such a broad entry, and from all corners of the globe, this 19th century building in rural Teesdale continues to improve young people, and develop their characters.

In an increasingly global world, and with the ubiquity of technology, we realise that our responsibility lays not only in ensuring our children maximise their academic potential, but we need to develop young adults with character. This happens on a day to day basis here, almost subliminally, and it is something our staff recognise as being special about the place they work in.

Be it learning how to handle less on the sports field, or not quite achieving the grade that had been targeted, or missing out on a part in the Musical, or stumbling over a line during Public Speaking, it is our responsibility to allow our children to fail in a supportive environment, and to ensure they reflect on how they can improve. That goes for the adult too. Our responsibility, along with their parents and guardians, is to arm them with the tools to deal with paths ahead of them, not to do it for them.

The clarity of our purpose ensures our young people continue to maximise their academic potential, whilst activating a breadth of interests and skills, whilst also developing into confident adults, underpinned with that all important quality: humility.

The above is all achieved in a happy and inclusive environment, and it remains an exciting time to be involved in such a special place.

The Strategic Plan for the School identifies the following strategic themes:

- Wellbeing
- Character
- Curiosity
- Journey
- Efficiency
- Infrastructure
- Interaction
- Legacy
- Framework

This report will follow this format and will detail highlights and developments in the year.

Tony Jackson
Headmaster

Barnard Castle School

Report of the Governors for the Year Ended 31 August 2018

Strategic Report

Wellbeing

Objective: to be recognised as the leading school for outstanding pastoral care in the North of England, ensuring the safeguarding and protection of each individual associated with Barney, from pupil to employee and educating everyone in understanding positive mental health.

- **Deputy Head Pastoral Appointment**

One of our objectives for 2017/18 was to appoint a Deputy Head Pastoral and we are delighted that an appointment was made and the successful candidate started on 1st September 2018.

- **Junior Boarding Provision**

September 2017 saw a realignment of the boarding provision in which pupils remain in the 'Junior Boarding House' until the start of year 9 to allow a more gradual transition into Senior School. This has proved to be a great success and as a result the final phase of the Junior Boarding provision incorporated an increase in the number of beds.

Character

Objective: To develop confidence, humility, a strong spiritual and moral compass, altruism and soft/life skills in each of our pupils.

At Barney we look at each child as an individual, developing key characteristics to ensure that they leave with the right attitude to flourish. To enhance the education of the pupils we run an extensive co-curricular programme in which each pupil is expected to engage.

Highlights of achievements outside of the classroom during the academic year 2017/18 have included.

- **Activity Programme**

A bespoke 'Mind, Body & Soul' programme was launched for the Year 7 & 8 pupils during the Activity time slots. The programme ensures that each member of the two year groups undertake three different activities each week based on Mind (cerebral), Body (physical that is not traditional games) and Soul (something charity, community or relaxing).

- **Combined Cadet Force (CCF)**

CCF continues to thrive with 230 cadets. Highlights this year have included a pupil being selected to take part in a week long course at RAF Tayside at which he gained his silver wings for a solo flight. Nine further cadets were also awarded their first flight certificate at RAF Leeming.

- **Sport**

- Michaelmas Term saw the revamped U10 Clegg Cup and U12 Tait Tens rugby festival weekend, which saw the addition of the inaugural U10 Seddon hockey competition.
- Hockey - U10, U12, U14 and U16 teams were all County Champions
- Netball - Y11 girl was selected for the England U17 squad. The U18 team qualified for the Nationals in January.
- Rugby - Newcastle Falcons Academy selected 5 pupils for U18 and 5 pupils for U15. A further 3 pupils were selected for the U18 County.
- Athletics - Y10 girl won 2 golds at the U16 Cerebral Palsy Sport Games in Nottingham and has been selected for the England Cerebral Palsy World Games.
- Tennis - Y10 girl won the Wilford Ladies Singles Championship
- Equestrian - Y12 girl was instrumental in the creation and formation of the first equestrian team which has proved extremely popular. Y12 girl won the National Championships and became the Supreme Junior Rider of the year and qualified for the international horse show at Hickstead.

Barnard Castle School

Report of the Governors for the Year Ended 31 August 2018

- **Music**
 - At Durham Cathedral 74 pupils sang the Cathedral Evensong
 - Y7, 8, 9 & 10 soloists performed at St Mary's Church for residents from Manor House care home
 - The Chapel choir sang Evensong at Hexham Abbey
 - Prep School saw 58 children perform in the Have-a-go Concert ranging from group work, singing and instrumental performances
 - Y6 pupils went to the Charles Dickens Lodge care home to sing carols and deliver gifts and cards.
 - In early November the School hosted the Rotary Young Musician of the year with one pupil winning the overall vocal section.
- **Drama**
 - All years in the School performed with Pre-Prep - Nativity Christmas Counts; Years 3 /4 - Zoom; Years 5/6 Rock Bottom and Senior School - Sweeney Todd and Noises Off.
 - Y3 held an African Arts evening of dance, poetry, facts, music and cooking which was well attended by their parents
- **Duke of Edinburgh Awards**
 - The DofE continues to be successful with 2 Gold and 38 Silver awards completed during the year.

Curiosity

Objective: Develop young adults who are intellectually curious, possess an appetite for learning, have an independent attitude towards learning, a thirst for knowledge and are culturally literate; culminating in academic results which maximise potential.

- 2018 was an excellent year for GCSE and IGCSE with outstanding results for English Language and Literature. A-level results saw a significant rise in the top grades with several outstanding individual performances.
- The Forest School has proved to be a fantastic addition to the Prep School, enhancing the pupils independent thinking skills and resilience as well as giving them a greater sense of themselves.
- Curriculum events continue to inspire the pupils and have ranged from a Medieval Day to visits to Arbeia to trips to London

Journey

Objective: Use our 'whole school' to see genuine development from the age of entry until departure and beyond, in all aspects of life.

A great asset of the School is the relationship between the Prep and Senior School and it was fantastic to see all pupils from Reception to Y13 take part in the historic annual 'Barney run'. We take great responsibility in the whole school journey recognising that at different stages of this journey, the often subtle variations required in provision and support.

Throughout the journey, the pupils are encouraged to take control of their learning whilst developing skills in independence, initiative, empathy and challenge.

The purpose built Sixth Form Centre continues to be a valuable asset and saw the inaugural Employability Week where pupils worked on the "Top 10 Skills for Employability" identified in a report by the World Economic Forum. There were a series of lectures and seminars on emotional intelligence, complex problem solving and cognitive flexibility amongst others. This was followed up with reflection sessions where the students had the opportunity to think about the competencies they were developing throughout the week, and indeed their Sixth Form journey as a whole.

Efficiency and infrastructure

Objective: Ensure the smooth day to day financing and running of the School, with the overall objective of ensuring the School operates within prudent financial parameters.

Objective: Ensure the upkeep, safety and appropriateness of the facilities which support the running of the School. To ensure those individuals working at the school are performing strongly, and to attract high quality individuals to the School.

Barnard Castle School

Report of the Governors for the Year Ended 31 August 2018

- **Financial review and performance**

The School made an operating (deficit)/surplus of £(209,387) (2017: £139,544) before exceptional items and the pension valuation adjustment. The net assets of the School at the balance sheet date were £8,874,620 (2017: £8,584,007) and the net cash position of the School after deduction of bank loans was £829,935 (2017: £812,771). The School continued to operate during the year without the need for a bank overdraft facility.

The School had total income during the year of £8,746,770 (2017: £9,133,567) after remissions and cost of providing school buses. Total school fees income during the year was £9,631,214 (2017: £9,914,953) with average pupil numbers 664 (2017: 691). Total expenditure excluding exceptional items and gains/losses on investments for the year was £8,937,306 (2017: £9,048,203).

The Senior Management Team provide each respective Governor sub-committee with at least termly reports. Each committee reviews and monitors the reports to measure performance and identify trends with regard to academic performance, pastoral matters, marketing and development, historic and future financial performance.

- **Reserves policy**

The policy of the School is to achieve an annual operating surplus which will allow continued investment in the infrastructure of the School. At 31 August 2018 the School held fund balances of £8,874,620 comprising £8,102,539 unrestricted funds, £726,206 of restricted funds and £45,875 endowment funds.

The Durham County Council Local Government Scheme notional pension fund calculation is impacted by the assumptions made at the end of the financial year and can result in large swings in the valuation. In the short term the opinion of the Governors is that the calculation has only limited effect on the School's cash flow, while in the longer term the effects are expected to be sustainable out of the future income and are therefore disregarded for reserve policy purposes. Options which might mitigate the risk continue to be explored.

- **Investment Policy**

The Governors investment powers are generated by Trust Deed and they have delegated the management of the investment portfolio to Brewin Dolphin and Black Rock. The Board's policy is to adopt a low to medium risk investment strategy.

- **Estate Development**

The School continued to invest in the School in line with the Masterplan and in particular 2017/18 saw the major refurbishment of North Corridor in Main School incorporating new staff common room, refurbishment of the Sports Hall and Music School Performance Space, expansion and upgrade of the CCTV system and completion of the final phase of the Junior Boarding House refurbishment.

- **Risk management**

The Governors have a duty to identify and review the risks to which the Charity is exposed and to ensure appropriate controls are in place to provide reasonable assurance against the key risks faced by the School. The School maintains an up to date register of the main areas of risk to ongoing operations of the School. Risks are categorised as Governance and Strategic, Operational, Financial and External.

- **Future Plans**

The aims and objectives of the School are defined in the School's Strategic Plan. The details of how each of the aims and objectives will be achieved in the future are detailed further in the School Development Plan. Each of the School's aims are directly linked to the work of a respective Governor sub-committee. Each committee monitors performance of the School against the aims and objectives of the Strategic Plan and will support the Senior Management Team to implement change or improvement using the skills and expertise of members of the committee, or in allocating sufficient resources.

Interaction

*Objective: To promote the School in the wider community, raising awareness regionally, nationally and internationally.
To ensure a fully integrated marketing, events and admissions process.*

- Barney recognises the importance it plays with regards to the world beyond its gates, both in terms of providing support and facility access to the wider Barnard Castle and Teesdale community, as well as ensuring its pupils have an understanding of life outside of school.

Barnard Castle School

Report of the Governors for the Year Ended 31 August 2018

- **Public benefit**

The Trustees and Management of the School have noted the Charity Commission's guidance on public benefit and, while the School does not have the benefit of a strong financial endowment, it has continued to support a number of pupils, equivalent of up to 25 full places through Bursaries and Scholarships. This support arises from the relevant parents having been encouraged to apply for a Means Tested Bursary and 33 pupils received means-tested assistance with fees this year. A number of other pupils (58 in the current year), with outstanding prowess and potential in a particular field are the beneficiaries of a Scholarship which typically involves extension opportunities and a fee reduction.

- **Community Action**

Local schools, clubs and other organisations make extensive use of the School's facilities each week, for various events including sport, training, music, DofE, and competitions.

- The School's auditorium is regularly made available for Rotary Club charity lectures;
- The School's choir and musicians stage an annual Christmas Concert in the Bowes Museum to raise funds for the Friends of the Bowes Museum;
- The School's facilities are made available to the local charity group, the "Clique," for its annual fundraising dinner
- Governors and staff also serve on Governing Bodies of maintained schools;
- The School hosts masterclasses and provides UCAS advice and interview experience for candidates from local maintained schools;
- The School also hosts professional development opportunities for teachers and support staff in other schools;
- Hosting sports fixtures against a range of local maintained as well as independent schools;
- Teesdale Primary Schools' Cross-country competition takes place on the School's grounds;
- A junior Hockey Club uses the all-weather pitch on Sundays;
- The School runs summer Activity Weeks which are open to the whole community;
- The School provides a disproportionate number of examiners to the main examination boards and one of its Heads of Departments advises on PGCE applicants at Durham University;
- Duke of Edinburgh's Award local assessors use the School as a meeting place for coordination and planning;
- The School's partnership with Durham Army Cadet Force involves assisting with training and resources;
- The CCF Contingent is a member of the Tri-Service Cadet Adventure Training Group, contributing instructors to its work with children outside School.
- Cadets from the CCF lead local civic remembrance ceremonies in November in the local parish church and at the Cenotaph, and in July on Aviation Day;
- Several local clubs use the facilities of the School including
 - Barnard Castle Rugby Club
 - Durham County Hockey
 - Raby Cricket Club
 - Barnard Castle Cricket Club
 - Glaxo Squash Club
 - Bowes Football Club
 - Barnard Castle Football Club
 - Zetland Pony Club
 - Barnard Castle School Choral Society.
- The School makes additional parking available without charge to the Bowes Museum on busy occasions and for special exhibitions;
- The School is a designated place of safety for the Bowes Museum's collection;
- The School's fields are used as landing zones for helicopters carrying members of the Royal family and other dignitaries to local engagements;
- The School's Chaplain is part of the local chapter of clergy. Chapel services are open to everyone and Christmas Festivals of Nine Lessons and Carols are particularly popular with local visitors;
- The Chapel is available for use by the community and visitors are encouraged on Heritage Open Days.

Barnard Castle School
Report of the Governors
for the Year Ended 31 August 2018

- **Charity Work**

The School's Charity Committee annually raises in the region of £12,000 to help a range of local, national and international causes which in 2017-18 included:

- Barnard Castle Rotary Club
- Centre Point UK
- Children in Need
- Crisis
- Epilepsy in Action
- Help for Heroes
- KEEP Kipsaina Education and Environment Protection
- Myeloma Research
- Pink Ribbon Foundation
- St Cuthbert's Hospice
- The Alzheimer's Society
- The Brain Tumour Charity
- The Royal British Legion
- The Children's Society
- TODYS
- We Care Worldwide

Legacy

Objective: To establish and maintain a strong alumni network; to plan and prepare for the next generations of Barnardians, looking at future capital projects as well as scholarship and bursary funding which will see the school go from strength to strength.

The relationship with the School's alumni remains healthy and vibrant through a number of events including an OB dinner held at the School where over 130 OB's attending and a "1970's" reunion at which former class mates caught up with each other.

Framework

Objective: To ensure that the school is compliant and to mitigate risk.

- **Governing Document**

The Charity 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.

Barnard Castle School

Report of the Governors for the Year Ended 31 August 2018

- **The Governing Body**

The School is governed by a Board of Governors (the Board), comprising Foundation Governors who are appointed by a resolution of the Board, and Nominated Governors who are nominated by the relevant organisations listed in the Memorandum and Articles of Association and appointed by a resolution of the Board.

The Board of Governors identifies suitable Foundation candidates with the skills and experience appropriate to the perceived needs of the School who will contribute to maintaining a balanced, diverse and effective Board. A Governors' skills matrix is maintained to ensure that the core requirement to recruit responsible individuals with an active interest, the free time necessary to fulfil their duties and the complementary expertise to add value to the Board, is achieved.

In line with the Board's induction and training policy, all new Governors are given a copy of the School's Governor Handbook and an induction which includes a full tour of the School and meetings with key management and staff, and a range of students.

Governor training is an ongoing process achieved through internal training regimes and by training programmes and best practice manuals provided by organisations such as AGBIS. All Governors annually complete a self-review and general governing body audit together with an individual skills assessment which provides the opportunity to analyse contribution and to identify any new requirements or additional training needs.

The Board all give their time freely and accordingly no remuneration was paid in the year. Details of any expenses and related party transactions are disclosed in note 25 to the Accounts.

- **Key Management Personnel**

The Board of Governors consider that they and the Senior Management Team, led by the Headmaster, comprise the Key Management Personnel. They are responsible for the strategic direction and control of the Charity together with its day to day management.

The remuneration of the Headmaster is set by the Chairman and Vice-Chairs of the Board. Senior management salaries are set by the Headmaster and reviewed by the Finance & Estates Committee using a diverse set of criteria including, inter alia, benchmark reports provided by the sector associations such as AGBIS, IAPS and the ISC, together with those of respected consultants within the sector.

Barnard Castle School

Report of the Governors for the Year Ended 31 August 2018

- **Organisational Management**

The full Board of Governors meets formally four times a year with the Headmaster and his Senior Management Team in attendance. The purpose of the meetings is to determine, agree and ensure effective implementation of the strategic direction, general policies and procedures and financial oversight. In order to facilitate this process and to ensure optimal output, four committees have been established which meet at least once a term, the members of which are selected for their specific relevant expertise and are allocated individual areas of responsibility. The four committees are as follows:

- Finance & Estates
- Education, Welfare & Staff Development
- Strategy, Marketing & Development
- Governance

The Terms of Reference for each committee were agreed with the Governance Committee before ratification by the full Board.

The Board determines the general policy of the School in close collaboration with the Headmaster and his Senior Management Team who are responsible for its implementation and administration throughout the Senior and Prep schools. The day to day management of the School, therefore, is delegated to the Headmaster, who undertakes the key leadership role overseeing educational, pastoral and administrative functions, supported by his Senior Management Team.

The Headmaster oversees the recruitment and management of all educational staff, whilst, under delegated authority, the Bursar oversees the recruitment and management of administrative and non-teaching support staff.

Barnard Castle School

**Report of the Governors
for the Year Ended 31 August 2018**

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number
06596258 (England and Wales)

Registered Charity number
1125375

Registered office
Newgate
Barnard Castle
County Durham
DL12 8UN

Governors

Mr P D A Mothersill, Chair
Mrs C J Sunley JP, Vice Chair
Dr J R Elphick, Vice Chair
Mr I M Allison (Appointed 31 March 2018)
Mr N J Bliss (Appointed 1 September 2018)
Mr C Dennis (Resigned 31 August 2018)
Mrs R Dent JP
Mr A J Fielder (Resigned 8 February 2019)
Mr N P Hodges*
Mr J H Hunter (Appointed 31 October 2017)
Mr R I Moffatt (Appointed 31 October 2017)
Mr P A Kelsall (Appointed 12 November 2018)
Ms C M Newman
Mr D C Osborne
Mr D S Penny (Appointed 30 November 2018)
Mrs K S Pratt (Resigned 25 September 2018)
Mr E R Rendall (Appointed 1 September 2018)
Mr G M Richardson*
Mr D F Starr, Durham University*
Dr N Thorpe, Newcastle University*
Ms D Vinsome (Appointed 31 October 2017)

*Nominated Governors

The Headmaster

Mr A C Jackson (Appointed 1 September 2017)

Company Secretary
Mrs S M Metcalf

Senior Statutory Auditor
Kevin Shotton BA FCA

Auditors
Clive Owen LLP
Chartered Accountants
& Statutory Auditors
140 Coniscliffe Road
DARLINGTON
County Durham
DL3 7RT

Barnard Castle School

Report of the Governors for the Year Ended 31 August 2018

REFERENCE AND ADMINISTRATIVE DETAILS

Investment Advisers

Black Rock Fund Managers Limited,
33 King William Street,
London,
EC4R 9AS

Brewin Dolphin,
7 Drumsheugh Gardens,
Edinburgh,
EH3 7QH

Bankers

NatWest Bank Plc,
28 Market Place,
Barnard Castle,
County Durham,
DL12 8NB

STATEMENT OF GOVERNORS RESPONSIBILITIES

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

Company law requires the Governors 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 Governors 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 Governors 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 Governors are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the Governors 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.

AUDITORS

The auditors, Clive Owen LLP, will be proposed for re-appointment at the forthcoming meeting of the full governing body.

Report of the Governors, incorporating a strategic report, approved by order of the Board of Governors, as the company directors, on 10 May 2019 and signed on the board's behalf by:

Mr P D A Mothersill - Chair

Report of the Independent Auditors to the Members of Barnard Castle School

Opinion

We have audited the financial statements of Barnard Castle School (the 'charitable company') for the year ended 31 August 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2018 and of its 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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements 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 governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the governors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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 governors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and 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 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, 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 Report of the Governors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Governors has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the 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 Report of the Governors.

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

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

Report of the Independent Auditors to the Members of Barnard Castle School

Responsibilities of governors

As explained more fully in the Statement of Governors Responsibilities, the governors (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 governors 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 governors are responsible for assessing the 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 governors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Our 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 a Report of the Independent Auditors 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 Report of the Independent Auditors.

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 the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Kevin Shotton BA FCA (Senior Statutory Auditor)
for and on behalf of Clive Owen LLP
Chartered Accountants
& Statutory Auditors
140 Coniscliffe Road
DARLINGTON
County Durham
DL3 7RT

10 May 2019

Barnard Castle School

**Statement of Financial Activities
(Incorporating an Income and Expenditure Account)
for the Year Ended 31 August 2018**

	Notes	Unrestricted funds £	Restricted funds £	Endowment fund £	2018 Total funds £	2017 Total funds £
INCOME AND ENDOWMENTS FROM						
Donations and legacies	2	6,630	-	-	6,630	21,123
Charitable activities	5					
School fees		9,631,214	-	-	9,631,214	9,914,953
Other income		15,801	-	-	15,801	50,501
Cost of providing school buses		(10,409)	-	-	(10,409)	(6,333)
Remissions		(960,665)	(13,500)	-	(974,165)	(964,935)
Other trading activities	3	70,696	-	-	70,696	112,686
Investment income	4	<u>1,573</u>	<u>5,430</u>	<u>-</u>	<u>7,003</u>	<u>5,572</u>
Total		8,754,840	(8,070)	-	8,746,770	9,133,567
EXPENDITURE ON						
Raising funds	6	25,098	3,632	-	28,730	3,530
Charitable activities	7					
Welfare		803,400	-	-	803,400	828,287
Premises		2,002,103	-	-	2,002,103	2,087,317
Teaching		5,249,737	-	-	5,249,737	5,081,519
Other		849,646	3,690	-	853,336	1,047,550
Exceptional item		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,952,723)</u>
Total		8,929,984	7,322	-	8,937,306	7,095,480
Net (losses)/gains on investments		<u>-</u>	<u>(18,851)</u>	<u>-</u>	<u>(18,851)</u>	<u>54,180</u>
NET (EXPENDITURE)/INCOME		(175,144)	(34,243)	-	(209,387)	2,092,267
Other recognised gains						
Actuarial gains on defined benefit schemes		<u>500,000</u>	<u>-</u>	<u>-</u>	<u>500,000</u>	<u>1,690,000</u>
Net movement in funds		324,856	(34,243)	-	290,613	3,782,267
RECONCILIATION OF FUNDS						
Total funds brought forward		<u>7,777,683</u>	<u>760,449</u>	<u>45,875</u>	<u>8,584,007</u>	<u>4,801,740</u>
TOTAL FUNDS CARRIED FORWARD		<u><u>8,102,539</u></u>	<u><u>726,206</u></u>	<u><u>45,875</u></u>	<u><u>8,874,620</u></u>	<u><u>8,584,007</u></u>

The notes form part of these financial statements

Barnard Castle School

**Balance Sheet
At 31 August 2018**

	Notes	Unrestricted funds £	Restricted funds £	Endowment fund £	2018 Total funds £	2017 Total funds £
FIXED ASSETS						
Intangible assets	13	12,298	-	-	12,298	27,452
Tangible assets	14	10,517,511	95,088	45,875	10,658,474	10,327,110
Investments	15	-	540,502	-	540,502	552,021
		<u>10,529,809</u>	<u>635,590</u>	<u>45,875</u>	<u>11,211,274</u>	<u>10,906,583</u>
CURRENT ASSETS						
Stocks	16	44,070	-	-	44,070	14,598
Debtors	17	450,479	-	-	450,479	470,931
Cash at bank and in hand		<u>1,047,154</u>	<u>90,616</u>	<u>-</u>	<u>1,137,770</u>	<u>1,259,763</u>
		<u>1,541,703</u>	<u>90,616</u>	<u>-</u>	<u>1,632,319</u>	<u>1,745,292</u>
CREDITORS						
Amounts falling due within one year	18	<u>(2,776,449)</u>	<u>-</u>	<u>-</u>	<u>(2,776,449)</u>	<u>(2,171,965)</u>
NET CURRENT (LIABILITIES)/ASSETS						
		<u>(1,234,746)</u>	<u>90,616</u>	<u>-</u>	<u>(1,144,130)</u>	<u>(426,673)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES						
		9,295,063	726,206	45,875	10,067,144	10,479,910
CREDITORS						
Amounts falling due after more than one year	19	(972,524)	-	-	(972,524)	(1,135,903)
PENSION LIABILITY	24	<u>(220,000)</u>	<u>-</u>	<u>-</u>	<u>(220,000)</u>	<u>(760,000)</u>
NET ASSETS						
		<u>8,102,539</u>	<u>726,206</u>	<u>45,875</u>	<u>8,874,620</u>	<u>8,584,007</u>
FUNDS						
Unrestricted funds	23				8,102,539	7,777,683
Restricted funds					726,206	760,449
Endowment funds					<u>45,875</u>	<u>45,875</u>
TOTAL FUNDS						
					<u>8,874,620</u>	<u>8,584,007</u>

The notes form part of these financial statements

Barnard Castle School
Balance Sheet - continued
At 31 August 2018

The financial statements were approved by the Board of Governors on 10 May 2019 and were signed on its behalf by:

Mr P D A Mothersill - Chair

The notes form part of these financial statements

Barnard Castle School

**Cash Flow Statement
for the Year Ended 31 August 2018**

	Notes	2018 £	2017 £
Cash flows from operating activities:			
Cash generated from operations	1	1,161,861	883,321
Interest paid		(10,845)	(38,245)
Interest element finance lease rental payments		<u>(37,885)</u>	<u>(36,112)</u>
Net cash provided by (used in) operating activities		<u>1,113,131</u>	<u>808,964</u>
Cash flows from investing activities:			
Purchase of intangible fixed assets		(1,440)	-
Purchase of tangible fixed assets		(996,811)	(1,404,069)
Purchase of fixed asset investments		(76,759)	(144,623)
Sale of intangible fixed assets		-	894
Sale of tangible fixed assets		1,000	1,964,352
Sale of fixed asset investments		69,427	153,362
Dividend income		5,430	4,821
Interest received		1,573	751
New finance leases in year		<u>-</u>	<u>788,704</u>
Net cash provided by (used in) investing activities		<u>(997,580)</u>	<u>1,364,192</u>
Cash flows from financing activities:			
Loan repayments in year		(139,157)	(1,425,353)
Capital repayments in year		<u>(98,387)</u>	<u>(62,624)</u>
Net cash provided by (used in) financing activities		<u>(237,544)</u>	<u>(1,487,977)</u>
Change in cash and cash equivalents in the reporting period		<u>(121,993)</u>	<u>685,179</u>
Cash and cash equivalents at the beginning of the reporting period		<u>1,259,763</u>	<u>574,584</u>
Cash and cash equivalents at the end of the reporting period		<u>1,137,770</u>	<u>1,259,763</u>

The notes form part of these financial statements

Barnard Castle School

**Notes to the Cash Flow Statement
for the Year Ended 31 August 2018**

1. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2018 £	2017 £
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(209,387)	2,092,267
Adjustments for:		
Depreciation charges	682,041	631,567
Losses/(gain) on investments	18,851	(54,180)
(Profit)/loss on disposal of fixed assets	(1,000)	71,330
Interest received	(1,573)	(751)
Interest paid	10,845	38,245
Interest element of finance lease rental payments	37,885	36,112
Dividend income	(5,430)	(4,821)
Profit on sale of land	-	(1,952,723)
Pension liability adjustment	(40,000)	50,000
(Increase)/decrease in stocks	(29,472)	3,082
Decrease/(increase) in debtors	20,452	(32,216)
Increase in creditors	<u>678,649</u>	<u>5,409</u>
Net cash provided by operating activities	<u>1,161,861</u>	<u>883,321</u>

Barnard Castle School

Notes to the Financial Statements for the Year Ended 31 August 2018

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention with the exception of investments which are included at market value, as modified by the revaluation of certain assets.

The Governors, having made due and careful enquiry and preparing forecasts, are of the opinion that the School has adequate working capital to execute its operations over the next twelve months. The Governors, therefore, have made an informed judgement, at the time of approving the financial statements, that there is a reasonable expectation that the School has adequate resources to continue in operational existence for the foreseeable future. As a result the Governors have continued to adopt the going concern basis of accounting in preparing the annual financial statements.

The financial statements are reported in £ sterling.

Income

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is 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.

Tangible fixed assets

No depreciation is provided on freehold land.

Tangible fixed assets are stated at cost less depreciation. 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 buildings	2% straight line
Plant and machinery	5% straight line
Motor vehicles	25% reducing balance
Fixtures and fittings	5 - 25% straight line
Building alterations	5 - 25% straight line
Computer Equipment	25% straight line

Intangible assets

Intangible assets are initially recognised at cost and subsequently measured at cost net of amortisation and any provision for impairment. Intangible assets are being amortised over their expected useful lives on the following bases:

Computer Software	25% straight line
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Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Barnard Castle School

Notes to the Financial Statements - continued for the Year Ended 31 August 2018

1. ACCOUNTING POLICIES - continued

Taxation

The charity is exempt from corporation tax on its charitable activities.

Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Governors in furtherance of the general objectives of the School 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. The aim and use of each restricted fund is set out in the notes to the financial statements.

Endowment funds represent the permanent funds of the School. All income generated by the funds are unrestricted and used for the purpose of the School.

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

Pension costs and other post retirement benefits

The School contributes to the Teachers' Pension Defined Benefits Scheme at rates set by the Scheme Actuary and advised to the Board by the Scheme Administrator. The scheme is a multi employer pension scheme and it is not possible to identify the assets and liabilities of the scheme which are attributable to the School. In accordance with FRS 102 therefore, the scheme is accounted for as a defined contribution scheme.

The School also contributes to the Durham County Council Local Government Scheme, a defined benefit scheme for non-teaching staff. Rates are set by the Scheme Actuary and advised to the School by the Scheme Administrator. This scheme is being accounted for under FRS 102, with the annually calculated notional surplus or deficit on the funding of the Scheme shown in the accounts as a designated fund entitled "Pensions Reserve", which is deducted from Unrestricted Funds in the balance sheet. The Governors believe that the scheme currently meets statutory minimum funding requirements. The Governors note that the notional deficit or surplus calculated under FRS 102 can vary greatly from year to year depending on the assumptions made at the valuation date, but with normally little or no effect on short term cashflows. This scheme was closed to new entrants in 2006.

Barnard Castle School

Notes to the Financial Statements - continued for the Year Ended 31 August 2018

1. ACCOUNTING POLICIES - continued

Investments

Investments are stated at market value at the balance sheet date. The Statement of Financial Activities includes the net gains and losses arising on revaluations and disposals throughout the year.

Operating Leases

Rentals applicable to operating leases where substantially all the benefits and risks of ownership remain with the lessor are charged to the Statement of Financial Activities on a straight line basis over the lease term.

Financial instruments

The charitable company only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the school and their measurement basis are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 17. Prepayments are not financial instruments.

Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 18. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

Critical accounting estimates and areas of judgement

Estimates and judgements 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 School 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.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined by the scheme actuaries using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact on the carrying amount of the pension liability.

2. DONATIONS AND LEGACIES

	2018	2017
	£	£
Donations	<u>6,630</u>	<u>21,123</u>

3. OTHER TRADING ACTIVITIES

	2018	2017
	£	£
Lettings and event income	<u>70,696</u>	<u>112,686</u>

Barnard Castle School

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2018**

4. INVESTMENT INCOME

	2018	2017
	£	£
Investment income from listed investments	5,430	4,821
Deposit account interest	<u>1,573</u>	<u>751</u>
	<u>7,003</u>	<u>5,572</u>

5. INCOME FROM CHARITABLE ACTIVITIES

	2018	2017
	£	£
School fees	9,631,214	9,914,953
Other income	15,801	50,501
Cost of providing school buses	(10,409)	(6,333)
Remissions	<u>(974,165)</u>	<u>(964,935)</u>
	<u>8,662,441</u>	<u>8,994,186</u>

6. RAISING FUNDS

Other trading activities

	2018	2017
	£	£
Lettings and event costs	<u>25,098</u>	<u>-</u>

Investment management costs

	2018	2017
	£	£
Investment management fees	<u>3,632</u>	<u>3,530</u>

Aggregate amounts	<u>28,730</u>	<u>3,530</u>
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Barnard Castle School

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2018**

7. CHARITABLE ACTIVITIES COSTS

	Direct costs	Support costs (See note 8)	Totals
	£	£	£
Welfare	803,400	-	803,400
Premises	1,321,062	681,041	2,002,103
Teaching	5,249,737	-	5,249,737
Other	<u>741,215</u>	<u>112,121</u>	<u>853,336</u>
	<u>8,115,414</u>	<u>793,162</u>	<u>8,908,576</u>

8. SUPPORT COSTS

	Asset management £	Finance £	Governance costs £	Totals £
Premises	681,041	-	-	681,041
Other	<u>-</u>	<u>63,887</u>	<u>48,234</u>	<u>112,121</u>
	<u>681,041</u>	<u>63,887</u>	<u>48,234</u>	<u>793,162</u>

Support costs, included in the above, are as follows:

	Premises	Other	2018 Total activities £	2017 Total activities £
Amortisation of intangible fixed assets	16,594	-	16,594	16,565
Depreciation of tangible assets	665,447	-	665,447	615,002
(Profit)/Loss on sale of tangible fixed assets	(1,000)	-	(1,000)	71,330
Bank charges	-	15,157	15,157	14,575
Interest payable and similar charges	-	48,730	48,730	74,357
Auditors' remuneration	-	11,250	11,250	11,250
Legal and professional fees	<u>-</u>	<u>36,984</u>	<u>36,984</u>	<u>39,080</u>
	<u>681,041</u>	<u>112,121</u>	<u>793,162</u>	<u>842,159</u>

9. NET INCOME/(EXPENDITURE)

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

	2018 £	2017 £
Auditors' remuneration	11,250	11,250
Depreciation - owned assets	615,780	582,041
Depreciation - assets on finance lease	49,667	32,961
(Surplus)/deficit on disposal of fixed asset	(1,000)	71,330
Computer software amortisation	16,594	16,565
Operating lease payments	<u>36,944</u>	<u>36,944</u>

Barnard Castle School

Notes to the Financial Statements - continued for the Year Ended 31 August 2018

10. GOVERNORS' REMUNERATION AND BENEFITS

Governors did not receive any remuneration or other benefits for the year ended 31 August 2018 nor for the year ended 31 August 2017.

Governors' expenses

During the year 1 governor received £130 relating to the reimbursement of expenses (2017: £Nil).

11. STAFF COSTS

	2018 £	2017 £
Wages and salaries	5,585,762	5,418,238
Other pension costs	<u>787,855</u>	<u>813,868</u>
	<u><u>6,373,617</u></u>	<u><u>6,232,106</u></u>

The average monthly number of employees during the year was as follows:

	2018	2017
Teaching	122	120
Support	12	13
Welfare	28	28
Premises	<u>37</u>	<u>39</u>
	<u><u>199</u></u>	<u><u>200</u></u>

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

	2018	2017
£60,001 - £70,000	-	2
£70,001 - £80,000	1	-
£90,001 - £100,000	1	-
£110,001 - £120,000	<u>-</u>	<u>1</u>
	<u><u>2</u></u>	<u><u>3</u></u>

Pension contributions of £21,496 (2017:£33,913) were made to a defined benefit scheme on behalf of these employees.

The total amount of employee remuneration and benefits (including employer national insurance and pension contributions) received by key management personnel for their services to the school was £488,138 (2017: £507,273).

Barnard Castle School

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2018**

12. 31 AUGUST 2017 COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted funds £	Restricted funds £	Endowment fund £	Total funds £
INCOME AND ENDOWMENTS FROM				
Donations and legacies	21,123	-	-	21,123
Charitable activities				
School fees	9,914,953	-	-	9,914,953
Other income	50,501	-	-	50,501
Cost of providing school buses	(6,333)	-	-	(6,333)
Remissions	(946,573)	(18,362)	-	(964,935)
Other trading activities	112,686	-	-	112,686
Investment income	<u>751</u>	<u>4,821</u>	<u>-</u>	<u>5,572</u>
Total	9,147,108	(13,541)	-	9,133,567
EXPENDITURE ON				
Raising funds	-	3,530	-	3,530
Charitable activities				
Welfare	828,287	-	-	828,287
Premises	2,087,317	-	-	2,087,317
Teaching	5,081,519	-	-	5,081,519
Other	1,031,240	16,310	-	1,047,550
Exceptional item	<u>(1,952,723)</u>	<u>-</u>	<u>-</u>	<u>(1,952,723)</u>
Total	7,075,640	19,840	-	7,095,480
Net gains on investments	<u>-</u>	<u>54,180</u>	<u>-</u>	<u>54,180</u>
NET INCOME	2,071,468	20,799	-	2,092,267
Other recognised gains				
Actuarial gains on defined benefit schemes	<u>1,690,000</u>	<u>-</u>	<u>-</u>	<u>1,690,000</u>
Net movement in funds	3,761,468	20,799	-	3,782,267
RECONCILIATION OF FUNDS				
Total funds brought forward	4,016,215	739,650	45,875	4,801,740
TOTAL FUNDS CARRIED FORWARD	<u>7,777,683</u>	<u>760,449</u>	<u>45,875</u>	<u>8,584,007</u>

Barnard Castle School

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2018**

13. INTANGIBLE FIXED ASSETS

	Computer software £
COST	
At 1 September 2017	66,257
Additions	<u>1,440</u>
At 31 August 2018	<u>67,697</u>
AMORTISATION	
At 1 September 2017	38,805
Charge for year	<u>16,594</u>
At 31 August 2018	<u>55,399</u>
NET BOOK VALUE	
At 31 August 2018	<u>12,298</u>
At 31 August 2017	<u>27,452</u>

Barnard Castle School

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2018**

14. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Fixtures and fittings £
COST			
At 1 September 2017	13,282,847	988,843	2,142,257
Additions	<u>714,123</u>	<u>4,478</u>	<u>187,553</u>
At 31 August 2018	<u>13,996,970</u>	<u>993,321</u>	<u>2,329,810</u>
 DEPRECIATION			
At 1 September 2017	4,511,990	32,961	1,697,583
Charge for year	<u>404,132</u>	<u>49,667</u>	<u>141,080</u>
At 31 August 2018	<u>4,916,122</u>	<u>82,628</u>	<u>1,838,663</u>
 NET BOOK VALUE			
At 31 August 2018	<u>9,080,848</u>	<u>910,693</u>	<u>491,147</u>
At 31 August 2017	<u>8,770,857</u>	<u>955,882</u>	<u>444,674</u>
	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1 September 2017	20,272	247,380	16,681,599
Additions	<u>6,360</u>	<u>84,297</u>	<u>996,811</u>
At 31 August 2018	<u>26,632</u>	<u>331,677</u>	<u>17,678,410</u>
 DEPRECIATION			
At 1 September 2017	10,650	101,305	6,354,489
Charge for year	<u>3,897</u>	<u>66,671</u>	<u>665,447</u>
At 31 August 2018	<u>14,547</u>	<u>167,976</u>	<u>7,019,936</u>
 NET BOOK VALUE			
At 31 August 2018	<u>12,085</u>	<u>163,701</u>	<u>10,658,474</u>
At 31 August 2017	<u>9,622</u>	<u>146,075</u>	<u>10,327,110</u>

Included in cost of freehold property is freehold land of £55,240 (2017: £55,240) which is not depreciated.

Barnard Castle School

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2018**

14. TANGIBLE FIXED ASSETS - continued

Fixed assets, included in the above, which are held under finance leases are as follows:

	Plant and machinery £
COST	
At 1 September 2017	988,843
Additions	<u>4,478</u>
At 31 August 2018	<u>993,321</u>
 DEPRECIATION	
At 1 September 2017	32,961
Charge for year	<u>49,667</u>
At 31 August 2018	<u>82,628</u>
 NET BOOK VALUE	
At 31 August 2018	<u>910,693</u>
At 31 August 2017	<u>955,882</u>

15. FIXED ASSET INVESTMENTS

	Listed investments £
MARKET VALUE	
At 1 September 2017	552,021
Additions	76,759
Disposals	(110,340)
Revaluations	<u>22,062</u>
At 31 August 2018	<u>540,502</u>
 NET BOOK VALUE	
At 31 August 2018	<u>540,502</u>
At 31 August 2017	<u>552,021</u>

16. STOCKS

	2018 £	2017 £
Stocks	<u>44,070</u>	<u>14,598</u>

Barnard Castle School

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2018**

17. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Trade debtors	103,128	190,514
Prepayments and accrued income	<u>347,351</u>	<u>280,417</u>
	<u>450,479</u>	<u>470,931</u>

Short term debtors and creditors are measured at transaction price, less any impairment.

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Bank loans and overdrafts (see note 20)	49,465	124,157
Finance lease (see note 21)	103,999	98,387
Trade creditors	932,831	356,420
Social security and other taxes	222,417	215,403
Other creditors	110,699	115,497
Accruals and deferred income	<u>1,357,038</u>	<u>1,262,101</u>
	<u>2,776,449</u>	<u>2,171,965</u>

19. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2018	2017
	£	£
Bank loans (see note 20)	258,370	322,835
Finance lease (see note 21)	523,694	627,693
Other creditors	<u>190,460</u>	<u>185,375</u>
	<u>972,524</u>	<u>1,135,903</u>

Barnard Castle School

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2018**

20. LOANS

An analysis of the maturity of loans is given below:

	2018 £	2017 £
Amounts falling due within one year on demand: Bank loans	<u>49,465</u>	<u>124,157</u>
Amounts falling between one and two years: Bank loans - 1-2 years	<u>49,465</u>	<u>61,897</u>
Amounts falling due between two and five years: Bank loans - 2-5 years	<u>148,395</u>	<u>144,000</u>
Amounts falling due in more than five years: Repayable by instalments: Bank loans more 5 years	<u>60,510</u>	<u>116,938</u>

The bank loan is repayable over a period of 14 years on a quarterly basis with interest charged at 2.4% above LIBOR. The remaining term of this loan is 6 years.

21. LEASING AGREEMENTS

	Finance leases 2018 £	2017 £
Net obligations repayable: Within one year	103,999	98,387
Between one and five years	478,791	452,957
In more than five years	<u>44,903</u>	<u>174,736</u>
	<u>627,693</u>	<u>726,080</u>

The finance lease relates to the installation and purchase of a Biomass district heating system. The term of the lease is 7 years. The biomass system is accredited by the OFGEM Non Domestic Renewable Heat Incentive Scheme.

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2018 £	2017 £
Within one year	41,153	32,360
Between one and five years	<u>98,925</u>	<u>72,159</u>
	<u>140,078</u>	<u>104,519</u>

Barnard Castle School

Notes to the Financial Statements - continued for the Year Ended 31 August 2018

22. SECURED DEBTS

The following secured debts are included within creditors:

	2018 £	2017 £
Bank loans	307,835	446,992
Finance leases	<u>627,693</u>	<u>726,080</u>
	<u>935,528</u>	<u>1,173,072</u>

The loan is secured by way of a legal mortgage and fixed charge over the School's Land.

The finance lease contract is secured over the Biomass Boiler System to which it relates.

23. MOVEMENT IN FUNDS

	At 1.9.17 £	Net movement in funds £	At 31.8.18 £
Unrestricted funds			
Revenue reserve	7,777,683	324,856	8,102,539
Restricted funds			
Barnard Castle School Prize & Scholarship Fund	529,805	(30,553)	499,252
Hearnshaw Legacy	126,954	-	126,954
Sports Facilities Donation	3,690	(3,690)	-
Science Centre Donation	<u>100,000</u>	<u>-</u>	<u>100,000</u>
	760,449	(34,243)	726,206
Endowment funds			
Foundation endowment	45,875	-	45,875
TOTAL FUNDS	<u>8,584,007</u>	<u>290,613</u>	<u>8,874,620</u>

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
Revenue reserve	8,754,840	(8,929,984)	500,000	324,856
Restricted funds				
Barnard Castle School Prize & Scholarship Fund	(8,070)	(3,632)	(18,851)	(30,553)
Sports Facilities Donation	<u>-</u>	<u>(3,690)</u>	<u>-</u>	<u>(3,690)</u>
	(8,070)	(7,322)	(18,851)	(34,243)
TOTAL FUNDS	<u>8,746,770</u>	<u>(8,937,306)</u>	<u>481,149</u>	<u>290,613</u>

Barnard Castle School

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2018**

23. MOVEMENT IN FUNDS - continued

Comparatives for movement in funds

	At 1.9.16 £	Net movement in funds £	At 31.8.17 £
Unrestricted Funds			
Revenue reserve	4,016,215	3,761,468	7,777,683
Restricted Funds			
Barnard Castle School Prize & Scholarship Fund	492,696	37,109	529,805
Hearnshaw Legacy	126,954	-	126,954
Sports Facilities Donation	20,000	(16,310)	3,690
Science Centre Donation	<u>100,000</u>	<u>-</u>	<u>100,000</u>
	739,650	20,799	760,449
Endowment funds			
Foundation endowment	45,875	-	45,875
TOTAL FUNDS	<u>4,801,740</u>	<u>3,782,267</u>	<u>8,584,007</u>

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
Revenue reserve	9,147,108	(7,075,640)	1,690,000	3,761,468
Restricted funds				
Barnard Castle School Prize & Scholarship Fund	(13,541)	(3,530)	54,180	37,109
Sports Facilities Donation	<u>-</u>	<u>(16,310)</u>	<u>-</u>	<u>(16,310)</u>
	(13,541)	(19,840)	54,180	20,799
TOTAL FUNDS	<u>9,133,567</u>	<u>(7,095,480)</u>	<u>1,744,180</u>	<u>3,782,267</u>

Barnard Castle School

Notes to the Financial Statements - continued for the Year Ended 31 August 2018

23. MOVEMENT IN FUNDS - continued

A current year 12 months and prior year 12 months combined position is as follows:

	At 1.9.16 £	Net movement in funds £	At 31.8.18 £
Unrestricted funds			
Revenue reserve	4,016,215	4,086,324	8,102,539
Restricted funds			
Barnard Castle School Prize & Scholarship Fund	492,696	6,556	499,252
Hearnshaw Legacy	126,954	-	126,954
Sports Facilities Donation	20,000	(20,000)	-
Science Centre Donation	<u>100,000</u>	<u>-</u>	<u>100,000</u>
	739,650	(13,444)	726,206
Endowment			
Foundation endowment	<u>45,875</u>	<u>-</u>	<u>45,875</u>
TOTAL FUNDS	<u>4,801,740</u>	<u>4,072,880</u>	<u>8,874,620</u>

A current year 12 months and prior year 12 months combined net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
Revenue reserve	17,901,948	(16,005,624)	2,190,000	4,086,324
Restricted funds				
Barnard Castle School Prize & Scholarship Fund	(21,611)	(7,162)	35,329	6,556
Sports Facilities Donation	<u>-</u>	<u>(20,000)</u>	<u>-</u>	<u>(20,000)</u>
	<u>(21,611)</u>	<u>(27,162)</u>	<u>35,329</u>	<u>(13,444)</u>
TOTAL FUNDS	<u>17,880,337</u>	<u>(16,032,786)</u>	<u>2,225,329</u>	<u>4,072,880</u>

The Foundation Endowment was formed when the School was established. This is considered to be an endowed fund which is held in the form of land.

The Hearnshaw Legacy was a legacy received for the payment of a scholarship for an A Level science place. None of this was spent in the year so it has been carried forward for use in future years.

The Barnard Castle School Prize & Scholarship Fund is a fund used for funding scholarships and the purchase of prizes.

The Sports Facilities Donation fund is a fund that is used to invest in sports capital projects.

The Science Centre fund was initially given to invest in science capital projects. However an opportunity arose in the year for two projects, namely the sports hall refurbishment and creation of the music performance space. The donor was approached and gave his permission for the money to be used in this manner.

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2018**

24. EMPLOYEE BENEFIT OBLIGATIONS

TEACHERS' 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 in schools 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

Not less than every four years 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 16.48%, which was payable 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.

The employer's pension costs paid to TPS in the period amounted to £546,689 (2017: £537,025).

LOCAL GOVERNMENT PENSION SCHEME

The School makes payments on behalf of employees to the Durham County Council Pension Fund. The Durham County Council Pension Fund is a defined benefit scheme, with assets held in separate governor administered funds.

Barnard Castle School

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2018**

24. EMPLOYEE BENEFIT OBLIGATIONS
- continued

The amounts recognised in the balance sheet are as follows:

	Defined benefit pension plans	
	2018	2017
	£	£
Present value of funded obligations	(7,780,000)	(8,020,000)
Fair value of plan assets	<u>7,560,000</u>	<u>7,260,000</u>
	<u>(220,000)</u>	<u>(760,000)</u>
Deficit	<u>(220,000)</u>	<u>(760,000)</u>
Liability	<u><u>(220,000)</u></u>	<u><u>(760,000)</u></u>

The amounts recognised in the statement of financial activities are as follows:

	Defined benefit pension plans	
	2018	2017
	£	£
Current service cost	180,000	220,000
Net interest from net defined benefit asset/liability	<u>20,000</u>	<u>50,000</u>
	<u><u>200,000</u></u>	<u><u>270,000</u></u>
Actual return on plan assets	<u><u>290,000</u></u>	<u><u>550,000</u></u>

Changes in the present value of the defined benefit obligation are as follows:

	Defined benefit pension plans	
	2018	2017
	£	£
Defined benefit obligation	8,020,000	9,000,000
Current service cost	180,000	220,000
Contributions by scheme participants	30,000	30,000
Interest cost	200,000	180,000
Actuarial gains	(390,000)	(1,270,000)
Benefits paid	<u>(260,000)</u>	<u>(140,000)</u>
	<u><u>7,780,000</u></u>	<u><u>8,020,000</u></u>

Barnard Castle School

Notes to the Financial Statements - continued for the Year Ended 31 August 2018

24. EMPLOYEE BENEFIT OBLIGATIONS - continued

Changes in the fair value of scheme assets are as follows:

	Defined benefit pension plans	
	2018	2017
	£	£
Fair value of scheme assets	7,260,000	6,600,000
Interest income on assets	180,000	130,000
Contributions by employer	240,000	220,000
Contributions by scheme participants	30,000	30,000
Actuarial gains	110,000	420,000
Benefits paid	(260,000)	(140,000)
	<u>7,560,000</u>	<u>7,260,000</u>

The amounts recognised in other recognised gains and losses are as follows:

	Defined benefit pension plans	
	2018	2017
	£	£
Actuarial gains	<u>500,000</u>	<u>1,690,000</u>
	<u>500,000</u>	<u>1,690,000</u>

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	Defined benefit pension plans	
	2018	2017
Equities	48.5%	48.5%
Property	6.8%	7.1%
Government bonds	25%	30.8%
Corporate bonds	13.1%	8.5%
Cash	6.6%	5.1%

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)

	2018	2017
Discount rate	2.8%	2.5%
Future salary increases	3.6%	3.6%
Future pension increases	2.1%	2.1%
RPI inflation	3.2%	3.2%
CPI inflation	2.1%	2.1%
Pension accounts revaluation rate	2.1%	2.1%

Post retirement mortality

Males		
Future lifetime from age 65 (currently aged 65)	23.3	23.2
Future lifetime from age 65 (currently aged 45)	25.5	25.4
Females		
Future lifetime from age 65 (currently aged 65)	25	24.9
Future lifetime from age 65 (currently aged 45)	27.3	27.2

Barnard Castle School

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2018**

25. RELATED PARTY DISCLOSURES

There were no material related party transactions for the year ended 31 August 2018.

26. COMPANY LIMITED BY GUARANTEE

The School is a company limited by guarantee. The members of the School are the Governors named on page 11. In the event of the School being wound up, the liability in respect of the guarantee is limited to £1 per member of the School.