

Peter Harrison Foundation

Report and Consolidated Financial Statements

Year Ended

31 May 2022



PETER HARRISON FOUNDATION

Report of the trustees for the year ended 31 May 2022

The Trustees of the Peter Harrison Foundation present their report together with the consolidated financial statements for the year ended 31 May 2022.

1. Structure, governance and management

The Peter Harrison Foundation is an independent grant-making trust that supports registered charities and Community Amateur Sports Clubs (CASCs) in the United Kingdom.

The Foundation was established by trust deed on 29 April 1999 with an original gift of £1,000 as the initial endowment fund. A donation from the founder of £386,401 was credited to unrestricted income funds in the financial period to 31 May 2000.

During the year to 31 May 2001, the Foundation was gifted £30,000,000 of loan notes on 10 October 2000 by the Peter Harrison KGCN CBE family settlements. The Trustees encashed the loan notes on 15 April 2001.

During the year to 31 May 2002 a further endowment of £590,417 was gifted by the Peter Harrison KGCN CBE family settlements, which has been credited to the expendable endowment fund.

On 9 March 2011 a further £15,000,000 was gifted by the Peter Harrison A Settlement Discretionary Fund. These gifts have been added to the original endowment fund for investment and generation of income for annual distribution. The endowment gift fund may be distributed at the Trustees' discretion, but the current policy is to maintain the value of this capital while distributing income of approximately £1.5 million annually for charitable purposes.

The Foundation's wholly owned subsidiary company PHF Investments Limited holds investment properties and loans for property development. Profits made by PHF Investments Limited are donated to the Foundation. PHF Investments Limited is managed by Chancerygate Limited which also advises on investment acquisitions and disposals. Peter Lee, a Trustee, is a shareholder and director of Chancerygate Limited. Details of transactions with Chancerygate Limited are disclosed in note 11 to the financial statements.

The Trustees meet four times a year when they review the operation of the Foundation and consider grant applications. The Trustees delegate the day to day running of the Foundation to the Foundation Director who reports to the Trustees. A small team of staff supports the Director and during the year there was one part-time Grants Administrator. The Trustees devote time and effort to keep abreast of the latest developments in the charitable sector.

Sadly the founder and Chairman of the Foundation passed away on 18 June 2021. Peter was generous, warm hearted and will be much missed by his family and fellow Trustees as well as many of the beneficiaries of the Foundation's grants. The Foundation lives on in memory of Peter and the current Trustees continue the work he began with such generosity of spirit. There were no appointments or retirements of Trustees during the year.

The Foundation's Director Andrew Ross retired in 2022 after seven years service, during that time he contributed to the development of the charity and played a significant role in the grant-making programme. The Trustees appointed a new Director, Sarah Ridley, in January 2022.

Remuneration of key management personnel is set at a level which promotes staff morale and retention whilst bearing in mind the charitable purposes of the Foundation. Remuneration is reviewed annually by one of the Trustees.

2. Objectives and activities

Under the terms of the Trust Deed, the objects of the Foundation are wide and provide that funds are "applied for such charitable institutions or such other objects which are charitable in accordance with the laws of England and Wales as the Trustees may in their absolute discretion select."

The Trustees have decided that the Foundation's current aims are to:

- help disabled people or disadvantaged children/young people, principally through sport and education;
- support charitable activities which are well planned and demonstrate a high level of community involvement;
- fund projects where a grant will make a substantial difference to the charity funded; and,
- support projects that are likely to have a sustainable impact.

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Report of the trustees for the year ended 31 May 2022 (continued)

2. Objectives and activities (continued)

The Trustees' current objectives are to:

- investigate thoroughly all requests for grants;
- fund a variety of different projects that meet the Foundation's aims, thus providing help to a wide range of beneficiaries;
- maintain the value of the endowment fund;
- maximise income; and,
- distribute income of approximately £1.5 million per annum.

To achieve the stated aims and objectives, the Foundation makes grants of all sizes to registered UK charities working in these areas.

Programmes

The Foundation has three principal grant-making programmes:

a) Opportunities through Sport

The Trustees support sporting activities that provide opportunities for people who are disabled, or for disadvantaged children and young people, to fulfil their potential and develop personal and life skills. Applications are accepted from charities throughout the United Kingdom.

b) Support for Children and Young People who have special educational needs, disabilities or mental ill health

Applications are accepted from charities in the South East of England (excluding London).

c) Trustees' Discretion

This programme supports projects of particular interest to the Trustees that may fall outside the Foundation's main aims; such funding is still in accordance with the terms of the Trust Deed. A part of this programme supports the provision of educational facilities and bursary places for children from the Reigate and Redhill areas in Surrey to enable them to attend Reigate Grammar School. The Trustees do not invite applications to this programme.

Grant-making policy

The Foundation only makes grants to registered UK charities and Community Amateur Sports Clubs (CASCs).

The Trustees have developed publicly available guidelines that set out the details of the grant-making programmes and the application process. This information and an on-line Stage 1 Form can be found on the Foundation's website at www.peterharrisonfoundation.org.

All outline projects that meet the funding criteria are assessed by the Director and the Grants Administrator. The Director then undertakes a full review, usually including a site visit, for the purpose of assessing grant applications under consideration. Stage 2 should only be submitted after the proposal has been discussed with the Foundation Director. The Director prepares reports on all applications for consideration by the Trustees and grants are approved by the Trustees.

Ongoing projects are monitored on a regular basis and applicants are asked to submit a report on completed projects.

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Report of the trustees for the year ended 31 May 2022 (continued)

3. Achievements and performance

Opportunities Through Sport, £888,065

56 grants were made to UK charities, primarily in the field of disability sport. The principal awards were:

£100,000 to Loughborough University for Peter Harrison Centre for Disability Sport - Year 18.

£46,064 to YMCA East Surrey towards the cost of employing a Disability Sport Co-ordinator.

£30,000 to The Lord's Taverners for staff costs to expand 'Super 1s' disabled cricket programme.

£30,000 to Wallsend Boys Club towards the cost of building a Community Sports Hub.

£30,000 to Epsom Riding for the Disabled Association towards the cost of building a new indoor riding school for the disabled.

£28,500 to The Frank Bruno Foundation towards the cost of three 12-week Round-By-Round Boxercise and Wellbeing courses.

£25,000 to Hamara Healthy Living Centre towards the cost of redeveloping The Cockburn Centre - a sustainable community hub providing sporting opportunities for people with disabilities.

£25,000 to Fulham Reach Boat Club for Boats not Bars: Rowing clubs for serving prisoners.

£25,000 to Children's Sailing Trust for enhancing the Lake Trevassack Centre for accessible sailing.

£25,000 to Sutton United Youth & Community Foundation towards the cost of a Community Pavilion for community and disability football.

£25,000 to Fight for Peace International to provide core funding for the Sports Coordinator to enhance the delivery of sports sessions and the personal development of users.

£25,000 to United Kingdom Sailing Academy towards the cost of creating one accessible bedroom in the new residential building.

£23,036 to The Change Foundation for visually impaired rugby.

£21,300 to Watermill Foundation Limited towards a Cycling for the Disabled programme.

£21,000 to The Wheelchair Football Association to support the WFA's Community Engagement Programme to encourage young disabled people to play wheelchair football.

£20,000 to Erdington Gymnastics Club to purchase specialised equipment for the gymnasium extension to be used by young gymnasts with special needs.

£20,000 to Rossendale Rays Special Needs Sports Club towards the cost of a new athletics track for SEND and disabled cycling.

£20,000 to Goalball UK for training camps for elite Goalball UK Teams.

£20,000 to Juvenile Diabetes Research Foundation for sports activities for people with Type 1 Diabetes.

£20,000 to Bright Ideas for Tennis towards the costs of expanding the I Play 30 programme nationwide to provide opportunities for individuals with disabilities to play tennis in a supportive, non-judgemental environment.

£20,000 to Tackling Awareness of Mental Health Issues (TAMHI) to support implementation of the Champions of Wellbeing programme over two years.

£20,000 to Liberty Jamboree towards the employment of an Inclusive Sports Coach to develop, deliver and lead sports opportunities for young people and young adults with special education needs, disabilities and/or mental ill health.

Support for Children and Young People who have special educational needs, disabilities or mental ill health, £474,771

Grants were made to 28 charities. The principal awards were:

£100,000 to The Children's Trust - Tadworth to fund a classroom, sensory terrace and classroom equipment in the new Hub for children with disabilities.

£30,000 to Surrey Care Trust towards Steps to 16 - alternative learning provision for 14-16 year olds.

£25,000 to Walton Leigh School Parents Staff Association towards the refurbishment of the Hydrotherapy Pool at Walton Leigh Special School.

£25,000 to Young Lives Foundation towards a mentoring project for disadvantaged young people.

£25,000 to St Catherine's Hospice towards the construction of a counselling room for families at St Catherine's new hospice at Pease Pottage.

PETER HARRISON FOUNDATION

Report of the trustees for the year ended 31 May 2022 (continued)

3. Achievements and performance (continued)

Support for Children and Young People who have special educational needs, disabilities or mental ill health (continued)

£24,000 to Dandelion Time towards a farm-based support programme for children and families.

£21,540 to Home-Start East Surrey towards the salary of a Children and Families Early Help Co-ordinator.

£20,000 to Alexander Devine Children's Hospice Service towards the cost of providing respite care and support to children with life-limiting and life-threatening conditions.

£20,000 to Crossroads Care Surrey for specialist transition support for 14-16 year olds with learning disabilities.

£20,000 to The Eikon Charity for school transition support for vulnerable children in Surrey.

£20,000 to Time to Talk West Berkshire towards the cost of the effective implementation of the Silver Cloud Mental Health Technology, with a focus on supporting children and young people in low-income communities.

Trustees' Discretion: Education, £145,827

The total awarded comprises four bursaries totalling £145,827 commencing in September 2022 to enable gifted children to attend Reigate Grammar School irrespective of family income.

The Trustees have referred to the Charity Commission's guidance on public benefit when reviewing their aims and objectives and in planning future activities. In particular, the Trustees consider how planned activities will contribute to the aims and objectives they have set. The Trustees believe that, taken together, these grants meet the objective of benefiting as varied a cross-section of the community as possible in the various grant-making fields. The Trustees will continue to look for a wide variety of projects that enable those with disabilities or who are otherwise disadvantaged to achieve their full potential.

4. Future plans

The Trustees intend to maintain a significant grant-making programme to benefit a wide range of charitable causes of particular interest to them. Grants will continue to be made in the Foundation's three programmes. In deciding on these grants, Trustees will continue to favour projects (both capital and revenue) where support from the Foundation will make a substantial difference in improving the quality of life for people who face difficulties through disability or other disadvantage. Potential projects in the Opportunities Through Sport programme will continue to be considered on a UK wide basis.

5. Financial review

The financial statements consolidate the results of the Foundation with those of its subsidiary, PHF Investments Limited, for the year ended 31 May 2022.

(i) Total gross income

Total gross income for the year amounted to £3,051,112 (2021: £3,010,860).

The unrestricted income fund received interest from property development loans of £1,092,433 (2021: £1,222,149), rental income of £1,025,962 (2021: £1,528,376) and income from listed investments of £301,777 (2021: £259,244). The report on investments below explains the movement in types of investment and hence the changes in income.

During the year the Peter Harrison Heritage Foundation ('PHHF') donated £630,073 (2021: £nil) to one of the Foundation's expendable endowment funds. The former chairman and director of PHHF was the late Peter Harrison, who was also chairman and Trustee of the Peter Harrison Foundation until his death on 18 June 2021. The directors of PHHF have decided to dissolve PHHF with its remaining assets being donated to the Foundation. In the past PHHF made many grants of a heritage nature and the Trustees intend to make grants of a similar nature from the expendable endowment fund in memory of Peter Harrison.

(ii) Charitable grants awarded

In order to maintain the value of the endowment the Trustees have decided that current grant making be capped at £1.5 million (see Section 6 below) and after due consideration and assessment the Trustees have awarded grants for the year of £1,453,740 (2021: £1,424,551). Details of the principal grants given are shown in section 3 above.

PETER HARRISON FOUNDATION

Report of the trustees for the year ended 31 May 2022 (continued)

5. Financial review (continued)

(iii) Investments

The Trustees' overall investment objective is to achieve sufficient total returns to fund its existing grant programme whilst also protecting the capital value of its assets for the benefit of future beneficiaries.

The Foundation's principal investments comprise investment properties, property development loans and managed investment funds.

Investment properties are bought and sold depending on market conditions and opportunities arising. Following the renegotiation of leases for the Foundation's largest investment property the opportunity was taken to sell that property realising a gain of £1,862,537 (2021: £nil). The lease renegotiations and sale explain the reduction in rental income during the year (see 5 (i) above). The intention is that part of the sale proceeds of £11,162,537 (2021: £nil) will be reinvested in other investment properties and since the year end an investment property has been acquired for just over £5 million. The property market continues to be challenging and the Trustees consider opportunities that provide a reasonable return with an acceptable level of risk.

The Foundation has made loans to fund property developments which earn interest and, on certain developments, also entitle the Foundation to a share of any development profits, but not of any losses. The interest on these loans is payable quarterly which provides the Foundation with regular income from which to fund grants. There were loan repayments of £1,315,541 (2021: £9,650,000) during the year and a new loan of £4,600,000 (2021: £nil) was made. The timing of the additional loans and of the repayments in both 2022 and 2021 were such that the loan interest receivable shown in 5 (i) above fell slightly during the year.

The Foundation has invested in various charity pooled funds, which are held primarily to generate income to finance the payment of grants. The returns on these funds tend not to be as great as those on the Foundation's property related investments, however the income from the property related investments can fluctuate particularly when properties are sold or loans repaid and it can take time before new properties can be acquired or new loans made. The charity pooled funds tend to provide more consistent income. In order to further diversify the Foundations' investments the Trustees decided to invest a further £2,000,000 (2021: £nil) during the year in the pooled funds, increasing the cost of the investment from £7,500,000 to £9,500,000.

The Foundation and its subsidiary held cash at the year end of £21,553,711 (2021: £14,303,732). The increase in cash largely arose from the sale of the investment property towards the end of the year. The cash held is significantly more than the charity needs to meet its commitments and operating costs. The Foundation has acquired a new investment property and made a new property development loan since the year end but surplus cash remains which the Trustees are considering how to invest.

The Trustees regularly monitor the Foundation's investments and cash reserves with a view to balancing prudence with the need to generate income. In so doing the Trustees consider the risks associated with each class of investment, bearing in mind the risks inherent with those particular assets and the wider economic risks arising. The COVID-19 emergency increased these risks but the Trustees consider that the present mix provides a reasonable balance of returns with an acceptable level of risk but continue to keep the charity's assets under review.

The Trustees consider that the charity's investments and the income these investments generate should be sufficient to meet the charity's present obligations and also ensure its ability to continue to make grants in the long term.

6. Reserves policy

The Trustees have the flexibility, if they so wish, to spend the Foundation's expendable endowment fund in fulfilment of the charity's objectives. However in order to balance the needs of current and potential future beneficiaries of the charity the Trustees have adopted the policy of retaining the expendable endowment fund, together with any capital profits arising from the sale of the Foundation's investments, the income generated from this capital being used to fund grants payable. The Trustees consider that by maintaining and building the capital base of the Foundation, which should generate greater income, the Trustees will be able to increase grants payable whilst ensuring the Foundation's long term future and helping to prevent any diminution to the Foundation caused by inflation.

Report of the trustees for the year ended 31 May 2022 (continued)

6. Reserves policy (continued)

The Trustees are conscious of the current high rate of inflation and the impact this has on the real value of the Foundation's reserves. As noted above capital profits are being retained, however the current high rate of inflation means that this is insufficient to maintain the real value of the Foundation's reserves. If the reserves at 31 May 2021 were to be maintained in line with the Retail Price Index they would need to have increased by £5,949,420 to £56,975,836 by the year end. The Trustees are prepared to take a long term view and wish to balance the importance of continuing to make grants with the need to consider the long term future of the charity and decided to keep grants at roughly the same level as last year (£1,453,740 in 2022 compared to £1,424,551 in 2021). The consequence of these policies was that the Foundation increased its reserves by £3,301,350 to £54,327,766. Although the increase did not entirely meet that required to maintain the real value of the reserves the Trustees consider the position satisfactory and consistent with their balanced approach. The Trustees will continue to monitor the position.

Accounting standards require capital profits to be included within the unrestricted income fund and accordingly the accounts reflect this treatment, however as stated above the Trustees aim to build the unrestricted income fund reserve over time to ensure the long term future of the Foundation.

7. Legal and administrative

The Legal and Administrative Information set out after the title page forms part of the Report. The financial statements comply with current statutory requirements, the Trust Deed, and present accounting regulations. The Foundation is constituted under a Trust Deed dated 29 April 1999 and was registered as a charity in England and Wales on 15 July 1999 under registration number 1076579. The governing body is the Board of Trustees. Future trustees must be appointed by resolution of the Trustees.

8. Risk management

The Trustees acknowledge their responsibilities and recognise that good practice includes consideration and reporting of risk management. The Trustees have examined the major strategic, business and operational risks involved in the Foundation's activities and have conducted a risk assessment.

The Trustees have identified and considered potential risks under the following categories:

- Governance and management
- Operational risk
- Financial risk
- Environmental and external factors
- Compliance with the law and regulations

The Trustees have reviewed and assessed the potential impact of the major risks identified and have noted the steps taken to mitigate those risks. The Trustees are confident that currently there are no medium or high risks to the Foundation and the likelihood of such risks arising is low. Any significant changes in procedures have a risk assessment made prior to implementation. Regular reviews of the risk assessment are made prior to meetings of the Trustees.

9. Statement of Trustees' responsibilities

The Trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. The law applicable to charities in England and Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the Foundation and of the income and expenditure of the Foundation for that period. In preparing these financial statements the Trustees are required to:

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

PETER HARRISON FOUNDATION

Report of the trustees for the year ended 31 May 2022 (continued)

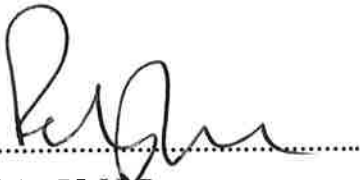
9. Statement of Trustees' responsibilities (continued)

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Foundation and to enable them to ensure that the financial statements comply with the Charities Act 2011 and the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the Foundation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

10. Auditors

Moore Kingston Smith LLP have indicated their willingness to continue in office and it is proposed that they be re-appointed auditors for the ensuing year.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'P J G Lee', is written over a horizontal dotted line.

Date 17 January 2023

P J G Lee DL LL.B
Trustee

Independent Auditor's Report to the Trustees of the Peter Harrison Foundation

Opinion

We have audited the financial statements of the Peter Harrison Foundation for the year ended 31 May 2022 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheet, the Consolidated Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group and charity's affairs as at 31 May 2022, and of its incoming resources and application of resources, 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 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 financial statements section of our report. We are independent of the charity 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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

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

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

We have nothing to report in this regard.

PETER HARRISON FOUNDATION

Independent Auditor's Report to the Trustees of the Peter Harrison Foundation (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- the group and charity has not kept adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we required for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 6, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group and charity'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 charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the group and charity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.

Independent Auditor's Report to the Trustees of the Peter Harrison Foundation (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

· Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and charity to cease to continue as a going concern.

· Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the group and charity.

Our approach was as follows:

- we obtained an understanding of the legal and regulatory requirements applicable to the charity through the use of permanent audit file information, updated this year for any changes that have been identified by management or by our own investigations and considered that the most significant are the Charities Act 2011, the Charity SORP, and UK financial reporting standards as issued by the Financial Reporting Council;
- we obtained an understanding of how the group and charity complies with these requirements by discussions with management and those charged with governance and through reviews of relevant accounting and management records;
- we assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, based on our work as outlined above;
- we enquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations, using associated documentary evidence to better understand items of interest;
- based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. As well as specific audit testing, this included approaching accounting records with an inquisitive and sceptical mindset such that we examined items that were felt to be of interest or of higher risk in this area, and obtaining additional corroborative evidence as required.

PETER HARRISON FOUNDATION

Independent Auditor's Report to the Trustees of the Peter Harrison Foundation (continued)

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)

To address the risk of fraud through management override of controls, we carried out the following work:

- procedures were undertaken to identify any unusual or unexpected matters, and the rationale behind any such matters was examined;
- journal entries were reviewed to identify unusual transactions;
- judgements and assumptions made in determining the accounting estimates set out in the accounting policies were reviewed.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Use of our report

This report is made solely to the group and charity's trustees, as a body, in accordance with Chapter 3 of Part 8 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the group and charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the charity and group and charity's trustees as a body, for our audit work, for this report, or for the opinion we have formed.



7/2/2023

Moore Kingston Smith LLP
Statutory auditor

Betchworth House
57-65 Station Road
Redhill
Surrey
RH1 1DL

Moore Kingston Smith LLP is eligible to act as auditor in terms of Section 1212 of the Companies Act 2006.

PETER HARRISON FOUNDATION

Consolidated Statement of Financial Activities for the year ended 31 May 2022

	Notes	2022 Unrestricted income fund £	2022 Expendable endowment funds £	2022 Total £	2021 Total £
Income from:					
Donation	2	0	630,073	630,073	0
Investments and cash deposits	3	1,395,064	13	1,395,077	1,482,484
Rental income	4	1,025,962	0	1,025,962	1,528,376
		<u>2,421,026</u>	<u>630,086</u>	<u>3,051,112</u>	<u>3,010,860</u>
Total income					
Expenditure on:					
Raising funds:					
Rental activity	4	218,618	0	218,618	182,287
Charitable activities	5	1,633,761	0	1,633,761	1,587,596
		<u>1,852,379</u>	<u>0</u>	<u>1,852,379</u>	<u>1,769,883</u>
Total expenditure					
Net operating income		568,647	630,086	1,198,733	1,240,977
Net realised investment gain	7	1,888,241	0	1,888,241	974,950
Net unrealised investment gains (2021: losses)	7	214,376	0	214,376	(153,015)
		<u>2,671,264</u>	<u>630,086</u>	<u>3,301,350</u>	<u>2,062,912</u>
Net income and net movement in funds					
Reconciliation of funds					
Funds brought forward	10	5,938,502	45,087,914	51,026,416	48,963,504
		<u>8,609,766</u>	<u>45,718,000</u>	<u>54,327,766</u>	<u>51,026,416</u>
Funds carried forward	10				

All amounts relate to continuing activities.

All recognised gains and losses are included in the statement of financial activities.

The notes on pages 16 to 27 form part of these financial statements.

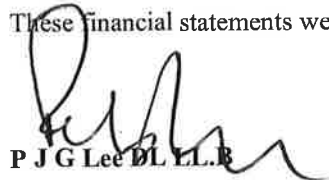
PETER HARRISON FOUNDATION

Consolidated Balance Sheet as at 31 May 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Managed investment funds	7	10,350,568		8,136,192	
Investment properties	7	8,775,000		18,075,000	
Loans	7	14,834,459		11,550,000	
Total investments		33,960,027		37,761,192	
Current assets					
Debtors	8	506,234		1,167,264	
Cash at bank and in hand					
Cash and bank balances		20,000		20,000	
Short term deposits		21,533,711		14,283,732	
		22,059,945		15,470,996	
Creditors: amounts falling due within one year					
Charitable grants provided and contracted for, but not paid	5	(786,425)		(1,443,407)	
Other creditors	9	(376,401)		(229,295)	
		(1,162,826)		(1,672,702)	
Net current assets		20,897,119		13,798,294	
Total assets less current liabilities		54,857,146		51,559,486	
Creditors: amounts payable after more than one year					
Charitable grants provided and contracted for, but not paid	5	(529,380)		(533,070)	
Net assets		54,327,766		51,026,416	
Expendable endowments					
Endowment gifts	10	45,001,000		45,001,000	
Expendable endowment gift	10	717,000		86,914	
		45,718,000		45,087,914	
Income funds					
Unrestricted income fund	10	8,609,766		5,938,502	
Total expendable endowment and income funds		54,327,766		51,026,416	

The notes on pages 16 to 27 form part of these financial statements.

These financial statements were reviewed and approved by the Board of Trustees, on 17 January 2023


P J G Lee DL LL.B
Trustee

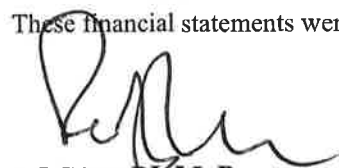
PETER HARRISON FOUNDATION

Balance Sheet as at 31 May 2022

	Notes	2022		2021	
		£	£	£	£
Fixed assets					
Managed investment funds	7		10,350,568		8,136,192
Loan to subsidiary company	7		35,800,000		38,800,000
Investment in subsidiary company	7		1,000		1,000
Total investments			<u>46,151,568</u>		<u>46,937,192</u>
Current assets					
Debtors	8	933,502		1,366,956	
Cash at bank and in hand					
Cash and bank balances		10,000		10,000	
Short term deposits		<u>5,458,868</u>		<u>2,344,477</u>	
		<u>6,402,370</u>		<u>3,721,433</u>	
Creditors: amounts falling due within one year					
Charitable grants, provided and contracted, but not paid	5	(786,425)		(1,443,407)	
Other creditors	9	<u>(21,191)</u>		<u>(17,543)</u>	
		<u>(807,616)</u>		<u>(1,460,950)</u>	
Net current assets			<u>5,594,754</u>		<u>2,260,483</u>
Total assets less current liabilities			51,746,322		49,197,675
Creditors: amounts payable after more than one year					
Charitable grants, provided and contracted, but not paid	5		(529,380)		(533,070)
Net assets			<u>51,216,942</u>		<u>48,664,605</u>
Expendable endowments					
Endowment gifts	10		45,001,000		45,001,000
Expendable endowment gift	10		<u>717,000</u>		<u>86,914</u>
			45,718,000		45,087,914
Income funds					
Unrestricted income fund	10		5,498,942		3,576,691
Total expendable endowment and income funds			<u>51,216,942</u>		<u>48,664,605</u>

The notes on pages 16 to 27 form part of these financial statements.

These financial statements were reviewed and approved by the Board of Trustees, on 17 January 2023



P J G Lee B.L.L.B

Trustee

PETER HARRISON FOUNDATION

Consolidated Statement of Cash Flows for the year ended 31 May 2022

	2022	2021
	£	£
Net income for the reporting period	3,301,350	2,062,912
Adjustments for:		
Realised gains on investments	(1,888,241)	(974,950)
Unrealised gains (2021: losses) on investments	(214,376)	153,015
Income receivable from investments and cash deposits	(1,395,077)	(1,482,484)
Rents receivable from investments	(1,025,962)	(1,528,376)
Increase (2021: decrease) in debtors	(56,197)	57,033
Decrease in creditors	<u>(464,267)</u>	<u>(1,045,445)</u>
Net cash used by operating activities	(1,742,770)	(2,758,295)
Cash flows from investing activities:		
Dividend distributions and interest received	1,261,014	1,452,781
Rent received	1,110,745	1,567,409
Proceeds from investment loan repayments	2,058,453	9,907,742
Investment loans made	(4,600,000)	0
Purchase of managed investment funds	(2,000,000)	0
Proceeds from disposal of investment property	<u>11,162,537</u>	<u>0</u>
Net cash provided by investing activities	<u>8,992,749</u>	<u>12,927,932</u>
Change in cash in the reporting period	7,249,979	10,169,637
Cash at the beginning of the reporting period	14,303,732	4,134,095
Cash at the end of the reporting period	<u><u>21,553,711</u></u>	<u><u>14,303,732</u></u>
Analysis of cash	31 May 2022	31 May 2021
	£	£
Cash and bank balances	20,000	20,000
Short term deposits	<u>21,533,711</u>	<u>14,283,732</u>
	<u><u>21,553,711</u></u>	<u><u>14,303,732</u></u>

The notes on pages 16 to 27 form part of these financial statements.

Notes forming part of the consolidated financial statements for the year ended 31 May 2022

1 Accounting policies

Basis of preparation and assessment of going concern

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments at market value, and are in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) effective 1 January 2015 ('the SORP'), FRS 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland ('FRS 102'), the Charities Act 2011 and UK Generally Accepted Accounting Practice.

The financial statements are prepared in Sterling which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest Pound.

The Foundation constitutes a public benefit entity as defined by FRS 102.

The Trustees consider that there are no material uncertainties about the Foundation's ability to continue as a going concern. The most significant area of uncertainty is the valuation of the Foundation's investment properties, however, these form only part of the Foundation's net assets and with the Foundation's cash balances exceeding its grant commitments and other liabilities there is no risk that the Foundation cannot meet its current obligations. The Trustees are confident of the Foundation's ability to continue as a going concern for at least twelve months from the date of approval of these financial statements.

Critical accounting estimates and areas of judgment

In preparing financial statements it is necessary to make certain judgments, estimates and assumptions that affect the amounts recognised in the financial statements. The trustees consider that the valuation of the subsidiary's investment properties is the only amount which requires judgment and estimation and that could have a significant effect on the financial statements. The investment properties' valuations are based on advice from the subsidiary's property consultants of their view of the market value at the year end. Property valuations necessarily require judgment however the subsidiary's property consultants are experts in their field and the trustees consider that the risk of a material misstatement is unlikely to occur. Furthermore, the impact of a misstatement would not affect the ability of the Foundation to meet its grant commitments as the Foundation's cash balances and readily realisable investments are sufficient to settle its grant commitments in full.

Group financial statements

These financial statements consolidate the results of the charity and its wholly owned subsidiary PHF Investments Limited on a line by line basis. A separate statement of financial activities, or income and expenditure account, for the charity itself is not presented because the charity has taken advantage of the exemptions afforded by the Charities SORP FRS 102.

Income

Income is accounted for gross in the period in which the Foundation is entitled to receipt.

Expenditure

All expenditure is included on an accruals basis.

Support costs comprise costs for processing grant applications, including support to actual and potential applicants, together with governance costs meeting constitutional and statutory requirements which include the cost of Trustee meetings and audit fees. Where costs cannot be directly attributed to either of these categories an apportionment is made based on estimated staff time.

1 Accounting policies (continued)

Charitable grants charged in the year are as follows:

- (a) Awarded by the Trustees, and all contractual conditions met in the year.
- (b) Awarded by the Trustees in the previous year for which the contractual terms have been met in the current year.

Fixed asset investments

Investment properties are stated at their estimated market value. No depreciation is provided on investment properties.

The managed investment funds are stated at their listed price.

Loans for property development are stated at cost less provision for diminution in value. The property development loans earn interest and, for certain of the loans, a share of any net development profit, but not of any losses. The share of net development profits is accounted for when they can be determined with reasonable certainty.

The Foundation's investment in its subsidiary undertaking, PHF Investments Limited, is unquoted and shown at cost. As consolidated financial statements are presented, and in view of the disclosures in notes 4 and 7 regarding the subsidiary, the Trustees do not believe that estimating the market value of this investment and including this value on the charity Balance Sheet would be relevant to users' understanding of the accounts. As a result the investment is presented at historic cost.

The Statement of Financial Activities includes realised gains and losses from investments that have been sold and unrealised gains and losses arising from the revaluation of investments that are still held.

Other financial instruments

a) Cash and cash equivalents

Cash and cash equivalents include cash at banks and in hand and short term deposits with a maturity date of three months or less.

b) Debtors and creditors

Debtors and creditors receivable or payable within one year of the reporting date are carried at their transaction price. Debtors and creditors that are receivable or payable in more than one year and not subject to a market rate of interest are measured at the present value of the expected future receipts or payment, discounted at a market rate of interest. Grants payable after more than one year are not considered to be financial instruments as they are non-contractual in nature and consequently are not measured at their present value.

Expendable endowment funds

Where funds are given to be held as endowments, they are shown as expendable endowment funds in the financial statements. Expendable endowments are those where the trust terms provide for conversion to income under certain circumstances. Of the endowment funds £717,000 (2021: £86,914) is restricted to expenditure subject to the donor's approval.

PETER HARRISON FOUNDATION

Notes forming part of the financial statements for the year ended 31 May 2022 (continued)

2 Donation received

During the year the Peter Harrison Heritage Foundation ('PHHF') donated £630,073 (2021: £nil) to one of the Foundation's expendable endowment funds. The former chairman and director of PHHF was the late Peter Harrison, who was also chairman and Trustee of the Foundation until his death on 18 June 2021. The directors of PHHF have decided to dissolve PHHF with its remaining assets being donated to the Foundation. In the past PHHF made many grants of a heritage nature and the Trustees intend to make grants of a similar nature from the expendable endowment fund in memory of Peter Harrison.

The Trustee Peter Lee is also a director of PHHF.

3 Income from investments and cash deposits

	2022 £	2021 £
Income from listed investments	301,777	259,244
Interest receivable from loans for property development	1,092,433	1,222,149
Interest receivable from bank deposits and other deposit accounts:		
Unrestricted income fund	854	1,082
	<u>1,395,064</u>	<u>1,482,475</u>
Expendable endowment fund	13	9
	<u><u>1,395,077</u></u>	<u><u>1,482,484</u></u>

All of the income shown above, other than the interest receivable for the expendable endowment fund, is attributable to the unrestricted income fund in both years.

4 Subsidiary company

The wholly owned subsidiary, PHF Investments Limited pays the lower of a) its taxable profits and b) the amount that can be lawfully distributed to the charity under a Deed of Covenant. A summary of the subsidiary's results is shown below:

	2022 £	2021 £
Rental income	1,025,962	1,528,376
Interest receivable	1,093,270	1,223,014
Operating expenses for rental activities	(218,618)	(182,287)
Fair value gains/(losses) on investment properties	1,862,537	(1,295,000)
Other operating expenses	(9,372)	(15,561)
Interest payable on shareholder loans	(895,783)	(814,800)
Share of net development profit on loans	<u>25,705</u>	<u>974,950</u>
Profit on ordinary activities	2,883,701	1,418,692
Donation payable to parent charity	<u>(2,134,688)</u>	<u>(1,361,373)</u>
Profit retained in the subsidiary	<u><u>749,013</u></u>	<u><u>57,319</u></u>

All of the income and expenditure of PHF Investments Limited, including rental income and rental expenditure, is attributable to the unrestricted income fund in both years.

PETER HARRISON FOUNDATION

Notes forming part of the financial statements for the year ended 31 May 2022 (continued)

5 Charitable activities

	Grants awarded £	Support costs £	Total £
2022			
Opportunities through Sport	888,065	114,559	1,002,624
Support for Children and Young People who have special educational needs, disabilities or mental ill health	474,771	57,279	532,050
Trustees' Discretion - Unrestricted income fund: education	145,827	8,183	154,010
- Unrestricted income fund: other	0	0	0
- Expendable endowment funds	0	0	0
Less grants awarded in previous years not taken up	(54,923)	0	(54,923)
	<u>1,453,740</u>	<u>180,021</u>	<u>1,633,761</u>
2021			
Opportunities through Sport	874,090	100,184	974,274
Support for Children and Young People who have special educational needs, disabilities or mental ill health	365,961	45,181	411,142
Trustees' Discretion - Unrestricted income fund: education	149,752	9,822	159,574
- Unrestricted income fund: other	125,000	7,858	132,858
- Expendable endowment funds	500	0	500
Less grants awarded in previous years not taken up	(90,752)	0	(90,752)
	<u>1,424,551</u>	<u>163,045</u>	<u>1,587,596</u>

The support costs have been apportioned to grants awarded on the basis of the number of grants awarded, except for expendable endowment funds where expenditure is subject to the donor's approval.

Reconciliation of grants provided or reserved:

	2022 £	2021 £
Grants awarded during the year	1,453,740	1,424,551
Add charitable grants awarded and contracted in previous year but not paid at 31 May 2021	<u>1,976,477</u>	<u>2,999,543</u>
	3,430,217	4,424,094
Charitable grants paid during the year	<u>(2,114,412)</u>	<u>(2,447,617)</u>
Charitable grants provided and contracted for but not paid at 31 May 2022	<u>1,315,805</u>	<u>1,976,477</u>
Charitable grants provided and contracted for but not paid comprise:		
Grants payable after more than one year but within five years	506,852	511,538
Grants payable after five years	<u>22,528</u>	<u>21,532</u>
Grants payable after more than one year	529,380	533,070
Grants payable during the next year	<u>786,425</u>	<u>1,443,407</u>
	<u>1,315,805</u>	<u>1,976,477</u>

Notes forming part of the financial statements for the year ended 31 May 2022 (continued)

6 Support costs

2022	Grant-making costs £	Governance costs £	Total support costs £
Staff costs			
Gross salaries	59,474	3,298	62,772
Employer's National Insurance	4,861	270	5,131
Pension	2,522	140	2,662
Staff recruitment and training	20,049	0	20,049
	<u>86,906</u>	<u>3,708</u>	<u>90,614</u>
Professional fees			
Audit fees	0	22,223	22,223
Legal and professional fees	0	1,243	1,243
	<u>0</u>	<u>23,466</u>	<u>23,466</u>
Premises costs			
Rent	19,299	1,070	20,369
Rates	8,687	482	9,169
Premises management	6,083	337	6,420
	<u>34,069</u>	<u>1,889</u>	<u>35,958</u>
Office costs	28,408	1,575	29,983
	<u>149,383</u>	<u>30,638</u>	<u>180,021</u>

Support costs comprise costs for processing grant applications, including support to actual and potential applicants, together with governance costs meeting constitutional and statutory requirements which include the cost of Trustee meetings and audit fees. Where costs cannot be directly attributed to either of these categories an apportionment is made based on estimated staff time.

No Trustee received any remuneration or was reimbursed for expenses incurred on the activities of the Foundation. The average number of persons employed during the year was 2 (2021: 3), all employees are part time being equivalent to 1.1 (2021: 1.3) full time employees. All employee time is involved in providing either support to the governance of the charity or support services to charitable activities. The Trustees consider the Foundation's key management personnel comprise the Trustees and the Director. The total employment benefits of the key management personnel were £36,492 (2021: £25,261). No employee's emoluments exceeded £60,000 in either year.

PETER HARRISON FOUNDATION

Notes forming part of the financial statements for the year ended 31 May 2022 (continued)

6 Support costs (continued)

2021	Grant-making costs £	Governance costs £	Total support costs £
Staff costs			
Gross salaries	59,525	3,982	63,507
Employer's National Insurance	4,802	321	5,123
Pension	2,401	161	2,562
Staff recruitment and training	295	0	295
	<u>67,023</u>	<u>4,464</u>	<u>71,487</u>
Professional fees			
Audit fees	0	21,096	21,096
Legal and professional fees	0	8,113	8,113
	<u>0</u>	<u>29,209</u>	<u>29,209</u>
Premises costs			
Rent	19,092	1,277	20,369
Rates	8,318	556	8,874
Premises management	5,538	370	5,908
	<u>32,948</u>	<u>2,203</u>	<u>35,151</u>
Office costs	25,493	1,705	27,198
	<u>125,464</u>	<u>37,581</u>	<u>163,045</u>

PETER HARRISON FOUNDATION

Notes forming part of the financial statements for the year ended 31 May 2022 (continued)

7 Investments

Group	Managed investment funds £	Investment properties £	Loans £	Total for group £
<i>Cost and valuation</i>				
At 1 June 2021	8,136,192	18,075,000	11,550,000	37,761,192
Additions	2,000,000	0	4,600,000	6,600,000
Disposals	0	(11,162,537)	(1,315,541)	(12,478,078)
Revaluation gains	214,376	1,862,537	0	2,076,913
At 31 May 2022	10,350,568	8,775,000	14,834,459	33,960,027
<i>Historic cost</i>				
At 31 May 2022	9,500,000	6,413,189	14,834,459	30,747,648
At 31 May 2021	7,500,000	20,025,702	11,550,000	39,075,702

Charity	Managed investment funds £	Investment in subsidiary company £	Loan to subsidiary company £	Total for charity £
<i>Cost and valuation</i>				
At 1 June 2021	8,136,192	1,000	38,800,000	46,937,192
Additions	2,000,000	0	0	2,000,000
Repayment	0	0	(3,000,000)	(3,000,000)
Revaluation gain	214,376	0	0	214,376
At 31 May 2022	10,350,568	1,000	35,800,000	46,151,568
<i>Historic cost</i>				
At 31 May 2022	9,500,000	1,000	35,800,000	45,301,000
At 31 May 2021	7,500,000	1,000	38,800,000	46,301,000

	2022 £	2021 £
Net realised investment gains		
Revaluation gain on investment property sold	1,862,537	0
Loans: share of development profits	25,704	974,950
	1,888,241	974,950
Net unrealised investment gains (2021: losses)		
Managed investment funds	214,376	1,141,985
Revaluation losses on investment properties	0	(1,295,000)
	214,376	(153,015)

The managed investment funds are all listed and comprise: COIF Charities Investment Fund managed by CCLA Investment Management Limited, Newton Growth and Income Fund for Charities managed by Newton Investment Management Limited (both mixed funds), Charities UK Equity Index Fund managed by BlackRock Investment Management (UK) Limited and 'Charifund' managed by M&G Investment Management Limited (both UK equity funds). All of the managed investment funds are held principally to generate income.

The Foundation's wholly owned subsidiary, PHF Investments Limited (company number 06772346), holds investment properties for which it collects rental income (see note 4). The property valuations are based on advice from the company's property consultants of their view of the market value at 31 May 2022. The valuations do not factor in any potential changes in value beyond 31 May 2022.

Notes forming part of the financial statements for the year ended 31 May 2022 (continued)

7 Investments (continued)

PHF Investments Limited sold one of its properties during the year and a revaluation gain of £1,862,537 which arose on the sold property has been shown as a realised gain (2021: no properties were sold).

During the year one of the group's loans was partially repaid (2021: two loans fully repaid) and a share of development profits of £nil (2021: £717,208) arose on these loans. In addition the group received a share of development profits of £25,704 (2021: £257,742) in respect of loans repaid in prior periods. The total profit shares of £25,704 (2021: £974,950) have been shown as realised investment gains.

PHF Investments Limited had aggregate capital and reserves at the year end of £3,111,824 (2021: £2,362,811). The company's results for the year are shown in note 4. PHF Investments Limited is incorporated in England and one of the Trustees, Peter Lee, is a director of the company. The former Trustee, Peter Harrison deceased, was also a director of the company until the date of his death on 18 June 2021.

The loan from the Foundation to PHF Investments Limited is repayable on 8 May 2024 or earlier at the discretion of the company's directors. Interest is receivable on the loan at 2% above the prevailing Bank of England base rate.

8 Debtors

	Group 2022 £	Group 2021 £	Charity 2022 £	Charity 2021 £
Trade debtors	84,930	169,820	0	0
Profit shares receivable	0	717,208	0	0
Other debtors and prepayments	35,318	28,313	5,446	5,583
Accrued income receivable	385,986	251,923	0	0
Donation receivable from subsidiary company	0	0	928,056	1,361,373
	<u>506,234</u>	<u>1,167,264</u>	<u>933,502</u>	<u>1,366,956</u>

9 Other creditors

	Group 2022 £	Group 2021 £	Charity 2022 £	Charity 2021 £
Rent received in advance	51,870	101,169	0	0
Trade creditors	259,567	56,778	1,606	28
Accruals	28,887	34,498	19,585	17,515
Taxes and social security	1,279	36,850	0	0
Other creditors	34,798	0	0	0
	<u>376,401</u>	<u>229,295</u>	<u>21,191</u>	<u>17,543</u>

PETER HARRISON FOUNDATION

Notes forming part of the financial statements for the year ended 31 May 2022 (continued)

10 Analysis of funds

Group	At 1 June 2021	Income	Expenditure	Gains and losses	At 31 May 2022
	£	£	£	£	£
Expendable endowments					
Endowment gifts	45,001,000	0	0	0	45,001,000
Further expendable endowment gifts	86,914	630,086	0	0	717,000
	<u>45,087,914</u>	<u>630,086</u>	<u>0</u>	<u>0</u>	<u>45,718,000</u>
Income funds					
Unrestricted fund	5,938,502	2,421,026	(1,852,379)	2,102,617	8,609,766
	<u>51,026,416</u>	<u>3,051,112</u>	<u>(1,852,379)</u>	<u>2,102,617</u>	<u>54,327,766</u>
Charity	At 1 June 2021	Income	Expenditure	Gains and losses	At 31 May 2022
	£	£	£	£	£
Expendable endowments					
Endowment gifts	45,001,000	0	0	0	45,001,000
Further expendable endowment gifts	86,914	630,086	0	0	717,000
	<u>45,087,914</u>	<u>630,086</u>	<u>0</u>	<u>0</u>	<u>45,718,000</u>
Income funds					
Unrestricted fund	3,576,691	3,332,265	(1,624,389)	214,375	5,498,942
	<u>48,664,605</u>	<u>3,962,351</u>	<u>(1,624,389)</u>	<u>214,375</u>	<u>51,216,942</u>

The endowment gifts may be distributed at the Trustees' discretion, but the current policy is to retain the endowment in order to maximise income for grant distribution in each year.

The further expendable endowment gifts are those where the trust terms provide for conversion to income under certain circumstances. During the year no donations (2021: one donation of £500) were made.

PETER HARRISON FOUNDATION

Notes forming part of the financial statements for the year ended 31 May 2022 (continued)

10 Analysis of funds (continued)

Group	At 1 June 2020 £	Income £	Expenditure £	Gains and losses £	At 31 May 2021 £
Expendable endowments					
Endowment gifts	45,001,000	0	0	0	45,001,000
Further expendable endowment gifts	87,405	9	(500)	0	86,914
	<u>45,088,405</u>	<u>9</u>	<u>(500)</u>	<u>0</u>	<u>45,087,914</u>
Income funds					
Unrestricted fund	3,875,099	3,010,851	(1,769,383)	821,935	5,938,502
	<u>48,963,504</u>	<u>3,010,860</u>	<u>(1,769,883)</u>	<u>821,935</u>	<u>51,026,416</u>
Charity	At 1 June 2020 £	Income £	Expenditure £	Gains and losses £	At 31 May 2021 £
Expendable endowments					
Endowment gifts	45,001,000	0	0	0	45,001,000
Further expendable endowment gifts	87,405	9	(500)	0	86,914
	<u>45,088,405</u>	<u>9</u>	<u>(500)</u>	<u>0</u>	<u>45,087,914</u>
Income funds					
Unrestricted fund	1,570,607	2,435,634	(1,571,535)	1,141,985	3,576,691
	<u>46,659,012</u>	<u>2,435,643</u>	<u>(1,572,035)</u>	<u>1,141,985</u>	<u>48,664,605</u>

Notes forming part of the financial statements for the year ended 31 May 2022 (continued)

11 Analysis of net assets between funds

Group - 2022	Endowment fund	Expendable endowment fund	Unrestricted income fund	Total funds
	£	£	£	£
Fixed assets	33,960,027	0	0	33,960,027
Current assets	11,040,973	717,000	10,301,972	22,059,945
Current liabilities	0	0	(1,162,826)	(1,162,826)
Creditors payable after more than one year	0	0	(529,380)	(529,380)
At 31 May 2022	45,001,000	717,000	8,609,766	54,327,766
Charity - 2022	Endowment fund	Expendable endowment fund	Unrestricted income fund	Total funds
	£	£	£	£
Fixed assets	45,001,000	0	1,150,568	46,151,568
Current assets	0	717,000	5,685,370	6,402,370
Current liabilities	0	0	(807,616)	(807,616)
Creditors payable after more than one year	0	0	(529,380)	(529,380)
At 31 May 2022	45,001,000	717,000	5,498,942	51,216,942
Group - 2021	Endowment fund	Expendable endowment fund	Unrestricted income fund	Total funds
	£	£	£	£
Fixed assets	37,761,192	0	0	37,761,192
Current assets	7,239,808	86,914	8,144,274	15,470,996
Current liabilities	0	0	(1,672,702)	(1,672,702)
Creditors payable after more than one year	0	0	(533,070)	(533,070)
At 31 May 2021	45,001,000	86,914	5,938,502	51,026,416
Charity - 2021	Endowment fund	Expendable endowment fund	Unrestricted income fund	Total funds
	£	£	£	£
Fixed assets	45,001,000	0	1,936,192	46,937,192
Current assets	0	86,914	3,634,519	3,721,433
Current liabilities	0	0	(1,460,950)	(1,460,950)
Creditors payable after more than one year	0	0	(533,070)	(533,070)
At 31 May 2021	45,001,000	86,914	3,576,691	48,664,605

12 Related party transactions

During the year the Foundation operated from the Second Floor, Foundation House, 42-48 London Road, Reigate, RH2 9QQ. The freehold building is owned by the Peter Robert Harrison 1997 B Settlement (the 'B Settlement'). Peter Harrison KGCN CBE deceased was a trustee of the B Settlement.

An agreement has been made between the Foundation and the "B" Settlement that the occupation by the "B" Settlement and the Foundation of the shared office is based on the space occupied by each entity and the number of staff employed. During the year the Foundation was charged under this agreement £20,369 (2021: £20,369) for rent, £6,420 (2021: £5,908) for service charges, £9,169 (2021: £8,874) for rates, £12,446 (2021: £13,299) for general office costs and £504 (2021: £444) for insurance (all figures include VAT).

The Foundation's wholly owned subsidiary PHF Investments Limited is managed by Chancerygate Limited. Chancerygate Limited charged £74,758 (2021: £102,368) for managing the properties owned by PHF Investments Limited, advising on acquisitions and disposals of the subsidiary's investments, advising on the loans for property development and for administering the company. The Trustees consider that these management fees are charged at a commercial rate. Peter Lee, a Trustee, is a shareholder and director of Chancerygate Limited but does not participate in the negotiation of either the management or performance fees chargeable by Chancerygate Limited. At the year end PHF Investments Limited had net loans outstanding to Chancerygate Limited of £15,100,657 (2021: £11,704,804) for the purpose of property development. These loans are repayable within 5 years and interest is charged at between 5% and 8.5% with the company also entitled to 0% to 30% of any net development profits on certain of the loans once complete. During the year interest on the loans of £1,092,433 (2021: £1,222,149) was earned. In addition £25,705 (2021: £974,950) was paid by Chancerygate Limited to PHF Investments Limited in respect of profit shares on loans repaid.

During the year PHF Investments Limited, the Foundation's wholly owned subsidiary, paid £895,783 (2021: £814,800) of interest to the Foundation. The company also made donations in respect of the year of £2,134,688 (2021: £1,361,373) of which £928,056 (2021: £1,361,373) is included in the charity's debtors at the year end.