

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 2019

DURAND EDUCATION TRUST (A COMPANY LIMITED BY GUARANTEE)

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Mark Adrian McLaughlin Brendan McShane Michael Joseph Burke Anthony Michael Hegarty Roger Sullivan	(Appointed 1 February 2019) (Appointed 1 February 2019) (Appointed 1 February 2019)
Charity number	1136362	
Company number	07256996	
Registered office	Horizons Leisure Centre Liberty Street London SW9 0RD	
Auditor	Citroen Wells Chartered Accountants Devonshire House 1 Devonshire Street London W1W 5DR	
Bankers	Lloyds Bank Plc 25 Gresham Street London EC2V 7HN	
Solicitors	Lee Bolton Monier-Williams 1 The Sanctuary Westminster London SW1P 3JT	

DURAND EDUCATION TRUST (A COMPANY LIMITED BY GUARANTEE)

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DURAND EDUCATION TRUST (A COMPANY LIMITED BY GUARANTEE)

CONTENTS

The trustees present their annual report together with the consolidated accounts of the company and its subsidiary for the year ended 31 August 2019.

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 young people in Lambeth.

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.

Achievements and performance

The Statements of Financial Activities set out on pages 7 and 8 show the results for the year and the previous year.

Total income amounted to £839,330 (2018: £998,055) which comprises mainly of trading income from the running of the leisure centre and accommodation facilities by LHL.

The group incurred costs relating to its charitable activities of £2,850,455 (2018: £524,829) and trading costs of £679,276 (2018: £1,005,670). Included in charitable activities are governance costs of £285,568 (2018: £261,530).

Financial review

The Statements of Financial Position set out on page 9 show the group's and the company's financial position at 31 August 2019.

At 31 August 2019, the net book value of fixed assets was £3,304,022 and the movements in fixed assets are shown in note 10 to the accounts.

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) (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

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 also act as directors of Durand Education Trust for the purpose of company law) who served during the year were:

Mark Adrian McLaughlin	
John Patrick Wentworth	(Resigned 9 July 2019)
Brendan McShane	
Michael Joseph Burke	(Appointed 1 February 2019)
Anthony Michael Hegarty	(Appointed 1 February 2019)
Roger Sullivan	(Appointed 1 February 2019)

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 trustee is appointed by the company under an ordinary resolution provided that not less than two thirds of the trustees support the appointment.

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.

Fixed Assets

At the year end, there was an ongoing challenge from the Secretary of State (SoS) through the Government Legal Department (GLD) regarding the properties held by the Trust that were not required for the purposes of running the schools at Hackford Road and Mostyn Gardens. These comprise the remaining properties at Hackford Road, London SW9 that are currently used by LHL to operate its business activities. On 22 May 2019, the SoS issued a direction to the trust requiring it to transfer the remaining properties at Hackford Road to the Lambeth Council for no consideration.

Accordingly, these financial statements take account of the direction of the SoS and so exclude the Hackford Road properties from the fixed assets shown in note 10 and in accordance with the direction, the financial statements do not reflect any consideration receivable for those properties. Whilst the trustees acknowledge the direction, they do not accept that the assets should be transferred for no consideration. It should be noted that the trustees will continue to press for an appropriate level of compensation for these assets, commensurate with and inclusive of, the enhanced value, over and above the original net book value, that is properly attributable to them.

The trustees have taken legal advice throughout and they continue to challenge the position of the SoS, the GLD and ESFA. Based on this legal advice, they are confident of a successful outcome.

Going Concern

At the time of approving these financial statements and in anticipation of the properties at Hackford Road being transferred to Lambeth Council, the directors of LHL are in advanced negotiations with Lambeth Council for the granting of a lease over the said properties and they are confident that this will be granted for a term of at least 18 months. In addition, and as further explained in note 17, The World Health Organization declared the Coronavirus (COVID-19) outbreak a pandemic on 11 March 2020 and whilst this will have a hugely negative impact on LHL's profits for the year ending 31 August 2020, the trustees believe that the pandemic will not prevent LHL's ability to continue its trading activities albeit at a reduced level.

Therefore, the trustees continue to adopt a going concern basis in preparing these group accounts.

DURAND EDUCATION TRUST (A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) ***FOR THE YEAR ENDED 31 AUGUST 2019***

Plans for the future

Subject to successful conclusions to the ongoing disputes with the SoS, the GLD and ESFA, the trustees are confident that LHL will be able to continue to operate from the site at Hackford Road and the Trust will continue to receive charitable donations from LHL and will make these sums available in line with its charitable objects. The company is in the process of selling the property at St Cuthman's and will apply the proceeds towards its charitable objects.

The trustees' report was approved by order of the Board of Trustees on 25 September 2020 and signed on the Board's behalf by:

Roger Sullivan
Trustee

DURAND EDUCATION TRUST (A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE YEAR ENDED 31 AUGUST 2019

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 2019 which comprise of the Consolidated Statements of Financial Activities, the group's and the parent charitable 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 2019 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; and
- have been prepared in accordance with the requirements of the and Charities Act 2011.

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 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.

Material uncertainty related to going concern

We draw attention to notes 1.3 and 17 in the financial statements which explain the possible negative impact of the Coronavirus (COVID-19) outbreak on the trading subsidiary's future trading. These circumstances indicate that a material uncertainty exists that may cast significant doubt on the subsidiary's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the trustees' annual report, other than the accounts and our auditor's report thereon. 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.

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; or
- we have not received all the information and explanations we require for our audit.

DURAND EDUCATION TRUST (A COMPANY LIMITED BY GUARANTEE)

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

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.

Use of our 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 FCA (Senior Statutory Auditor)

for an on behalf of Citroen Wells

25 September 2020

**Chartered Accountants
Statutory Auditor**

**Devonshire House
1 Devonshire Street
London
W1W 5DR**

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 2019

	Notes	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Income from:					
Trading activities	3	839,328	-	839,328	998,019
Investments	4	2	-	2	36
Total income		839,330	-	839,330	998,055
Expenditure on:					
Charitable activities	5	462,093	(2,388,362)	(2,850,455)	524,829
Trading costs	6	679,276	-	679,276	1,005,670
Fixed assets transferred to The Dunraven Educational Trust		-	10,536,638	10,536,638	-
Total expenditure		1,141,369	12,925,000	14,066,369	1,530,499
Net expenditure before tax		(302,039)	(12,925,000)	(13,227,039)	(532,444)
Taxation		(4,550)	-	(4,550)	-
Net movement in funds		(306,589)	(12,925,000)	(13,231,589)	(532,444)
Fund balances at 1 September 2018		3,155,082	12,925,000	16,080,082	16,612,526
Fund balances at 31 August 2019		2,848,493	-	2,848,493	16,080,082

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 2019

Comparative year information

Year ended 31 August 2018

	Notes	Unrestricted funds £	Restricted funds £	Total 2018 £
Income from:				
Trading activities	3	998,019	-	998,019
Investments	4	36	-	36
Total income		998,055	-	998,055
Expenditure on:				
Charitable activities	5	274,829	250,000	524,829
Trading costs	6	1,005,670	-	1,005,670
Net expenditure for the year/ Net movement in funds		(282,444)	(250,000)	(532,444)
Fund balances at 1 September 2017		3,437,526	13,175,000	16,612,526
Fund balances at 31 August 2018		3,155,082	12,925,000	16,080,082

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 2019

		Group		Company	
		2019	2018	2019	2018
	Notes	£	£	£	£
Fixed assets					
Property, plant and equipment	10	3,304,022	16,145,046	3,230,102	16,331,627
Current assets					
Trade and other receivables	12	8,533	53,787	-	12,692
Cash at bank and in hand		15,314	36,667	4,146	4,438
		23,847	90,454	4,146	17,130
Current liabilities	13	(479,376)	(425,418)	(387,469)	(270,887)
Net current liabilities		(455,529)	(334,964)	(383,323)	(253,757)
Total assets less current liabilities		2,848,493	16,080,082	2,846,779	16,077,870
Income funds					
Restricted funds	14	-	12,925,000	-	12,925,000
Unrestricted funds		2,848,493	3,155,082	2,846,779	3,152,870
		2,848,493	16,080,082	2,846,779	16,077,870

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 2019, 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 acknowledge their 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 financial statements 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 25 September 2020

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Roger Sullivan
Trustee

Company Registration No. 07256996

DURAND EDUCATION TRUST (A COMPANY LIMITED BY GUARANTEE)

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	£	2019 £	£	2018 £
Cash flows from operating activities					
Cash absorbed from operations	19		(9,561)		(121,102)
Investing activities					
Interest received		2		36	
Purchase of property, plant and equipment		(11,794)		(9,187)	
Net cash absorbed from investing activities			(11,792)		(9,151)
Net decrease in cash and cash equivalents			(21,253)		(130,253)
Cash and cash equivalents at beginning of year			36,667		166,920
Cash and cash equivalents at end of year			15,314		36,667

DURAND EDUCATION TRUST (A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

1.1 Company and group information

Durand Education Trust is a private company limited by guarantee incorporated in England and Wales. Durand Education Trust is also a registered charity in accordance with the Charities Act 2011, with charity registration number 1136362. The registered office is Horizons Leisure Centre, Liberty Street, 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)". The company meets the definition of 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

At the year end, there was an ongoing challenge from the Secretary of State (SoS) through the Government Legal Department regarding the properties that were held by the Trust that were not needed for the purposes of running the schools at Hackford Road and Mostyn Gardens. On 22 May 2019, the SoS issued a direction to the Trust requiring it to transfer the remaining assets at Hackford Road to Lambeth Council.

At the time of approving these financial statements and in anticipation of the properties being transferred to Lambeth Council, the directors of LHL are in advanced negotiations with Lambeth Council for the granting of a lease over the said properties and they are confident that this will be granted for a term of at least 18 months. In addition, and as further explained in note 17, The World Health Organization declared the Coronavirus (COVID-19) outbreak a pandemic on 11 March 2020 and whilst this will have a hugely negative impact on LHL's profits for the year ending 31 August 2020, the trustees believe that the pandemic will not prevent LHL's ability to continue its trading activities albeit it at a reduced level.

Therefore, the trustees continue to adopt a going concern basis in preparing these group accounts.

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 Accounting policies (continued)

1.5 Group accounts

DURAND EDUCATION TRUST (A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

The accounts consolidate the results of the company 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 company has not been presented because the company has taken advantage of the exception afforded by section 408 of the Companies Act 2006.

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 is 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. Donated assets are initially recorded at the trustees' estimate of market value at the time the asset is donated.

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.

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	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 and expenditure for the year.

DURAND EDUCATION TRUST (A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies (continued)

1.9 Investments

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

1.10 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.

1.11 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 2019

1 Accounting policies (continued)

1.12 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.

1.13 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 tax currently payable is based on taxable profit for the year of its subsidiary. Taxable profit differs from net profit as reported in the statement of financial activities because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

DURAND EDUCATION TRUST (A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies (continued)

1.13 Taxation (continued)

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 group's accounting policy for tangible fixed assets is set out in note 1.8. The carrying value of fixed assets as at 31 August 2019 was £3,304,022 and the depreciation charge and impairment losses for the year was £2,586,180. 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

	2019 £	2018 £
Membership fees	266,135	374,475
Accommodation fees	532,380	565,578
Other income	40,813	57,966
	<u>839,328</u>	<u>998,019</u>

4 Investments

	2019 £	2018 £
Interest receivable	2	36
	<u>2</u>	<u>36</u>

DURAND EDUCATION TRUST (A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

5 Charitable activities

	2019	2018
	£	£
Depreciation and impairment*	2,564,887	263,299
Governance costs (see note 7)	285,568	261,530
	<u>2,850,455</u>	<u>524,829</u>

*On 22 May 2019, the Secretary of State (SoS) issued a direction to the trust requiring it to transfer the remaining assets at Hackford Road to the Local Authority for no consideration. Accordingly, these financial statements take account of the direction of the SoS and so exclude the Hackford Road properties from the fixed assets shown in note 10 and in accordance with the direction, the financial statements do not reflect any consideration receivable for those properties which explains the large impairment in the carrying value of the fixed assets in the year. Whilst the trustees acknowledge the direction, they do not accept that the assets should be transferred for no consideration and it should be noted that the trustees will continue to press for an appropriate level of compensation for these assets, commensurate with and inclusive of, the enhanced value, over and above the original net book value, that is properly attributable to them.

The trustees have taken legal advice throughout and they continue to challenge the position of the SoS, the GLD and ESFA. Based on this legal advice, they are confident of a successful outcome.

6 Trading costs

	2019	2018
	£	£
Cost of sales	493,221	636,296
Administrative expenses	61,055	49,374
Termination of contract fees	125,000	320,000
	<u>679,276</u>	<u>1,005,670</u>

7 Governance costs

	2019	2018
	£	£
Audit fees	19,067	24,217
Legal and professional fees	137,218	205,771
Other costs	129,283	31,542
	<u>285,568</u>	<u>261,530</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 the directors of LHL, there were 10 employees during the year (2018: no employees).

DURAND EDUCATION TRUST (A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

10 Property, plant and equipment

Group	Freehold land and buildings	Fixtures, fittings & equipment	Total
	£	£	£
Cost			
At 1 September 2018	18,400,000	294,709	18,694,709
Additions	-	11,794	11,794
Transfers	(15,000,000)	-	(15,000,000)
At 31 August 2019	3,400,000	306,503	3,706,503
Depreciation and impairment			
At 1 September 2018	2,075,000	204,663	2,279,663
Depreciation charged in the year	47,372	22,818	70,190
Impairment losses	175,000	-	175,000
Depreciation eliminated on transfers	(2,122,372)	-	(2,122,372)
At 31 August 2019	175,000	227,481	402,481
Carrying amount			
At 31 August 2019	3,225,000	79,022	3,304,022
At 31 August 2018	16,325,000	90,046	16,415,046
Company	Freehold land and buildings	Fixtures, fittings & equipment	Total
	£	£	£
Cost			
At 1 September 2018	18,400,000	134,114	18,534,114
Transfers	(15,000,000)	-	(15,000,000)
At 31 August 2019	3,400,000	134,114	3,534,114
Depreciation and impairment			
At 1 September 2018	2,075,000	127,487	2,202,487
Depreciation charged in the year	47,372	1,525	48,897
Impairment losses	175,000	-	175,000
Depreciation eliminated on transfers	(2,122,372)	-	(2,122,372)
At 31 August 2019	175,000	129,012	304,012
Carrying amount			
At 31 August 2019	3,225,000	5,102	3,230,102
At 31 August 2018	16,325,000	6,627	16,331,627

DURAND EDUCATION TRUST (A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

11 Subsidiaries

London Horizon Limited ('LHL') (Company no: 03422748) is a wholly owned subsidiary of the company. 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 accommodation facilities. The latest audited accounts for LHL are for the year to 31 August 2019. At 31 August 2019, LHL's profit for the year and reserves were £155,502 and £1,714 respectively.

12 Trade and other receivables

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Amounts falling due within one year:				
Trade receivables	2,584	13,249	-	-
Other receivables	-	18,904	-	-
Prepayments and accrued income	5,949	21,634	-	12,692
	<u>8,533</u>	<u>53,787</u>	<u>-</u>	<u>12,692</u>

13 Current liabilities

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Trade payables	67,395	45,944	-	-
Corporation tax	4,550	-	-	-
Other taxation and social security	7,129	-	-	-
Amounts owed to subsidiary	-	-	100,616	-
Other payables	211,464	238,222	211,464	238,222
Accruals and deferred income	188,838	141,252	75,389	32,665
	<u>479,376</u>	<u>425,418</u>	<u>387,469</u>	<u>270,887</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 2018 £	Movement in funds Incoming resources £	Resources expended £	Balance at 31 August 2019 £
Restricted Funds	12,925,000	-	(12,925,000)	-

DURAND EDUCATION TRUST (A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

15 Analysis of net assets between funds

Group	Unrestricted funds	Restricted funds	Total
	£	£	£
Fund balances at 31 August 2019 are represented by:			
Property, plant and equipment	3,304,022	-	3,304,022
Current liabilities	(455,529)	-	(455,529)
	<u>2,848,493</u>	<u>-</u>	<u>(2,848,493)</u>

Company	Unrestricted funds	Restricted funds	Total
	£	£	£
Fund balances at 31 August 2019 are represented by:			
Property, plant and equipment	3,230,102	-	3,230,102
Current liabilities	(383,323)	-	(383,323)
	<u>2,846,779</u>	<u>-</u>	<u>2,846,779</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 Events after reporting date

The World Health Organization declared the Coronavirus (COVID-19) outbreak a pandemic on 11 March 2020. The pandemic, and the measures to control its human impact, have resulted in disruptions to economic activity and business operations worldwide. This could potentially have a financial impact on the group depending on factors such as the duration and continued spread of the outbreak, the level of restrictions and advisories from the UK government, and the effects on the financial markets and economy overall. The outcome of all these factors is highly uncertain. LHL was obliged to close its leisure facilities in late March 2020 and these did not re open until late July 2020. In addition, income from LHL's accommodation facilities was adversely affected. These factors will have a hugely negative impact on LHL's profits for the year ending 31 August 2020 and the corresponding amount it can donate to the company for that year. However, at the date of approval of the financial statements, the group is unable to determine a reliable estimate of the full financial impact of COVID-19 on its profitability and financial position.

In May 2019, the Secretary of State issued a direction to the company to transfer the properties and other assets that are used by LHL to conduct its business activities to Lambeth Council. The trustees have challenged the right of the Secretary of State to take over these assets without providing reasonable compensation and the arguments are expected to be heard in court in November 2020.

At the time of approving these financial statements and in anticipation of the properties being transferred to Lambeth Council, the directors of LHL are in advanced negotiations with Lambeth Council for the granting of a lease over the said properties to allow LHL to continue trading for a term of at least 18 months.

DURAND EDUCATION TRUST (A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

18 Related party transactions

The company is a member of Durand Academy Trust ('DAT'), a charitable company registered in England and Wales. The school sites at Hackford Road and Mostyn Gardens, London and at St Cuthmans in Midhurst, West Sussex are owned by the company and were leased informally to DAT for a peppercorn rent. DAT ceased to operate as an Academy on 31 August 2018 after its Funding Agreement was terminated at that date.

The former Durand Academy has been renamed Van Gogh Academy and is part of The Dunraven Educational Trust, a multi-academy trust which is unconnected to the group.

During the year, the group invoiced DAT for services it provided to the pupils, staff and parents totalling £nil (2018: £79,895) and was recharged expenses totalling £nil (2018: £19,729). At the year end, the group owed £192,088 (2018: £192,088) to DAT.

During the year, the group paid Mark McLaughlin £17,582 (2018: £nil) for his services as a consultant. No amounts were outstanding at the year end.

John Wentworth is a director of JPW Education Ltd (JPW) and was also a director of the company until 9 July 2019. During the year, the group paid £2,000 (2018: £nil) to JPW, for his services as a consultant. No amounts were outstanding at the year end.

19 Cash generated from operations

	2019 £	2018 £
Deficit for the year	(13,231,589)	(532,444)
Adjustments for:		
Taxation charge	4,550	
Investment income recognised in profit or loss	(2)	(36)
Depreciation and impairment of property, plant and equipment	2,586,180	288,369
Transfer of fixed assets	10,536,638	-
Movements in working capital:		
(Increase)/decrease in trade and other receivables	(45,254)	14,367
Increase in trade and other payables	49,408	108,642
Cash absorbed by operations	(9,561)	(121,102)

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