

**Peter Harrison Foundation**

**Report and Consolidated Financial Statements**

**Year Ended**

**31 May 2023**



## **PETER HARRISON FOUNDATION**

### **Annual report and consolidated financial statements for the year ended 31 May 2023**

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**Trustees** J C Harrison-Lee LL.B  
P J G Lee DL LL.B  
N P Harrison

**Director** S J Ridley

**Principal office** Second Floor, Foundation House, 42-48 London Road, Reigate,  
Surrey, RH2 9QQ

**Bankers** Coutts & Co, 440 Strand, London WC2R 0QS  
Bank of Scotland, The Mound, Edinburgh EH1 1YZ  
Santander UK plc, 100 Ludgate Hill, London EC4M 7RE

**Auditor** Moore Kingston Smith LLP, Betchworth House, 57-65 Station  
Road, Redhill, Surrey, RH1 1DL

**Solicitors** Withers, 16 Old Bailey, London, EC4M 7EG

**Charity registration  
number** 1076579

## **PETER HARRISON FOUNDATION**

### **Report of the trustees for the year ended 31 May 2023**

The Trustees of the Peter Harrison Foundation present their report together with the consolidated financial statements for the year ended 31 May 2023.

#### **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.

The founder and former Chairman of the Foundation passed away on 18 June 2021. Peter was generous, warm hearted and is 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.

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."

During the year the Trustees refreshed the Foundation's vision, mission and objectives which are set out below:

The Foundation's vision is a society in which all people have access to opportunities to achieve their potential.

Its mission is to improve lives by supporting opportunities that enable people who are physically, mentally, socially or economically disadvantaged to achieve their potential.

The Foundation's objectives are to support inspiring and entrepreneurial organisations and projects that create a legacy that improves lives by providing access to opportunities that enable people who are physically, mentally, socially or economically disadvantaged to achieve their potential.

The Trustees also articulated four key values of the Foundation:

- Excellence--Supporting and implementing best practice.
- Entrepreneurship--Operating with ambition, inspiration and determination.
- Integrity--Acting responsibly, respectfully, reflectively and transparently.
- Sustainability--Empowering stakeholders to deliver a lasting legacy.

## **PETER HARRISON FOUNDATION**

### **Report of the trustees for the year ended 31 May 2023 (continued)**

#### **2. Objectives and activities (continued)**

The Trustees' current strategies for achieving the objectives of the Foundation are to:

- investigate thoroughly all requests for grants;
- fund projects that meet the Foundation's objectives and embody the Foundation's values;
- maintain the value of the endowment fund;
- maximise income; and,
- distribute income of approximately £1.5 million per annum.

#### **Programmes**

The Foundation has three principal grant-making programmes:

##### **a) Opportunities through Sport and Physical Activity**

The Foundation supports projects that create access to opportunities for sport and physical activity at a grassroots level that enable people across the UK who are physically, mentally, socially or economically disadvantaged to develop personal and life skills to fulfil their potential. Applications are accepted from charities and CASCs throughout the United Kingdom. Grant awards for this programme are usually up to £30,000.

##### **b) Positive futures for children and young people**

The Foundation supports projects that enhance the lives of children and young people in the Southeast who are physically, mentally, or socially disadvantaged. Applications are accepted from charities and CASCs in the following counties: Berkshire; Buckinghamshire; Hampshire; Isle of Wight; Kent; Oxfordshire; Surrey; East Sussex; and West Sussex. Grant awards for this programme are usually up to £30,000.

##### **c) Trustees' Discretion**

This programme supports projects of particular interest to the Trustees that may fall outside the Foundation's main programmes; 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](http://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, often including a call or a site visit, for the purpose of assessing grant applications under consideration. A shortlist of applications are invited to submit more detailed information to be considered by Trustees. 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 grantees are asked to submit a report on completed projects.

## **PETER HARRISON FOUNDATION**

### **Report of the trustees for the year ended 31 May 2023 (continued)**

#### **3. Achievements and performance**

##### **Opportunities Through Sport, £845,546**

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

£100,000 to Loughborough University: Peter Harrison Centre for Disability Sport - Year 19

£30,000 to Muslim Sports Foundation: towards the cost of hiring local support staff to coordinate the delivery of MSF's national programmes

£30,000 to Lochaber Wheeled Sports Society: towards the creation of the Fort William Bike Park enabling participation by those who are disadvantaged or who have special educational needs and/or disabilities

£30,000 to Greenbank: towards the cost of refurbishing the changing rooms and establishment of a changing places facility.

£30,000 to The Greenway Centre: towards the cost of providing opportunities for local young people ages 5 - 13 years access to multi-sports and gymnastics

£30,000 to Carers UK: towards the core costs of the Carers Active pilot project

£30,000 to Foreland Fields Charity: towards the Foreland Fields Community Pavilion that will provide a hub for disability groups to host a wide range of learning and social inclusion opportunities, including sport

£30,000 to Stonebridge Boxing Club: towards the creation of a sports, health and community Hub in Brent

£27,000 to Scottish Disability Sport: towards the cost of delivering Scottish Disability Sport's Inclusion Training Programme

£26,000 to Diane Modahl Sports Foundation: to support the salary of a full time Community Sport Programme Coordinator

£20,000 to Sheffield Royal Society for the Blind (SRSB): towards the development of the sporting portfolio for visually impaired people post pandemic to help reduce isolation, and boost confidence and independence

£20,000 to Synergy Dance Outreach: towards the cost of a SEND Dance and Fitness Programme Coordinator

£20,000 to Living Options Devon: towards the cost of the implementation of the Get Active Together programme across Devon and the Southwest

£20,000 to Versus Arthritis: to support the implementation of the Birmingham physical activity pilot

£20,000 to Blackburn Youth Zone: to support the pilot year of the Try, Train, Teach sports and physical activity programme.

##### **Support for Children and Young People who have special educational needs, disabilities or mental ill health, £358,289**

Grants were made to 23 charities. The principal awards were:

£30,000 to Buckinghamshire Healthcare NHS Trust Charitable Fund: towards furnishing and equipment for the Children's Unit at Stoke Mandeville Hospital

£30,000 to YoungMinds: towards the cost of providing free training for adults who volunteer in community organisations in the South East to build their skills and confidence in supporting young people with their mental health

£26,460 to KIDS: towards the cost of delivering Connect & Thrive Early Years Family Support Programme in Basingstoke & Dean in Hampshire over three years

£25,000 to Cyclists Fighting Cancer: towards the purchase of up to 50 specialised lightweight bikes or trikes to help children up to and including 18 years old in the southeast of England in their rehabilitation from cancer and its treatments

£24,000 to First Star Scholars UK: to support a cohort of looked after young people in the southeast to participate in the First Star Scholars programme at Winchester University

£23,000 to Transform Housing & Support: towards the capital costs of eight one-bedroom flats in Redhill to provide supported accommodation for homeless and vulnerable people

£20,000 to Newlife the Charity for Disabled Children: towards the cost of the emergency equipment loan scheme in the Southeast of England.

£20,000 to The 4 Cancer Group: Towards the costs of purchasing a permanent respite property at West Bay on the Isle of Wight

£20,000 to Surrey Clubs for Young People: to support SCYP's management of eight Surrey CC youth centres

£20,000 to PEDALL - New Forest Inclusive Cycling (Friends of Pedall): towards the costs of outreach to maximise the numbers of people with a disability or other barriers to outdoor physical exercise who benefit from guided cycling in New Forest National Park

## **PETER HARRISON FOUNDATION**

### **Report of the trustees for the year ended 31 May 2023 (continued)**

#### **3. Achievements and performance (continued)**

##### **Trustees' Discretion: Education, £156,132**

The total awarded comprises four bursaries totalling £155,350 commencing in September 2023, together with other assistance of £782, to enable gifted children to attend Reigate Grammar School irrespective of family income.

##### **Trustees' Discretion: Other £223,374**

Grants were made to 4 charities:

£90,000 to The Children's Trust: towards the cost of 'The Power of Music' an opportunity to transform the lives of children with brain injury or neurodisability through music.

£50,000 to Community Foundation for Surrey: Peter Harrison Foundation Community Fund 2022/23

£50,000 to Community Foundation for Surrey: Peter Harrison Foundation Community Fund 2023/24

£33,374 to Queen Elizabeth's Foundation for Disabled People: towards the purchase of specialist equipment for the new Care and Rehabilitation Centre

##### **Grants from the expendable endowment funds, £565,000**

Grants were made to 4 charities. These grants were made in memory of the late founder Peter Harrison and are in accordance with his known interests. The principal awards were:

£500,000 to Reigate Grammar School: towards the establishment of the 'Peter Harrison Memorial Fund', a bursary fund to ensure that students from families in financial hardship can be supported to take full advantage of opportunities central to their academic studies at Reigate Grammar School

£30,000 to IWM Duxford: towards the cost of accessible play features for the Playscape at IWM Duxford

£30,000 to National Maritime Museum: towards the costs of the construction of an inclusive adventure playground experience at the National Maritime Museum

The Trustees have referred to the Charity Commission's guidance on public benefit when reviewing their vision, mission and objectives and in planning future activities. In particular, the Trustees consider how planned activities will contribute to the vision, mission 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 high impact 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 and Physical Activity programme will continue to be considered on a UK wide basis. Potential projects in the Positive Futures for Children and Young People programme will continue to be restricted to projects in the south east.

#### **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 2023.

##### **(i) Total gross income**

Total gross income for the year amounted to £2,321,831 (2022: £3,051,112).

Total gross income in 2022 included a £630,073 donation received from the Peter Harrison Heritage Foundation ('PHHF') to one of the Foundation's expendable endowment funds. PHHF was dissolved during the year and a final donation of £6,628 was received from PHHF in 2023. The substantial donation received in 2022 was atypical of the Foundation's income and largely explains the reduction in gross income received in 2023 as compared to that received in 2022.

The unrestricted income fund received interest from property development loans of £735,103 (2022: £1,092,433), rental income of £1,015,936 (2022: £1,025,962) and income from listed investments of £412,010 (2022: £301,777). The report on investments below explains the movement in types of investment and hence the changes in income.

## **PETER HARRISON FOUNDATION**

### **Report of the trustees for the year ended 31 May 2023 (continued)**

#### **5. Financial review (continued)**

##### **(ii) Charitable grants awarded**

In order to maintain the value of the endowment the Trustees have decided that current grant making from the unrestricted fund be capped at £1.5 million (see Section 6 below) and after due consideration and assessment the Trustees awarded grants for the year of £1,483,341 (2022: £1,453,740) from the unrestricted fund. In addition grants of £565,000 (2022: £nil) were made from the expendable endowment funds during the year. Details of the principal grants given are shown in section 3 above.

##### **(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. The increase in the Bank of England's base rate during the year and the consequent improvement in interest rates available on monies placed on deposit led the Trustees to appoint Cazenove Capital to manage a proportion of the Foundation's cash. Rising interest rates meant that most of the cash managed by Cazenove Capital is held on demand but £750,000 (2022: £nil) was held on a medium term at the year end, the account maturing in November 2023.

Investment properties are bought and sold depending on market conditions and opportunities arising. The Foundation sold its largest investment property in 2022 but acquired two smaller properties in 2023, the aim being to reduce reliance on particular properties. There was little difference in rental income between 2023 and 2022. The increase in bank interest rates has meant that investment properties principally held to generate income generally fell in open market value during the year. The Foundation consequently suffered an unrealised revaluation loss of £1,419,500 (2022: realised gain of £1,862,537) during the year. The Trustees are fully aware of this loss and the effect that it has had on the Foundation's net assets but are also conscious that the Foundation's properties are mainly held to provide income to fund the charity's grant programme and are prepared to take a long term view. The Trustees will continue to monitor the position, balancing the need for income against possible long term falls in capital value. 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 £5,434,459 (2022: £1,315,541) during the year and a new loan of £2,700,000 (2022: £4,600,000) was made. Market conditions were such that the opportunity for new loans was limited. The net reduction in loans meant that the interest received fell 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 £1,000,000 (2022: £2,000,000) during the year in the pooled funds, increasing the cost of the investment from £9,500,000 to £10,500,000. The value of the funds fell by £413,941 (2022: gain of £214,704) during the year but the income rose from £301,777 in 2022 to £412,010 in 2023.

The Foundation and its subsidiary held cash at the year end of £13,409,156 (2022: £21,553,711). The reduction in cash largely arose from the purchase of two new investment properties during the year. The cash held is significantly more than the charity needs to meet its commitments and operating costs and consequently a proportion was placed under the management of Cazenove Capital (see above).

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 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.

**Report of the trustees for the year ended 31 May 2023 (continued)**

**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.

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 of £51,026,416 at 31 May 2021 were to be maintained in line with the Retail Price Index they would need to have increased to £63,432,308 by 31 May 2023. 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 unrestricted income grants at roughly the same level as last year (£1,483,341 in 2023 compared to £1,453,740 in 2022). Unfortunately the unrealised losses on the Foundation's investments meant that net assets actually fell last year. 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.



## **PETER HARRISON FOUNDATION**

### **Report of the trustees for the year ended 31 May 2023 (continued)**

#### **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:

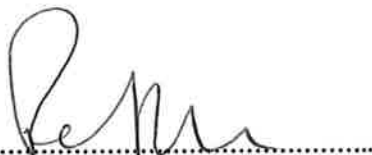
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements 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.

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**



**Dated: 6 December 2023**

**P J G Lee DL LLB**

**Trustee**



## **PETER HARRISON FOUNDATION**

### **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 2023 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 2023, 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.

**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)

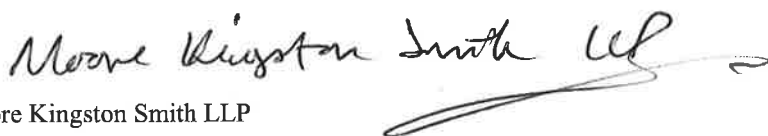
To address the risk of fraud through management override of controls, we carried out the following work:

- 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.



Moore Kingston Smith LLP  
Statutory auditor

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

12/12/2023

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 2023

	Notes	2023 Unrestricted income fund £	2023 Expendable endowment funds £	2023 Total £	2022 Total £
<b>Income from:</b>					
Donation	2	750	15,827	16,577	630,073
Investments and cash deposits	3	1,277,519	11,799	1,289,318	1,395,077
Rental income	4	1,015,936	0	1,015,936	1,025,962
Total income		<u>2,294,205</u>	<u>27,626</u>	<u>2,321,831</u>	<u>3,051,112</u>
<b>Expenditure on:</b>					
Raising funds:					
Rental activity	4	104,837	0	104,837	218,618
Charitable activities	5	1,672,295	565,000	2,237,295	1,633,761
Total expenditure		<u>1,777,132</u>	<u>565,000</u>	<u>2,342,132</u>	<u>1,852,379</u>
<b>Net operating income/(loss)</b>		517,073	(537,374)	(20,301)	1,198,733
Net realised investment gain	7	0	0	0	1,888,241
Net unrealised investment losses (2022: gains)	7	(1,833,441)	0	(1,833,441)	214,376
Net loss (2022: income) and net movement in funds		<u>(1,316,368)</u>	<u>(537,374)</u>	<u>(1,853,742)</u>	<u>3,301,350</u>
<b>Reconciliation of funds</b>					
Funds brought forward	11	8,609,766	45,718,000	54,327,766	51,026,416
<b>Funds carried forward</b>	11	<u>7,293,398</u>	<u>45,180,626</u>	<u>52,474,024</u>	<u>54,327,766</u>

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 2023

	Notes	2023 £	2022 £
<b>Fixed assets</b>			
Managed investment funds	7	10,936,627	10,350,568
Investment properties	7	17,250,000	8,775,000
Loans	7	12,100,000	14,834,459
Total investments		40,286,627	33,960,027
Intangible fixed assets	8	11,700	0
Total fixed assets		40,298,327	33,960,027
<b>Current assets</b>			
Debtors	9	468,898	506,234
Investment: medium term bank deposit (maturing November 2023)		750,000	0
Cash at bank and in hand			
Cash and bank balances		86,196	20,000
Short term deposits		12,572,960	21,533,711
		13,878,054	22,059,945
<b>Creditors: amounts falling due within one year</b>			
Charitable grants provided and contracted for, but not paid	5	(686,670)	(786,425)
Other creditors	10	(416,218)	(376,401)
		(1,102,888)	(1,162,826)
<b>Net current assets</b>		12,775,166	20,897,119
<b>Total assets less current liabilities</b>		53,073,493	54,857,146
<b>Creditors: amounts payable after more than one year</b>			
Charitable grants provided and contracted for, but not paid	5	(599,469)	(529,380)
<b>Net assets</b>		52,474,024	54,327,766
<b>Expendable endowments</b>			
Endowment gifts	11	45,001,000	45,001,000
Expendable endowment gift	11	179,626	717,000
		45,180,626	45,718,000
<b>Income funds</b>			
Unrestricted income fund	11	7,293,398	8,609,766
<b>Total expendable endowment and income funds</b>		52,474,024	54,327,766

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 6 December 2023.

  
P J G Lee DL LL.B  
Trustee

# PETER HARRISON FOUNDATION

## Balance Sheet as at 31 May 2023

	Notes	2023		2022	
		£	£	£	£
<b>Fixed assets</b>					
Managed investment funds	7	10,936,627		10,350,568	
Loan to subsidiary company	7	32,800,000		35,800,000	
Investment in subsidiary company	7	1,000		1,000	
Total investments		43,737,627		46,151,568	
Intangible fixed assets	8	11,700		0	
Total fixed assets		43,749,327		46,151,568	
<b>Current assets</b>					
Debtors	9	79,731		933,502	
Investment: medium term bank deposit (maturing November 2023)		750,000		0	
Cash at bank and in hand					
Cash and bank balances		76,196		10,000	
Short term deposits		7,412,151		5,458,868	
		8,318,078		6,402,370	
<b>Creditors: amounts falling due within one year</b>					
Charitable grants, provided and contracted, but not paid	5	(686,670)		(786,425)	
Other creditors	10	(23,497)		(21,191)	
		(710,167)		(807,616)	
<b>Net current assets</b>		7,607,911		5,594,754	
<b>Total assets less current liabilities</b>		51,357,238		51,746,322	
<b>Creditors: amounts payable after more than one year</b>					
Charitable grants, provided and contracted, but not paid	5	(599,469)		(529,380)	
<b>Net assets</b>		50,757,769		51,216,942	
<b>Expendable endowments</b>					
Endowment gifts	11	45,001,000		45,001,000	
Expendable endowment gift	11	179,626		717,000	
		45,180,626		45,718,000	
<b>Income funds</b>					
Unrestricted income fund	11	5,577,143		5,498,942	
<b>Total expendable endowment and income funds</b>		50,757,769		51,216,942	

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 6 December 2023.

P J G Lee DL LL.B  
Trustee

# PETER HARRISON FOUNDATION

## Consolidated Statement of Cash Flows for the year ended 31 May 2023

	2023	2022
	£	£
<b>Net loss (2022: income) for the reporting period</b>	(1,853,742)	3,301,350
Adjustments for:		
Realised gains on investments	0	(1,888,241)
Unrealised losses (2022: gains) on investments	1,833,441	(214,376)
Income receivable from investments and cash deposits	(1,277,519)	(1,395,077)
Rents receivable from investments	(1,015,936)	(1,025,962)
Decrease (2022: increase) in debtors	45,437	(56,197)
Decrease in creditors	(254,480)	(464,267)
<b>Net cash used by operating activities</b>	<b>(2,522,799)</b>	<b>(1,742,770)</b>
<b>Cash flows from investing activities:</b>		
Dividend distributions and interest received	1,537,768	1,261,014
Rent received	1,012,217	1,110,745
Proceeds from investment loan repayments	5,434,459	2,058,453
Investment loans made	(2,700,000)	(4,600,000)
Purchase of managed investment funds	(1,000,000)	(2,000,000)
Purchase of investment properties	(9,894,500)	0
Purchase of intangible fixed asset	(11,700)	0
Deposit in medium term bank deposit	(750,000)	0
Proceeds from disposal of investment property	0	11,162,537
<b>Net cash provided by investing activities</b>	<b>(6,371,756)</b>	<b>8,992,749</b>
<b>Change in cash in the reporting period</b>	<b>(8,894,555)</b>	<b>7,249,979</b>
Cash at the beginning of the reporting period	21,553,711	14,303,732
<b>Cash at the end of the reporting period</b>	<b>12,659,156</b>	<b>21,553,711</b>
<b>Analysis of cash</b>	<b>31 May 2023</b>	<b>31 May 2022</b>
	£	£
Cash and bank balances	86,196	20,000
Short term deposits	12,572,960	21,533,711
	12,659,156	21,553,711

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 2023

**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.

*Intangible fixed assets*

Intangible fixed assets comprise set up costs for the charity's grant database and management system. Intangible fixed assets are stated at cost and depreciated on a straight line basis over three years once the system is fully operational.

*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 £150,018 (2022: £687,971) is restricted to grants in accordance with the late founder's known interests (see note 2) and £179,626 (2022: £717,000) 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 2023 (continued)

#### 2 Donations received

During the year the Peter Harrison Heritage Foundation ('PHHF') donated £6,628 (2022: £630,073) 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. PHHF was dissolved on 13 December 2022. The Trustee Peter Lee was also a director of PHHF. In the past PHHF made many grants of a heritage nature and the Trustees intend to make grants of a similar nature, or in accordance with Peter Harrison's known interests, from the expendable endowment fund in memory of Peter Harrison.

The Foundation also received a donation of £9,199 (2022: £nil) from the Clarence House Restoration Trust ('CHRT'). The former chairman and trustee of CHRT was the late Peter Harrison. The Foundation Trustee Peter Lee was also a trustee of CHRT. CHRT was dissolved during the year and removed from the Central Register of Charities on 18 January 2023 with its remaining assets of £9,199 being donated to the Foundation. The donation was made to the same expendable endowment fund to which the donations from PHHF were made, bringing total donations to that fund to £15,827 (2022: £630,073).

#### 3 Income from investments and cash deposits

	2023 £	2022 £
Income from listed investments	412,010	301,777
Interest receivable from loans for property development	735,103	1,092,433
Interest receivable from bank deposits and other deposit accounts:		
Unrestricted income fund	130,406	854
	1,277,519	1,395,064
Expendable endowment fund	11,799	13
	1,289,318	1,395,077

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:

	2023 £	2022 £
Rental income	1,015,936	1,025,962
Interest receivable	776,120	1,093,270
Operating expenses for rental activities	(104,837)	(218,618)
Fair value losses (2022: gains) on investment properties	(1,419,500)	1,862,537
Other operating expenses	(13,006)	(9,372)
Interest payable on shareholder loans	(1,622,819)	(895,783)
Share of net development profit on loans	0	25,705
Loss (2022: profit) on ordinary activities	(1,368,106)	2,883,701
Donation payable to parent charity	(26,463)	(2,134,688)
Loss (2022: profit) retained in the subsidiary	(1,394,569)	749,013

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.

The company suffered an impairment loss of £1,419,500 (2022: gain of £1,862,537) on its investment properties during the year, which is considered in section 5 (iii) of the Trustees' report.

Notes forming part of the financial statements for the year ended 31 May 2023 (continued)

5 Charitable activities

	Grants awarded £	Support costs £	Total £
<b>2023</b>			
Opportunities through Sport	845,546	120,609	966,155
Support for Children and Young People who have special educational needs, disabilities or mental ill health	358,289	46,233	404,522
Trustees' Discretion - Unrestricted income fund: education	156,132	14,071	170,203
- Unrestricted income fund: other	223,374	8,041	231,415
- Expendable endowment funds	565,000	0	565,000
Less grants awarded in previous years not taken up	(100,000)	0	(100,000)
	<u>2,048,341</u>	<u>188,954</u>	<u>2,237,295</u>
<b>2022</b>			
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>

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:

	2023 £	2022 £
Grants awarded during the year	2,048,341	1,453,740
Add charitable grants awarded and contracted in previous year but not paid at 31 May 2022	<u>1,315,805</u>	<u>1,976,477</u>
	3,364,146	3,430,217
Charitable grants paid during the year	<u>(2,078,007)</u>	<u>(2,114,412)</u>
Charitable grants provided and contracted for but not paid at 31 May 2023	<u>1,286,139</u>	<u>1,315,805</u>
Charitable grants provided and contracted for but not paid comprise:		
Grants payable after more than one year but within five years	575,469	506,852
Grants payable after five years	<u>24,000</u>	<u>22,528</u>
Grants payable after more than one year	599,469	529,380
Grants payable during the next year	<u>686,670</u>	<u>786,425</u>
	<u>1,286,139</u>	<u>1,315,805</u>





6 Support costs

2023	Grant-making costs £	Governance costs £	Total support costs £
<b>Staff costs</b>			
Gross salaries	69,920	3,550	73,470
Employer's National Insurance	6,280	319	6,599
Pension	2,797	142	2,939
Staff recruitment and training	949	0	949
	<u>79,946</u>	<u>4,011</u>	<u>83,957</u>
<b>Professional fees</b>			
Audit fees	0	23,247	23,247
Legal and professional fees	<u>0</u>	<u>6,280</u>	<u>6,280</u>
	<u>0</u>	<u>29,527</u>	<u>29,527</u>
<b>Premises costs</b>			
Rent	19,385	984	20,369
Rates	10,415	529	10,944
Premises management	<u>7,940</u>	<u>403</u>	<u>8,343</u>
	<u>37,740</u>	<u>1,916</u>	<u>39,656</u>
<b>Office costs</b>	34,084	1,730	35,814
	<u>151,770</u>	<u>37,184</u>	<u>188,954</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 (2022: 2), all employees are part time being equivalent to 1.2 (2022: 1.1) 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 £47,620 (2022: £36,492). 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 2023 (continued)

## 6 Support costs (continued)

2022	Grant-making costs	Governance costs	Total support costs
	£	£	£
<b>Staff costs</b>			
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>
<b>Professional fees</b>			
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>
<b>Premises costs</b>			
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>
<b>Office costs</b>	28,408	1,575	29,983
	<u>149,383</u>	<u>30,638</u>	<u>180,021</u>

# PETER HARRISON FOUNDATION

## Notes forming part of the financial statements for the year ended 31 May 2023 (continued)

### 7 Investments

Group	Managed investment funds £	Investment properties £	Loans £	Total for group £
<i>Cost and valuation</i>				
At 1 June 2022	10,350,568	8,775,000	14,834,459	33,960,027
Additions	1,000,000	9,894,500	2,700,000	13,594,500
Disposals	0	0	(5,434,459)	(5,434,459)
Revaluation losses	(413,941)	(1,419,500)	0	(1,833,441)
At 31 May 2023	10,936,627	17,250,000	12,100,000	40,286,627
<i>Historic cost</i>				
At 31 May 2023	10,500,000	16,307,689	12,100,000	38,907,689
At 31 May 2022	9,500,000	6,413,189	14,834,459	30,747,648
Charity	Managed investment funds £	Investment in subsidiary company £	Loan to subsidiary company £	Total for charity £
<i>Cost and valuation</i>				
At 1 June 2022	10,350,568	1,000	35,800,000	46,151,568
Additions	1,000,000	0	0	1,000,000
Repayment	0	0	(3,000,000)	(3,000,000)
Revaluation losses	(413,941)	0	0	(413,941)
At 31 May 2023	10,936,627	1,000	32,800,000	43,737,627
<i>Historic cost</i>				
At 31 May 2023	10,500,000	1,000	32,800,000	43,301,000
At 31 May 2022	9,500,000	1,000	35,800,000	45,301,000
			<b>2023</b>	<b>2022</b>
			<b>£</b>	<b>£</b>
<b>Net realised investment gains</b>				
Revaluation gain on investment property sold			0	1,862,537
Loans: share of development profits			0	25,704
			0	1,888,241
<b>Net unrealised investment losses (2022: gains)</b>				
Managed investment funds			(413,941)	214,376
Revaluation losses on investment properties			(1,419,500)	0
			(1,833,441)	214,376

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 properties were valued by professional external valuers, Colliers International Property Consultants Limited, on an open market basis as at 31 May 2023. The valuations do not factor in any potential changes in value beyond 31 May 2023.

# PETER HARRISON FOUNDATION

## Notes forming part of the financial statements for the year ended 31 May 2023 (continued)

### 7 Investments (continued)

During the year two of the group's loans were repaid (2022: one partially repaid), no development profits were due on any of these loan repayments in 2022 or 2023. The group received a share of development profits of £nil (2022: £25,704) in respect of loans repaid in prior periods which has been shown as a realised investment gain.

PHF Investments Limited had aggregate capital and reserves at the year end of £1,717,255 (2022: £3,111,824). 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 loan from the Foundation to PHF Investments Limited is repayable on 8 May 2029 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 Intangible fixed assets

#### Group and charity

	£
<i>Cost</i>	
At 1 June 2022	0
Additions	11,700
Disposals	0
At 31 May 2023	<u>11,700</u>

Intangible fixed assets comprise set up costs for the charity's new grant database and management system. The system was not operational by the year end and accordingly no depreciation has been charged.

### 9 Debtors

	Group 2023 £	Group 2022 £	Charity 2023 £	Charity 2022 £
Trade debtors	0	84,930	0	0
Profit shares receivable	0	0	0	0
Other debtors and prepayments	74,811	35,318	9,827	5,446
Accrued income receivable	394,087	385,986	43,441	0
Donation receivable from subsidiary company	0	0	26,463	928,056
	<u>468,898</u>	<u>506,234</u>	<u>79,731</u>	<u>933,502</u>

### 10 Other creditors

	Group 2023 £	Group 2022 £	Charity 2023 £	Charity 2022 £
Rent received in advance	316,501	51,870	0	0
Trade creditors	824	259,567	824	1,606
Accruals	35,976	28,887	22,673	19,585
Taxes and social security	55,463	1,279	0	0
Other creditors	7,454	34,798	0	0
	<u>416,218</u>	<u>376,401</u>	<u>23,497</u>	<u>21,191</u>

**PETER HARRISON FOUNDATION**

**Notes forming part of the financial statements for the year ended 31 May 2023 (continued)**

**11 Analysis of funds**

<b>Group</b>	<b>At 1 June 2022</b>	<b>Income</b>	<b>Expenditure</b>	<b>Gains and losses</b>	<b>At 31 May 2023</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Expendable endowments</b>					
Endowment gifts	45,001,000	0	0	0	45,001,000
Further expendable endowment gifts	717,000	27,626	(565,000)	0	179,626
	<u>45,718,000</u>	<u>27,626</u>	<u>(565,000)</u>	<u>0</u>	<u>45,180,626</u>
<b>Income funds</b>					
Unrestricted fund	8,609,766	2,294,205	(1,777,132)	(1,833,441)	7,293,398
	<u>54,327,766</u>	<u>2,321,831</u>	<u>(2,342,132)</u>	<u>(1,833,441)</u>	<u>52,474,024</u>
<b>Charity</b>	<b>At 1 June 2022</b>	<b>Income</b>	<b>Expenditure</b>	<b>Gains and losses</b>	<b>At 31 May 2023</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Expendable endowments</b>					
Endowment gifts	45,001,000	0	0	0	45,001,000
Further expendable endowment gifts	717,000	27,626	(565,000)	0	179,626
	<u>45,718,000</u>	<u>27,626</u>	<u>(565,000)</u>	<u>0</u>	<u>45,180,626</u>
<b>Income funds</b>					
Unrestricted fund	5,498,942	2,151,431	(1,659,289)	(413,941)	5,577,143
	<u>51,216,942</u>	<u>2,179,057</u>	<u>(2,224,289)</u>	<u>(413,941)</u>	<u>50,757,769</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 £565,000 donations (2022: no donations ) were made.

**PETER HARRISON FOUNDATION**

**Notes forming part of the financial statements for the year ended 31 May 2023 (continued)**

**11 Analysis of funds (continued)**

<b>Group</b>	<b>At 1 June 2021</b>	<b>Income</b>	<b>Expenditure</b>	<b>Gains and losses</b>	<b>At 31 May 2022</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Expendable endowments</b>					
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>
<b>Income funds</b>					
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>
<b>Charity</b>	<b>At 1 June 2021</b>	<b>Income</b>	<b>Expenditure</b>	<b>Gains and losses</b>	<b>At 31 May 2022</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Expendable endowments</b>					
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>
<b>Income funds</b>					
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>

# **PETER HARRISON FOUNDATION**

## **Notes forming part of the financial statements for the year ended 31 May 2023 (continued)**

### **12 Analysis of net assets between funds**

<b>Group - 2023</b>	<b>Endowment fund</b>	<b>Expendable endowment fund</b>	<b>Unrestricted income fund</b>	<b>Total funds</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Fixed assets	40,298,327	0	0	40,298,327
Current assets	4,702,673	179,626	8,995,755	13,878,054
Current liabilities	0	0	(1,102,888)	(1,102,888)
Creditors payable after more than one year	0	0	(599,469)	(599,469)
At 31 May 2023	<u>45,001,000</u>	<u>179,626</u>	<u>7,293,398</u>	<u>52,474,024</u>
<b>Charity - 2023</b>	<b>Endowment fund</b>	<b>Expendable endowment fund</b>	<b>Unrestricted income fund</b>	<b>Total funds</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Fixed assets	43,749,327	0	0	43,749,327
Current assets	1,251,673	179,626	6,886,779	8,318,078
Current liabilities	0	0	(710,167)	(710,167)
Creditors payable after more than one year	0	0	(599,469)	(599,469)
At 31 May 2023	<u>45,001,000</u>	<u>179,626</u>	<u>5,577,143</u>	<u>50,757,769</u>
<b>Group - 2022</b>	<b>Endowment fund</b>	<b>Expendable endowment fund</b>	<b>Unrestricted income fund</b>	<b>Total funds</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
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	<u>45,001,000</u>	<u>717,000</u>	<u>8,609,766</u>	<u>54,327,766</u>
<b>Charity - 2022</b>	<b>Endowment fund</b>	<b>Expendable endowment fund</b>	<b>Unrestricted income fund</b>	<b>Total funds</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
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	<u>45,001,000</u>	<u>717,000</u>	<u>5,498,942</u>	<u>51,216,942</u>





## PETER HARRISON FOUNDATION

### Notes forming part of the financial statements for the year ended 31 May 2023 (continued)

#### 13 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'). The Trustees J C Harrison-Lee and N P Harrison are beneficiaries 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 (2022: £20,369) for rent, £8,343 (2022: £6,420) for service charges, £10,944 (2022: £9,169) for rates, £15,936 (2022: £12,446) for general office costs and £1,263 (2022: £504) for insurance (all figures include VAT).

The Foundation's wholly owned subsidiary PHF Investments Limited is managed by Chancerygate Limited. Chancerygate Limited charged £58,419 (2022: £74,758) 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 £12,100,000 (2022: £15,100,657) 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 27.5% of any net development profits on certain of the loans once complete. During the year interest on the loans of £735,103 (2022: £1,092,433) was earned. In addition £nil (2022: £25,702) 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 £1,622,819 (2022: £895,783) of interest to the Foundation. The company also made donations in respect of the year of £26,463 (2022: £2,134,688) of which £26,463 (2022: £298,056) is included in the charity's debtors at the year end.

