

THE KEEPERS AND GOVERNORS OF THE POSSESSIONS, REVENUES AND GOODS OF THE FREE GRAMMAR SCHOOL OF JOHN LYON, WITHIN THE TOWN OF HARROW-ON-THE-HILL

England & Wales · Charity number 310033

Details

Other names	THE KEEPERS AND GOVERNORS OF THE FREE GRAMMAR SCHOOL OF JOHN LYON, THE KEEPERS AND GOVERNORS OF THE POSSESSIONS, REVENUES AND GOODS OF THE FREE GRAMMAR SCHOOL OF JOHN LYON, WITHIN THE TOWN OF HARROW-ON-THE-HILL IN THE COUNTY OF MIDDLESEX, HARROW SCHOOL, THE JOHN LYON SCHOOL
Status	Registered
Legal form	Other
Registered	1966-07-11
Register	View on the Charity Commission register

Contact

Address	Harrow School The Bursary 5 High Street Harrow Middlesex HA1 3HP
Phone	020 8872 8000
Email	BURSAR@HARROWSCHOOL.ORG.UK
Website	www.harrowschool.org.uk

Activities

Objects: A PUBLIC BOARDING SCHOOL FOR BOYS (HARROW SCHOOL) AND A DAY SCHOOL (JOHN LYON SCHOOL)

Activities: Provide education of all-round excellence which develops to the full each pupil's potential and life long interests to the benefit of the wider community.

Classification

- **How:** Provides Human Resources, Provides Buildings/facilities/open Space, Provides Services
- **What:** Education/training, Religious Activities, Arts/culture/heritage/science, Amateur Sport, Environment/conservation/heritage
- **Who:** Children/young People, The General Public/mankind

Geography

- **Area of benefit:** NATIONAL
- Harrow

Finances

Period end	Income	Expenditure	Assets	Employees
2025-08-31	£90,785,000	£85,402,000	£230,317,000	617
2024-08-31	£87,759,000	£85,060,000	£214,155,000	616
2023-08-31	£84,011,000	£75,960,000	£196,321,000	616
2022-08-31	£74,159,000	£69,062,000	£188,984,000	615
2021-08-31	£67,897,000	£60,267,000	£191,647,000	592

Trustees

Name	Role	Appointed
David Geoffrey Philip Eyton CBE FREng	Chair	2016-04-18
ADAM DAVID HART LLB FRSA		2016-09-01
Andrew Butler KC		2015-09-01
Anna Paola Porcella da Silveira Pinheiro		2025-11-28
Caroline Elizabeth Artis		2024-11-25
Charles Hubert Gallagher		2019-09-01
DAVID JAMES CHRISTIAN FABER		2016-04-18
Dr David Alexander Taylor		2022-11-26
Dr David James Payne		2017-04-18
Dr Shenila Vivek Rawal		2022-03-19
General Sir Charles Roland Vincent Walker		2025-06-20
Heyrick John Rufus Bond Gunning		2025-09-01
James Christopher Seppala		2023-11-25
James Philip John Glover BA		2017-09-01
Judith Rowena Murray KC		2025-09-01
LIAM JAMES HALLIGAN		2022-09-01
MARK CLOUSTON WALLACE		2022-11-26
Melvin Leon Mrowiec MA		2019-09-01
Miss Susan Hammond		2026-03-20
Mr Karim Malcolm Wilkins		2026-03-20
Neil James Enright		2021-09-01
Peter Adrian Ferrari		2025-09-01
Professor Daniel Gordon Altshuler		2025-09-01
Sir Jonathan Richard Symonds		2018-09-01
Stephanie Margaret Palmer		2024-11-22

Linked charities

- THE HARROW AWARDS FUND (310033-1)
- THE HARROW SCHOOL PHILATHLETIC TRUST (310033-2)
- THE JOHN GREGORY APCAR TRUST (310033-3)
- THE BUTLER MEMORIAL TRUST (310033-4)
- THE SHEPHERD CHURCHILL TRUST (310033-5)

Accounts



Annual Report and Consolidated Financial Statements

For the year ended 31 August 2025



HARROW
SCHOOL

 **JOHN
LYON**



Charity number 310033

**The Keepers and Governors of the
Possessions, Revenues and Goods of
The Free Grammar School of John Lyon**

Comprising **Harrow School**
(harrowschool.org.uk) and
John Lyon School (johnlyon.org)



2024/25 Annual Report

The Corporation

The Keepers and Governors of the Possessions, Revenues and Goods of the Free Grammar School of John Lyon, within the town of Harrow-on-the-Hill, is referred to as “the Corporation”. The Corporation comprises Harrow School and John Lyon School, which educate 1,600 pupils in the UK, as well as two wholly owned trading subsidiaries and a fundraising trust that generate income to support our charitable work (together with the Corporation known as “the Group”).

The Corporation is a registered UK charity, number 310033.

Harrow School and John Lyon School celebrated exceptional achievements across the board in 2024/25 – through their continued educational excellence, impactful charitable and philanthropic initiatives and significant progress on strategic plans

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John Lyon's Foundation 2024/25

Our Schools, the Corporation and our Group

10,000+ pupils
in Harrow School,
John Lyon School
and our partner
schools globally

13 cities 
 **18** schools

 **2,700+**
staff globally

Total income
£91m

Over
£27m
in bursaries and
scholarships awarded
at Harrow School and
John Lyon School in the
last five years

Additionally, over
10,000
young people
accessed opportunities
through our community and
philanthropic programmes

John Lyon's Charity (the Corporation is sole trustee of the Charity)

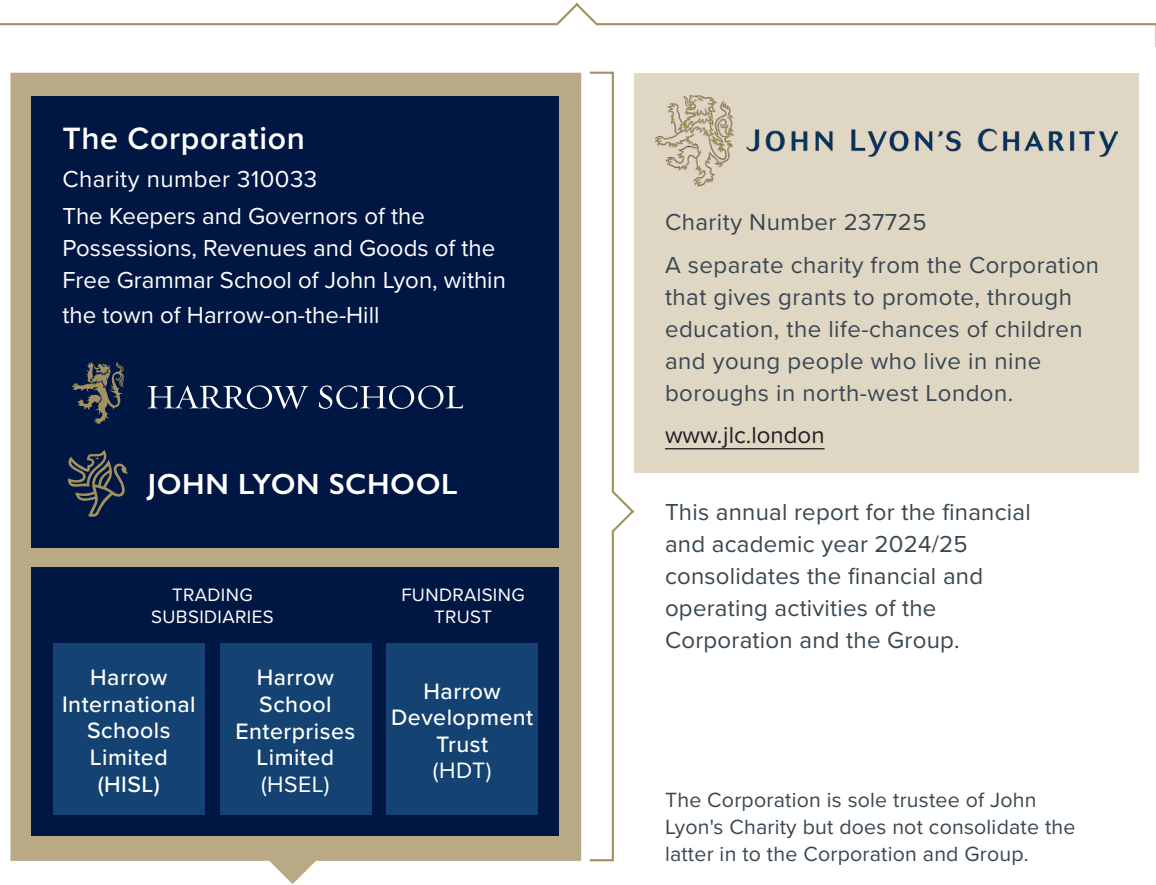
247 grants to **215** organisations
 in the Charity's beneficial area of
central and north-west London

1 About us

1.1 John Lyon’s Foundation

John Lyon, a landowner from north-west London, was granted a Royal Charter by Queen Elizabeth I in 1572 to establish a school for boys in Harrow on the Hill and to provide an endowment to maintain the two roads from Harrow on the Hill to Marble Arch.

Today, John Lyon’s Foundation sustains its founder’s legacy by working to transform the lives of children and young people through education.



The Group

The Foundation Governor are satisfied that the activities and objects of John Lyon's Charity – as a separate legal entity – are different and distinct from the activities of the other entities overseen by the Corporation and is therefore not consolidated within the Corporation and Group financial statements.

1.2 The Corporation and Group

The Corporation comprises:



Harrow School
An independent, full-boarding senior school for boys, which prepares pupils with diverse backgrounds and abilities for a life of learning, leadership, service and personal fulfilment



John Lyon School
An independent, co-educational, all-through day school, with academic excellence and opportunity at its heart

The Corporation and its charitable activities are supported by two wholly owned trading subsidiaries and a fundraising trust. Together with the Corporation, these entities comprise the Group.



Harrow International Schools Limited
HISL – company number 07103979
HISL sub-licenses the Harrow brand to schools around the world and oversees their performance



Harrow School Enterprises Limited
HSEL – company number 01617359
HSEL manages the Corporation's facilities commercially



Harrow Development Trust
HDT – charity number 296097
HDT raises funds from donors and benefactors

1 About us

1.3 Foundation Governors (Trustees) and officers

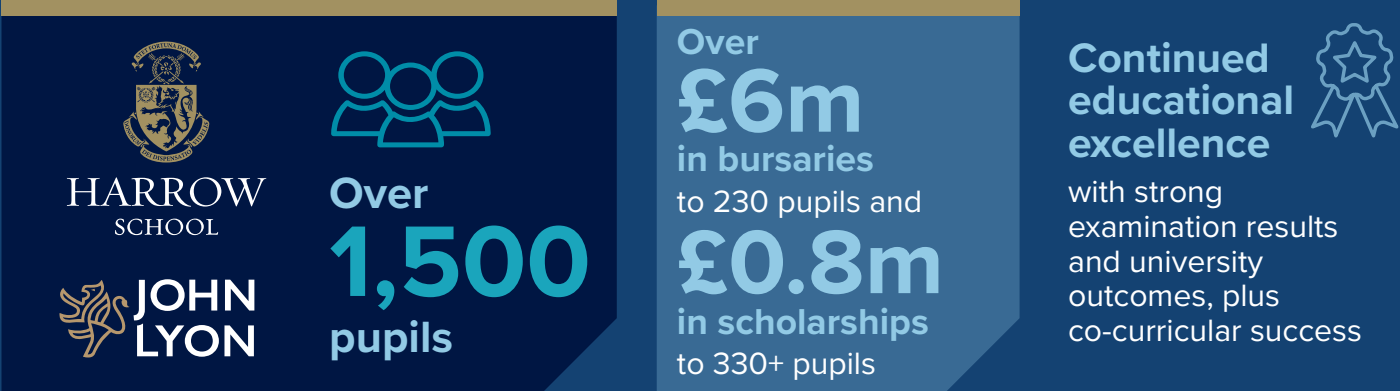
Current and those who served during the year ended 31 August 2025

Foundation Governors (Trustees)	
DGP Eyton CBE MA FIOD FIOD FRENG Chair	ML Mrowiec MA
CGT Stonehill MA Ret. 31 August 2025	C Gallagher MA MSc
GWJ Goodfellow KC MA LLM Ret. 31 August 2025	Vice Admiral JP Kyd CBE BSc PGDip Ret. 22 March 2025
AC Goswell BSc MRICS Ret. 23 November 2024	NJ Enright MA MBA NPQH
The Hon A Butler KC MA Deputy Chair	Dr SV Rawal PhD
DJC Faber MA	LJ Halligan MPhil BSc
RTG Winter CBE BA FCA Ret. 31 August 2025	Dr DA Taylor MBBS BSc MD FRCP
AD Hart LLB FRSA	MC Wallace BCom
Professor DJ Payne MChem DPhil	JC Seppala BA
JPJ Glover BA	SA Huang MA MSc PGCE Ret. 1 November 2025
Sir JR Symonds CBE BA FCA	CE Artis Appt. 25 November 2024
HR Mould MA RGN Ret. 28 November 2025	Dr SN Palmer Appt. 22 November 2024
Professor A D'Angour MA PhD ARCM Ret. 31 August 2025	General Sir Roly Walker KCB, DSO, ADC Gen BA Hons Appt. 20 June 2025

Officers			
Harrow School	John Lyon School	Corporation and Group	
Head Master	Head	Chief Financial & Commercial Officer, John Lyon's Foundation	Clerk to the Governors & General Counsel
WMA Land MA FLS FSB	RK Hardy PGCE MA MEd		The Hon AC Millet MA
		DH Curley MA MBA CPFA	
Bursar	Bursar		
JM Wood JP BA	N Slater BSocSc ACA ChMC		

The Group entities		
Harrow International Schools Limited	Harrow School Enterprises Limited	Harrow Development Trust
Chair	Chair	Chair
ML Mrowiec MA	AD Hart LLB FRSA	PJ Glover BA

1.4 Corporation and Group year at a glance



2 Foreword: Foundation Governors (Trustees)

The Foundation Governors, as Trustees of the Corporation, are pleased to present this annual report. The year 2024/25 was another successful one for the Corporation, Harrow School and John Lyon School in terms of strong educational outcomes, strategic delivery and provision of public benefit.

Strategic context

The independent schools sector has seen significant and perhaps unprecedented change since the publication of our previous annual report in spring 2025. As Trustees of the Corporation, overseeing two schools – Harrow and John Lyon – which we are proud to govern and support, we are mindful of this degree of change. Notwithstanding the impact of change and the emerging financial considerations for many in the sector, as Trustees we continue to support a strategy for the Corporation founded on our key objectives:

- Promoting education excellence and enrichment
- Providing fee assistance that transforms lives
- Engaging actively, collaboratively and meaningfully with our community

We continue to focus our efforts on providing transformative financial assistance to our pupils. In 2024/25, we provided over £6m in bursaries and scholarships at Harrow School and John Lyon School. More than 230 of our pupils received bursaries in 2024/25. Over the past five years, we have provided over £27m in bursaries and scholarships.

Harrow School and John Lyon School in 2024/25

Central to our strategy are our two schools – Harrow School and John Lyon School – which together comprise our Royal Charter entity, the Corporation. Our two schools are integral to our delivery against our objectives and the provision of public benefit.

Harrow School and John Lyon School celebrated exceptional achievements in 2024/25 – through their continued educational excellence, impactful charitable and philanthropic initiatives and significant progress on strategic plans.

Harrow School's Upper Sixth Form pupils achieved excellent A-Level results, with the majority graded A*–B. These results led to a record number of pupils taking up places at universities ranked in the QS global top 100. Continuing last year's trend, GCSE results were very strong, with two-thirds at grade 9 or 8.

John Lyon School enjoyed a year of academic achievement, with pupils securing outstanding GCSE and A-Level results across a broad range of subjects. At A-Level, 45% of all grades awarded were A*–A; at GCSE, 54% of pupils achieved a grade 7 or above in at least six subjects.

Participation in sports, the arts and cultural activities, and opportunities to serve the community and develop leadership skills are considered by both our schools as integral to the all-round education they provide, and vital in promoting pupils' personal development.

Academic success has been further strengthened by a deepening collaboration across our schools and the broader Harrow Family of Schools, including our partner schools in Asia, India and the US. Increased professional development, subject partnerships and pupil-facing initiatives continue to enhance academic provision and enrich pupils' preparation for university and future career pathways.

The year 2024/25 was another highly successful one for the Corporation, Harrow School and John Lyon School in terms of strong educational outcomes, strategic delivery and provision of public benefit

We continue to focus our efforts on financial assistance and, in 2024/25 we funded over £6m in bursaries and scholarships at Harrow School and John Lyon School, with 230 pupils in receipt of bursaries. Over the last five years we have provided over £27m in bursaries and scholarships to our pupils.

Our Group activities in 2024/25

In support of these academic outcomes and the provision of financial assistance, we aimed, during 2024/25, to increase our operating effectiveness and efficiency, striving to make the best use of our resources and harness the activities of our Group in doing so. Our Group includes three entities – Harrow International School Limited (HISL), Harrow School Enterprises Limited (HSEL) and Harrow Development Trust (HDT) – along with the Corporation (Harrow School and John Lyon School).

In addition to the Corporation, this annual report consolidates the activities of these Group entities.

Between them, HISL's partners educate over 8,600 pupils and employ more than 2,200 staff members worldwide.

Our founding partner Asia International Schools Ltd (AISL) opened Harrow Little Lions Kai Tak, its second licensed school in Hong Kong, shortly after the year end in September 2025. This milestone brings the number of AISL Harrow Schools to 14 across Thailand, mainland China, Hong Kong and Japan.

Separately, HISL worked with partner Amity Education Group to establish



2 Foreword: Foundation Governors (Trustees)

Harrow International School New York, which also opened in September 2025.

Since July 2024, HISL and Taaleem Holdings PJSC have been working in partnership to establish Harrow International Schools across the Gulf Cooperation Council countries. Over the past 18 months, we have been collaborating in preparation for the launch of new Harrow-branded schools in Dubai and Abu Dhabi.

2024/25 was a strong and strategically significant year for Harrow School Enterprises (HSEL), which continued to generate essential income in support of the School's long-term financial resilience. Commercial activity remained strong, with a busy programme of weddings and high-profile filming projects, while the summer school delivered a successful six-week programme for international students. Harrow Sports Centre continued to support a thriving membership community alongside extensive local swimming provision. Collectively, these achievements reflect both operational robustness and sustained momentum as HSEL looks ahead to further innovation and growth.

Our fundraising arm, Harrow Development Trust (HDT), supported the strategic goals set out by the Corporation in 2024/25 and continues to provide assistance for key projects, particularly in relation to the Harrow School estate. In 2023/24, HDT's fundraising efforts also helped to fund bursary-assisted places at Harrow School.

Our community in 2024/25

John Lyon's Foundation, which comprises the Corporation and John Lyon's Charity, is committed to community engagement and partnerships. Shaftesbury Enterprise and Blackwell Enterprise, the charitable and partnership programmes of Harrow School and John Lyon School respectively, are examples of this commitment in action. This success has been achieved through fostering strong relationships between our dedicated staff, engaged pupils, supportive parents, our valued external partners and the

wider community. We create an environment in which academic and pastoral care flourish, charitable endeavours thrive, and more pupils than ever before benefit from life-changing bursaries and scholarships.

The Corporation worked closely on this priority with John Lyon's Charity, one of the most prominent grant-giving charities in its beneficial area of north-west London of whom the Corporation is sole trustee and with whom we are proud to work. This year, we highlight in our annual report some of the important programmes that John Lyon's Charity has funded and facilitated.

Conclusion and looking forward

The independent schools sector faces a changing strategic and financial environment. The Corporation is in a robust financial position, in terms of its resources and its operating performance. Careful planning at a strategic and operating level and the work of our Officers, staff, Foundation Governors and partners support this financial outlook.

The Corporation will continue to deliver on our charitable aims and objects, providing public benefit through the outstanding education offered by our schools, transformational bursaries and scholarships, and constructive engagement with our community and partners. We wish to extend our gratitude to our pupils and their families, our staff and our partners for their ongoing support and their contribution to our achievements. Together, we will continue to build on our successes, providing exceptional educational opportunities for children and young people in the borough of Harrow, across our wider community and around the world for many years to come.

We will consider strategic initiatives to further these aims; these initiatives may be developed internally or externally but always with an understanding of our charitable objects as reflected in our Royal Charter.

Foundation Governors (Trustees)

**Central to our strategy
are our two schools –
Harrow School
and John Lyon School
– which together
comprise our Royal
Charter entity, the
Corporation**



3 Our charitable objects

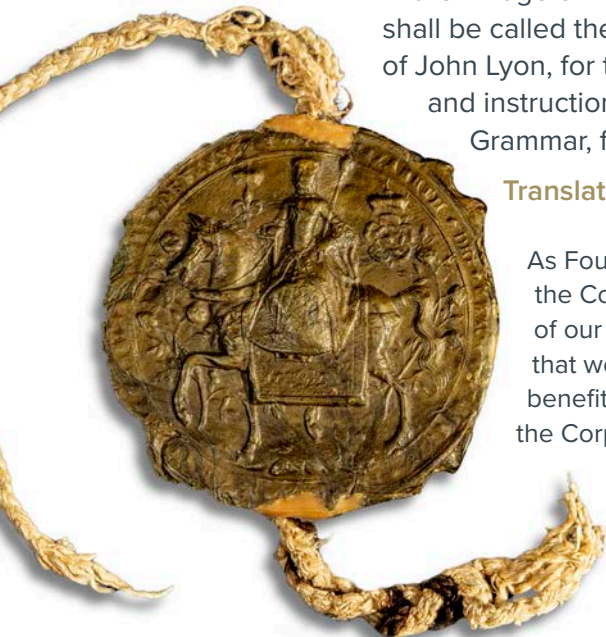
The Corporation’s charitable objects are set out in the Royal Charter of 1572:

Whereas our beloved subject, John Lyon, of Preston, within the Parish of Harrow-on-the-Hill... hath purposed in his mind a certain Grammar School, and one Schoolmaster and Usher, within the Village of Harrow-on-the-Hill, in the said County of Middlesex, of new to erect, found and for ever to establish for the perpetual education teaching and instruction of Children and Youth of the said Parish; and Two Scholars within our University of Oxford, liberally to endow and maintain, and other common ways, as well between Edgware and London as in other places, at his own very great charge, intends to repair and mend, and other endowments and works of piety, to the very great comfort and encouragement of the Scholars within the said parish applying themselves to learning, thereby giving a very good example to all others to imitate the like hereafter, and also to the common profit of all our subjects.

We therefore... of our special grace, and also of our certain knowledge and mere motion do will, grant and ordain... that for ever hereafter there shall be one Grammar School in the Village of Harrow-on-the-Hill... which shall be called the Free Grammar School of John Lyon, for the bringing up, teaching and instruction of Children and Youth in Grammar, for all time hereafter coming.

Translation from the original Latin.

As Foundation Governors, we oversee the Corporation and Group’s delivery of our charitable objects and ensure that we are consistently providing benefit to our communities, both within the Corporation’s schools and beyond.



LEFT
Made in 1572, this wax seal was originally attached to the base of the Royal Charter.

These objects and John Lyon’s vision continue to inform our strategy today



4 Our strategy

4.1 Strategic objectives and pillars

As a Corporation and a Group, we have three strategic objectives:



Promoting educational excellence and enrichment

Providing an education that produces school leavers who are empowered and ready for life



Providing fee assistance that transforms lives

Enabling pupils needing fee assistance to benefit from an education at Harrow School or John Lyon School



Engaging with our community

Developing partnerships that improve educational outcomes and opportunities for more young people, particularly those who face significant barriers to progress

As we work to achieve these objectives, we continually seek to enhance our approach – ensuring that what we do remains impactful, inclusive and aligned with our charitable objects.

Harrow School

For over 450 years, Harrow School has sought to prepare boys with diverse backgrounds and interests for a life of public service, learning, leadership and personal fulfilment.

STRATEGIC PILLARS

Scholarship	Opportunity	Character	People	Operations
Encouraging intellectual curiosity, independent thought and effective learning habits	Ensuring pupils become their better selves by developing their potential	Maturing the individual, enabling pupils to uncover the talents, skills and values to be of good influence	Admitting pupils who will thrive and contribute, and recruiting and nurturing staff who facilitate excellence	Providing environments, infrastructure and functions that make us leaders in our field

John Lyon School

John Lyon is an ambitious, all-through co-educational school delivering academic excellence, digital innovation and global perspectives. The John Lyon curriculum focuses on building cultural capital, preparing students for elite academic pathways and developing the essential proficiencies required for the professional world.

STRATEGIC PILLARS

Heritage	Honour	Heart
Upholding the values that have defined us since 1876	Evolving to meet the needs of the future and being of service to our local community	At the centre of our best-in-sector pastoral care, we ensure that every pupil is not just academically ambitious but is also culturally fluent and professionally prepared

Harrow International Schools Limited (HISL)

HISL partners with established education operators overseas to facilitate their delivery of a world-class education under the Harrow name.

STRATEGIC PILLARS

Optimise	Connect	Enhance	Explore
Support the Harrow-branded schools to achieve excellence and maximum revenues	Enhance collaboration among the Harrow Family of Schools	Extend the prestige of the Harrow brand	Identify and evaluate opportunities to increase and diversify income sources

Harrow School Enterprises Limited (HSEL)

Harrow School Enterprises Limited (HSEL) is the School’s commercial trading arm and provides vital income through commercial activity on the school estate.

STRATEGIC PILLARS

Learning	Fitness	Venues
Summer camps and courses, residential lettings and online English lessons	Dual-use facilities for our local community and national/international clubs and teams	Filming and photoshoots, weddings and events, public and private tours

Harrow Development Trust (HDT)

HDT helps to secure the future of Harrow School through fundraising, with support from the School community and working closely with Foundation Governors, the Head Master and the Harrow Association (Harrow’s alumni organisation).

STRATEGIC PILLARS

Buildings	Bursaries	Heritage
Supporting high-priority capital projects	Widening access to a Harrow education	Preserving the Corporation’s historical estate

4 Our strategy

4.2 How we manage and mitigate risks and uncertainties

The Foundation Governors review the risk context for the Corporation and Group at each Foundation Governors' meeting and at the termly Foundation Audit and Risk Committee. Foundation Governors focus proactively on risk management and routinely consider mitigations.

We consider a range of risk factors – in relation to specific risks and cumulatively. As with any Group operating in the independent schools sector, we proactively assess risks in relation to safeguarding, health and safety and wellbeing on a routine basis. We use a variety of risk management techniques to inform our approach.

The Foundation Governors have assessed risks during the financial year 2024/25 and, as of the date of this report, summarise the key risks to the Corporation and Group as follows:

Key risks



Changes in the geopolitical landscape: the Corporation and Group have partners in diverse international markets and receive income from outside the UK. Changes in the geopolitical landscape may present risks to this income. We consider opportunities for diversification and monitor our sources of income to the Corporation and Group throughout the year.



Financial pressures in the UK independent school sector: the Corporation and Group is active in the UK independent school sector through its operation of Harrow School and John Lyon School. The sector's financial context has changed in recent years with increasing costs and the introduction of VAT on school fees from 1 January 2025. We manage our cost base and budgets on a monthly basis, anticipate scenarios and run stress tests, and consolidate our forecasting in to medium-term planning.



Cybercrime: as with many organisations, the Corporation and Group rely on technology, and their operations may be subject to cybercrime and related risks. We assess any potential risk exposure throughout the year and test our capabilities, seeking assurance; we ensure we use best practice security measures and address any issues with enhanced procedures.

Through a structured approach to risk management, our Foundation Governors and Officers actively identify, oversee and mitigate these risks, along with several others that can vary in nature and level across the Corporation and Group.

The Chief Financial and Commercial Officer proactively leads our risk management and mitigation activities and provides assurance to the Foundation Governors on our risk management processes and on the overall risk level.

We will continue to identify, oversee and mitigate all relevant risks and, as a priority, ensure that the Corporation has the processes and resources in place to ensure the safeguarding, health and safety and wellbeing of our pupils, staff and community.

We proactively assess risks in relation to safeguarding, health and safety and wellbeing on a routine basis

5 Meeting our objectives

Public benefit

With a focus on our charitable objects, the Corporation delivered public benefit in 2024/25 through our education activities, our community engagement and our partnerships.

As Foundation Governors, we confirm that we have complied with Section 17(5) of the Charities Act 2011, both in our statutory requirement to report on our public benefit, and in having due regard to the public benefit guidance published by the Charity Commission where relevant to matters to which the guidance relates.

Key highlights

100% of Harrow boys were involved in Shaftesbury Enterprise activities

 **Over 700 hours** of community sport were hosted at Harrow's facilities in 2024/25



HARROW
INTERNATIONAL
SCHOOLS LIMITED

16 licensed schools

14 campuses

12 cities across mainland China, Hong Kong, India, Japan, Thailand and the USA

John Lyon School's two robotics teams, enjoyed record success, qualifying for the National Championships, the US Open and the World Championships



Over **10,000**

young people accessed opportunities through support from Shaftesbury Enterprise and Blackwell Enterprise partnerships

John Lyon's Charity ring-fenced

£0.5m

to transform career opportunities for d/Deaf, disabled and neurodiverse young people



HARROW
DEVELOPMENT TRUST

Over the past decade the HDT has raised some

£100m

in support of the Corporation's bursaries and capital projects



HARROW
SCHOOL ENTERPRISES

16 weddings hosted

313 summer school pupils from 30 different nationalities

413 pupils taught at our Swim School

15 sports days hosted for local schools

Year 9 John Lyon School female gymnast ranked

9th in the world

after competing in the Junior World Rhythmic Gymnastics Championships

Harrow School's 1st XV rugby team

retained the Under-18 Continental Tyres Schools Cup



5 Meeting our objectives

5.1 Promoting educational excellence and enrichment Harrow School

As Foundation Governors, we seek to ensure that Harrow School and John Lyon School provide an education that means our school leavers are empowered and ready for life. This commitment is central to how we govern and oversee the Corporation's activities.

The excellent examination results and university outcomes achieved by our pupils, combined with our pastoral programmes, demonstrate the ongoing effectiveness of our educational strategies.

Harrow School's outgoing Upper Sixth achieved another outstanding set of A-Level results in 2025. Nearly one in three grades were A*, with over 65% either A* or A. Almost 90% of grades were A*-B. Five pupils achieved five or more A* grades, with 12 gaining four or more A* grades. Twenty-five pupils were awarded three or more A* grades, and 83 gained three or more A*-A grades. These strong A-Level results mean that the majority of Harrovians progressed onto higher education institutions considered some of the best in the world. A record 124 pupils took up places at universities ranked in the QS global top 100, with 37 attending those ranked in the QS global top 10, including Oxford, Cambridge, Imperial College London, UCL, Harvard and Stanford. Sixteen Harrovians took up places across seven of the eight Ivy League schools in the USA.

At GCSE level, over 40 % of results were grade 9, with two-thirds grade 9 or 8. Sixteen pupils were awarded ten or more grade 9/A*s, and 29 gained nine or more grade 9/A*s. Pupils also enjoyed many successes in academic competitions.

Among numerous sporting achievements were the cricket 1st XI's fourth successive victory over Eton at Lord's and the rugby 1st XV winning the Under-18 Continental Tyres Schools Cup at Twickenham for a second consecutive year. The Harrow judo team were crowned London Area Schools

Champions for 2024 and Independent Schools Judo Champions for 2025. In racquets sports, a Harrovian pair won the National Under-15 Doubles Rackets Championships, and the Shell squash team became Under-14 National Schools Champions. Harrow swimmers retained both the Bath Cup and the John Nalson Cup for a third year. The athletics team remained undefeated in all school competitions.

In the arts, there were numerous productions in the School's Ryan Theatre and a joint production of A Midsummer Night's Dream in the Sam Wanamaker Playhouse at Shakespeare's Globe with members of the Old Harrovian Players and local primary-school children. Work by pupils, teachers and visiting artists was displayed in the Pasmore Gallery, and there were over 100 musical performances, demonstrating the wide variety of enriching co-curricular opportunities offered to pupils.

The new Biology and Chemistry Schools building came into full use at the start of the 2024/25 academic year, with the Sir Joseph Banks Lecture Theatre in regular use by both the School and visiting organisations. A highlight was the installation outside the building of The Eternal Schoolboy, a sculpture by David Williams Ellis, commissioned as part of Harrow's 450th anniversary celebrations, which swiftly became a focal point on the Harrow School estate.

A record 124 pupils took up places at universities ranked in the QS global top 100



5 Meeting our objectives

5.1 Promoting educational excellence and enrichment John Lyon School

The 2024/25 academic year at John Lyon School was defined by academic strength, creative accomplishment, a comprehensive co-curricular calendar, and a renewed sense of ambition across the 2–18 journey. Pupils achieved exceptional examination results, with 45% of A-Levels graded A*–A and 54% of pupils securing grade 7 or above in at least six GCSE subjects, reflecting both high-quality teaching and the dedication of pupils across the School.

Beyond the classroom, the co-curricular programme flourished. The School's major productions showcased remarkable talent, culminating in a vibrant staging of *Little Shop of Horrors* in a professional theatre setting. In sport, pupils excelled across cricket, football, netball, athletics and more, with multiple teams reaching

regional finals and achieving individual county-level representation. The Robotics teams continued their impressive rise, progressing to international-level competitions and reinforcing the School's growing reputation in STEM innovation.

Equally notable was the School's commitment to service and philanthropy. Through pupil-led projects, community drives and whole-School fundraising, over £23,000 was raised for local and national charities, demonstrating the strength of compassion and leadership within the pupil body. Together, these achievements reflect a thriving, dynamic and forward-looking School community – one that continues to balance academic excellence with creativity, global citizenship and sporting success.



We are forward-thinking and dynamic in our approach, all whilst staying true to our proud heritage, ethos and culture

5 Meeting our objectives

5.2 Providing fee assistance that transforms lives

Enabling pupils needing fee assistance to benefit from an education at Harrow School or John Lyon School is an important part of our strategy to meet our charitable objects and to deliver public benefit.

The Foundation Governors maintained the significant commitment to fee assistance in 2024/25, with Harrow School and John Lyon School providing in excess of £6m in bursaries to more than 230 pupils and an additional £0.8m in scholarships.

Working together in partnership across the Foundation, our mission is to:

“Transform the lives of children and young people through education.”

Over the previous five years, we have awarded over £27 million in bursaries and scholarships to pupils at the Corporation's schools.

Over
£6m in bursaries
for 230 pupils in 2024/25

Last 5 years:
over **£27m**
in bursaries and scholarships

Working together in partnership across the Foundation, our mission is to transform the lives of children and young people through education

5 Meeting our objectives

5.3 Engaging with our community

As Foundation Governors, we are committed to delivering public benefit by developing community partnerships that improve educational outcomes and opportunities for more young people, particularly those who face significant barriers to progress.

Through our work with Shaftesbury Enterprise (Harrow School's charitable and partnership programme), Blackwell Enterprise (John Lyon School's charitable and partnership programme), John Lyon's Charity, other charities, schools and local councils, we aim to help children and young people maximise their potential, broaden their horizons, and improve their quality of life.

Shaftesbury Enterprise

Shaftesbury Enterprise delivers Harrow School's charitable and partnership work in the areas of academia, culture, sport, community and conservation and sustainability. Through Shaftesbury Enterprise, pupils and staff engage purposefully with local and national organisations to improve educational outcomes and opportunities for young people, particularly those who face significant barriers to progress. This work is undertaken in collaboration with partner schools, local authorities and charities in order to deliver significant benefit in the London Borough of Harrow and beyond.

Blackwell Enterprise

Blackwell Enterprise encompasses much of John Lyon School's charitable and partnership work. Through these philanthropic initiatives, we are focused on enriching and enhancing the lives of our local communities. Blackwell Enterprise provides opportunities to help those who need it most through charitable works, community service and the sharing of three well-equipped campuses in Harrow on the Hill, central Harrow and Sudbury. The work extends to directly supporting young people who use our school facilities and receive visits from staff and pupils, senior citizens we visit in care homes, and our charities and partners.

40
Shaftesbury
Enterprise projects
run annually by

1/3
of Harrow School
boys volunteering
regularly

4,940 hours
of John Lyon School
pupil volunteering
in 2024/25

1,160 hours
of staff time
volunteered in
2024/25



Over two days, the Harrow School Farm became an outdoor classroom for 240 pupils from five local primary schools to engage in nature-based learning

Lumina: addressing educational disadvantage

Children in care remain among the most educationally disadvantaged young people in England. Fewer than 10% achieve a grade 5 or above in both GCSE English and Mathematics, compared with more than 40% nationally, and only around 14% progress to higher education. These outcomes reflect systemic barriers rather than a lack of ability.

Lumina was launched by Harrow School during the Covid-19 pandemic to help address this challenge. The programme delivers sustained one-to-one online tutoring and mentoring for care-experienced young people, mobilising qualified teachers from both independent and state schools. Harrow also hosts intensive GCSE revision weekends for students preparing to sit or resit English and mathematics.

In 2024/25, Lumina supported more than 60 students across 13 local authorities. On average, participants improved by two or more GCSE grades.

Lumina is now one of the UK's largest volunteer teacher-led tutoring programmes focused specifically on care-experienced young people, establishing a new model of how schools can collaborate across the sector to improve outcomes for children in care.

ABOVE
This collaboration between Harrow School, John Lyon School, Shaftesbury Enterprise and Blackwell Enterprise showed the potential that the farm can have for nature-based learning and community connection.

The activities included forest school sessions, bug hunts, planting and animal encounters.

6 Our Group activities

The Corporation and its charitable activities are supported by two wholly-owned trading subsidiaries (HISL and HSEL) and a fundraising trust (HDT). Together with the Corporation, these entities comprise the Group.

6.1 Harrow International Schools Limited

HISL partners with established overseas education operators to facilitate their delivery of a world-class education under the Harrow name. It licenses 16 schools on 14 campuses in 12 cities across mainland China, Hong Kong, India, Japan, Thailand and the USA, with new schools planned for Dubai and Guangzhou in 2026 and Abu Dhabi in 2027.

Monies generated from Harrow-branded schools through HISL fund the charitable activities of Harrow School and John Lyon School, including each school's outreach programmes and bursary funds, which allow the schools to provide places for pupils who might not otherwise be able to afford the fees.

In 2024/25, HISL further developed the Harrow Standards, which outline its expectations of Harrow-branded schools in their localised delivery of a Harrow education. The extensive programme of collaboration and support events and activities for HISL partner schools included teacher exchange placements with Harrow School, induction and shadowing for new Harrow-branded school staff at Harrow School, pupil collaboration projects, and support for evolving boarding and pastoral care.



These totals are a combination of all the Corporation and HISL Schools that are currently open.

6 Our Group activities

6.1 Harrow International Schools Limited AISL Harrow Schools

Asia International School Limited (AISL), HISL's founding partner, operates 14 schools across Thailand, mainland China, Hong Kong and Japan, educating over 8,200 students and employing more than 2,200 staff. In September 2025, AISL opened Harrow Little Lions Hong Kong in Kai Tak, the second licensed school in Hong Kong.

Highlights from the summer 2025 public examinations include at least 70% of all A-Level examinations at Harrow International School Bangkok and Harrow International School Hong Kong achieving A*-A grades. At Harrow Hong Kong, 90% of IGCSE outcomes were A*-A, with 78% at A*. Across the six AISL Harrow schools with Year 13 cohorts, nearly 50% of leavers will attend Top 50 global universities. Around 20 students will go to Oxford or Cambridge, a similar number to Ivy League universities, and over 60 to leading London institutions, including Imperial, LSE and UCL.

BSO (British Schools Overseas, the UK Government's inspection scheme for British international schools) inspections carried out at the AISL Harrow schools in Hong Kong and Beijing confirmed both met all requirements.



Maintaining the standards of educational excellence set by Harrow School in the UK is more than an obligation, it is core to AISL's ambitions



6 Our Group activities

6.1 Harrow International Schools Limited Amity Harrow Schools

The Amity Education Group, India’s leading not-for-profit international education foundation, opened Harrow International School Bengaluru in August 2023. Now in its third academic year, it has over 380 students, a new primary phase, and a national boarding catchment across India.

Amity’s second licensed school, Harrow International School New York, opened in September 2025 on a 170-acre waterfront campus for students in Years 6 to 9.



We are building something special: schools that reflect the best of Harrow’s proud heritage while preparing our pupils to thrive in a global future



Grounded in Harrow’s 450 year legacy, these schools provide a world-class education that challenges and inspires

Taaleem Harrow Schools

HISL has been working closely with its newest partner – Taaleem Holdings PJSC – to establish Harrow International Schools in the Gulf Cooperation Council region, with progress being made to open a school in Dubai in September 2026 and Abu Dhabi in 2027. These co-educational, all-through schools have been designed to accommodate around 2,000 pupils each.

HISL continues to work closely with Taaleem in the pre-opening phase of these new schools to ensure that building design and educational and operational planning meet the Harrow Standards and reflect Harrow School’s values.

ABOVE
Renders of the Harrow International Dubai campus currently under construction for its planned opening in September 2026

6 Our Group activities

6.2 Harrow School Enterprises Limited

Harrow School Enterprises Limited (HSEL), the trading subsidiary of Harrow School, generates essential income that supports the School’s ongoing success. Its work spans venue hire, fitness enterprise and educational provision, all contributing to the School’s broader mission and community reach.

Venue hire continued to thrive in 2024/25, with the team hosting a wide range of events, tours, weddings and creative projects. Highlights included filming for the television drama Dear England, a Sabaton music video in Speech Room, an Amazon Prime commercial and several high-end fashion shoots. Weddings remain a significant part of the offer, with 16 held across the year, supported by both in-house catering and trusted external suppliers.

HSEL also delivered a successful summer school for international students, welcoming over 300 students from 31 countries. The summer school earned 14 out of 15 strengths from the British Council. Several partner organisations ran their own residential courses on the Hill over the summer months and the online English-learning team taught almost 700 English lessons across the year.

HSEL’s fitness enterprise is anchored by the Harrow School Sports Centre, a dual-use facility serving more than 1,500 Fitness Club members, staff and visitors, including high-profile organisations such as Saracens RFC, the NFL and England Athletics. The club also delivers weekly swimming lessons to over 400 local children and supports a vibrant community of sports users and clubs.



RIGHT
Just one of the 16
weddings hosted in a
Harrow School venue



**“In the top 10 English
language and activity
centres in the UK”**
El Gazette



6 Our Group activities

6.3 Harrow Development Trust

HDT helps to secure the future of Harrow School through fundraising, with support from the School community and working closely with Foundation Governors, the Head Master and the Harrow Association (Harrow's alumni organisation). Generous donations from a wide range of supporters in 2024/25 helped to fund bursaries and contributed to the School's non-fee income. HDT also supported building for the future through capital projects such as the new Biology and Chemistry Schools and the upgrade of the Shepherd Churchill Dining Hall.

Funds raised through the HDT have also been directed to upgrades to boarding Houses and facilities, including a significant renovation of the Squash Courts. HDT's fundraising efforts involved events, communications and partnerships with the Harrow Association and other volunteers, along with promoting legacy giving.

These activities supported various bursary schemes, making possible a significant number of bursary-assisted places. Funding also supported partnerships with local charities through initiatives such as the School's annual fundraising run Long Ducker and supporting the Shaftesbury Enterprise Music Programme.

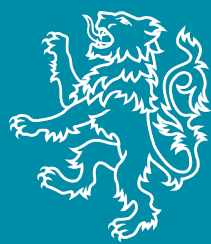
HDT supported building for the future through capital projects such as the new Biology and Chemistry Schools and the upgrade of the Shepherd Churchill Dining Hall

LEFT
Pupils conduct experiments in the state-of-the-art Chemistry laboratories in the new Biology and Chemistry Schools

7 John Lyon's Charity

John Lyon's Charity is a separately Registered Charity (No. 237725). The Corporation is sole trustee of John Lyon's Charity but does not consolidate the latter into the Corporation and Group.

John Lyon's Charity is part of the wider John Lyon's Foundation and set out below is an overview of how it sustains its founder's legacy by working to transform the lives of children and young people.



JOHN LYON'S
CHARITY

John Lyon's Charity, of which the Corporation is sole trustee, gives grants to benefit children and young people (CYP) who live in nine boroughs in north and west London: Barnet, Brent, Camden, Ealing, Hammersmith & Fulham, Harrow, Kensington & Chelsea, and the Cities of London and Westminster. Since 1991, the Charity has awarded more than £230m in grants. In the financial year ending March 2025, total grant-making expenditure reached £15m, benefiting 215 CYP organisations and schools throughout its Beneficial Area. Over the past year, the Charity has awarded £5.8m in new grants across four Programme Areas: Formal Education (£2m), Informal Education (£1.7m), Access to Education (£1.3m) and Capacity Building (£0.8m).

For more than a decade, the Charity has been committed to increasing inclusion across the arts and cultural sector, and this was a particular focus in 2024/25. Annual expenditure on projects for children and young people with special educational needs and disabilities (SEND) has grown significantly over the past ten years from £0.2m in 2015/16 to nearly £2.2m in 2024/25, a 73% increase.

To further this commitment, in June 2024, the Charity ring-fenced £0.5m to transform career opportunities for d/Deaf, disabled and neurodiverse young people. The funding supports a dedicated Employment Coach at Pursuing Independent Paths (PIP) and will deliver at least 12 London Living Wage-paid internships within arts and cultural institutions across the capital. While significant progress has been made, the Charity remains committed to embedding inclusion as a sector-wide standard rather than a niche initiative and will continue to invest in, and advocate for, increasing the employment opportunities for young people with special educational needs and disabilities.

Grants paid
since 1991
over
£230m

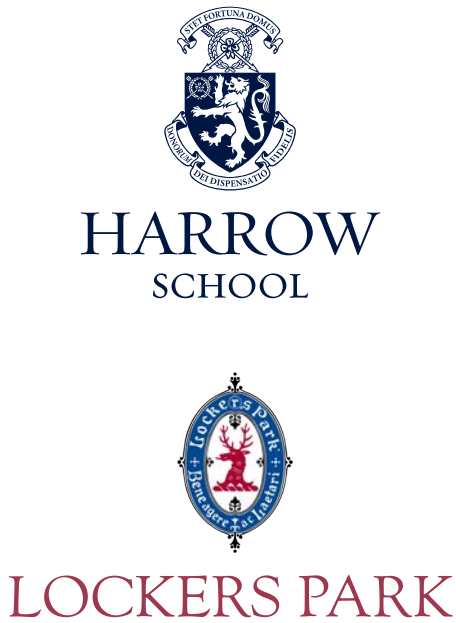
5,655
grants to
1,800
organisations
since 1991

247
new grants to
215
organisations
in 2024/25



8 Strategic developments since 31 August 2025

Announcement of a partnership with Lockers Park School



On 5 January 2026, the Corporation announced that it was entering a new partnership with Lockers Park School, a boys’ day and boarding prep school in Hertfordshire. This partnership will see Lockers Park School formally join the Harrow family during the course of the 2026 Spring term.

Harrow School and Lockers Park School have enjoyed strong links and a close working relationship over the 150 years of Lockers Park School’s history. The two schools share a values-driven culture and ethos founded on high academic standards, character development and the holistic education of boys. This partnership represents a natural next step, strengthening collaboration and co-ordination between the schools to support pupils, parents, staff and their wider school communities.

Harrow School and Lockers Park School will each maintain their separate and distinctive identities, building on the strengths, traditions and heritage of each school. Lockers Park School will continue to operate as it does today, remaining on its existing site in Hemel Hempstead and retaining its name, uniform and distinctive ethos.

This partnership will bring a range of benefits to pupils and staff across both schools including the sharing of educational, academic and pastoral expertise, the bringing together of the best of their respective co-curriculum offers, and the development of opportunities for boys to thrive throughout their academic career and beyond.

Both Harrow School and Lockers Park School will continue to work with a broader community and network of schools. Lockers Park School will continue to support and guide parents and pupils in moving on to the senior school that will be most suitable given their wishes and the academic setting. Harrow School will continue to apply the same admissions process for all boys wishing to attend Harrow and will continue to work closely with pupils, parents and all prep school partners in supporting this process and welcoming boys from all their traditional prep school partners.



Announcing
a new partnership

9 Governance

for the period 1 September 2024–31 August 2025

The Corporation’s constitution comprises the objects contained in the original Elizabethan Charter and separate “statutes” promulgated pursuant to the Public School’s Act 1868 (and subsequent legislation) updated over the years, most recently in June 2016 and approved and sealed by the Privy Council. The statutes provide in detail for the governance of the Corporation.

The maximum number of Foundation Governors is restricted to 25, including a member of a faculty of, or a fellow of a collage at each of Oxford and Cambridge Universities and a Fellow, or former or current Research Fellow of the Royal Society and who are selected by the Foundation Governors (Trustees). Two other Foundation Governors are elected respectively by the Lord Chief Justice, and the Head Master and the Masters of Harrow School. All Foundation Governors are elected for an initial term of five years and are eligible for re-election for a maximum of two further consecutive terms of up to five years. In exceptional circumstances, a Foundation Governor can serve a further term of up to five years so long as no more than five Foundation Governors serve a fourth term at any one time.

The Foundation Governors are the charity Trustees of the Corporation and the Governors of Harrow School. The Corporation is the proprietor of John Lyon School and within defined parameters, the governance of John Lyon School is delegated by the Foundation Governors to a separate Board of Governors for John Lyon School, the members of which are appointed by the Foundation Governors.

Recruitment and training of Foundation Governors

The Foundation Nominations and Governance Committee is responsible for considering nominations for future Foundation Governors, based on guidelines that include a list of the skills and experience that should be represented by Foundation Governors, including Governors of John Lyon School.

The Clerk to the Governors is responsible for the induction of new Foundation Governors, who are briefed individually. Guidance and advice on effective Trusteeship and updates about law, regulation and best practice are brought to the attention of Foundation Governors by the Clerk and other Officers.

Governance and delegation to committees

The Foundation Governors meet as a board at least three times a year, ensuring that governance arrangements are appropriate and effective. The appointment of knowledgeable Governors, the use of appropriate risk management processes and the use of effective delegation also ensure that governance arrangements are appropriate. Boards and committee membership is indicated in the table on page 47.

Delegation to management

The Governors have delegated the day-to-day management of Harrow School and John Lyon School to the Head Master of Harrow School and the Head of John Lyon School and the financial and commercial management, strategy and risk management of the Corporation and Group to the Chief Financial and Commercial Officer of John Lyon’s Foundation. These officers and other officers of the Corporation are the key management personnel referred to at note 6 in the financial statements.

Remuneration

The remuneration of key management personnel is discussed in detail each year and approved by the Foundation Remuneration Committee, with reference to sectoral context, standards and benchmarking. In addition, the committee also carefully considers, reviews and approves (in accordance with Charity Commission guidance) the remuneration in respect of Foundation Governors who are separately employed as directors of HISL, as reported in note 21 of the financial statements.

Foundation Governors, Officers and Committees – 2024/25

Role	Name	Retired/Appointed	Nominations and Governance Committee	Foundation Remuneration Committee	Foundation Investments Committee	Foundation Audit and Risk Committee	Corporation Finance Committee (CFC)	Directors of trading subsidiaries & Trustees of HDT
Foundation Governors								
Chair	DGP Eyton		X Ch	X	X		X	1, 3
	CGT Stonehill	Ret 31/08/25					X Ch	
Chair of John Lyon School Board of Governors	GWJ Goodfellow	Ret 31/08/25	X				X	1
	AC Goswell	Ret 23/11/24			X			
Deputy Chair	The Hon A Butler		X	X		X	X	1
	DJC Faber							
	RTG Winter	Ret 31/08/25					X	
Chair of Harrow School Enterprises Limited	AD Hart		X					1, 2, 4
	Prof DJ Payne							
Chair of Harrow Development Trust	JPJ Glover		X	X				2, 4
	Sir JR Symonds				X Ch		X	
	HR Mould	Ret 28/11/25						
	Prof A D'Angour	Ret 31/09/25						
Chair of Harrow International Schools Limited	ML Mrowiec			X		X		1
	C Gallagher				X			
	His Excellency Vice Admiral J Kyd	Ret 22/03/25				X Ch		
Deputy Chair of John Lyon School Board of Governors	NJD Enright		X					
	Dr S Rawal		X	X				
	LJ Halligan					X		
	Dr DA Taylor							
	MC Wallace				X		X	4
	JC Seppala						X Ch	4
	SA Huang	Ret 01/11/25						
	CE Artis	Appt 25/11/24				X Ch		
	Dr SM Palmer	Appt 22/11/24						
	General Sir Roly Walker KCB, DSO, ADC Gen BA Hons	Appt 20/06/25						
Officers – attend committees but do not vote								
Clerk to the Governors and General Counsel	The Hon AC Millett		X		X	X	X	Company Secretary to 1, 2, 3
Chief Financial and Commercial Officer	DH Curley				X	X	X	1, 2, 3
Harrow School								
Head Master	WMA Land					X	X	1, 2, 3
Bursar	JM Wood				X		X	2
John Lyon School								
Head	RK Hardy					X	X	
Bursar	N Slater						X	

1 – Harrow International Schools Limited (company number: 07103979) 2 – Harrow School Enterprises Limited (company number: 0617359) 3 – Harrow Educational Investments Limited (company number: 13490117) 4 – Harrow Development Trust Limited (Charity number: 296097) Ch – Chair	Committee descriptions Nominations and Governance Committee: Responsible for overseeing governance arrangements and the appointment of new Foundation Governors, including Governors of John Lyon School (appointments were previously overseen by the Foundation Selection Committee until the constitution of this committee on 21 June 2025). Foundation Remuneration Committee: Responsible for overseeing the remuneration of the Officers and senior employees of the Corporation.	Foundation Investments Committee: Responsible for overseeing the management of financial investments. Foundation Audit and Risk Committee: Responsible for overseeing the audit, assurance and risk management. Corporation Finance Committee (CFC): Responsible for overseeing the Corporation’s use of its financial and capital resources.

10

Addresses and appointments

for the period 1 September 2024–31 August 2025

Addresses

Harrow School
Harrow International Schools Limited
Harrow School Enterprises Limited
Harrow Development Trust

5 High Street
Harrow on the Hill
Middlesex
HA1 3AP

John Lyon School
Middle Road
Harrow on the Hill
Middlesex
HA2 0HN

Advisors

Principal Bankers
National Westminster Bank plc
Harrow Town Centre Branch
315 Station Road
Harrow
Middlesex
HA1 2AD

Independent Auditor
Crowe U.K. LLP
55 Ludgate Hill
London
United Kingdom
EC4M 7JW

Principal Solicitors
Cripps LLP
2nd Floor
80 Victoria Street
London
SW1E 5JL

Principal Investment Managers**
Cazenove Capital
Schroder & Co. Limited
1 London Wall Place
London
EC2Y 5AU

Principal Investment Advisers
Cambridge Associates Ltd
62 Buckingham Gate
London
SW1E 6AJ

Actuaries*
XPS Pensions
11 Strand
London
WC2N 5HR

Charity number
310033

* Actuaries to Harrow School’s Support Staff Pension Scheme
** Subsequent to the year end, the Investments Committee formally approved the appointment of Goldman Sachs as investment managers, to replace Cambridge Associates and Cazenove

11

Financial performance, policies and plans

Financial performance

The Consolidated Statement of Financial Activities for the Group for the year 2024/25 is set out on page 56 of the financial statements and a summary is set out below:

- The Group’s net movement in funds for the year was an increase of £16,162,000 (2023/24 – increase of £17,834,000)
- Net income before transfers and investment gains/losses was £5,383,000 (2023/24 – £2,699,000)
- Total income for the Group for the year was £90,785,000 (2023/24 – £87,759,000)
- Total expenditure £85,402,000 was (2023/24 – £85,060,000)
- HISL generated a profit of £5,918,000 (2023/24 – £5,497,000)
- HSEL generated a profit of £680,000 (2023/24 – £526,000)
- The appropriations from HDT for the benefit of the Corporation were £5,785,000 (2023/24 – £7,250,000)
- Net assets on the balance sheet increased to £230,317,000 as of 31 August 2025 (£214,155,000 as of 31 August 2024). There were fixed asset additions of £15,544,000 (2023/24 – £24,519,000)
- The Group’s cash decreased by £4,117,000 (2023/24 – increased by £3,564,000). Net debt at the year-end was £97,031,000 (2023/24 – 92,275,000), which is largely long-term debt in the form of two private placement bonds totalling £90,000,000, repayable from 2059.

Investment powers, policy and performance

The Foundation Investments Committee supervises and monitors the investment of the Corporation and Group’s financial assets.

The Corporation and Group seek to generate the best financial return within an acceptable level of risk. The investment objective for our funds under management is to generate an investment return (after expenses) of inflation (CPI) plus 4% per annum over the long term for the financial investment portfolios.

The Corporation and Group invest for capital growth in the long term, defined as a minimum of ten years. It is recognised that the return objective may be difficult to achieve in every period but should be attainable over a ten-year or greater time period.

The Corporation has a total return policy in place for most of its award funds, which allows the Corporation to draw up to 3.75% of a three-year rolling average of the fund value.

The Corporation was advised by Cambridge Associates Ltd in 2024/25 on how its two largest funds are invested, while a set of smaller funds were invested in 2024/25 in the Cazenove Charity Multi Asset and Structural Growth funds. Overall, these funds returned approximately 11.0% during 2024/25.

The Corporation’s treasury deposits, together with approximately 75% of the proceeds from the bonds, are held in short-term, investment-grade, corporate bond portfolios managed in 2024/25 by EFG Private Bank Limited to realise greater returns and reduce credit risk. This portfolio generated a yield of approximately 4.8% per annum net of costs.

11 Financial performance, policies and plans

Reserves and cash reserves policy

Foundation Governors ensure that the Corporation and Group maintain reserves such that we hold sufficient funds to meet our short to medium-term financial obligations, including all elements of operating expenditure, while making appropriate provision for strategic and long-term requirements, including the essential long-term maintenance of and investment in the refurbishment of the Corporation’s built estate.

Consolidated reserves

The Corporation’s consolidated reserves totalled £230,317,000 at the year end, 31 August 2025, (£214,155,000, 31 August 2024) and comprised the following:

	2024/25 £	2023/24 £
*Unrestricted funds	175,005,000	164,781,000
Restricted funds	5,574,000	3,176,000
Endowment funds	49,738,000	46,198,000
Total reserves	230,317,000	214,155,000
*Unrestricted funds		
Of which tangible fixed assets are:	166,646,000	165,997,000

The Corporation has access to £90,000,000 of long-term funding by way of private placement bond issues (see note 15), and, together with our cash flows, Foundation Governors are assured that both our short- to medium-term financial obligations can be met and our strategic and long-term requirements are also met.

The unrestricted funds, net of designated funds and a significant level of endowment funds, and a £3,103,000 31 August 2025 (£4,504,000, 31 August 2024) pension liability, are primarily deployed in tangible fixed assets, which are used for direct charitable activities. For an explanation of our designated and endowment funds, see table in note 19. In line with many similar charities, and due to continuing and substantial investment in tangible fixed assets, the Corporation has negative free reserves using the definition of free reserves applied by the Charity Commission.

The Foundation Governors are focused on increasing the level of free reserves from the operating cash flows generated by the Corporation and Group, while, in the medium

term, benefiting from the returns from invested funds. Increasing unrestricted reserves will assist the Corporation in delivering on its charitable objects and executing its strategy.

Cash reserves

During the financial year 2024/25 Foundation Governors approved a policy for Corporation and Group cash reserves. This policy sets out a requirement to maintain an unrestricted cash balance as a further level of prudence, given our unrestricted funds are primarily deployed in fixed assets. Our policy is to maintain £30,000,000 in unrestricted cash at all times and this has been the case throughout 2024/25.

Going concern

The Foundation Governors have reviewed the reserves position carefully together with the financial forecasts and operating cash-flows of the Corporation and Group for the period 31 August 2027. The CFCO has advised Foundation Governors on a range of cash-flow scenarios to inform this review.

The Foundation Governors believe the Corporation and Group’s financial reserves are sufficient to ensure that the Corporation will continue as a going concern for the foreseeable future, being at least 12 months from the date of approval of the financial statements.

Fundraising activities

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. Although the Corporation does not undertake fundraising from the general public, the legislation defines fundraising as “soliciting or otherwise procuring money or other property for charitable purposes”.

In relation to the above, we confirm that all solicitations are managed by Harrow Development Trust, without involvement of commercial participators or professional fundraisers, or third parties. The day-to-day management of all income generation is delegated to key management personnel, who are accountable to the Trustees of the Harrow Development Trust.

No complaints have been received in relation to any solicitations. Our terms of employment

require staff to behave reasonably at all times; all major fundraising activities are approved at a senior level before they are undertaken and are conducted under procedures and protocols formulated and agreed by the Trustees of HDT.

Strategy and future plans

The Corporation has continued to focus on its charitable objects in 2024/25 and on the strategy of promoting educational excellence and enrichment, providing fee assistance that transforms lives, and on engaging with our community. The Corporation will continue to work closely in co-operation with the Group and with our partners, including John Lyon’s Charity.

Our strategy for 2025/26 and for the medium term as we have discussed at the Board of Foundation Governors includes the following:

- Ensuring that Harrow School and John Lyon School promote educational excellence and enrichment in support of our charitable objects
- Considering strategic initiatives and opportunities for revenue growth and surplus generation
- Harmonising policies, procedures and systems across the Corporation and Group in order to increase efficiency and effectiveness
- Working together across the Corporation and Group to support our educational offering and our philanthropic activities in our community
- Maximising the use of our estate and fixed assets to support our educational offering, provide for additional income streams and, where practical, seek capital and balance-sheet efficiency
- Collaborating with our valued partners internationally and seeking diversification of income streams with our partners

The Corporation and Group will continue to monitor financial performance and the use of resources in a robust budgeting framework and will prudently manage the use of capital. In doing so, the Corporation and Group will address the evolving financial context in

the independent schools sector and adopt appropriate risk mitigations where required.

Disclosure of information to the auditor

The Foundation Governors who held office at the date of approval of this annual report confirm that, so far as they are individually aware, there is no relevant audit information of which the Corporation’s auditor is unaware; and each Foundation Governor has taken all the steps they might reasonably have taken as a Foundation Governor to make themselves aware of any relevant audit information and to establish that the Corporation’s auditor is aware of that information.

Auditor

Crowe UK LLP has expressed its willingness to continue in office.

Statement of Foundation Governors’ (Trustees’) responsibilities

The purpose of this statement is to distinguish the responsibilities of the Trustees as a body for the financial statements from the responsibilities of the auditor as stated in their report.

The Charities Act 2011 requires the Foundation Governors (Trustees) to prepare financial statements for each financial year which give a true and fair view of the Corporation’s financial activities during the year and of its financial position at the end of the year.

In preparing the financial statements, which are the financial statements of the Corporation (here, “the parent charity”), the two subsidiary entities and the fundraising trust (here, “subsidiaries”) the Foundation Governors (Trustees) follow best practice and:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles of the Charities Statement of Recommended Practice, Accounting and Reporting by Charities;

11 Financial performance, policies and plans

- make judgments and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the Corporation will be able to continue in operation.

The Foundation Governors (Trustees) are responsible for keeping adequate accounting records that are sufficient to show and explain the Corporation’s transactions, disclose with reasonable accuracy at any time the financial position of the Corporation and enable them to ensure that the financial statements comply with applicable financial regulations and charity law. They are also responsible for safeguarding the Corporation’s assets, and hence for taking reasonable steps for the prevention and detection of error, fraud and other irregularities.

Approved by Foundation Governors and signed on its behalf by:

DGP Eyton
Chair of Foundation Governors (Trustees)
21 March 2026

The Corporation has continued to focus on its charitable objects in 2024/25 and on the strategy of promoting educational excellence and enrichment, providing fee assistance that transforms lives, and on engaging with our community

12 Independent auditor’s report

Opinion

We have audited the financial statements of The Keepers and Governors of the Possessions, Revenues and Goods of The Free Grammar School of John Lyon for the year ended 31 August 2025 which comprise the Consolidated Statement of Financial Activities, Group and Corporation Balance Sheets, Consolidated Cashflow 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 Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group’s and of the Corporation’s affairs as at 31 August 2025 and of the group’s incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the 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 group 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’s ability to continue as a going concern for a period of at least 12 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 Trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor’s report thereon. Our opinion on the financial statements does not cover the other information and 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to 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.

12 Independent auditor's report

Matters on which we are required to report by exception

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

- the information given in the financial statements is inconsistent in any material respect with the Trustees' report; or
- sufficient accounting records have not been kept by the parent charity; 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 require for our audit

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement, 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's and the parent 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 151 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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.

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the Corporation and Group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, including financial reporting legislation and the Charity SORP (FRS 102), and local tax regulations. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be necessary to the group's ability to operate or to avoid a material penalty. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

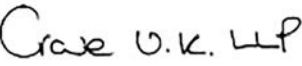
We also considered the opportunities and incentives that may exist within the Group for fraud. We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of legacy and donation income, and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, and the Audit & Risk Committee, about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, designing audit procedures over the completeness and timing or recognition of legacy and donation income, reviewing regulatory correspondence with the Charity Commission and other regulators, and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

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


Crowe U.K. LLP
Statutory Auditor
London

Date: 31 March 2026

Crowe U.K. LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

13 Financial statements

13.1 Consolidated statement of financial activities

Year ended 31 August 2025

		2024/25			2023/24
	Notes	Income funds		Capital funds	
		Unrestricted funds	Restricted funds	Endowment funds	Total
		£000	£000	£000	£000
Income and endowments from:					
Charitable activities					
School fees receivable	1	59,335	-	-	59,335
Ancillary trading income	2i	5,831	-	-	5,831
Charitable grants received	2ii	-	1,080	-	1,080
Voluntary sources					
Other charitable income	2iii	5,091	1,985	-	7,076
Non-ancillary trading income	2iv	11,234	-	-	11,234
Other incoming resources	3	200	1,082	-	1,282
Investments					
Investment income	4	3,702	27	1,218	4,947
Total income		85,393	4,174	1,218	90,785
Expenditure on:					
Raising funds					
Fundraising costs		1,131	381	-	1,512
Non-ancillary trading expenses		4,380	-	-	4,380
Finance costs	7	3,538	-	-	3,538
Investment management costs		505	-	71	576
		9,554	381	71	10,006
Charitable activities					
Teaching costs		28,602	-	-	28,602
Welfare costs		8,801	-	-	8,801
Premises costs		17,906	-	-	17,906
Support costs		8,433	8	-	8,441
Grants, awards and prizes	5ii	-	6,449	-	6,449
Ancillary trading expenses	5i	4,822	-	-	4,822
Governance costs		375	-	-	375
		68,939	6,457	-	75,396
Total expenditure		78,493	6,838	71	85,402
Net income/(expenditure) before transfers and investment gains		6,900	(2,664)	1,147	5,383
Transfers between funds	8	(4,394)	5,001	(607)	-
Gains on investment assets	12	6,471	61	3,000	9,532
Net income		8,977	2,398	3,540	14,915
Actuarial gain on defined benefit pension scheme	18 (i) c	1,247	-	-	1,247
Net movement in funds for the year		10,224	2,398	3,540	16,162
Balances at beginning of year		164,781	3,176	46,198	214,155
Balances at end of year		175,005	5,574	49,738	230,317

The Corporation has no gains or losses that are not shown and all activities are continuing.

The 2023/2024 consolidated statement of financial activities is shown at note 24.

The accounting policies and notes on pages 61 to 91 form part of these financial statements.

13.2 Balance sheet

At 31 August 2025

	Notes	Group		Corporation	
		2025 £000	2024 £000	2025 £000	2024 £000
Fixed assets					
Tangible fixed assets	9	169,891	169,586	169,885	169,578
Intangible assets	10	61	72	61	72
Investment properties	11	1,588	1,588	1,588	1,588
Investments	12	172,291	164,474	171,686	163,791
		343,831	335,720	343,220	335,029
Current asset investments					
Stocks		215	287	182	244
Debtors	13	28,100	7,343	27,664	7,469
Cash at bank and in hand		2,471	984	2,210	728
		30,820	8,648	30,090	8,475
Creditors: amounts falling due within one year	14	(48,093)	(32,905)	(47,302)	(32,563)
Net current (liabilities)		(17,273)	(24,257)	(17,212)	(24,088)
Total assets less current liabilities		326,558	311,463	326,008	310,941
Creditors: amounts falling due after more than one year	15	(93,138)	(92,804)	(93,138)	(92,804)
Net assets before pension		233,420	218,659	232,870	218,137
Pension scheme liabilities	18	(3,103)	(4,504)	(3,103)	(4,504)
Net assets including pension scheme liabilities		230,317	214,155	229,767	213,633
Represented by:					
Capital funds					
Permanent endowment		40,835	38,010	40,835	38,010
Expendable endowment		8,903	8,188	9,057	8,188
		49,738	46,198	49,892	46,198
Income funds					
Restricted		5,574	3,176	3,553	2,795
Unrestricted		175,005	164,781	176,322	164,640
Total funds	19	230,317	214,155	229,767	213,633

The total surplus recognised by the Corporation in 2024/25 was £16,134,000 (2023/24: £18,102,000).

The financial statements were approved and authorised for issue by the Foundation Governors on 21 March 2026 and were signed on their behalf by

DGP Eyton
Chair of the Foundation Governors (Trustees)

The accounting policies and notes on pages 61 to 91 form part of these financial statements.

13.3 Consolidated cash flow statement

Year ended 31 August 2025

		2024/25	2023/24
	Note	£000	£000
Net cash inflow from operating activities	(i)	310	18,644
Cash flows from investing activities			
Payments to acquire tangible fixed assets		(8,191)	(24,519)
Sale proceeds of tangible fixed assets		9	141
Payments to acquire investments		(65,762)	(27,059)
Sale proceeds of investments		68,312	29,035
(Decrease)/ increase in cash held in investments		(835)	5,986
Listed investment income		1,575	537
Interest received		3,372	2,572
Interest paid		(3,538)	(3,466)
Net cash (outflow) from investing activities		(5,058)	(16,773)
Cash flow from financing activities			
Loans received		850	1,900
Loan repayment		(206)	(206)
Finance lease repayment		(13)	(1)
Net cash inflow from financing activities		631	1,693
(Decrease)/increase in cash in the year		(4,117)	3,564
Made up as follows:			
(Increase)/decrease in bank overdraft – unrestricted funds		(5,604)	8,936
Increase/(decrease) in other cash balances		1,487	(5,372)
(Decrease)/increase in unrestricted fund and other cash (ii)		(4,117)	3,564
Reconciliation of net cash flow to movement in net funds			
(Decrease)/Increase in cash in the year		(4,117)	3,564
Cash inflow resulting from decrease in net debt and lease financing		(631)	(1,693)
Other non-cash movement		(8)	1,187
Change in funds resulting from cash flows and movement in net funds in the year		(4,756)	3,058
Net funds at 1 September		(92,275)	(95,333)
Net funds at 31 August	(iii)	(97,031)	(92,275)

The accounting policies and notes on pages 61 to 91 form part of these financial statements.

13.3 Consolidated cash flow statement

Year ended 31 August 2025

(i) Net Cash Inflow from operating activities	2024/25 £000	2023/24 £000	
Net incoming resources	14,915	17,330	
Depreciation	7,042	7,027	
Amortisation of goodwill	11	12	
Decrease in stocks	72	27	
Increase in debtors	(20,757)	(370)	
Increase in creditors	9,981	6,576	
Increase in entry and part-fee deposits	(701)	1,221	
Decrease in liability for unfunded pensions	6	5	
FRS 102 credit before actuarial gains/losses	(1,401)	(615)	
Decrease in provision for other pension benefit arrangements	1,247	499	
Interest paid	3,538	3,466	
Interest received	(3,372)	(2,572)	
Investment income	(1,575)	(537)	
Gain on revaluation of investment assets	(9,532)	(14,631)	
Loss on disposal of fixed assets	-	(2)	
Impairment of investment	-	200	
Unwinding of bond discount	8	8	
Impairment of fixed asset	828	1,000	
	<u>310</u>	<u>18,644</u>	
(ii) Changes in cash and cash equivalents			
Analysis of balances	2024/25 £000	2023/24 £000	Change in year £000
Bank overdraft	(6,104)	(500)	(5,604)
Other cash balances	2,471	984	1,487
	<u>(3,633)</u>	<u>484</u>	<u>(4,117)</u>
The Group's operations			

The accounting policies and notes on pages 61 to 91 form part of these financial statements.

13.3 Consolidated cash flow statement

Year ended 31 August 2025

(iii) Analysis of net funds - year ended 31 August 2025

	As at beginning of year £000	Cash flow £000	Other non-cash changes £000	As at end of year £000
Cash and cash equivalents				
Cash	984	1,487	-	2,471
Bank overdraft	(500)	(5,604)	-	(6,104)
	484	(4,117)	-	(3,633)
Borrowings				
Loans less than on year	(206)	-	-	(206)
Loans more than one year	(2,518)	(644)	-	(3,162)
Bond	(89,730)	-	(8)	(89,738)
Finance leases	(305)	-	13	(292)
	(92,759)	(644)	5	(93,398)
Total	(92,275)	(4,761)	5	(97,031)

(iv) Analysis of net funds - year ended 31 August 2024

	As at beginning of year £000	Cash flow £000	Other non-cash changes £000	As at end of year £000
Cash and cash equivalents				
Cash	6,356	(5,372)	-	984
Bank overdraft	(9,436)	8,936	-	(500)
	(3,080)	3,564	-	484
Borrowings				
Loans less than one year	(206)	206	(206)	(206)
Loans more than one year	(2,324)	(1,900)	1,706	(2,518)
Bond	(89,722)	-	(8)	(89,730)
Finance leases	(1)	1	(305)	(305)
	(92,253)	(1,693)	1,187	(92,759)
Total	(95,333)	1,871	1,187	(92,275)

The accounting policies and notes on pages 61 to 91 form part of these financial statements.

13.4 Accounting policies

a) Basis of preparation and consolidation

These financial statements represent the activities of John Lyon School and Harrow School (“the Corporation schools”), together with its charitable funds (the Corporation), consolidated with its trading subsidiaries – Harrow School Enterprises Limited (“HSEL”), Harrow International Schools Limited (“HISL”) Harrow Educational Investments Limited (“HEIL”), Harrow Development Trust (“HDT”) and John Lyon School Development Trust (“JLSDT”). HEIL and JLSDT were dormant in 2024/25.

Those financial statements are prepared in accordance with The Charities (Financial Statements and Reports) Regulations 2008, the Statement of Recommended Practice on Accounting and Reporting by Charities – the Charities’ SORP (FRS 102) – and in accordance with applicable United Kingdom Financial Reporting and Accounting Standards. The financial statements are drawn up on the historical cost basis of accounting, as modified by the revaluation of investment properties and other investments.

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

These financial statements have been prepared to give a ‘true and fair’ view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a ‘true and fair view’. This departure has involved following the 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) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has been withdrawn.

b) Preparation of financial statements on a going concern basis

Having reviewed the facilities available to the Group together with the expected ongoing demand for places and the Group’s future projected cash flows, covering the period to 31 August 2027, the Governors have a reasonable expectation that the Group has adequate

resources to continue its activities for at least 12 months from the date of approval of the financial statements and continue to adopt the going concern basis.

c) Statement of financial activities (SoFA)

The columns on the SoFA comprise the following:

Unrestricted funds	Unrestricted funds can be used in furtherance of the Objects of the Corporation at the discretion of the Trustees. The Trustees may decide that part of the unrestricted funds shall be used in future for a specific purpose and this will be accounted for by transfers to appropriate designated funds.
Designated funds	Unrestricted funds set aside by the Governors for future use (including awards and capital projects).
Restricted funds	Restricted funds comprise gifts, legacies and grants where the donors have earmarked funds for specific purposes. They consist of either gifts where the donor has specified that both the capital and any income arising must be used for the purposes given or the income on gifts where the donor has required that the capital be maintained and the income used for specific purposes.
Expendable endowment funds	Expendable endowment funds are similar to permanent endowment in that they have been given, or the Corporation has determined based on the circumstances that they have been given, for the long-term benefit of the Corporation. However, the Trustees may at their discretion determine to spend all or part of the capital.

13.4 Accounting policies

c) Statement of financial activities (SoFA) continued

Permanent funds Permanent endowment funds arise where donors specify that the funds should be retained as capital for the permanent benefit of the Corporation. Any income arising from the capital will be accounted for as unrestricted funds unless the donor has placed further restrictions on the use of that income, in which case it will be accounted for as a restricted fund.

d) Income

All incoming resources are included in the SoFA when the Corporation is legally entitled to the income, after any performance conditions have been met, when the amount can be measured reliably and when it is probable that the income will be received.

Fees receivable, royalties, charges for services and use of premises are accounted for in the period in which the service is provided. Income and expenditure resulting from ancillary school activities not covered by fees, where the school acts as principal through bearing the risks, is recognised when the cost is incurred or the trip takes place.

Income from grants and donations is recognised on receipt, unless there are conditions attached to the donation that require a level of performance before entitlement can be obtained. In this case income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the Corporation and it is probable that they will be fulfilled. The related gift aid on donations is accounted for when the related donation is received.

Legacy income is recognised when probate has been granted, there are sufficient assets in the estate to pay the legacy and that any conditions attached to the legacy are either in control of the charity or have already been met.

Donated assets are shown as a donation at market value upon receipt.

Income for the general purposes of the Corporation is credited to unrestricted funds. From time to time the Foundation Governors designate unrestricted funds for specific purposes. Donations and legacies subject to specific wishes of the donors are credited to relevant restricted funds or to endowed funds, if the amount is required to be held as permanent or expendable capital.

Gifts of funds for the purpose of providing for specific fixed assets are accounted for as restricted funds until expended. When expended, amounts equivalent to the relevant capital expenditure are transferred from the restricted funds to the unrestricted funds.

Investment income is earned through holding assets for investment purposes such as shares. It includes income earned which is reinvested directly into the portfolio and dividends, recognised when received and interest recognised on a receivable basis. Income from corporate bonds is accrued at the coupon rate.

e) Expenditure

All expenditure is accounted for on an accruals basis. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Expenditure is allocated to expense headings either on a direct cost basis or apportioned on appropriate bases. The cost of charitable activities includes all expenditure directly relating to the objects of the Corporation. Support costs comprise administrative salaries and pension costs, office expenses, legal and professional fees, governance costs and equipment rentals.

f) Investments

In January 2006, the Charity Commission made an order permitting the Corporation to adopt total return investment powers in relation to its permanent endowment in the form of the Commission's model order. The Governors resolved to implement the Order in a limited form with effect from 1 April 2006. Under the policy adopted by the Governors, up to 4% of the value of the fund at the previous balance sheet date may be withdrawn in the following financial year.

13.4 Accounting policies

With effect from 1 September 2014 the Governors elected to amend the policy and apply the order to the full value of the Harrow Awards Fund and the LC Wilson Bequest, having previously limited the order to 20% of the value at 1 April 2006 as referred to above. The amended policy also reduced the amount available to be applied in the following financial year to 3.75 % of the average of the total fund value on a rolling three-year basis.

With effect from 1 September 2017 the Foundation Governors elected to apply the total return policy to distributions from the Foundation Awards Fund.

Listed investments are valued at market value as at the balance sheet date. Investments such as hedged equities and private equity funds, which have no readily identifiable market value, are included at the most recent valuations from their respective managers. Unrealised gains and losses arising on the revaluation of investments are credited or charged to the Statement of Financial Activities and are allocated to the appropriate fund according to the "ownership" of the underlying assets.

Investments in subsidiaries in the Corporation balance sheet are held at cost less provision for impairment.

g) Goodwill

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair value to the Group's interest in the identifiable assets acquired.

Goodwill is amortised over its expected useful life, which is estimated to be ten years. Goodwill is assessed for impairment when there are indicators of impairment, and any impairment is charged to the SoFA. No reversals of impairment are recognised.

h) Tangible fixed assets

Expenditure on land and buildings which, in the opinion of the Governors, has not enhanced their long-term value is charged to the SoFA. Expenditure on improvements and development to land and buildings which, in the opinion of the Governors, has enhanced their long-term value is capitalised. Expenditure on plant, equipment (including IT equipment) and furniture that is

in excess of £5,000 per item, or group of items, is capitalised.

In respect of certain land and buildings occupied or used by the schools and other artefacts owned by the schools, some of which were acquired many years ago, the original cost is not readily ascertainable. In the opinion of the Governors, the cost of obtaining a reasonable estimate of original cost or current value to the schools would outweigh significantly the benefit to be derived from doing so. Accordingly, such assets are not included on the balance sheet. In addition, prior to 1997, where funds were donated for fixed assets, the amounts of the donations were offset against the cost of the relevant fixed assets. The original cost of these assets and the amounts of the donations are not readily ascertainable and the amounts shown on the balance sheet are stated on a net basis.

i) Heritage assets

The Corporation holds certain heritage assets, such as historic buildings, artworks and archives, which are maintained principally for their educational and cultural significance. In accordance with the Charity SORP (FRS 102), heritage assets should be recognised on the balance sheet where cost or valuation information is available and can be obtained at a cost commensurate with the benefits to users of the accounts.

The Corporation does not recognise the majority of the heritage assets on the balance sheet because:

- The majority of these heritage assets have been held for many years, and reliable cost or valuation information is not available for the majority of these assets, and
- The cost of obtaining such information would be disproportionate to the benefits to users of the financial statements.

More recent heritage asset acquisitions and gifts are capitalised in accordance with the Corporation's accounting policies and are included withing tangible fixed assets. Expenditure incurred on maintaining and preserving these assets is recognised in the Statement of Financial Activities as incurred.

13.4 Accounting policies

j) Investment properties

Certain properties, not used for the direct charitable purposes of the Corporation, are held as investment properties for the purpose of producing income for the Corporation. The investment properties are reviewed for impairment annually with a full revaluation every five years on the basis of market value as defined in the Appraisal and Valuation Standards as issued by the Royal Institute of Chartered Surveyors. The last valuation was undertaken as at 31 August 2022. Valuation gains and losses are shown on the SoFA. No depreciation is charged on investment properties.

k) Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land and investment properties, at rates calculated to write off the cost of each asset, less any estimated residual value, evenly over its expected useful life. The expected useful lives of the principal categories are:

Freehold buildings	- 50 to 60 years
Minor capital projects	- 15 to 20 years
Astroturf sports pitches	- 10 to 40 years
Plant, equipment and furniture	- 4 to 20 years
IT equipment	- 4 years
Freehold land is stated at cost	

Depreciation on buildings under construction commences when the asset is available for use.

l) Stock

Stocks are valued at the lower of cost and net realisable value.

m) Finance leases

Equipment and motor vehicles, which are the subject of finance leases, are classified within the financial statements as tangible assets with equivalent liabilities at what would otherwise have been the cost of outright purchase. These assets are depreciated over their expected useful lives, which generally correspond to the primary rental period. The interest element of lease payments is charged to the SoFA.

n) Operating leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

o) Redundancy and termination benefits

Redundancy and termination costs are recognised when there is a legal or constructive obligation which can be measured reliably, and it is probable that a payment will be made.

p) Pensions and post-retirement benefit schemes

Defined contribution scheme
The pension cost charged to the SoFA represents the contributions payable by the Group under the rules of the Harrow Corporation Pension Scheme.

Defined benefit schemes
The Corporation contributes to the Teachers' Pension Scheme (the TPS), which is a defined benefit scheme, at rates set by the Government Actuary and advised to the Governors. The TPS is a multi-employer pension scheme and it is not possible to identify the assets and liabilities of the TPS, which are attributable to the schools. In accordance with FRS 102, the TPS is therefore accounted for as a defined contribution scheme. Contributions to the TPS are charged to the SoFA as they become payable in accordance with the rules of the TPS.

The Corporation also runs a defined benefit pension scheme, the Harrow School Support Staff Pension Scheme (HSSSPS), for non-teaching staff, which has been closed to new entrants and to further accruals. The funds of the HSSSPS are administered by a separate Board of Trustees and are separate from the Corporation. An independent actuary completes a valuation every three years and based on the actuary's recommendations annual contributions are paid to the HSSSPS so as to secure the benefits set out in the rules.

The HSSSPS current service costs are charged to the SoFA within staff costs. The HSSSPS assets are measured at fair value at the balance sheet date. The HSSSPS liabilities are measured on an

13.4 Accounting policies

actuarial basis at the balance sheet date using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term to the scheme liabilities. The resulting defined benefit asset or liability is presented separately after other net assets on the face of the balance sheet. The net interest on the asset or liability, measured using the discount rate, is credited within other interest. The scheme actuarial gains and losses are recognised immediately as other recognised gains and losses.

q) Taxation

As at 31 August 2025, the Corporation as a registered charity is generally exempt from corporation tax but not from Value Added Tax (VAT). Any irrecoverable VAT is charged to the SoFA, or capitalised as part of the cost of the related asset, where appropriate.

The Group's subsidiary trading companies, HSEL and HISL, are liable for overseas taxation and for corporation tax on taxable profits not paid to the Corporation as a qualifying donation under gift aid.

r) Financial instruments

Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost. Financial assets held at amortised cost comprise cash at bank and in hand, together with trade and other debtors. A specific provision is made for debts for which recoverability is in doubt. Cash at bank and in hand is defined as all cash held in instant access bank accounts and used as working capital. Financial liabilities held at amortised cost comprise all creditors except social security and other taxes and deferred income and provisions. Assets and liabilities held in foreign currency are translated to GBP at the balance sheet date at an appropriate year-end exchange rate.

Amounts received under the schools' Fees in Advance Scheme contracts for education, not yet utilised to settle school fees, are recorded as deferred income and allocated as current liabilities where the education will be provided within 12 months from the reporting date and as long-term liabilities where the education will be provided in subsequent years.

s) Critical accounting judgements and key sources of estimation and certainty

In the application of the Corporation's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects the current and future periods. The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described in the accounting policies and are summarised below:

Valuation of land and buildings
Certain assets are held as investment properties and are stated at their estimated fair value based on professional valuations discussed above.

Pension liabilities
The Corporation recognises its liability to HSSSPS which involves a number of estimations as disclosed in note 18.

13.5 Notes to the financial statements

Year ended 31 August 2025

1. Fees receivable

	2024/25	2023/24
	£000	£000
School fees	60,692	59,703
Less: total scholarships and bursaries	(7,806)	(7,590)
	52,886	52,113
Add back: bursaries and other awards paid for by restricted fund (note 5ii)	6,449	6,364
	59,335	58,477

Scholarships, bursaries and other awards were paid to 585 pupils (2023/24 563). Within this means-tested bursaries totalling £6,253,000 were paid to 231 pupils (2023/24 £6,356,000 to 229 pupils).

2. Fundraising and trading activities

i. Ancillary trading income

	2024/25	2023/24
	£000	£000
Registration fees and non-refundable fee deposits	301	431
Other income	708	421
Pupils' charges and school trips	4,822	5,001
	5,831	5,853

ii. Charitable grants received

	2024/25	2023/24
	£000	£000
Grants received from John Lyon's Charity	1,080	1,083

iii. Other charitable income

	2024/25	2023/24
	£000	£000
Income received from HDT	7,066	7,918
Other	10	10
	7,076	7,928

iv. Non-ancillary trading

	2024/25	2023/24
	£000	£000
Income received from HISE	8,021	7,406
Income received from HSEL	2,957	3,342
Other income from the Corporation	256	273
	11,234	11,021

13.5 Notes to the financial statements

Year ended 31 August 2025

Subsidiary undertakings

The summarised trading results of the Corporation's two subsidiaries, HSEL and HISE, are set out below.

HISE

The principal activity of this company is to enter into licensing or other arrangements with third parties operating or managing overseas international schools bearing the Harrow name, to monitor their compliance with such agreements, and to receive royalties and fees arising from them. The company pays all of its post-tax income to the Corporation as a qualifying donation under gift aid arrangements.

	2024/25	2023/24
	£000	£000
Turnover	8,021	7,406
Profit on ordinary activities after taxation	5,918	5,497
Qualifying donation to the Corporation	(5,918)	(5,497)
Net assets	1	1

HSEL

The principal activity of this company is non-charitable trading on behalf of the Group. The company pays all of its post-tax income to the Corporation as a qualifying donation under gift aid arrangements, subject to having distributable reserves.

	2024/25	2023/24
	£000	£000
Turnover	2,957	3,342
Profit on ordinary activities after taxation	680	526
Qualifying donation to the Corporation	(680)	(259)
Net assets	--	--

Fundraising activities

HDT

The objects of the Trust are widely drawn to include the advancement of the education of pupils at Harrow School and such other charitable purposes as the Trustees of the Harrow Development Trust may declare.

	2024/25	2023/24
	£000	£000
Donations and legacies	7,058	7,918
Investment income	27	-
Total incoming resources	7,085	7,918
Charitable activities	(1,363)	(1,283)
Net gain on investments	42	81
Gross profit	5,764	6,716
Appropriations to the Corporation	(5,785)	(7,250)
Net outgoing resources	(21)	(534)
Net assets	501	522

13.5 Notes to the financial statements

Year ended 31 August 2025

	2024/25 £000	2023/24 £000
3. Other incoming resources		
Profit on disposal of fixed assets	9	2
Other income	1,185	195
Subscription income	88	91
	<u>1,282</u>	<u>288</u>
	<u>1,282</u>	<u>288</u>
	2024/25 £000	2023/24 £000
4. Investment income		
Investment income - scholarships and bursaries	1,575	537
Interest receivable	3,372	2,572
	<u>4,947</u>	<u>3,109</u>
	<u>4,947</u>	<u>3,109</u>

13.5 Notes to the financial statements

Year ended 31 August 2025

5. i. Analysis of total resources expended

	Staff costs £000	Other £000	Depreciation & impairment £000	2024/25 Total £000
Raising funds				
Fundraising costs	1,029	483	-	1,512
Trading expenses	2,522	1,856	2	4,380
Finance costs (see note 7)	-	3,538	-	3,538
Investment management costs	-	576	-	576
	<u>3,551</u>	<u>6,453</u>	<u>2</u>	<u>10,006</u>
Charitable expenditure				
Teaching	25,463	3,139	-	28,602
Welfare	5,099	3,702	-	8,801
Premises	5,093	4,945	7,868	17,906
Support	5,158	3,283	-	8,441
Grants, awards and prizes	-	6,449	-	6,449
Ancillary trading expenses (trips)	-	4,822	-	4,822
Governance	-	375	-	375
	<u>40,813</u>	<u>26,715</u>	<u>7,868</u>	<u>75,396</u>
	<u>40,813</u>	<u>26,715</u>	<u>7,868</u>	<u>75,396</u>
Total resources expended	44,364	33,168	7,870	85,402

	Staff costs £000	Other £000	Depreciation & impairment £000	2023/24 Total £000
Raising funds				
Fundraising costs	988	421	-	1,409
Trading expenses	2,447	2,275	2	4,724
Finance costs (see note 7)	-	3,466	-	3,466
Investment management costs	-	649	-	649
	<u>3,435</u>	<u>6,811</u>	<u>2</u>	<u>10,248</u>
Charitable expenditure				
Teaching	24,502	3,847	-	28,349
Welfare	5,131	3,697	-	8,828
Premises	4,559	5,793	8,025	18,377
Support	4,899	2,460	-	7,359
Grants, awards and prizes	-	6,364	-	6,364
Ancillary trading expenses (trips)	-	5,001	-	5,001
Governance	-	534	-	534
	<u>39,091</u>	<u>27,696</u>	<u>8,025</u>	<u>74,812</u>
	<u>39,091</u>	<u>27,696</u>	<u>8,025</u>	<u>74,812</u>
Total resources expended	42,526	34,507	8,027	85,060

13.5 Notes to the financial statements

Year ended 31 August 2025

5. ii. Analysis of grants, awards and prizes

Bursaries and other grants and awards paid for by restricted funds (note 1):

	2024/25 £000	2023/24 £000
Scholarships	532	502
Means-tested bursaries	5,448	5,321
Other awards	469	541
	6,449	6,364

6. Employees and key management

	2024/25 £000	2023/24 £000
Wages and salaries	35,289	34,218
Social security costs	3,896	3,598
Pension costs	5,179	4,710
	44,364	42,526

The average number of employees during the year was 988 (2023/24 956).

Average number of full time equivalent employees during the year	2024/25	2023/24
Teaching	212	212
Teaching support	79	71
Estates	107	110
Domestic	115	113
Bursary and other administration	104	110
	617	616

13.5 Notes to the financial statements

Year ended 31 August 2025

The remuneration of the Officers and other senior employees of the Corporation is considered by the Foundation Remuneration Committee.

The number of employees across the Corporation whose emoluments (gross pay plus benefits in kind), excluding employer's pension contributions, exceeded £60,000 was:

	2024/25	2023/24
£60,001 - £70,000	63	54
£70,001 - £80,000	26	37
£80,001 - £90,000	25	21
£90,001 - £100,000	22	24
£100,001 - £110,000	10	7
£110,001 - £120,000	5	6
£120,001 - £130,000	3	3
£130,001 - £140,000	2	-
£140,001 - £150,000	-	2
£150,001 - £160,000	2	-
£170,001 - £180,000	-	1
£180,001 - £190,000	1	-
£220,001 - £230,000	-	1
£230,001 - £240,000	1	1
£270,001 - £280,000	-	1
£280,001 - £290,000	1	-
£290,001 - £300,000	-	1
£300,001 - £310,000	2	-
£310,001 - £320,000	1	1

Pension contributions to defined contribution schemes of £458,000 (2023/24 - £360,000) were made for 54 (2023/24 - 41) higher-paid employees during the year. Contributions were made to defined benefit pension schemes for 108 (2023/24 - 111) higher-paid employees during the year.

Total employee benefits payable (gross pay plus benefits in kind plus employer pension and national insurance contributions) to key management personnel were £2,324,000 (2023/24 - £2,194,000).

Redundancy and termination payments totalled £363,000 (2023/24 - £449,000).

13.5 Notes to the financial statements

Year ended 31 August 2025

7. Total resources expended	2024/25 £000	2023/24 £000
This is stated after charging/(crediting):		
Auditors' remuneration		
For the audit of the Corporation	77	-
For the audit of other group entities	47	-
For the previous auditors for the audit of the Corporation	-	58
For the previous auditors of the other group entities	-	34
For the previous auditors for tax compliance	9	36
For the previous auditors for other services	3	19
For the previous auditors for the defined benefit pension scheme	10	12
Depreciation and impairment (see note 9)	7,870	8,027
Amortisation (see note 10)	11	12
Operating lease rentals	237	184
Change in pension scheme liabilities excluding actuarial gain (see note 18 (i) c))	(154)	(113)
Interest and finance costs payable:		
Interest payable	3,315	3,200
Bank charges	13	12
Pension net finance costs (see note 18 (i) c))	210	254
Total finance costs	3,538	3,466

8. Transfers between funds	Unrestricted £000	Restricted £000	Expendable endowment £000	Permanent endowment £000
i.	(932)	1,626	-	(694)
ii.	383	(383)	-	-
iii.	(80)	-	-	80
iv.	(109)	102	(102)	109
v.	(2,974)	2,974	-	-
vi.	(682)	682	-	-
	(4,394)	5,001	(102)	(505)

- i. Income transferred to restricted funds under the total return policy (see note 12 ii)
- ii. Donations received to fund capital projects transferred from restricted to unrestricted funds in accordance with the terms of the donation
- iii. Transfer to compensate the permanent endowment for school use of residential property
- iv. Other transfers relating to Harrow Challenge and Harrow Foundation Awards
- v. Transfer of funds allocated to bursaries (including from HISL)
- vi. Transfer of the Corporation funds to bursaries and scholarships

13.5 Notes to the financial statements

Year ended 31 August 2025

9. Tangible fixed assets	Group			Corporation		
	Freehold land and buildings £000	Plant, equipment and furniture £000	Total £000	Freehold land and buildings £000	Plant, equipment and furniture £000	Total £000
Cost						
At 1 September 2024	211,886	26,325	238,211	211,763	26,122	237,885
Additions	13,523	2,021	15,544	13,523	2,021	15,544
Disposals	(31)	(551)	(582)	(31)	(551)	(582)
Adjustment to costs	(7,353)	-	(7,353)	(7,353)	-	(7,353)
At 31 August 2025	218,025	27,795	245,820	217,902	27,592	245,494
Depreciation						
At 1 September 2024	54,625	14,000	68,625	54,492	13,815	68,307
Impairment	828	-	828	828	-	828
Charge for the year	4,809	2,233	7,042	4,809	2,231	7,040
Released on disposals	(15)	(551)	(566)	(15)	(551)	(566)
At 31 August 2025	60,247	15,682	75,929	60,114	15,495	75,609
Net book value						
At 31 August 2025	157,778	12,113	169,891	157,788	12,097	169,885
At 31 August 2024	157,261	12,325	169,586	157,271	12,307	169,578

- All tangible fixed assets represented above are held for use by the Corporation, HSEL or HDT.
- i. Freehold land and buildings include £46,855,000 (2023/24 - £36,535,000) for buildings under construction. Assets under construction amounting to £2,812,000 were transferred to completed assets during the year. Additions in year amounted to £12,049,000 (2023/24 £21,053,000).
 - ii. Residential properties included above at a net book value of £2,528,000 (2023/24 - £2,166,000) are charged as contingent assets in a security agreement with the HSSSPS.
 - iii. The net book value of capitalised finance leases at the year end was £255,000 (2023/24 - £305,000).
 - iv. Heritage assets acquired recently have been capitalised and have a deemed cost of £809,000 (2023/24 - £809,000) at the balance sheet date.
 - v. At the year-end, the value of certain assets was reduced by £7,353,000 as a result of the increased capital goods scheme claim that will be received over the next 10 years. The reduction in the cost of fixed assets reflects the amount of VAT expected to be recovered under the Capital Goods Scheme. The claim is recognised in Other debtors (note 13).

13.5 Notes to the financial statements

Year ended 31 August 2025

10. Intangible assets

Goodwill

Group and Corporation

2025
£000 2024
£000

Cost

At 1 September 2024
Addition

117 117
- -

At 31 August 2025

117 117

Amortisation

At 1 September 2024
Charge for the year

45 33
11 12

At 31 August 2025

56 45

Net book value

At end of year

61 72

At beginning of year

72 84

Goodwill relates to the Corporation’s purchase of the assets and trade of Quainton Hall School from Wallsingham College (Affiliated Schools) Limited on 6 November 2020. The goodwill is being amortised over ten years.

The purchase price included £3,340,000 for the land and buildings, £193,000 for fixtures and fittings, and £117,000 for goodwill. The goodwill related to growth expectations, cost synergies and expected future profitability.

13.5 Notes to the financial statements

Year ended 31 August 2025

11. Investment properties

2024/25

Group and Corporation

£000

Balance at beginning of year
Movement in year

1,588
-

Balance at end of year

1,588

The investment properties are fully revalued every five years on the basis of market value as defined in the Appraisal and Valuation Standards as issued by the Royal Institute of Chartered Surveyors. The last full revaluation was undertaken at 31 August 2022 by Stimpsons Chartered Surveyors.

2023/24
£000

Balance at beginning of year
Movement in year

1,588
-

Balance at end of year

1,588

13.5 Notes to the financial statements

Year ended 31 August 2025

12. Fixed asset investments

Group	2024/25 £000	2023/24 £000
Listed		
Opening market value excluding cash	162,627	149,666
Additions	65,762	27,365
Disposal proceeds	(68,312)	(29,035)
Realised gains/(losses)	1,981	(1,484)
Unrealised gains	7,551	16,115
Market value at end of year	169,609	162,627
Cash at stockbrokers at beginning of year	1,847	7,833
Movement in year	835	(5,986)
Cash with investment managers at end of year	2,682	1,847
Unlisted		
Opening balance	-	200
Impairment	-	(200)
At 31 August 2025	172,291	164,474
At 31 August 2024	164,474	157,699
Corporation		
Listed		
Opening market value excluding cash	161,944	148,971
Additions	65,737	27,320
Disposal proceeds	(68,166)	(28,895)
Realised gains/(losses)	1,972	(1,500)
Unrealised gains	7,517	16,048
Market value at end of year	169,004	161,944
Cash at stockbrokers at beginning of year	1,847	7,833
Movement in year	835	(5,986)
Cash with investment managers at end of year	2,682	1,847
Unlisted		
Opening balance	-	200
Impairment	-	(200)
At 31 August 2025	171,686	163,791
At 31 August 2024	163,791	157,004

13.5 Notes to the financial statements

Year ended 31 August 2025

12. Fixed asset investments (continued)

i Investment portfolios

At 31 August 2025, the cost of investments, all of which are listed on the London and other recognised stock exchanges, were £142,250,000 (2023/24 - £154,975,000).

ii Application of the power of total return

Further to an Order from the Charity Commission in 2005, the Foundation Governors adopted a total return policy (subsequently amended in 2017) in relation to specific permanent endowment funds. The total return adopted was up to 4% and from 2017 up to 3.75% of the average of the total fund value on a rolling three-year basis. The specific funds are listed in note 19.

Statement of investment of total returns

	Permanent endowment £000	Expendable endowment £000	Designated funds £000	Total £000
Investment income	372	112	328	812
Capital gains	1,426	197	2,176	3,799
Investment management costs	(16)	(2)	(26)	(44)
Total return for the year	1,782	307	2,478	4,567
Less application of income	(694)	(102)	(932)	(1,728)
New funds received	-	-	1,154	1,154
Net total return for the year	1,088	205	2,700	3,993
Unapplied total returns at 1 September 2024	7,675			
Unapplied total return at 31 August 2025	8,763			

Calculation of total return

Investment valuation at 31 August 2023	17,886	2,612	24,232	44,730
Investment valuation at 31 August 2024	19,312	2,813	27,328	49,453
Investment valuation at 31 August 2025	20,400	3,018	30,028	53,446
Three year average	19,200	2,814	27,196	49,210

Amount available for distribution year ending 31 August 2026	720	106	1,020	1,846

13.5 Notes to the financial statements

Year ended 31 August 2025

12. Fixed asset investments (continued)

iii Overall portfolio structure

At 31 August 2025 the structure of the total portfolio was as follows:

	Group £000	Corporation £000
UK fixed interest	60,063	60,063
Global funds	16,835	16,835
Charity multi asset funds	36,416	35,811
Multi asset funds	4,382	4,382
Commodities	2,252	2,252
Private investments	1,487	1,487
Cash	4,872	4,872
UK equities	4,705	4,705
Hedge funds	8,561	8,561
Gilts and money markets	32,718	32,718
Total	172,291	171,686

iv HSEL

The Corporation owns 100% of the issued ordinary share capital of HSEL, a company registered in England. The shares in HSEL are included in unrestricted funds in the financial statements at a cost of £2.

v HISL

The Corporation owns 100% of the issued ordinary share capital of HISL, a company registered in England. The shares in HISL are included in unrestricted funds in the financial statements at a cost of £1.

vi HEIL

The Corporation owns 100% of the issued ordinary share capital of HEIL, a company registered in England. The shares in HEIL are included in unrestricted funds in the financial statements at a cost of £1. The Company was incorporated on 2 July 2021 and has been dormant since that date.

13.5 Notes to the financial statements

Year ended 31 August 2025

13. Debtors

	Group		Corporation	
	2025 £000	2024 £000	2025 £000	2024 £000
Fees, recharges and extras	14,467	509	14,466	509
Amounts owed by Group undertakings	-	-	2,942	3,733
Accrued interest on corporate bonds	960	975	960	975
Other debtors and prepayments	5,320	5,859	1,943	2,252
VAT recoverable through Capital Goods Scheme	7,353	-	7,353	-
	28,100	7,343	27,664	7,469

All debtors are due within one year, except for £7,353,000 of VAT recoverable through the Capital Goods Scheme.

14. Creditors: amounts falling due within one year

	Group		Corporation	
	2025 £000	2024 £000	2025 £000	2024 £000
Bank overdrafts	6,104	500	6,104	500
Fees received in advance	22,750	13,327	22,750	13,327
Advanced fees	206	-	206	-
Other taxes and social security	2,509	1,026	2,509	1,026
Amounts due to suppliers	1,870	1,589	1,724	1,482
Accruals	3,377	3,439	3,376	3,438
Other creditors	1,925	1,899	1,069	1,093
Development loans	206	206	206	206
Entry deposits	8,162	8,863	8,162	8,863
Retention	660	1,767	660	1,767
Finance leases	54	19	54	19
Deferred consideration	270	270	270	270
Amounts owed to group undertakings	-	-	212	572
	48,093	32,905	47,302	32,563

The bank overdraft is a short-term Lombard facility with EFG International, which is secured on investments.

All entry deposits have been classified as amounts falling due within one year. This has meant £5,527,000 has been moved from amounts falling due after more than one year to amounts falling due within one year for the year 2024.

15. Creditors: amounts falling due after more than one year

	Group		Corporation	
	2025 £000	2024 £000	2025 £000	2024 £000
Bond	89,738	89,730	89,738	89,730
Development loans	412	618	412	618
Amounts owed to HDT	-	-	2,750	1,900
Other loans	2,750	1,900	-	-
Deferred consideration	-	270	-	270
Finance leases	238	286	238	286
	93,138	92,804	93,138	92,804

13.5 Notes to the financial statements

Year ended 31 August 2025

Bonds

The Corporation entered into a 40-year bond issue for £40 million with The Prudential Insurance Company of America that closed and funded on 11 February 2019 and is due for repayment on 11 August 2059. Interest at 3.3% per annum is computed on the basis of a 30/360-day year and payable semi-annually on 11 February and 11 August. The costs of issuing the bond are amortised over its remaining period and deducted from the principal sum raised.

A further 40-year bond issued for £50 million was entered into with The Prudential Insurance Company of America, Prudential Legacy Insurance Company of New Jersey, and Prudential Annuities Life Assurance Corporation. This bond issue closed and was funded on 18 June 2021 and is due for repayment on 20 June 2061. Interest at 2.7% per annum is computed on the basis of a 30/360-day year and payable semi-annually on 18 December and 18 June. The costs of issuing the bond are amortised over its remaining period and deducted from the principal sum raised.

Development loans

On 1 August 2008, the Corporation entered into a 20-year unsecured term loan of £4.7m with Santander UK plc to finance redevelopment at John Lyon School. Under the terms of this loan, there were no capital repayments during the first three years. On 1 August 2008, £3.5m of the loan was drawn down and the applicable interest rate for this element fixed at 5.8% for the loan period, payable quarterly. The outstanding balance on this loan at 31 August 2025 was £0.62m.

	2025 £000	2024 £000
Amounts repayable within one year	206	206
Amounts repayable between two and five years	412	618
	618	824

16. Operating lease commitments

Group and Corporation

As at 31 August 2025, the minimum total lease payments to which the Corporation is committed under non-cancellable operating leases (plant and equipment) are:

	2025 £000	2024 £000
Expiring within one year	183	184
Expiring within two to five years	290	326
Expiring more than five years	-	-
	473	510

13.5 Notes to the financial statements

Year ended 31 August 2025

17. Capital commitments

Group and Corporation

At 31 August 2025, capital works contracted for amounted to £14,010,000 (2023/24 - £18,808,000).

	2025 £000	2024 £000
Commitments within one year	13,322	14,972
Commitments over one year	688	3,836
	14,010	18,808

13.5 Notes to the financial statements

Year ended 31 August 2025

18. Pension liabilities

Group and Corporation

Pension scheme liabilities are summarised as follows:

	2025 £000	2024 £000
Non-teaching staff defined benefit scheme	2,998	4,394
Other benefit arrangements	105	110
	<u> </u>	<u> </u>
Total pension liability	3,103	4,504
	<u> </u>	<u> </u>
Total decrease in liability (see 18(i) c)	(1,401)	(615)
	<u> </u>	<u> </u>

(i) Non-teaching staff defined benefit scheme - HSSSPS

HSSSPS, a scheme for eligible non-teaching staff, who are all employed by the Corporation but work on the activities of either Harrow School, John Lyon School, HSEL, HDT or the Harrow Association, provides benefits based on final pensionable pay. Salary and related costs, including pension costs, are allocated to the relevant schools or entities. The assets of the HSSSPS are held separately from those of each entity, being invested with an insurance company (Aviva plc). Contributions to the HSSSPS are charged to the SoFA of the School, the Trust and the Association, and the profit and loss account of HSEL so as to spread the cost of pensions over employees' working lives. The HSSSPS was closed to new entrants on 13 June 2003 and closed to future accrual on 30 April 2017.

Actuarial valuations are carried out triennially for funding purposes, using the attained age method, the most recently available being dated 31 August 2021. The main assumptions were a discount rate before and after retirement set by reference to the RiskFirst Gilt curve, RPI inflation set by reference to the RiskFirst RPI Gilt inflation curve, CPI inflation of RPI minus 0.8% and pension increase assumptions for revalued deferred pensions before retirement of CPI limited to 5% and pension increases in payment of 3% for pre- and post-88 GMP, 5% for pre-2001 and index-linked increase with RPI limited to 5% for post-2001. The demographic assumptions used the AC00 table for pre-retirement and 104% and 95% of the SP2A tables for males and females for post-retirement.

The actuarial valuation of the HSSSPS as at 31 August 2021 revealed that the statutory funding objective was not met i.e. there were insufficient assets to cover the scheme's technical provisions and there was a funding shortfall of £7,773,000. The HSSSPS's Trustees have resolved to return the funding level to 100% by 2038. As a consequence, the Foundation Governors committed to extend the current annual deficit recovery programme agreed in the 2018 valuation by five years to 30 September 2038, with payments rising by 3% per annum from 2021/22 until September 2038.

The scheme contributions paid for the year were £418,000 (2023/24 - £406,000). The expected scheme contributions for the year ending 31 August 2025 are estimated at £955,550.

Financial reporting standard (FRS) 102 – retirement benefits

An annual actuarial valuation is carried out for the purpose of compliance with FRS 102 and was updated to 31 August 2025 by an independent qualified actuary. As required by FRS 102, the defined benefit liabilities have been measured using the attained age method. The assets and liabilities include the value of pensions in payment, the majority of which are secured with insured annuities.

13.5 Notes to the financial statements

Year ended 31 August 2025

Group and Corporation

(i) Non-teaching staff defined benefit scheme HSSSPS (continued)

The amounts recognised in the balance sheet are as follows:

	2025 £000	2024 £000
Present value of obligations	(15,427)	(18,165)
Fair value of plan assets	12,429	13,771
	<u> </u>	<u> </u>
Scheme deficit	(2,998)	(4,394)
	<u> </u>	<u> </u>
a) Changes in the present value of the scheme obligations:		
Opening defined benefit obligation	18,165	17,973
Past service cost	-	(10)
Interest cost	884	933
Actuarial (gain)loss/ (excluding assets)	(2,625)	9
Benefits paid	(997)	(740)
	<u> </u>	<u> </u>
Defined benefit obligations at the end of the year	15,427	18,165
	<u> </u>	<u> </u>
b) Changes in the fair value of the scheme assets are as follows:		
Opening fair value of scheme assets	13,771	12,969
Interest income on scheme assets	674	679
Return on assets excluding interest income	(1,378)	511
Employer contributions	418	406
Benefits paid	(997)	(740)
Scheme administration cost	(59)	(54)
	<u> </u>	<u> </u>
Fair value of scheme assets at the end of the year	12,429	13,771
	<u> </u>	<u> </u>
c) The amounts included in the SoFA are as follows:		
Interest income on scheme assets	(674)	(679)
Interest on pension liabilities	884	933
	<u> </u>	<u> </u>
Net finance cost (see note 7)	210	254
Current service cost	59	54
Past service costs	-	(10)
Contributions paid	(418)	(406)
	<u> </u>	<u> </u>
FRS 102 credit before actuarial gains/losses	(149)	(108)
(Decrease) in other benefit arrangements	(5)	(5)
	<u> </u>	<u> </u>
Total (credit) to SoFA (see note 7)	(154)	(113)
FRS 102 actuarial (gains)	(1,247)	(504)
Movement in non-consolidated entity liability	-	2
	<u> </u>	<u> </u>
(Decrease) in liability	(1,401)	(615)
	<u> </u>	<u> </u>

13.5 Notes to the financial statements

Year ended 31 August 2025

18. Pension liabilities (continued)

Group and Corporation

(i) Non-teaching staff defined benefit scheme HSSSPS (continued)

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

	2025 %	2024 %
Fixed interest and liability driven investment	41	44
Cash and other	2	5
Equities and properties	20	16
Insured annuities	8	9
Diversified growth	29	26

The overall expected rate of return on the scheme assets is determined by reference to yields available on government bonds, corporate bonds, bank base rates and incorporating appropriate risk margins where appropriate.

	2025 £000	2024 £000
Actual return on the scheme assets in the year	(763)	1,136

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

	2025 %	2024 %
Inflation assumption (RPI)	2.9	3.0
Inflation assumption (CPI)	2.4	2.5
Discount rate	5.9	5.0
Rate of increase in salaries	3.9	4.0
Future LPI pension increases	2.9	3.0

Assumed life expectations on retirement at age 65:

Retiring today – males	20.5	21.2
Retiring today – females	23.3	23.9
Retiring in 20 years – males	22.1	22.8
Retiring in 20 years – females	24.5	25.4

f) The amounts for the current and previous periods are as follows:

	2025 £000	2024 £000	2023 £000	2022 £000	2021 £000
Present value of obligations	(15,427)	(18,165)	(17,973)	(20,413)	(31,093)
Fair value of plan assets	12,429	13,771	12,969	16,077	22,276
Scheme deficit	(2,998)	(4,394)	(5,004)	(4,336)	(8,817)
Experience adjustment on scheme assets	1,378	(511)	3,466	6,277	(1,582)
Percentage of scheme assets	-11.1%	3.7%	-26.7%	-38.7%	7.1%
Experience adjustment on scheme liabilities	(2,625)	9	(2,644)	(10,521)	602
Percentage of scheme liabilities	17.0%	0.0%	14.7%	51.5%	1.9%
Cumulative scheme actuarial losses	(3,825)	(5,072)	(5,574)	(4,752)	(9,046)

13.5 Notes to the financial statements

Year ended 31 August 2025

Group and Corporation

(ii) Other benefit arrangements

The Corporation has certain other benefit arrangements comprising:

- unfunded provision of benefits to masters and other staff who retired prior to 1982;
- unfunded provision of benefits to masters in the period between their retirement at 62 and the point at which they become entitled to a state pension. This element of the unfunded arrangement is closed to new entrants.

The value of the unfunded liability arising from these arrangements at 31 August 2025 was updated by an independent qualified actuary on an FRS102 basis. The movements on the provision required to meet the future liabilities arising under the arrangements are as follows:

	2025 £000	2024 £000
Provision at beginning of year	110	115
Decrease in provision	(5)	(5)
Provision at end of year	105	110
After more than one year	105	110

(iii) Teachers' Pension Scheme

The Corporation participate in the Teachers' Pension Scheme ("the TPS") for teaching staff. The pension charge for the year includes contributions payable to the TPS of £3,831,000 (2023/24 - £3,598,000) and at the year-end £300,309 (2024 - £318,000) was accrued in respect of contributions to TPS.

The TPS is an unfunded multi-employer defined benefits pension scheme governed by The Teachers' Pensions Regulations 2010 (as amended) and The Teachers' Pension Scheme Regulations 2014 (as amended). Members contribute on a "pay as you go" basis with contributions from members and the employer being credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The employer contribution rate is set by the Secretary of State following scheme valuations undertaken by the Government Actuary's Department. The most recent actuarial valuation of the TPS was prepared as at 31 March 2020 and the Valuation Report was published in October 2023. The Valuation Report shows notional assets of £222.2bn and liabilities of £262bn, resulting in a scheme deficit of £39.8bn.

The employer contribution rate for the TPS is 28.6%, and employers are also required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 28.68%.

(iv) Other defined contribution schemes

A defined contribution scheme now known as the Harrow Corporation Pension Scheme is offered to eligible employees. The amount recognised in the SoFA for the year was £1,622,000 (2023/24 - £1,029,000). The expected Scheme contributions for the year ending 31 August 2026 are estimated at £2,350,000.

13.5 Notes to the financial statements

Year ended 31 August 2025

19. Allocation of consolidated net assets for the year ended 31 August 2025

The net assets at 31 August 2025 are held for the various funds as follows:

	Tangible fixed assets £000	Investment properties £000	Investments £000	Net current assets/ (liabilities) £000	Long term liabilities £000	Total £000
Capital funds						
Permanent endowment	3,279	995	35,945	616	-	40,835
Expendable endowment	27	77	8,480	319	-	8,903
Total capital funds	3,306	1,072	44,425	935	-	49,738
Income funds						
Restricted						
The Corporation	-	-	290	5,284	-	5,574
Subsidiaries	-	-	606	2,144	(2,750)	-
Unrestricted						
Designated	-	-	117,411	-	(89,738)	27,673
General	166,640	516	9,559	(28,679)	(3,753)	144,283
Subsidiaries	6	-	-	3,043	-	3,049
Total income funds	166,646	516	127,866	(18,208)	(96,241)	180,579
Total funds	169,952	1,588	172,291	(17,273)	(96,241)	230,317

The movement in reserves for the various funds for the year ended 31 August 2025 are as follows:

	Balance brought forward £000	Income £000	Expenditure £000	Gains and losses £000	Transfers £000	Balance carried forward £000
Capital funds						
Permanent endowment	38,010	916	(71)	2,485	(505)	40,835
Expendable endowment	8,188	302	(71)	586	(102)	8,903
Total capital funds	46,198	1,218	(142)	3,071	(607)	49,738
Income funds						
Restricted						
The Corporation	3,862	2,172	(6,554)	1,093	5,001	5,574
Subsidiaries	(686)	2,002	-	(1,316)	-	-
Unrestricted						
Designated	22,409	-	-	5,264	-	27,673
General	140,635	67,330	(72,963)	7,932	1,349	144,283
Subsidiaries	1,737	18,063	(5,743)	(5,265)	(5,743)	3,049
Total income funds	167,957	89,567	(85,260)	7,708	607	180,579
Total funds	214,155	90,785	(85,402)	10,779	-	230,317

13.5 Notes to the financial statements

Year ended 31 August 2025

19. Allocation of consolidated net assets for the year ended 31 August 2024

The net assets at 31 August 2024 are held for the various funds as follows:

	Tangible fixed assets £000	Investment properties £000	Investments £000	Net current assets/ (liabilities) £000	Long term liabilities £000	Total £000
Capital funds						
Permanent endowment	3,360	995	33,208	447	-	38,010
Expendable endowment	301	77	7,590	220	-	8,188
Total capital funds	3,661	1,072	40,798	667	-	46,198
Income funds						
Restricted						
The Corporation	-	-	260	3,602	-	3,862
Subsidiaries	-	-	826	388	(1,900)	(686)
Unrestricted						
Designated	-	-	115,984	(3,845)	(89,730)	22,409
General	165,991	516	6,606	(20,004)	(12,474)	140,635
Subsidiaries	6	-	-	1,731	-	1,737
Total income funds	165,997	516	123,676	(18,128)	(104,104)	167,957
Total funds	169,658	1,588	164,474	(17,461)	(104,104)	214,155

The movement in reserves for the various funds for the year ended 31 August 2024 are as follows:

	Balance brought forward £000	Income £000	Expenditure £000	Gains and losses £000	Transfers £000	Balance carried forward £000
Capital funds						
Permanent endowment	35,078	-	(53)	3,428	(443)	38,010
Expendable endowment	7,331	178	(4)	788	(105)	8,188
Total capital funds	42,409	178	(57)	4,216	(548)	46,198
Income funds						
Restricted						
The Corporation	4,314	2,844	(6,467)	615	2,556	3,862
Subsidiaries	(213)	48	(8)	(513)	-	(686)
Unrestricted						
Designated	15,874	-	(10)	7,283	(738)	22,409
General	132,343	67,736	(72,703)	1,523	11,736	140,635
Subsidiaries	1,594	16,953	(5,815)	2,011	(13,006)	1,737
Total income funds	153,912	87,581	(85,003)	10,919	548	167,957
Total funds	196,321	87,759	(85,060)	15,135	-	214,155

13.5 Notes to the financial statements

Year ended 31 August 2025

19. Allocation of consolidated net assets (continued)

The Corporation has a number of investment funds which are grouped together for reporting purposes and are listed below. In addition to the specific funds the Corporation has general restricted funds.

Permanent endowment

* Denotes funds subject to total return per note 12

School and Lyon Foundation (inc Philathetic Trust)	To support bursaries, awards and other charitable activities benefiting Harrow School pupils, including sporting and recreation facilities
Shepherd Churchill Bequest	To support bursaries, awards for Harrow School pupils and other areas of need including capital projects
Harrow Awards Funds*	To support bursaries and awards for Harrow School pupils
LC Wilson Bequest*	To support bursaries and awards for Harrow School pupils
Foundation Awards*	To support bursaries and awards for Harrow School pupils
Harrow Challenge	To support bursaries and awards for Harrow School pupils

Expendable endowment

JP Apcar Trust	To be used for land, buildings, or other infrastructure requirements
Harrow Challenge*	To support bursaries, awards and other pupil-focused activities for Harrow School pupils
Harrow Awards Funds	To support bursaries and awards for Harrow School pupils

Restricted funds

Peter Beckwith Trust	To support boys at prep schools and Harrow School

13.5 Notes to the financial statements

Year ended 31 August 2025

20. Indemnity insurance

Professional indemnity and liability insurance for Foundation Governors is purchased by the Corporation's Schools. The insurance is in respect of claims arising from any negligent act, error or omission committed in good faith and covers Foundation Governors and the Corporation's staff.

The cost of the insurance amounted to £10,000 (2023/24 - £10,000).

21. Related party transactions

- i. John Lyon's Charity made grants for bursaries in the year of £1,080,000 (2023/24 - £1,083,000) to the Corporation to enable pupils resident in the beneficial area of John Lyon's Charity to attend the schools, who would not be able to do so without that financial support. These grants are aimed at providing wider access to education at the schools and are consistent with the Founder's original intention for the application of his endowment. Grants have also been made by John Lyon's Charity to other independent schools in the beneficial area for bursary support. The Corporation is the sole Trustee of John Lyon's Charity.
- ii. Two Governors were employed as Directors during the year by HISL. The costs to the Corporation relating to these two named Directors, including remuneration and national insurance, were ML Mrowiec - £144,000 (2023/24 - £129,000), AD Hart - £60,000 (2023/24 £72,000).
- iii. Apart from the arrangements noted above, neither the Governors nor the Foundation Governors nor persons connected with them received any remuneration or other benefits from the schools or any connected organisation. Travel expenses of £1,000 (2023/24 - £4,000) were paid to three (2023/24 - four) Foundation Governors during the year.
- iv. In 2021, the Corporation made an investment of £200,000 in Intellego Education Limited (IEL). IEL seeks to help schools maximise their potential by delivering education outcomes. The son of a former Governor, GWJ Goodfellow is a Director of IEL. Following careful consideration, the Corporation wrote down this investment to £nil in 2023/24.
- v. Governors made voluntary donations to the Corporation of £527,000 (2023/24 £83,000).

Transactions with subsidiaries during the year, together with the outstanding balances at the year end are detailed below. The transactions include payments for the provision of staff and administrative services.

Related party transactions for the year ended 31 August 2025

	Income	Expenditure	Qualifying donation	Debtor balance	Creditor balance
	£000	£000	£000	£000	£000
HSEL	426	-	680	674	-
HISL	5,918	(60)	5,918	3,331	-
HDT	5,877	-	5,785	144	(2,750)

13.5 Notes to the financial statements

Year ended 31 August 2025

21. Related party transactions (continued)

Related party transactions for the year ended 31 August 2024

	Income	Expenditure	Qualifying donation	Debtor balance	Creditor balance
	£000	£000	£000	£000	£000
HSEL	332	(685)	259	317	-
HISL	5,497	(37)	5,497	2,771	-
HDT	7,250	(81)	7,50	244	(1,900)

The Corporation: amounts owed to HDT

HDT has entered in to loan agreements with third parties, which are unsecured and interest-free. The Corporation has entered in to loan arrangements with HDT correspondingly and therefore owes the same amount to HDT.

	2025 £'000	2024 £'000
Amounts repayable within one year	-	-
Amounts repayable between two and five years	2,750	1,900
Amounts repayable after five years	-	-
	<u>2,750</u>	<u>1,900</u>

22. Contingent assets (legacies)

During the financial year 2019/20 HDT received a property as a legacy and which is subject to the interest of a life tenant. In line with the Charities SORP, where a legacy is subject to the interest of a life tenant, the legacy is not recognised as income until the death of the life tenant. The market value of the property as at 31 August 2025 is estimated to be in the region of £975,000.

Total legacy donations amounting to £1,049,200 are anticipated, which consists of £49,200 in cash gifts and four properties valued at approximately £1,000,000. HDT has been notified of future legacy receipts totalling £49,200 (2023/24 - £14,391) which have not yet been recognised in the financial statements, as recognition criteria set out in the accounting policies have not yet been achieved. During the financial year 2024/25, HDT received an estate as a legacy, consisting of four properties. In line with the Charities SORP, the legacy is not recognised as income until probate has been granted. The market value of the properties as at 31 August 2025 is estimated to be in the region of £1,000,000.

23. Post balance sheet events

On 5 January 2026 the Corporation announced a new partnership with Lockers Park School in Hertfordshire. The Corporation will be the sole member of the Lockers Park School Trust Limited (company number 01090034 and registered with charity number 311061) on completion, which will occur in Spring 2026.

13.5 Notes to the financial statements

Year ended 31 August 2025

24. Statement of financial activities for the year ended 31 August 2024

	Notes	Income funds		Capital funds	
		Unrestricted funds	Restricted funds	Endowment funds	Total
		£000	£000	£000	£000
Income and endowments from:					
Charitable activities					
School fees receivable	1	58,477	-	-	58,477
Ancillary trading income	2i	5,853	-	-	5,853
Charitable grants received	2ii	-	1,083	-	1,083
Voluntary sources					
Other charitable income	2iii	6,206	1,548	174	7,928
Non ancillary trading income	2iv	11,021	-	-	11,021
Other incoming resources	3	197	91	-	288
Investments					
Investment income	4	2,935	170	4	3,109
Total		84,689	2,892	178	87,759
Expenditure:					
Raising funds					
Fundraising costs		1,313	96	-	1,409
Non ancillary trading expenses		4,724	-	-	4,724
Finance costs	7	3,466	-	-	3,466
Investment management costs		592	-	57	649
		<u>10,095</u>	<u>96</u>	<u>57</u>	<u>10,248</u>
Charitable activities					
Teaching costs		28,349	-	-	28,349
Welfare costs		8,828	-	-	8,828
Premises costs		18,377	-	-	18,377
Support costs		7,337	22	-	7,359
Grants, awards and prizes	5ii	-	6,364	-	6,364
Ancillary trading expenses		5,001	-	-	5,001
Governance costs		534	-	-	534
		<u>68,426</u>	<u>6,386</u>	<u>-</u>	<u>74,812</u>
Total expenditure		78,521	6,482	57	85,060
Net income before transfers and investment gains		6,168	(3,590)	121	2,699
Transfers between funds	8	(2,008)	2,556	(548)	-
Gains on investment assets	12	10,306	109	4,216	14,631
Net income/(expenditure)		14,466	(925)	3,789	17,330
Actuarial gain on defined benefit pension scheme	18 (i) c	504	-	-	504
Net movement in funds for the year		14,970	(925)	3,789	17,834
Balances at beginning of year		149,811	4,101	42,409	196,321
Balances at end of year		164,781	3,176	46,198	214,155

Appendix 1

Glossary of terms

The Corporation

A charity comprising Harrow School and John Lyon School ("the Schools")

The Group

The Corporation and three principal entities, namely Harrow International Schools Limited, Harrow Development Trust and Harrow School Enterprises Limited

Consolidated and consolidation

The presentation in this annual report of the financial statements of the Corporation and the Group combined

The Foundation

John Lyon’s Foundation, which comprises the Corporation and Group and a separate legal entity and charity, John Lyon’s Charity. The Corporation is sole trustee of John Lyon's Charity

Foundation Governors

The appointed members of the governing body of the Corporation

Trustees

The Governors and Foundation Governors acting in their capacity as charity Trustees of the Corporation

Endowments

Bequests of assets to the Corporation which must either be retained (permanent) or can be used (expendable)

Trust or trusts

May refer in the financial statements to charities linked to the Corporation or to funds, either of which hold expendable or permanent endowment for the Corporation

Fundraising

Activities undertaken principally by Harrow Development Trust to support Harrow School

Statement of financial activities (SoFA)

The summary of the financial performance of the Corporation in reporting period (2024/25)

The Charter

The principal founding document of the Corporation

Objects

The precise charitable aims of the Corporation as set out in the Charter

Appendix 2

Contact information

John Lyon’s Foundation
Harrow School
Harrow International Schools Limited
Harrow School Enterprises Limited
Harrow Development Trust

5 High Street
Harrow on the Hill
Middlesex
HA1 3AP

John Lyon School

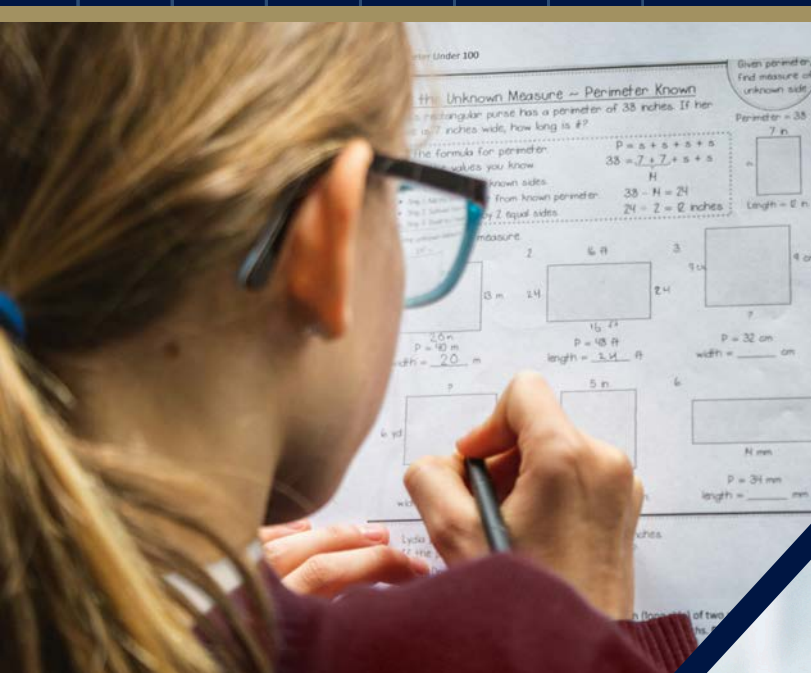
Middle Road
Harrow on the Hill
Middlesex
HA2 0HN

Part of



JOHN LYON'S
FOUNDATION

Accounts



Annual Report and Consolidated Financial Statements

For the year ended 31 August 2024



Charity number 310033

**The Keepers and Governors of the
Possessions, Revenues and Goods of
The Free Grammar School of John Lyon**

Comprising **Harrow School**
(harrowschool.org.uk) and
John Lyon School (johnlyon.org)

Part of John Lyon's Foundation



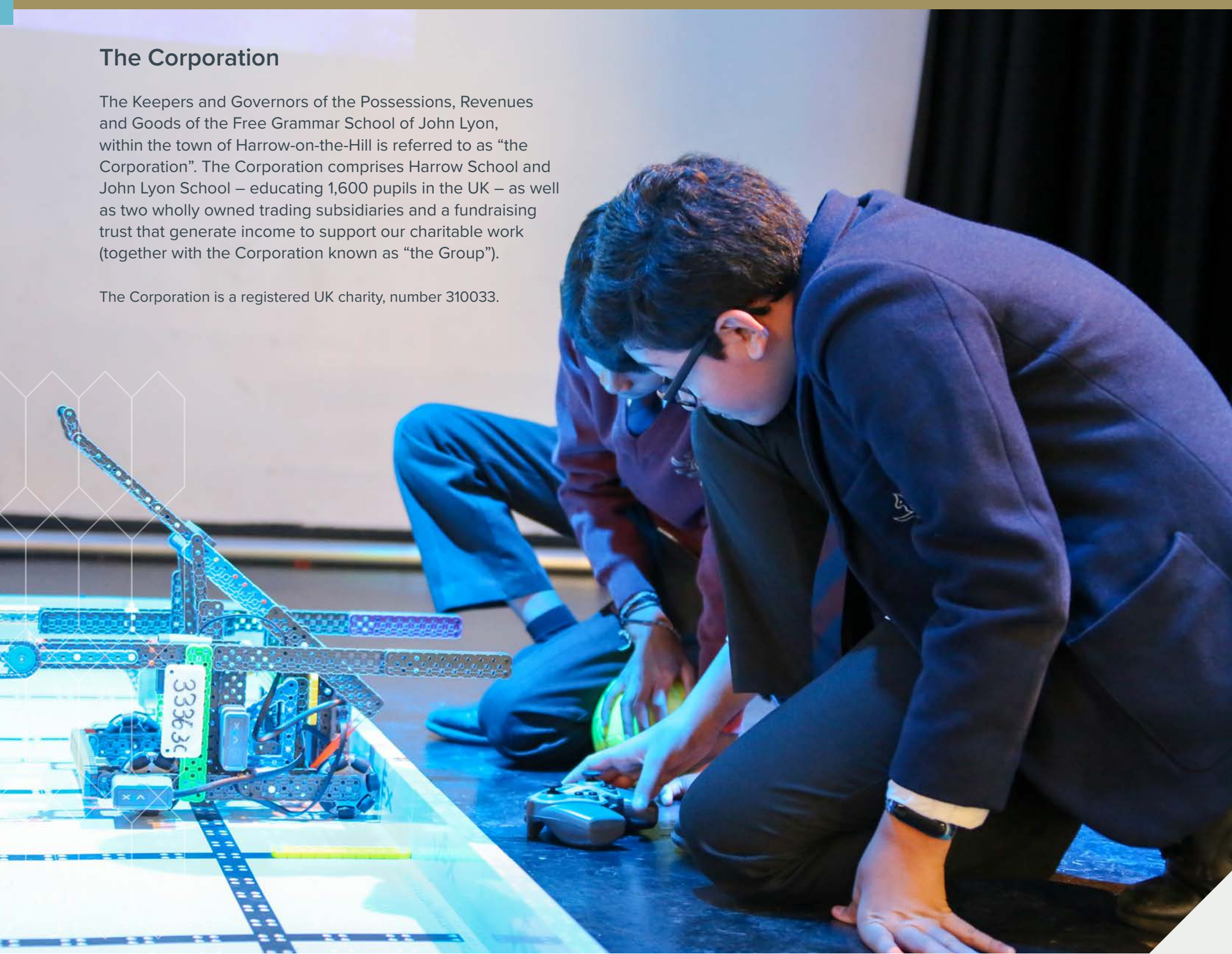
Design inspiration: tradition and innovation

The central panes of the John Lyon window in the Alex Fitch Room at Harrow School show John Lyon receiving the Royal Charter to found Harrow School from Queen Elizabeth I. The window's traditional pattern has inspired the contemporary design of this annual report.

The Corporation

The Keepers and Governors of the Possessions, Revenues and Goods of the Free Grammar School of John Lyon, within the town of Harrow-on-the-Hill is referred to as “the Corporation”. The Corporation comprises Harrow School and John Lyon School – educating 1,600 pupils in the UK – as well as two wholly owned trading subsidiaries and a fundraising trust that generate income to support our charitable work (together with the Corporation known as “the Group”).

The Corporation is a registered UK charity, number 310033.



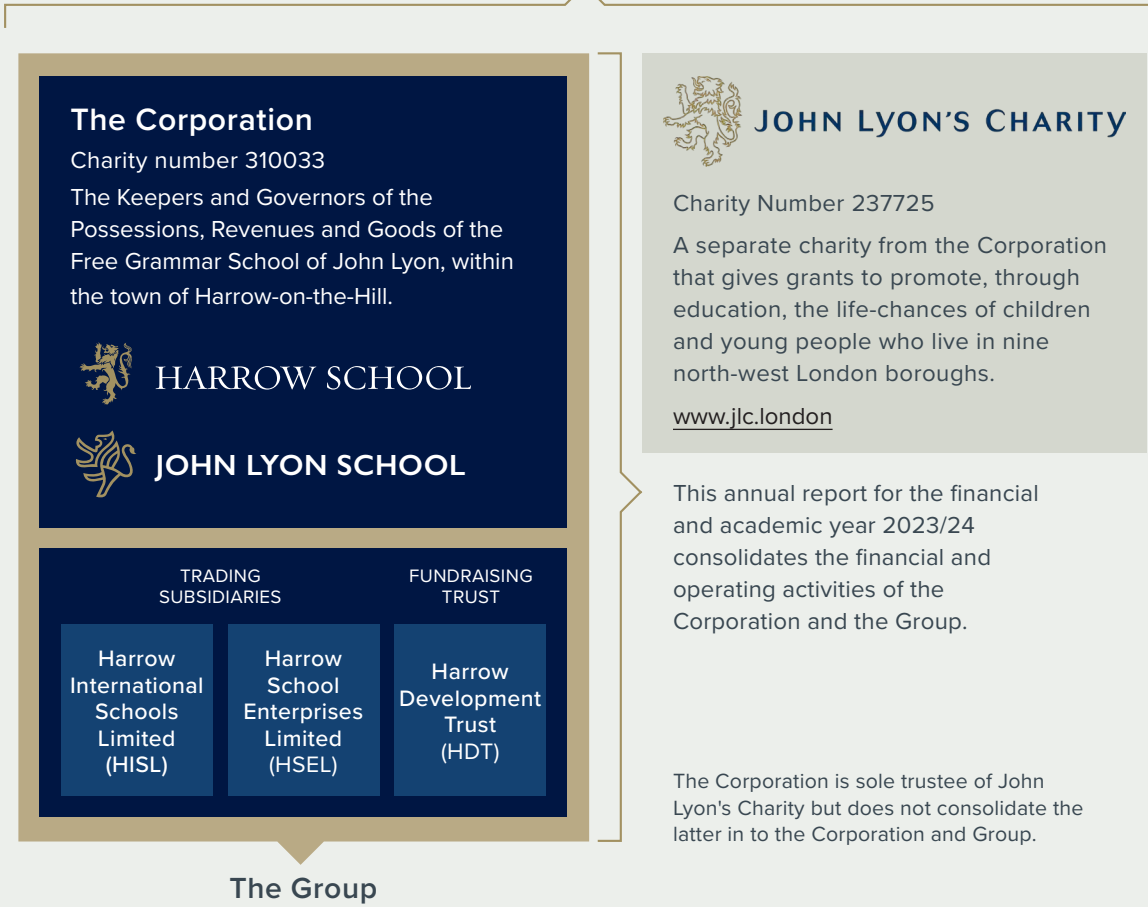
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1 About us

1.1 John Lyon’s Foundation

John Lyon, a farmland owner from north-west London, was granted a Royal Charter from Queen Elizabeth I in 1572 to develop a school for boys in Harrow on the Hill and to provide an endowment to maintain the two roads from Harrow on the Hill to Marble Arch.

Today, John Lyon’s Foundation sustains its founder’s legacy by working to transform the lives of children and young people through education.



1.2 The Corporation and Group

The Corporation comprises:



Harrow School
An independent, full-boarding senior school for boys, which prepares pupils with diverse backgrounds and abilities for a life of learning, leadership, service and personal fulfilment.



John Lyon School
An independent, co-educational, all-through day school, with academic excellence and opportunity at its heart.

The Corporation and its charitable activities are supported by two wholly owned trading subsidiaries and a fundraising trust. Together with the Corporation, these entities comprise the Group.



Harrow International Schools Limited
HISL – company number 07103979
HISL sub-licenses the Harrow brand to schools around the world and oversees their performance.



Harrow School Enterprises Limited
HSEL – company number 01617359
HSEL manages the Corporation’s facilities commercially.



Harrow Development Trust
HDT – charity number 296097
HDT raises funds from donors and benefactors.

1 About us

1.3 Foundation Governors (trustees) and officers

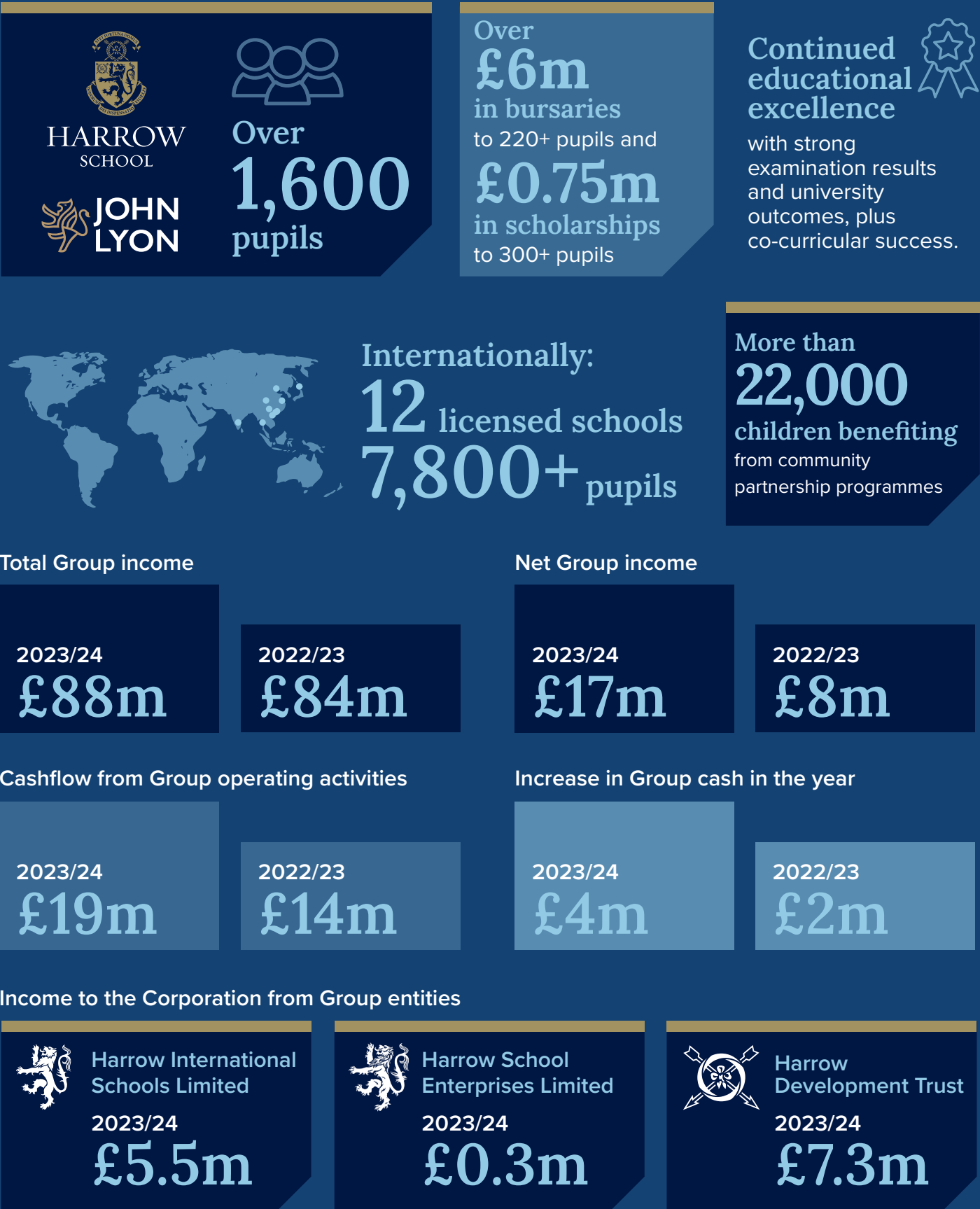
Current and those who served during the year ended 31 August 2024

Foundation Governors (trustees)			
D G P Eyton CBE MA FIOD FIOD FRENG Chair	H R Mould MA RGN		
C G T Stonehill MA	Professor A D'Angour MA PhD ARCM		
G W J Goodfellow KC MA LLM	M L Mrowiec MA		
M S Bronger LLB Ret. 31 August 2024	C Gallagher MA MSc		
A C Goswell BSc MRICS	Vice Admiral J P Kyd CBE BSc PGDip		
The Hon A Butler KC MA Deputy Chair	N J Enright MA MBA NPQH		
D J C Faber MA	Dr S V Rawal PhD		
R T G Winter CBE BA FCA	L J Halligan MPhil BSc		
A D Hart LLB FRSA	Dr D A Taylor MBBS BSc MD FRCP		
Professor D J Payne MChem DPhil	M C Wallace BCom		
J P J Glover BA	J C Seppala BA Appt. 25 November 2023		
Sir J R Symonds CBE BA FCA	S A Huang MA MSc PGCE Appt. 21 June 2024		

Officers			
Harrow School	John Lyon School	Corporation and Group	
Head Master W M A Land MA FLS FSB	Head R K Hardy PGCE MA MED	Chief Financial & Commercial Officer, John Lyon's Foundation	Clerk to the Governors & General Counsel The Hon A C Millet MA
Bursar J M Wood JP BA	Bursar N Slater BSocSc ACA ChMC Appt. 3 June 2024	D H Curley MA MBA CPFA	
	Chief Operating Officer Cdr G R Mawdsley RN MA Left 31 August 2024		

The Group entities		
Harrow International Schools Limited	Harrow School Enterprises Limited	Harrow Development Trust
Chair M L Mrowiec MA	Chair A D Hart LLB FRSA	Chair J P J Glover BA

1.4 Year at a glance



2 Foundation Governors' (trustees') foreword

The Foundation Governors, as trustees of the Corporation, are pleased to present this annual report. 2023/24 was another highly successful year for the Corporation, educationally and for our delivery of public benefit.

Harrow School and John Lyon School celebrated exceptional achievements across the board – through their continued educational excellence, impactful charitable initiatives and significant progress on strategic plans.

The key to this success has been a commitment to fostering strong relationships between our dedicated staff, engaged pupils, supportive parents, John Lyon's Charity (of which the Corporation is sole trustee), valuable external partners and the wider community. We create an environment in which academic and pastoral care flourish, charitable endeavours thrive, and more pupils than ever before benefit from life-changing bursaries and scholarships.

Harrow School's A level pupils achieved impressive results, with a high proportion of top grades, gaining places at leading universities: a quarter of applicants secured places at the world's top 20*. GCSE results were equally strong, with a record number of high grades.

John Lyon School also saw excellent A level results, with strong performances in key subjects such as Mathematics and pupils securing places on competitive courses at prestigious universities. GCSE pupils performed well too, with a significant percentage achieving top grades in multiple subjects and a high overall pass rate.

Pupils at both schools continued to achieve high standards in a wide range of co-curricular activities. Harrow School's 1st XV rugby team maintained their winning streak, taking home the Daily Mail Cup for the second year in a row, while John Lyon School hosted its third TEDx event, which reached 165,000 views online. Enrichment remains a key component of the holistic education we provide, and across the schools

there is a buzz of activity around sport, arts and culture, as well as leadership and service.

John Lyon's vision of educational opportunity continues through the bursaries and scholarships that the Corporation schools provide. In the last five years, Harrow School and John Lyon School have awarded a combined total of more than £26 million in bursaries and scholarships. In the financial and academic year 2023/24 alone, the schools awarded over £6 million in bursaries to more than 220 pupils, and over £0.75 million in scholarships.

John Lyon's Foundation is committed to community engagement and partnerships. Shaftesbury Enterprise, Harrow School's charitable and partnership programme, and Blackwell Enterprise, John Lyon School's equivalent, are examples of this commitment in action. The Corporation works closely with John Lyon's Charity on this priority.

In addition to the Corporation, this annual report also refers to the activities of the Group.

Between them, Harrow International Schools Limited's (HISL) partners educate over 7,800 pupils and employ over 2,000 staff members. In July 2024, HISL expanded its reach by agreeing with a new partner, Taaleem Holdings plc, to establish Harrow International Schools in the Gulf Cooperation Council countries.

Lastly, thanks to generous contributions, Harrow Development Trust (HDT) supported the strategic goals and projects set out by the Corporation. In 2023/24, HDT's fundraising efforts also helped to provide bursary-assisted places at Harrow School. The independent schools sector now faces



a challenging financial environment. Despite these headwinds, the Corporation is in a robust financial position in terms of its resources and its operating performance, thanks to the hard work and dedication of staff and the Foundation Governors, and to our partnerships.

The Corporation will continue to deliver on our charitable aims and objects, providing public benefit through the outstanding education offered by our schools, transformational bursaries and scholarships, and constructive engagement with our community and partners. We wish to extend our gratitude to our

pupils and their families, to our staff and to our partners for their ongoing support and contribution. Together, we will continue to build on our successes, providing exceptional educational opportunities for children and young people in the borough of Harrow, across our wider community and around the world, for many years to come.

Foundation Governors

3 Our charitable objects

The Corporation’s charitable objects are set out in the Royal Charter of 1572:

“Whereas our beloved subject, John Lyon, of Preston, within the Parish of Harrow-on-the-Hill... hath purposed in his mind a certain Grammar School, and one Schoolmaster and Usher, within the Village of Harrow-on-the-Hill, in the said County of Middlesex, of new to erect, found and for ever to establish for the perpetual education teaching and instruction of Children and Youth of the said Parish; and Two Scholars within our University of Oxford, liberally to endow and maintain, and other common ways, as well between Edgware and London as in other places, at his own very great charge, intends to repair and mend, and other endowments and works of piety, to the very great comfort and encouragement of the Scholars within the said parish applying themselves to learning, thereby giving a very good example to all others to imitate the like hereafter, and also to the common profit of all our subjects.

We therefore... of our special grace, and also of our certain knowledge and mere motion do will, grant and ordain... that for ever hereafter there shall be one Grammar School in the Village of Harrow-on-the-Hill... which shall be called the Free Grammar School of John Lyon, for the bringing up, teaching and instruction of Children and Youth in Grammar, for all time hereafter coming.”

Translation from the original Latin.

As Foundation Governors, we oversee the Corporation and Group’s delivery of our charitable objects and ensure that we are consistently providing benefit to our communities, both within the Corporation’s schools and beyond.



These objects and John Lyon’s vision continue to inform our strategy today.



RIGHT
Made in 1572, this wax seal was originally attached to the base of the Royal Charter.

4 Our strategy

4.1 Strategic objectives and pillars

As a Corporation and a Group, we have three strategic objectives:

**Promoting educational excellence and enrichment**

Providing an education that produces school leavers who are empowered and ready for life.

**Providing fee assistance that transforms lives**

Enabling pupils needing fee assistance to benefit from an education at Harrow School or John Lyon School.

**Engaging with our community**

Developing partnerships that improve educational outcomes and opportunities for more young people, particularly those who face significant barriers to progress.

As we work to achieve these objectives, we continually seek to enhance our approach – ensuring that what we do remains impactful, inclusive and aligned with our charitable objects.

Harrow School

For over 450 years, Harrow School has sought to prepare boys with diverse backgrounds and interests for a life of public service, learning, leadership and personal fulfilment.

STRATEGIC PILLARS

Scholarship: Encouraging intellectual curiosity, independent thought and effective learning habits.	Opportunity: Ensuring pupils become their better selves by developing their potential.	Character: Maturing the individual, enabling pupils to uncover the talents, skills and values to be of good influence.	People: Admitting pupils who will thrive and contribute, and recruiting and nurturing staff who facilitate excellence.	Operations: Providing environments, infrastructure and functions that make us leaders in our field.

John Lyon School

John Lyon School encourages every child to develop individual character, happiness and growth – equipping them with the tools to succeed in their chosen futures, making a positive impact on the world.

STRATEGIC PILLARS

Character: Providing a nurturing co-educational environment for pupils to be happy, curious, independent, life-long learners who embrace challenge and opportunity.	Learning: Pupils and staff working together to flourish academically and develop a love of learning.	Global Outlook: Enabling meaningful experiences where pupils and staff collaborate across all aspects of the curriculum.	Community: Through the work of Blackwell Enterprise, supporting our staff and pupils in engaging with our community.

Harrow International Schools Limited (HISL)

HISL partners with established education operators overseas to facilitate their delivery of a world-class education under the Harrow name.

STRATEGIC PILLARS

Optimise: Support the Harrow-branded schools to achieve excellence and maximum revenues.	Connect: Enhance collaboration among the Harrow Family of Schools.	Enhance: Extend the prestige of the Harrow brand.	Explore: Identify and evaluate opportunities to increase and diversify income sources.

Harrow School Enterprises Limited (HSEL)

HSEL delivers high-quality events and holiday courses, and manages the Corporation schools’ sports facilities, tours and lettings.

STRATEGIC PILLARS

Education: Summer camps and other learning programmes.	Events: Weddings, corporate away days, dinners and parties.	Sports: Facilities for use by the community as well as international and national teams.	Locations: For film, television and other entertainment and photography projects.

Harrow Development Trust (HDT)

HDT helps to secure the future of Harrow School through fundraising, with support from the School community and working closely with Foundation Governors, the Head Master and the Harrow Association (Harrow’s alumni organisation).

STRATEGIC PILLARS

Buildings: Supporting high-priority capital projects.	Bursaries: Widening access to a Harrow education.	Heritage: Preserving the Corporation’s historical estate.

4 Our strategy

4.2 How we manage risks and uncertainties

The Foundation Governors review the risk context for the Corporation and Group at each Foundation Governors Meeting and at the termly Audit and Risk Committee (known before 31 August 2024 as the Foundation Risk Oversight and Opportunities Committee).

Key Risks



Changes in the geopolitical landscape: the Corporation and Group have partners in diverse international markets and receive income from outside the UK. Changes in the geopolitical landscape may present risks to this income.



Financial pressures in the UK independent school sector: the Corporation and Group is active in the UK independent school sector through its operation of Harrow School and John Lyon School. The sector's financial context has changed in recent years with increasing costs and the introduction of VAT on school fees from 1 January 2025.

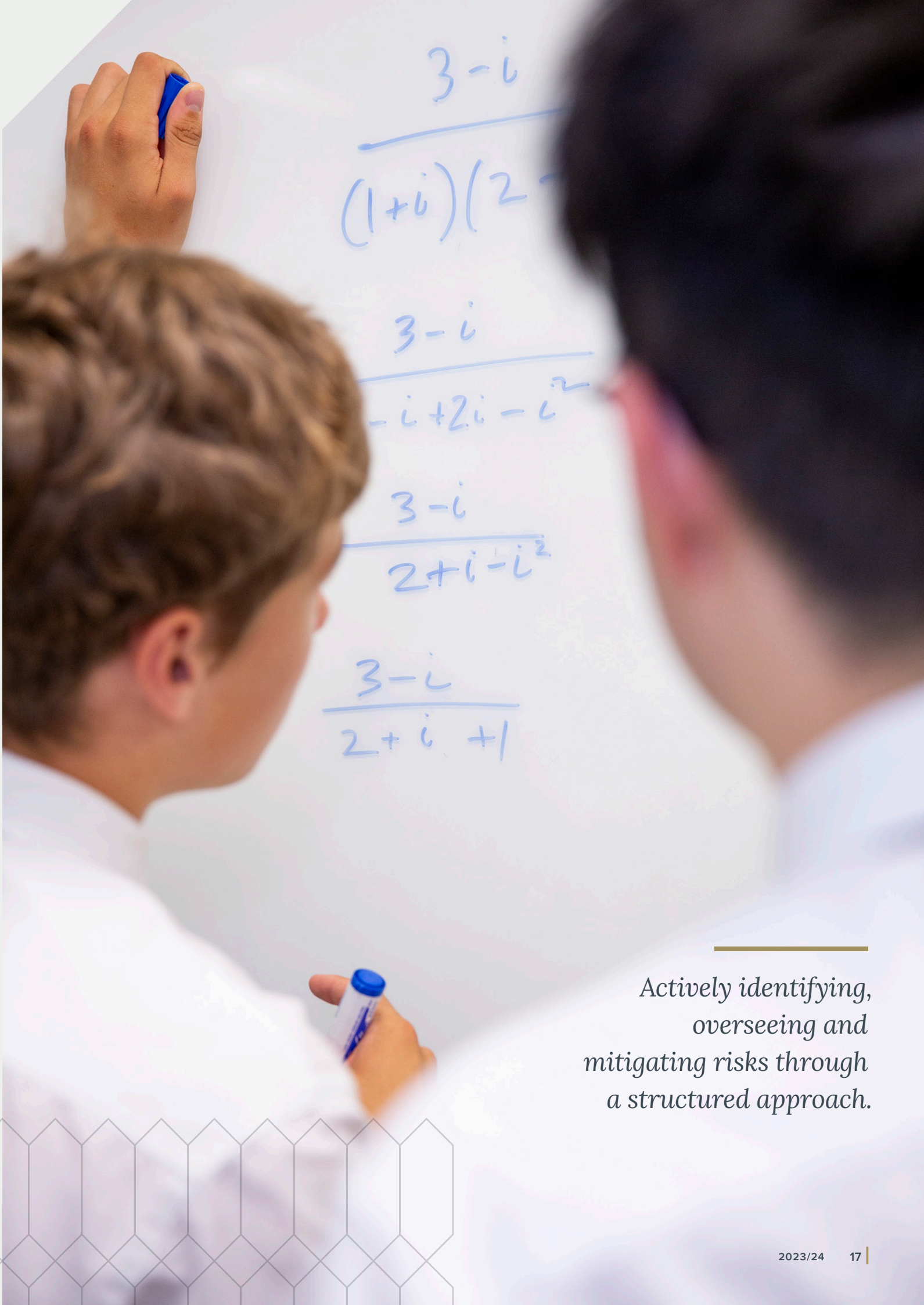


Cybercrime: as with many organisations, the Corporation and Group rely on technology, and their operations may be subject to cybercrime and related risks.

Through a structured approach to risk management, our Foundation Governors and Officers actively identify, oversee and mitigate these risks, along with several others that can vary in nature and level across the Corporation and Group.

The Chief Financial and Commercial Officer provides assurance to the Foundation Governors on our risk management processes and on the overall risk level.

We will continue to identify, oversee and mitigate all relevant risks and, as a priority, ensure that the Corporation has the processes and resources in place to ensure the safeguarding, health and safety, and wellbeing of our pupils, staff and community.



Actively identifying, overseeing and mitigating risks through a structured approach.

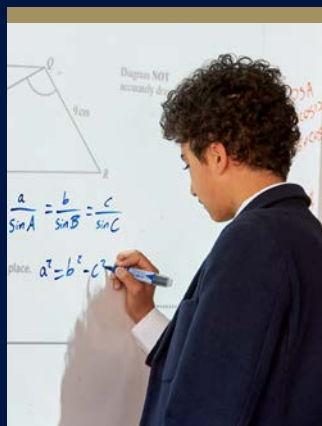
5 Meeting our objectives

Public benefit

With a focus on our charitable objects, the Corporation delivered public benefit in 2023/24 through our education activities, our community engagement and our partnerships.

As Foundation Governors, we confirm that we have complied with Section 17(5) of the Charities Act 2011, both in our statutory requirement to report on our public benefit, and in having due regard to the public benefit guidance published by the Charity Commission where relevant to matters to which the guidance relates.

Key highlights



Continued focus on high-quality education

at Harrow School and John Lyon School with strong A level and GCSE performances.

John Lyon School hosted the VEX Robotics season opener and qualified for the regional finals.



Over **£6m** in bursaries to 220+ pupils and **£0.75m** in scholarships to 330+ pupils.

More than **22,000** children benefited from community and partnership programmes.



Close to **£0.5** million in funding and resources provided for community activities, excluding volunteering hours.



TAALEEM
HARROW
SCHOOLS
مدارس هارو تعليم

Harrow International Schools Limited
forged a new partnership

with Taaleem Holdings plc to establish Harrow International Schools in the Gulf Cooperation Council countries.

Harrow School Enterprises Limited

maintained its financial contribution to the Corporation.

In an unbeaten season,

Harrow School's 1st XV rugby team won

the National Under-18 Continental Tyres Schools Cup final at Twickenham and the Daily Mail Trophy for a second year.



Over **86,000** hours

of volunteering by pupils and staff, and community use of Corporation facilities.



HARROW
DEVELOPMENT TRUST

Harrow Development Trust continued to support the Corporation's strategic objectives through fundraising activity.

TEDx

John Lyon School hosted a third TEDx event

that attracted **over 165,000** online views.



5 Meeting our objectives

5.1 Promoting educational excellence and enrichment

As Foundation Governors, we seek to ensure that Harrow School and John Lyon School provide an education that produces school leavers who are empowered and ready for life. This commitment is central to how we govern and oversee the Corporation's activities.

The excellent examination results and university outcomes achieved by our pupils, combined with our pastoral programmes, demonstrate the ongoing effectiveness of our educational strategies.

Harrow School

Harrow School's outgoing Upper Sixth achieved outstanding A level results in the summer of 2024.

Almost a third of all grades were A*, with over two thirds either A* or A. Over 90% of all of the grades were A*-B. Twenty-six pupils gained three or more A*s and 80 pupils gained three or more A*-A grades.

These strong A level results translated into a positive set of university outcomes, with Harrovians taking up places at six of the eight Ivy League schools in the USA, and 47 pupils accepting places at universities ranked in the world's top 20 including Princeton, Columbia and Edinburgh.

At GCSE, over 40 % of results were grade 9, with two-thirds graded 9 or 8. The 9-7 grade percentage was the highest on record since 2013. Sixteen pupils gained ten or more grade 9s, and 24 gained nine or more grade 9s.

Pupils also enjoyed many successes in academic competitions and Olympiads.

Sporting highlights included the cricket First XI's victory over Eton at Lord's and the rugby 1st XV winning the Under-18 Continental Tyres Schools Cup at Twickenham and retaining the Daily Mail Trophy for a second consecutive year. Harrow was also the joint winner of the Brian Howes Sabre Trophy at the Public Schools Fencing Championships.

Music, art and drama thrived, with numerous productions in the School's Ryan Theatre, a performance at Shakespeare's Globe Theatre, art exhibitions in the Pasmore Gallery, and over 100 musical performances. These achievements, and many others, reflect the Harrow School values of courage, honour, humility and fellowship, strengthening the School's close-knit community.

New developments on the Harrow School estate in 2023/24 included the opening on Speech Day of Harrow's new Biology and Chemistry Schools, with state-of-the-art teaching laboratories, a dedicated research laboratory and a 180-seat lecture theatre.

*Harrow School's values
- courage, honour,
humility and fellowship
- strengthen the School's
close-knit community.*



“Pupils look after each other, are compassionate and exhibit a willingness to volunteer, all of which are reflective of the School’s aims.”

ISI INSPECTION REPORT,
JOHN LYON SCHOOL

5 Meeting our objectives

5.1 Promoting educational excellence and enrichment

John Lyon School

At John Lyon School, 12% of all A level grades awarded in the summer of 2024 were A*. A significant number of pupils achieved at least two A*–A grades. Nearly four fifths of all grades fell within the A*–C range.

Year 13 leavers went on to read competitive university courses such as Medicine, Chemistry, Mathematics, Engineering, Computing and Data Science at universities including the University of Oxford, the University of Cambridge, University College London, Imperial College London, University of York, University of Nottingham, University of Southampton, University of Bath, and the London School of Economics and Political Science.

John Lyon School pupils also celebrated strong GCSE results, with a third of all pupils achieving grade 8 or 9 in at least six subjects, and over half

graded 7 or higher in six or more subjects. High marks were common, with a fifth of all grades at grade 9, and nearly half graded 9 or 8.

Nearly two-thirds of all grades were a 9, 8 or 7, and 92% of all grades were a pass at grade 5 or above.

During 2023/24, pupils at John Lyon School excelled in sports, music, art and STEAM. Prep and Senior pupils performed in multiple concerts and productions, with the winter production of *The Addams Family – The Musical Comedy* receiving rave reviews.

John Lyon School also hosted its third TEDx event on campus, with the recorded videos receiving over 165,000 views online, as well as the VEX Robotics season opener, at which John Lyon secured qualification for the regional finals.

5 Meeting our objectives

5.2 Providing fee assistance that transforms lives

Enabling pupils needing fee assistance to benefit from an education at Harrow School or John Lyon School is an important part of our strategy to meet our charitable objects and to deliver public benefit.

The Foundation Governors maintained the significant commitment to fee assistance in 2023/24, with Harrow School and John Lyon School providing in excess of £6m in bursaries to more than 220 pupils, and over £0.75m in scholarships to over 330 pupils.

Working together in partnership across the Foundation, our mission is to:

“Transform the lives of children and young people through education.”

Over the previous five years, we have awarded over £26m in bursaries and scholarships to pupils at the Corporation's schools.



We aim to help children and young people maximise their potential, broaden their horizons, and improve their quality of life.



5 Meeting our objectives

5.3 Engaging with our community

As Foundation Governors, we are committed to delivering public benefit by developing community partnerships that improve educational outcomes and opportunities for more young people, particularly those who face significant barriers to progress.

Through our work with Shaftesbury Enterprise (Harrow School’s charitable and partnership programme), Blackwell Enterprise (John Lyon School’s equivalent), John Lyon’s Charity, other charities, schools and local councils, we aim to help children and young people maximise their potential, broaden their horizons, and improve their quality of life.

Shaftesbury Enterprise

Shaftesbury Enterprise delivers Harrow School’s charitable and partnership work in the areas of academia, culture, sport, community, and conservation and sustainability. Through Shaftesbury Enterprise, pupils and staff engage purposefully with local and national organisations to improve educational outcomes and opportunities for young people, particularly those who face significant barriers to progress. This work is undertaken in collaboration with partner schools, local authorities and charities in order to deliver significant benefit in the London Borough of Harrow and beyond.

Blackwell Enterprise

Blackwell Enterprise encompasses much of John Lyon School’s charitable and partnership work. Through these philanthropic initiatives, we are focused on enriching and enhancing the lives of our local communities. Blackwell Enterprise provides opportunities to help those who need it most through charitable works, community service and the sharing of three well-equipped campuses in Harrow on the Hill, central Harrow and Sudbury. The work extends to directly supporting young people who use our school facilities and receive visits from staff and pupils, senior citizens we visit in care homes, and our charities and partners.

Combined 2023/24 statistics

Over
86,000 hours

of volunteering by pupils and staff, and community use of Corporation facilities.

More than
22,000

children benefited.

6 Our Group activities

The Corporation and its charitable activities are supported by two wholly owned trading subsidiaries (HISL and HSEL) and a fundraising trust (HDT). Together with the Corporation, these entities comprise the Group.

6.1 Harrow International Schools Limited

HISL partners with established education operators overseas to facilitate their delivery of a world-class education under the Harrow name.

In 2023/24, HISL appointed a Chief Education Officer to oversee the development and delivery of the Harrow Standards, which outline expectations of Harrow-branded schools in their localised delivery of a Harrow education.

Other activities included induction and shadowing days for new Harrow-branded school staff at Harrow School, and conferences on higher education and boarding. Pastoral and boarding practices also received specialist support.



6 Our Group activities

6.1 Harrow International Schools Limited



Educating over
7,700
students

2,000+
members of staff

AISL Harrow Schools

Asia International School Limited (AISL) is HISL's founding partner, with 11 schools in East and Southeast Asia.

Highlights from their summer 2024 examination results include 56% of GCSE examinations at Harrow International School Hong Kong achieving grade 9 and 91% securing grades 7–9; and four AISL Harrow Schools achieving the highest outcomes in China for first cohorts undertaking GCSE examinations.

From the four long-established AISL Harrow Schools with Year 13 leavers in 2023/24, more than 20 students moved on to Imperial College London, with a similar number to Oxford University, Cambridge University and Ivy League universities, plus MIT (Massachusetts Institute of Technology), Stanford University and Caltech (California Institute of Technology).

In addition during the 2023/24 period, BSO – British Schools Overseas, the UK Government's inspection scheme for British international schools – judged Harrow International School Shanghai as outstanding in nearly all areas.



Amity Harrow Schools

HISL's second partner – Amity Education Group, India's leading not-for-profit international education foundation – opened Harrow International School Bengaluru in a distinctive new campus in August 2023.

In its first year of opening, the school made two student visits to Harrow School and John Lyon School: one as part of a football tour of the UK and another for the annual Harrow Family of Schools Fifth Form Conference.

Taaleem Harrow Schools

In June 2024, HISL signed an agreement with its third partner, Taaleem Holdings plc, to establish Harrow International Schools in the Gulf Cooperation Council countries.

6 Our Group activities

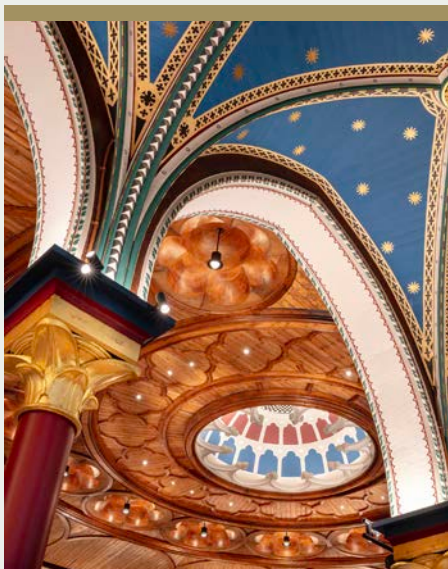
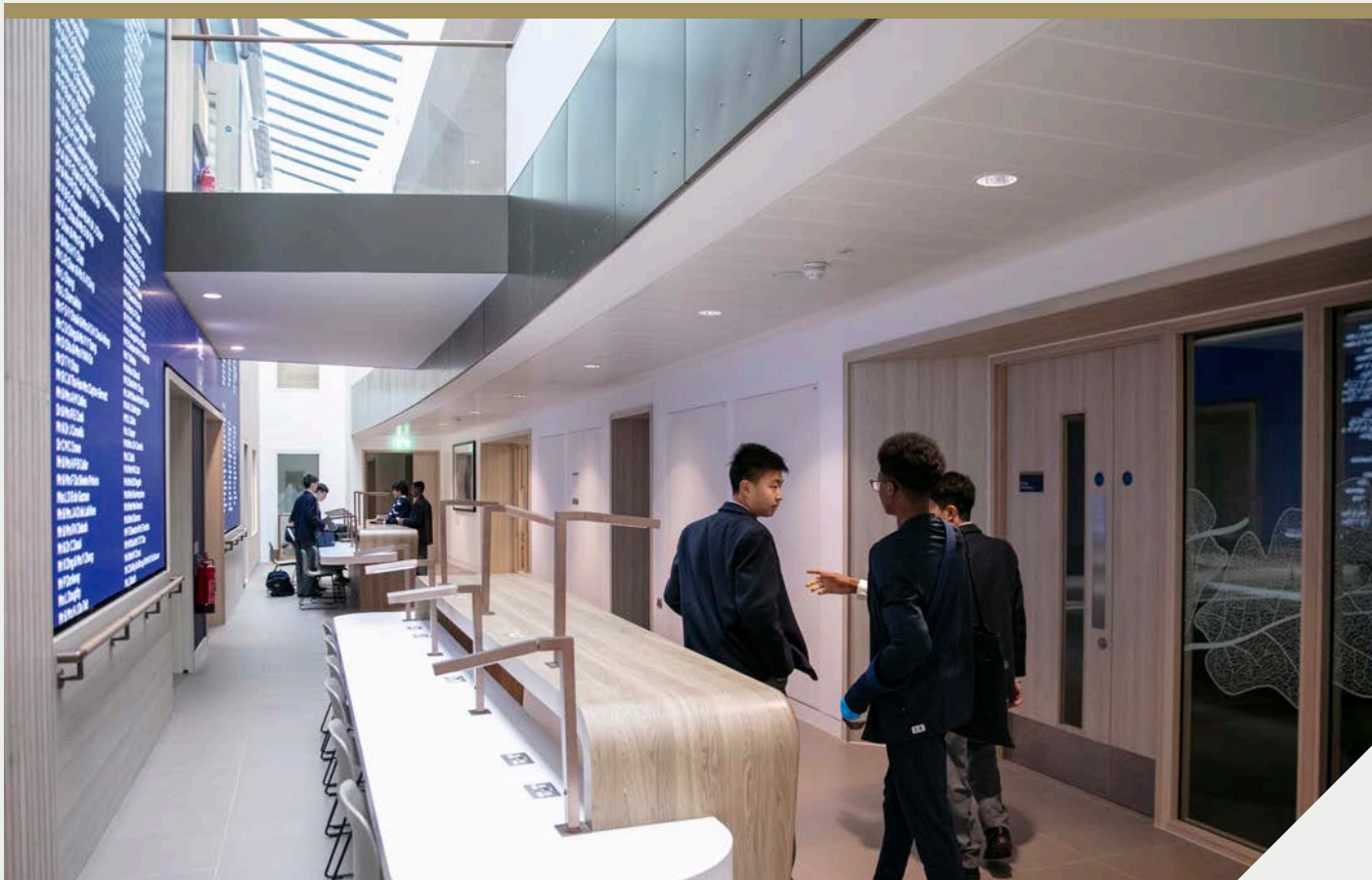
6.2 Harrow School Enterprises Limited



HSEL delivers high-quality events and holiday courses, and manages the Corporation’s sports facilities, tours and lettings. HSEL had a successful 2023/24, generating a net profit to support the Corporation’s strategic objectives.

In addition to welcoming international students to its summer programmes, including offering free places to refugees, HSEL expanded its global reach through the delivery of online English language courses. The iconic Harrow School estate also served as a backdrop for major film and TV productions, attracting prominent actors and athletes. HSEL further solidified its community engagement by hosting media events and providing training facilities for a major NFL (National Football League) team.

6.3 Harrow Development Trust



HDT helps to secure the future of Harrow School through fundraising, with support from the School community and working closely with Governors, the Head Master and the Harrow Association (Harrow’s alumni organisation).

Generous donations from a wide range of supporters in 2023/24 helped to fund bursaries, and contributed to the School’s non-fee income. HDT also supported building for the future through capital projects such as the new Biology and Chemistry Schools, the ongoing upgrade of the Shepherd Churchill Dining Hall, and the restoration of the historic Speech Room.

HDT’s fundraising efforts involved events, communications and partnerships with the Harrow Association and other volunteers, along with promoting legacy giving. These activities supported various bursary schemes, enabling a significant number of bursary-assisted places. Funding also supported partnerships with local charities through initiatives like fundraising runs and gala performances, and the launch of a sustainability programme to engage the Harrow School community in environmental protection.

7 Corporate information
for the period 1 September 2023–31 August 2024

7.1 Governance

The Corporation’s constitution comprises the objects contained in the original Elizabethan Charter and separate “statutes” promulgated pursuant to the Public School’s Act 1868 (and subsequent legislation) updated over the years, most recently in June 2016 and approved and sealed by the Privy Council. The statutes provide in detail for the governance of the Corporation.

The maximum number of Foundation Governors is restricted to 25. This group is expected to include a representative from each of Oxford and Cambridge Universities and the Royal Society and who are selected by the Foundation Governors (trustees). Two other Foundation Governors are elected respectively by the Lord Chief Justice and the Head Master and the Masters of Harrow School. All Foundation Governors are elected for an initial term of five years and are eligible for re-election for a maximum of two further consecutive terms of up to five years. In exceptional circumstances, a Foundation Governor can serve a further term of up to five years so long as no more than five Foundation Governors serve a fourth term at any one time.

The Foundation Governors are the charity trustees of the Corporation and the Governors of Harrow School. Within defined parameters, the governance of John Lyon School is delegated by the Foundation Governors to a separate Board of Governors for John Lyon School, the members of which are appointed by the Foundation Governors.

Recruitment and training of Foundation Governors

The Foundation Selection Committee is responsible for considering nominations for future Foundation Governors, based on guidelines that include a list of the skills and experience that should be represented by Foundation Governors, including Governors of John Lyon School.

The Clerk to the Governors is responsible for the induction of new Foundation Governors, who are briefed individually. Guidance and advice on effective trusteeship

and updates about best practice are brought to the attention of Foundation Governors by the Clerk and other Officers.

Governance and delegation to committees

The Foundation Governors meet as a board at least three times a year, ensuring that governance arrangements are appropriate and effective. The appointment of knowledgeable Governors, the use of appropriate risk management processes and the use of effective delegation also ensure that governance arrangements are appropriate. Boards and committee membership is indicated in the table on page 35.

Delegation to management

The Governors have delegated the day-to-day management of Harrow School and John Lyon School to the officers as listed on page 35 and the financial and commercial management, strategy and risk management of the Corporation and Group to the Chief Financial and Commercial Officer of John Lyon's Foundation. These officers are the key management personnel as referred to in note 6 of the financial statements.

Remuneration

The remuneration of key management personnel is discussed in detail each year by the Foundation Remuneration Committee, with reference to sectoral context, standards and benchmarking, and is approved by the Foundation Governors on the recommendation of the Foundation Remuneration Committee. In addition, the committee also carefully considers, reviews and recommends remuneration in respect of Foundation Governors who are separately employed as directors of HISL, as reported in note 23 of the financial statements.

Foundation Governors, Officers and Committees – 2023/24

Role	Name	Retired/Appointed	Foundation Selection Committee	Foundation Remuneration Committee	Foundation Investments Committee	Foundation Risk & Opportunities Oversight Committee	Corporation Bond Issue Committee (now the CFC)	Corporation Finance Committee (CFC)	Directors of trading subsidiaries & trustees of HDI
Foundation Governors									
Chair	D G P Eyton		X Ch	X	X		X	X	1, 3
	C G T Stonehill					X Ch	X Ch		
Chair of John Lyon School Board of Governors	G W J Goodfellow		X			X	X		1
	M S Brounger	Ret 31/08/24	X						4
	A C Goswell				X				
Deputy Chair	The Hon A Butler		X	X		X		X	1
	D J C Faber								
	R T G Winter					X	X		
Chair of Harrow School Enterprises Limited	A D Hart		X						1, 2, 4
	Prof D J Payne								
Chair of Harrow Development Trust	J P J Glover		X	X					2, 4
	Sir J R Symonds				X Ch		X		
	H R Mould								
	Prof A D'Angour								
Chair of Harrow International Schools Limited	M L Mrowiec			X		X			1
	C Gallagher								
	His Excellency Vice Admiral J Kyd					X Ch			
Deputy Chair of John Lyon School Board of Governors	N J D Enright		X						
	Dr S Rawal		X	X					
	L J Halligan								
	Dr D A Taylor								
	M C Wallace				X		X		4
	J C Seppala	Appt 25/11/23				X	X		4
	S A Huang	Appt 21/06/24							
Officers – attend committees but do not vote									
Clerk to the Governors and General Counsel	The Hon A C Millett		X		X	X	X	X	Company Secretary to 1, 2, 3
Chief Financial and Commercial Officer	D H Curley				X	X	X	X	1, 2, 3
Harrow School									
Head Master	W M A Land					X	X	X	1, 2, 3
Bursar	J M Wood				X	X	X	X	2
John Lyon School									
Head	R K Hardy					X		X	
Chief Operating Officer	Cdr G R Mawdsley	Left 31/08/24				X	X		
Bursar	N Slater	Appt 03/06/24						X	

- 1 – Harrow International Schools Limited (company number: 07103979)
- 2 – Harrow School Enterprises Limited (company number: 0617359)
- 3 – Harrow Educational Investments Limited (company number: 13490117)
- 4 – Harrow Development Trust Limited (Charity number: 296097)

Ch – Chair

Committee descriptions:
Foundation Selection Committee: Responsible for overseeing the appointment of new Foundation Governors, including Governors of John Lyon School.
Foundation Remuneration Committee: Responsible for overseeing the remuneration of the Officers and senior employees of the Corporation.
Foundation Investments Committee: Responsible for overseeing the management of financial investments.
Foundation Risk and Opportunities Oversight Committee: Responsible for overseeing the

management of risk and opportunities (known since 31 August 2024 as the Audit and Risk Committee).
Corporation Bond Issue Committee: Responsible for overseeing the investment and use of the proceeds of two private placement bonds.
Corporation Finance Committee (CFC): Responsible for overseeing the Corporation’s use of its financial and capital resources.

7 Corporate information
for the period 1 September–31 August 2024

7.2 Addresses and advisors

Addresses

Harrow School
Harrow International Schools Limited
Harrow School Enterprises Limited
Harrow Development Trust

5 High Street
Harrow on the Hill
Middlesex
HA1 3AP

John Lyon School

Middle Road
Harrow on the Hill
Middlesex
HA2 0HN

Advisors

Principal Bankers

National Westminster Bank plc
Harrow Town Centre Branch
315 Station Road
Harrow
Middlesex
HA1 2AD

Independent Auditor

PFK Littlejohn LLP
15 Westferry Circus
Canary Wharf
London
E14 4HD

Principal Solicitors

Cripps LLP
2nd Floor
80 Victoria Street
London
SW1E 5JL

Principal Investment Managers

Cazenove Capital Management
1 London Wall Place
London
EC2Y 5AU

Principal Investment Advisers

Cambridge Associates Ltd
62 Buckingham Gate
London
SW1E 6AJ

Actuaries*

XPS Pensions
11 Strand
London
WC2N 5HR

Charity number

310033

* Actuaries to Harrow School's Support Staff Pension Scheme

8 Financial performance, policies and plans

Financial performance

The Consolidated Statement of Financial Activities for the year is set out on page 44 of the financial statements. A summary of the financial results is set out below.

The Group's net movement in funds for the year was an increase of £17,834,000 (2022/23 – increase of £7,337,000). Net income before transfers and investment gains/losses was £2,699,000 (2022/23 – £8,051,000).

Total income for the Group for the year was £87,759,000 (2022/23 – £84,011,000). Total expenditure increased to £85,060,000 (2022/23 – £75,960,000).

HISL generated a profit of £5,497,000 (2022/23 – £5,265,000) and HSEL generated a profit of £526,000 (2022/23 – £480,000).

The appropriations from HDT for the benefit of the Corporation were £7,250,000 (2022/23 – £8,609,000).

Net assets on the balance sheet increased to £214,155,000 as of 31 August 2024 (£196,321,000 as of 31 August 2023). There were fixed asset additions of £24,519,000 (2022/23 – £30,025,000).

The Group increased cash by £3,564,000 (2022/23 – £2,101,000). Net debt at the year-end was £92,275,000 (2022/23 – £95,333,000), which is largely long-term debt in the form of two bonds totalling £90,000,000, repayable from 2059.

Investment powers, policy and performance

The Foundation Investments Committee supervises and monitors the investment of the Corporation's financial assets.

The Corporation seeks to generate the best financial return within an acceptable level of risk. The investment objective for funds under management is to generate an investment return (after expenses) of inflation (CPI) plus 4% per annum over the long term for the financial investment portfolios.

The Corporation invests for capital growth in the long term, defined as a minimum of ten years. It is recognised that the return objective may be difficult to achieve in every period but should be attainable over a ten-year or greater time period.

The Corporation has a total return policy in place for most of its awards funds, which allows the Corporation to draw up to 3.75% of a three-year rolling average of the fund value.

The Corporation is advised by Cambridge Associates Ltd on how its two largest funds are invested, while the smaller funds are invested in the Cazenove Charity Multi Asset and Structural Growth funds. Overall, the funds returned approximately 11.5% during 2023/24.

The Corporation's treasury deposits, together with 75% of the proceeds from the bonds, are held in short-term, investment-grade, corporate bond portfolios managed by EFG Private Bank Limited to realise greater returns and reduce credit risk. This portfolio generated a yield of approximately 3.1% per annum net of costs.

8 Financial performance, policies and plans

Reserves policy

The Corporation maintains reserves to ensure that it holds sufficient funds to meet its short-term financial obligations, while making appropriate provision for essential long-term investment in the refurbishment and continued upgrading of the Corporation’s estate.

The Corporation’s consolidated reserves totalled £214,155,000 (2022/23 – £196,321,000) at the year end, and comprised the following:

	2023/24 £	2022/23 £
*Unrestricted funds	164,781,000	149,811,000
Restricted funds	3,176,000	4,101,000
Endowment funds	46,198,000	42,409,000
Total reserves	214,155,000	196,321,000
*Unrestricted funds		
Of which tangible fixed assets are:	165,997,000	149,573,000

The unrestricted funds, net of designated funds, and a £4,504,000 (2022/23 – £5,119,000) pension liability are primarily deployed in tangible fixed assets, which are used for direct charitable activities. In line with many similar charities, and due to continuing and substantial investment in tangible fixed assets, the Corporation has negative free reserves as defined by the Charity Commission.

The Corporation has £90,000,000 of long-term funding by way of private placement bond issues (see note 17), which ensures that its short-term financial obligations can be met and that the key strategic elements of the principal estates projects can be delivered. The Foundation Governors believe that the present levels of reserves are sufficient to meet the Corporation’s essential obligations. Nevertheless, the Foundation Governors are focused on increasing the level of unrestricted reserves from the operating surpluses of the Schools, the subsidiary companies and from fundraising, while, in the medium term, benefiting from the returns from invested funds. Increasing unrestricted reserves will assist the Corporation in delivering on its charitable objects and executing its strategy.

The Corporation keeps its reserves policy and level of reserves under regular review.

Going concern

The Foundation Governors have reviewed the reserves position carefully, together with the financial forecasts and operating cashflows of the various entities. The Foundation Governors believe the Corporation’s financial reserves are sufficient to ensure that the Corporation will continue as a going concern for the foreseeable future, being at least 12 months from the date of approval of the financial statements.

Fundraising activities

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. Although the Corporation does not undertake fundraising from the general public, the legislation defines fundraising as “soliciting or otherwise procuring money or other property for charitable purposes”.

In relation to the above, it is confirmed that all solicitations are managed by Harrow Development Trust, without involvement of commercial participators or professional fundraisers, or third parties. The day-to-day management of all income generation is delegated to key management personnel, who are accountable to the trustees.

No complaints have been received in relation to solicitations. Our terms of employment require staff to behave reasonably at all times; all major fundraising activities are approved at a senior level before they are undertaken and are conducted under procedures and protocols formulated and agreed by the trustees of HDT.

Future plans

The Corporation has continued to focus on its charitable objects in 2024/25 and on the strategy of promoting educational excellence and enrichment, providing fee assistance that transforms lives, and on engaging with our community. The Corporation will continue to work closely in co-operation with the Group and with our partners, including John Lyon’s Charity.

The Corporation and Group will continue to monitor financial performance and the use of resources in a robust budgeting framework and will prudently manage the use of capital. In doing so, the Corporation and Group will address the evolving financial context in the independent schools sector and adopt appropriate risk mitigations where required.

Disclosure of information to the auditor

The Foundation Governors who held office at the date of approval of this annual report confirm that, so far as they are individually aware, there is no relevant audit information of which the Corporation’s auditor is unaware; and each Foundation Governor has taken all the steps they might reasonably have taken as a Foundation Governor to make themselves aware of any relevant audit information and to establish that the Corporation’s auditor is aware of that information.

Auditor

Following a competitive tender process in autumn 2024, Crowe UK LLP were appointed as external auditor with effect from financial year end 31 August 2025.

Statement of Foundation Governors’ (trustees’) responsibilities

The purpose of this statement is to distinguish the responsibilities of the trustees as a body for the financial statements from the responsibilities of the auditor as stated in their report.

The Charities Act 2011 requires the Foundation Governors (trustees) to prepare financial statements for each financial year which give a

true and fair view of the Corporation’s financial activities during the year and of its financial position at the end of the year.

In preparing the financial statements, which are the financial statements of the Corporation (here, “the parent charity”), the two subsidiary entities and the fundraising trust (here, “subsidiaries”) the Foundation Governors (trustees) follow best practice and:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles of the Charities Statement of Recommended Practice, Accounting and Reporting by Charities;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the Corporation will be able to continue in operation.

Foundation Governors (trustees) are responsible for keeping adequate accounting records that are sufficient to show and explain the Corporation’s transactions, disclose with reasonable accuracy at any time the financial position of the Corporation and enable them to ensure that the financial statements comply with applicable financial regulations and charity law. They are also responsible for safeguarding the Corporation’s assets, and hence for taking reasonable steps for the prevention and detection of error, fraud and other irregularities.

Approved by Foundation Governors and signed on its behalf by:

D G P Eyton
Chair of Foundation Governors (trustees)
22 March 2025

9 Independent auditor's report

Opinion

We have audited the financial statements of the Corporation (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 August 2024 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Corporation Balance Sheets, 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's and of the parent charity's affairs as at 31 August 2024 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the 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 group and parent 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 Governors' 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 Corporation'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 Governors 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 Report of the Governors, other than the financial statements and our auditor's report thereon. The Governors are responsible for the other information contained within the Report of the Governors. Our opinion on the financial statements does not cover the other information and 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 this gives rise to 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.

Matters on which we are required to report by exception

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

- the information given in the financial statements is inconsistent in any material respect with the Report of the Governors; or
- sufficient accounting records have not been kept; or
- the parent charity financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Governors

As explained more fully in the Governors' responsibilities statement, the Governors 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 Governors are responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Governors either intend to liquidate the Corporation 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 151 of the Charities Act 2011 and report in accordance with the Act and the relevant regulations made or having effect thereunder.

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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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:

- We obtained an understanding of the group and parent charity and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, sector research and application of cumulative audit knowledge and experience.
- We determined the principal laws and regulations relevant to the group and parent charitable company in this regard to be those arising from the Companies Act 2006, Charities Act 2011, Financial Reporting Standard 102, the Charities SORP and relevant employee legislation.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group and parent charity with those laws and regulations. These procedures included, but were not limited to enquiries of management, review of minutes and review of legal and regulatory correspondence.

9 Independent auditor's report

- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that there was a potential for management bias in the judgements in:
 - the recoverability of debtor balances. We addressed this through examination of post year end cash received, review of correspondence with debtors and discussion of recoverability with management.
 - the depreciation rate applied to tangible fixed assets, which we addressed through considering the useful economic life applied for the types of asset held, and re-performing the calculation to ensure it had been performed accurately in line with the stated policy.
 - the allocation of support costs against charitable activity categories. We addressed this through reviewing the method used for reasonableness, and re-performing the calculation to ensure it had been performed accurately in line with the stated method.
 - the assumptions within the defined benefit pension scheme liability. We addressed this through review of the actuary report prepared by management's expert, testing the reasonableness of inputs to their calculation, and challenging assumptions applied in the valuation.
 - relation to the classification of income as unrestricted or restricted. We addressed this through substantive sample testing, including review of source documentation to determine whether the income has been classified correctly under the Charities SORP.

As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

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

PKF Littlejohn LLP
Statutory Auditor
15 Westferry Circus
Canary Wharf
London E14 4HD

9 April 2025

PKF Littlejohn LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.



10 Financial statements

10.1 Consolidated statement of financial activities

Year ended 31 August 2024

		Income funds		Capital funds		2023/24	2022/23
	Notes	Unrestricted funds	Restricted funds	Expendable endowment	Permanent endowment	Total	Total
		£000	£000	£000	£000	£000	£000
Income and endowments from:							
Charitable activities							
School fees receivable	1	58,477	-	-	-	58,477	53,509
Ancillary trading income	2i	5,853	-	-	-	5,853	5,587
Charitable grants received	2ii	-	1,083	-	-	1,083	1,625
Voluntary sources							
Other charitable income	2iii	6,206	1,526	174	-	7,906	10,018
Tsunami income		-	22	-	-	22	-
Non-ancillary trading income	2iv	11,021	-	-	-	11,021	10,284
Other incoming resources	3	197	91	-	-	288	(265)
Investments							
Investment income	4	2,935	170	4	-	3,109	3,253
Total income		84,689	2,892	178	-	87,759	84,011
Expenditure on:							
Raising funds							
Fundraising costs		1,313	96	-	-	1,409	1,544
Non ancillary trading expenses	2iv	4,724	-	-	-	4,724	4,318
Finance costs	7	3,466	-	-	-	3,466	3,285
Investment management costs		592	-	4	53	649	493
		10,095	96	4	53	10,248	9,640
Charitable activities							
Teaching costs		28,349	-	-	-	28,349	26,462
Welfare costs		8,828	-	-	-	8,828	7,929
Premises costs		18,377	-	-	-	18,377	15,335
Support costs		7,871	22	-	-	7,893	6,553
Grants, awards and prizes	5iii	-	6,364	-	-	6,364	5,199
Other charitable projects		-	-	-	-	-	3
Ancillary trading expenses	2i	5,001	-	-	-	5,001	4,839
		68,426	6,386	-	-	74,812	66,320
Total expenditure		78,521	6,482	4	53	85,060	75,960
Net income/(expenditure) before transfers and investment gains/(losses)							
		6,168	(3,590)	174	(53)	2,699	8,051
Transfers between funds	8	(2,008)	2,556	(105)	(443)	-	-
Gains on investment assets	12	10,306	109	788	3,428	14,631	108
Net income/(expenditure)		14,466	(925)	857	2,932	17,330	8,159
Actuarial gain/(loss) on defined benefit pension scheme	20(c)	504	-	-	-	504	(822)
Net movement in funds		14,970	(925)	857	2,932	17,834	7,337
Balances at beginning of year		149,811	4,101	7,331	35,078	196,321	188,984
Balances at end of year		164,781	3,176	8,188	38,010	214,155	196,321

The Corporation has no gains or losses that are not shown above and all activities are continuing.
The 2023 consolidated statement of financial activities is shown at note 24.

The accounting policies and notes on pages 49 to 88 form part of these financial statements.

10.2 Balance sheet

At 31 August 2024

		Group		Corporation	
	Notes	2024 £000	2023 £000	2024 £000	2023 £000
Fixed assets					
Tangible fixed assets	9	169,586	153,233	169,578	153,233
Intangible assets	10	72	84	72	84
Investment properties	11	1,588	1,588	1,588	1,588
Investments	12	164,474	157,699	163,791	157,004
		335,720	312,604	335,029	311,909
Current asset investments		34	34	34	34
Stocks	13	287	314	244	217
Debtors	14	7,343	6,973	7,469	6,348
Cash at bank and in hand	15	984	6,356	728	5,822
		8,648	13,677	8,475	12,421
Creditors: amounts falling due within one year	16	(26,109)	(26,633)	(25,767)	(25,470)
Net current (liabilities)		(17,461)	(12,956)	(17,292)	(13,049)
Total assets less current (liabilities)		318,259	299,648	317,737	298,860
Creditors: amounts falling due after more than one year	17	(99,600)	(98,208)	(99,600)	(98,208)
Net assets before pension		218,659	201,440	218,137	200,652
Pension scheme liabilities	20	(4,504)	(5,119)	(4,504)	(5,121)
Net assets including pension scheme liabilities		214,155	196,321	213,633	195,531
Represented by:					
Capital funds					
Permanent endowment		38,010	35,078	38,010	35,078
Expendable endowment		8,188	7,331	8,188	7,331
		46,198	42,409	46,198	42,409
Income funds					
Restricted		3,176	4,101	2,795	3,649
Unrestricted		164,781	149,811	164,640	149,473
Total funds	21	214,155	196,321	213,633	195,531

The financial statements were approved and authorised for issue by the Foundation Governors on 22 March 2025 and were signed on their behalf by

D G P Eyton
Chair of the Foundation Governors (trustees)

The accounting policies and notes on pages 49 to 88 form part of these financial statements.

10.3 Consolidated cash flow statement

Year ended 31 August 2024

	Note	2023/24		2022/23	
		£000	£000	£000	£000
Net cash inflow from operating activities	(i)		18,644		14,252
Cash flows from investing activities					
Payments to acquire tangible fixed assets		(24,519)		(30,025)	
Sale proceeds of tangible fixed assets		141		590	
Payments to acquire investments		(27,059)		(16,744)	
Sale proceeds of investments		29,035		36,386	
(Increase)/decrease in cash held in investments		5,986		(2,996)	
Listed investment income		537		453	
Interest received		2,572		3,094	
Interest paid		(3,466)		(3,289)	
Net cash (outflow) from investing activities			(16,773)		(12,531)
Cash flow from financing activities					
Loans received		1,900		1,500	
Loan repayment		(206)		(1,114)	
Finance lease repayment		(1)		(6)	
Net cash inflow from financing activities			1,693		380
Increase in cash in the year			3,564		2,101
Made up as follows:					
Decrease in bank overdraft – unrestricted funds			8,936		64
Increase/(decrease) in other cash balances			(5,372)		2,037
Increase in unrestricted fund and other cash	(ii)		3,564		2,101
Reconciliation of net cash flow to movement in net funds					
Increase in cash in the year			3,564		2,101
Cash inflow resulting from decrease in net debt and lease financing			(1,693)		(380)
Other non-cash movement			1,187		(7)
Change in funds resulting from cash flows and movement in net funds in the year			3,058		1,714
Net funds at 1 September 2023			(95,333)		(97,047)
Net funds at 31 August 2024	(iii)		(92,275)		(95,333)

The accounting policies and notes on pages 49 to 88 form part of these financial statements.

10.3 Consolidated cash flow statement

Year ended 31 August 2024

		2023/24	2022/23	
		£000	£000	
(i) Net cash inflow from operating activities				
Net incoming resources		17,330	8,159	
Depreciation		7,027	5,744	
Amortisation of goodwill		12	11	
Decrease in stocks		27	86	
Increase in debtors		(370)	(363)	
Increase in creditors		6,576	274	
Increase in entry and part-fee deposits		1,221	856	
Decrease in liability for unfunded pensions		5	5	
FRS 102 credit before actuarial gains/losses		(615)	663	
Decrease in provision for other pension benefit arrangements		499	(827)	
Interest paid		3,466	3,289	
Interest received		(2,572)	(3,094)	
Investment income		(537)	(453)	
Gain on revaluation of investment assets		(14,631)	(112)	
Loss on disposal of fixed assets		(2)	7	
Impairment of investment		200	-	
Unwinding of bond discount		8	7	
Impairment of fixed asset		1,000	-	
		18,644	14,252	
(ii) Changes in cash and cash equivalents				
Analysis of balances				Change in year
		2023/24	2022/23	£000
		£000	£000	
Bank overdraft (see note 16)		(500)	(9,436)	8,936
Other cash balances (see note 15)		984	6,356	(5,372)
		484	(3,080)	3,564
(iii) Analysis of net funds – year ended 31 August 2024				
	As at beginning of year	Cash flow	Other non-cash changes	As at end of year
	£000	£000	£000	£000
Cash and cash equivalents				
Cash	6,356	(5,372)	-	984
Bank overdraft	(9,436)	8,936	-	(500)
	(3,080)	3,564	-	484
Borrowings				
Loans less than one year	(206)	206	(206)	(206)
Loans more than one year	(2,324)	(1,900)	1,706	(2,518)
Bond	(89,722)	-	(8)	(89,730)
Finance leases	(1)	1	(305)	(305)
	(92,253)	(1,693)	1,187	(92,759)
Total	(95,333)	1,871	1,187	(92,275)

10.3 Consolidated cash flow statement

Year ended 31 August 2024

(iv) Analysis of net funds – year ended 31 August 2023

	As at beginning of year £000	Cash flow £000	Other non-cash changes £000	As at end of year £000
Cash and cash equivalents				
Cash	4,319	2,037	-	6,356
Bank overdraft	(9,500)	64	-	(9,436)
	(5,181)	2,101	-	(3,080)
Borrowings				
Loans less than one year	(331)	331	(206)	(206)
Loans more than one year	(1,813)	(717)	206	(2,324)
Bond	(89,715)	-	(7)	(89,722)
Finance leases	(7)	6	-	(1)
	(91,866)	(380)	(7)	(92,253)
Total	(97,047)	1,721	(7)	(95,333)

10.4 Accounting policies

a) Basis of preparation and consolidation

These financial statements represent the activities of John Lyon School and Harrow School ("the Corporation schools"), together with its charitable funds (Corporation), consolidated with its trading subsidiaries – Harrow School Enterprises Limited ("HSEL"), Harrow International Schools Limited ("HISL") Harrow Educational Investments Limited ("HEIL") the Harrow Development Trust ("HDT") and the John Lyon School Development Trust ("JLSDT"). HEIL and JLSDT were dormant in 2023/24.

They are prepared in accordance with The Charities (Financial Statements and Reports) Regulations 2008, the Statement of Recommended Practice on Accounting and Reporting by Charities – the Charities' SORP (FRS 102) – and in accordance with applicable United Kingdom Financial Reporting and Accounting Standards. The financial statements are drawn up on the historical cost basis of accounting, as modified by the revaluation of investment properties and other investments.

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

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following the 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) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has been withdrawn.

b) Preparation of financial statements on a going concern basis

Having reviewed the funding facilities available to the Group together with the expected ongoing demand for places and the Group's future projected cash flows, the Governors have a reasonable expectation that the Group has adequate resources to continue its activities for at least 12 months from the date of approval of the financial statements and continue to adopt the going concern basis.

c) Statement of financial activities (SoFA)

The SoFA comprises the following:

Unrestricted funds

Harrow School – fees running costs, other income and direct charitable trading income and expenditure, and advanced fees.

John Lyon School – fees running costs, other income and John Lyon School scholarship funds.

HSEL – subsidiary company trading income and expenditure.

HISL – subsidiary company trading income and expenditure.

HDT – fundraising income less related costs.

Designated funds

Unrestricted funds set aside by the Governors for future use (including awards and capital projects).

Restricted funds

Income derived from restricted and endowed assets and donations made for restricted purposes (including capital projects, scholarships and related expenditure).

Expendable endowment funds

The J G Apcar Trust, the Bessborough Memorial Trust, the Harrow School Awards Fund and part of the Harrow Challenge Fund.

Permanent endowment funds

Harrow Awards Fund and
L C Wilson Scholarship Fund.

The Butler Memorial Trust.
School and Lyon Foundation, the Philathletic Trust, the Shepherd Churchill Bequest and part of the Harrow Challenge Fund.

The Harrow Challenge Fund comprises gifts and donations which are generally regarded as expendable endowment unless the donor specifically determines otherwise.

d) Income

All incoming resources are included in the SoFA when the Corporation is legally entitled to the income, after any performance conditions have been met, when the amount can be measured reliably and when it is probable that the income will be received.

Fees receivable, royalties, charges for services and use of premises are accounted for in the period in which the service is provided. Income and expenditure resulting from ancillary schools activities not covered by fees, where the school acts as principal through bearing the risks, is recognised when the cost is incurred or the trip takes place.

Income from grants and donations is recognised on receipt, unless there are conditions attached to the donation that require a level of performance before entitlement can be obtained. In this case income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the Corporation and it is probable that they will be fulfilled. The related gift aid on donations is accounted for when the related donation is received.

Legacy income is recognised when probate has been granted, there are sufficient assets in the estate to pay the legacy and that any conditions attached to the legacy are either in control of the charity or have already been met.

Donated assets are shown as a donation at market value upon receipt.

Income for the general purposes of the Corporation is credited to unrestricted funds. From time to time the Foundation Governors designate unrestricted funds for specific purposes. Donations and legacies subject to specific wishes of the donors are credited to relevant restricted funds or to endowed funds, if the amount is required to be held as permanent or expendable capital.

Gifts of funds for the purpose of providing for specific fixed assets are accounted for as restricted funds until expended. When expended, amounts equivalent to the relevant capital expenditure are transferred from the restricted funds to the unrestricted funds.

Investment income is earned through holding assets for investment purposes such as shares. It includes dividends, recognised when received and interest recognised on a receivable basis. Income from corporate bonds is accrued at the coupon rate.

e) Expenditure

All expenditure is accounted for on an accruals basis. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Expenditure is allocated to expense headings either on a direct cost basis or apportioned on appropriate bases. The cost of charitable activities includes all expenditure directly relating to the objects of the Corporation.

Support costs comprise administrative salaries and pension costs, office expenses, legal and professional fees and equipment rentals.

f) Investments

Investments are shown at their market values at the year end. Realised and unrealised gains and losses on the sale or revaluation of investments are accounted for in the appropriate fund in the SoFA.

g) Goodwill

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair value to the group's interest in the identifiable assets acquired.

Goodwill is amortised over its expected useful life, which is estimated to be ten years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the SoFA. No reversals of impairment are recognised.

h) Tangible fixed assets

Expenditure on land and buildings which, in the opinion of the Governors, has not enhanced their long-term value is charged to the SoFA. Expenditure on improvements and development to land and buildings which, in the opinion of the Governors, has enhanced their long-term value is capitalised. Expenditure on plant, equipment (including IT equipment) and furniture that is in excess of £5,000 per item, or group of items, is capitalised.

In respect of certain land and buildings occupied or used by the schools and other artefacts owned by the schools, some of which were acquired many years ago, the original cost is not readily ascertainable. In the opinion of the Governors, the cost of obtaining a reasonable estimate of original cost or current value to the schools would outweigh significantly the benefit to be derived from doing so. Accordingly, such assets are not included on the balance sheet. In addition, prior to 1997, where funds were donated for fixed assets, the amounts of the donations were offset against the cost of the relevant fixed assets. The original cost of these assets and the amounts of the donations are not readily ascertainable and the amounts shown on the balance sheet are stated on a net basis.

i) Investment properties

Certain properties, not used for the direct charitable purposes of the Corporation, are held as investment properties for the purpose of producing income for the Corporation. The investment properties are reviewed for impairment annually with a full revaluation every five years on the basis of market value as defined in the Appraisal and Valuation Standards as issued by the Royal Institute of Chartered Surveyors. The last valuation was undertaken as at 31 August 2022. Valuation gains and losses are shown on the SoFA. No depreciation is charged on investment properties.

j) Depreciation

Depreciation is provided for on tangible fixed assets, other than freehold land and investment properties, at rates calculated to write off the cost of each asset, less any estimated residual value, evenly over its expected useful life. The expected useful lives of the principal categories of asset are:

Freehold buildings	50 to 60 years
Minor capital projects	15 to 20 years
Astroturf sports pitches	10 to 40 years
Plant, equipment and furniture	4 to 20 years
IT equipment	4 years

Freehold land is stated at cost.

Depreciation on buildings under construction commences when the asset is available for use.

k) Stock

Stock is valued at the lower of cost and net realisable value.

l) Finance leases

Equipment and motor vehicles, which are the subject of finance leases, are classified within the financial statements as tangible assets with equivalent liabilities at what would otherwise have been the cost of outright purchase. These assets are depreciated over their expected useful lives, which generally correspond to the primary rental period. The interest element of lease payments is charged to the SoFA.

m) Operating leases

Rentals paid and payable under operating leases are charged to the SoFA.

n) Redundancy and termination costs

Redundancy and termination costs are recognised when there is a legal or constructive obligation that can be measured reliably, and it is probable that a payment will be made.

10.4 Accounting policies

o) Pensions and post-retirement benefit schemes

Defined contribution scheme

The pension cost charged to the SoFA represents the contributions payable by the Group under the rules of the Harrow Corporation Pension Scheme.

Defined benefit schemes

The Corporation contributes to the Teachers' Pension Scheme (the TPS), which is a defined benefit scheme, at rates set by the Government Actuary and advised to the Governors. The TPS is a multi-employer pension scheme and it is not possible to identify the assets and liabilities of the TPS, which are attributable to the Schools. In accordance with FRS 102, the TPS is therefore accounted for as a defined contribution scheme. Contributions to the TPS are charged to the SoFA as they become payable in accordance with the rules of the TPS.

The Corporation also runs a defined benefit pension scheme, the Harrow School Support Staff Pension Scheme (HSSSPS), for non-teaching staff, which has been closed to new entrants and to further accruals. The funds of the HSSSPS are administered by a separate Board of Trustees and are separate from the Corporation. An independent actuary completes a valuation every three years and based on the actuary's recommendations annual contributions are paid to the HSSSPS so as to secure the benefits set out in the rules.

The HSSSPS current service costs are charged to the SoFA within staff costs. The HSSSPS assets are measured at fair value at the balance sheet date. The HSSSPS liabilities are measured on an actuarial basis at the balance sheet date using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term to the scheme liabilities. The resulting defined benefit asset or liability is presented separately after other net assets on the face of the balance sheet. The net interest on the asset or liability, measured using the discount rate, is credited within other interest. The scheme actuarial gains and losses are recognised immediately as other recognised gains and losses.

p) Taxation

As at 31 August 2024, the Corporation as a registered charity is generally exempt from corporation tax but not from Value Added Tax (VAT). Irrecoverable VAT is included with the cost of those items to which it relates.

The Group's subsidiary trading companies, HSEL and HISL, are liable for overseas taxation and for corporation tax on taxable profits not paid to the Corporation as a qualifying donation under gift aid.

q) Financial instruments

The Group has financial assets and liabilities of a kind that qualify as basic financial instruments. These are initially recognised at transaction value and subsequently measured at their settlement value, as follows:

Cash:
Cash held
Debtors:
Settlement amount after any discounts
Creditors:
Settlement amount after any trade discounts
Loans and loan notes:
Amortised cost

10.5 Notes to financial statements
Year ended 31 August 2024

1. School fees receivable

	Harrow School £000	John Lyon School £000	2023/24 Total £000	2022/23 Total £000
Gross fees excluding bursaries	42,109	17,594	59,703	54,934
Fee remissions and awards	(258)	(968)	(1,226)	(1,425)
Unrestricted funds (note 5 iii)				
	41,851	16,626	58,477	53,509

2. Fundraising and trading activities

i.	Ancillary trading income	2023/24 £000	2022/23 £000
	Registration fees and non-refundable fee deposits	431	380
	Advanced fees income	-	1
	Other income	421	367
	Pupils' charges and school trips	5,001	4,839
		5,853	5,587
	Ancillary trading expenses		
	The Corporation		
	Pupils' charges and school trips	5,001	4,839
ii.	Charitable grants received	2023/24 £000	2022/23 £000
	Legacies	-	660
	Grants received from John Lyon's Charity		
	Harrow School	503	431
	John Lyon School	580	534
		1,083	1,625

2. Fundraising and trading activities (continued)

iii. Voluntary income received

Fundraising proceeds represent funds received mainly through HDT for scholarships and bursaries and to assist in the funding of capital expenditure at Harrow School.

HDT incoming resources for the year amounted to £7,918,000 (2022/23 – £9,914,000), which included donations received of £22,000 (2022/23 – £Nil) to support projects in Sri Lanka following the 2004 tsunami; outgoing resources expended totalled £8,534,000 (2022/23 – £10,010,000). Net (outgoing) resources for the year were (£534,000) (2022/23 – (£113,000)).

Fundraising proceeds in the SoFA comprise

	2023/24 £000	2022/23 £000
HDT	7,896	9,914
John Lyon School	10	104
	7,906	10,018

iv. Non-ancillary trading activities

Non-ancillary trading income

	2023/24 £000	2022/23 £000
The Corporation, rental income	273	277
HSEL (excluding intra group sales)	3,342	3,028
HISL	7,406	6,979
	11,021	10,284

Non-ancillary trading expenses

	2023/24 £000	2022/23 £000
HSEL		
Cost of sales	2,685	2,502
Administration expenses	130	102
HISL		
Administration expenses	982	737
Overseas taxation	927	977
	4,724	4,318

2. Fundraising and trading activities (continued)

iv. Non-ancillary trading activities (continued)

The summarised results of the Corporation's two trading subsidiaries, HSEL and HISL, are set out on the following pages.

HSEL

The principal activity of this company is non-charitable trading for the Group. The company pays all of its post-tax income to the Corporation as a qualifying donation under gift aid arrangements, subject to having distributable reserves. Its trading results, extracted from its audited financial statements, which are included in the unrestricted funds column in the SoFA, were:

	2023/24 £000	2022/23 £000
Turnover	3,342	3,084
Cost of sales	(2,685)	(2,502)
Gross profit	657	582
Administration expenses	(131)	(102)
Operating profit	526	480
Qualifying donation to the Corporation	(259)	-
Profit for the financial year	267	480

Amounts above are included within the relevant unrestricted categories in the SoFA.

The net assets of the company at the year end were £2 (2023 – net liabilities £267,585).

10.5 Notes to financial statements

Year ended 31 August 2024

2. Fundraising and trading activities (continued)

iv. Non-ancillary trading activities (continued)

HISL

The principal activity of the company is to enter into licensing or other arrangements with those operating or managing overseas international schools bearing the Harrow name, to monitor their compliance with such agreements, and to receive royalties and fees arising from them. The company pays all of its post-tax income to the Corporation as a qualifying donation under gift aid arrangements. Its trading results, extracted from its audited financial statements, which are included in the unrestricted funds column in the SoFA, were:

	2023/24 £000	2022/23 £000
Turnover	7,406	6,979
Administration expenses	(982)	(737)
Overseas taxation	(927)	(977)
Profit before taxation	5,497	5,265
Qualifying donation to the Corporation	(5,497)	(5,265)
Profit for the financial year	-	-

Amounts above are included within the relevant unrestricted categories in the SoFA.

The net assets of the company at the year ends were £1,000.

3. Other incoming resources

	2023/24 £000	2022/23 £000
Profit/(loss) on disposal of fixed assets	2	(590)
Other income	195	237
Subscription income	91	88
	288	(265)

10.5 Notes to financial statements

Year ended 31 August 2024

4. Investment income

	2023/24 £000	2022/23 £000
Income from restricted funds		
Investment income – scholarships and bursaries	174	159
	174	159
Income from unrestricted funds		
Interest receivable	2,572	2,800
Investment income – scholarships and bursaries	363	294
	2,935	3,094
Total investment income receivable	3,109	3,253

10.5 Notes to financial statements

Year ended 31 August 2024

5 i. Group analysis for the year ending 31 August 2024

	Harrow School £000	John Lyon School £000	HSEL £000	HISL £000	HDT £000	2023/24 Total £000
Income						
School fees receivable	41,852	16,625	-	-	-	58,477
Ancillary trading	4,831	1,022	-	-	-	5,853
Other charitable	503	580	-	-	-	1,083
Voluntary	-	10	-	-	7,896	7,906
Non-ancillary trading	198	75	3,342	7,406	-	11,021
Other	269	19	-	-	-	288
Investments	3,109	-	-	-	-	3,109
Tsunami	-	-	-	-	22	22
Total income	50,762	18,331	3,342	7,406	7,918	87,759
Expenditure						
Fundraising	-	126	-	-	1,283	1,409
Non-ancillary trading	-	-	2,815	1,909	-	4,724
Finance	3,163	303	-	-	-	3,466
Investment management	646	3	-	-	-	649
Teaching	19,254	9,095	-	-	-	28,349
Welfare	7,833	995	-	-	-	8,828
Premises	15,162	3,215	-	-	-	18,377
Support	5,433	2,460	-	-	-	7,893
Grants awards and prizes	5,776	588	-	-	-	6,364
Ancillary trading	4,193	808	-	-	-	5,001
Total expenditure	61,460	17,593	2,815	1,909	1,283	85,060
Net income	(10,698)	738	527	5,497	6,635	2,699
Transfers, investment gains and losses						
Transfers between entities	12,479	527	(259)	(5,497)	(7,250)	-
Gain on investment assets	14,033	517	-	-	81	14,631
Actuarial gain on defined benefit pension	504	-	-	-	-	504
Total	27,016	1,044	(259)	(5,497)	(7,169)	15,135
Balance at beginning of the year	178,004	17,535	(268)	1	1,049	196,321
Balance at 31 August 2024	194,322	19,317	-	1	515	214,155

10.5 Notes to financial statements

Year ended 31 August 2024

5 i. Group analysis for the year ending 31 August 2023

	Harrow School £000	John Lyon School £000	HSEL £000	HISL £000	HDT £000	JLSDT* £000	2022/23 Total £000
Income							
School fees receivable	38,488	15,021	-	-	-	-	53,509
Ancillary trading	4,635	952	-	-	-	-	5,587
Other charitable	1,091	534	-	-	-	-	1,625
Voluntary	-	104	-	-	9,914	-	10,018
Non-ancillary trading	166	55	3,084	6,979	-	-	10,284
Other	146	(411)	-	-	-	-	(265)
Investments	3,253	-	-	-	-	-	3,253
Total income	47,779	16,255	3,084	6,979	9,914	-	84,011
Expenditure							
Fundraising	-	143	-	-	1,401	-	1,544
Non-ancillary trading	-	-	2,604	1,714	-	-	4,318
Finance	3,066	219	-	-	-	-	3,285
Investment management	489	3	-	-	1	-	493
Teaching	17,827	8,635	-	-	-	-	26,462
Welfare	7,102	827	-	-	-	-	7,929
Premises	12,291	3,044	-	-	-	-	15,335
Support	4,388	2,165	-	-	-	-	6,553
Grants awards and prizes	4,666	533	-	-	-	-	5,199
Other charitable projects	-	-	-	-	3	-	3
Ancillary trading	4,118	721	-	-	-	-	4,839
Total expenditure	53,947	16,290	2,604	1,714	1,405	-	75,960
Net income	(6,168)	(35)	480	5,265	8,509	-	8,051
Transfers, investment gains and losses							
Transfers between entities	13,401	508	-	(5,265)	(8,609)	(35)	-
Gain on investment assets	193	(68)	-	-	(17)	-	108
Actuarial loss on defined benefit pension	(822)	-	-	-	-	-	(822)
Total	12,772	440	-	(5,265)	(8,626)	(35)	(714)
Balance at beginning of the year	171,400	17,130	(748)	1	1,166	35	188,984
Balance at 31 August 2023	178,004	17,535	(268)	1	1,049	-	196,321

* JLSDT was dormant in 2023/24

10.5 Notes to financial statements

Year ended 31 August 2024

5 ii. Analysis of total resources expended

	Staff costs	Other	Depreciation & impairment	2023/24 Total
	£000	£000	£000	£000
Raising funds				
Fundraising costs	988	421	-	1,409
Trading expenses	2,447	2,275	2	4,724
Finance costs (see note 7)	-	3,466	-	3,466
Investment management costs	-	649	-	649
	3,435	6,811	2	10,248
Charitable expenditure				
Teaching	24,502	3,847	-	28,349
Welfare	5,131	3,697	-	8,828
Premises	4,559	5,793	8,025	18,377
Support	4,899	2,994	-	7,893
Grants, awards and prizes	-	6,364	-	6,364
Ancillary trading expenses	-	5,001	-	5,001
	39,091	27,696	8,025	74,812
Total resources expended	42,526	34,507	8,027	85,060

	Staff costs	Other	Depreciation & impairment	2022/23 Total
	£000	£000	£000	£000
Raising funds				
Fundraising costs	971	573	-	1,544
Trading expenses	2,067	2,249	2	4,318
Finance costs (see note 7)	-	3,285	-	3,285
Investment management costs	-	493	-	493
	3,038	6,600	2	9,640
Charitable expenditure				
Teaching	22,917	3,545	-	26,462
Welfare	4,371	3,558	-	7,929
Premises	4,348	5,245	5,742	15,335
Support	4,339	2,214	-	6,553
Grants, awards and prizes	-	5,199	-	5,199
Other charitable projects	-	3	-	3
Ancillary trading expenses	-	4,839	-	4,839
	35,975	24,603	5,742	66,320
Total resources expended	39,013	31,203	5,744	75,960

10.5 Notes to financial statements

Year ended 31 August 2024

5. iii. Analysis of grants, awards and prizes

	Harrow School £000	John Lyon School £000	2023/24 Total £000	2022/23 Total £000
Awards from unrestricted funds (see note 1):				
Scholarships	-	220	220	187
Means-tested bursaries	-	461	461	766
Other awards	258	287	545	472
	258	968	1,226	1,425
Awards from restricted funds:				
Scholarships	502	-	502	453
Means-tested bursaries	4,733	588	5,321	4,358
Prizes and other awards	541	-	541	388
	5,776	588	6,364	5,199
Total grants, awards and prizes	6,034	1,556	7,590	6,624

6. Employees and key management

	Harrow School £000	John Lyon School £000	HSEL £000	HISL £000	HDT £000	2023/24 Total £000
Wages and salaries	23,802	8,365	1,446	675	765	35,053
Social security costs	2,440	857	129	81	91	3,598
Teachers' pension scheme	2,548	1,011	-	-	16	3,575
Support staff pension scheme	17	-	-	-	-	17
Harrow corporation pension scheme	549	333	87	24	19	1,012
Death in service benefit	74	17	4	1	-	96
Unfunded pension costs	10	-	-	-	-	10
Transfer to capital projects	(835)	-	-	-	-	(835)
	28,605	10,583	1,666	781	891	42,526

	Harrow School £000	John Lyon School £000	HSEL £000	HISL £000	HDT £000	2022/23 Total £000
Wages and salaries	21,605	7,846	1,332	434	765	31,982
Social security costs	2,215	842	121	52	86	3,316
Teachers' pension scheme	2,183	1,053	-	-	17	3,253
Support staff pension scheme	17	-	-	-	-	17
Harrow corporation pension scheme	659	125	81	43	22	930
Death in service benefit	76	16	3	2	-	97
Unfunded pension costs	10	-	-	-	-	10
Transfer to capital projects	(592)	-	-	-	-	(592)
	26,173	9,882	1,537	531	890	39,013

10.5 Notes to financial statements

Year ended 31 August 2024

6. Employees and key management (continued)

Average number of employees during the year	2023/24	2022/23
Harrow School and John Lyon School:		
Teaching	212	212
Teaching support	71	78
Estates	110	107
Domestic	113	112
Bursary and other administration	77	75
HSEL	18	20
HDT	8	7
HISL	7	5
	—	—
	616	616

The Foundation Remuneration Committee considers the remuneration of the Officers and other senior employees of the Corporation.

The number of employees across the Group whose emoluments (gross pay plus benefits in kind), excluding employer's pension contributions, exceeded £60,000 was:

	2023/24	2022/23
£ 60,001 - £ 70,000	54	43
£ 70,001 - £ 80,000	37	33
£ 80,001 - £ 90,000	21	23
£ 90,001 - £100,000	24	13
£100,001 - £110,000	7	9
£110,001 - £120,000	6	3
£120,001 - £130,000	3	2
£130,001 - £140,000	-	2
£140,001 - £150,000	2	-
£170,001 - £180,000	1	-
£220,001 - £230,000	1	-
£230,001 - £240,000	1	1
£240,001 - £250,000	-	1
£260,001 - £270,000	-	2
£270,001 - £280,000	1	-
£290,001 - £300,000	1	-
£310,001 - £320,000	1	-
£320,001 - £330,000	-	1

Pension contributions to defined contribution schemes of £311,000 (2022/23 – £211,000) were made for 41 (2022/23 – 27) higher paid employees during the year. Contributions were made to defined benefit pension schemes for 151 (2022/23 – 100) higher paid employees during the year.

Total employee benefits payable (gross pay plus benefits in kind plus employer pension and national insurance contributions) to key management personnel were £2,172,000 (2022/23 – £1,921,000). The 2022/23 comparative figure has been restated to reflect a change in the definition of key management personnel.

Redundancy and termination payments, net of recoveries from insurance, totalled £449,000 (2022/23 – £14,000).

10.5 Notes to financial statements

Year ended 31 August 2024

7. Total resources expended

	2023/24 £000	2022/23 £000
This is stated after charging/(crediting):		
Auditor's remuneration		
For the audit of the Corporation	58	56
For the audit of other group entities	34	33
For tax compliance	36	35
For other services	19	5
For the audit of the defined benefit pension scheme	12	11
Depreciation & impairment (see note 9)	8,027	5,744
Amortisation (see note 10)	12	13
Operating lease rentals	184	150
Change in pension scheme liabilities excluding actuarial (loss)/gain (see note 20 (i) c))	(113)	(159)
	—	—
Interest and finance costs payable:		
Overdrafts and bank loans repayable within 5 years not by instalments	225	139
Finance leases	1	1
	—	—
	226	140
Bond interest payable	2,680	2,680
Other interest payable	294	270
	—	—
Total interest payable	3,200	3,090
Bank charges	12	16
Pension commitments – net finance costs (see note 20 (i) c))	254	179
	—	—
Total finance costs	3,466	3,285

10.5 Notes to financial statements

Year ended 31 August 2024

8. Transfers between funds

	Unrestricted £000	Restricted £000	Expendable endowment £000	Permanent endowment £000
i.	(105)	105	-	-
ii.	(872)	1,567	(105)	(590)
iii.	447	(447)	-	-
iv.	(80)	-	-	80
v.	-	(67)	-	67
vi.	(1,398)	1,398	-	-
Total	(2,008)	2,556	(105)	(443)

- i. Transfer of gross fee income in Harrow School from unrestricted to restricted income by Governors' resolution for scholarships and bursaries.

An additional transfer may arise where the aggregate of the annual transfer, the net unrestricted income from endowed and designated funds and the income generated through donations and the Harrow International Schools' transfer is insufficient to meet the expenditure committed to bursaries and scholarships.

- ii. Income transferred to restricted funds under the total return policy (see note 12 iii).
- iii. Donations received to fund capital projects transferred from restricted to unrestricted funds.
- iv. Transfer to compensate the permanent endowment for school use of residential property.
- v. Other transfers relate to income from the Harrow Challenge and Harrow Awards Funds.
- vi. Transfer of funds allocated to bursaries (including from HISL).

10.5 Notes to financial statements

Year ended 31 August 2024

9. Tangible fixed assets

Cost	Group			Corporation		
	Freehold land and buildings £000	Plant, equipment and furniture £000	Total £000	Freehold land and buildings £000	Plant, equipment and furniture £000	Total £000
At 1 September 2023	190,414	25,762	216,176	190,291	25,559	215,850
Additions	21,607	2,912	24,519	21,607	2,912	24,519
Disposals	(135)	(2,349)	(2,484)	(135)	(2,349)	(2,484)
At 31 August 2024	211,886	26,325	238,211	211,763	26,122	237,885
Depreciation						
At 1 September 2023	48,907	14,036	62,943	48,776	13,841	62,617
Charge for the year	4,718	2,309	7,027	4,716	2,319	7,035
Impairment of asset	1,000	-	1,000	1,000	-	1,000
Released on disposals	-	(2,345)	(2,345)	-	(2,345)	(2,345)
At 31 August 2024	54,625	14,000	68,625	54,492	13,815	66,307
Net book value						
At 31 August 2024	157,261	12,325	169,586	157,271	12,307	169,578
At 31 August 2023	141,507	11,726	153,233	141,515	11,718	153,233

All tangible fixed assets represented above are held for use by the Corporation, HSEL or HDT

- I. Freehold land and buildings include £36,535,000 (2022/23 – £35,976,000) for buildings under construction.
- II. Residential properties included above at a net book value of £2,166,000 (2022/23 – £2,228,000) are charged as contingent assets in a security agreement with the HSSSPS.
- III. The net book value of capitalised finance leases at the year end was £305,000 (2022/23 – £2,000)
- IV. Following careful consideration, the refurbishment of certain mixed-use properties purchased during 2020/21 has been postponed. A valuation was obtained for the properties that resulted in the assets, which are held at cost, being impaired by £1,000,000.

10.5 Notes to financial statements

Year ended 31 August 2024

10. Intangible assets

Goodwill Group and Corporation	2024 £000	2023 £000
Cost		
At 1 September 2023	117	117
Addition	-	-
At 31 August 2024	117	117
Amortisation		
At 1 September 2023	33	20
Charge for the year	12	13
At 31 August 2024	45	33
Net book value		
At 31 August 2024	72	84
At 31 August 2023	84	97

Goodwill relates to the Corporation’s purchase of the assets and trade of Quainton Hall School from Wallsingham College (Affiliated Schools) Limited on 6 November 2020. The goodwill is being amortised over ten years.

The Corporation acquired the assets of Quainton Hall School for £3,650,000 of which £1,350,000 has been deferred to be paid over five years with the first payment on 6 November 2021. The balance due at the year end was £540,000 (2022/23 – £810,000).

The purchase price included £3,340,000 for the land and buildings, £193,000 for fixtures and fittings, and £117,000 for goodwill. The goodwill related to growth expectations, cost synergies and expected future profitability.

10.5 Notes to financial statements

Year ended 31 August 2024

11. Investment properties

Group and Corporation	2023/24 £000		
Balance at beginning of year			1,588
Movement in year			-
Balance at end of year			1,588
	At beginning of year £000	Movement £000	At end of year £000
Attributed to:			
Unrestricted	516		516
Endowed -expendable endowment	77	-	77
-permanent endowment	995	-	995
	1,588	-	1,588

The investment properties are fully revalued every five years on the basis of market value as defined in the Appraisal and Valuation Standards as issued by the Royal Institute of Chartered Surveyors. The last full revaluation was undertaken at 31 August 2022 by Stimpsons Chartered Surveyors.

	2022/23 £000		
Balance at beginning of year			2,048
Transfer to fixed assets			(460)
Balance at end of year			1,588
	At beginning of year £000	Movement £000	At end of year £000
Attributed to:			
Unrestricted	976	(460)	516
Endowed -expendable endowment	77	-	77
-permanent endowment	995	-	995
	2,048	(460)	1,588

10.5 Notes to financial statements

Year ended 31 August 2024

12. Fixed asset investments

Group	Unrestricted funds £000	Restricted funds £000	Expendable endowed funds £000	Permanent endowed funds £000	Total £000
Listed					
Opening market value excluding cash	113,484	1,071	5,917	29,194	149,666
Additions	23,721	49	808	2,787	27,365
Disposal proceeds	(26,057)	(140)	(106)	(2,732)	(29,035)
Realised gains/(losses)	(1,561)	42	10	25	(1,484)
Unrealised gains/(losses)	11,867	67	778	3,403	16,115
Market value at end of year	121,454	1,089	7,407	32,677	162,627
Cash at stockbrokers at beginning of year	6,053	(3)	810	973	7,833
Movement in year	(4,917)	-	(627)	(442)	(5,986)
Cash with investment managers at end of year	1,136	(3)	183	531	1,847
Unlisted					
Opening balance	200	-	-	-	200
Impairment	(200)	-	-	-	(200)
Unlisted at end of year	-	-	-	-	-
At end of year	122,590	1,086	7,590	33,208	164,474
At beginning of year	119,737	1,068	6,727	30,167	157,699

10.5 Notes to financial statements

Year ended 31 August 2024

12. Fixed asset investments (continued)

Corporation	Unrestricted funds £000	Restricted funds £000	Expendable endowed funds £000	Permanent endowed funds £000	Total £000
Listed					
Opening market value excluding cash	113,627	233	5,917	29,194	148,971
Additions	23,725	-	808	2,787	27,320
Disposal proceeds	(26,057)	-	(106)	(2,732)	(28,895)
Realised gains/(losses)	(1,562)	27	10	25	(1,500)
Unrealised gains/(losses)	11,867	-	778	3,403	16,048
Market value at end of year	121,600	260	7,407	32,677	161,944
Cash at stockbrokers at beginning of year	6,053	(3)	810	973	7,833
Movement in year	(4,917)	-	(627)	(442)	(5,986)
Cash with investment managers at end of year	1,136	(3)	183	531	1,847
Unlisted					
Opening balance	200	-	-	-	200
Impairment	(200)	-	-	-	(200)
Unlisted at end of year	-	-	-	-	-
At end of year	122,736	257	7,590	33,208	163,791
At beginning of year	119,880	230	6,727	30,167	157,004

10.5 Notes to financial statements

Year ended 31 August 2024

12. Fixed asset investments (continued)

i. Investment portfolios

At 31 August 2024, unrestricted fund investments principally comprised investments in corporate bonds, Harrow School Designated Fund and John Lyon School Scholarship Fund. Their cost was £118,692,000 (2022/23 – £123,237,000).

At 31 August 2024, restricted fund investments consisted of investments with a cost of £607,000 (2022/23 – £622,000).

At 31 August 2024, expendable endowed fund investments comprised of part of the Harrow Awards Fund, the J G Apar Trust and part of the Harrow Challenge Fund. The cost of those investments was £6,761,000 (2022/23 – £6,512,000).

At 31 August 2024, the cost of investments, all of which are listed on the UK and other recognised Stock Exchanges, in the permanent endowment funds were as follows:

	2023/24 £000	2022/23 £000
School and Lyon Foundation	2,807	2,562
Shepherd Churchill Bequest	5,069	4,905
Scholarship Funds comprising L C Wilson and Harrow Awards Fund	14,316	14,697
Harrow Challenge Fund	4,269	4,131
Foundation Awards	2,454	2,461
	<u>28,915</u>	<u>28,756</u>

ii. Significant holdings

At 31 August 2024 the following investments were considered material in the context of the investment portfolios:

	Group %	Corporation %
Cazenove charity multi asset fund	17.8	17.5
Vanguard total world stock ETF USD	15.9	15.9
Cash	5.6	5.6

iii. Application of the power of total return – permanent endowed funds

In January 2006, the Charity Commission made an order permitting the Corporation to adopt total return investment powers in relation to its permanent endowment in the form of the Commission's model order. The Governors resolved to implement the Order in a limited form with effect from 1 April 2006. Under the policy adopted by the Governors, up to 4% of the value of the fund at the previous balance sheet date may be withdrawn in the following financial year.

10.5 Notes to financial statements

Year ended 31 August 2024

12. Fixed asset investments (continued)

iii. Application of the power of total return (continued)

With effect from 1 September 2014 the Governors elected to amend the policy and apply the order to the full value of the Harrow Awards Fund and the L C Wilson Bequest, having previously limited the order to 20% of the value at 1 April 2006 as referred to above. The amended policy also reduced the amount available to be applied in the following financial year to 3.75 % of the average of the total fund value on a rolling three-year basis.

With effect from 1 September 2017 the Governors elected to apply the total return policy to distributions from the Foundation Awards Fund.

Movements in the total return funds in the period:

	Harrow Awards Funds £000	L C Wilson Bequest £000	Foundation Awards Fund £000	Total £000
Opening valuation at 1 September 2023	12,875	2,338	2,673	17,886
Changes in year				
Investment return – income	169	-	-	169
Investment management charge	(12)	(1)	(2)	(15)
Investment return				
– realised/unrealised gains and (losses)	1,378	275	314	1,967
Cash withdrawn	(499)	(93)	(103)	(695)
Net return for the year	1,036	181	209	1,426
Closing valuation at 31 August 2024	<u>13,911</u>	<u>2,519</u>	<u>2,882</u>	<u>19,312</u>

Statement of unapplied total return

Opening valuation at 1 September 2023	5,151	886	212	6,249
Net return for the year	1,036	181	209	1,426
Unapplied total return as at 31 August 2024	<u>6,187</u>	<u>1,067</u>	<u>421</u>	<u>7,675</u>

	Harrow Awards Fund £000	L C Wilson Bequest £000	Foundation Awards Fund £000	Total £000
Amount available for distribution				
Investment valuation at 31 August 2022	13,106	2,479	2,717	18,302
Investment valuation at 31 August 2023	12,875	2,338	2,673	17,886
Investment valuation at 31 August 2024	<u>13,911</u>	<u>2,519</u>	<u>2,882</u>	<u>19,312</u>
Three year average	13,297	2,445	2,757	18,500
Amount available for distribution – year ending 31 August 2025	<u>499</u>	<u>92</u>	<u>103</u>	<u>694</u>

10.5 Notes to financial statements

Year ended 31 August 2024

12. Fixed asset investments (continued)

iv. Application of the power of total return – expendable endowed funds

With effect from 1 September 2017 the Foundation Governors elected to apply the total return policy to distributions from the Harrow Challenge Expendable Awards Fund.

Amount available for distribution

	Harrow Challenge Expendable Endowed Fund £000
Investment valuation at 31 August 2022	2,771
Investment valuation at 31 August 2023	2,612
Investment valuation at 31 August 2024	2,813
Three year average	2,732

Amount available for distribution – year ending 31 August 2025	102

v. Application of the power of total return – designated funds

The Foundation Governors have also elected to apply the total return policy, as set out in note 12iii, to the Harrow School Designated Awards Fund.

Amount available for distribution

	Harrow School Designated Awards Fund £000
Investment valuation at 31 August 2022	23,035
Investment valuation at 31 August 2023	24,232
Investment valuation at 31 August 2024	27,329
Three year average	24,865

Amount available for distribution – year ending 31 August 2025	932

i. Overall portfolio structure

At 31 August 2024 the structure of the total portfolio was as follows:

	Group %	Corporation %
Gilts/UK fixed interest	42.0	42.1
Global funds	26.5	26.6
Charity multi asset funds	19.6	19.3
Cash	5.5	5.6
UK equities	3.7	3.7
Hedge funds	2.7	2.7
Total	100.0	100.0

10.5 Notes to financial statements

Year ended 31 August 2024

12. Fixed asset investments (continued)

vii. HSEL

The Corporation owns 100% of the issued ordinary share capital of HSEL, a company registered in England. The shares in HSEL are included in unrestricted funds in the financial statements at a cost of £2.

viii. HISL

The Corporation owns 100% of the issued ordinary share capital of HISL, a company registered in England. The shares in HISL are included in unrestricted funds in the financial statements at a cost of £1.

ix. HEIL

The Corporation owns 100% of the issued ordinary share capital of HEIL, a company registered in England. The shares in HEIL are included in unrestricted funds in the financial statements at a cost of £1. The Company was incorporated on 2 July 2021 and has been dormant since that date.

13. Stocks

	Group		Corporation	
	2024 £000	2023 £000	2024 £000	2023 £000
Works department	64	58	64	58
Other stocks	223	256	180	159
	287	314	244	217

14. Debtors

	Group		Corporation	
	2024 £000	2023 £000	2024 £000	2023 £000
Fees, recharges and extras	509	548	509	548
Amounts owed by group undertakings	-	-	3,733	3,011
Tax recoverable	-	43	-	43
Accrued interest on corporate bonds	975	990	975	990
Other debtors and prepayments	5,859	5,392	2,252	1,756
	7,343	6,973	7,469	6,348

A deed of mortgage was created on 4 December 1999 by HSEL securing all monies due or to become due from the Company to the Corporation.

10.5 Notes to financial statements

Year ended 31 August 2024

15. Cash at bank and in hand

	Group		Corporation	
	2024 £000	2023 £000	2024 £000	2023 £000
Unrestricted	968	6,318	711	5,784
Restricted	16	38	17	38
	<u>984</u>	<u>6,356</u>	<u>728</u>	<u>5,822</u>

16. Creditors: amounts falling due within one year

	Group		Corporation	
	2024 £000	2023 £000	2024 £000	2023 £000
Bank overdrafts	500	9,436	500	9,436
Fees received in advance	13,327	6,234	13,327	6,234
Other taxes and social security	1,026	980	1,026	980
Amounts due to suppliers	1,589	1,262	1,482	1,061
Accruals	3,439	4,138	3,438	4,120
Other creditors	1,899	1,810	1,093	866
Development loans	206	206	206	206
Entry deposits	1,057	872	1,057	872
Part fee deposits	1,010	1,147	1,010	1,147
Retention	1,767	277	1,767	277
Finance leases	19	1	19	1
Deferred consideration	270	270	270	270
Amounts owed to group undertakings	-	-	572	-
	<u>26,109</u>	<u>26,633</u>	<u>25,767</u>	<u>25,470</u>

The bank overdraft is a short-term Lombard facility with EFG International, which is secured on investments.

17. Creditors: amounts falling due after more than one year

	Group		Corporation	
	2024 £000	2023 £000	2024 £000	2023 £000
Bond	89,730	89,722	89,730	89,722
Entry deposits	5,572	4,919	5,572	4,919
Part fee deposits	1,224	703	1,224	703
Development loans	618	824	618	824
Amounts owed to HDT	-	-	1,900	1,500
Other loans	1,900	1,500	-	-
Deferred consideration	270	540	270	540
Finance leases	286	-	286	-
	<u>99,600</u>	<u>98,208</u>	<u>99,600</u>	<u>98,208</u>

10.5 Notes to financial statements

Year ended 31 August 2024

17. Creditors: amounts falling due after more than one year (continued)

Bonds

The Corporation entered into a 40-year bond issue for £40 million with The Prudential Insurance Company of America that closed and funded on 11 February 2019, due for repayment on 11 August 2059. Interest at 3.3% per annum is computed on the basis of a 30/360-day year and payable semi-annually on 11 February and 11 August. The costs of issuing the bond are amortised over its remaining period and deducted from the principal sum raised.

A further 40-year bond issued for £50 million was entered into with The Prudential Insurance Company of America, Prudential Legacy Insurance Company of New Jersey, and Prudential Annuities Life Assurance Corporation. This bond issue closed and was funded on 18 June 2021 and is due for repayment on 20 June 2061. Interest at 2.7% per annum is computed on the basis of a 30/360-day year and payable semi-annually on 18 December and 18 June. The costs of issuing the bond are amortised over its remaining period and deducted from the principal sum raised.

Development loans

On 1 August 2008, the Corporation entered into a 20-year unsecured term loan of £4.7m with Santander UK plc to finance redevelopment at John Lyon School. Under the terms of this loan, there were no capital repayments during the first three years. On 1 August 2008, £3.5m of the loan was drawn down and the applicable interest rate for this element fixed at 5.8% for the loan period, payable quarterly. The outstanding balance on this loan at 31 August 2024 was £0.82m.

On 29 July 2011, the remaining £1.2m of the loan was drawn down. The applicable interest rate for this element was fixed at 4.37% for the loan period. On 9 May 2023, the balance of £0.37m on this element of the loan drawn down from Santander plc was repaid.

On 27 September 2011, the Corporation entered into a 17-year unsecured term loan of £0.8m with National Westminster Bank plc. Payments of capital and interest commenced on 30 April 2012 and interest was fixed at 4.95% for the loan period. On 3 May 2023, the balance of £0.3m on the loan with National Westminster Bank plc was repaid.

	2024 £000	2023 £000
Amounts repayable within one year	206	206
Amounts repayable between two and five years	618	824
Amounts repayable after five years	-	-
	<u>824</u>	<u>1,030</u>

Corporation: amounts owed to HDT

HDT has entered in to loan arrangements with third parties, which are unsecured and interest-free. The Corporation has entered in to loan arrangements with HDT correspondingly and therefore owes the same amounts to HDT (see note 17, page 74).

	2024 £000	2023 £000
Amounts repayable within one year	-	-
Amounts repayable between two and five years	1,900	1,500
Amounts repayable after five years	-	-
	<u>1,900</u>	<u>1,500</u>

10.5 Notes to financial statements

Year ended 31 August 2024

18. Operating lease commitments

Group and Corporation

As at 31 August 2024, the minimum total lease payments to which the Corporation is committed under non-cancellable operating leases (plant and equipment) are:

	2024 £000	2023 £000
Expiring within one year	184	107
Expiring within two to five years	326	334
Expiring more than five years	-	-
	<u>510</u>	<u>441</u>

19. Capital commitments

Group and Corporation

At 31 August 2024, capital works contracted for amounted to £18,808,000 (2023/23 - £23,991,000).

	2024 £000	2023 £000
Commitments within one year	14,972	15,027
Commitments over one year	3,836	8,964
	<u>18,808</u>	<u>23,991</u>

10.5 Notes to financial statements

Year ended 31 August 2024

20. Pension liabilities

Group and Corporation

Pension scheme liabilities are summarised as follows:

	2024 £000	2023 £000
Non-teaching staff defined benefit scheme	4,394	5,004
Other benefit arrangements	110	115
	<u>4,504</u>	<u>5,119</u>
Total pension liability	4,504	5,119
	<u>(615)</u>	<u>663</u>
Total (decrease)/increase in liability (see 20(i) c)	(615)	663

(i) Non-teaching staff defined benefit scheme – HSSSPS

HSSSPS, a scheme for eligible non-teaching staff, who are all employed by the Corporation but work on the activities of either Harrow School, John Lyon School, HSEL, HDT or the Harrow Association, provides benefits based on final pensionable pay. Salary and related costs, including pension costs, are allocated to the relevant schools or entities. The assets of the HSSSPS are held separately from those of each entity, being invested with an insurance company (AXA Sun Life) and Cazenove Capital Management Limited. Contributions to the HSSSPS are charged to the SoFA of the School, the Trust and the Association, and the profit and loss account of HSEL so as to spread the cost of pensions over employees' working lives. The HSSSPS was closed to new entrants on 13 June 2003 and closed to future accrual on 30 April 2017.

Actuarial valuations are carried out triennially for funding purposes, using the attained age method, the most recently available being dated 31 August 2021. The main assumptions were a discount rate before and after retirement set by reference to the RiskFirst Gilt curve, RPI inflation set by reference to the RiskFirst RPI Gilt inflation curve, CPI inflation of RPI minus 0.8% and pension increase assumptions for revalued deferred pensions before retirement of CPI limited to 5% and pension increases in payment of 3% for pre- and post-88 GMP, 5% for pre-2001 and index-linked increase with RPI limited to 5% for post-2001. The demographic assumptions used the AC00 table for pre-retirement and 104% and 95% of the SP2A tables for males and females for post-retirement.

The actuarial valuation of the HSSSPS as at 31 August 2021 revealed that the statutory funding objective was not met i.e. there were insufficient assets to cover the scheme's technical provisions and there was a funding shortfall of £7,773,000. The HSSSPS's trustees have resolved to return the funding level to 100% by 2038. As a consequence, the Foundation Governors committed to extend the current annual deficit recovery programme agreed in the 2018 valuation by five years to 30 September 2038, with payments rising by 3% per annum from 2021/22 until September 2038.

The scheme contributions paid for the year were £406,000 (2022/23 – £394,000). The expected scheme contributions for the year ending 31 August 2025 are estimated at £418,000.

Financial Reporting Standard (FRS) 102 – retirement benefits

An annual actuarial valuation is carried out for the purpose of compliance with FRS 102 and was updated to 31 August 2024 by an independent qualified actuary. As required by FRS 102, the defined benefit liabilities have been measured using the attained age method. The assets and liabilities include the value of pensions in payment, the majority of which are secured with insured annuities.

10.5 Notes to financial statements

Year ended 31 August 2024

20. Pension liabilities (continued)

Group and Corporation

(i) Non-teaching staff – defined benefit scheme (continued)

The amounts recognised in the balance sheet are as follows:

	2024 £000	2023 £000
Present value of obligations	(18,165)	(17,973)
Fair value of plan assets	13,771	12,969
	<u> </u>	<u> </u>
Scheme deficit	(4,394)	(5,004)
	<u> </u>	<u> </u>
a) Changes in the present value of the scheme obligations:		
Opening defined benefit obligation	17,973	20,413
Past service costs	(10)	-
Interest cost	933	864
Actuarial loss/(gain) (excluding assets)	9	(2,644)
Benefits paid	(740)	(660)
	<u> </u>	<u> </u>
Defined benefit obligations at the end of the year	18,165	17,973
	<u> </u>	<u> </u>
b) Changes in the fair value of the scheme assets are as follows:		
Opening fair value of scheme assets	12,969	16,077
Interest income on scheme assets	679	685
Return on assets excluding interest income	511	(3,466)
Employer contributions	406	394
Benefits paid	(740)	(670)
Scheme administration cost	(54)	(51)
	<u> </u>	<u> </u>
Fair value of scheme assets at the end of the year	13,771	12,969
	<u> </u>	<u> </u>
c) The amounts included in the Statement of Financial Activities are as follows:		
Interest income on scheme assets	(679)	(685)
Interest on pension liabilities	933	864
	<u> </u>	<u> </u>
Net finance cost (see note 7)	254	179
	<u> </u>	<u> </u>
Current service cost	54	51
Past service costs	(10)	-
Contributions paid	(406)	(394)
	<u> </u>	<u> </u>
FRS 102 credit before actuarial gains/losses	(108)	(164)
(Decrease)/increase in other benefit arrangements	(5)	5
	<u> </u>	<u> </u>
Total debit/(credit) to SoFA (see note 7)	(113)	(159)
	<u> </u>	<u> </u>
FRS 102 actuarial (gains)/losses	(504)	822
Movement in non-consolidated Foundation entity liability	2	-
	<u> </u>	<u> </u>
(Decrease)/increase in liability	(615)	663
	<u> </u>	<u> </u>

10.5 Notes to financial statements

Year ended 31 August 2024

20. Pension liabilities (continued)

Group and Corporation

(i) Non-teaching staff – defined benefit scheme (continued)

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

	2024 %	2023 %
Fixed interest and liability driven investment	44	40
Cash and other	5	3
Equities and properties	16	19
Insured annuities	9	11
Diversified grants and funds	26	27
	<u> </u>	<u> </u>

The overall expected rate of return on the scheme assets is determined by reference to yields available on government bonds, corporate bonds, bank base rates and incorporating appropriate risk margins where appropriate.

	2024 £000	2023 £000
Actual return on the scheme assets in the year	1,136	(2,832)
	<u> </u>	<u> </u>

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

	2024 %	2023 %
Inflation assumption (RPI)	3.0	3.3
Inflation assumption (CPI)	2.5	2.7
Discount rate	5.0	5.3
Rate of increase in salaries	4.0	4.3
Future LPI pension increases	3.0	3.3

Assumed life expectations on retirement at age 65:

Retiring today – males	21.2	21.4
Retiring today – females	28.9	24.0
Retiring in 20 years – males	22.8	23.0
Retiring in 20 years – females	25.4	25.5

f) The amounts for the current and previous periods are as follows:

	2024 £000	2023 £000	2022 £000	2021 £000	2020 £000
Present value of obligations	(18,165)	(17,973)	(20,413)	(31,093)	(30,938)
Fair value of plan assets	13,771	12,969	16,077	22,276	20,954
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Scheme deficit	(4,394)	(5,004)	(4,336)	(8,817)	(9,984)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Experience adjustment on scheme assets	(511)	3,466	6,277	(1,582)	687
Percentage of scheme assets	3.7%	-26.7%	-38.7%	7.1%	3.3%
Experience adjustment on scheme liabilities	9	(2,644)	(10,521)	602	(506)
Percentage of scheme liabilities	0.0%	14.7%	51.5%	1.9%	1.6%
Cumulative scheme actuarial losses	(5,072)	(5,574)	(4,752)	(9,046)	(10,026)

10.5 Notes to financial statements

Year ended 31 August 2024

20. Pension liabilities (continued)

Group and Corporation

(ii) Other benefit arrangements

Harrow School has other benefit arrangements comprising:

- unfunded provision of benefits to masters and other staff who retired prior to 1982;
- unfunded provision of benefits to masters in the period between their retirement at 62 and the point at which they become entitled to a state pension. This element of the unfunded arrangement is closed to new entrants.

The value of the unfunded liability arising from these arrangements at 31 August 2024 was updated by an independent qualified actuary on an FRS102 basis. The movements on the provision required to meet the future liabilities arising under the arrangements are as follows:

	2024 £000	2023 £000
Provision at beginning of year	115	120
Decrease in provision	(5)	(5)
Provision at end of year	110	115
After more than one year	110	115

(iii) Teachers' Pension Scheme

The Schools participate in the Teachers' Pension Scheme ("the TPS") for teaching staff. The pension charge for the year includes contributions payable to the TPS of £3,598,000 (2022/2023 – £3,316,000) and at the year-end £318,000 (2022/2023 – £260,000) was accrued in respect of contributions to TPS.

The TPS is an unfunded multi-employer defined benefits pension scheme governed by The Teachers' Pensions Regulations 2010 (as amended) and The Teachers' Pension Scheme Regulations 2014 (as amended). Members contribute on a "pay as you go" basis with contributions from members and the employer being credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The employer contribution rate is set by the Secretary of State following scheme valuations undertaken by the Government Actuary's Department. The most recent actuarial valuation of the TPS was prepared as at 31 March 2020 and the Valuation Report was published in October 2023.

Following the McCloud judgement, the remedy proposed that when benefits become payable, eligible members can select to receive them from either the reformed or legacy schemes for the period 1 April 2015 to 31 March 2022. The actuaries have assumed that members are likely to choose the option that provides them with the greater benefits, and in preparing the 2020 valuation has valued the 'greater value' benefits for groups of relevant members.

The employer contribution rate for the TPS is 28.6%, and employers are also required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 28.68%.

(iv) Other defined contribution schemes

A defined contribution scheme known as the Harrow Corporation Pension Scheme is offered to eligible employees. The amount recognised in the SoFA for the year was £1,029,000 (2022/23 – £947,000). The expected Scheme contributions for the year ending 31 August 2025 are estimated at £1,555,000.

10.5 Notes to financial statements

Year ended 31 August 2024

21. Allocation of consolidated net assets for the year ended 31 August 2024

The net assets at 31 August 2024 are held for the various funds as follows:

Capital Funds	Tangible fixed assets £000	Investment properties £000	Investments £000	Net current assets/ (liabilities) £000	Long term liabilities £000	Total £000
Permanent endowment						
General						
School and Lyon Foundation incl the Philathletic Trust *	3,341	10	3,096	330	-	6,777
Harrow School Endowment Fund	-	985	-	-	-	985
Shepherd Churchill Bequest *	-	-	5,814	(14)	-	5,800
Butler Memorial Trust	19	-	96	279	-	394
Awards						
Harrow Awards Fund *	-	-	13,911	(22)	-	13,889
L C Wilson Bequest	-	-	2,519	-	-	2,519
Foundation Awards	-	-	2,882	(108)	-	2,774
Harrow Challenge	-	-	4,890	(18)	-	4,872
	3,360	995	33,208	447	-	38,010
Expendable endowment						
J G Apar Trust *	301	77	-	1	-	379
Harrow Challenge	-	-	2,813	22	-	2,835
Harrow Awards	-	-	4,777	197	-	4,974
	301	77	7,590	220	-	8,188
Total capital funds	3,661	1,072	40,798	667	-	46,198
Income funds						
Restricted						
Harrow	-	-	-	3,450	-	3,450
JLS	-	-	260	152	-	412
Subsidiaries	-	-	826	388	(1,900)	(686)
	-	-	1,086	3,990	(1,900)	3,176
Unrestricted						
Designated						
Harrow Awards	-	-	27,189	(4,154)	-	23,035
JLS	-	-	4,864	558	-	5,422
Awards	-	-	-	(132)	-	(132)
Other	-	-	-	(117)	-	(117)
Bond	-	-	83,931	-	(89,730)	(5,799)
General						
Harrow	145,718	516	6,606	(20,335)	(5,347)	127,158
JLS	20,273	-	-	331	(7,127)	13,477
Subsidiaries	6	-	-	1,731	-	1,737
	165,997	516	122,590	(22,118)	(102,204)	164,781
Total income funds	165,997	516	123,676	(18,128)	(104,104)	167,957
Total funds	169,658	1,588	164,474	(17,461)	(104,104)	214,155

10.5 Notes to financial statements

Year ended 31 August 2024

21. Allocation of consolidated net assets for the year ended 31 August 2024

The movement in reserves for the various funds for the year ended 31 August 2024 are as follows:

Capital Funds	Balance brought forward	Income	Expenditure	Gains and losses	Transfers	Balance carried forward
	£000	£000	£000	£000	£000	£000
Permanent endowment						
General						
School and Lyon Foundation incl the Philathletic Trust *	6,389	-	(2)	310	80	6,777
Harrow School Endowment Fund	985	-	-	-	-	985
Shepherd Churchill Bequest *	5,188	-	(3)	615	-	5,800
Butler Memorial Trust	377	-	-	17	-	394
Awards						
Harrow Awards Fund *	12,756	-	(12)	1,472	(327)	13,889
L C Wilson Bequest	2,338	-	(1)	275	(93)	2,519
Foundation Awards	2,687	-	(2)	192	(103)	2,774
Harrow Challenge	4,358	-	(33)	547	-	4,872
	35,078	-	(53)	3,428	(443)	38,010
Expendable endowment						
Harrow Challenge	2,634	-	(2)	308	(105)	2,835
J P Apcar Trust *	405	-	-	(26)	-	379
Other	4,292	178	(2)	506	-	4,974
	7,331	178	(4)	788	(105)	8,188
Total capital funds	42,409	178	(57)	4,216	(548)	46,198
Income funds						
Restricted						
Harrow	3,915	2,165	(5,773)	587	2,556	3,450
JLS	399	679	(694)	28	-	412
Subsidiaries	(213)	48	(8)	(513)	-	(686)
	4,101	2,892	(6,475)	102	2,556	3,176
Unrestricted						
Designated						
Harrow Awards	19,713	-	-	3,322	-	23,035
JLS	4,809	-	(10)	489	134	5,422
Awards	(182)	-	-	922	(872)	(132)
Other	(116)	-	-	(1)	-	(117)
Bond	(8,350)	-	-	2,551	-	(5,799)
General						
Harrow	120,021	49,556	(55,812)	1,523	11,870	127,158
JLS	12,322	18,180	(16,891)	-	(134)	13,477
Subsidiaries	1,594	16,953	(5,815)	2,011	(13,006)	1,737
	149,811	84,689	(78,528)	10,817	(2,008)	164,781
Total income funds	153,912	87,581	(85,003)	10,919	548	167,957
Total funds	196,321	87,759	(85,060)	15,135	-	214,155

10.5 Notes to financial statements

Year ended 31 August 2024

21. Allocation of consolidated net assets (continued)

* The Shepherd Churchill Bequest, the Butler Memorial Trust, the J G Apcar Trust, the Harrow Awards Fund and the Philathletic Trust are separate and legally distinct charities subject to a Uniting Direction issued by the Charities Commission under s96 (5) of the Charities Act 1993, dated 25 August 2004.

Assets forming the Philathletic Trust comprise land known as the Cricket Ground, the Bessborough Ground and part of Churchfields, combined with property from the Bessborough Memorial Trust. The original value of the bequest is not known and no current value is placed upon it. Assets of the Trust also included investments which were consolidated with the School & Lyon Foundation many years ago. It is not possible to identify the investments within that fund that form part of the Philathletic Trust.

Assets of the Butler Memorial Trust include the football fields following the amalgamation of the original Football Fields Trust and the Reverend Henry Montagu Butler DD Memorial Football Fields Trust under a 1988 Scheme. The original value of the land bequests is not known and no current value is placed upon the land. Income from investments that can still be identified as belonging to the Trust is deployed wholly in the maintenance of sports facilities in line with the original intention of the benefactors.

The transactions for the year to 31 August 2024 of the other charities referred to, included in the SoFA and Balance Sheet, are as follows:

	Shepherd Churchill Bequest	Harrow Awards Fund	Butler Memorial Trust	J G Apcar Trust
	£000	£000	£000	£000
Investments				
Additions	-	2,628	-	-
Disposals	(4)	(2,526)	-	-
Investment income	-	-	-	-
Realised gain	-	6	-	-
Unrealised gains	615	1,472	17	-
Net movement in cash held for investment	1	445	-	-
Investment properties				
Rental income	-	-	-	1

In addition to the above Uniting Direction, the assets of the Harrow Land Trust comprise land currently occupied by a farm and a golf course at Harrow School, the original value of which is not known and no current value is placed upon it.

10.5 Notes to financial statements

Year ended 31 August 2024

21. Allocation of consolidated net assets for the year ended 31 August 2023

The net assets at 31 August 2023 were held for the various funds as follows:

Capital funds	Tangible fixed assets £000	Investment properties £000	Investments £000	Net current assets/ (liabilities) £000	Long term liabilities £000	Total £000
Permanent endowment						
General						
School and Lyon Foundation including the Philathletic Trust *	3,421	10	2,623	335	-	6,389
Harrow School Endowment Fund	-	985	-	-	-	985
Shepherd Churchill Bequest *	-	-	5,203	(15)	-	5,188
Butler Memorial Trust	21	-	77	279	-	377
Awards						
Harrow Awards Fund *	-	-	12,863	(107)	-	12,756
L C Wilson Bequest	-	-	2,338	-	-	2,338
Foundation Awards	-	-	2,687	-	-	2,687
Harrow Challenge	-	-	4,376	(18)	-	4,358
	3,442	995	30,167	474	-	35,078
Expendable endowment						
J G Apcar Trust *	302	77	-	26	-	405
Harrow Challenge	-	-	2,612	22	-	2,634
Harrow Awards	-	-	4,115	177	-	4,292
	302	77	6,727	225	-	7,331
Total capital funds	3,744	1,072	36,894	699	-	42,409
Income funds						
Restricted						
Harrow	-	-	-	3,915	-	3,915
JLS	-	-	233	166	-	399
Subsidiaries	-	-	835	452	(1,500)	(213)
	-	-	1,068	4,533	(1,500)	4,101
Unrestricted						
Designated						
Harrow	-	-	24,232	(4,519)	-	19,713
JLS	-	-	4,144	665	-	4,809
Masterplan	-	-	-	-	-	-
Awards	-	-	-	(182)	-	(182)
Other	-	-	-	(116)	-	(116)
Bond	-	-	81,372	-	(89,722)	(8,350)
General						
Harrow	129,246	516	9,989	(14,477)	(5,253)	120,021
JLS	20,327	-	-	(1,153)	(6,852)	12,322
Subsidiaries	-	-	-	1,594	-	1,594
	149,573	516	119,737	(18,188)	(101,827)	149,811
Total income funds	149,573	516	120,805	(13,655)	(103,327)	153,912
Total funds	153,317	1,588	157,699	(12,956)	(103,327)	196,321

10.5 Notes to financial statements

Year ended 31 August 2024

21. Allocation of consolidated net assets for the year ended 31 August 2023

The movement in reserves for the various funds for the year ended 31 August 2023 are as follows:

Capital funds	Balance brought forward £000	Income £000	Expenditure £000	Gains and losses £000	Transfers £000	Balance carried forward £000
Permanent endowment						
General						
School and Lyon Foundation incl the Philathletic Trust *	6,359	-	(4)	(46)	80	6,389
Harrow School Endowment Fund	985	-	(29)	29	-	985
Shepherd Churchill Bequest *	5,293	-	-	(105)	-	5,188
Butler Memorial Trust	377	-	-	-	-	377
Awards						
Harrow Awards Funds *	13,142	-	(12)	(37)	(337)	12,756
L C Wilson Bequest	2,479	-	(2)	(47)	(92)	2,338
Foundation Awards	2,717	-	(2)	73	(101)	2,687
Harrow Challenge	4,447	-	(3)	(86)	-	4,358
	35,799	-	(52)	(219)	(450)	35,078
Expendable endowment						
Harrow Challenge	2,793	-	(2)	(52)	(105)	2,634
J P Apcar Trust *	403	1	-	1	-	405
Other	4,183	178	(2)	(67)	-	4,292
	7,379	179	(4)	(118)	(105)	7,331
Total capital funds	43,178	179	(56)	(337)	(555)	42,409
Income funds						
Restricted						
Harrow	5,549	626	(4,658)	2,885	(487)	3,915
JLS	424	646	(668)	(3)	-	399
Subsidiaries	1,248	1,442	(4)	(2,899)	-	(213)
	7,221	2,714	(5,330)	(17)	(487)	4,101
Unrestricted						
Designated						
Harrow Awards	19,393	-	-	320	-	19,713
JLS	4,194	36	(6)	(64)	649	4,809
Masterplan	(1,443)	60	(3,446)	4,829	-	-
Awards	(182)	-	-	809	(809)	(182)
Other	(116)	-	-	-	-	(116)
Bond	(9,382)	-	-	1,032	-	(8,350)
General						
Harrow	113,855	45,471	(45,783)	(9,264)	15,742	120,021
JLS	12,546	15,573	(15,616)	468	(649)	12,322
Subsidiaries	(280)	19,978	(5,723)	1,510	(13,891)	1,594
	138,585	81,118	(70,574)	(360)	1,042	149,811
Total income funds	145,806	83,832	(75,904)	(377)	555	153,912
Total funds	188,984	84,011	(75,960)	(714)	-	196,321

21. Allocation of consolidated net assets (continued)

The transactions for the year to 31 August 2023 of the other charities referred to, included in the SoFA and balance sheet, are as follows:

	Shepherd Churchill Bequest	Harrow Awards Fund	Butler Memorial Trust	J G Aparcar Trust
	£000	£000	£000	£000
Investments				
Additions	-	1,804	-	-
Disposals	(5)	(2,128)	-	-
Investment income	-	-	-	-
Realised losses	-	43	-	-
Unrealised gains	(103)	75	-	24
Net movement in cash held for investment	2	(25)	-	-
Investment properties				
Rental income	-	-	-	(1)

22. Indemnity insurance

Professional Indemnity and Governors' liability insurance is purchased by the Corporation's Schools. The insurance is in respect of claims arising from any negligent act, error or omission committed in good faith and covers Governors and Corporation staff.

The cost of the insurance amounted to £10,000 (2022/23 – £9,000).

23. Related party transactions

- i. John Lyon's Charity made grants for bursaries in the year at Harrow School of £503,000 (2022/23 – £431,000) and at John Lyon School of £580,000 (2022/23 – £534,000) to enable pupils resident in the beneficial area of John Lyon's Charity to attend the schools, who would not be able to do so without that financial support. These grants are aimed at providing wider access to education at the schools and are consistent with the Founder's original intention for the application of his endowment. Grants have also been made by John Lyon's Charity to other independent schools in the beneficial area for bursary support. The Corporation is the trustee of John Lyon's Charity.
- ii. One former Governor, J P Batting, who retired on 31 December 2022, is a partner in XPS Pensions. Under the terms of a contract for services, the firm provides a triennial valuation for the non-teaching staff pension scheme (HSSSPS) and advice on the pension scheme liabilities arising from this and other benefit arrangements. Payment to XPS Pensions in the year amounted to £130,000 (2022/23 – £122,000).
- iii. Two Governors were employed as Directors during the year by HISL. The costs to the Corporation relating to these two named Directors, including remuneration and national insurance, were: M L Mrowiec – £129,000 (2022/23 – £117,000), A D Hart – £72,000 (2022/23 – £67,000).
- iv. Apart from the arrangements noted above, neither the Governors nor the Board of Governors nor persons connected with them received any remuneration or other benefits from the schools or any connected organisation. Travel expenses of £4,000 (2022/23 – £3,000) were paid to four (2022/23 – four) Governors during the year.
- v. In 2021, the Corporation made an investment of £200,000 in Intellego Education Limited (IEL). IEL seeks to help schools maximise their potential by delivering education outcomes. The son of a Governor, G W J Goodfellow, is a Director of IEL. Following careful consideration, the Corporation has written down this investment to nil in 2023/24.
- vi. Governors made voluntary donations to the Corporation of £83,000 (2022/23 £214,000).

23. Related party transactions (continued)

Transactions with subsidiaries during the year, together with the outstanding balances at the year end are detailed below. The transactions include payments for the provision of staff and administrative services.

Related party transactions for the year ended 31 August 2024

	Income	Expenditure	Debtor balance	Creditor balance
	£000	£000	£000	£000
HSEL	332	(685)	317	-
HISL	5,497	(37)	2,771	-
HDT	7,250	(81)	(244)	(1,900)

Related party transactions for the year ended 31 August 2023

	Income	Expenditure	Debtor balance	Creditor balance
	£000	£000	£000	£000
HSEL	317	(761)	426	-
HISL	5,265	(15)	2,561	-
HDT	9,109	(122)	24	(1,500)

10.5 Notes to financial statements

24. Consolidated statement of financial activities for the year ended 31 August 2023

	Notes	Income funds		Capital funds		Total
		Unrestricted funds	Restricted funds	Expendable endowment	Permanent endowment	
		£000	£000	£000	£000	£000
Income and endowments from:						
Charitable activities						
School fees receivable	1	53,509	-	-	-	53,509
Ancillary trading income	2i	5,587	-	-	-	5,587
Charitable grants received	2ii	660	965	-	-	1,625
Voluntary sources						
Other charitable income	2iii	8,337	1,502	179	-	10,018
Non-ancillary trading income	2iv	10,284	-	-	-	10,284
Other incoming resources	3	(353)	88	-	-	(265)
Investments						
Investment income	4	3,094	159	-	-	3,253
Total income		81,118	2,714	179	-	84,011
Expenditure on:						
Raising funds						
Fundraising costs	2iv	1,435	109	-	-	1,544
Non ancillary trading expenses	7	4,318	-	-	-	4,318
Finance costs		3,285	-	-	-	3,285
Investment management costs		436	1	4	52	493
		9,474	110	4	52	9,640
Charitable activities						
Teaching costs		26,462	-	-	-	26,462
Welfare costs		7,929	-	-	-	7,929
Premises costs		15,335	-	-	-	15,335
Support costs		6,535	18	-	-	6,553
Grants, awards and prizes	5iii	-	5,199	-	-	5,199
Other charitable projects		-	3	-	-	3
Ancillary trading expenses	2i	4,839	-	-	-	4,839
		61,100	5,220	-	-	66,320
Total expenditure		70,574	5,330	4	52	75,960
Net income/(expenditure) before transfers and investment gains/(losses)		10,544	(2,616)	175	(52)	8,051
Transfers between funds		1,042	(487)	(105)	(450)	-
(Losses)/gains on investment assets		462	(17)	(118)	(219)	108
Net income/(expenditure)		12,048	(3,120)	(48)	(721)	8,159
Actuarial (loss)/gain on defined-benefit pension scheme	20	(822)	-	-	-	(822)
Net movement in funds		11,226	(3,120)	(48)	(721)	7,337
Balances at beginning of year		138,585	7,221	7,379	35,799	188,984
Balances at end of year		149,811	4,101	7,331	35,078	196,321



Appendix 1

Glossary of terms

The Corporation

A charity comprising Harrow School and John Lyon School ("the Schools")

The Group

The Corporation and three principal entities, namely Harrow International Schools Limited, Harrow Development Trust and Harrow School Enterprises Limited

Consolidated and consolidation

The presentation in this annual report of the financial statements of the Corporation and the Group combined

The Foundation

John Lyon's Foundation, which comprises the Corporation and Group and a separate legal entity and charity, John Lyon's Charity. The Corporation is sole trustee of John Lyon's Charity

Governors and Foundation Governors

The appointed members of the governing body of the Corporation

Trustees

The Governors and Foundation Governors acting in their capacity as charity trustees of the Corporation

Endowments

Bequests of assets to the Corporation which must either be retained (permanent) or can be used (expendable)

Trust or trusts

May refer in the financial statements to charities linked to the Corporation or to funds, either of which hold expendable or permanent endowment for the Corporation

Fundraising

Activities undertaken principally by Harrow Development Trust to support Harrow School

Statement of financial activities (SoFA)

The summary of the financial performance of the Corporation in reporting period (2023/24)

The Charter

The principal founding document of the Corporation

Objects

The precise charitable aims of the Corporation as set out in the Charter

Appendix 2

Contact information

Harrow School
Harrow International Schools Limited
Harrow School Enterprises Limited
Harrow Development Trust

5 High Street
Harrow on the Hill
Middlesex
HA1 3AP

John Lyon School

Middle Road
Harrow on the Hill
Middlesex
HA2 0HN

Part of



JOHN LYON'S
FOUNDATION

Accounts

**THE KEEPERS AND GOVERNORS OF THE POSSESSIONS
REVENUES AND GOODS OF THE FREE GRAMMAR SCHOOL OF
JOHN LYON**

**REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 AUGUST 2023**

CHARITY NUMBER: 310033

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Introduction

The Keepers and Governors of the Possessions Revenues and Goods of the Free Grammar School of John Lyon, within the town of Harrow-on-the-Hill was established by Royal Charter granted by Elizabeth I to John Lyon on 19 February 1572 and later incorporated by statute (referred to as the **"Corporation"**). The Corporation is a registered charity, number 310033.

The Corporation comprises of Harrow School (an independent boarding school for boys) and The John Lyon School (an independent co-educational day school) and has three wholly-owned subsidiary trading companies.

- Harrow School is an independent boarding school for boys, while The John Lyon School is a co-educational independent day school.
- Harrow International School Limited, which licenses Harrow School's brand for use by partners internationally.
- Harrow School Enterprises Limited, which makes use of the Corporation's assets when not required by its schools and sub-licences the use of the Harrow name nationally.
- Harrow Educational Investments Limited, which is used for commercial projects.

The Corporation controls the membership of The Harrow Development Trust, a separate fundraising charity (charity number 296097), raising funds for the development of facilities and bursaries at Harrow School. Appropriations from the Harrow Development Trust to Harrow School are made periodically. In accordance with the Statement of Recommended Practice, Accounting and Reporting by Charities, the Harrow Development Trust is treated as a subsidiary charity of the Corporation and its Financial Statements are consolidated within the Corporation's Financial Statements.

The Corporation is also the trustee of John Lyon's Charity, a separate grant giving charity, benefitting children and young people who live in nine London Boroughs in North and West London. The John Lyon's Charity registered charity number is 237725.

The entities are collectively known as "John Lyon's Foundation" (named after the founder) and are governed by the members of the Corporation (referred to as the **"Foundation"**).

Consolidated Financial Statements

These Financial Statements of the Corporation comprise the activities of Harrow School and The John Lyon School, together with its charitable funds, its trading subsidiaries - Harrow School Enterprises Limited (**"HSEL"**), Harrow International Schools Limited (**"HISL"**) and Harrow Educational Investments Limited (**"HEIL"**) – and The Harrow Development Trust (**"HDT"**) and The John Lyon School Development Trust (**"JLSDT"**).

**THE KEEPERS AND GOVERNORS OF THE POSSESSIONS
REVENUES AND GOODS OF THE FREE GRAMMAR
SCHOOL OF JOHN LYON**

GOVERNORS

Members and Officers

The current members or trustees (referred to as Governors) of the Corporation and those who served during the year ended 31 August 2023 and up to the date of this report are:

		Nominated by:
Chairman		
Appointed 1 January 2023	D G P Eyton CBE MA FIOM ³ FIOD FRENG	
Retired 31 December 2022	J P Batting MA FFA	
Chairman, The John Lyon School Board of Governors		
Retired 31 August 2023	G W J Goodfellow KC MA LLM C G T Stonehill MA J M P D Stroyan Mrs M S Brounger LLB A C Goswell BSc MRICS	Lord Chief Justice
Deputy Chairman and Chairman, General Purposes Committee		
Retired 21 April 2023	The Hon A Butler KC MA D J C Faber MA R T G Winter CBE BA FCA A D Hart LLB FRSA Mrs C M Oulton MA PGCE Professor D J Payne MChem DPhil J P J Glover BA Sir J R Symonds CBE BA FCA Mrs H R Mould MA RGN Professor A D'Angour MA PhD ARCM M L Mrowiec MA C Gallagher MA MSc Vice Admiral J P Kyd CBE BSc PGDip N J Enright MA MBA NPQH Dr S V Rawal PhD	The Royal Society
Appointed 1 September 2022	L J Halligan MPhil BSc	Masters
Appointed 26 November 2022	Dr D A Taylor MBBS BSc MD FRCP	
Appointed 26 November 2022	M C Wallace BCom	
Appointed 16 March 2024	Mrs S A Huang MA MSc PGCE	
Appointed 25 November 2023	J C Seppala BA	

Officers

Head Master, Harrow School	W M A Land MA FLS FSB
Bursar, Harrow School	J M Wood JP BA
Head, The John Lyon School	R K Hardy PGCE MA MEd
Chief Operating Officer, The John Lyon School	Cdr G R Mawdsley RN MA
Clerk to the Governors and General Counsel	The Hon A C Millett MA
Chief Financial and Commercial Officer, John Lyon Foundation	D H Curley MA MBA CPFA

Addresses

Harrow School

5 High Street
Harrow-on-the-Hill
Middlesex HA1 3HP

The John Lyon School

Middle Road
Harrow-on-the-Hill
Middlesex HA2 0HN

Advisers

Principal Bankers

National Westminster Bank plc
Harrow Town Centre Branch
315 Station Road
Harrow
Middlesex HA1 2AD

Independent Auditors

PKF Littlejohn LLP
Statutory Auditors
15 Westferry Circus
Canary Wharf
London E14 4HD

Principal Solicitors

Cripps LLP
2nd Floor
80 Victoria Street
London SW1E 5JL

Principal Investment Advisers

Cambridge Associates Ltd
62 Buckingham Gate
London SW1E 6AJ

Cazenove Capital Management
1 London Wall Place
London EC2Y 5AU

Actuaries

XPS Pensions
11 Strand
London WC2N 5HR

Charity Number

310033

CONSTITUTION

The Corporation's constitution is contained in the original Elizabethan Charter (setting out its objects) and under governing statutes made pursuant to the Public Schools Act 1868 (as amended) and subsequent statutes made with the approval of His Majesty in Council, the latest of which was with the approval of Her Majesty in Council adopted by Governors on 8 June 2016.

Charitable Objects

The Charter is in Latin and a translation of the material parts of the objects are as follows:

"Whereas our beloved subject, John Lyon, of Preston, within the Parish of Harrow-on-the-Hill ... hath purposed in his mind a certain Grammar School ... to erect, found, and for ever to establish for the perpetual education teaching and instruction of Children and Youth of the said Parish ... We therefore ... do will, grant and ordain ... that for ever hereafter there be and shall be one Grammar School in the Village of Harrow-on-the-Hill ... which shall be called the Free Grammar of John Lyon, for the bringing up, teaching and instruction of Children and Youth in Grammar, for all time hereafter coming ..."

The recent 450th anniversary of Harrow School's foundation and the upcoming 150th anniversary (in 2027) of the opening of The John Lyon School prompted the Governors to reflect on the activities of the Corporation and to conduct a thorough review of its operations as it shapes its future.

A key outcome of that review was that the Governors identified a need to update the Corporation's historical objects using clearer and more modern form of language and restate them in the governing statutes. A public consultation was held in July 2023 and was followed in the current 2023/24 financial year with an application to the Court (approved by the Charity Commission) which was made on 9 November 2023.

The Corporation has established and administers bursaries, and acts as the trustee and manager of property, endowments, bequests and gifts given or established in pursuance of these objects.

The Governors remain mindful of the Corporation's charitable obligations committing to provide public benefit and have given due consideration to the requirements of the Charities Act 2011 (as amended) and the guidance produced by the Charity Commission.

GOVERNANCE AND MANAGEMENT

Governance

The statutes provide for the governance of the Corporation, as follows:

The maximum number of Governors is restricted to twenty-five, of whom up to twenty-three are elected by the members of the Corporation. This group is expected to include a representative from each of Oxford and Cambridge Universities and the Royal Society, who are selected by the Governors. Two other Governors are nominated respectively by the Lord Chief Justice and the Head Master and the Masters of Harrow School. All Governors are elected for an initial term of five years and are eligible for re-election for a maximum of two further consecutive terms of up to five years. In exceptional circumstances a Governor can serve a further term of up to five years so long as no more than five Governors serve a fourth term at any one time.

The Governors are the governors of Harrow School and, within defined parameters, the governance of The John Lyon School is delegated by them to a separate Board of Governors, the members of which are appointed by the Governors.

The Governors, Officers and Advisers

The names of the current Governors and those who served during the year, and the Officers and Advisers to the Corporation are set out on pages 2 and 3.

Governance (continued)

Recruitment and Training of Governors

The Foundation Selection Committee (see below) is responsible for considering nominations for future Governors, based on guidelines, which include a list of the skills and experience that should be represented by Governors.

The Clerk is responsible for the induction of new Governors who are briefed individually. Guidance and advice on effective trusteeship and updates with information about best practice are brought to the attention of Governors by the Clerk and other Officers.

Governance and Delegation to Committees

The Governors, meet as a board at least three times a year. They are ultimately responsible for the Foundation as a whole, ensuring that governance arrangements across all entities of the Foundation are appropriate and effective through the appointment of knowledgeable Governors, appropriate risk management processes and through effective delegation to committees, working groups and to those designated with responsibility for oversight or particular aspects of the business of the Foundation, as follows.

The Foundation

Foundation Selection Committee

To identify and recommend new Governors and advise on succession planning, appointing to committees, working groups and designating responsibility for oversight by individual Governors, as well as approving the appointments to The John Lyon School's Board of Governors.

Chair - Mr D G P Eyton (Appointed 1 Jan 2023)
Mr J P Batting (Retired 31 Dec 2022)

Foundation Risk Oversight and Opportunities Committee

To ensure the identification and effective management of risk and consideration of opportunities across the entities within the Foundation.

Chair - Vice Admiral J P Kyd

Foundation Investments Committee

To supervise and monitor the investment of financial assets.

Chair - Sir J R Symonds

Foundation Remuneration Committee

To consider the remuneration of the Officers and other senior employees of the Corporation (including those Governors who are Directors of and receive remuneration from HISL) and in conjunction with the trustees of the HDT, the remuneration of the Chief Executive of HDT. In doing so, the Committee draws on data produced by independent and anonymous benchmarking surveys of equivalent positions. Overall salary levels and increases for all other staff are approved annually by the Governors through the budgeting process, based on benchmarking surveys, market forces and assessments of the cost-of-living.

Governance (continued)

The Corporation

Bond Issue Committee

To oversee the investment and use of the proceeds of two private placement bonds issued in 2019 and 2021.

Chair - Mr C G T Stonehill

Management of the Corporation

The Governors have delegated the day to day management of Harrow School to the Head Master and Bursar of Harrow School. The Governors have delegated the day to day management of The John Lyon School to the Head and Chief Operating Officer of The John Lyon School. The Governors have delegated aspects of the day to day management of the Corporation to the Chief Financial and Commercial Officer and the Clerk to the Governors and General Counsel. The Governors are advised on financial management, strategy, and risk management in relation to the Corporation and its subsidiaries by the Chief Financial and Commercial Officer of the John Lyon Foundation.

Harrow School

The principal Governor committees are:

Strategy and Education Committee

To consider strategic and educational matters.

Chair - The Hon A Butler (Appointed 1 Jan 2023)
Mr D G P Eyton (To 31 Dec 2022)

General Purposes Committee

To consider important financial and operational matters and generally oversee the management and administration of the School's affairs (which receives reports regarding the oversight of compliance with the School's regulatory requirements, including Health and Safety).

Chair - The Hon A Butler (Appointed 1 Jan 2023)
Mr D G P Eyton (To 31 Dec 2022)

Estates Committee

To oversee the development and maintenance of the School's estate.

Chair - Mr A C Goswell

Compliance Committee

To oversee all aspects of legal and regulatory compliance, including Health and safety.

Chair - Vice Admiral J P Kyd (1 Sep 2022 – 26 May 2023) after which it ceased to be a Governor chaired committee (and was convened and chaired by a senior executive responsible for operations within the School) and Vice Admiral J P Kyd became responsible for oversight.

Governance (continued)

Pupils' Wellbeing and Conduct Committee

To oversee the pastoral care and safeguarding of pupils at the School (supplementing specific oversight of safeguarding).

Chair - Mr D J C Faber

There are other committees and oversight functions, as follows:

- Bursaries Committee
- Conditions of Service (Masters) Committee
- ESG (Oversight)
- IT (Oversight)
- Matrons (Oversight)
- Health & Safety and Medical Centre (Oversight)
- Child Protection and Safeguarding (Oversight)
- Conditions of Service (Support staff) (Oversight)
- Special Educational Needs (SEND) (Oversight)
- Personal Health, social, economic education (PHSEE) (Oversight), established in 2023/24

The John Lyon School

In its supervision of the School's affairs, the School's Board of Governors meets at least three times per year and is assisted in its governance of School affairs by several sub-committees that normally meet once per school term, namely the Finance and General Purposes Committee, the Estates Committee, the Education Committee, Quainton Hall Committee and the Strategy Committee. Each of these committees is chaired by a School Governor. The School's investments are monitored by The Corporation's Investments Committee. Other ad hoc committees are formed as necessary.

The Chairs of these Committees in the year were as follows:

Finance and General Purposes Committee	- Mrs C E Southgate
Estates Committee	- Mrs K Burnaby (Appointed 1 Sep 2023)
	- Mr J H Graham (Retired 31 Aug 2023)
Education Committee	- Mr N I Kendrick
Quainton Hall Committee	- Mr N J D Enright
Strategy Committee	- Mr L J Halligan (Appointed 1 Sep 2022)

Charitable Funds

In addition to the original endowment of the Founder, The Corporation has been the recipient of a considerable number of charitable donations established mainly for the benefit of Harrow School and its pupils, the financial activities of which are recorded in these consolidated Financial Statements. Some of the funds are separately registered with the Charity Commission as subsidiary charities but share The Corporation's charitable number.

Note 21 to the Financial Statements sets out an analysis of the assets attributable to the various funds. Except for the investment properties, the tangible assets are held for use by Harrow School, The John Lyon School, HDT, HISL, HSEL and HEIL.

Relationships and Connected Charities

The Corporation is the Trustee of John Lyon's Charity ("the Charity") which is regarded as a connected charity. It is separately registered, preparing Financial Statements annually to 31 March. The objects of the Charity are to apply its income for charitable purposes to benefit the inhabitants of certain London boroughs. The Charity seeks to promote the life-chances of children and young people through education. The Financial Statements of the Charity are not consolidated in these Financial Statements.

Other related organisations of particular importance to The Corporation, whose financial results are not consolidated in these Financial Statements, are:

- The Harrow School Cricket Fund which was set up in order to help the Governors ensure high quality cricketing at Harrow School. The Fund makes periodic donations to the School. The Fund is a separately registered charity (No.1082374) preparing Financial Statements annually to 31 December.
- The Harrow International Schools are independently owned and operate under franchise agreements with HISL licensing the use of the Harrow name and badge. The international schools are expected to operate in a manner which is compatible with Harrow's ethos and essential values, extend the School's reputation abroad and to generate income primarily for bursaries and outreach in support of the School's objective to extend the benefits of its education as widely as possible. The strategic development, operational performance and compliance of the international schools operating under the Harrow name and badge are monitored by the Board of HISL.
- The Harrow Association through which Harrow School benefits greatly from its connections to, and the generosity of, a thriving network of Old Harrovians (alumni) whose close support is greatly appreciated.
- The Harrow Club has been creating positive futures for marginalised young people in West London for over 140 years. It is part of the Foundation's wider family and has benefitted from the active involvement of Corporation Governors, Old Harrovians and staff as trustees. Through general youth clubs and specialist interventions, the Harrow Club aims to empower young people to complete their education, avoid anti-social behaviour and become positive contributors to society. The Harrow Club works with up to 500 young people each week across six clubs, helping them to recognise their full potential.

Both Schools have strong links with local charities and schools, the details of which are provided later in this report.

Management of Risks and Uncertainties

The risks and uncertainties faced by the Corporation are actively managed and regularly reviewed by management who advise the Governors.

The Governors have examined the principal areas of the Schools' operations and considered the major - both strategic and operational - risks confronting the Schools and their related entities. A comprehensive review of The Corporation's risk governance and management processes was considered by the Governors during the year, resulting in a new Foundation Risk Management Policy and the establishment of an oversight committee (see above).

The Governors ensure that sufficient resources are available to ensure that the major risks considered to carry a high level of both impact and likelihood of occurrence have been mitigated to an acceptable level. The Risk Registers highlight a wide range of political, financial, health and safety, child protection, data protection, data and cyber security, reputational damage and liability risks.

The key controls used by both schools include:

- Monitored compliance with the Foundation Risk Management Policy;
- Detailed terms of reference for all Governors' committees and comprehensive minuting of their meetings;

Management of Risks and Uncertainties (continued)

- Comprehensive strategic planning, budgeting and management accounting;
- Established organisational structures and lines of reporting;
- Regularly reviewed written policies;
- Clear authorisation and approval levels;
- Vetting and safeguarding procedures as required by law for the protection of children; and
- Independent testing of various aspects of regulatory compliance and IT Security to supplement the comprehensive internal processes.

The Governors are satisfied that through the risk management processes established by the Corporation, all material risks are adequately managed, monitored, mitigated and reported.

Public Benefit and Community Engagement

Charities Act 2011 and Public Benefit

Under Section 17(5) of the Charities Act 2011, the Governors must have regard to any Charity Commission guidance when exercising any powers or duties to which such guidance is relevant. They are aware of the three relevant Charity Commission guidance notes “Charities and Public Benefit”, “The Advancement of Education for the Public Benefit” (as amended in December 2011) and “Public Benefit and Fee-Charging” and are aware of the withdrawal of the original edition of the latter pending an expected reissue. The Governors acknowledge the statutory requirement to report on The Corporation’s public benefit and they confirm that they have had regard to Charity Commission guidance on public benefit where relevant to matters to which the guidance relates.

Mission Statement and Public Benefit

The Corporation, together with its subsidiary companies, HDT, and John Lyon’s Charity comprise the John Lyon’s Foundation and share the following mission: “Improving the prospects of children and young people through educational opportunities.”

The provision of public benefit is a core part of the John Lyon’s Foundation mission, and the Corporation has the following aims to support public benefit;

- Provide an independent school education of very high quality, in order to maximise each pupil’s potential and lifelong interests to the benefit of the wider community.
- Develop the Corporation’s facilities and educational opportunities, in order to maintain, and where possible improve, the quality of teaching and learning.
- Provide bursary funding, in order to widen access for pupils from a broad range of backgrounds and abilities.
- Provide educational resources and financial support including facilities to local schools, charities and to other members of the community, consistent with the above aims, so that they to may benefit from them directly.

To fulfil these aims the Corporation has the following primary objectives;

- Focus on academic excellence while offering an exceptional range of extra-curricular opportunities.
- Raise and deploy the necessary resources and funds, including those raised by voluntary effort, to improve the schools’ facilities, opportunities and bursary provision.
- Facilitate outreach partnerships and appropriate use of the schools’ facilities by local schools and other community groups.

Details set out below are examples of the public benefit activity performed during the year which support the Governors’ assessment that the Corporation has achieved its public benefit aims for the period.

There were four key areas where the Corporation met these objectives during the year:

1. Maintaining Full Schools and Academic Excellence

Harrow School

The School was full for the academic year 2022/23.

Over 40% of grades achieved at GCSE were at grade 9 level, with over 70% of grades at either grade 8 or grade 9. Excluding the pandemic years, the 9-A* percentage is the highest on record, and the 9-A rate is the highest since 2013.

At A Level, almost a third of boys achieved A*s, where excluding the pandemic years the percentage of A*-A and A*-B is the highest since 2013. Two boys achieved five or more A* grades, and eleven boys gained four or more A*s. The School's value-added outcomes at A Level were the strongest in the last decade.

The number of Harrovians achieving a place at a Russell Group University is at its highest since 2017. One boy gained a place at ETH Zurich, which is ranked ninth globally. Out of the fifteen boys offered Oxbridge places, twelve boys accepted and three boys opted for Ivy League Schools instead. Thirty boys in total gained places at US Universities, with a record fifteen Harrovians taking up places at six of the eight Ivy League Schools.

The John Lyon School

The senior school at The John Lyon School was full for the academic year 2022/23, and pupil numbers in the Nursery and Prep School continued to grow. The 2023 results continued to see strong performance at GCSE Level and, noting the absence of public examinations in 2020 and 2021, the grades are broadly in line with the results of 2019. Overall, the A-Level results continue to be good and the significant increase in the proportion of A* grades is pleasing.

2. Implementing the Corporation's Scholarships and Bursaries Policy

Harrow School

In 2022/23 133 pupils (2021/22 – 143 pupils) benefited from bursaries amounting to £3,824,000, (2021/22 - £3,125,000). Of these awards, 35 attracted remission of at least 95% and a further 61 attracted remission of between 50% and 95%. These awards, based on merit and parental need, helped the School to maintain its educational and other standards and to ensure that financial assistance was given to those who required it. In addition, scholarships worth £453,000 (2021/22 - £448,000) were awarded to 190 boys (2021/22 - 188 boys). In achieving its objective to educate a full school of some 828 boys and based on the Government's published cost per full-time pupil of £7,009 for 2022/23, the School saved the State, after taking account of boys from overseas, at least £4,658,000 during the year. In providing a single sex and boarding education, the School offered something which is not generally or widely available in the maintained sector.

The John Lyon School

In 2022/23 85 pupils (2021/22 – 85 pupils) benefited from bursaries amounting to £1,300,000 (2021/22 - £1,287,000). Of these awards, 51 attracted remissions of at least 75% and a further 8 remissions of between 50% and 74%. These awards, based on merit and parental need, helped the School to maintain its educational and other standards and to ensure that financial assistance was given to those who required it. In addition, scholarships worth £187,000 (2021/22 - £177,000) were awarded to 136 pupils (2021/22 – 102). In achieving its objective by educating pupils during the year, based on the Government's published cost per full-time pupil of £7,009 for 2022/23, the School saved the State at least £5,803,000 during the financial year.

3. Encouraging local school pupils and others to access the Corporation's resources and engaging in other activity for the public benefit

Harrow School

Shaftesbury Enterprise (SE) encompasses all of the School's philanthropic, charitable, outreach and partnership work with a focus on improving the educational outcomes and life opportunities for young people in its neighbourhood, particularly those who face significant barriers to progress. In collaboration with its local partner schools and local authorities, Harrow School is committed to improving the educational attainment and life outcomes of vulnerable pupils, particularly those in care. Through collaborative projects run in partnership with trusted local organisations, the School remains determined to make a significant positive impact on the lives of hundreds of young people in our community and further afield.

The School's purpose and long-term strategic investment remains focussed on improving the prospects of vulnerable children and young people in the Borough of Harrow, and further afield, enabling them to fulfil their potential. SE continues to carry out that purpose through transformative interventions ranging from targeted academic support as well as through the provision of diverse co-curricular opportunities with the aim of improving educational attainment, particularly in groups that are under-represented in higher education and professional careers.

SE's vision is to enable young people in our community, irrespective of background, to thrive and achieve their full potential, find fulfilment, and progress to successful adult lives that allow them to contribute positively to society.

Harrow School and SE aim to fulfil this vision through the following objectives:

Improve educational attainment through:

- Providing appropriate academic intervention at primary and secondary school level.
- Offering diverse co-curricular opportunities and suitable interventions to support mental and physical well being.

Improve life outcomes through:

- Supporting individuals to access universities or employment, with a focus on young people who would have limited access to such provision.

Widen access for those from a broad range of abilities and backgrounds through:

- Providing bursaries, exemplary pastoral support and opportunities in a boarding environment for boys who would thrive at Harrow School making the most of the opportunities offered by the School but for whom the fees are prohibitive.

Almost £500,000 was distributed in 2022/23 to fund initiatives which have supported over 10,000 young people facing immensely challenging circumstances through a broad range of programmes.

Every Harrovian remains actively involved in SE initiatives through annual fundraising events and the volunteering and mentoring programme to help young people in the community who face significant levels of hardship. This past year, the Harrow community raised funds to support over 50 local charities to deliver vital programmes to support young people in the borough experiencing challenging times. In the past year alone, over 9,000 hours were invested by Harrow School boys and staff to support SE programmes.

Around 200 Harrovians volunteer for projects in the local community, ranging from supporting primary and secondary school children with their learning, to working on specific enrichment projects with groups facing significant barriers to progress. Harrovians volunteer more than 15,000 hours of their time over the academic year to act as co-ordinators, coaches, mentors, and contributors to the projects.

3. Encouraging local school pupils and others to access the Corporation's resources and engaging in other activity for the public benefit (continued)

A comprehensive overview of initiatives delivered through SE in the Borough of Harrow can be found in the Impact Report for 2022/23 which is available at [Shaftesbury Enterprises Activities](#).

School Partnerships

Grange Primary School

Ten boys from Druries boarding house visited Grange Primary School weekly to mentor some of their top mathematicians. Every mentor was partnered with a student, and during each session they would tackle challenging questions and puzzles, while also revising old material and teaching them new material.

Boys in Moretons boarding house also welcomed students from Grange Primary School for an engaging one-to-one reading programme in the Vaughan Library. Thirteen boys from the Lower Sixth, Fifth Form and Remove volunteered, and they each partnered with the same primary school student for the duration of the project. This meant that boys put in a sustained effort to improve a particular student's reading over the 12 sessions.

Feedback from Grange Farm pupils showed that the children made significant progress during their participation in the projects and their attainment levels improved significantly.

St Anselm's Primary School

Boys from Elmfield boarding house supported the children at St Anselm's Primary School with reading. The children steadily became more confident, and it was heartening to see the children show increasing enthusiasm for reading to Harrovians each week.

Vaughan Primary School

As part of SE, a group of 25 boys from Newlands visited Vaughan Primary School, where they helped the pupils from Year 1 to Year 4 with phonics and reading.

Byron Court Primary School

Boys from Rendalls boarding house worked with the children from Byron Court Primary School, supporting literacy and numeracy sessions for Years 5 and 6.

Newton Farm Primary School

At Newton Farm, the Harrovians acted as teachers' aides, helping in whatever capacity was needed, with a particular focus on reading. They worked with pupils in the Reception year and helped the children learn to break down words into individual sounds and then blend them into full phrases.

Weldon Park

West Acre boarding house boys volunteered at Weldon Park, where boys read to primary-school children every week and occasionally helped them with their multiplication tables. This project enabled Harrovians to play a part in filling some gaps in knowledge and helping the children meet their attainment targets.

Shaftesbury High School

Each week, students from Shaftesbury High School visited boys in The Head Master's boarding house at Harrow to participate in indoor sports activities. Activities included five-a-side football, basketball and dodgeball. Working with children who have learning difficulties challenged Harrovians to take the initiative and to be good listeners and communicators.

Hillview Nursery

The Hillview Nursery project brought together teachers and students from various disciplines to support the youngest members of our community. Located in South Harrow, Hillview Nursery is the only maintained nursery in the borough. The school is a special haven where young children can explore and develop independently within an enabling environment. For the duration of the year's SE programme, the children were taught eco-friendliness by Harrow School's Sustainability Committee and responded brilliantly to the interactive lessons. To align with the ethos of environmentalism, they constructed plant beds in the nursery

3. Encouraging local school pupils and others to access the Corporation's resources and engaging in other activity for the public benefit (continued)

garden using reclaimed wood, repurposing residual material to allow the children to grow their own produce.

Woodlands School

As volunteers at Woodlands School, Harrovians engaged in various ways with students with a range of disabilities. Activities included physical therapy as well as mental stimulation, largely through art and music.

SUPPORT WITH SUBJECTS AND SPORTS

School of Hard Knocks rugby programme

School of Hard Knocks (SOHK) is a unique long-term intervention programme that uses weekly rugby coaching, classroom sessions and mentoring to improve attendance and behaviour at school, with the ultimate aim of helping at-risk children avoid permanent exclusion and complete mainstream education in schools. In the sixth year of our partnership with SOHK, Harrow hosted the largest SOHK festival yet with over 16 teams and 200 boys across Years 9, 10 and 11 from SOHK partnership schools. Three Harrow teams also took part with members of The XV refereeing as well as helping to run, coach and offer encouragement to all the boys.

Judo

This year saw the launch of SE Judo, an initiative aiming to give local primary school pupils the opportunity to try the martial art. Each week a different group of Year 5 pupils from Norbury School came to the Hill and received an introduction to the sport. The pupils left with a basic understanding of the sport and some of its key principles.

Eton Fives

Year 6 children from Vaughan and Roxeth Primary School came to Harrow School once a week to learn and enjoy the game of Eton fives. A group of ten Harrow boys devoted their time teaching the children about the sport.

Debating

'Knowing what to say is sense, when to say it is intelligence, how to say it is wisdom, why and how to say it is enlightenment'. Local school children joined with Harrovians to enhance their thinking, speaking and debating skills.

With these sessions, all came to understand with greater clarity that speaking ability, reasoning and debating are skills used every day, in a group or even alone.

Chemistry

The SE chemistry initiative saw Harrovians honing their communication and educational skills by inspiring young minds through fun, practical chemistry experiments. This proved to be an enriching experience for the young students and Harrovians alike.

The chemistry programme received high praise from the participating students. They found it to be "gratifying, interesting, enjoyable, fun, rewarding, engaging, insightful and inspiring".

Simon Singh masterclasses

Professor Rama was asked how old he was. He replied, "If you divide my age by 2, 3, 4 or 6, there is always 1 left over, but if you divide it by 7, there is no remainder." How old is Professor Rama? With this question, Siew-Chiang Lim, Head of Maths at Harrow, kickstarted the newly established Online Problem Solving programme. This SE initiative is spearheaded by Mr Lim in collaboration with Dr Simon Singh (the renowned author) and Dr Junaid Mubeen (Countdown champion) from Parallel Circles.

In the programme, 52 Year 7 and 8 tutees from across the country joined a group of 16 Lower Sixth mathematicians to explore mathematical puzzles. The topics in each session ranged from number theory to geometry to coin puzzles. This allowed a better appreciation of the beauty and ingenuity of maths, which is often drowned out by the repetitive number-crunching of classroom exercises.

3. Encouraging local school pupils and others to access the Corporation's resources and engaging in other activity for the public benefit (continued)

Shaftesbury Enterprise art project

This was a successful partnership programme between Harrow School and Grange Primary School. It was run by the Harrow School Art teachers, with Harrow boys playing a role in helping and providing opportunities for younger children to explore their artistic ideas and skills. The project aimed to establish and develop creative opportunities for children in the local area and promote greater engagement with the arts.

Throughout the year, children from Grange Primary School worked with Harrow boys to create a range of artwork. Through this series of activities and assignments, children were able to express their creativity and develop their artistic skills.

COMMUNITY SUPPORT

Lumina Tutoring Programme

Lumina Tutoring Programme was launched during the first national Coronavirus lockdown as a spontaneous and ad-hoc response to the educational challenges faced by care-experienced young people when schools closed. The programme has evolved into an efficient and effective way to meet a real need for looked-after children, a group already at significant educational disadvantage and who are also likely to have been disproportionately impacted by the pandemic in additional ways. In the past year, we were able to support 50 children looked after through the Lumina Tutoring Programme.

Lumina Tutoring provides online, subject-specific, one-to-one tutorial sessions for children and young people who are looked after (CLA), also known as children in care, and to improve educational attainment for CLA. Lumina Tutoring involves a thriving collaboration of like-minded institutions focussed on improving the educational outcomes for CLA. It brings together inspirational teachers and mentors with diverse skills and backgrounds and from across the education sector, harnessing their expertise to help a group of young people facing significant disadvantages in thriving and moving on to successful careers in the future. In partnership with Virtual Schools, one-to-one online lessons, predominantly in English, Maths and Science, are being provided by teachers from partner schools on a weekly basis to support the educational progress of young people.

The Lumina platform is fully funded by Harrow School and provides comprehensive administrative support for participating schools. A comprehensive safeguarding structure is in place, as is training for teachers joining the Lumina Tutoring programme.

London's Community Kitchen

Boys in the Lower Sixth were able to volunteer at London's Community Kitchen (LCK). Each week, three teams visited the LCK to assist in whatever capacity was needed to support LCK in their mission to serve the community, in particular to provide free food for vulnerable communities in London.

LCK's principal ethos is 'zero waste and zero hunger'. The LCK system creates a sustainable model that reduces the amount of food that would otherwise go to waste and serves it to over 10,000 Londoners who are battling with food insecurity. The mission that drives LCK is its belief that free or affordable food should be available to vulnerable communities across the world.

Three teams of Harrovians each volunteered at the centre. The volunteers helped make food bags to be distributed as a part of the LCK's Help Harrow programme. This programme delivers groceries to schools, care homes and other people in need. Along with the bags are pamphlets with recipes for different dishes that can be made from the ingredients. Help Harrow serves to create a borough-wide, co-ordinated approach to help residents who are unable to access support, advice or food supplies.

Boys were also responsible for restocking the fresh and ambient produce for the food bags. The supplies for these bags come from many different sources, including HelloFresh bags. At the centre, boys separated the

3. Encouraging local school pupils and others to access the Corporation's resources and engaging in other activity for the public benefit (continued)

contents of the donated bags into different tubs. The produce and ingredients are then used to make up the food bags that are distributed as a part of the Help Harrow and supply the LCK Free Surplus Food Market.

LCK acts as a sustainable model that supports people, as well as the environment. It was incredibly fulfilling for the Harrovians to be able to make meaningful, positive change.

FirmFoundation

Boys from The Park boarding house volunteered at FirmFoundation, a shelter that aims to provide food, hygiene facilities and social care for the homeless in Harrow. Two sets of boys travelled down to the shelter on Mondays and Fridays for their scheduled appointments between 2pm and 3pm. The boys could either help in the kitchen with preparing food or, on the other side of the counter, with serving it. By the end of the programme, many boys were staying for as long as they could before their afternoon lessons, and they found the experience as enjoyable as it was rewarding.

Food Insecurity

The School launched a joint response to the increasing need to support local families on whom increases in living costs and food insecurity are having a significant impact. Together with Young Harrow Foundation, Help Harrow, Harrow Council and DVS Foundation, Harrow School donated £30,000 towards a much-needed package of support over the winter period.

A fund of £45,000 was set up by the partnership to help families identified by schools in the borough as particularly struggling. The fund was distributed in the form of vouchers worth £250 for up to three families per school. The vouchers were redeemed in many supermarkets and essential retailers and were designed to ease the cost of living.

In addition, SE launched a pilot programme with four local schools, Norbury Primary School, Roxeth Primary School, Grange Primary School and Harrow High School, each of which was provided with seed funding of £5,000 to set up an emergency fund to mitigate the impact of the increases in living costs on the most vulnerable families in their school community.

Music Partnerships

The Summer term saw the conclusion of our second year of music partnership work with local primary schools. Our music teachers worked with over 130 children between the ages of 7 and 11 in four primary schools: St Jérôme Church of England Bilingual School, St Anselm's Catholic Primary School, Norbury School and Newton Farm Junior School. The continuing aim of the initiative is to provide open-access high-level choral sessions with primary school children and, through them, open-up musical and non-musical opportunities.

In the Winter term, the SE choirs from Newton Farm and Norbury School put on their own St Mary's Lunchtime Concert in which they sang repertoire from the Anglican choral and English folk traditions, including music by George Frideric Handel and contemporary composer Will Todd. A week later, the choirs of St Anselm's and St Jérôme's sang with the Harrow School Chapel Choir for the first Town Carols concert since 2019. St Anselm's and St Jérôme's also sang two pieces on their own: former Harrow School Director of Music Sir Percy Buck's Christmas Dawn and Charles Wood's Mater Ora Filium. It was wonderful to welcome parents and members of the local community to both these events, sharing our joint commitment and enjoyment at the culmination of youthful exuberance and artistic skill through song.

In a significant collaboration with boys from Harrow School, the choir from St Anselm's joined us in Harrow School Chapel for a full sung Catholic Latin Mass in which they performed music by William Byrd. 2023 marked the 400th anniversary of William Byrd's death and so it was fitting that we introduced so much of his repertoire to these children. It was also an extremely rare and wonderful sight to see so many primary school children singing challenging Renaissance polyphony with so much enthusiasm and commitment.

3. Encouraging local school pupils and others to access the Corporation's resources and engaging in other activity for the public benefit (continued)

Harrow College

Since September 2022, ESOL (supporting English for speakers of other languages) students on the Young Foundation courses at Harrow College have benefited from weekly sports sessions at Harrow School. These sessions, delivered by a professional coach, used Harrow's outdoor, and sometimes indoor sports facilities. In total 212 students have benefited from the sessions since September 2022.

Access to the coached sport sessions at Harrow School enabled ESOL students to develop their language skills and their cultural understanding and awareness of their new life in the UK while learning about sports. The sessions also played a key role in promoting the mental wellbeing of ESOL students.

Harrow Rifle Corps and Harrow High School

The Harrow Rifle Corps continues to maintain its successful partnership with Harrow High School and welcomes 25 Army cadets for weekly training sessions at the School. Training is overseen by Captain Robson and Major Davies and is delivered alongside Harrow boys, Harrow teachers and staff from Harrow High School.

Drama

The Jeremy Lemmon Project was established in 2019 with proceeds from the School's gala performance of Twelfth Night at Shakespeare's Globe Theatre, to support drama training, creative collaboration and access to higher education across state secondary schools in the London Borough of Harrow. Jeremy was an inspirational teacher and Director of Shakespeare at Harrow, staging a series of productions exploring shared light playing conditions, and bringing the work to life for generations of students. 2023 saw the fourth iteration of the project, with students from local secondary schools joining Harrow School pupils in this year's company, working practically on Shakespeare with the mentoring of actors from the Globe. The project culminated in a sharing of speeches and scenes in the candlelit surroundings of the Sam Wanamaker Playhouse at the Globe.

Enrichment Club

In addition to one-to-one online tutoring support, Harrow School runs a weekly after-school enrichment programme for care-experienced young people and young carers. These sessions are held at Harrow School during term time. The first half of the enrichment session supports academic attainment, with young people participating in a carousel of activities across the School site for the remainder of the session. The broad range of activities spans everything from music recording to experimenting with pottery, honing debating skills, participating in various sports and attending dedicated career counselling sessions.

The John Lyon School

The John Lyon School channels its outreach and community work through Blackwell Enterprise. The Blackwell Enterprise ethos is to use the resources of the School, including its pupils, staff, facilities and resources to establish beneficial links with the community, both on a local level and within the wider world.

PARTNERSHIPS

Lumina Tutoring Programme

Staff at John Lyon are encouraged to partake in the Lumina Tutoring Programme, aimed at assisting looked after children with their studies. This has proved to be rewarding to both the children and the staff giving their time.

Gladstone Park Primary School

The School continued with its scientific workshop partnership with Gladstone Park Primary School. Pupils from Gladstone Park Primary School attended a series of workshops at John Lyon. John Lyon also offered the full range of sciences (Biology, Physics and Chemistry) to small groups of year 5 and 6 pupils.

University Fair

The annual University Fair was run in February 2023, with representatives from several Russell Group

3. Encouraging local school pupils and others to access the Corporation's resources and engaging in other activity for the public benefit (continued)

universities. Staff and pupils from eight local partnership schools were able to attend to benefit from the advice on offer.

CCF

The successful CCF partnership with Pinner High School continued with 30 pupils from Pinner High School joining the CCF at John Lyon each week.

Sharing of School facilities

The multi use games areas (MUGA) at Sudbury Fields is used by the Harrow Hockey Club.

The playing fields and pavilions at Sudbury Fields are used by the Old Lyonians Football Club, St George's School, Harrow Borough Cricket, Brondesbury Cricket Club, and the Bowmen of Harrow.

The swimming pool at the Senior School was used by three local primary schools during the year and the pool at the Prep School was used by five community groups during the year.

The Prep School is also used by the local Scout group, a karate school and a weekend maths school. The football pitches and the MUGA at Sudbury Fields, and the Lyon building playground were used by charities working with the Harrow Food and Activity programme during the summer holidays.

During the year the Prep School was used by Crazy Camps to offer a holiday camp for local children aged between 4 to 12 during school holidays and half term breaks.

For the second year running the Alridha Foundation used the Senior School facilities for 10 days in August, free of charge. The Alridha Foundation provided academic as well as sports, art and health and well-being sessions for children aged between 9 to 19.

Community Service

Sixth form pupils are encouraged to volunteer on Friday afternoons. Pupils participated in:

- Running workshops at John Lyon for Roxeth pupils in Art, Drama, Maths and Science.
- Running Sports coaching sessions in Horsenden Primary School.
- Volunteering at Roxeth Primary School, Norbury Primary School, St Anselm's Primary School, Welldon Park, Wealdrise Primary School and Horsenden Primary School each week, running classics sessions, debating clubs, drama activities, mentoring and 'catch up' coaching to pupils
- Volunteering at the Josh Hanson Trust, working to fight knife crime with young people.
- Working with the young children at Hillview Nursery School using play activities to develop the children's skills.
- Working with Harrow Young Carers to develop the facilities at Pinner View.
- Volunteering at the Harrow and Wealdstone Youth Centre where our students mentor their clients.
- Volunteering at the Harrow Multiple Sclerosis Therapy Centre.
- Volunteering at London Community Kitchen, preparing and handing out food parcels at the food bank.
- Volunteering at Harrow Law Centre, shadowing their work.
- Volunteering at work placements including, Care Homes, a Gurdwara and Charity Shops.

The John Lyon School continues to support local and national charities through a variety of fundraising activities. During the year close to £12,000 was raised, of which £4,000 was given to the St Luke's Hospice. The School carried out two food bank collections, for Hill View Children's Centre in South Harrow, and hosted two very successful Community Film Nights. These gave local families an evening of entertainment, in a warm setting with refreshments.

3. Encouraging local school pupils and others to access the Corporation's resources and engaging in other activity for the public benefit (continued)

The Harrow Development Trust

In 2022/23 the Trustees of HDT continued to support a charitable fund for the purpose of providing relief to people and countries affected by the Tsunami disaster in Asia in 2004. In total, £694,000 has been appropriated for Tsunami relief since then.

4. Progressing the Corporation's development plans

Harrow School

The new Science Centre is nearing completion and will bring benefits for all. It will provide 16 state-of-the-art Biology and Chemistry laboratories and a 178-seat lecture theatre equipped with the latest audio-visual technology. Sustainability has been key to the project which includes a number of renewable energy sources together with a sustainable-energy centre supplying efficient utilities to other parts of the School.

The construction of the Science Centre has provided an ideal opportunity for pupils to visit the site, experience this real-life Science, Technology, Engineering or Maths (STEM) challenge and benefit from structural engineers explaining the technical challenges of building on the side of a hill, and the sustainability measures which are key to the project's success.

The extension and refurbishment of the Shepherd Churchill Dining Hall is progressing. This project will remodel and extend the existing 1970s dining hall to provide improved dining and catering spaces, rationalising the internal layout and enhancing the building's setting within its landscape.

The John Lyon School

At the Prep School works continued with enhancing the facilities, including:

- An additional reception classroom was created to facilitate increased pupil numbers, along with an additional toilet for the reception year, and widening the staircase in the Early Years and Foundation Stage (EYFS) building – now renamed as Quainton's Little Lyons.
- An office and classroom have been merged to provide a larger and much-improved teaching space.
- The Halliday Hall has been entirely refurbished with new (acoustic) flooring, new ceiling, new lighting and a redecoration throughout.
- The next stage of refurbishing the library has been undertaken, preparing for the redevelopment of the old boys' changing rooms into an additional library/breakout space aimed at the older age group.
- A wide range of redecoration, both internal and external, to improve the look of the buildings.

Following the announcement of the rejection of the School's planning appeal to construct a new Oldfield classroom block, at the Senior School the focus was on:

- A complete renovation of the old Oldfield teaching block, including redecoration, new flooring and ICT facilities in each classroom.
- A redecoration of the 'M Corridor' – a key part of the School tour route for prospective families.
- The addition of a variety of outdoor sports facilities and seating areas for pupils to use.

Conclusion

With these four areas of activity, the Governors assess that the Corporation has acted in accordance with the Charity Commission's guidance on public benefit.

FINANCIAL REVIEW AND PERFORMANCE

Overall Financial Performance

The Corporation's net movement in funds for the year was an increase of £7,337,000 (2021/22 – decrease of £2,663,000). Net income before transfers and investment gains / losses was £8,051,000 (2021/22 - £5,097,000). The improved net income result reflects the additional income generated by the subsidiary entities.

Total income for The Corporation for the year was £84,011,000 (2021/22 - £74,159,000). Total expenditure increased to £75,960,000 (2021/22 - £69,062,000).

HISL's surplus increased by £533,000 to £5,265,000 (2021/22 - £4,732,000). HSEL generated a profit of £480,000 (2021/22 – loss £42,000).

The appropriations from HDT for the benefit of the Corporation were £8,609,000 (2021/22 - £7,000,000).

Net assets on the Balance Sheet increased by £7,337,000 (2021/22 – decreased by £2,663,000) to £196,321,000. There were fixed asset additions of £30,025,000 which were largely funded out of unrestricted fixed asset investments and appropriations from HDT.

The Corporation increased cash by £2,101,000 (2021/22 – decreased by £19,995,000). Net debt at the year-end was £94,740,000 (2021/22 - £96,465,000) which is largely long-term debt in the form of two bonds totalling £90,000,000, repayable from 2059.

A detailed analysis of the financial performance of group entities is set out at note 5 i.

Harrow School

The School is full, and demand for places remains high. After depreciation and some non-recurring costs, but excluding awards, there was an operating deficit of £2,374,000 (2021/22 – deficit of £2,914,000). Cash generated before awards was £2,537,000 (2021/22 - £2,064,000).

The John Lyon School

The John Lyon's School's income, including the receipt of bursary funding from HISL, increased by £1,212,000 from £15,517,000 in 2021/22 to £16,729,000, a reflection of the rise in pupil numbers for the year to 838 pupils from 816 in 2021/22. The operating surplus before depreciation and disposal of assets was £2,045,000 (2021/22- £1,772,000), while the operating surplus after depreciation and disposal of assets of £433,000 (2021/22 - £534,000) was impacted by the write off of £588,000 of costs from the failed attempt to gain planning permission to build a new classroom block.

Investment Powers, Policy and Performance

The Foundation Investments Committee supervises and monitors the investment of financial assets, and the Bond Issue Committee oversees the investment and use of the proceeds of two private placement bonds issued in 2019 and 2021.

The Corporation seeks to produce the best financial return within an acceptable level of risk. The investment objective for its funds under management is to generate an investment return (after expenses) of inflation (CPI) plus 4% per annum over the long term for the financial investment portfolios. This is assumed to be broadly equivalent to Harrow School fee inflation plus 1% per annum (after expenses).

The Corporation invests for capital growth in the long term. The long-term is defined as a minimum of 10 years. It is recognised that the return objective may be difficult to achieve in every period but should be attainable over a 10-year or greater time period.

Overall Financial Performance (continued)

The Corporation has a total return policy in place for most of its awards funds which allows the Corporation to draw up to 3.75% of a three-year rolling average of the fund value annually.

The Corporation is advised by Cambridge Associates Limited on how its two largest funds are invested, while the smaller funds are invested in the Cazenove Charity Multi Asset and Structural Growth funds. Overall, the funds returned approximately 3.9% over the year.

The Corporation's Treasury deposits, together with 75% of the proceeds from the bonds, are held in short-term, investment-grade, corporate bond portfolios managed by EFG Private Bank Limited to realise greater returns and reduce credit risk. The portfolio generated a yield of approximately 1.4% per annum net of costs.

RESERVES POLICY

Corporation Reserves Policy

As the Corporation is responsible for Harrow School and The John Lyon School, its reserves are held for the benefit of the schools.

The Corporation maintains reserves to ensure that it holds sufficient funds to meet its short-term financial obligations, while making appropriate provision for the essential long-term investment in the refurbishment and continued upgrading of the Corporation's estate.

The Corporation's consolidated reserves totalled £196,321,000 (2021/22 - £188,984,000) at the year end, and comprised the following:

	2022/23	2021/22
	£	£
* Unrestricted funds	149,811,000	138,585,000
Restricted funds	4,101,000	7,221,000
Endowment funds	42,409,000	43,178,000
Total Reserves	£196,321,000	188,984,000
*Unrestricted funds		
Of which tangible fixed assets are:	149,573,000	125,360,000

The unrestricted funds, net of designated funds and a £5,119,000 (2021/22 - £4,456,000) pension liability are primarily deployed in tangible fixed assets which are used for direct charitable activities. In line with many similar charities, and due to continuing and substantial investment in tangible fixed assets, the Corporation has negative free reserves as defined by the Charity Commission.

The Corporation has secured £90,000,000 of long-term funding by way of private placement bond issues which ensures that its short-term financial obligations can be met and that the key strategic elements of the principal estates projects can be delivered. The Governors believe that the present levels of reserves are sufficient to meet the Corporation's essential obligations. Nevertheless, the Governors are focused on increasing the level of unrestricted reserves from the operating surpluses of subsidiary companies and fund raising, while in the medium term, benefitting from the returns from invested funds. Increasing the unrestricted reserves will assist the Corporation in fulfilling its primary objectives.

The Corporation keeps its reserves policy and level of reserves under regular review.

GOING CONCERN

The Governors have reviewed the reserves position carefully together with the financial forecasts and operating cashflows of the various entities. The Governors believe the Corporation's financial reserves are sufficient to ensure that the Corporation will continue as a going concern for the foreseeable future, being at least twelve months from the date of approval of the financial statements.

FUNDRAISING ACTIVITIES

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. Although we do not undertake fundraising from the general public, the legislation defines fundraising as "soliciting or otherwise procuring money or other property for charitable purposes".

In relation to the above, it is confirmed that all solicitations are managed internally, without involvement of commercial participators or professional fund-raisers, or third parties. The day to day management of all income generation is delegated to the key management personnel, who are accountable to the Trustees.

No complaints have been received in relation to solicitations. Our terms of employment require staff to behave reasonably at all times; all major fundraising activities are approved at a senior level before they are undertaken and are conducted under procedures and protocols formulated and agreed by the Trustees. We therefore do not consider it necessary to design additional procedures to monitor such activities.

FUTURE PLANS

In pursuit of the Corporation's longer term strategic educational and financial objectives, the main plans for 2023/24 include:

Harrow School

Embedding 'Strategy 2030' which has three key strands

- Unparalleled holistic education
- Ensuring boys are 'ready for life'
- Community and partnerships

The John Lyon School

- Continuing the successful move through the senior school of co-education (now 3 of 7 year groups)
- Consolidating the all-through school approach from the Nursery through to A-levels in Year 13

Subsidiary Companies

- The Directors of HISL will continue to work closely with partners to develop the international schools and will carefully consider further global opportunities to grow the Harrow School brand.
- HSEL is planning to operate another full Summer School in 2023/24 and the Directors will continue to identify additional income streams to support growth.

Disclosure of Information to the Auditors

The Governors who held office at the date of approval of this Report confirm that, so far as they are individually aware, there is no relevant audit information of which The Corporation's auditors are unaware; and each Governor has taken all the steps they might reasonably have taken as a Governor to make themselves aware of any relevant audit information and to establish that The Corporation's auditors are aware of that information

Auditors

PKF Littlejohn LLP has expressed its willingness to continue in office

The purpose of this statement is to distinguish the responsibilities of the Governors as a body for the Financial Statements from the responsibilities of the auditors as stated in their report.

The Charities Act 2011 requires the Governors to prepare Financial Statements for each financial year which give a true and fair view of the Corporation's financial activities during the year and of its financial position at the end of the year.

In preparing the Financial Statements the Governors follow best practice and:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles of the Charities' SORP, Accounting and Reporting by Charities;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to assume that the Corporation will be able to continue in operation.

The Governors are responsible for keeping adequate accounting records that are sufficient to show and explain the Corporation's transactions, disclose with reasonable accuracy at any time the financial position of the Corporation and enable them to ensure that the financial statements comply with applicable financial regulations and charity law. They are also responsible for safeguarding the Corporation's assets, and hence for taking reasonable steps for the prevention and detection of error, fraud and other irregularities.

Approved by the Board of Governors and signed on its behalf by:

D G P Eyton

Chairman of the Governors

16 March 2024

INDEPENDENT AUDITOR'S REPORT TO THE GOVERNORS OF THE KEEPERS AND GOVERNORS OF THE POSSESSIONS REVENUES AND GOODS OF THE FREE GRAMMAR SCHOOL OF JOHN LYON

Opinion

We have audited the financial statements of The Corporation (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 August 2023 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Corporation Balance Sheets, 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's and of the parent charity's affairs as at 31 August 2023 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the 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 group and parent 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 Governors' 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 Corporation'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 Governors 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 Report of the Governors, other than the financial statements and our auditor's report thereon. The Governors are responsible for the other information contained within the Report of the Governors. Our opinion on the financial statements does not cover the other information and 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 this gives rise to 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 GOVERNORS OF THE KEEPERS AND GOVERNORS OF THE POSSESSIONS REVENUES AND GOODS OF THE FREE GRAMMAR SCHOOL OF JOHN LYON

Matters on which we are required to report by exception

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

- the information given in the financial statements is inconsistent in any material respect with the Report of the Governors; or
- sufficient accounting records have not been kept; or
- the parent charity financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Governors

As explained more fully in the Governor's responsibilities statement, the Governors 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 Governors are responsible for assessing The Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Governors either intend to liquidate The Corporation 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 151 of the Charities Act 2011 and report in accordance with the Act and the relevant regulations made or having effect thereunder.

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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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:

- We obtained an understanding of the group and parent charity and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, sector research and application of cumulative audit knowledge and experience.
- We determined the principal laws and regulations relevant to the group and parent charitable company in this regard to be those arising from the Companies Act 2006, Charities Act 2011, Financial Reporting Standard 102, the Charities SORP and relevant employee legislation.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group and parent charity with those laws and regulations. These procedures included, but were not limited to enquiries of management, review of minutes and review of legal and regulatory correspondence.
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that there was a potential for management bias in the judgements in:
 - the recoverability of debtor balances. We addressed this through examination of post year end cash received, review of correspondence with debtors and discussion of recoverability with management.

INDEPENDENT AUDITOR'S REPORT TO THE GOVERNORS OF THE KEEPERS AND GOVERNORS OF THE POSSESSIONS REVENUES AND GOODS OF THE FREE GRAMMAR SCHOOL OF JOHN LYON

- the depreciation rate applied to tangible fixed assets, which we addressed through considering the useful economic life applied for the types of asset held, and re-performing the calculation to ensure it had been performed accurately in line with the stated policy.
- the allocation of support costs against charitable activity categories. We addressed this through reviewing the method used for reasonableness, and re-performing the calculation to ensure it had been performed accurately in line with the stated method.
- the assumptions within the defined benefit pension scheme liability. We addressed this through review of the actuary report prepared by management's expert, testing the reasonableness of inputs to their calculation, and challenging assumptions applied in the valuation.
- relation to the classification of income as unrestricted or restricted. We addressed this through substantive sample testing, including review of source documentation to determine whether the income has been classified correctly under the Charities SORP.

As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

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

PKF Littlejohn LLP
Statutory Auditor

15 Westferry Circus
Canary Wharf
London E14 4HD

Date: 29 April 2024

PKF Littlejohn LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

**THE KEEPERS AND GOVERNORS OF THE POSSESSIONS
REVENUES AND GOODS OF THE FREE GRAMMAR
SCHOOL OF JOHN LYON**

**CONSOLIDATED STATEMENT OF
FINANCIAL ACTIVITIES
Year ended 31 August 2023**

	Notes	Income Funds Unrestricted Funds	Restricted Funds	Capital Funds Expendable Endowment	Permanent Endowment	2022/23 Total	2021/22 Total
Income and endowments from:		£'000	£'000	£'000	£'000	£'000	£'000
Charitable activities							
School fees receivable	1	53,509	-	-	-	53,509	49,977
Ancillary trading income	2i	5,587	-	-	-	5,587	3,285
Charitable grants received	2ii	660	965	-	-	1,625	992
Voluntary sources							
Other charitable income	2iii	8,337	1,502	179	-	10,018	9,100
Tsunami income		-	-	-	-	-	16
Non ancillary trading income	2iv	10,284	-	-	-	10,284	8,265
Other incoming resources	3	(353)	88	-	-	(265)	120
Investments							
Investment income	4	3,094	159	-	-	3,253	2,404
Total Income		81,118	2,714	179	-	84,011	74,159
Expenditure on:							
Raising funds							
Fundraising costs		1,435	109	-	-	1,544	1,370
Non ancillary trading expenses	2iv	4,318	-	-	-	4,318	3,400
Finance costs	7	3,285	-	-	-	3,285	3,549
Investment management costs		436	1	4	52	493	687
		9,474	110	4	52	9,640	9,006
Charitable activities							
Teaching costs		26,462	-	-	-	26,462	24,321
Welfare costs		7,929	-	-	-	7,929	7,164
Premises costs		15,335	-	-	-	15,335	14,636
Support costs		6,535	18	-	-	6,553	6,946
Grants, awards and prizes	5iii	-	5,199	-	-	5,199	4,336
Other charitable projects		-	3	-	-	3	13
Ancillary trading expenses	2i	4,839	-	-	-	4,839	2,640
		61,100	5,220	-	-	66,320	60,056
Total Expenditure		70,574	5,330	4	52	75,960	69,062
Net Income/(Expenditure) before Transfers and Investment Gains/(Losses)		10,544	(2,616)	175	(52)	8,051	5,097
Transfers between funds	8	1,042	(487)	(105)	(450)	-	-
Gains on investment properties	11	-	-	-	-	-	316
Gains/(Losses) on investment assets	12	462	(17)	(118)	(219)	108	(12,370)
Net Income/(Expenditure)		12,048	(3,120)	(48)	(721)	8,159	(6,957)
Actuarial (loss)/gain on defined- benefit pension scheme	20(c)	(822)	-	-	-	(822)	4,294
Net Movement in Funds		11,226	(3,120)	(48)	(721)	7,337	(2,663)
Balances at beginning of year		138,585	7,221	7,379	35,799	188,984	191,647
Balances at end of year		149,811	4,101	7,331	35,078	196,321	188,984

The Corporation has no gains or losses that are not shown above and all activities are continuing.

The accounting policies and notes on pages 31 to 70 form part of these Financial Statements.

**THE KEEPERS AND GOVERNORS OF THE POSSESSIONS
REVENUES AND GOODS OF THE FREE GRAMMAR
SCHOOL OF JOHN LYON**

**BALANCE SHEETS
At 31 August 2023**

	Notes	Consolidated		Corporation	
		2023 £'000	2022 £'000	2023 £'000	2022 £'000
Fixed Assets					
Tangible fixed assets	9	153,233	129,089	153,233	129,087
Intangible assets	10	84	97	84	97
Investment properties	11	1,588	2,048	1,588	2,048
Investments	12	157,699	174,234	157,004	173,382
		312,604	305,468	311,909	304,614
Current asset investments		34	34	34	34
Stocks	13	314	400	217	278
Debtors	14	6,973	6,607	6,348	6,501
Cash at bank and in hand	15	6,356	4,319	5,822	4,023
		13,677	11,360	12,421	10,836
Creditors: amounts falling due within one year	16	(26,633)	(26,305)	(25,470)	(25,385)
Net Current (Liabilities)		(12,956)	(14,945)	(13,049)	(14,549)
Total Assets less Current (Liabilities)		299,648	290,523	298,860	290,065
Creditors: amounts falling due after more than one year	17	(98,208)	(97,083)	(98,208)	(97,083)
Net Assets before Pension		201,440	193,440	200,652	192,982
Pension Scheme Liabilities	20	(5,119)	(4,456)	(5,121)	(4,456)
Net Assets including Pension Scheme Liabilities		196,321	188,984	195,531	188,526
Represented by:					
Capital funds					
Permanent Endowment		35,078	35,799	35,078	35,799
Expendable Endowment		7,331	7,379	7,331	7,379
		42,409	43,178	42,409	43,178
Income Funds					
Restricted		4,101	7,221	3,649	6,707
Unrestricted		149,811	138,585	149,473	138,641
Total Funds	21	196,321	188,984	195,531	188,526

Approved by the Governors and signed on their behalf by

D G P Eyton

)

) Governors 16 March 2024

)

R T G Winter

The accounting policies and notes on pages 31 to 70 form part of these Financial Statements.

**THE KEEPERS AND GOVERNORS OF THE POSSESSIONS
REVENUES AND GOODS OF THE FREE GRAMMAR
SCHOOL OF JOHN LYON**

**CONSOLIDATED CASH
FLOW STATEMENT
Year ended 31 August 2023**

		2022/23	2021/22
	Note	£'000	£'000
Net Cash Inflow from Operating Activities	(i)	14,245	12,759
Cash flows from Investing Activities			
Payments to acquire tangible fixed assets		(30,025)	(19,639)
Sale proceeds of tangible fixed assets		590	8
Payments to acquire investments		(16,744)	(63,125)
Sale proceeds of investments		36,386	30,847
(Decrease)/Increase in cash held in investments		(2,996)	21,071
Listed investment income		453	267
Interest received		3,094	2,137
Interest paid		(3,289)	(3,549)
Net Cash (Outflow) from Investing Activities		(12,531)	(31,983)
Cash flow from Financing Activities			
Loans Received		1,500	-
Loan Repayment		(1,107)	(777)
Finance Lease Repayment		(6)	6
Net Cash Inflow/(Outflow) from Financing Activities		387	(771)
Increase/(Decrease) in cash in the year		2,101	(19,995)
Made up as follows:			
Decrease/(Increase) in bank overdraft – unrestricted funds		64	(9,500)
Increase/(Decrease) in other cash balances		2,037	(10,415)
Increase/(Decrease) in unrestricted fund and other cash		2,101	(19,915)
(Decrease)/Increase in advanced fees cash balance		-	(80)
(iii)		2,101	(19,995)
Reconciliation of Net Cash Flow to Movement in Net Funds			
Increase/(Decrease) in cash in the year		2,101	(19,995)
Cash inflow resulting from decrease in net debt and lease financing		(387)	771
Other non-cash movement		11	10
Change in funds resulting from cash flows and Movement in net funds in the year		1,725	(19,214)
Net funds at 1 September 2022		(96,465)	(77,251)
Net Funds at 31 August 2023	(iii)	(94,740)	(96,465)

The accounting policies and notes on pages 31 to 70 form part of these Financial Statements.

**THE KEEPERS AND GOVERNORS OF THE POSSESSIONS
REVENUES AND GOODS OF THE FREE GRAMMAR
SCHOOL OF JOHN LYON**

**CONSOLIDATED CASH
FLOW STATEMENT
Year ended 31 August 2023**

(i) Net Cash Inflow from Operating Activities	2022/23 £'000	2021/22 £'000
Net incoming resources	8,159	(6,957)
Depreciation	5,744	5,545
Amortisation of goodwill	11	10
Decrease/(increase) in stocks	86	(93)
Increase in debtors	(363)	(734)
Increase/(decrease) in creditors	274	1,552
Increase in entry and part-fee deposits	856	127
Decrease/(Increase) in liability for unfunded pensions	5	-
FRS 102 credit before actuarial gains/losses	663	5
Decrease in provision for other pension benefit arrangements	(827)	(197)
Interest paid	3,289	3,549
Interest received	(3,094)	(2,137)
Investment income	(453)	(267)
Gain on investment properties	-	(316)
Gain on revaluation of investment assets	(112)	12,370
Loss on disposal of fixed assets	7	302
	14,245	12,759

(ii) Changes in Cash and Cash Equivalents

Analysis of balances	2022/23 £'000	2021/22 £'000	Change in year £'000
Bank overdraft (see note 16)	(9,436)	(9,500)	64
Other cash balances (see note 15)	6,356	4,319	2,037
The Corporation's operations	(3,080)	(5,181)	2,101
Other Loans	(1,537)	(1,562)	25
Advanced Fees Cash balance (see note 16)	(400)	-	(400)
Finance Leases	(1)	(7)	6
	(5,018)	(6,750)	1,732

**THE KEEPERS AND GOVERNORS OF THE POSSESSIONS
REVENUES AND GOODS OF THE FREE GRAMMAR
SCHOOL OF JOHN LYON**

**CONSOLIDATED CASH
FLOW STATEMENT
Year ended 31 August 2023**

(iii) Analysis of Net Funds

Year ended 31 August 2023	As at beginning of year £'000	Cash Flow £'000	Other Non-cash changes £'000	As at end of year £'000
Net cash balances	(5,181)	2,101	-	(3,080)
Other loans	(1,562)	25	-	(1,537)
Finance leases	(7)	6	-	(1)
Advanced Fees	-	(400)	-	(400)
Bond	(89,715)	(7)	-	(89,722)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	(96,465)	1,725	-	(94,740)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Year ended 31 August 2022	As at beginning of year £'000	Cash Flow £'000	Other Non-cash changes £'000	As at end of year £'000
Net cash balances	14,814	(19,995)	-	(5,181)
Other loans	(2,355)	793	-	(1,562)
Finance leases	(1)	(6)	-	(7)
Bond	(89,709)	(6)	-	(89,715)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	(77,251)	(19,214)	-	(96,465)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

a) Basis of preparation and consolidation

These Financial Statements represent the activities of The John Lyon School and Harrow School, together with its charitable funds (Corporation), consolidated with its trading subsidiaries - Harrow School Enterprises Limited ("HSEL"), Harrow International Schools Limited ("HISL") Harrow Educational Investments Limited ("HEIL") The Harrow Development Trust ("HDT") and The John Lyon School Development Trust ("JLSDT").

They are prepared in accordance with The Charities (Financial Statements and Reports) Regulations 2008, the Statement of Recommended Practice on Accounting and Reporting by Charities – the Charities' SORP (FRS 102) - and in accordance with applicable United Kingdom Financial Reporting and Accounting Standards. The Financial Statements are drawn up on the historical cost basis of accounting, as modified by the revaluation of investment properties and other investments.

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

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following the 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) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has been withdrawn.

b) Preparation of Financial Statements on a going concern basis

Having reviewed the funding facilities available to the Corporation together with the expected ongoing demand for places and the Corporation's future projected cash flows, the Governors have a reasonable expectation that the Corporation has adequate resources to continue its activities for at least 12 months from the date of approval of the Financial Statements and continue to adopt the going concern basis.

c) Statement of Financial Activities (SOFA)

The SOFA comprise the following:

Unrestricted Funds

Harrow School	- Fees, running costs, other income and direct charitable trading income and expenditure.
The John Lyon School	- Fees, running costs, other income and The John Lyon School scholarship funds.
HSEL	- Subsidiary company trading income and expenditure.
HISL	- Subsidiary company trading income and expenditure.
HDT	- Fundraising income less related costs.
JLSDT	- Fundraising income less related costs.

Designated Funds	- Unrestricted funds set aside by the Governors for future use (including awards and capital projects).

Restricted Funds	- Income derived from restricted and endowed assets and donations made for restricted purposes (including capital projects, scholarships and related expenditure).

Expendable Endowment Funds	- The J G Apcar Trust, the Bessborough Memorial Trust, the Harrow School Awards Fund and part of the Harrow Challenge Fund.

c) Statement of Financial Activities (SOFA) continued

**Permanent
Endowment Funds**

- Harrow Awards Fund and L C Wilson Scholarship Fund.
- The Butler Memorial Trust.
- School and Lyon Foundation, the Philathletic Trust, the Shepherd Churchill Bequest and part of the Harrow Challenge Fund.

The Harrow Challenge Fund comprises gifts and donations which are generally regarded as expendable endowment unless the donor specifically determines otherwise.

d) Income

All incoming resources are included in the SOFA when the Corporation is legally entitled to the income, after any performance conditions have been met, when the amount can be measured reliably and when it is probable that the income will be received.

Fees receivable, royalties, charges for services and use of premises are accounted for in the period in which the service is provided. Income and expenditure resulting from ancillary School activities not covered by fees, where the School acts as principal through bearing the risks, is recognised when the cost is incurred or the trip takes place.

Income from grants and donations is recognised on receipt, unless there are conditions attached to the donation that require a level of performance before entitlement can be obtained. In this case income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the Corporation and it is probable that they will be fulfilled. The related Gift Aid on donations is accounted for when the related donation is received.

Legacy income is recognised when probate has been granted, there are sufficient assets in the estate to pay the legacy and that any conditions attached to the legacy are either in control of the charity or have already been met.

Donated assets are shown as a donation at market value upon receipt.

Income for the general purposes of the Corporation is credited to unrestricted funds. From time to time the Governors designate unrestricted funds for specific purposes. Donations and legacies subject to specific wishes of the donors are credited to relevant restricted funds or to endowed funds, if the amount is required to be held as permanent or expendable capital.

Gifts of funds for the purpose of providing for specific fixed assets are accounted for as restricted funds until expended. When expended, amounts equivalent to the relevant capital expenditure are transferred from the restricted funds to the unrestricted funds.

Investment income is earned through holding assets for investment purposes such as shares. It includes dividends, recognised when received and interest recognised on a receivable basis. Income from corporate bonds is accrued at the coupon rate.

e) Expenditure

All expenditure is accounted for on an accruals basis. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Expenditure is allocated to expense headings either on a direct cost basis or apportioned on appropriate bases. The cost of charitable activities includes all expenditure directly relating to the objects of the Corporation.

Support costs comprise administrative salaries and pension costs, office expenses, legal and professional fees and equipment rentals.

f) Investments

Investments are shown at their market values at the year end. Realised and unrealised gains and losses on the sale or revaluation of investments are accounted for in the appropriate fund in the SOFA.

g) Intangible Assets

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the group's interest in the identifiable net assets acquired.

Goodwill is amortised over its expected useful life which is estimated to be ten years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the SOFA. No reversals of impairment are recognised.

h) Tangible Fixed Assets

Expenditure on land and buildings which, in the opinion of the Governors, has not enhanced their long-term value is charged to the SOFA. Expenditure on improvements and development to land and buildings which, in the opinion of the Governors, has enhanced their long-term value is capitalised. Expenditure includes the original cost and associated costs directly attributable to bringing the asset to its working condition for its intended use (including materials and direct labour costs). Expenditure on plant, equipment (including IT equipment) and furniture which is in excess of £5,000 per item, or group of items, is capitalised.

In respect of certain land and buildings occupied or used by the schools and other artefacts owned by the schools, some of which were acquired many years ago, the original cost is not readily ascertainable. In the opinion of the Governors, the cost of obtaining a reasonable estimate of original cost or current value to the schools would outweigh significantly the benefit to be derived from doing so. Accordingly, such assets are not included on the balance sheet. In addition, prior to 1997, where funds were donated for fixed assets, the amounts of the donations were offset against the cost of the relevant fixed assets. The original cost of these assets and the amounts of the donations are not readily ascertainable and the amounts shown on the balance sheet are stated on a net basis.

i) Investment Properties

Properties, not used for direct charitable purposes of the School, are held as investment properties for the purpose of producing income for the Corporation. The investment properties are reviewed for impairment annually with a full revaluation every five years on the basis of market value as defined in the Appraisal and Valuation Standards as issued by the Royal Institute of Chartered Surveyors. The last valuation was undertaken as at 31 August 2022. Valuation gains and losses are shown on the SOFA. No depreciation is charged on investment properties.

j) Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land and investment properties, at rates calculated to write off the cost of each asset, less any estimated residual value, evenly over its expected useful life. The expected useful lives of the principal categories are:

Freehold Buildings	-	50 to 60 years
Minor capital projects	-	15 to 20 years
Astroturf sports pitches	-	10 to 40 years
Plant, equipment and furniture	-	4 to 20 years
IT equipment	-	4 years

Freehold land is stated at cost.

Depreciation on buildings under construction commences when the asset is available for use.

k) Stock

Stocks are valued at the lower of cost and net realisable value.

l) Finance Leases

Equipment and motor vehicles, which are the subject of finance leases, are classified within the Financial Statements as tangible assets with equivalent liabilities at what would otherwise have been the cost of outright purchase. These assets are depreciated over their expected useful lives, which generally correspond to the primary rental period. The interest element of lease payments is charged to the SOFA.

m) Operating Leases

Rentals paid and payable under operating leases are charged to the SOFA.

n) Termination Benefits

Redundancy and termination costs are recognised when there is a legal or constructive obligation which can be measured reliably, and it is probable that a payment will be made.

o) Pensions and Post Retirement Benefit Schemes

Defined contribution scheme

The pension cost charged to the SOFA represents the contributions payable by the Corporation under the rules of the Harrow Corporation Pension Scheme.

Defined benefit schemes

The Corporation contributes to the Teachers' Pension Scheme, which is a defined benefit scheme, at rates set by the Government Actuary and advised to the Governors. The scheme is a multi-employer pension scheme and it is not possible to identify the assets and liabilities of the scheme, which are attributable to the School. In accordance with FRS 102, the scheme is therefore accounted for as a defined contribution scheme. Contributions to the scheme are charged to the SOFA as they become payable in accordance with the rules of the scheme.

The Corporation also runs a defined benefit pension scheme for non-teaching staff that has been closed to new entrants and to further accruals. The funds of the scheme are administered by a separate Board of Trustees and are separate from the Corporation. An independent actuary completes a valuation every three years and based on the actuary's recommendations annual contributions are paid to the scheme so as to secure the benefits set out in the rules.

The defined benefit pension scheme current service costs are charged to the SOFA within staff costs. The defined benefit scheme assets are measured at fair value at the balance sheet date. Scheme liabilities are measured on an actuarial basis at the balance sheet date using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term to the scheme liabilities. The resulting defined benefit asset or liability is presented separately after other net assets on the face of the balance sheet. The net interest on the asset or liability, measured using the discount rate, is credited within other interest. The scheme actuarial gains and losses are recognised immediately as other recognised gains and losses.

p) Taxation

As a registered charity the Corporation is generally exempt from Corporation Tax but not from Value Added Tax (VAT). Irrecoverable VAT is included with the cost of those items to which it relates.

The Corporation's subsidiary trading companies, HSEL and HISL, are liable for overseas taxation and for Corporation Tax on taxable profits not paid to the Corporation as a Qualifying Donation under Gift Aid.

q) Financial Instruments

The Corporation only has financial assets and liabilities of a kind that qualify as basic financial instruments. They are initially recognised at transaction value and subsequently measured at their settlement value, as follows:

Cash	-	Cash held
Debtors	-	Settlement amount after any discounts
Creditors	-	Settlement amount after any trade discounts
Loans and loan notes	-	Amortised cost

1. School Fees Receivable

	Harrow School £'000	The John Lyon School £'000	2022/23 Total £'000	2021/22 Total £'000
Gross fees excluding bursaries	38,754	16,180	54,934	51,346
Fee remissions and awards unrestricted funds (note 5 iii)	(266)	(1,159)	(1,425)	(1,369)
	<u>38,488</u>	<u>15,021</u>	<u>53,509</u>	<u>49,977</u>

2. Fundraising and Trading Activities

i. Ancillary Trading Income

	2022/23 £'000	2021/22 £'000
Registration fees and non-refundable fee deposits	380	339
Advanced Fees income/(expenditure)	1	-
Other income	367	306
Boys' charges and school trips	4,839	2,640
	<u>5,587</u>	<u>3,285</u>

Ancillary Trading Expenses

The Corporation		
Boys charges and school trips	4,839	2,640
	<u>4,839</u>	<u>2,640</u>

ii. Charitable Grants Received

	2022/23 £'000	2021/22 £'000
Grants Received from John Lyon's Charity		
Harrow School	1,091	438
The John Lyon School	534	554
	<u>1,625</u>	<u>992</u>

2. Fundraising and Trading Activities (continued)

iii. Voluntary Income Received

Fundraising proceeds represent funds received mainly through HDT for scholarships and bursaries and to assist in the funding of capital expenditure at Harrow School.

HDT incoming resources for the year amounted to £9,914,000 (2021/22 - £8,876,000), which included Tsunami income of £Nil (2021/22 - £16,000); outgoing resources totalled £10,027,000 (2021/22 - £8,323,000). Net (outgoing)/incoming resources for the year were (£113,000) (2021/22 - £477,000).

Fundraising proceeds in the SOFA comprise

	2022/23 £'000	2021/22 £'000
HDT	9,914	8,876
The John Lyon School	104	224
	10,018	9,100

iv. Non Ancillary Trading Activities

	2022/23 £'000	2021/22 £'000
Non Ancillary Trading Income		
Rental income to the Corporation	277	228
HSEL (less intra group sales of £56,000 (2021/22 - £53,000))	3,028	1,849
HISL	6,979	6,188
	10,284	8,265

Non Ancillary Trading Expenses

HSEL		
Cost of sales	2,502	1,843
Administration expenses	102	101
HISL		
Administration expenses	737	652
Overseas taxation	977	804
	4,318	3,400

2. Fundraising and Trading Activities (continued)

iv. Non Ancillary Trading Activities (continued)

The summarised trading results of the Corporation's two subsidiaries, HSEL and HSL, are set out on the following pages. HEIL did not trade during the period.

HSEL

The principal activity of this Company is non-charitable trading for the Corporation. The Company pays all of its post-tax income to the Corporation as a Qualifying Donation under Gift Aid arrangements, subject to having distributable reserves. Its trading results, extracted from its audited Financial Statements, which are included in the Unrestricted Funds column in the SOFA, were:

	2022/23 £'000	2021/22 £'000
Turnover	3,084	1,902
Cost of sales	(2,502)	(1,843)
Gross profit	582	59
Administration expenses	(102)	(101)
Operating profit/(loss)	480	(42)
Qualifying Donation to The Corporation	-	-
Profit/(loss) for the Financial year	480	(42)

Amounts not reflected in trading income and trading expenses are included within the relevant unrestricted categories in the SOFA.

The net liabilities of the Company at the year end were £267,585 (2022 – net liabilities £747,293).

2. Fundraising and Trading Activities (continued)

iv. Non Ancillary Trading Activities (continued)

HISL

The principal activity of the Company is to enter into licensing or other arrangements with those operating or managing overseas international schools bearing the Harrow name, to monitor their compliance with such agreements, and to receive royalties and fees arising from them. The Company pays all of its post-tax income to the Corporation as a Qualifying Donation under Gift Aid arrangements. Its trading results, extracted from its audited Financial Statements, which are included in the Unrestricted Funds column in the SOFA, were:

	2022/23 £'000	2021/22 £'000
Turnover	6,979	6,188
Administration expenses	(737)	(652)
Overseas taxation	(977)	(804)
	—	—
Profit before taxation	5,265	4,732
Qualifying Donation to the Corporation	(5,265)	(4,732)
	—	—
Profit for the Financial year	-	-
	—	—

Amounts not reflected in trading income and trading expenses are included within the relevant unrestricted categories in the SOFA.

The net assets of the Company at the year ends were £1,000.

3. Other Incoming Resources	2022/23 £'000	2021/22 £'000
Write off of capitalised costs	(590)	(302)
Other income	237	332
Subscription income	88	90
	—	—
	(265)	120
	—	—

	2022/23 £'000	2021/22 £'000
4. Investment Income		
Income from restricted funds		
Investment income - Scholarships and Bursaries	159	100
	159	100
Income from unrestricted funds		
Interest receivable	2,800	2,137
Investment income - Scholarships and Bursaries	294	167
	3,094	2,304
Total investment income receivable	3,253	2,404

**THE KEEPERS AND GOVERNORS OF THE POSSESSIONS
REVENUES AND GOODS OF THE FREE GRAMMAR
SCHOOL OF JOHN LYON**

**NOTES TO THE FINANCIAL
STATEMENTS
Year ended 31 August 2023**

5 i. Group Analysis for the year ending 31 August 2023

	Harrow School £'000	The John Lyon School £'000	HSEL £'000	HISL £'000	HDT £'000	JLSDT £'000	2022/23 Total £'000
Income							
School fees receivable	38,488	15,021	-	-	-	-	53,509
Ancillary Trading	4,635	952	-	-	-	-	5,587
Other Charitable	1,091	534	-	-	-	-	1,625
Voluntary	-	104	-	-	9,914	-	10,018
Non Ancillary Trading	166	55	3,084	6,979	-	-	10,284
Other	146	(411)	-	-	-	-	(265)
Investments	3,253	-	-	-	-	-	3,253
Total Income	47,779	16,255	3,084	6,979	9,914	-	84,011
Expenditure							
Fundraising	-	143	-	-	1,401	-	1,544
Non Ancillary Trading	-	-	2,604	1,714	-	-	4,318
Finance	3,066	219	-	-	-	-	3,285
Investment management	489	3	-	-	1	-	493
Teaching	17,827	8,635	-	-	-	-	26,462
Welfare	7,102	827	-	-	-	-	7,929
Premises	12,291	3,044	-	-	-	-	15,335
Support	4,388	2,165	-	-	-	-	6,553
Grants awards and prizes	4,666	533	-	-	-	-	5,199
Other Charitable Projects	-	-	-	-	3	-	3
Ancillary trading	4,118	721	-	-	-	-	4,839
Total Expenditure	53,947	16,290	2,604	1,714	1,405	-	75,960
Net Income	(6,168)	(35)	480	5,265	8,509	-	8,051
Transfers, investment gains and losses							
Transfers between entities	13,401	508	-	(5,265)	(8,609)	(35)	-
Gain/(Loss) on investment assets	193	(68)	-	-	(17)	-	108
Actuarial loss on defined benefit pension	(822)	-	-	-	-	-	(822)
Total	12,772	440	-	(5,265)	(8,626)	(35)	(714)
Balance at beginning of the year	171,400	17,130	(748)	1	1,166	35	188,984
Balance at 31 August 2023	178,004	17,535	(268)	1	1,049	-	196,321

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5. i. Group Analysis for the year ended 31 August 2022

	Harrow School £'000	The John Lyon School £'000	HSEL £'000	HISL £'000	HDT £'000	JLSDT £'000	2021/22 Total £'000
Income							
School fees receivable	36,061	13,916	-	-	-	-	49,977
Ancillary Trading	2,689	596	-	-	-	-	3,285
Other Charitable	438	554	-	-	-	-	992
Voluntary	92	224	-	-	8,784	-	9,100
Tsunami	-	-	-	-	16	-	16
Non Ancillary Trading	139	36	1,902	6,188	-	-	8,265
Other	312	(193)	-	-	-	1	120
Investments	2,404	-	-	-	-	-	2,404
Total Income	42,135	15,133	1,902	6,188	8,800	1	74,159
Expenditure							
Fundraising	-	69	-	-	1,301	-	1,370
Non Ancillary Trading	-	-	1,944	1,456	-	-	3,400
Finance	3,148	401	-	-	-	-	3,549
Investment management	683	3	-	-	1	-	687
Teaching	16,293	8,028	-	-	-	-	24,321
Welfare	6,393	771	-	-	-	-	7,164
Premises	11,940	2,696	-	-	-	-	14,636
Support	4,956	1,990	-	-	-	-	6,946
Grants awards and prizes	3,732	604	-	-	-	-	4,336
Other Charitable projects	-	-	-	-	13	-	13
Ancillary trading	2,221	419	-	-	-	-	2,640
Total Expenditure	49,366	14,981	1,944	1,456	1,315	-	69,062
Net Income	(7,231)	152	(42)	4,732	7,485	1	5,097
Transfers, investment gains and losses							
Transfers between entities	11,350	382	-	(4,732)	(7,000)	-	-
Gain on investment properties	316	-	-	-	-	-	316
Loss on investment assets	(12,334)	(27)	-	-	(9)	-	(12,370)
Actuarial gain on defined benefit pension	4,294	-	-	-	-	-	4,294
Total	3,626	355	-	(4,732)	(7,009)	-	(7,760)
Balance at beginning of the year	175,005	16,623	(706)	1	690	34	191,647
Balance at 31 August 2022	171,400	17,130	(748)	1	1,166	35	188,984

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**NOTES TO THE FINANCIAL
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5. iii. Analysis of Grants, Awards and Prizes

	Harrow School £'000	The John Lyon School £'000	2022/23 Total £'000	2021/22 Total £'000
Awards from unrestricted funds (see note 1):				
Scholarships	-	187	187	177
Means-tested bursaries	-	766	766	726
Other awards	266	206	472	466
	266	1,159	1,425	1,369
Awards from restricted funds:				
Scholarships	453	-	453	448
Means-tested bursaries	3,824	534	4,358	3,686
Prizes and other awards	388	-	388	202
	4,665	534	5,199	4,336
Total grants, awards and prizes	4,931	1,693	6,624	5,705

6. Employees and Key Management

	Harrow School £'000	The John Lyon School £'000	HSEL £'000	HISL £'000	HDT £'000	2022/23 Total £'000
Wages and salaries	21,605	7,846	1,332	434	765	31,982
Social security costs	2,215	842	121	52	86	3,316
Teachers' Pension Scheme	2,183	1,053	-	-	17	3,253
Support Staff Pension Scheme	17	-	-	-	-	17
Harrow Corporation Pension Scheme	659	125	81	43	22	930
Death in service benefit	76	16	3	2	-	97
Unfunded pension costs	10	-	-	-	-	10
Transfer to Capital projects	(592)	-	-	-	-	(592)
	26,173	9,882	1,537	531	890	39,013

	Harrow School £'000	The John Lyon School £'000	HSEL £'000	HISL £'000	HDT £'000	2021/22 Total £'000
Wages and salaries	20,329	7,257	1,109	361	730	29,786
Social security costs	2,106	758	87	43	73	3,067
Teachers' Pension Scheme	2,048	953	-	-	16	3,017
Support Staff Pension Scheme	20	-	-	-	-	20
Harrow Corporation Pension Scheme	683	86	67	8	18	862
Death in service benefit	54	12	3	3	-	72
Unfunded pension costs	10	-	-	-	-	10
Transfer to Capital projects	(736)	-	-	-	-	(736)
	24,514	9,066	1,266	415	837	36,098

6. Employees and Key Management (continued)

Average number of Employees during the Year	2022/23	2021/22
The Schools:		
Teaching	212	204
Teaching support	78	79
Estates	107	109
Domestic	112	116
Bursary and other administration	75	71
HSEL	20	22
HDT	7	9
HISL	5	5
	616	615

The Foundation Remuneration Committee considers the remuneration of the Officers and other senior employees of the Corporation.

The number of employees across the Group whose emoluments (gross pay plus benefits in kind), excluding employer's pension contributions, exceeded £60,000 was:

	2022/23	2021/22
£ 60,001 - £ 70,000	43	36
£ 70,001 - £ 80,000	33	25
£ 80,001 - £ 90,000	23	21
£ 90,001 - £100,000	13	10
£100,001 - £110,000	9	5
£110,001 - £120,000	3	4
£120,001 - £130,000	2	3
£130,001 - £140,000	2	-
£140,001 - £150,000	-	1
£220,001 - £230,000	-	1
£230,001 - £240,000	1	-
£240,001 - £250,000	1	2
£260,001 - £270,000	2	-
£290,001 - £300,000	-	1
£320,001 - £330,000	1	-

Pension contributions to defined contribution schemes of £211,000 (2021/22 - £169,000) were made for 27 (2021/22 - 23) higher paid employees during the year. Contributions were made to defined benefit pension schemes for 100 (2021/22 - 86) higher paid employees during the year.

Total employee benefits payable (gross pay plus benefits in kind plus employer pension and national insurance contributions) to key management personnel were £3,535,000 (2021/22 - £3,202,000).

The redundancy and termination payments, net of recoveries from insurance, totalled £14,000 (2021/22 - £21,000).

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7. Total Resources Expended

	2022/23 £'000	2021/22 £'000
This is stated after charging/(crediting):		
Auditors' remuneration		
For the audit of the Corporation	56	52
For the audit of other group entities	33	32
For tax compliance	35	14
For other services	5	10
For the audit of the defined benefit pension scheme	11	10
Depreciation (see note 9)	5,744	5,545
Amortisation (see note 10)	11	10
Operating lease rentals	150	132
Change in pension scheme liabilities excluding actuarial (loss)/gain (see note 20 (i) c))	(159)	(192)
Interest and finance costs payable:		
Overdrafts and bank loans repayable within 5 years not by instalments	139	285
Finance leases	1	1
	140	286
Bond interest payable	2,680	2,956
Other interest payable	270	157
Total interest payable	3,090	3,399
Bank charges	16	12
Pension commitments – net finance costs (see note 20 (i) c))	179	138
Total finance costs	3,285	3,549

8. Transfers between Funds

	Unrestricted £'000	Restricted £'000	Expendable Endowment £'000	Permanent Endowment £'000
i.	(194)	194	-	-
ii.	(809)	1,498	-	(689)
iii.	3,546	(3,546)	-	-
iv.	(80)	-	-	80
v.	-	(54)	(105)	159
vi.	(1,421)	1,421	-	-
	<u>1,042</u>	<u>(487)</u>	<u>(105)</u>	<u>(450)</u>

- i. Transfer of gross fee income in Harrow School from unrestricted to restricted income by Governors' resolution for scholarships and bursaries.

An additional transfer may arise where the aggregate of the annual transfer, the net unrestricted income from endowed and designated funds and the income generated through donations and the Harrow International Schools' transfer is insufficient to meet the expenditure committed to bursaries and scholarships.

- ii. Income transferred to Restricted Funds under the Total Return policy (see note 12 iii).
- iii. Donations received to fund capital projects transferred from Restricted to Unrestricted Funds.
- iv. Transfer to compensate the Permanent Endowment for School use of residential property.
- v. Other transfers relate to income from Harrow Challenge and Harrow Awards Fund.
- vi. Transfer of funds from HISL allocated to bursaries.

9. Tangible Fixed Assets

Cost	Consolidated			Corporation		
	Freehold land and buildings £'000	Plant, equipment and furniture £'000	Total £'000	Freehold land and buildings £'000	Plant, equipment and furniture £'000	Total £'000
At 1 September 2022	165,514	21,844	187,358	165,391	21,641	187,032
Additions	25,028	4,997	30,025	25,028	4,997	30,025
Disposals	-	(849)	(849)	-	(849)	(849)
Capital costs written off	(588)	(230)	(818)	(588)	(230)	(818)
T/f from investment properties	460	-	460	460	-	460
At 31 August 2023	190,414	25,762	216,176	190,291	25,559	215,850
Depreciation						
At 1 September 2022	44,718	13,551	58,269	44,587	13,358	57,945
Charge for the year	4,189	1,555	5,744	4,189	1,553	5,742
Released on disposals	-	(840)	(840)	-	(840)	(840)
Capital costs written off		(230)	(230)		(230)	(230)
At 31 August 2023	48,907	14,036	62,943	48,766	13,241	62,617
Net Book Value						
At 31 August 2023	141,507	11,726	153,233	141,515	11,718	153,233
At 31 August 2022	120,796	8,293	129,089	120,804	8,283	129,087

All tangible fixed assets represented above are held for use by the Corporation, HSEL or HDT.

- i. Freehold land and buildings include £35,976,000 (2021/22 - £23,177,000) for buildings under construction.
- ii. Residential properties included above at a net book value of £2,228,000 (2021/22 - £2,310,000) are charged as contingent assets in a Security Agreement with the Pension Protection Fund for the Harrow School Support Staff Pension Scheme.

10. Intangible Assets

Goodwill

- Consolidated and Corporation

	2023 £'000	2022 £'000
Cost		
At 1 September	117	117
Addition	-	-
At 31 August	117	117
Amortisation		
At 1 September	20	10
Charge for the Year	13	10
At 31 August	33	20
Net Book Value		
At 31 August 2023	84	97
At 31 August 2022	97	107

The goodwill relates to the Corporation's purchase of the assets and trade of Quainton Hall School from Wallsingham College (Affiliated Schools) Limited on 6 November 2020. The goodwill is being amortised over ten years.

The Corporation acquired the assets of Quainton Hall School for £3,650,000 of which £1,350,000 was deferred to be paid over 5 years with the first payment on 6 November 2021. The balance due at the year end was £810,000. (2021/22 - £1,080,000).

The purchase price included £3,340,000 for the land and buildings, £193,000 for fixtures and fittings, and £117,000 for goodwill. The goodwill related to growth expectations, cost synergies and expected future profitability.

11. Investment Properties **2022/23**
- Consolidated and Corporation **£'000**

Balance at beginning of year	2,048
Transfer to fixed assets	(460)

Balance at end of year	1,588

	At beginning of year £'000	Movement £'000	At end of year £'000
Attributed to:			
Unrestricted	976	(460)	516
Endowed - Expendable endowment	77	-	77
- Permanent endowment	995	-	995
	2,048	(460)	1,588

The investment properties are fully revalued every five years on the basis of market value as defined in the Appraisal and Valuation Standards as issued by the Royal Institute of Chartered Surveyors. The last full revaluation was undertaken at 31 August 2022 by Stimpsons Chartered Surveyors.

2021/22

£'000

Balance at beginning of year	1,732
Unrealised gain arising from revaluation	316

Balance at end of year	2,048

	At beginning of year £'000	Movement £'000	At end of year £'000
Attributed to:			
Unrestricted	879	97	976
Endowed - Expendable endowment	53	24	77
- Permanent endowment	800	195	995
	1,732	316	2,048

12. Fixed Asset Investments

Consolidated	Expendable Permanent				Total
	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	Endowed Funds £'000	
Listed					
Opening market value excluding cash	132,168	1,044	6,146	29,839	169,197
Additions	14,787	44	-	1,913	16,744
Disposal proceeds	(33,933)	-	(111)	(2,339)	(36,383)
Realised gains/(losses)	(3,122)	(3)	(1)	40	(3,086)
Unrealised gains/(losses)	3,584	(14)	(117)	(259)	3,194
Market value at end of year	113,484	1,071	5,917	29,194	149,666
Cash with investment managers at beginning of year	4,009	(3)	-	831	4,837
Movement in year	2,044	-	810	142	2,996
Cash with investment managers at end of year	6,053	(3)	810	973	7,833
Unlisted	200	-	-	-	200
At end of year	119,737	1,068	6,727	30,167	157,699
At beginning of year	136,377	1,041	6,146	30,670	174,234

Corporation	Expendable Permanent				Total
	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	Endowed Funds £'000	
Listed					
Opening market value excluding cash	132,168	192	6,146	29,839	168,345
Additions	14,928	44	-	1,913	16,885
Disposal proceeds	(33,933)	-	(111)	(2,339)	(36,383)
Realised gains/(losses)	(3,134)	-	(1)	40	(3,095)
Unrealised gains/(losses)	3,598	(3)	(117)	(259)	3,219
Market value at end of year	113,627	233	5,917	29,194	148,971
Cash with investment managers at beginning of year	4,009	(3)	-	831	4,837
Movement in year	2,044	-	810	142	2,996
Cash with investment managers at end of year	6,053	(3)	810	973	7,833
Unlisted	200	-	-	-	200
At end of year	119,880	230	6,727	30,167	157,004
At beginning of year	136,377	189	6,146	30,670	173,382

12. Fixed Asset Investments (continued)

i. Investment Portfolios

At 31 August 2023, Unrestricted Fund investments comprise The John Lyon School Awards Fund, Corporation Bond and the Harrow School Designated Funds. Their cost was £123,237,000 (2021/22 - £142,763,000).

At 31 August 2023, Restricted Fund investments consisted of investments on the UK Stock Exchange with a cost of £662,000 (2021/22 - £1,072,000).

At 31 August 2023, Expendable Endowed Funds investments comprised of part of the Harrow Awards Fund, the J G Apcar Trust and part of the Harrow Challenge Fund. The cost of those investments was £6,512,000 (2021/22 - £5,527,000).

At 31 August 2023, the cost of investments, all of which are listed on the UK and other recognised Stock Exchanges, in the Permanent Endowment Funds were as follows:

	2022/23 £'000	2021/22 £'000
School and Lyon Foundation	2,562	2,278
Shepherd Churchill Bequest	4,905	4,641
Scholarship Funds comprising L C Wilson and Harrow Awards Fund	14,697	14,754
Harrow Challenge Fund	4,131	3,909
Foundation Awards	2,461	2,298
	28,756	27,880

ii. Significant Holdings

At 31 August 2023 the following investments were considered material in the context of the investment portfolios:

	Consolidated %	Corporation %
Cazenove Charity Multi Asset Fund	17.8	17.5
Vanguard Total World Stock ETF USD	15.9	15.9
Cash	5.6	5.6

iii. Application of the Power of Total Return

Under the total return policy adopted by the Governors, up to 4% of the value of the fund at the previous balance sheet date may be withdrawn in the following financial year.

12. Fixed Asset Investments (continued)

iii. Application of the Power of Total Return (continued)

With effect from 1 September 2014 the Governors elected to amend the policy and apply the order to the full value of the Harrow Awards Fund and the L C Wilson Bequest, having previously limited the order to 20% of the value at 1 April 2006 as referred to above. The amended policy also reduced the amount available to be applied in the following financial year to 3.75 % of the average of the total fund value on a rolling three year basis.

With effect from 1 September 2017 the Governors elected to apply the total return policy to distributions from the Foundation Awards Fund.

Movements in the Total Return Funds in the period:

	Harrow Awards Funds £'000	L C Wilson Bequest £'000	Foundation Awards Fund £'000	Total £'000
Opening valuation at 1 September 2022	13,106	2,479	2,717	18,302
Changes in year				
Investment return – income	160	-	-	160
Investment Management Charge	(12)	(1)	(2)	(15)
Investment return – realised/unrealised gains and (losses)	117	(48)	(50)	19
Cash withdrawn	(496)	(92)	(101)	(689)
Net return for the year	(231)	(141)	(153)	(525)
New Funds Received	-	-	109	109
Closing Valuation at 31 August 2023	12,875	2,338	2,673	17,886

Statement of Unapplied Total Return

Opening valuation at 1 September 2022	5,382	1,027	365	6,774
Net return for the year	(231)	(141)	(153)	(525)
Unapplied total return as at 31 August 2023	5,151	886	212	6,249

	Harrow Awards Fund £'000	L C Wilson Bequest £'000	Foundation Awards Fund £'000	Total £'000
Amount available for distribution				
Investment valuation at 31 August 2021	13,941	2,594	2,825	19,360
Investment valuation at 31 August 2022	13,106	2,479	2,717	18,302
Investment valuation at 31 August 2023	12,875	2,338	2,673	17,886
Three year average	13,307	2,470	2,738	18,516
Amount available for distribution – year ending 31 August 2024	499	93	103	695

12. Fixed Asset Investments (continued)

iv. Expendable Endowed Funds

With effect from 1 September 2017 the Governors elected to apply the total return policy to distributions from the Harrow Challenge Expendable Awards Fund.

Amount available for distribution

	Harrow Challenge Expendable Endowed Fund £'000
Investment valuation at 31 August 2021	3,002
Investment valuation at 31 August 2022	2,771
Investment valuation at 31 August 2023	2,612
Three year average	2,795
Amount available for distribution - year ending 31 August 2024	105

v. Designated Funds

The Governors have also elected to apply the total return policy, as set out in note 12iii, to the Harrow School Designated Awards fund.

Amount available for distribution

	Harrow School Designated Awards Fund £'000
Investment valuation at 31 August 2021	22,482
Investment valuation at 31 August 2022	23,035
Investment valuation at 31 August 2023	24,232
Three year average	23,250
Amount available for distribution - year ending 31 August 2024	872

vi. Overall Portfolio Structure

At 31 August 2023 the structure of the total portfolio was as follows:

	Consolidated %	Corporation %
Gilts/UK Fixed interest	42.0	42.1
Global Funds	26.5	26.6
Charity multi asset funds	19.6	19.3
Cash	5.5	5.6
UK Equities	3.7	3.7
Hedge Funds	2.7	2.7
Total	100.0	100.0

12. Fixed Asset Investments (continued)

vii. HSEL

The Corporation owns 100% of the issued ordinary share capital of HSEL, a company registered in England. The shares in the Company are included in unrestricted funds in the Financial Statements at a cost of £2.

viii. HISL

The Corporation owns 100% of the issued ordinary share capital of HISL, a company registered in England. The shares in HISL are included in unrestricted funds in the Financial Statements at a cost of £1.

ix. HEIL

The Corporation owns 100% of the issued ordinary share capital of HEIL, a company registered in England. The shares in HEIL are included in unrestricted funds in the Financial Statements at a cost of £1. The Company was incorporated on 2 July 2021 and has not traded since that date.

13. Stocks

	Consolidated		Corporation	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Works Department	58	78	58	78
Other stocks	256	322	159	200
	314	400	217	278

14. Debtors

	Consolidated		Corporation	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Fees, recharges and extras	548	691	548	691
Amounts owed by HSEL	-	-	426	862
Amounts owed by HISL	-	-	2,561	2,225
Amounts owed by HDT	-	-	24	104
Income tax recoverable	43	134	43	134
Accrued interest on corporate bonds	990	1,208	990	1,208
Other debtors and prepayments	5,392	4,574	1,756	1,277
	6,973	6,607	6,348	6,501

A deed of mortgage was created on 4 December 1999 by HSEL securing all monies due or to become due from the Company to The Corporation.

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15. Cash at Bank and in Hand

	Consolidated		Corporation	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Unrestricted	6,318	4,282	5,784	3,986
Restricted	38	37	38	37
	6,356	4,319	5,822	4,023

16. Creditors: amounts falling due within one year

	Consolidated		Corporation	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Bank overdrafts	9,436	9,500	9,436	9,500
Fees received in advance *	5,834	5,543	5,834	5,543
Advanced Fees	400	-	400	-
Other taxes and social security	980	870	980	870
Amounts due to suppliers	1,262	2,198	1,061	2,034
Accruals	4,138	2,921	4,120	2,921
Other creditors	1,810	2,301	866	1,545
Development loans (see below)	206	331	206	331
Entry deposits	872	902	872	902
Part fee deposits	1,147	1,138	1,147	1,138
Retention	277	324	277	324
Finance Leases	1	7	1	7
Deferred consideration	270	270	270	270
	26,633	26,305	25,470	25,385

The bank overdraft is a short-term Lombard facility with EFG International. It is secured on the corporate bond investments held with EFG International.

*Fees received in advance represent fees paid by parents before 31 August ahead of the Autumn term in the given year.

17. Creditors: amounts falling due after more than one year

	Consolidated		Corporation	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Bond	89,722	89,715	89,722	89,715
Entry deposits	4,919	4,080	4,919	4,080
Part fee deposits	703	665	703	665
Development loans (see below)	824	1,698	824	1,698
Amounts owed to HDT	-	-	1,500	115
Other loans	1,500	115	-	-
Deferred consideration	540	810	540	810
	98,208	97,083	98,208	97,083

Bond

The Corporation entered into a bond placement for £40 million with The Prudential Insurance Company of America that closed and funded on 11th February 2019, due for repayment on 11th August 2059. Interest at 3.3% per annum is computed on the basis of a 30/360-day year and payable semi-annually on 11th February and 11th August. The costs of issuing the bond are amortised over its remaining period and deducted from the principal sum raised.

A further bond placement for £50 million was entered into with The Prudential Insurance Company of America, Prudential Legacy Insurance Company of New Jersey, and Prudential Annuities Life Assurance Corporation. This bond issue closed and was funded on 18 June 2021 and is due for repayment on 20 June 2061. Interest at 2.7% per annum is computed on the basis of a 30/360-day year and payable semi-annually on 18th December and 18th June. The costs of issuing the bond are amortised over its remaining period and deducted from the principal sum raised.

Development Loans

On 1 August 2008 The Corporation entered into a 20 year unsecured term loan of £4.7m with Santander UK plc to finance redevelopment at The John Lyon School. Under the terms of this loan there were no capital repayments during the first three years. On 1 August 2008, £3.5m of the loan was drawn down and the applicable interest rate for this element fixed at 5.8% for the loan period, payable quarterly.

On 29 July 2011, the remaining £1.2m of the loan was drawn down. The applicable interest rate for this element was fixed at 4.37% for the loan period. On 9 May 2023 the balance of £0.37m on this element of the loan drawn down from Santander plc was repaid.

On 27 September 2011, The Corporation entered into a 17 year unsecured term loan of £0.8m with National Westminster Bank plc. Payments of capital and interest commenced on 30 April 2012 and interest was fixed at 4.95% for the loan period. On 3 May 2023 the balance of £0.3m on the loan with National Westminster Bank plc was repaid.

	2023 £'000	2022 £'000
Amounts repayable within one year	206	331
Amounts repayable between two and five years	824	1,341
Amounts repayable after 5 years	-	357
	1,030	2,029

Other Loans

The loans granted to HDT are unsecured, interest free and repayable as follows:

	2023 £'000	2022 £'000
Amounts repayable within one year	-	-
Amounts repayable between two and five years	1,500	115
Amounts repayable after 5 years	-	-
	1,500	115

18. Operating Lease Commitments
- Consolidated and Corporation

As at 31 August 2023, the minimum total lease payments to which the Corporation is committed under non-cancellable operating leases (plant and equipment) are:

	2023 £'000	2022 £'000
Expiring within one year	107	94
Expiring within two to five years	334	56
Expiring more than five years	-	-
	441	150

19. Capital Commitments
- Consolidated and Corporation

At 31 August 2023 capital works contracted for amounted to £23,991,000 (2021/22 - £36,516,000). In addition, £Nil (2021/22 - £10,287,000) was authorised but not contracted.

	2023 £'000	2022 £'000
Commitments within one year	15,027	31,594
Commitments over one year	8,964	4,922
	23,991	36,516

20. Pension Scheme Liabilities
- Consolidated and Corporation

Pension scheme liabilities are summarised as follows:

	2023	2022
	£'000	£'000
Non-teaching staff defined benefit scheme	5,004	4,336
Other benefit arrangements	115	120
Total pension liability	5,119	4,456
Total increase/(decrease) in liability (see 20(i) c)	663	(4,486)

(i) Non-teaching staff - defined benefit scheme

A scheme for eligible non-teaching staff, who are all employed by the Corporation but work on the activities of either Harrow School, The John Lyon School, HSEL, HDT or the Harrow Association, provides benefits based on final pensionable pay. Salary and related costs, including pension costs, are allocated to the relevant schools or entities. The assets of the scheme are held separately from those of each entity, being invested with an insurance company (AXA Sun Life) and Cazenove Capital Management Limited. Contributions to the scheme are charged to the SOFA, the Trust and the Association, and the Profit and Loss account of HSEL so as to spread the cost of pensions over employees' working lives. The scheme was closed to new entrants on 13 June 2003 and closed to future accrual on 30 April 2017.

Actuarial valuations are carried out triennially for funding purposes, using the attained age method, the most recently available being dated 31 August 2021. The main assumptions were a discount rate before and after retirement set by reference to the RiskFirst Gilt curve, RPI inflation set by reference to the RiskFirst RPI Gilt inflation curve, CPI inflation of RPI minus 0.8% and pension increase assumptions for revalued deferred pensions before retirement of CPI limited to 5% and pension increases in payment of 3% for pre- and post-88 GMP, 5% for pre-2001 and index-linked increase with RPI limited to 5% for post-2001. The demographic assumptions used the AC00 table for pre-retirement and 104% and 95% of the SP2A tables for males and females for post-retirement.

The actuarial valuation of the scheme as at 31 August 2021 revealed that the statutory funding objective was not met i.e. there were insufficient assets to cover the scheme's technical provisions and there was a funding shortfall of £7,773,000. The Trustees have resolved to return the funding level to 100% by 2038. As a consequence, the Governors committed to extend the current annual deficit recovery programme agreed in the 2018 valuation by five years to 30 September 2038, with payments rising by 3% per annum from 2021/22 until September 2038.

The scheme contributions paid for the year were £394,000 (2021/22 - £382,000). The expected scheme contributions for the year ending 31 August 2024 are estimated at £406,000.

Financial Reporting Standard (FRS) 102 – Retirement Benefits

An annual actuarial valuation is carried out for the purpose of compliance with FRS 102 and was updated to 31 August 2023 by an independent qualified actuary. As required by FRS 102, the defined benefit liabilities have been measured using the attained age method. The assets and liabilities include the value of pensions in payment, the majority of which are secured with insured annuities.

20. Pension Scheme Liabilities (continued)
- Consolidated and Corporation

(i) Non-teaching staff - defined benefit scheme (continued)

The amounts recognised in the balance sheet are as follows:

	2023 £'000	2022 £'000
Present value of obligations	(17,973)	(20,413)
Fair value of plan assets	12,969	16,077
Scheme deficit	(5,004)	(4,336)
a) Changes in the present value of the scheme obligations:		
Opening defined benefit obligation	20,413	31,093
Interest cost	864	492
Actuarial (gain)loss/ (excluding assets)	(2,644)	(10,521)
Benefits paid	(660)	(651)
Defined benefit obligations at the end of the year	17,973	20,413
b) Changes in the fair value of the scheme assets are as follows:		
Opening fair value of scheme assets	16,077	22,276
Interest income on scheme assets	685	354
Return on assets excluding interest income	(3,466)	(6,227)
Employer contributions	394	382
Benefits paid	(670)	(661)
Scheme administration cost	(51)	(47)
Fair value of scheme assets at the end of the year	12,969	16,077
c) The amounts included in the Statement of Financial Activities are as follows:		
Interest income on scheme assets	(685)	(354)
Interest on pension liabilities	864	492
Net finance cost (see note 7)	179	138
Current service cost	51	47
Contributions paid	(394)	(382)
FRS 102 credit before actuarial gains/losses	(164)	(197)
Increase in other benefit arrangements	5	5
Total debit/(credit) to SOFA (see note 7)	(159)	(192)
FRS 102 Actuarial losses/(gains)	822	(4,294)
Increase/(decrease) in liability	663	(4,486)

20. Pension Scheme Liabilities (continued)
- Consolidated and Corporation

(i) Non-teaching staff - defined benefit scheme (continued)

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

	2023 %	2022 %
Fixed interest and liability driven investment	40	28
Cash and other	3	5
Equities and properties	19	28
Insured annuities	11	10
Diversified grants and funds	27	29

The overall expected rate of return on the scheme assets is determined by reference to yields available on government bonds, corporate bonds, bank base rates and incorporating appropriate risk margins where appropriate.

	2023 £'000	2022 £'000
Actual return on the scheme assets in the year	(5,291)	(5,304)

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

	2023 %	2022 %
Inflation assumption (RPI)	3.3	3.4
Inflation assumption (CPI)	2.7	2.8
Discount rate	5.3	4.3
Rate of increase in salaries	4.3	4.4
Future LPI pension increases	3.3	3.4

Assumed life expectations on retirement at age 65:

Retiring today – males	21.4	21.3
Retiring today – females	24.0	23.9
Retiring in 20 years – males	23.0	22.9
Retiring in 20 years – females	25.5	25.4

f) The amounts for the current and previous periods are as follows:

	2023 £'000	2022 £'000	2021 £'000	2020 £'000	2019 £'000
Present value of obligations	(17,973)	(20,413)	(31,093)	(30,938)	(31,418)
Fair value of plan assets	12,969	16,077	22,276	20,954	21,549
Scheme deficit	(5,004)	(4,366)	(8,817)	(9,984)	(9,869)
Experience adjustment on scheme assets	3,466	6,227	(1,582)	687	25
Percentage of scheme assets	-26.7%	-38.7%	7.1%	3.3%	0.1%
Experience adjustment on scheme liabilities	(2,644)	(10,521)	602	(506)	3,362
Percentage of scheme liabilities	14.7%	51.5%	1.9%	1.6%	10.7%
Cumulative scheme actuarial losses	(5,574)	(4,752)	(9,046)	(10,026)	(9,845)

**20. Pension Scheme Liabilities (continued)
- Consolidated and Corporation**

(ii) Other benefit arrangements

Harrow School has other benefit arrangements comprising:

- unfunded provision of benefits to masters and other staff who retired prior to 1982;
- unfunded provision of benefits to masters in the period between their retirement at 62 and the point at which they become entitled to a State Pension. This element of the unfunded arrangement is closed to new entrants.

The value of the unfunded liability arising from these arrangements at 31 August 2023 was updated by an independent qualified actuary on an FRS102 basis. The movements on the provision required to meet the future liabilities arising under the arrangements are as follows:

	2023 £'000	2022 £'000
Provision at beginning of year	120	125
Decrease in provision	(5)	(5)
Provision at end of year	115	120
After more than one year	115	120

(iii) Teachers' Pension Scheme

The School participates in the Teachers' Pension Scheme ("the TPS"). The pension charge for the year includes contributions payable to the TPS of £3,339,000 (2021/22 - £3,020,000) and at the year-end £260,000 (2022 - £240,000) was accrued in respect of contributions to this scheme.

The TPS is an unfunded multi-employer defined benefits pension scheme governed by The Teachers' Pensions Regulations 2010 (as amended) and The Teachers' Pension Scheme Regulations 2014 (as amended). Members contribute on a "pay as you go" basis with contributions from members and the employer being credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The employer contribution rate set by the Secretary of State following scheme valuations undertaken by the Government Actuary's Department. The most recent actuarial valuation of the TPS was prepared as at March 2020 and the Valuation Report, which was published in October 2023.

Following the McCloud judgement, the remedy proposed that when benefits become payable, eligible members can select to receive them from either the reformed or legacy schemes for the period 1 April 2015 to March 2022. The actuaries have assumed that members are likely choose the option that provides them with the greater benefits, and preparing the 2020 valuation have valued the 'greater value' benefits for groups of relevant members.

The valuation confirmed that the employer contribution rate for the TPS would increase from 23.6% to 28.6% from 1 April 2024. Employers are also required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 28.68%.

(iv) Other defined contribution schemes

A defined contribution scheme now known as the Harrow Corporation Pension Scheme for eligible employees across the Corporation. The amount recognised in the SOFA for the year was £969,000 (2021/22 - £866,000). The expected scheme contributions for the year ending 31 August 2024 are estimated at £1,235,000.

21. Allocation of Consolidated Net Assets for the year ended 31 August 2023

The net assets at 31 August 2023 are held for the various funds as follows:

Capital Funds	Tangible fixed assets £'000	Investment properties £'000	Investments £'000	Net current assets/ (liabilities) £'000	Long term liabilities £'000	Total £'000
Permanent Endowment						
General						
School and Lyon Foundation incl the Philathletic Trust*	3,421	10	2,623	335	-	6,389
Harrow School Endowment Fund	-	985	-	-	-	985
Shepherd Churchill Bequest*	-	-	5,203	(15)	-	5,188
Butler Memorial Trust	21	-	77	279	-	377
Awards						
Harrow Awards Fund*	-	-	12,863	(107)	-	12,756
L C Wilson Bequest	-	-	2,338	-	-	2,338
Foundation Awards	-	-	2,687	-	-	2,687
Harrow Challenge	-	-	4,376	(18)	-	4,358
	<u>3,442</u>	<u>995</u>	<u>30,167</u>	<u>474</u>	<u>-</u>	<u>35,078</u>
Expendable Endowment						
J G Apcar Trust*	302	77	-	26	-	405
Harrow Challenge	-	-	2,612	22	-	2,634
Harrow Awards	-	-	4,115	177	-	4,292
	<u>302</u>	<u>77</u>	<u>6,727</u>	<u>225</u>	<u>-</u>	<u>7,331</u>
Total Capital Funds	<u>3,744</u>	<u>1,072</u>	<u>36,894</u>	<u>699</u>	<u>-</u>	<u>42,409</u>
Income Funds						
Restricted						
Harrow	-	-	-	3,915	-	3,915
JLS	-	-	233	166	-	399
Subsidiaries	-	-	835	452	(1,500)	(213)
	<u>-</u>	<u>-</u>	<u>1,068</u>	<u>4,533</u>	<u>(1,500)</u>	<u>4,101</u>
Unrestricted						
Designated						
Harrow Awards	-	-	24,232	(4,519)	-	19,713
JLS	-	-	4,144	665	-	4,809
Masterplan	-	-	-	-	-	-
Awards	-	-	-	(182)	-	(182)
Other	-	-	-	(116)	-	(116)
Bond	-	-	81,372	-	(89,722)	(8,350)
General						
Harrow	129,246	516	9,989	(14,477)	(5,253)	120,021
JLS	20,327	-	-	(1,153)	(6,852)	12,322
Subsidiaries	-	-	-	1,594	-	1,594
	<u>149,573</u>	<u>516</u>	<u>119,737</u>	<u>(18,188)</u>	<u>(101,827)</u>	<u>149,811</u>
Total Income Funds	<u>149,573</u>	<u>516</u>	<u>120,805</u>	<u>(13,655)</u>	<u>(103,327)</u>	<u>153,912</u>
TOTAL FUNDS	<u>153,317</u>	<u>1,588</u>	<u>157,699</u>	<u>(12,956)</u>	<u>(103,327)</u>	<u>196,321</u>

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21. Allocation of Consolidated Net Assets for the year ended 31 August 2023

The movement in reserves for the various funds for the year ended 31 August 2023 are as follows:

Capital Funds	Balance Brought Forward £'000	Income £'000	Expenditure £'000	Gains and Losses £'000	Transfers £'000	Balance Carried Forward £'000
Permanent Endowment						
General						
School and Lyon Foundation incl the Philathletic Trust*	6,359	-	(4)	(46)	80	6,389
Harrow School Endowment Fund	985	-	(29)	29	-	985
Shepherd Churchill Bequest*	5,293	-	-	(105)	-	5,188
Butler Memorial Trust	377	-	-	-	-	377
Awards						
Harrow Awards Fund*	13,142	-	(12)	(37)	(337)	12,756
L C Wilson Bequest	2,479	-	(2)	(47)	(92)	2,338
Foundation Awards	2,717	-	(2)	73	(101)	2,687
Harrow Challenge	4,447	-	(3)	(86)	-	4,358
	<u>35,799</u>	<u>-</u>	<u>(52)</u>	<u>(219)</u>	<u>(450)</u>	<u>35,078</u>
Expendable Endowment						
Harrow Challenge	2,793	-	(2)	(52)	(105)	2,634
J P Apcar Trust	403	1	-	1	-	405
Other	4,183	178	(2)	(67)	-	4,292
	<u>7,379</u>	<u>179</u>	<u>(4)</u>	<u>(118)</u>	<u>(105)</u>	<u>7,331</u>
Total Capital Funds	43,178	179	(56)	(337)	(555)	42,409
Income Funds						
Restricted						
Harrow	5,549	626	(4,658)	2,885	(487)	3,915
JLS	424	646	(668)	(3)	-	399
Subsidiaries	1,248	1,442	(4)	(2,899)	-	(213)
	<u>7,221</u>	<u>2,714</u>	<u>(5,330)</u>	<u>(17)</u>	<u>(487)</u>	<u>4,101</u>
Unrestricted						
Designated						
Harrow Awards	19,393	-	-	320	-	19,713
JLS	4,194	36	(6)	(64)	649	4,809
Masterplan	(1,443)	60	(3,446)	4,829	-	-
Awards	(182)	-	-	809	(809)	(182)
Other	(116)	-	-	-	-	(116)
Bond	(9,382)	-	-	1,032	-	(8,350)
General						
Harrow	113,855	45,471	(45,783)	(9,264)	15,742	120,021
JLS	12,546	15,573	(15,616)	468	(649)	12,322
Subsidiaries	(280)	19,978	(5,723)	1,510	(13,891)	1,594
	<u>138,585</u>	<u>81,118</u>	<u>(70,574)</u>	<u>(360)</u>	<u>1,042</u>	<u>149,811</u>
Total Income Funds	145,806	83,832	(75,904)	(377)	555	153,912
TOTAL FUNDS	188,984	84,011	(75,960)	(714)	-	196,321

21. Allocation of Consolidated Net Assets (continued)

*The Shepherd Churchill Bequest, the Butler Memorial Trust, the J G Apcar Trust, the Harrow Awards Fund and the Philathletic Trust are separate and legally distinct charities subject to a Uniting Direction issued by the Charities Commission under s96 (5) of the Charities Act 1993, dated 25 August 2004.

Assets forming the Philathletic Trust comprise land known as the Cricket Ground, the Bessborough Ground and part of Churchfields, combined with property from the Bessborough Memorial Trust. The original value of the bequest is not known and no current value is placed upon it. Assets of the Trust also included investments which were consolidated with the School & Lyon Foundation many years ago. It is not possible to identify the investments within that fund that form part of the Philathletic Trust.

Assets of the Butler Memorial Trust include the football fields following the amalgamation of the original Football Fields Trust and the Reverend Henry Montagu Butler DD Memorial Football Fields Trust under a 1988 Scheme. The original value of the land bequests is not known and no current value is placed upon the land. Income from investments that can still be identified as belonging to the Trust is deployed wholly in the maintenance of sports facilities in line with the original intention of the benefactors.

The transactions for the year to 31 August 2023 of the other charities referred to, included in the SOFA and Balance Sheet, are as follows:

	Shepherd Churchill Bequest	Harrow Awards Fund	Butler Memorial Trust	J G Apcar Trust
	£'000	£'000	£'000	£'000
Investments				
Additions	-	1,804	-	-
Disposals	(5)	(2,128)	-	-
Investment income	-	-	-	-
Realised gain	-	43	-	-
Unrealised (loss)/gains	(103)	75	-	24
Net movement in cash held for investment	2	(25)	-	-
Investment properties				
Rental income	-	-	-	(1)

In addition to the above Uniting Direction, the assets of the Harrow Land Trust comprise land currently occupied by the Farm and the Golf Course, the original value of which is not known and no current value is placed upon it.

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21. Allocation of Consolidated Net Assets for the year ended 31 August 2022

The net assets at 31 August 2022 were held for the various funds as follows:

Capital Funds	Tangible fixed assets £'000	Investment properties £'000	Investments £'000	Net current assets/ (liabilities) £'000	Long term liabilities £'000	Total £'000
Permanent Endowment						
General						
School and Lyon Foundation including the Philathletic Trust*	3,501	10	2,517	331	-	6,359
Harrow School Endowment Fund	-	985	-	-	-	985
Shepherd Churchill Bequest*	-	-	5,309	(16)	-	5,293
Butler Memorial Trust	23	-	77	277	-	377
Awards						
Harrow Awards Fund*	-	-	13,106	36	-	13,142
L C Wilson Bequest	-	-	2,479	-	-	2,479
Foundation Awards	-	-	2,717	-	-	2,717
Harrow Challenge	-	-	4,465	(18)	-	4,447
	<u>3,524</u>	<u>995</u>	<u>30,670</u>	<u>610</u>	<u>-</u>	<u>35,799</u>
Expendable Endowment						
J G Apcar Trust*	302	77	-	24	-	403
Harrow Challenge	-	-	2,770	23	-	2,793
Harrow Awards	-	-	3,376	807	-	4,183
	<u>302</u>	<u>77</u>	<u>6,146</u>	<u>854</u>	<u>-</u>	<u>7,379</u>
Total Capital Funds	<u>3,826</u>	<u>1,072</u>	<u>38,816</u>	<u>1,464</u>	<u>-</u>	<u>43,178</u>
Income Funds						
Restricted						
Harrow	-	-	-	5,549	-	5,549
JLS	-	-	192	232	-	424
Subsidiaries	-	-	849	514	(115)	1,248
	<u>-</u>	<u>-</u>	<u>1,041</u>	<u>6,295</u>	<u>(115)</u>	<u>7,221</u>
Unrestricted						
Designated						
Harrow	-	-	23,035	(3,642)	-	19,393
JLS	-	-	3,728	466	-	4,194
Masterplan	-	-	-	(1,443)	-	(1,443)
Awards	-	-	-	(182)	-	(182)
Other	-	-	-	(116)	-	(116)
Bond	-	-	80,333	-	(89,715)	(9,382)
General						
Harrow	104,252	976	29,281	(16,943)	(3,711)	113,855
JLS	21,106	-	-	(562)	(7,998)	12,546
Subsidiaries	2	-	-	(282)	-	(280)
	<u>125,360</u>	<u>976</u>	<u>136,377</u>	<u>(22,704)</u>	<u>(101,424)</u>	<u>135,585</u>
Total Income Funds	<u>125,360</u>	<u>976</u>	<u>137,418</u>	<u>(16,409)</u>	<u>(101,539)</u>	<u>145,806</u>
TOTAL FUNDS	<u>129,186</u>	<u>2,048</u>	<u>174,234</u>	<u>(14,945)</u>	<u>(101,539)</u>	<u>188,984</u>

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21. Allocation of Consolidated Net Asset for the year ended 31 August 2022

The movement in reserves for the various funds for the year ended 31 August 2022 are as follows:

Capital Funds	Balance Brought Forward £'000	Income £'000	Expenditure £'000	Gains and Losses £'000	Transfers £'000	Balance Carried Forward £'000
Permanent Endowment						
General						
School and Lyon Foundation incl the Philathletic Trust*	6,300	-	(2)	(19)	80	6,359
Harrow School Endowment Fund	790	-	-	195	-	985
Shepherd Churchill Bequest*	5,340	-	(4)	(43)	-	5,293
Butler Memorial Trust	359	-	-	18	-	377
Awards						
Harrow Awards Fund	14,009	-	(45)	(424)	(398)	13,142
L C Wilson Bequest	2,594	-	(2)	(21)	(92)	2,479
Foundation Awards	2,825	-	(2)	(21)	(85)	2,717
Harrow Challenge	4,485	-	(4)	(34)	-	4,447
	<u>36,702</u>	<u>-</u>	<u>(59)</u>	<u>(349)</u>	<u>(495)</u>	<u>35,799</u>
Expendable Endowment						
Harrow Challenge	2,922	-	(2)	(23)	(104)	2,793
J P Apcar Trust	380	-	-	23	-	403
Other	3,377	807	(2)	1	-	4,183
	<u>6,679</u>	<u>807</u>	<u>(4)</u>	<u>1</u>	<u>(104)</u>	<u>7,379</u>
Total Capital Funds	43,381	807	(63)	(348)	(599)	43,178
Income Funds						
Restricted						
Harrow	19,716	1,769	(3,962)	(77)	(11,897)	5,549
JLS	213	866	(658)	3	-	424
Subsidiaries	1,045	152	(14)	65	-	1,248
	<u>20,974</u>	<u>2,787</u>	<u>(4,634)</u>	<u>(9)</u>	<u>(11,897)</u>	<u>7,221</u>
Unrestricted						
Designated						
Harrow Awards	23,376	2,921	(54)	(6,850)	-	19,393
JLS	4,129	-	(3)	68	-	4,194
Masterplan	1,343	140	(13,318)	10,392	-	(1,443)
Awards	182	-	-	362	(726)	(182)
Other	105	11	(1)	(231)	-	(116)
Bond	(12,959)	-	-	3,577	-	(9,382)
General						
Harrow	99,474	35,643	(29,385)	(14,151)	24,954	113,855
JLS	12,313	14,960	(14,211)	(516)	-	12,546
Subsidiaries	(671)	16,890	(4,713)	(54)	(11,732)	(280)
	<u>127,292</u>	<u>70,565</u>	<u>(64,365)</u>	<u>(7,403)</u>	<u>12,496</u>	<u>135,585</u>
Total Income Funds	148,266	73,352	(68,999)	(7,412)	599	145,806
TOTAL FUNDS	191,647	74,159	(69,062)	(7,760)	-	188,984

21. Allocation of Consolidated Net Assets (continued)

The transactions for the year to 31 August 2022 of the other charities referred to, included in the SOFA and Balance Sheet, are as follows:

	Shepherd Churchill Bequest	Harrow Awards Fund	Butler Memorial Trust	J G Apcar Trust
	£'000	£'000	£'000	£'000
Investments				
Additions	-	1,020	-	-
Disposals	(3)	(1,592)	-	-
Investment income	-	-	(1)	-
Realised losses	-	35	-	-
Unrealised gains	(43)	(459)	18	24
Net movement in cash held for investment	(1)	162	-	-
Investment properties				
Rental income	-	-	-	(1)

22. Indemnity insurance

Professional Indemnity and Governors' Liability insurance is purchased by the Schools. The insurance is in respect of claims arising from any negligent act, error or omission committed in good faith and covers Proprietors, Principals, Trustees, Governors and Corporation staff.

The cost of the insurance amounted to £9,000 (2021/22 - £9,000).

23. Related party transactions

- The Clerk to the Governors was a partner in the firm of Cripps until February 2022 when he became an employee of the Corporation. Cripps acts as solicitors to the Corporation. Under the terms of a contract for services, the firm provides administrative support to the Governors. Payment for these services in 2021/22 were £43,000. In addition, legal fees paid by the Corporation to Cripps in 2021/22 were £480,000 inclusive of VAT and disbursements.
- John Lyon's Charity made grants for bursaries in the year at Harrow School of £431,000 (2021/22 - £438,000) and at The John Lyon School of £534,000, (2021/22 - £554,000) to enable individuals resident in the beneficial area of John Lyon's Charity to attend the schools, who would not be able to do so without that financial support. These grants are aimed at providing wider access to education at the schools and are consistent with the Founder's original intention for the application of his endowment. Grants have also been made by John Lyon's Charity to other independent schools in the beneficial area for bursary support. The Corporation is the trustee of John Lyon's Charity.
- One Governor, J P Batting, who retired on 31 December 2022, is a partner in XPS Pensions. Under the terms of a contract for services, the firm provides a triennial valuation for the non-teaching staff pension scheme and advice on the pension scheme liabilities arising from this and other benefit arrangements. Payment to XPS Pensions in the year amounted to £122,000 (2021/22 - £264,000).
- Two Governors were employed during the year by HISL as Directors and received the following remuneration: M L Mrowiec - £117,000 (2021/22 - £113,000), A D Hart - £67,000 (2021/22 £62,000).
- Apart from the arrangements noted above, neither the Governors nor the Board of Governors nor persons connected with them received any remuneration or other benefits from the schools or any connected organisation. Travel expenses of £3,000 (2021/22 - £2,000) were paid to four (2021/22 - five) Governors during the year.

23. Related party transactions (continued)

- vi. One Governor, J P Batting, was a Director of Intellego Education Limited (IEL) until 31 December 2022, The son of another Governor, G W J Goodfellow is a Director of IEL. The Corporation made an investment of £200,000 in IEL in 2021. IEL seeks to help schools maximise their potential by delivering education outcomes. The Corporation will work closely with the company to advance best practice and operational efficiency in schools. On 31 January 2024 the agreements with IEL came to an end, except for the Investment Agreement to the extent to which the Corporation remains a shareholder in IEL. The value of the investment will be written down to its recoverable value in the year ended 31 August 2024.

Transactions with subsidiaries during the year, together with the outstanding balances at the year end are detailed below. The transactions include payments for the provision of staff and administrative services.

Related party transactions for the year ended 31 August 2023

	Income/(Expenditure)		Debtor/(Creditor) Balance	
	£'000	£'000	£'000	£'000
HSEL	317	(761)	426	-
HISL	5,265	(15)	2,561	-
HDT	9,109	(122)	24	(1,500)

Related party transactions for the year ended 31 August 2022

	Income/(Expenditure)		Debtor/(Creditor) Balance	
	£'000	£'000	£'000	£'000
HSEL	316	(338)	862	-
HISL	4,732	(55)	2,225	-
HDT	7,126	(89)	104	(115)

**THE KEEPERS AND GOVERNORS OF THE POSSESSIONS
REVENUES AND GOODS OF THE FREE GRAMMAR
SCHOOL OF JOHN LYON**

**NOTES TO THE FINANCIAL
STATEMENTS
Year ended 31 August 2023**

24. Statement of Financial Activities for the year ended 31 August 2022

	Notes	Income Funds Unrestricted Funds £'000	Restricted Funds £'000	Capital Funds Expendable Endowment £'000	Permanent Endowment £'000	Total £'000
Income and endowments from:						
Charitable activities						
School fees receivable	1	49,977	-	-	-	49,977
Ancillary trading income	2i	3,285	-	-	-	3,285
Voluntary income		-	992	-	-	992
Voluntary sources						
Other charitable income	2ii	6,704	1,589	807	-	9,100
Tsunami income		-	16	-	-	16
Other trading activities						
Non ancillary trading income	2iii	8,265	-	-	-	8,265
Other incoming resources	3	30	90	-	-	120
Investments						
Investment income	4	2,304	100	-	-	2,404
Total		70,565	2,787	807	-	74,159
Expenditure on:						
Raising funds						
Fundraising costs		1,086	284	-	-	1,370
Non ancillary trading expenses	2iv	3,400	-	-	-	3,400
Finance costs	7	3,549	-	-	-	3,549
Investment management costs		623	1	4	59	687
		8,658	285	4	59	9,006
Charitable activities						
Teaching costs		24,321	-	-	-	24,321
Welfare costs		7,164	-	-	-	7,164
Premises costs		14,636	-	-	-	14,636
Support costs		6,946	-	-	-	6,946
Grants, awards and prizes	5iii	-	4,336	-	-	4,336
Other charitable projects		-	13	-	-	13
Ancillary trading expenses	5iii	2,640	-	-	-	2,640
		55,707	4,349	-	-	60,056
Total Expenditure	6-7	64,365	4,634	4	59	69,062
Net Income/(Expenditure) before Transfers and Investment Gains/(Losses)		6,200	(1,847)	803	(59)	5,097
Transfers between funds	8	12,495	(11,897)	(104)	(495)	-
Gains on investment properties	11	97	-	24	195	316
(Losses)/gains on investment assets	12	(11,794)	(9)	(23)	(544)	(12,370)
Net Income/(Expenditure)		6,999	(13,753)	700	(903)	(6,957)
Actuarial (loss)/gain on defined-benefit pension scheme	20	4,294	-	-	-	4,294
Net Movement in Funds		11,293	(13,753)	700	(903)	(2,663)
Balances at beginning of year		127,292	20,974	6,679	36,702	191,647
Balances at end of year		138,585	7,221	7,379	35,799	188,984

Accounts

**THE KEEPERS AND GOVERNORS OF THE POSSESSIONS
REVENUES AND GOODS OF THE FREE GRAMMAR SCHOOL OF
JOHN LYON**

**REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 AUGUST 2022**

CHARITY NUMBER: 310033

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Members

Current members (referred to as Governors) of The Keepers and Governors of the Possessions Revenues and Goods of the Free Grammar School of John Lyon, within the town of Harrow on the Hill established by Royal Charter of 19 February 1572 and later incorporated by statute (referred to as The Corporation), Charity Number 310033, which comprises Harrow School, The John Lyon School and its subsidiary entities, and those who served during the year ended 31 August 2022 and up to the date of this report are:

Chairman

Appointed 1 January 2023
Retired 31 December 2022

D G P Eyton CBE MA FIOM³ FIOD FRENG
J P Batting MA FFA

Nominated by:

Chairman, The John Lyon School Board of Governors

Retired 31 March 2022

G W J Goodfellow KC MA LLM
Professor P Binski MA PhD FBA
C G T Stonehill MA
Dr I Dove-Edwin BSc MDCM MRCP
J M P D Stroyan
Mrs M S Brounger LLB
A C Goswell BSc MRICS

Lord Chief Justice
Cambridge University

Retired 31 August 2022

Deputy Chairman and Chairman, General Purposes Committee

Retired 31 August 2022

The Hon A Butler KC MA
D J C Faber MA
R T G Winter CBE BA FCA
A D Hart LLB FRSA
Mrs C M Oulton MA PGCE
Professor D J Payne MChem DPhil
J P J Glover BA
J H Dunston MA ACIL FRSA
Sir J R Symonds CBE BA FCA
Mrs H R Mould MA RGN
Professor A D'Angour MA PhD ARCM
M L Mrowiec MA
C Gallagher MA MSc
Vice Admiral J P Kyd CBE BSc PGDip
N J Enright MA MBA NPQH
Dr S V Rawal PhD
L J Halligan MPhil BSc
Dr D A Taylor MBBS BSc MD FRCP
M C Wallace BCom(Hons)

The Royal Society

Oxford University
Masters

Appointed 19 March 2022
Appointed 1 September 2022
Appointed 26 November 2022
Appointed 26 November 2022

Officers

Head Master, Harrow School
Corporation Bursar
Clerk to the Governors

W M A Land MA FLS FSB
N A Shryane MBE BA MPhil
The Hon A C Millett MA

Addresses

Harrow School

5 High Street
Harrow-on-the-Hill
Middlesex HA1 3HP

The John Lyon School

Middle Road
Harrow-on-the-Hill
Middlesex HA2 0HN

Advisers

Principal Bankers

National Westminster Bank plc
Harrow Town Centre Branch
315 Station Road
Harrow
Middlesex HA1 2AD

Independent Auditors

PKF Littlejohn LLP
Statutory Auditors
15 Westferry Circus
Canary Wharf
London E14 4HD

Solicitors

Cripps LLP
2nd Floor
80 Victoria Street
London SW1E 5JL

Principal Investment Managers

Cambridge Associates Ltd
62 Buckingham Gate
London SW1E 6AJ

Cazenove Capital Management
1 London Wall Place
London EC2Y 5AU

Actuaries

XPS Pensions
11 Strand
London WC2N 5HR

Charity Number

310033

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Status and Governance of the Corporation

The Corporation is responsible for both Harrow School ("Harrow School") and The John Lyon School and was established by Royal Charter granted by Queen Elizabeth II to John Lyon on 19 February 1572 under the formal title of "The Keepers and Governors of the Possessions Revenues and Goods of the Free Grammar School of John Lyon within the town of Harrow on the Hill" and later incorporated by statute. The original powers of The Corporation were substantially varied by provisions of the Public Schools Act 1868 (as amended), under which The John Lyon School was established, and the various statutes made by The Corporation with the approval, when required, of Her Majesty in Council. The Corporation is a registered charity, number 310033.

Updated statutes for the Corporation were approved by Her Majesty Queen Elizabeth II in Council and adopted by the Governors on 8 June 2016. Under the terms of the new statutes, the number of Governors remains restricted to twenty-five, of whom up to twenty-three are elected by the Corporation itself. This group is still expected to include a representative from each of Oxford and Cambridge Universities and the Royal Society, who are selected by the Governors. Two other Governors are nominated respectively by the Lord Chief Justice and the Head Master and the masters of Harrow School. All Governors are elected for an initial term of five years and are eligible for re-election for a maximum of two further consecutive terms of up to five years. In exceptional circumstances a Governor can serve a further term of up to five years so long as no more than five Governors serve a fourth term at any one time.

Within defined parameters, the management and administration of The John Lyon School is delegated by The Corporation to a separate Board of Governors, the members of which are appointed by The Corporation. Harrow School is an independent boarding school for boys, while the John Lyon School is an independent day school, which became co-educational from Autumn 2021.

The Corporation controls another separately registered charity, The Harrow Development Trust (charity number 296097), which prepares Financial Statements annually to 31 August. Its objects include helping Harrow School to achieve its strategic objectives. This involves raising funds for supporting pupils at Harrow School through the provision of scholarships and bursaries and capital projects undertaken by Harrow School. Appropriations from the Trust to Harrow School are made periodically. In accordance with the Statement of Recommended Practice, Accounting and Reporting by Charities, the Trust is treated as a subsidiary charity of The Corporation and its Financial Statements are consolidated within The Corporation's Financial Statements.

Consolidated Financial Statements

These Financial Statements of The Corporation comprise the activities of Harrow School and The John Lyon School, together with its charitable funds, its trading subsidiaries - Harrow School Enterprises Limited ("HSEL"), Harrow International Schools Limited ("HISL") and Harrow Educational Investments Limited ("HEIL") – and The Harrow Development Trust ("HDT") and The John Lyon School Development Trust ("JLSDT").

The Governors, Officers and Advisers

The names of the current Governors and those who served during the year and the Officers and Advisers to The Corporation are set out on pages 1 and 2.

Recruitment and Training of Governors

The Selection Committee is responsible for considering nominations for future Governors, based on informal guidelines, which include a list of the skills and experience that it is desirable should be represented by Governors of the Corporation and on its committees. The Committee also advises the Corporation on succession planning and other responsibilities delegated to individual Governors. The Clerk to the Governors is responsible for the induction of new Governors who are briefed individually. Guidance and

Recruitment and Training of Governors (continued)

advice on effective trusteeship and updates with information about best practice are brought to the attention of Governors by the Clerk to the Governors and The Corporation Bursar.

Organisational Management

The Governors, who are legally responsible for the overall management and control of the schools, meet as a board at least three times a year. The Corporation ensures that its governance arrangements are appropriate and effective through its appointment of knowledgeable Governors, appropriate risk management processes and through its committees.

The Corporation

The Governors have established committees that exercise pan-Corporation responsibilities including the following: the Foundation Risk Oversight Committee to ensure the identification and effective management of major, high level risks (see Management of Risks and Uncertainties below); the Selection Committee to identify and recommend new Governors; the Investments Committee to supervise and monitor the investment of financial assets; and, the Bond Committee to oversee the investment and use of the proceeds of two private placement bonds issued in 2019 and 2021.

The Chairmen of these Committees in the year were as follows:

Foundation Risk Oversight Committee	- Vice Admiral J P Kyd
Selection Committee	- Mr J P Batting
Investments Committee	- Sir J R Symonds
Bond Committee	- Mr C G T Stonehill

The Governors' Remuneration Committee considers the remuneration of the Heads of both schools, the Foundation Clerk and General Counsel, the Corporation Bursar and, in conjunction with the trustees of the HDT, the remuneration of the Chief Executive of HDT. In doing so, the Committee draws on data produced by independent and anonymous benchmarking surveys of equivalent positions in broadly comparable schools. Overall salary levels and increases for all other personnel are recommended by the Schools' Heads and approved annually by the Governors through the budgeting process, based on benchmarking surveys, market forces and assessments of the cost-of-living.

Harrow School

The following committees have been established: the Strategy Education and Risk Committee to consider important strategic, educational and risk management matters; the General Purposes Committee to consider important financial and operational matters and generally supervise the management and administration of the School's affairs; the Estates Committee to oversee the development and maintenance of the School's estate; the Compliance Committee to oversee compliance with the School's regulatory requirements, to include Health and Safety; and the Pupil Conduct and Wellbeing Committee to oversee the pastoral care and safeguarding of pupils at the School (supplementing specific oversight of safeguarding).

The Chairmen of these Committees in the year were as follows:

Strategy Education and Risk Committee	- Mr D G P Eyton
General Purposes Committee	- Mr D G P Eyton
Estates Committee	- Mr A C Goswell
Compliance Committee	- Dr I Dove-Edwin
Pupil Conduct and Wellbeing Committee	- Mr D Faber

The day to day running of the School is delegated to the Head Master and The Corporation Bursar who attend the meetings of the Governors and relevant committees.

Harrow School (continued)

The strategic development, operational performance and compliance of the international schools operating under the Harrow name and badge are monitored by the Board of HISL.

The John Lyon School

In its supervision of the School's affairs, the School's Board of Governors meets at least three times per year and is assisted in its governance of School affairs by several sub-committees that normally meet once per school term, namely the Finance and General Purposes Committee, the Estates Committee, the Education Committee, Quainton Hall Committee and the Strategy Committee. Each of these committees is chaired by a School Governor. The School's investments are monitored by the Corporation's Investments Committee. Other ad hoc committees are formed as necessary.

The Chairmen of these Committees in the year were as follows:

Finance and General Purposes Committee	- Mrs C E Southgate
Estates Committee	- Mr J H Graham
Education Committee	- Mr N I Kendrick
Quainton Hall Committee	- Mr N J D Enright
Strategy Committee	- Mr R Fox (Retired 31 August 2022)
	- Mr L J Halligan (Appointed 1 September 2022)

The day to day running of the School is delegated to the Head and the Chief Operating Officer, who attend the meetings of the Governors and relevant committees.

Charitable Funds

In addition to the original endowment of the Founder, The Corporation has been the recipient of a considerable number of charitable donations established mainly for the benefit of Harrow School and its pupils, the financial activities of which are recorded in these consolidated Financial Statements. Some of the funds are separately registered with the Charity Commission as subsidiary charities but share The Corporation's charitable number.

Note 23 to the Financial Statements sets out an analysis of the assets attributable to the various funds. Except for the investment properties, the tangible assets are held for use by Harrow School, The John Lyon School, HDT, HISL, HSEL and HEIL.

Relationships and Connected Charities

The Corporation is the Trustee of John Lyon's Charity ("the Charity") which is regarded as a connected charity. It is separately registered (No. 237725) preparing Financial Statements annually to 31 March. The objects of the Charity are to apply its income for charitable purposes to benefit the inhabitants of certain London boroughs. The Charity seeks to promote the life-chances of children and young people through education. The Financial Statements of the Charity are not consolidated in these Financial Statements.

Other related organisations of particular importance to The Corporation, whose financial results are not consolidated in these Financial Statements, are:

- The Harrow School Cricket Fund which was set up in order to help the Governors ensure high quality cricketing at Harrow School. The Fund makes periodic donations to the School. The Fund is a separately registered charity (No.1082374) preparing Financial Statements annually to 31 December.

Relationships and Connected Charities (continued)

- The Harrow International Schools are independently owned and operate under franchise agreements with HISL licensing the use of the Harrow name and badge. The international schools are expected to operate in a manner which is compatible with Harrow's ethos and essential values, extend the School's reputation abroad and to generate income primarily for bursaries and outreach in support of the School's objective to extend the benefits of its education as widely as possible.
- The Harrow Association through which Harrow School benefits greatly from its connections to, and the generosity of, a thriving network of Old Harrovians (alumni) whose close support is greatly appreciated.
- The Harrow Club, a youth club that serves the young people of Notting Dale in West London, which was founded in 1882 by a former Harrow School Head Master and is part of the Foundation's wider family, has benefitted from the active involvement of Corporation Governors, Old Harrovians and staff as trustees. Boys have also visited the Club and fundraise for the Club every year; further collaborative work is planned.

Both Schools have strong links with local charities and schools, the details of which are provided later in this report.

Management of Risks and Uncertainties

The Governors have examined the principal areas of the Schools' operations and considered the major - both strategic and operational - risks confronting the Schools and their related entities. A comprehensive review of the Corporation's risk governance and management processes was considered by the Governors during the year, resulting in a new Foundation Risk Management Policy and the establishment of an oversight committee (see above).

The Governors ensure that sufficient resources are available to ensure that the major risks considered to carry a high level of both impact and likelihood of occurrence have been mitigated to a level acceptable for the schools. The Risk Registers highlight a wide range of political, financial, health and safety, child protection, data protection, data and cyber security, reputational damage and liability risks, with the three most significant being:

- A range of politico-economic and financial risks to the schools' viability, resulting from tax threats and the impact of persistent high levels of inflation;
- Geo-political risk relating to the financial consequences of potential deterioration in Sino-British relations.
- Reputational damage from serious internal operational shortcomings or indirectly through transference from other Foundation entities;

The key controls used by both schools include:

- Monitored compliance with the Foundation Risk Management Policy;
- Detailed terms of reference for all Governors' committees and comprehensive minuting of their meetings;
- Comprehensive strategic planning, budgeting and management accounting;
- Established organisational structures and lines of reporting;
- Regularly reviewed written policies;
- Clear authorisation and approval levels;
- Vetting and safeguarding procedures as required by law for the protection of children; and
- Independent testing of various aspects of regulatory compliance and IT Security to supplement the comprehensive internal processes.

OBJECTS, AIMS, OBJECTIVES AND PERFORMANCE

Charitable Objects

The Corporation's objects, as set out in its Royal Charter and reaffirmed in its current statutes, are the "bringing up, teaching and instruction of children and youth in grammar", such that the pupils of Harrow School give "a very good example to all others to imitate the like hereafter, and also to the common profit of all our subjects" – that is, for the public benefit.

The John Lyon School is a day school which was established by and is maintained by the Corporation.

The Corporation has established and administers bursaries, and acts as the trustee and manager of property, endowments, bequests and gifts given or established in pursuance of these objects.

The Governors remain mindful of the Corporation's commitment to provide public benefit and have given due consideration to the requirements of the Charities Act 2011 and the guidance produced by the Charity Commission.

Mission Statements

The Corporation, together with its subsidiary companies and HDT, and John Lyon's Charity comprise the John Lyon's Foundation and share the following mission: "Improving the prospects of children and young people through educational opportunities."

In furtherance of this:

- Harrow School's statement of purpose is to:
 - prepare boys with diverse backgrounds and interests for a life of learning, leadership, service and personal fulfillment;
 - broaden access to our world class education through full fee assistance places and other bursaries on a means-tested basis;
 - as a community, commit significant resource to building long-term relationships with partner schools and organisations to provide programmes to improve the life chances of young people who face significant barriers to progress; and
 - commit to working for these purposes in the most environmentally sustainable manner.
- The John Lyon School's purpose is to "treat every pupil as an individual whilst providing both academic excellence and a broad range of opportunities outside the classroom".
- The policy of John Lyon's Charity is to apply its annual income for the benefit, and particularly the education, of children and young people in the nine London boroughs bordering the Harrow and Edgware Roads, which constitute its beneficial area. In the year to 31 March 2022 John Lyon's Charity gave grants to benefit children and young people amounting to £13.0 million.

Aims

The Corporation's aims for the public benefit are to:

- Provide an independent education of very high quality, in order to maximise each pupil's potential and lifelong interests to the benefit of the wider community.
- Develop the Corporation's facilities and educational opportunities, in order to maintain, and where possible improve, the quality of teaching and learning.
- Increase bursary funding, in order to widen access for pupils from a broad range of backgrounds and abilities.
- Provide educational resources including facilities to members of local schools and to other members of the community, consistent with the above aims, so that they too may benefit from them directly.

Primary Objectives

The Corporation's primary objectives to fulfil these aims are to:

- Focus on academic excellence while offering an exceptional range of extra-curricular opportunities.
- Raise and deploy the necessary resources and funds, including those raised by voluntary effort, to improve the schools' facilities, opportunities and bursary provision.
- Facilitate outreach partnerships and appropriate use of the schools' facilities by local schools and other community groups.

The aims and objectives are set for both Harrow School and The John Lyon School to facilitate the achievement of the Corporation's aims and objectives.

Strategies to achieve the primary objectives

In 2020 the Governors agreed four main 'Future Plans' for 2021/22 which the Corporation achieved as follows:

1. Maintaining full schools and academic excellence

Harrow School

The School was full for the academic year 2021/22.

Public examinations returned for the summer of 2022, for the first time since 2019 and the disruption caused by Covid. Centre assessment grades (CAGs) were used in summer 2020 and the teacher assessed grades (TAGs) used in summer 2021. The 2022 A-level results were the strongest ever recorded when compared to previous examined years. Bar the CAG and TAG years, the A*-A rate, and at GCSE level, the School's Grade 9 percentage and Grade 9-A* were the highest on record, surpassing the 2010's previous record year.

At A Level, the outstanding results saw Harrovians take up places at six of the world's top universities. Twenty-four boys took up places at North American universities including Princeton, Columbia, and Stanford. Nearly a third of Harrovians from the 2022 leaving cohort now attend one of the QS world top 20 universities including UCL, Imperial, and UChicago. One boy began a Degree Apprenticeship with Deloitte this autumn.

The John Lyon School

The senior school at John Lyon School was full for the academic year 2021/22, pupil numbers in the newly acquired Nursery and Prep School continued to grow. The 2022 results continued to see strong performance at (I)GCSE Level and, noting the absence of public examinations in 2020 and 2021, the grades are broadly in line with the results of 2019. Overall, the A-Level results continue to be good and the significant increase in the proportion of A* grades is pleasing.

2. Implementing the Corporation's Scholarships and Bursaries Policy

Harrow School

In 2021/22 143 pupils (2020/21 – 123 pupils) benefited from bursaries amounting to £3,125,000 (2020/21 - £2,792,000). Of these awards, 35 attracted remission of at least 95% and a further 78 attracted remission of between 50% and 95%. These awards, based on merit and parental need, helped the School to maintain its educational and other standards and to ensure that financial assistance was given to those who required it. In addition, scholarships worth £448,000 (2020/21 - £383,000) were awarded to 188 boys (2020/21 - 186 boys). In achieving its objective to educate a full school of some 828 boys and based on the Government's published cost per full-time secondary pupil of £6,504 for 2021/22, the School saved the State, after taking account of boys from overseas, at least £4,308,000 during the year. In providing a single sex and boarding education, the School offered something which is not generally or widely available in the maintained sector.

2. Implementing the Corporation's Scholarships and Bursaries Policy (continued)

The John Lyon School

In 2021/22 85 pupils (2020/21 – 115 pupils) benefited from bursaries and hardship awards amounting to £1,287,000 (2020/21 £1,207,000). Of these awards, 52 attracted remissions of at least 75% and a further 10 remissions of between 50% and 74%. These awards, based on merit and parental need, helped the School to maintain its educational and other standards and to ensure that financial assistance was given to those who required it. In addition, scholarships worth £177,000 (2020/21 - £172,000) were awarded to 102 pupils (2020/21 – 101). In achieving its objective by educating pupils during the year, based on the Government's published cost per full-time secondary pupil of £6,504 for 2021/22, the School saved the State at least £3,954,000 during the financial year.

3. Encouraging local school pupils and others to access the Corporation's resources and engaging in other activity for the public benefit

Harrow School

Shaftesbury Enterprise (SE) encompasses all of the School's philanthropic, charitable, outreach and partnership work with a focus on improving the educational outcomes and life opportunities for young people in its neighbourhood, particularly those who face significant barriers to progress. In collaboration with its local partner schools and local authorities, Harrow School is committed to improving the educational attainment and life outcomes of vulnerable pupils, particularly those in care. Through collaborative projects run in partnership with trusted local organisations, the School remains determined to make a significant positive impact on the lives of hundreds of young people in our community.

The School's purpose and long-term strategic investment remains focussed on improving the prospects of vulnerable children and young people in the Borough of Harrow, and further afield, enabling them to fulfil their potential. SE continues to carry out that purpose through transformative interventions ranging from targeted academic support as well as through the provision of diverse co-curricular opportunities with the aim of improving educational attainment, particularly in groups that are under-represented in higher education and professional careers.

SE's vision is to enable every young person in our community, irrespective of background, to thrive and achieve their full potential, find fulfilment, and progress to successful adult lives that allow them to contribute positively to society.

SE aims to fulfil its vision through the following objectives:

Improve educational attainment through:

- Providing appropriate academic intervention at primary and secondary school level

Improve life outcomes through:

- Offering diverse co-curricular opportunities and suitable interventions to support mental and physical well being
- Supporting individuals to access universities or employment, with a focus on young people who would have limited access to such provision

Widen access for those from a broad range of abilities and backgrounds through:

- Providing bursaries, exemplary pastoral support and opportunities in a boarding environment for boys who would thrive at Harrow School making the most of the opportunities offered by the School but for whom the fees are prohibitive

3. Encouraging local school pupils and others to access the Corporation's resources and engaging in other activity for the public benefit (continued)

Almost £500,000 was distributed in the last financial year to fund initiatives which have supported over 10,000 young people facing immensely challenging circumstances across Harrow and north west London through a broad range of programmes.

Every Harrovian remains actively involved in SE initiatives through annual fundraising events and the volunteering and mentoring programme to help young people in the community who face significant hardship. This past year, the Harrow community raised an impressive £216,000 predominantly to support important initiatives which assist young people to fulfil their potential. This enabled Harrow School to support 51 local charities delivering vital programmes for young people in the borough. In the past year alone, over 9,000 hours were invested by Harrow School boys and staff to support SE programmes.

A comprehensive overview of last years initiatives delivered through SE can be found in the Impact Report for 2021/22 <https://digital.harrowschool.org.uk/shaftesbury-enterprise-impact-report-2021-22/index.html>

PRIMARY SCHOOL PARTNERSHIPS

Harrovians have continued to build relationships with local primary schools through partnership work such as reading with young children, supporting them in their maths learning and providing general help with other projects and activities.

Our boys have supported maths primary partnerships and reading projects, with around 100 boys having worked with hundreds of local children. Over 1,000 hours have been dedicated to these projects between September and March of the last academic year.

Reading

Reading schemes usually involve one-to-one reading sessions or group work. Harrovians have worked with pupils who find reading challenging as well as helping the highest achievers to develop their skills. These projects took place largely at the primary schools, with some groups having the chance to visit Harrow School's Vaughan Library for workshops. Reading is known to improve critical thinking and brain development, to improve vocabulary and create more complex chains of reasoning. The chance to explore stories together and to become motivated by watching older boys reading has been very well received by the children.

Mathematics

Harrow's mathematicians have visited local primary schools to run masterclasses for some of their top mathematicians, providing the opportunity for them to be stretched on problem solving and reasoning while having support. All the children who took part in the project were working at an accelerated level.

At the end of the academic year, we invited top mathematicians from our local partner schools to attend two special, fun-filled enrichment days focused on code breaking. The day dedicated to different types of code enabled them to bring together what they had learnt in lessons at school and what they had been taught by Harrow's mathematics teachers.

Woodlands School

Woodlands Primary School in Edgware is a primary maintained school that caters for pupils aged 3 to 11 years with a range of complex and profound learning difficulties. These include severe autism, physical and mobility difficulties, and severe developmental delay. A group of ten boys from Newlands boarding house visited the school weekly during the project cycle to support learning and play activities, as well as enabling the children to access the local community.

The time spent outside the classroom, for example taking walks to the park and helping children to make use of the apparatus, has helped to improve the children's motor co-ordination. These outings are made possible by the presence of the boys as they provide the one-to-one support that is so essential.

Encouraging local school pupils and others to access the Corporation's resources and engaging in other activity for the public benefit (continued)

Chemistry, Fives and Debating

Around 150 Year 6 pupils from Roxeth Primary School and Vaughan Primary School had an introduction to Chemistry, Eton Fives and Debating. This is a weekly programme that allows the pupils to develop new skills whilst practising these three disciplines. The pupils undertake secondary-school-level experimental science techniques in Harrow School's Chemistry laboratories as well as learning the basics of constructing an argument and public speaking in the debating classes. Eton Fives is a non-contact sport developing hand eye coordination and good levels of fitness.

Each school took part in all three disciplines over the course of eight weeks.

Secondary Schools and Young Adults

Harrow School hosts many conferences, talks, revision sessions and careers-focused events throughout the year for Harrovians. We make every effort to extend invitations to pupils of secondary schools and academies from the local area, with around 100 local schools receiving invitations to the majority of School events. We are pleased to report that large numbers of pupils from other schools take the opportunity to attend these events, either online or in person.

Partnership schools include the London Academy of Excellence Tottenham, Bentley Wood High School, Whitmore High School, Ruislip High School, Queensmead School, Tywford Church of England High School, William Perkin School, Harrow High School, Hatch End High School, Rooks Heath College, Fulham Boys School, Dormers Wells High School and St Dominic's Sixth Form College, as well as many others.

Harrow Rifle Corps and Harrow High School

The Harrow Rifle Corps continues to maintain its successful partnership with Harrow High School and welcomes 25 Army cadets for weekly training sessions at the School. Training is overseen by Captain Robson and Major Davies and is delivered alongside Harrow boys, Harrow teachers and staff from Harrow High School.

The cadets, a mixture of girls and boys aged between 14 and 17, take part in a full range of Combined Cadet Force (CCF) activities, which include field craft training, skill at arms instruction and shooting on the School's range, as well as adventurous training, using the full scope of the School's resources, and attendance at the week-long summer camp on the Isle of Wight. Many cadets have been involved in field days at Pirbright Ranges, during which they successfully passed their Basic Advanced Army Tests. This year, we saw one cadet advance to Cadet Sergeant and another to Cadet Corporal.

Shaftesbury High School

Shaftesbury High School is a special needs school in the London Borough of Harrow for children with learning, emotional, behavioural, autistic, communication, medical, physical, sensory and social needs. Harrovians have supported pupils who have been making use of the Harrow School sports facilities.

London Academy of Excellence Tottenham

The School continued its formal partnership with the London Academy of Excellence Tottenham. LAET is an academically selective free school for young people aged 16 to 19, which was opened as part of the White Hart Lane redevelopment in 2017. Pupils from LAET have visited Harrow and taken part in History and English lessons alongside Harrovians. Harrow continues to support LAET in English and History, with the departments linked and working together on the curriculum.

Sport and Mentoring

Harrow boys designed and ran sports projects with Shaftesbury High and a tennis programme with St Anselm's where 60 pupils attended a six week introductory tennis coaching programme. Twelve members of our Lower Sixth worked with Byron Court on a weekly mentoring programme with their Year 6 boys involving sports and a tour of Harrow.

Encouraging local school pupils and others to access the Corporation's resources and engaging in other activity for the public benefit (continued)

School of Hard Knocks

School of Hard Knocks (SOHK) is a unique long-term intervention programme that uses weekly rugby coaching, classroom sessions and mentoring to improve attendance and behaviour at school with the ultimate aim of helping at-risk children avoid permanent exclusion and complete mainstream education in schools. In the fifth year of our partnership with SOHK, Harrow hosted the biggest SOHK festival yet with over 250 boys across year 9, 10 and 11 from SOHK partnership schools to play in a round robin tournament. Harrow boys in the Yearlings E, F, Junior Colts E and Colts C teams also played with members of The XV helping to run, coach and offer encouragement to all the boys. It was a tremendous success and showed how the spirit of rugby can unite boys from all different backgrounds. The day finished with a kit donation from Harrow to SOHK to help facilitate their sessions in the future. We welcomed SOHK in November 2022 for a further charity rugby festival and we continue to grow our relationship.

FirmFoundation

Harrovians continue to work with FirmFoundation, which is a charity based in Harrow that works to support the homeless. Five boys volunteered regularly at daytime drop-ins. Julian Saunders, FirmFoundation's Charity Manager, said that the Harrow boys have "been a valuable addition to the Drop-in, always helpful and respectful with our volunteers and, importantly, with our guests. They engage sensitively and are well received. I have found them to be gracious and unflappable, treating each person regardless of their situation with the same ease and respect.

FirmFoundation is grateful for the work of Shaftesbury Enterprise, the willingness of the boys and their consistent approach regardless of who is sitting in front of them. Often the people we see are at their lowest ebb, and to be involved in a conversation without judgement can be the very thing they need on that day".

Harrow also hosts an annual sleepout to raise money for FirmFoundation; this year around 25 boys raised £6,000.

We have also been able to support educational projects at our partner primary schools with funding through SE grants. In the last academic year, nearly £35,000 in grants has funded a diverse range of projects.

Music

This year, the School's Choral Fellow has visited and established choirs in each school, with a focus on introducing classical music to the children. We have worked with over 130 children, aged between 8 and 12, from six primary schools: Grange Primary School, Byron Court Primary School, St Jérôme Church of England Bilingual School, St Anselm's Catholic Primary School, Norbury School and Newton Farm Nursery, Infant and Junior School. The aim of this partnership work is to establish and further develop the musical opportunities available to children in the immediate area.

Throughout the year, the children have been learning about various genres and examples of the classical repertory, covering music composed as early as the mid-13th century, Sumer is Icumen in, one of the earliest examples of surviving notated canonic polyphony, right through to Howard Blake's famous We're Walking in the Air from the 1982 animated film The Snowman. The children also explored folksongs from the British Isles, works by 20th-century composers such as Ralph Vaughan Williams and songs from the Italian baroque tradition.

One of the highlights of the year was the community opera production of Benjamin Britten's Noye's Fludde in which children from four of the primary schools performed the roles of the animals alongside professional principal singers, boys from Harrow School and girls from Bishopshalt School. This was a fully staged production held in Speech Room alongside an orchestra of 70 instrumentalists and included the use of the organ and piano. The performances were part of the celebration of Harrow School's 450th anniversary and took place during the Community Day Event on 30 April. Preparation for this event included weekly musical rehearsals with the Music Department, a drama workshop with the Drama Department, and an animal t-shirt-making workshop with the Ryan Theatre Production Team. The two performances were very moving and memorable, and we hope to build on this process in future years.

Encouraging local school pupils and others to access the Corporation's resources and engaging in other activity for the public benefit (continued)

There have been five collaborative sessions for the primary schools with boys from Harrow School this year, two of which involved Harrow boys rehearsing and performing to, and with, the children in their own schools. One session introduced the concept of ensemble playing, led by a Harrow School string quartet, as well as acquainting the children with previously unknown instruments. We also hosted a fantastic introduction to the organ in Speech Room, which was led by Director of Music, David Woodcock, and showcased many of the remarkable capabilities of the instrument. This session concluded with a short tour around parts of the School.

At the end of the Summer term, choirs from Grange Primary School and Norbury School were taken to an enrichment day, organised in partnership with the University of Cambridge to introduce them to university life and study. The Directors of Music from Robinson College, Cambridge discussed musical concepts and ideas with the children and introduced them to some of Cambridge's amazing musical opportunities. The children were given a private tour of King's College Chapel including an introduction to the organ by a current organ scholar. Following this trip, we hope to be able to provide more exposure to university as a concept to primary school children who may not have previously considered such opportunities.

In addition to these experiences, we have also helped schools by providing transport for events such as SongFest, as well as assisting with piano-tuning and repair costs at our local schools where necessary.

The initial progress and impact of this music partnership initiative has been well received by all our partner schools, and we will continue to widen access to musical opportunities for the community next year.

Drama

The Jeremy Lemmon Project was established in 2019 with proceeds from the School's gala performance of Twelfth Night at Shakespeare's Globe Theatre, to support drama training, creative collaboration and access to higher education across state secondary schools in the London Borough of Harrow. Jeremy was an inspirational teacher and director of Shakespeare at Harrow, staging a series of productions exploring shared-light playing conditions, and bringing the work to life for generations of students. 2022 saw the third iteration of the project, with students from Bentley Wood High School, Nower Hill High School and Whitmore High School joining Harrow School pupils in this year's company, working practically on Shakespeare with the mentoring of actors from the Globe. The project culminated in a sharing of speeches and scenes in the candlelit surroundings of the Sam Wanamaker Playhouse at the Globe. This year, for the first time, the culminating day of the project included a training session open to teachers of English and Drama from all secondary partner schools, on active approaches to Shakespeare in the classroom.

Lumina Tutoring Programme

Lumina Tutoring Programme was launched during the first national Coronavirus lockdown as a spontaneous and ad-hoc response to the educational challenges faced by care-experienced young people when schools closed. The programme has evolved into an efficient and effective way to meet a real need for looked-after children, a group already at significant educational disadvantage and who are also likely to have been disproportionately impacted by the pandemic in additional ways. In the past year, we were able to support 50 children looked after through the Lumina Tutoring Programme.

Lumina Tutoring provides online, subject-specific, one-to-one tutorial sessions for children and young people who are looked after (CLA), also known as children in care, and to improve educational attainment for CLA. Lumina Tutoring involves a thriving collaboration of like-minded institutions focussed on improving the educational outcomes for CLA bringing together inspirational teachers and mentors with diverse skills and backgrounds and from across the education sector, harnessing their expertise to help a group of young people facing significant disadvantages in thriving and moving on to successful careers in the future. In partnership with Virtual Schools, one-to-one online lessons, predominantly in English, Maths and Science, are being provided by teachers from partner schools on a weekly basis to support the educational progress of young people.

Encouraging local school pupils and others to access the Corporation's resources and engaging in other activity for the public benefit (continued)

Encouraging local school pupils and others to access

The programme works in close partnership with Harrow, Ealing, Brent, Barnet and Sutton Virtual Schools, with the ambition of extending its reach in the months ahead.

The Lumina platform is fully funded by Harrow School and provides comprehensive administrative support for participating schools. A comprehensive safeguarding structure is in place, as is training for teachers joining the Lumina Tutoring programme.

Enrichment Club

In addition to one-to-one online tutoring support, Harrow School runs a weekly after-school enrichment programme for care-experienced young people and young carers. These sessions are held at Harrow School during term time. The first half of the enrichment session supports academic attainment, with young people participating in a carousel of activities across the School site for the remainder of the session. The broad range of activities spans everything from music recording to experimenting with pottery, honing debating skills, participating in various sports and attending dedicated career counselling sessions.

Lumina Summer School

Lumina Summer School is an intensive online Oxbridge preparation course supporting pupils who would normally not have access to such a provision at their local school. The programme consists of live webinars for students offering over 50 hours of content. The thrust of the course is for students hoping to apply to Oxford and Cambridge, with a broad range of subject-specific taster sessions complemented by seminars on writing a personal statement and an opportunity to practise their interview technique with professionals from their chosen fields.

All partner Secondary Schools (close to 100 schools) are invited to attend the full programme of lectures and events. In addition, all departments offer mock interviews for Oxbridge applications (in total over 50).

All webinars are also offered to our Virtual School partners (working with children looked after, some but not all of whom may hold Oxbridge ambitions). This past year, 275 students registered to attend, a course record. The course was augmented with an online mock interview evening for students.

Community Benefits

Almost all of the School's performing arts events are open to the public, including a weekly lunchtime concert series in St Mary's Church.

The School also offers public membership to four sports clubs:

- Harrow School Sports Club offers access to the School's swimming pool, fitness suite and sports hall;
- Harrow School Golf Club offers access to the School's nine-hole golf course;
- Harrow Lawn Tennis Club offers access to the School's all-weather tennis courts; and
- Harrow School Angling Club offers access to the School's fishing lake.

Harrow School also makes its facilities available to the local community throughout the school holidays through the Young Harrow Foundation to ensure that children and young people who would otherwise not have access to holiday programmes have an enriching experience.

The John Lyon School

John Lyon School channels its outreach and community work through Blackwell Enterprise. The Blackwell Enterprise ethos is to use the many benefits of the School, including its pupils, staff, facilities and resources to establish beneficial links with the community, both on a local level and within the wider world. Following

3. Encouraging local school pupils and others to access the Corporation's resources and engaging in other activity for the public benefit (continued)

two years of restrictions on some of the activities and partnerships due to Covid-19 it was good to be able to reconnect with existing partnerships and to develop new connections.

Partnerships

Dr White was able to conduct his role as co-ordinator for the London Academy of Excellence Tottenham (LAET) in person, assisting with teaching Economics to students, supporting one of the LAET Economics teachers with CPD. Assistance was given to one pupil in her application to Cambridge, resulting in an offer to read Geography. LAET students in Geography and Economics visited John Lyon for a day, working with John Lyon students and relevant Heads of Department.

The annual University Fair was run in February 2022, with representatives from several Russell Group universities. Staff and pupils from local partnership schools were able to attend to benefit from the advice on offer.

Sharing of School facilities

The MUGA at Sudbury Fields is used by the Harrow Hockey Club, Middlesex Hockey and The Hockey Lab. The playing fields and pavilions at Sudbury Fields are used by the Old Lyonians, the OL's Football club, St George's School, Harrow Borough Cricket, Middlesex Cricket Club, and the Bowmen of Harrow.

The swimming pool at the Senior School was used by three local primary schools during the year and the pool at the Prep School was used by five community groups during the year.

The Prep School is also used by the local Scout group, a karate school and a weekend maths school. The football pitches and the MUGA at Sudbury Fields, and the Lyon building playground were used by charities working with the Harrow Food and Activity programme during the summer holidays.

Community Service

Sixth form pupils are encouraged to volunteer on Friday afternoons. After two years of being unable to provide in-person community service it was pleasing to see that 76% of pupils volunteered during the year. Pupils participated in:

- Running workshops at John Lyon for Roxeth pupils in Art, Maths and Science.
- Running Sports coaching sessions at Sudbury Fields for pupils from Horsenden Primary School.
- Volunteering at Roxeth Primary School, Norbury Primary School and Horsenden Primary School each week, running Classics sessions, Debating Clubs, Drama activities, mentoring and 'catch up' coaching to pupils.
- Working with the Woodlands Forest School to develop their facilities.
- Working with My Yard – a food sharing and community support group.
- Volunteering at the Eden Academy (formerly the Sunshine School) to support children with sight and hearing impairments.
- Working with the young children at Hillview Nursery School using play activities to develop the children's skills.
- Working with Harrow Young Carers to develop the facilities at Pinner View.
- A new placement has been developed at the Harrow and Wealdstone Youth Centre where our students mentor their clients.
- Volunteering at the Harrow Multiple Sclerosis Therapy Centre.
- Volunteering at work placements such as; Care Homes, a Gurdwara and Charity Shops.

Charity work

John Lyon School continues to support local and national charities through a variety of fundraising activities. During the year close to £13,000 was raised, of which £6,000 was given to the Young Harrow Foundation. The School also supported the Harrow Food Bank through on-going donations of items, with a specific campaign close to Christmas 2021 which generated a significant donation.

3. Encouraging local school pupils and others to access the Corporation's resources and engaging in other activity for the public benefit (continued)

Harrow Development Trust

In 2021/22 the Trustees of HDT continued to support a charitable fund for the purpose of providing relief to people and countries affected by the Tsunami disaster in Asia in 2004 in total, £694,000 has been appropriated for Tsunami relief since then.

4. Progressing the Corporation's development plans

Harrow School

The construction of the new Science Centre is well underway and is expected to be completed in 2023. It will provide 16 state-of-the-art Biology and Chemistry laboratories and a 178-seat lecture theatre equipped with the latest audio-visual technology. Sustainability has been key to the project which includes a number of renewable energy sources together with a sustainable-energy centre supplying efficient utilities to other parts of the School.

The construction of the Science Centre has provided an ideal opportunity for pupils to visit the site, experience this real-life Science, Technology, Engineering or Maths (STEM) challenge and benefit from structural engineers explaining the technical challenges of building on the side of a hill, and the sustainability measures which are key to the project's success.

The extension and refurbishment of the Shepherd Churchill Dining Hall commenced in October 2021 and will be completed in 2024. This project will remodel and extend the existing 1970's dining hall to provide improved dining and catering spaces, rationalising the internal layout and enhancing the building's setting within its landscape.

This is a challenging project, not least because the Catering Department are having to provide 3,000 meals per day during term time, whilst construction work continues all around them.

Planning permission has also been obtained for a further transformative construction project, the new Sports Centre. Sport has been at the heart of Harrow life for over two centuries. The School has drawn up plans for a substantial new centre able to meet the needs of a growing 21st century sports programme. Construction of the new building, which is planned to commence in 2025/26, will provide exceptional training facilities and be widely available for use by our partner schools and the local community.

The John Lyon School

At the Prep School works continued with enhancing the facilities:

- An additional pre-prep classroom was created to facilitate increased pupil numbers.
- Installation of LED lighting throughout the School, improving the study environment for the pupils as well as reducing energy consumption.
- Refurbishing the library, complete with a story tree and french doors which open out onto the play ground, making a much more appealing room for the pupils.

At the Senior School the focus was on two classroom projects:

- A new DT laboratory was created to facilitate the teaching of DT at GCSE level from September 2022.
- The Art room was refurbished, creating a space which can be used more flexibly with enhanced storage facilities.

The appeal hearing for the planning permission for the replacement of the Oldfield classroom block took place on 6th December 2022.

FINANCIAL REVIEW AND PERFORMANCE

Overall Financial Performance

Total income for the Corporation for the year was £74,159,000 (2020/21 - £67,897,000). Unlike the previous two years, Covid-19 did not cause either Harrow School or The John Lyon School to close during term time, resulting in both schools receiving a full year's fee income. However, the global pandemic continued to impact trading activity negatively in the subsidiary companies.

Total expenditure increased to £69,062,000 (2020/21 - £60,267,000). The pandemic has increased expenditure on welfare measures, and together with the economic consequences of the conflict in Ukraine, it has also contributed to double digit increases in inflation. Fixed priced contracts on fuel and power have sheltered the Corporation from dramatic cost increases in the short to medium term, however the Schools have suffered directly from soaring food and materials prices, and indirectly through higher transportation costs.

The net result of HISL increased by £916,000 to £4,732,000, while HSEL recorded a small loss of £42,000 (2020/21 – loss £375,000) although trading activity improved significantly over the course of the year.

The appropriations from HDT for the benefit of the Corporation were £7,000,000 (2020/21 £9,295,000). As a result of the above, net income before transfers and gains/losses for the year was £5,097,000 (2020/21 - £7,630,000).

Net assets on the Balance Sheet decreased by £2,663,000 (2020/21 – increased by £18,552,000) to £188,984,000. The downturn in global stock markets meant that unrealised losses on investment assets were £11,254,000 as at 31 August 2022, compared with unrealised gains of £8,288,000 at the previous year end. The downturn had a positive impact for valuing the defined benefit pension scheme liability. Due largely to the increase in discount rates, the liability reduced by £4,481,000 to £4,336,000 at the year end.

The Corporation is able to fulfil its primary objectives in part due to the significant financial contributions made by HDT and HISL. A detailed analysis of the financial performance of group entities is set out at note 6 i.

Harrow School

Overall, the School's financial performance was satisfactory. After depreciation and some non-recurring costs, but excluding awards, there was an operating deficit of £2,914,000 (2020/21 – deficit of £3,236,000). Cash generated before awards was £2,064,000 (2020/21 £790,000).

The School is full, and demand for places remains high. Expenditure is continuously monitored and controlled, however the impact of inflation has significantly increased the cost base of the School and fees have had to rise substantially to cover some of this increase.

The School continues to invest in its estate with over £100,000,000 budgeted for development of three major projects. The construction of the new Science Centre, as well as the refurbishment and extension of the Shepherd Churchill Dining Hall should be completed by Autumn 2024, before work starts on a new Sports Centre.

Long term debt in the form of two bonds totalling £90,000,000 is in place. The bonds are repayable from 2059 and are to help facilitate timely construction of the developments, providing bridge-finance where necessary. The School's policy remains that all major capital expenditure projects should be funded from donations via HDT.

The John Lyon School

The School's financial performance was satisfactory. The operating surplus after depreciation amounted to £534,000. The School benefitted from healthy pupil numbers for the year, with a total of 816 pupils.

Investment Powers, Policy and Performance

The Investment Committee supervises and monitors the investment of financial assets, and the Bond Committee oversees the investment and use of the proceeds of two private placement bonds issued in 2019 and 2021.

The Corporation seeks to produce the best financial return within an acceptable level of risk. The investment objective for its funds under management is to generate a total return (after expenses) of inflation (CPI) plus 4% per annum over the long term for the financial investment portfolios. This is assumed to be broadly equivalent to Harrow School fee inflation plus 1% per annum (after expenses).

The Corporation invests for capital growth in the long term. The long-term is defined as a minimum of 10 years. It is recognised that the return objective may be difficult to achieve in every period but should be attainable over a 10-year or greater time period.

The Corporation has a total return policy in place for most of its awards funds which allows the Corporation to draw up to 3.75% of a three year rolling average of the fund value annually.

The Corporation's two largest funds are managed by Cambridge Associates Limited, while the smaller funds are invested in the Cazenove Charity Multi Asset and Structural Growth funds.

In line with stock markets across the world, the funds suffered this year due to the impact of inflation, rising interest rates, and an energy crisis made worse by Russia's war in Ukraine. Overall, the funds fell by just over 1.7% in the year.

The Corporation's Treasury deposits, together with 75% of the proceeds from the bonds, are held in short-term, investment-grade, corporate bond portfolios managed by EFG Private Bank Limited to realise greater returns and reduce credit risk. The portfolio generated a yield of approximately 1.4% per annum net of costs.

RESERVES POLICY

Corporation Reserves Policy

As the Corporation is responsible for Harrow School and The John Lyon School, its reserves are held for the benefits of both schools.

The Corporation maintains reserves to ensure that it holds sufficient funds to meet its short-term financial obligations, while making appropriate provision for the essential long-term investment in the refurbishment and continued upgrading of the Corporation's estate.

The Corporation's consolidated reserves totalled £188,984,000 (2020/21 - £191,647,000) at the year end, and comprised the following:

RESERVES (continued)

	2021/22	2020/21
	£	£
* Unrestricted funds	138,585,000	127,292,000
Restricted funds	7,221,000	20,974,000
Endowment funds	43,178,000	43,381,000
Total Reserves	188,984,000	191,647,000
*Unrestricted funds		
Of which tangible fixed assets are:	125,360,000	111,403,000

The unrestricted funds, net of designated funds and a £4,456,000 (2020/21 - £8,942,000) pension liability are primarily deployed in tangible fixed assets which are used for direct charitable activities. In line with many similar charities, and due to continuing and substantial investment in tangible fixed assets, the Corporation has negative free reserves as defined by the Charity Commission.

The Corporation has ambitious estate development plans and has secured £90,000,000 of long-term funding by way of private placement bond issues which ensures that its short-term financial obligations can be met and that the key strategic elements of the principal estates projects can be delivered. The Governors believe that the present levels of reserves are sufficient to meet The Corporation's essential obligations. Nevertheless, the Governors are focused on increasing the level of unrestricted reserves from the operating surpluses of subsidiary companies and fund raising, while in the medium term, benefitting from the returns from invested funds. Increasing the unrestricted reserves will greatly assist the Corporation in fulfilling its Primary Objectives, including further growing the number of pupils who will benefit from bursaries.

The Corporation keeps its reserves policy and level of reserves under regular review, as do the Boards of the individual schools and subsidiary companies who maintain supplementary reserves policies reflecting their individual circumstances and strategic plans, intended to assist in meeting their long-term objectives.

Harrow School Reserves

The Governors' policy relating to Reserves is:

- a. over the longer term to generate significantly enhanced funding for awards and partnerships and by 2026 to have greatly increased the number and real value of bursaries so that at least 30% of pupils would have an average value of award equivalent to 50% of the fees, with the intended funding sources including:
 - i. income from the International Schools;
 - ii. funds raised by HDT through its development campaign for permanent or expendable endowment; and when possible and appropriate.
 - iii. 10% of the School's annual cash surplus (excluding net income from the International schools) and 15% of HDT net annual unrestricted income.
- b. once the funding for scholarships, bursaries and partnerships has been sufficiently enhanced, to then build up the designated funds to the equivalent of a year's school fees;

RESERVES (continued)

- c. thereafter to establish an adequate margin of working capital equivalent to average expenditure for a financial quarter and, until that has been achieved, to permit the maintenance of an overdraft facility in order to provide adequate working capital;
- d. except in special circumstances, to authorise major capital projects only if funding is mainly met through donations, legacies or other appeal income.

The John Lyon School Reserves

At the year end, interest-bearing indebtedness in the unrestricted fund to part finance new facilities stood at £7,029,000 (2020/21 - £7,357,000), of which £2,029,000 was external debt. The longer term policy is to create reserves out of annual operating surpluses once all interest-bearing debt has been repaid while, in the meantime, recognising the need for:

- continuing routine capital expenditure to equip the school with the up-to-date facilities needed to maintain the very high standard of educational services;
- further capital expenditure to upgrade facilities; and
- larger funds to provide for future scholarships and bursaries, generated inter alia by making an annual transfer from net incoming resources of the unrestricted fund when circumstances permit.

Subsidiary Reserves

The policy for the reserves relating to the active subsidiaries is to utilise all income generated for the benefit of Harrow School and The John Lyon School, whilst retaining sufficient reserves to fund working capital requirements.

FUNDRAISING ACTIVITIES

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. Although we do not undertake fundraising from the general public, the legislation defines fundraising as “soliciting or otherwise procuring money or other property for charitable purposes”.

In relation to the above, it is confirmed that all solicitations are managed internally, without involvement of commercial participators or professional fund-raisers, or third parties. The day to day management of all income generation is delegated to the key management personnel, who are accountable to the Trustees.

No complaints have been received in relation to solicitations. Our terms of employment require staff to behave reasonably at all times; all major fundraising activities are approved at a senior level before they are undertaken and are conducted under procedures and protocols formulated and agreed by the Trustees. We therefore do not consider it necessary to design additional procedures to monitor such activities.

FUTURE PLANS

In pursuit of The Corporation’s longer term strategic educational and financial objectives, the main plans for 2022/23 include:

- maintaining full schools and continuing to pursue academic excellence;
- continuing implementation of the Corporation’s Scholarships and Bursaries Policies, thereby widening access;
- continuing to encourage partnerships with, and access for local schools’ pupils and others enabling them to use the Corporation’s resources, both facilities and academic assistance; and
- progressing both schools’ development plans; at John Lyon School this will include the continuing move through the school of co-education (now 2 of 7 year groups) and cementing the all-through school approach from the Nursery at Quanton Hall Prep through to A-levels in Year 13.

Charities Act 2011 and Public Benefit

Under Section 17(5) of the Charities Act 2011, the Governors must have regard to any Charity Commission guidance when exercising any powers or duties to which such guidance is relevant. They are aware of the three relevant Charity Commission guidance notes “Charities and Public Benefit”, “The Advancement of Education for the Public Benefit” (as amended in December 2011) and “Public Benefit and Fee-Charging” and are aware of the withdrawal of the original edition of the latter pending an expected reissue. The Governors acknowledge the statutory requirement to report on The Corporation’s public benefit and they confirm that they have had regard to Charity Commission guidance on public benefit where relevant to matters to which the guidance relates.

Disclosure of Information to the Auditors

The Governors who held office at the date of approval of this Report confirm that, so far as they are individually aware, there is no relevant audit information of which The Corporation’s auditors are unaware; and each Governor has taken all the steps they might reasonably have taken as a Governor to make themselves aware of any relevant audit information and to establish that The Corporation’s auditors are aware of that information.

Auditors

PKF Littlejohn LLP has expressed its willingness to continue in office.

The purpose of this statement is to distinguish the responsibilities of the Governors as a body for the Financial Statements from the responsibilities of the auditors as stated in their report.

The Charities Act 2011 requires the Governors to prepare Financial Statements for each financial year which give a true and fair view of The Corporation's financial activities during the year and of its financial position at the end of the year.

In preparing the Financial Statements the Governors follow best practice and:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles of the Charities' SORP, Accounting and Reporting by Charities;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to assume that The Corporation will be able to continue in operation.

The Governors are responsible for keeping adequate accounting records that are sufficient to show and explain The Corporation's transactions, disclose with reasonable accuracy at any time the financial position of The Corporation and enable them to ensure that the financial statements comply with applicable financial regulations and charity law. They are also responsible for safeguarding The Corporation's assets, and hence for taking reasonable steps for the prevention and detection of error, fraud and other irregularities.

Approved by the Board of Governors and signed on its behalf by:

D G P Eyton

Chairman of the Governors

18 March 2023

INDEPENDENT AUDITOR'S REPORT TO THE GOVERNORS OF THE KEEPERS AND GOVERNORS OF THE POSSESSIONS REVENUES AND GOODS OF THE FREE GRAMMAR SCHOOL OF JOHN LYON

Opinion

We have audited the financial statements of The Corporation (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 August 2022 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Corporation Balance Sheets, 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's and of the parent charity's affairs as at 31 August 2022 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the 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 group and parent 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 Governors' 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 Corporation'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 Governors 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 Report of the Governors, other than the financial statements and our auditor's report thereon. The Governors are responsible for the other information contained within the Report of the Governors. Our opinion on the financial statements does not cover the other information and 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 this gives rise to 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 GOVERNORS OF THE KEEPERS AND GOVERNORS OF THE POSSESSIONS REVENUES AND GOODS OF THE FREE GRAMMAR SCHOOL OF JOHN LYON

Matters on which we are required to report by exception

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

- the information given in the financial statements is inconsistent in any material respect with the Report of the Governors; or
- sufficient accounting records have not been kept; or
- the parent charity financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Governors

As explained more fully in the Governor's responsibilities statement, the Governors 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 Governors are responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Governors either intend to liquidate the Corporation 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 151 of the Charities Act 2011 and report in accordance with the Act and the relevant regulations made or having effect thereunder.

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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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:

- We obtained an understanding of the group and parent charity and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, sector research and application of cumulative audit knowledge and experience.
- We determined the principal laws and regulations relevant to the group and parent charitable company in this regard to be those arising from the Companies Act 2006, Charities Act 2011, Financial Reporting Standard 102, the Charities SORP and relevant employee legislation.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group and parent charity with those laws and regulations. These procedures included, but were not limited to enquiries of management, review of minutes and review of legal and regulatory correspondence.
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that there was a potential for management bias in the judgements in:
 - the recoverability of debtor balances. We addressed this through examination of post year end cash received, review of correspondence with debtors and discussion of recoverability with management.

INDEPENDENT AUDITOR'S REPORT TO THE GOVERNORS OF THE KEEPERS AND GOVERNORS OF THE POSSESSIONS REVENUES AND GOODS OF THE FREE GRAMMAR SCHOOL OF JOHN LYON

- the depreciation rate applied to tangible fixed assets, which we addressed through considering the useful economic life applied for the types of asset held, and re-performing the calculation to ensure it had been performed accurately in line with the stated policy.
- the allocation of support costs against charitable activity categories. We addressed this through reviewing the method used for reasonableness, and re-performing the calculation to ensure it had been performed accurately in line with the stated method.
- the assumptions within the defined benefit pension scheme liability. We addressed this through review of the actuary report prepared by management's expert, testing the reasonableness of inputs to their calculation, and challenging assumptions applied in the valuation.
- relation to the classification of income as unrestricted or restricted. We addressed this through substantive sample testing, including review of source documentation to determine whether the income has been classified correctly under the Charities SORP.

As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

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

PKF Littlejohn LLP
Statutory Auditor

15 Westferry Circus
Canary Wharf
London E14 4HD

Date: 5 April 2023

PKF Littlejohn LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

THE KEEPERS AND GOVERNORS OF THE POSSESSIONS
REVENUES AND GOODS OF THE FREE GRAMMAR
SCHOOL OF JOHN LYON

CONSOLIDATED STATEMENT OF
FINANCIAL ACTIVITIES
Year ended 31 August 2022

	Notes	Income Funds Unrestricted Funds	Restricted Funds	Capital Funds Expendable Endowment	Permanent Endowment	2021/22 Total	2020/21 Total
		£'000	£'000	£'000	£'000	£'000	£'000
Income and endowments from:							
Charitable activities							
School fees receivable	1	49,977	-	-	-	49,977	44,644
Ancillary trading income	2i	3,285	-	-	-	3,285	2,546
Charitable grants received	2ii	-	992	-	-	992	983
Voluntary sources							
Other charitable income	2iii	6,704	1,589	807	-	9,100	10,101
Tsunami income		-	16	-	-	16	48
Non ancillary trading income							
Other incoming resources	2iv 3	8,265 30	- 90	- -	- -	8,265 120	6,213 1,010
Investments							
Investment income	4	2,304	100	-	-	2,404	2,352
Total Income		70,565	2,787	807	-	74,159	67,897
Expenditure on:							
Raising funds							
Fundraising costs		1,086	284	-	-	1,370	1,113
Non ancillary trading expenses	2iv	3,400	-	-	-	3,400	2,574
Finance costs	8	3,549	-	-	-	3,549	1,646
Investment management costs		623	1	4	59	687	403
		8,658	285	4	59	9,006	5,736
Charitable activities							
Teaching costs		24,321	-	-	-	24,321	22,405
Welfare costs		7,164	-	-	-	7,164	6,298
Premises costs		14,636	-	-	-	14,636	13,445
Support costs		6,946	-	-	-	6,946	6,217
Grants, awards and prizes	6iii	-	4,336	-	-	4,336	4,043
Other charitable projects		-	13	-	-	13	60
Ancillary trading expenses	2i	2,640	-	-	-	2,640	2,063
		55,707	4,349	-	-	60,056	54,531
Total Expenditure		64,365	4,634	4	59	69,062	60,267
Net Income/(Expenditure) before Transfers and Investment Gains/(Losses)							
		6,200	(1,847)	803	(59)	5,097	7,630
Transfers between funds	9	12,496	(11,897)	(104)	(495)	-	-
Gains on investment properties	12	97	-	24	195	316	-
Gains/(Losses) on investment assets	13	(11,794)	(9)	(23)	(544)	(12,370)	9,941
Net Income/(Expenditure)		6,999	(13,753)	700	(903)	(6,957)	17,571
Actuarial gain on defined-benefit pension scheme	22(c)	4,294	-	-	-	4,294	981
Net Movement in Funds		11,293	(13,753)	700	(903)	(2,663)	18,552
Balances at beginning of year		127,292	20,974	6,679	36,702	191,647	173,095
Balances at end of year		138,585	7,221	7,379	35,799	188,984	191,647

The Corporation has no gains or losses that are not shown above and all activities are continuing.

The accounting policies and notes on pages 29 to 72 form part of these Financial Statements.

**THE KEEPERS AND GOVERNORS OF THE POSSESSIONS
REVENUES AND GOODS OF THE FREE GRAMMAR
SCHOOL OF JOHN LYON**

**BALANCE SHEETS
At 31 August 2022**

	Notes	Consolidated		Corporation	
		2022 £'000	2021 £'000	2022 £'000	2021 £'000
Fixed Assets					
Tangible fixed assets	10	129,089	115,305	129,087	115,301
Intangible assets	11	97	107	97	107
Investment properties	12	2,048	1,732	2,048	1,732
Investments	13	174,234	175,397	173,382	174,395
		305,468	292,541	304,614	291,535
Current asset investments		34	34	34	34
Stocks	14	400	307	278	195
Debtors	15	6,607	5,873	6,501	5,860
Cash at bank and in hand	16	4,319	14,814	4,023	14,658
		11,360	21,028	10,836	20,747
Creditors: amounts falling due within one year	17	(26,305)	(14,342)	(25,385)	(13,060)
Net Current (Liabilities)/Assets		(14,945)	6,686	(14,549)	7,687
Total Assets less Current (Liabilities)/Assets		290,523	299,227	290,065	299,222
Creditors: amounts falling due after more than one year	18	(97,083)	(98,638)	(97,083)	(98,653)
Net Assets before Pension		193,440	200,589	192,982	200,569
Pension Scheme Liabilities	22	(4,456)	(8,942)	(4,456)	(8,942)
Net Assets including Pension Scheme Liabilities		188,984	191,647	188,526	191,627
Represented by:					
Capital funds					
Permanent Endowment		35,799	36,702	35,799	36,702
Expendable Endowment		7,379	6,679	7,379	6,679
		43,178	43,381	43,178	43,381
Income Funds					
Restricted		7,221	20,974	6,707	20,360
Unrestricted		138,585	127,292	138,641	127,886
Total Funds	23	188,984	191,647	188,526	191,627

Approved by the Governors and signed on their behalf by

D G P Eyton

)

) Governors 18 March 2023

)

R T G Winter

The accounting policies and notes on pages 29 to 72 form part of these Financial Statements.

**THE KEEPERS AND GOVERNORS OF THE POSSESSIONS
REVENUES AND GOODS OF THE FREE GRAMMAR
SCHOOL OF JOHN LYON**

**CONSOLIDATED CASH
FLOW STATEMENT
Year ended 31 August 2022**

		2021/22	2020/21
	Note	£'000	£'000
Net Cash Inflow from Operating Activities	24	12,759	16,102
Cash flows from Investing Activities			
Payments to acquire tangible fixed assets		(19,639)	(17,198)
Payment to acquire intangible asset		-	(117)
Sale proceeds of tangible fixed assets		8	5
Payments to acquire investments		(63,125)	(74,199)
Sale proceeds of investments		30,847	46,370
Decrease/(Increase) in cash held in investments		21,071	(19,619)
Listed investment income		267	323
Interest received		2,137	2,029
Interest paid		(3,549)	(1,646)
Net Cash (Outflow) from Investing Activities		(31,983)	(64,052)
Cash flow from Financing Activities			
Bond Proceeds Received		-	49,874
Loan Repayment		(777)	(328)
Finance Lease Repayment		6	(9)
Net Cash (Outflow)/Inflow from Financing Activities		(771)	49,537
(Decrease)/Increase in cash in the year	25	(19,995)	1,587
Made up as follows:			
(Increase)/Decrease in bank overdraft – unrestricted funds		(9,500)	4,002
(Decrease) in other cash balances		(10,415)	(2,387)
Increase/(decrease) in unrestricted fund and other cash		(19,915)	1,615
(Decrease)/Increase in advanced fees cash balance		(80)	(28)
	25	(19,995)	1,587
Reconciliation of Net Cash Flow to Movement in Net Funds			
(Decrease)/Increase in cash in the year		(19,995)	1,587
Cash inflow resulting from decrease in net debt and lease financing		771	(49,537)
Other non-cash movement		10	-
Change in funds resulting from cash flows and Movement in net funds in the year		(19,214)	(47,950)
Net funds at 1 September 2021		(77,251)	(29,301)
Net Funds at 31 August 2022	26	(96,465)	(77,251)

The accounting policies and notes on pages 29 to 72 form part of these Financial Statements.

a) Basis of preparation and consolidation

These Financial Statements represent the activities of The John Lyon School and Harrow School, together with its charitable funds (Corporation), consolidated with its trading subsidiaries - Harrow School Enterprises Limited ("HSEL"), Harrow International Schools Limited ("HISL") Harrow Educational Investments Limited ("HEIL") The Harrow Development Trust ("HDT") and The John Lyon School Development Trust ("JLSDT").

They are prepared in accordance with The Charities (Financial Statements and Reports) Regulations 2008, the Statement of Recommended Practice on Accounting and Reporting by Charities – the Charities' SORP (FRS 102) - and in accordance with applicable United Kingdom Financial Reporting and Accounting Standards. The Financial Statements are drawn up on the historical cost basis of accounting, as modified by the revaluation of investment properties and other investments.

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

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following the 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) issued on 1st 6 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has been withdrawn.

b) Preparation of Financial Statements on a going concern basis

Having reviewed the funding facilities available to The Corporation together with the expected ongoing demand for places and The Corporation's future projected cash flows, the Governors have a reasonable expectation that The Corporation has adequate resources to continue its activities for at least 12 months from the date of approval of the Financial Statements and continue to adopt the going concern basis.

c) Statement of Financial Activities (SOFA)

The columns on the SOFA comprise the following:

Unrestricted Funds

Harrow School	- fees running costs, other income and direct charitable trading income and expenditure, and advanced fees.
The John Lyon School	- fees running costs, other income and The John Lyon School scholarship funds. Incorporating Quainton Hall.
HSEL	- subsidiary company trading income and expenditure.
HISL	- subsidiary company trading income and expenditure.
HDT	- fundraising income less related costs.

Designated Funds	- unrestricted funds set aside by the Governors for future use (including awards and capital projects).

Restricted Funds	- income derived from restricted and endowed assets and donations made for restricted purposes (including capital projects, scholarships and related expenditure).

Expendable Endowment Funds	- The J G Apcar Trust, the Bessborough Memorial Trust, the Harrow School Awards Fund and part of the Harrow Challenge Fund.

c) Statement of Financial Activities (SOFA) continued

**Permanent
Endowment Funds**

- Harrow Awards Fund and L C Wilson Scholarship Fund.
- The Butler Memorial Trust.
- School and Lyon Foundation, the Philathletic Trust, the Shepherd Churchill Bequest and part of the Harrow Challenge Fund.

The Harrow Challenge Fund comprises gifts and donations which are generally regarded as expendable endowment unless the donor specifically determines otherwise.

d) Income

All incoming resources are included in the SOFA when The Corporation is legally entitled to the income, after any performance conditions have been met, when the amount can be measured reliably and when it is probable that the income will be received.

Fees receivable, royalties, charges for services and use of premises are accounted for in the period in which the service is provided. Income and expenditure resulting from ancillary School activities not covered by fees, where the School acts as principal through bearing the risks, is recognised when the cost is incurred or the trip takes place.

Income from grants and donations is recognised on receipt, unless there are conditions attached to the donation that require a level of performance before entitlement can be obtained. In this case income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of The Corporation and it is probable that they will be fulfilled. The related Gift Aid on donations is accounted for when the related donation is received.

Legacy income is recognised when probate has been granted, there are sufficient assets in the estate to pay the legacy and that any conditions attached to the legacy are either in control of the charity or have already been met.

Donated assets are shown as a donation at market value upon receipt.

Income for the general purposes of The Corporation is credited to unrestricted funds. From time to time the Governors designate unrestricted funds for specific purposes. Donations and legacies subject to specific wishes of the donors are credited to relevant restricted funds or to endowed funds, if the amount is required to be held as permanent or expendable capital.

Gifts of funds for the purpose of providing for specific fixed assets are accounted for as restricted funds until expended. When expended, amounts equivalent to the relevant capital expenditure are transferred from the restricted funds to the unrestricted funds.

Investment income is earned through holding assets for investment purposes such as shares. It includes dividends, recognised when received and interest recognised on a receivable basis. Income from corporate bonds is accrued at the coupon rate.

e) Expenditure

All expenditure is accounted for on an accruals basis. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Expenditure is allocated to expense headings either on a direct cost basis or apportioned on appropriate bases. The cost of charitable activities includes all expenditure directly relating to the objects of The Corporation.

Support costs comprise administrative salaries and pension costs, office expenses, legal and professional fees and equipment rentals.

f) Investments

Investments are shown at their market values at the year end. Realised and unrealised gains and losses on the sale or revaluation of investments are accounted for in the appropriate fund in the SOFA.

g) Goodwill

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the group's interest in the identifiable assets acquired.

Goodwill is amortised over its expected useful life which is estimated to be ten years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the SOFA. No reversals of impairment are recognised.

h) Tangible Fixed Assets

Expenditure on land and buildings which, in the opinion of the Governors, has not enhanced their long-term value is charged to the SOFA. Expenditure on improvements and development to land and buildings which, in the opinion of the Governors, has enhanced their long-term value is capitalised. Expenditure on plant, equipment (including IT equipment) and furniture which is in excess of £5,000 per item, or group of items, is capitalised.

In respect of certain land and buildings occupied or used by the schools and other artefacts owned by the schools, some of which were acquired many years ago, the original cost is not readily ascertainable. In the opinion of the Governors, the cost of obtaining a reasonable estimate of original cost or current value to the schools would outweigh significantly the benefit to be derived from doing so. Accordingly, such assets are not included on the balance sheet. In addition, prior to 1997, where funds were donated for fixed assets, the amounts of the donations were offset against the cost of the relevant fixed assets. The original cost of these assets and the amounts of the donations are not readily ascertainable and the amounts shown on the balance sheet are stated on a net basis.

i) Investment Properties

Certain properties, not used for direct charitable purposes of the School, are held as investment properties for the purpose of producing income for The Corporation. The investment properties are reviewed for impairment annually with a full revaluation every five years on the basis of market value as defined in the Appraisal and Valuation Standards as issued by the Royal Institute of Chartered Surveyors. The last valuation was undertaken as at 31 August 2022. Valuation gains and losses are shown on the SOFA. No depreciation is charged on Investment Properties.

j) Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land and investment properties, at rates calculated to write off the cost of each asset, less any estimated residual value, evenly over its expected useful life. The expected useful lives of the principal categories are:

Freehold Buildings	-	50 to 60 years
Minor capital projects	-	15 to 20 years
Astroturf sports pitches	-	10 to 40 years
Plant, equipment and furniture	-	4 to 20 years
IT equipment	-	4 years
Freehold land is stated at cost.		

Depreciation on buildings under construction commences when the asset is available for use.

k) Stock

Stocks are valued at the lower of cost and net realisable value.

l) Finance Leases

Equipment and motor vehicles, which are the subject of finance leases, are classified within the Financial Statements as tangible assets with equivalent liabilities at what would otherwise have been the cost of outright purchase. These assets are depreciated over their expected useful lives, which generally correspond to the primary rental period. The interest element of lease payments is charged to the SOFA.

m) Operating Leases

Rentals paid and payable under operating leases are charged to the SOFA.

n) Termination Benefits

Redundancy and termination costs are recognised when there is a legal or constructive obligation which can be measured reliably, and it is probable that a payment will be made.

o) Pensions and Post Retirement Benefit Schemes

Defined contribution scheme

The pension cost charged to the SOFA represents the contributions payable by The Corporation under the rules of the Harrow Corporation Pension Scheme.

Defined benefit schemes

The Corporation contributes to the Teachers' Pension Scheme, which is a defined benefit scheme, at rates set by the Government Actuary and advised to the Governors. The Scheme is a multi-employer pension scheme and it is not possible to identify the assets and liabilities of the Scheme, which are attributable to the School. In accordance with FRS 102, the Scheme is therefore accounted for as a defined contribution scheme. Contributions to the Scheme are charged to the SOFA as they become payable in accordance with the rules of the Scheme.

The Corporation also runs a defined benefit pension scheme for non-teaching staff that has been closed to new entrants and to further accruals. The funds of the Scheme are administered by a separate Board of Trustees and are separate from The Corporation. An independent actuary completes a valuation every three years and based on the actuary's recommendations annual contributions are paid to the Scheme so as to secure the benefits set out in the rules.

The defined benefit pension scheme current service costs are charged to the SOFA within staff costs. The defined benefit scheme assets are measured at fair value at the balance sheet date. Scheme liabilities are measured on an actuarial basis at the balance sheet date using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term to the scheme liabilities. The resulting defined benefit asset or liability is presented separately after other net assets on the face of the balance sheet. The net interest on the asset or liability, measured using the discount rate, is credited within other interest. The scheme actuarial gains and losses are recognised immediately as other recognised gains and losses.

p) Taxation

As a registered charity The Corporation is generally exempt from Corporation Tax but not from Value Added Tax (VAT). Irrecoverable VAT is included with the cost of those items to which it relates.

The Corporation's subsidiary trading companies, HSEL and HISL, are liable for overseas taxation and for Corporation Tax on taxable profits not paid to The Corporation as a Qualifying Donation under Gift Aid.

q) Financial Instruments

The Corporation only has financial assets and liabilities of a kind that qualify as basic financial instruments. They are initially recognised at transaction value and subsequently measured at their settlement value, as follows:

Cash	-	Cash held
Debtors	-	Settlement amount after any discounts
Creditors	-	Settlement amount after any trade discounts
Loans and loan notes	-	Amortised cost

1. School Fees Receivable

	Harrow School £'000	The John Lyon School £'000	2021/22 Total £'000	2020/21 £'000
Gross fees excluding bursaries	36,418	14,928	51,346	45,812
Fee remissions and awards unrestricted funds (note 6 iii)	(357)	(1,012)	(1,369)	(1,168)
	<u>36,061</u>	<u>13,916</u>	<u>49,977</u>	<u>44,644</u>

2. Fundraising and Trading Activities

i. Ancillary Trading Income

	2021/22 £'000	2020/21 £'000
Registration fees and non-refundable fee deposits	339	334
Advanced Fees income/(expenditure) (see note 5)	-	4
Other income	306	145
Boys' charges and school trips	2,640	2,063
	<u>3,285</u>	<u>2,546</u>

Ancillary Trading Expenses

The Corporation		
Boys charges and school trips	2,640	2,063
	<u>2,640</u>	<u>2,063</u>

2. Fundraising and Trading Activities

ii. Charitable Grants Received

	2021/22 £'000	2020/21 £'000
Grants Received from John Lyon's Charity		
Harrow School	438	442
The John Lyon School	554	541
	<u>992</u>	<u>983</u>

2. Fundraising and Trading Activities (continued)

iii. Voluntary Income Received

Fundraising proceeds represent funds received mainly through HDT for scholarships and bursaries and to assist in the funding of capital expenditure at Harrow School.

HDT incoming resources for the year amounted to £8,876,000 (2020/21 - £10,117,000), which included Tsunami income of £16,000 (2020/21 - £48,000); outgoing resources totalled £8,323,000 (2020/21 - £10,338,000). Funds carried forward at the financial year end were £477,000 (2020/21 - £690,000).

Fundraising proceeds in the SOFA comprise

	2021/22 £'000	2020/21 £'000
HDT	8,876	10,069
The John Lyon School	224	32
	9,100	10,101

iv. Non Ancillary Trading Activities

	2021/22 £'000	2020/21 £'000
Non Ancillary Trading Income		
The Corporation rental income	228	238
HSEL (less intra group sales of £53,000 (2020/21 - £41,000))	1,849	834
HISL	6,188	5,141
	8,265	6,213

Non Ancillary Trading Expenses

HSEL		
Cost of sales	1,843	1,162
Administration expenses	101	88
HISL		
Administration expenses	652	640
Overseas taxation	804	684
	3,400	2,574

2. Fundraising and Trading Activities (continued)

iv. Non Ancillary Trading Activities (continued)

The summarised trading results of The Corporation's two subsidiaries, HSEL and HISL, are set out on the following pages.

HSEL

The principal activity of this Company is non-charitable trading for The Corporation. The Company pays all of its post-tax income to The Corporation as a Qualifying Donation under Gift Aid arrangements. Its trading results, extracted from its audited Financial Statements, which are included in the Unrestricted Funds column in the SOFA, were:

	2021/22 £'000	2020/21 £'000
Turnover	1,902	875
Cost of sales	(1,843)	(1,162)
Gross profit/ (loss)	59	(287)
Administration expenses	(101)	(88)
Operating loss	(42)	(375)
Qualifying Donation to the Corporation	-	-
Loss for the Financial year	(42)	(375)

Amounts not reflected in trading income and trading expenses are included within the relevant unrestricted categories in the SOFA.

The net liabilities of the Company at the year end were £748,000 (2021 – net liabilities £706,000).

2. Fundraising and Trading Activities (continued)

iii. Non Ancillary Trading Activities (continued)

HISL

The principal activity of the Company is to enter into licensing or other arrangements with those operating or managing overseas international schools bearing the Harrow name, to monitor their compliance with such agreements, and to receive royalties and fees arising from them. The Company pays all of its post-tax income to The Corporation as a Qualifying Donation under Gift Aid arrangements. Its trading results, extracted from its audited Financial Statements, which are included in the Unrestricted Funds column in the SOFA, were:

	2021/22 £'000	2020/21 £'000
Turnover	6,188	5,141
Administration expenses	(652)	(640)
Overseas taxation	(804)	(684)
	—	—
Profit before taxation	4,732	3,817
Qualifying Donation to the Corporation	(4,732)	(3,817)
	—	—
Profit for the Financial year	-	-
	=====	=====

Amounts not reflected in trading income and trading expenses are included within the relevant unrestricted categories in the SOFA.

The net assets of the Company at the year ends were £1,000.

3. Other Incoming Resources	2021/22 £'000	2020/21 £'000
(Loss)/Profit on sale of fixed assets	(302)	11
Other income	332	172
Subscription income	90	88
Coronavirus Job Retention Scheme Income	-	739
	—	—
	120	1,010
	=====	=====

	2021/22 £'000	2020/21 £'000
4. Investment Income		
Income from restricted funds		
Investment income - Scholarships and Bursaries	100	108
	100	108
Income from unrestricted funds		
Interest receivable	2,137	2,029
Investment income - Scholarships and Bursaries	167	215
	2,304	2,244
Total investment income receivable	2,404	2,352

5. Advanced Fees Account – Harrow School

The Scheme was suspended for new deposits since April 2015 in view of very low or negative gilt yields and has made its final repayments in 2021/22.

	2021/22 £'000	2020/21 £'000
Investment income	-	4
Interest received	1	-
	1	4
Interest charge and sundry expenses	(1)	-
Advanced fees income (see note 2i)	-	4
Unrealised loss on advanced fees investments	-	(4)
	-	-

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Year ended 31 August 2022**

6 i. Group Analysis for the year ending 31 August 2022

	Harrow School £'000	The John Lyon School £'000	HSEL £'000	HISL £'000	HDT £'000	JLSDT £'000	2021/22 Total £'000
Income							
School fees receivable	36,061	13,916	-	-	-	-	49,977
Ancillary Trading	2,689	596	-	-	-	-	3,285
Other Charitable	438	554	-	-	-	-	992
Voluntary	92	224	-	-	8,784	-	9,100
Tsunami	-	-	-	-	16	-	16
Non Ancillary Trading	139	36	1,902	6,188	-	-	8,265
Other	312	(193)	-	-	-	1	120
Investments	2,404	-	-	-	-	-	2,404
Total Income	42,135	15,133	1,902	6,188	8,800	1	74,159
Expenditure							
Fundraising	-	69	-	-	1,301	-	1,370
Non Ancillary Trading	-	-	1,944	1,456	-	-	3,400
Finance	3,148	401	-	-	-	-	3,549
Investment management	683	3	-	-	1	-	687
Teaching	16,293	8,028	-	-	-	-	24,321
Welfare	6,393	771	-	-	-	-	7,164
Premises	11,940	2,696	-	-	-	-	14,636
Support	4,956	1,990	-	-	-	-	6,946
Grants awards and prizes	3,732	604	-	-	-	-	4,336
Other Charitable Projects	-	-	-	-	13	-	13
Ancillary trading	2,221	419	-	-	-	-	2,640
Total Expenditure	49,366	14,981	1,944	1,456	1,315	-	69,062
Net Income	(7,231)	152	(42)	4,732	7,485	1	5,097
Transfers, investment gains and losses							
Transfers between entities	11,350	382	-	(4,732)	(7,000)	-	-
Gain on investment properties	316	-	-	-	-	-	316
(Loss)/Gain on investment assets	(12,334)	(27)	-	-	(9)	-	(12,370)
Actuarial gain on defined benefit pension	4,294	-	-	-	-	-	4,294
Total	3,626	355	-	(4,732)	(7,009)	-	(7,760)
Balance at beginning of the year	175,005	16,623	(706)	1	690	34	191,647
Balance at 31 August 2022	171,400	17,130	(748)	1	1,166	35	188,984

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SCHOOL OF JOHN LYON**

**NOTES TO THE FINANCIAL
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Year ended 31 August 2022**

6 i. Group Analysis for the year ended 31 August 2021

	Harrow School £'000	The John Lyon School £'000	HSEL £'000	HISL £'000	HDT £'000	JLSDT £'000	2020/21 Total £'000
Income							
School fees receivable	32,066	12,578	-	-	-	-	44,644
Ancillary Trading	2,148	398	-	-	-	-	2,546
Other Charitable	442	541	-	-	-	-	983
Voluntary	-	-	-	-	10,117	32	10,149
Non Ancillary Trading	118	79	875	5,141	-	-	6,213
Other	819	191	-	-	-	-	1,010
Investments	2,352	-	-	-	-	-	2,352
Total Income	37,945	13,787	875	5,141	10,117	32	67,897
Expenditure							
Fundraising	-	80	-	-	1,033	-	1,113
Non Ancillary Trading	-	-	1,250	1,324	-	-	2,574
Finance	1,386	260	-	-	-	-	1,646
Investment management	401	2	-	-	-	-	403
Teaching	15,571	6,834	-	-	-	-	22,405
Welfare	5,690	608	-	-	-	-	6,298
Premises	10,897	2,548	-	-	-	-	13,445
Support	4,101	2,113	-	-	-	3	6,217
Grants awards and prizes	3,372	671	-	-	-	-	4,043
Other Charitable projects	-	-	-	-	60	-	60
Ancillary trading	1,743	320	-	-	-	-	2,063
Total Expenditure	43,161	13,436	1,250	1,324	1,093	3	60,267
Net Income	(5,216)	351	(375)	3,817	9,024	29	7,630
Transfers, investment gains and losses							
Transfers between entities	12,804	708	-	(3,817)	(9,295)	(400)	-
Gain on investment properties	-	-	-	-	-	-	-
Loss on investment assets	9,275	508	-	-	158	-	9,941
Actuarial loss on defined benefit pension	981	-	-	-	-	-	981
Total	23,060	1,216	-	(3,817)	(9,137)	(400)	10,922
Balance at beginning of the year	157,161	15,056	(331)	1	803	405	173,095
Balance at 31 August 2021	175,005	16,623	(706)	1	690	34	191,647

**NOTES TO THE FINANCIAL
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Year ended 31 August 2022

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**THE KEEPERS AND GOVERNORS OF THE POSSESSIONS
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**NOTES TO THE FINANCIAL
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6 iii. Analysis of Grants, Awards and Prizes

	Harrow School £'000	The John Lyon School £'000	2021/22 Total £'000	2020/21 Total £'000
Awards from unrestricted funds (see note 1):				
Scholarships	-	177	177	172
Means-tested bursaries	-	726	726	537
Other awards	357	109	466	459
	<u>357</u>	<u>1,012</u>	<u>1,369</u>	<u>1,168</u>
Awards from restricted funds:				
Scholarships	448	-	448	383
Means-tested bursaries	3,125	561	3,686	3,462
Prizes and other awards	159	43	202	198
	<u>3,732</u>	<u>604</u>	<u>4,336</u>	<u>4,043</u>
Total grants, awards and prizes	<u>4,089</u>	<u>1,616</u>	<u>5,705</u>	<u>5,211</u>

7. Employees and Key Management

	Harrow School £'000	The John Lyon School £'000	HSEL £'000	HISL £'000	HDT £'000	2021/22 Total £'000
Wages and salaries	20,329	7,257	1,109	361	730	29,786
Social security costs	2,106	758	87	43	73	3,067
Teachers' Pension Scheme	2,048	953	-	-	16	3,017
Support Staff Pension Scheme	20	-	-	-	-	20
Harrow Corporation Pension Scheme	683	86	67	8	18	862
Death in service benefit	54	12	3	3	-	72
Unfunded pension costs	10	-	-	-	-	10
Transfer to Capital projects	(736)	-	-	-	-	(736)
	<u>24,514</u>	<u>9,066</u>	<u>1,266</u>	<u>415</u>	<u>837</u>	<u>36,098</u>

	Harrow School £'000	The John Lyon School £'000	HSEL £'000	HISL £'000	HDT £'000	2020/21 Total £'000
Wages and salaries	19,237	6,654	732	195	732	27,550
Social security costs	1,963	666	71	21	73	2,794
Teachers' Pension Scheme	2,046	859	-	-	14	2,919
Support Staff Pension Scheme	10	36	-	-	-	46
Harrow Corporation Pension Scheme	683	97	68	-	19	867
Death in service benefit	68	8	2	-	-	78
Unfunded pension costs	10	-	-	-	-	10
Transfer to Capital projects	(479)	-	-	-	-	(479)
	<u>23,538</u>	<u>8,320</u>	<u>873</u>	<u>216</u>	<u>838</u>	<u>33,785</u>

7. Employees and Key Management (continued)

Average number of Employees during the Year	2021/22	2020/21
The Schools:		
Teaching	204	200
Teaching support	79	79
Estates	109	106
Domestic	116	113
Bursary and other administration	71	67
HSEL	22	18
HDT	9	7
HISL	5	2
	615	592

The number of employees across the Group whose emoluments (gross pay plus benefits in kind), excluding employer's pension contributions, exceeded £60,000 was:

	2021/22	2020/21
£ 60,001 - £ 70,000	36	37
£ 70,001 - £ 80,000	25	16
£ 80,001 - £ 90,000	21	19
£ 90,001 - £100,000	10	15
£100,001 - £110,000	5	6
£110,001 - £120,000	4	3
£120,001 - £130,000	3	2
£130,001 - £140,000	-	1
£140,001 - £150,000	1	-
£210,001 - £220,000	-	1
£220,001 - £230,000	1	2
£240,001 - £250,000	2	-
£290,001 - £300,000	1	-
£310,001 - £320,000	-	1

Pension contributions to defined contribution schemes of £169,000 (2020/21 - £136,000) were made for 23 (2020/21 - 19) higher paid employees during the year. Contributions were made to defined benefit pension schemes for 86 (2020/21 - 84) higher paid employees during the year.

Total employee benefits payable (gross pay plus benefits in kind plus employer pension and national insurance contributions) to key management personnel were £3,302,000 (2020/21 - £3,268,000).

The redundancy and termination payments, net of recoveries from insurance, totalled £21,000 (2020/21 - £67,000), of which £Nil (2020/21 - £Nil) is included in creditors at the balance sheet date.

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8. Total Resources Expended

	2021/22 £'000	2020/21 £'000
This is stated after charging/(crediting):		
Auditors' remuneration		
For the audit of the Corporation	52	50
For the audit of other group entities	32	30
For tax compliance	14	12
For other services	10	25
For the audit of the defined benefit pension scheme	10	9
Depreciation (see note 10)	5,545	4,809
Amortisation (see note 11)	10	10
Operating lease rentals	132	132
Change in pension scheme liabilities excluding actuarial (loss)/gain (see note 22 (i) c))	(192)	(202)
Interest and finance costs payable:		
Overdrafts and bank loans repayable within 5 years not by instalments	285	135
Finance leases	1	1
	286	136
Bond interest payable	2,956	1,320
Other interest payable	157	34
Total interest payable	3,399	1,490
Bank charges	12	9
Pension commitments – net finance costs (see note 22 (i) c))	138	147
Total finance costs	3,549	1,646

9. Transfers between Funds

	Unrestricted £'000	Restricted £'000	Expendable Endowment £'000	Permanent Endowment £'000
i.	(382)	382	-	-
ii.	(726)	1,316	-	(590)
iii.	13,599	(13,599)	-	-
iv.	(80)	-	-	80
v.	85	4	(104)	15
	12,496	(11,897)	(104)	(495)

- i. Transfer of 1% of gross fee income in Harrow School from unrestricted to restricted income by Governors' resolution for scholarships and bursaries.

An additional transfer may arise where the aggregate of the 1% annual transfer, the net unrestricted income from endowed and designated funds and the income generated through donations and the Harrow International Schools' transfer is insufficient to meet the expenditure committed to bursaries and scholarships.

- ii. Income transferred to Restricted Funds under the Total Return policy (see note 13 iii).
- iii. Donations received to fund capital projects transferred from Restricted to Unrestricted Funds.
- iv. Transfer to compensate the Permanent Endowment for School use of residential property.
- v. Other transfers relate to income from Harrow Challenge and Harrow Awards Funds.

10. Tangible Fixed Assets

Cost	Consolidated			Corporation		
	Freehold land and buildings £'000	Plant, equipment and furniture £'000	Total £'000	Freehold land and buildings £'000	Plant, equipment and furniture £'000	Total £'000
At 1 September 2021	149,042	20,516	169,558	148,919	20,313	169,232
Additions	16,782	2,857	19,639	16,782	2,857	19,639
Disposals	(310)	(1,529)	(1,839)	(310)	(1,529)	(1,839)
	_____	_____	_____	_____	_____	_____
At 31 August 2022	165,514	21,844	187,358	165,391	21,641	187,032
	_____	_____	_____	_____	_____	_____
Depreciation						
At 1 September 2021	40,820	13,433	54,253	40,689	13,242	53,931
Charge for the year	3,898	1,647	5,545	3,898	1,645	5,543
Released on disposals	-	(1,529)	(1,529)	-	(1,529)	(1,529)
	_____	_____	_____	_____	_____	_____
At 31 August 2022	44,718	13,551	58,269	44,587	13,358	57,945
	_____	_____	_____	_____	_____	_____
Net Book Value						
At 31 August 2022	120,796	8,293	129,089	120,804	8,283	129,087
	=====	=====	=====	=====	=====	=====
At 31 August 2021	108,222	7,083	115,305	108,230	7,071	115,301
	=====	=====	=====	=====	=====	=====

All tangible fixed assets represented above are held for use by The Corporation, HSEL or HDT.

- i. Freehold land and buildings include £23,177,000 (2020/21 - £18,184,000) for buildings under construction.
- ii. Residential properties included above at a net book value of £2,310,000 (2020/21 - £2,391,000) are charged as contingent assets in a Security Agreement with the Pension Protection Fund for the Harrow School Support Staff Pension Scheme.

Post year end four additional residential properties with a combined net book value of £20,000 were added to the above security agreement.

11. Intangible Assets

Goodwill

- Consolidated and Corporation

	2022 £'000	2021 £'000
Cost		
At 1 September 2021	117	-
Addition	-	117
At 31 August 2022	117	117
Amortisation		
At 1 September 2021	10	-
Charge for the Year	10	10
At 31 August 2022	20	10
Net Book Value		
At 31 August 2022	97	107
At 31 August 2021	107	-

The goodwill relates to the Corporation's purchase of the assets and trade of Quinton Hall School from Wallsingham College (Affiliated Schools) Limited on 6 November 2020. The goodwill is being amortised over ten years.

The Corporation acquired the assets of Quinton Hall School for £3,650,000 of which £1,350,000 has been deferred to be paid over 5 years with the first payment on 6 November 2021.

The purchase price included £3,340,000 for the land and buildings, £193,000 for fixtures and fittings, and £117,000 for goodwill. The goodwill related to growth expectations, cost synergies and expected future profitability.

12. Investment Properties **2021/22**
- Consolidated and Corporation **£'000**

Balance at beginning of year	1,732
Unrealised gain arising from revaluation	316

Balance at end of year	2,048

	At beginning of year £'000	Movement £'000	At end of year £'000
Attributed to:			
Unrestricted	879	97	976
Endowed - Expendable endowment	53	24	77
- Permanent endowment	800	195	995
	<u>1,732</u>	<u>316</u>	<u>2,048</u>

The investment properties are fully revalued every five years on the basis of market value as defined in the Appraisal and Valuation Standards as issued by the Royal Institute of Chartered Surveyors. The last full revaluation was undertaken at 31 August 2022 by Stimpsons Chartered Surveyors.

2020/21
£'000

Balance at beginning of year	2,107
Transfer to fixed assets	(375)

Balance at end of year	1,732

	At beginning of year £'000	Movement £'000	At end of year £'000
Attributed to:			
Unrestricted	879	-	879
Endowed - Expendable endowment	428	(375)	53
- Permanent endowment	800	-	800
	<u>2,107</u>	<u>(375)</u>	<u>1,732</u>

13. Fixed Asset Investments

Consolidated	Expendable Permanent				Total £'000
	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	Endowed Funds £'000	
Listed					
Opening market value excluding cash	111,746	1,005	5,556	30,982	149,289
Additions	61,034	190	720	1,181	63,125
Disposal proceeds	(28,818)	(142)	(107)	(1,780)	(30,847)
Realised gains/(losses)	(1,146)	-	(1)	31	(1,116)
Unrealised gains/(losses)	(10,648)	(9)	(22)	(575)	(11,254)
Market value at end of year	132,168	1,044	6,146	29,839	169,197
Cash at stockbrokers at beginning of year	24,980	(3)	102	829	25,908
Movement in year	(20,971)	-	(102)	2	(21,071)
Cash at stockbrokers at end of year	4,009	(3)	-	831	4,837
Unlisted	200	-	-	-	200
At end of year	136,377	1,041	6,146	30,670	174,234
At beginning of year	136,926	1,002	5,658	31,811	175,397

Corporation	Expendable Permanent				Total £'000
	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	Endowed Funds £'000	
Listed					
Opening market value excluding cash	111,746	-	5,556	30,982	148,284
Additions	61,034	190	720	1,181	63,125
Disposal proceeds	(28,818)	-	(107)	(1,780)	(30,705)
Realised gains/(losses)	(1,146)	2	(1)	31	(1,114)
Unrealised gains/(losses)	(10,648)	-	(22)	(575)	(11,254)
Market value at end of year	132,168	192	6,146	29,839	168,345
Cash at stockbrokers at beginning of year	24,980	-	102	829	25,911
Movement in year	(20,971)	(3)	(102)	2	(21,074)
Cash at stockbrokers at end of year	4,009	(3)	-	831	4,837
Unlisted	200	-	-	-	200
At end of year	136,377	189	6,146	30,670	173,382
At beginning of year	136,926	-	5,658	31,811	174,395

13. Fixed Asset Investments (continued)

i. Investment Portfolios

At 31 August 2022, Unrestricted Fund investments comprise those of The Advanced Fee Fund, The John Lyon School Scholarship, Corporation Bond and the Harrow School Designated Funds. Their cost was £142,763,000 (2020/21 - £130,966,000).

At 31 August 2022, Restricted Fund investments consisted of investments on the UK Stock Exchange with a cost of £1,072,000 (2020/21 - £964,000).

At 31 August 2022, Expendable Endowed Funds investments comprised of part of the Harrow Awards Fund, the J G Apcar Trust and part of the Harrow Challenge Fund. The cost of those investments was £5,527,000 (2020/21 - £4,758,000).

At 31 August 2022, the cost of investments, all of which are listed on the UK and other recognised Stock Exchanges, in the Permanent Endowment Funds were as follows:

	2021/22 £'000	2020/21 £'000
School and Lyon Foundation	2,278	2,048
Shepherd Churchill Bequest	4,641	4,607
Scholarship Funds comprising L C Wilson and Harrow Awards Fund	14,754	14,876
Harrow Challenge Fund	3,909	3,785
Foundation Awards	2,298	2,269
Butler Memorial Trust	-	1
	27,880	27,586

ii. Significant Holdings

At 31 August 2022 the following investments were considered material in the context of the investment portfolios:

	Consolidated %	Corporation %
Cazenove Charity Multi Asset Fund	15.9	16.3
Vanguard Total World Stock ETF USD	13.9	13.9
Cash	3.7	3.7

iii. Application of the Power of Total Return

In January 2006, the Charity Commission made an order permitting the Charity to adopt total return investment powers in relation to its permanent endowment in the form of the Commission's model order. The Governors resolved to implement the Order in a limited form with effect from 1 April 2006. Under the policy adopted by the Governors, up to 4% of the value of the fund at the previous balance sheet date may be withdrawn in the following financial year.

13. Fixed Asset Investments (continued)

iii. Application of the Power of Total Return (continued)

With effect from 1 September 2014 the Governors elected to amend the policy and apply the order to the full value of the Harrow Awards Fund and the L C Wilson Bequest, having previously limited the order to 20% of the value at 1 April 2006 as referred to above. The amended policy also reduced the amount available to be applied in the following financial year to 3.75 % of the average of the total fund value on a rolling three year basis.

With effect from 1 September 2017 the Governors elected to apply the total return policy to distributions from the Foundation Awards Fund.

Movements in the Total Return Funds in the period:

	Harrow Awards Funds £'000	L C Wilson Bequest £'000	Foundation Awards Fund £'000	Total £'000
Opening valuation at 1 September 2021	13,941	2,594	2,825	19,360
Changes in year				
Investment return – income	100	-	-	100
Investment Management Charge	(13)	(2)	(2)	(17)
Investment return				
– realised/unrealised gains and (losses)	(438)	(94)	(23)	(555)
Cash withdrawn	(498)	(92)	(85)	(675)
Net return for the year	(849)	(188)	(110)	(1,147)
New Funds Received	14	73	2	89
Closing Valuation at 31 August 2022	13,106	2,479	2,717	18,302

Statement of Unapplied Total Return

Opening valuation at 1 September 2021	6,231	1,215	475	7,921
Net return for the year	(849)	(188)	(110)	(1,147)
Unapplied total return as at 31 August 2022	5,382	1,027	365	6,774

	Harrow Awards Fund £'000	L C Wilson Bequest £'000	Foundation Awards Fund £'000	Total £'000
Amount available for distribution				
Investment valuation at 31 August 2020	12,613	2,326	2,504	17,443
Investment valuation at 31 August 2021	13,941	2,594	2,825	19,360
Investment valuation at 31 August 2022	13,106	2,479	2,717	18,302
Three year average	13,220	2,466	2,682	18,368
Amount available for distribution – year ending 31 August 2023	496	92	101	689

13. Fixed Asset Investments (continued)

iv. Expendable Endowed Funds

With effect from 1 September 2017 the Governors elected to apply the total return policy to distributions from the Harrow Challenge Expendable Awards Fund.

Amount available for distribution

	Harrow Challenge Expendable Endowed Fund £'000
Investment valuation at 31 August 2020	2,599
Investment valuation at 31 August 2021	3,002
Investment valuation at 31 August 2022	2,771
Three year average	2,791
Amount available for distribution - year ending 31 August 2023	105

v. Designated Funds

The Governors have also elected to apply the total return policy, as set out in note 13iii, to the Harrow School Designated Awards fund.

Amount available for distribution

	Harrow School Designated Awards Fund £'000
Investment valuation at 31 August 2020	19,236
Investment valuation at 31 August 2021	22,482
Investment valuation at 31 August 2022	23,035
Three year average	21,584
Amount available for distribution - year ending 31 August 2023	809

vi. Overall Portfolio Structure

At 31 August 2022 the structure of the total portfolio was as follows:

	Consolidated %	Corporation %
Gilts/UK Fixed interest	50.8	51.2
Global Funds	24.3	24.4
Charity multi asset funds	16.3	15.9
Cash	3.7	3.7
UK Equities	2.6	2.5
Hedge Funds	2.3	2.3
Total	100.0	100.0

13. Fixed Asset Investments (continued)

vii. HSEL

The Corporation owns 100% of the issued ordinary share capital of HSEL, a company registered in England. The shares in the Company are included in unrestricted funds in the Financial Statements at a cost of £2.

viii. HISL

The Corporation owns 100% of the issued ordinary share capital of HISL, a company registered in England. The shares in HISL are included in unrestricted funds in the Financial Statements at a cost of £1.

ix. HEIL

The Corporation owns 100% of the issued ordinary share capital of HEIL, a company registered in England. The shares in HEIL are included in unrestricted funds in the Financial Statements at a cost of £1. The Company was incorporated on 2 July 2021 and has been dormant since that date.

14. Stocks

	Consolidated		Corporation	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Works Department	78	63	78	63
Other stocks	322	244	200	132
	400	307	278	195

15. Debtors

	Consolidated		Corporation	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Fees, recharges and extras	691	465	691	465
Amounts owed by HSEL	-	-	862	854
Amounts owed by HISL	-	-	2,225	1,742
Amounts owed by HDT	-	-	104	49
Income tax recoverable	134	43	134	43
Accrued interest on corporate bonds	1,208	954	1,208	954
Other debtors and prepayments	4,574	4,411	1,277	1,753
	6,607	5,873	6,501	5,860

A deed of mortgage was created on 4 December 1999 by HSEL securing all monies due or to become due from the Company to the Corporation.

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16. Cash at Bank and in Hand

	Consolidated		Corporation	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Unrestricted	4,282	14,697	3,986	14,541
Restricted	37	37	37	37
	4,319	14,734	4,023	14,578
Harrow School Advanced Fees	-	80	-	80
	4,319	14,814	4,023	14,658

These balances, apart from those noted below, are held at National Westminster Bank plc.

17. Creditors: amounts falling due within one year

	Consolidated		Corporation	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Bank overdrafts	9,500	-	9,500	-
Fees received in advance	5,543	5,263	5,543	5,263
Advanced Fees Scheme (see note 19)	-	72	-	72
Other taxes and social security	870	622	870	622
Amounts due to suppliers	2,198	2,689	2,034	2,526
Accruals	2,921	1,065	2,921	583
Other creditors	2,301	2,538	1,545	1,809
Development loans (see below)	331	328	331	328
Entry deposits	902	738	902	738
Part fee deposits	1,138	670	1,138	670
Retention	324	86	324	86
Finance Leases	7	1	7	1
Amounts owed to HDT	-	-	-	92
Deferred consideration	270	270	270	270
	26,305	14,342	25,385	13,060

The bank overdraft is a short-term Lombard facility with EFG International. It is secured on the corporate bond investments held with EFG International.

18. Creditors: amounts falling due after more than one year

	Consolidated		Corporation	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Bond	89,715	89,709	89,715	89,709
Entry deposits	4,080	4,644	4,080	4,644
Part fee deposits	665	606	665	621
Development loans (see below)	1,698	2,028	1,698	2,028
Amounts owed to HDT	-	-	115	571
Other loans	115	571	-	-
Deferred consideration	810	1,080	810	1,080
	97,083	98,638	97,083	98,653

Bond

The Corporation entered into a 40 year bond issue for £40 million with The Prudential Insurance Company of America that closed and funded on 11th February 2019, due for repayment on 11th August 2059. Interest at 3.3% per annum is computed on the basis of a 30/360-day year and payable semi-annually on 11th February and 11th August. The costs of issuing the bond are amortised over its remaining period and deducted from the principal sum raised.

A further 40 year bond issued for £50 million was entered into with The Prudential Insurance Company of America, Prudential Legacy Insurance Company of New Jersey, and Prudential Annuities Life Assurance Corporation. This bond issue closed and was funded on 18 June 2021 and is due for repayment on 20 June 2061. Interest at 2.7% per annum is computed on the basis of a 30/360-day year and payable semi-annually on 18th December and 18th June. The costs of issuing the bond are amortised over its remaining period and deducted from the principal sum raised.

Development Loans

On 1 August 2008 The Corporation entered into a 20 year unsecured term loan of £4.7m with Santander UK plc to finance redevelopment at The John Lyon School. Under the terms of this loan there were no capital repayments during the first three years. On 1 August 2008, £3.5m of the loan was drawn down and the applicable interest rate for this element fixed at 5.8% for the loan period, payable quarterly.

On 29 July 2011, the remaining £1.2m of the loan was drawn down. The applicable interest rate for this element was fixed at 4.37% for the loan period.

On 27 September 2011, The Corporation entered into a 17 year unsecured term loan of £0.8m with National Westminster Bank plc. Payments of capital and interest commenced on 30 April 2012 and interest was fixed at 4.95% for the loan period.

	2022 £'000	2021 £'000
Amounts repayable within one year	331	328
Amounts repayable between two and five years	1,341	1,340
Amounts repayable after 5 years	357	688
	2,029	2,356

Other Loans

The loans granted to HDT are unsecured, interest free and repayable as follows:

	2022 £'000	2021 £'000
Amounts repayable within one year	-	-
Amounts repayable between two and five years	115	571
Amounts repayable after 5 years	-	-
	115	571

19. Advanced Fees Scheme

Parents may enter into a contract to pay up to the equivalent of five years' fees in advance. The money may be returned subject to specific conditions. The scheme has been suspended for new deposits.

	2022 £'000	2021 £'000
Within one year (see note 17)	-	72
	-	72

The balance represents the liability under the contracts. The movements during the year were:

	2022 £'000	2021 £'000
Balance at beginning of year	72	170
Income generated by contracts	1	4
	73	174
Amounts utilised:		
In payment of fees	(73)	(102)
Capital repayments	-	-
	(73)	(102)
Balance at end of year	-	72

**20. Operating Lease Commitments
- Consolidated and Corporation**

As at 31 August 2022, the minimum total lease payments to which The Corporation is committed under non-cancellable operating leases (plant and equipment) are:

	2022 £'000	2021 £'000
Expiring within one year	94	119
Expiring within two to five years	56	151
Expiring more than five years	-	-
	150	270

**21. Capital Commitments
- Consolidated and Corporation**

At 31 August 2022 capital works contracted for amounted to £36,516,000 (2020/21 - £5,246,000). In addition, approximately £10,287,000 (2020/21 - £57,678,000) was authorised but not contracted.

	2022 £'000	2021 £'000
Commitments within one year	31,594	4,239
Commitments over one year	4,922	1,007
	36,516	5,246

**22. Pension Scheme Liabilities
- Consolidated and Corporation**

Pension scheme liabilities are summarised as follows:

	2022 £'000	2021 £'000
Non-teaching staff defined benefit scheme	4,336	8,817
Other benefit arrangements	120	125
Total pension liability	4,456	8,942
Total decrease in liability (see 22(i) c)	(4,486)	(1,183)

(i) Non-teaching staff - defined benefit scheme

A scheme for eligible non-teaching staff, who are all employed by The Corporation but work on the activities of either Harrow School, The John Lyon School, HSEL, HDT or the Harrow Association, provides benefits based on final pensionable pay. Salary and related costs, including pension costs, are allocated to the relevant schools or entities. The assets of the Scheme are held separately from those of each entity, being invested with an insurance company (AXA Sun Life) and Cazenove Capital Management Limited. Contributions to the Scheme are charged to the SOFA of the School, the Trust and the Association, and the Profit and Loss account of HSEL so as to spread the cost of pensions over employees' working lives. The Scheme was closed to new entrants on 13 June 2003 and closed to future accrual on 30 April 2017.

Actuarial valuations are carried out triennially for funding purposes, using the attained age method, the most recently available being dated 31 August 2021. The main assumptions were a discount rate before and after retirement set by reference to the RiskFirst Gilt curve, RPI inflation set by reference to the RiskFirst RPI Gilt inflation curve, CPI inflation of RPI minus 0.8% and pension increase assumptions for revalued deferred pensions before retirement of CPI limited to 5% and pension increases in payment of 3% for pre- and post-88 GMP, 5% for pre-2001 and index-linked increase with RPI limited to 5% for post-2001. The demographic assumptions used the AC00 table for pre-retirement and 104% and 95% of the SP2A tables for males and females for post-retirement.

The actuarial valuation of the Scheme as at 31 August 2021 revealed that the statutory funding objective was not met i.e. there were insufficient assets to cover the Scheme's technical provisions and there was a funding shortfall of £7,773,000. The Trustees have resolved to return the funding level to 100% by 2038. As a consequence, the Governors committed to extend the current annual deficit recovery programme agreed in the 2018 valuation by five years to 30 September 2038, with payments rising by 3% per annum from 2021/22 until September 2038.

The scheme contributions paid for the year were £382,000 (2020/21 - £371,000). The expected scheme contributions for the year ending 31 August 2023 are estimated at £394,000.

Financial Reporting Standard (FRS) 102 – Retirement Benefits

An annual actuarial valuation is carried out for the purpose of compliance with FRS 102 and was updated to 31 August 2022 by an independent qualified actuary. As required by FRS 102, the defined benefit liabilities have been measured using the attained age method. The assets and liabilities include the value of pensions in payment, the majority of which are secured with insured annuities.

22. Pension Scheme Liabilities (continued)
- Consolidated and Corporation

(i) Non-teaching staff - defined benefit scheme (continued)

The amounts recognised in the balance sheet are as follows:

	2022 £'000	2021 £'000
Present value of obligations	(20,413)	(31,093)
Fair value of plan assets	16,077	22,276
Scheme deficit	(4,336)	(8,817)
a) Changes in the present value of the scheme obligations:		
Opening defined benefit obligation	31,093	30,938
Past Service cost	-	-
Interest cost	492	457
Employee contributions	-	-
Actuarial (gain)loss/ (excluding assets)	(10,521)	602
Benefits paid	(651)	(904)
Defined benefit obligations at the end of the year	20,413	31,093
b) Changes in the fair value of the scheme assets are as follows:		
Opening fair value of scheme assets	22,276	20,954
Interest income on scheme assets	354	310
Return on assets excluding interest income	(6,227)	1,582
Employer contributions	382	371
Employee contributions	-	-
Benefits paid	(661)	(894)
Scheme administration cost	(47)	(47)
Fair value of scheme assets at the end of the year	16,077	22,276
c) The amounts included in the Statement of Financial Activities are as follows:		
Interest income on scheme assets	(354)	(310)
Interest on pension liabilities	492	457
Net finance cost (see note 8)	138	147
Current service cost	47	47
Past service costs	-	-
Contributions paid	(382)	(371)
FRS 102 credit before actuarial gains/losses	(197)	(177)
(Decrease)/increase in other benefit arrangements	5	(25)
Total debit/(credit) to SOFA (see note 8)	(192)	(202)
FRS 102 Actuarial (gains)	(4,294)	(981)
Decrease in liability	(4,486)	(1,183)

22. Pension Scheme Liabilities (continued)
- Consolidated and Corporation

(i) Non-teaching staff - defined benefit scheme (continued)

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

	2022 %	2021 %
Fixed interest and liability driven investment	28	19
Cash and other	5	14
Equities and properties	28	27
Insured annuities	10	13
Diversified grants and funds	29	27

The overall expected rate of return on the scheme assets is determined by reference to yields available on government bonds, corporate bonds, bank base rates and incorporating appropriate risk margins where appropriate.

	2022 £'000	2021 £'000
Actual return on the scheme assets in the year	(5,304)	1,845

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

	2022 %	2021 %
Inflation assumption (RPI)	3.4	3.2
Inflation assumption (CPI)	2.8	2.6
Discount rate	4.3	1.6
Rate of increase in salaries	4.4	4.2
Future LPI pension increases	3.4	3.2
Assumed life expectations on retirement at age 65:		
Retiring today – males	21.3	21.6
Retiring today – females	23.9	24.1
Retiring in 20 years – males	22.9	22.9
Retiring in 20 years – females	25.4	25.3

f) The amounts for the current and previous periods are as follows:

	2022 £'000	2021 £'000	2020 £'000	2019 £'000	2018 £'000
Present value of obligations	(20,413)	(31,093)	(30,938)	(31,418)	(27,589)
Fair value of plan assets	16,077	22,276	20,954	21,459	21,322
Scheme deficit	(4,336)	(8,817)	(9,984)	(9,959)	(6,267)
Experience adjustment on scheme assets	6,227	(1,582)	687	25	982
Percentage of scheme assets	-38.7%	7.1%	3.3%	0.1%	4.6%
Experience adjustment on scheme liabilities	(10,521)	602	(506)	3,362	(1,159)
Percentage of scheme liabilities	51.5%	1.9%	1.6%	10.7%	4.2%
Cumulative scheme actuarial losses	(4,752)	(9,046)	(10,026)	(9,845)	(6,468)

**22. Pension Scheme Liabilities (continued)
- Consolidated and Corporation**

(ii) Other benefit arrangements

Harrow School has other benefit arrangements comprising:

- unfunded provision of benefits to masters and other staff who retired prior to 1982;
- unfunded provision of benefits to masters in the period between their retirement at 62 and the point at which they become entitled to a State Pension. This element of the unfunded arrangement is closed to new entrants.

The value of the unfunded liability arising from these arrangements at 31 August 2022 was updated by an independent qualified actuary on an FRS102 basis. The movements on the provision required to meet the future liabilities arising under the arrangements are as follows:

	2022 £'000	2021 £'000
Provision at beginning of year	125	141
Decrease in provision	(5)	(16)
Provision at end of year	120	125
After more than one year	120	125

(iii) Teachers' Pension Arrangements

The School participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £3,020,000 (2020/21 - £2,919,000) and at the year-end £240,000 (2021 - £220,000) was accrued in respect of contributions to this scheme.

The TPS is an unfunded multi-employer defined benefits pension scheme governed by The Teachers' Pensions Regulations 2010 (as amended) and The Teachers' Pension Scheme Regulations 2014 (as amended). Members contribute on a "pay as you go" basis with contributions from members and the employer being credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The employer contribution rate is set by the Secretary of State following scheme valuations undertaken by the Government Actuary's Department. The most recent actuarial valuation of the TPS was prepared as at 31 March 2016 and the Valuation Report, which was published in March 2019, confirmed that the employer contribution rate for the TPS would increase from 16.4% to 23.6% from 1 September 2019. Employers are also required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 23.68%.

The 31 March 2016 Valuation Report was prepared in accordance with the benefits set out in the scheme regulations and under the approach specified in the Directions, as they applied at 5 March 2019. However, the assumptions were considered and set by the Department for Education prior to the ruling in the 'McCloud/Sargeant case'. This case has required the courts to consider cases regarding the implementation of the 2015 reforms to Public Service Pensions including the Teachers' Pensions.

22. Pension Scheme Liabilities

(iii) Teachers' Pension Arrangements (continued)

On 27 June 2019 the Supreme Court denied the government permission to appeal the Court of Appeal's judgment that transitional provisions introduced to the reformed pension schemes in 2015 gave rise to unlawful age discrimination. The government is respecting the Court's decision and has said it will engage fully with the Employment Tribunal as well as employer and member representatives to agree how the discriminations will be remedied. The government announced on 4 February 2021 that it intends to proceed with a deferred choice underpin under which members will be able to choose either legacy or reformed scheme benefits in respect of their service during the period between 1 April 2015 and 31 March 2022 at the point they become payable.

The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in scheme costs. The Chief Secretary to the Treasury, having in 2018 announced that there would be a review of this cost cap mechanism, in January 2019 announced a pause to the cost cap mechanism following the Court of Appeal's ruling in the McCloud/Sargeant case and until there is certainty about the value of pensions to employees from April 2015 onwards. The pause was lifted in July 2020, and a consultation was launched on 24 June on proposed changes to the cost control mechanism following a review by the Government Actuary. Following a public consultation, the Government have accepted three key proposals recommended by the Government Actuary, and are aiming to implement these changes in time for the 2020 valuations.

The 2016 cost control valuations have since been completed in January 2022, and the results indicated that there would be no changes to benefits or member contributions required. The results of the cost cap valuation are not used to set the employer contribution rate, and HM Treasury has confirmed that any changes to the employer contribution rate resulting from the 2020 valuations will take effect in April 2024.

Until the 2020 valuation is completed it is not possible to conclude on any financial impact or future changes to the contribution rates of the TPS. Accordingly, no provision for any additional past benefit pension costs is included in these financial statements.

(iv) Other defined contribution schemes

A defined contribution scheme now known as the Harrow Corporation Pension Scheme for eligible employees. The amount recognised in the SOFA for the year was £866,000 (2020/21 - £728,000). The expected Scheme contributions for the year ending 31 August 2022 are estimated at £896,000.

23. Allocation of Consolidated Net Assets for the year ended 31 August 2022

The net assets at 31 August 2022 are held for the various funds as follows:

Capital Funds	Tangible fixed assets £'000	Investment properties £'000	Investments £'000	Net current assets/ (liabilities) £'000	Long term liabilities £'000	Total £'000
Permanent Endowment						
General						
School and Lyon Foundation incl the Philathletic Trust*	3,501	10	2,517	331	-	6,359
Harrow School Endowment Fund	-	985	-	-	-	985
Shepherd Churchill Bequest*	-	-	5,309	(16)	-	5,293
Butler Memorial Trust	23	-	77	277	-	377
Awards						
Harrow Awards Fund*	-	-	13,106	36	-	13,142
L C Wilson Bequest	-	-	2,479	-	-	2,479
Foundation Awards	-	-	2,717	-	-	2,717
Harrow Challenge	-	-	4,465	(18)	-	4,447
	3,524	995	30,670	610	-	35,799
Expendable Endowment						
J G Apcar Trust*	302	77	-	24	-	403
Harrow Challenge	-	-	2,770	23	-	2,793
Harrow Awards	-	-	3,376	807	-	4,183
	302	77	6,146	854	-	7,379
Total Capital Funds	3,826	1,072	36,816	1,464	-	43,178
Income Funds						
Restricted						
Harrow	-	-	-	5,549	-	5,549
JLS	-	-	192	232	-	424
Subsidiaries	-	-	849	514	(115)	1,248
	-	-	1,041	6,295	(115)	7,221
Unrestricted						
Designated						
Harrow Awards	-	-	23,035	(3,642)	-	19,393
JLS	-	-	3,728	466	-	4,194
Masterplan	-	-	-	(1,443)	-	(1,443)
Awards	-	-	-	(182)	-	(182)
Other	-	-	-	(116)	-	(116)
Bond	-	-	80,333	-	(89,715)	(9,382)
General						
Harrow	104,252	976	29,281	(16,943)	(3,711)	113,855
JLS	21,106	-	-	(562)	(7,998)	12,546
Subsidiaries	2	-	-	(282)	-	(280)
	125,360	976	136,377	(22,704)	(101,424)	138,585
Total Income Funds	125,360	976	137,418	(16,409)	(101,539)	145,806
TOTAL FUNDS	129,186	2,048	174,234	(14,945)	(101,539)	188,984

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23. Allocation of Consolidated Net Assets for the year ended 31 August 2022

The movement in reserves for the various funds for the year ended 31 August 2022 are as follows:

Capital Funds	Balance Brought Forward £'000	Income £'000	Expenditure £'000	Gains and Losses £'000	Transfers £'000	Balance Carried Forward £'000
Permanent Endowment						
General						
School and Lyon Foundation incl the Philathletic Trust*	6,300	-	(2)	(19)	80	6,359
Harrow School Endowment Fund	790	-	-	195	-	985
Shepherd Churchill Bequest*	5,340	-	(4)	(43)	-	5,293
Butler Memorial Trust	359	-	-	18	-	377
Awards						
Harrow Awards Fund*	14,009	-	(45)	(424)	(398)	13,142
L C Wilson Bequest	2,594	-	(2)	(21)	(92)	2,479
Foundation Awards	2,825	-	(2)	(21)	(85)	2,717
Harrow Challenge	4,485	-	(4)	(34)	-	4,447
	<u>36,702</u>	<u>-</u>	<u>(59)</u>	<u>(349)</u>	<u>(495)</u>	<u>35,799</u>
Expendable Endowment						
Harrow Challenge	2,922	-	(2)	(23)	(104)	2,793
J P Apcar Trust	380	-	-	23	-	403
Other	3,377	807	(2)	1	-	4,183
	<u>6,679</u>	<u>807</u>	<u>(4)</u>	<u>1</u>	<u>(104)</u>	<u>7,379</u>
Total Capital Funds	43,381	807	(63)	(348)	(599)	43,178
Income Funds						
Restricted						
Harrow	19,716	1,769	(3,962)	(77)	(11,897)	5,549
JLS	213	866	(658)	3	-	424
Subsidiaries	1,045	152	(14)	65	-	1,248
	<u>20,974</u>	<u>2,787</u>	<u>(4,634)</u>	<u>(9)</u>	<u>(11,897)</u>	<u>7,221</u>
Unrestricted						
Designated						
Harrow Awards	23,376	2,921	(54)	(6,850)	-	19,393
JLS	4,129	-	(3)	68	-	4,194
Masterplan	1,343	140	(13,318)	10,392	-	(1,443)
Awards	182	-	-	362	(726)	(182)
Other	105	11	(1)	(231)	-	(116)
Bond	(12,959)	-	(2,680)	6,257	-	(9,382)
General						
Harrow	99,474	35,643	(29,385)	(5,099)	13,222	113,855
JLS	12,313	14,960	(14,211)	(516)	-	12,546
Subsidiaries	(671)	16,890	(4,713)	(11,786)	-	(280)
	<u>127,292</u>	<u>70,565</u>	<u>(64,365)</u>	<u>(7,403)</u>	<u>12,496</u>	<u>138,585</u>
Total Income Funds	148,266	73,352	(68,999)	(7,412)	599	145,806
TOTAL FUNDS	191,647	74,159	(69,062)	(7,760)	-	188,984

23. Allocation of Consolidated Net Assets (continued)

*The Shepherd Churchill Bequest, the Butler Memorial Trust, the J G Apcar Trust, the Harrow Awards Fund and the Philathletic Trust are separate and legally distinct charities subject to a Uniting Direction issued by the Charities Commission under s96 (5) of the Charities Act 1993, dated 25 August 2004.

Assets forming the Philathletic Trust comprise land known as the Cricket Ground, the Bessborough Ground and part of Churchfields, combined with property from the Bessborough Memorial Trust. The original value of the bequest is not known and no current value is placed upon it. Assets of the Trust also included investments which were consolidated with the School & Lyon Foundation many years ago. It is not possible to identify the investments within that fund that form part of the Philathletic Trust.

Assets of the Butler Memorial Trust include the football fields following the amalgamation of the original Football Fields Trust and the Reverend Henry Montagu Butler DD Memorial Football Fields Trust under a 1988 Scheme. The original value of the land bequests is not known and no current value is placed upon the land. Income from investments that can still be identified as belonging to the Trust is deployed wholly in the maintenance of sports facilities in line with the original intention of the benefactors.

The transactions for the year to 31 August 2022 of the other charities referred to, included in the SOFA and Balance Sheet, are as follows:

	Shepherd Churchill Bequest	Harrow Awards Fund	Butler Memorial Trust	J G Apcar Trust
	£'000	£'000	£'000	£'000
Investments				
Additions	-	1,020	-	-
Disposals	(3)	(1,592)	-	-
Investment income	-	-	-	-
Realised gain	-	35	-	-
Unrealised (loss)/gains	(43)	(459)	18	24
Net movement in cash held for investment	(1)	162	-	-
Investment properties				
Rental income	-	-	-	(1)

In addition to the above Uniting Direction, the assets of the Harrow Land Trust comprise land currently occupied by the Farm and the Golf Course, the original value of which is not known and no current value is placed upon it.

**THE KEEPERS AND GOVERNORS OF THE POSSESSIONS
REVENUES AND GOODS OF THE FREE GRAMMAR
SCHOOL OF JOHN LYON**

**NOTES TO THE FINANCIAL
STATEMENTS**

Year ended 31 August 2022

23. Allocation of Consolidated Net Assets for the year ended 31 August 2021

The net assets at 31 August 2021 were held for the various funds as follows:

Capital Funds	Tangible fixed assets £'000	Investment properties £'000	Investments £'000	Net current assets/ (liabilities) £'000	Long term liabilities £'000	Total £'000
Permanent Endowment						
General						
School and Lyon Foundation including the Philathletic Trust*	3,581	10	2,378	331	-	6,300
Harrow School Endowment Fund	-	790	-	-	-	790
Shepherd Churchill Bequest*	-	-	5,355	(15)	-	5,340
Butler Memorial Trust	24	-	60	275	-	359
Awards						
Harrow Awards Fund*	-	-	13,940	69	-	14,009
L C Wilson Bequest	-	-	2,684	(90)	-	2,594
Foundation Awards	-	-	2,891	(66)	-	2,825
Harrow Challenge	-	-	4,503	(18)	-	4,485
	3,605	800	31,811	486	-	36,702
Expendable Endowment						
J G Apcar Trust*	404	53	-	(77)	-	380
Harrow Challenge	-	-	3,001	(79)	-	2,922
Harrow Awards	-	-	2,657	720	-	3,377
	404	53	5,658	564	-	6,679
Total Capital Funds	4,009	853	37,469	1,050	-	43,381
Income Funds						
Restricted						
Harrow	-	-	-	19,716	-	19,716
JLS	-	-	-	213	-	213
Subsidiaries	-	-	1,002	614	(571)	1,045
	-	-	1,002	20,543	(571)	20,974
Unrestricted						
Designated						
Harrow	-	-	22,483	893	-	23,376
JLS	-	-	3,760	369	-	4,129
Masterplan	-	-	-	1,343	-	1,343
Awards	-	-	-	182	-	182
Other	-	-	-	105	-	105
Bond	-	-	76,750	-	(89,709)	(12,959)
General						
Harrow	89,954	879	33,933	(16,491)	(8,801)	99,474
JLS	21,449	-	-	(637)	(8,499)	12,313
Subsidiaries	-	-	-	(671)	-	(671)
	111,403	879	136,926	(14,907)	(107,009)	127,292
Total Income Funds	111,403	879	137,928	5,636	(107,580)	148,266
TOTAL FUNDS	115,412	1,732	175,397	6,686	(107,580)	191,647

**THE KEEPERS AND GOVERNORS OF THE POSSESSIONS
REVENUES AND GOODS OF THE FREE GRAMMAR
SCHOOL OF JOHN LYON**

**NOTES TO THE FINANCIAL
STATEMENTS
Year ended 31 August 2022**

23. Allocation of Consolidated Net Asset for the year ended 31 August 2021

The movement in reserves for the various funds for the year ended 31 August 2021 are as follows:

Capital Funds	Balance Brought Forward £'000	Income £'000	Expenditure £'000	Gains and Losses £'000	Transfers £'000	Balance Carried Forward £'000
Permanent Endowment						
General						
School and Lyon Foundation incl the Philathletic Trust*	5,935	-	(18)	303	80	6,300
Harrow School Endowment Fund	790	-	-	-	-	790
Shepherd Churchill Bequest*	4,621	-	-	719	-	5,340
Butler Memorial Trust	360	-	-	(1)	-	359
Awards						
Harrow Awards Funds	12,687	-	-	1,701	(379)	14,009
L C Wilson Bequest	2,326	-	-	358	(90)	2,594
Foundation Awards	2,505	-	-	387	(67)	2,825
Harrow Challenge	3,897	-	-	588	-	4,485
	<u>33,121</u>	<u>-</u>	<u>(18)</u>	<u>4,055</u>	<u>(456)</u>	<u>36,702</u>
Expendable Endowment						
Butler Memorial Trust	-	-	-	-	-	-
Harrow Challenge	2,621	-	-	401	(100)	2,922
J P Apcar Trust	381	16	-	(17)	-	380
Other	2,381	705	(2)	218	75	3,377
	<u>5,383</u>	<u>721</u>	<u>(2)</u>	<u>602</u>	<u>(25)</u>	<u>6,679</u>
Total Capital Funds	38,504	721	(20)	4,657	(481)	43,381
Income Funds						
Restricted						
Harrow	25,319	3,069	(3,490)	531	(5,713)	19,716
JLS	175	655	(625)	8	-	213
Subsidiaries	903	765	(242)	(381)	-	1,045
	<u>26,397</u>	<u>4,489</u>	<u>(4,357)</u>	<u>158</u>	<u>(5,713)</u>	<u>20,974</u>
Unrestricted						
Designated						
Harrow Awards	20,008	4,757	(9,059)	7,670	-	23,376
JLS	3,255	406	(132)	600	-	4,129
Masterplan	1,143	200	-	-	-	1,343
Awards	182	-	-	601	(601)	182
Other	93	75	(6)	(57)	-	105
Bond	790	-	(1,320)	(12,429)	-	(12,959)
General						
Harrow	70,873	30,917	(19,581)	10,470	6,795	99,474
JLS	11,626	13,467	(12,680)	(100)	-	12,313
Subsidiaries	224	12,865	(13,112)	(648)	-	(671)
	<u>108,194</u>	<u>62,687</u>	<u>(55,890)</u>	<u>6,107</u>	<u>6,194</u>	<u>127,292</u>
Total Income Funds	134,591	67,176	(60,247)	6,265	481	148,266
TOTAL FUNDS	173,095	67,897	(60,267)	10,922	-	191,647

23. Allocation of Consolidated Net Assets (continued)

The transactions for the year to 31 August 2021 of the other charities referred to, included in the SOFA and Balance Sheet, are as follows:

	Shepherd Churchill Bequest	Harrow Awards Fund	Butler Memorial Trust	J G Apcar Trust
	£'000	£'000	£'000	£'000
Investments				
Additions	290	15,230	-	-
Disposals	(89)	(15,328)	-	-
Investment income	-	-	(1)	-
Realised losses	(417)	520	-	-
Unrealised gains	723	199	7	-
Net movement in cash held for investment	(204)	(292)	-	-
Investment properties				
Rental income	-	-	-	(16)

24. Net Cash Inflow from Operating Activities

	2021/22 £'000	2020/21 £'000
Net incoming resources	(6,957)	17,571
Depreciation	5,545	4,809
Amortisation of goodwill	10	10
Decrease/(increase) in stocks	(93)	3
Increase in debtors	(734)	(710)
Increase/(decrease) in creditors	1,552	4,814
Increase in entry and part-fee deposits	127	449
Decrease/(Increase) in liability for unfunded pensions	-	-
FRS 102 credit before actuarial gains/losses	5	(25)
Decrease in provision for other pension benefit arrangements	(197)	(177)
Interest paid	3,549	1,646
Interest received	(2,137)	(2,029)
Investment income	(267)	(323)
Gain on investment properties	(316)	-
Gain on revaluation of investment assets	12,370	(9,941)
Loss on disposal of fixed assets	302	5
	12,759	16,102

25. Changes in Cash and Cash Equivalents

Analysis of balances	2021/22 £'000	2020/21 £'000	Change in year £'000
Bank overdraft (see note 17)	(9,500)	-	(9,500)
Other cash balances (see note 16)	4,319	14,734	(10,415)
The Corporation's operations	(5,181)	14,734	(19,915)
Harrow School Advanced Fees cash balance (see note 16)	-	80	(80)
	(5,181)	14,814	(19,995)

26. Analysis of Net Funds

Year ended 31 August 2022	As at beginning of year £'000	Cash Flow £'000	Other Non-cash changes £'000	As at end of year £'000
Net cash balances	14,814	(19,995)	-	(5,181)
Other loans	(2,355)	793	-	(1,562)
Finance leases	(1)	(6)	-	(7)
Bond	(89,709)	(6)	-	(89,715)
Total	(77,251)	(19,214)	-	(96,465)

Year ended 31 August 2021	As at beginning of year £'000	Cash Flow £'000	Other Non-cash changes £'000	As at end of year £'000
Net cash balances	13,227	1,587	-	14,814
Other loans	(2,683)	328	-	(2,355)
Finance leases	(10)	9	-	(1)
Bond	(39,835)	(49,874)	-	(89,709)
Total	(29,301)	(47,950)	-	(77,251)

27. Indemnity insurance

Professional Indemnity and Governors' Liability insurance is purchased by the Schools. The insurance is in respect of claims arising from any negligent act, error or omission committed in good faith and covers Proprietors, Principals, Trustees, Governors and Corporation staff.

The cost of the insurance amounted to £9,000 (2020/21 - £9,000).

28. Related party transactions

- i. The Clerk to the Governors was a partner in the firm of Cripps until February 2022 when he became an employee of The Corporation. Cripps acts as solicitors to the Corporation. Under the terms of a contract for services, the firm provides administrative support to the Governors. Payment for these services in the year amounted to £43,000 (2020/21 - £137,000). In addition, legal fees paid by The Corporation to Cripps in the year amounted to £480,000 (2020/21 - £1,019,000) inclusive of VAT and disbursements.
- ii. John Lyon's Charity made grants for bursaries in the year at Harrow School of £438,000 (2020/21 - £442,000) and at The John Lyon School of £554,000, (2020/21 - £541,000) to enable individuals resident in the beneficial area of John Lyon's Charity to attend the schools, who would not be able to do so without that financial support. These grants are aimed at providing wider access to education at the schools and are consistent with the Founder's original intention for the application of his endowment. Grants have also been made by John Lyon's Charity to other independent schools in the beneficial area for bursary support. The Corporation is the trustee of John Lyon's Charity.
- iii. One Governor, J P Batting, is a partner in XPS Pensions. Under the terms of a contract for services, the firm provides a triennial valuation for the non-teaching staff pension scheme and advice on the pension scheme liabilities arising from this and other benefit arrangements. Payment to XPS Pensions in the year amounted to £264,000 (2020/21 - £138,000).
- iv. One Governor, A D Hart, is a Director of London Bridge Capital Partners LLP, which was paid £Nil (2020/21 - £20,000) during the financial year in respect of his work as a director of HISL. Two Governors were employed during the year by HISL as directors.
- v. Apart from the arrangements noted above, neither the Governors nor the Board of Governors nor persons connected with them received any remuneration or other benefits from the schools or any connected organisation. Travel expenses of £2,000 (2020/21 - £Nil) were paid to five (2020/21 - None) Governors during the year.
- vi. One Governor, J P Batting, is a Director of Intellego Education Limited (IEL), as is the son of another Governor, G W J Goodfellow. The Corporation made an investment of £200,000 in IEL in 2021. IEL seeks to help schools maximise their potential by delivering education outcomes. The Corporation will work closely with the company to advance best practice and operational efficiency in schools.

28. Related party transactions (continued)

Transactions with subsidiaries during the year, together with the outstanding balances at the year end are detailed below. The transactions include payments for the provision of staff and administrative services.

Related party transactions for the year ended 31 August 2022

	Income from related party £'000	Expenditure to related party £'000	Balance due to related party £'000	Balance due from related party £'000
HSEL	316	(338)	-	862
HISL	4,732	(55)	-	2,225
HDT	7,126	(89)	-	104

Related party transactions for the year ended 31 August 2021

	Income from related party £'000	Expenditure to related party £'000	Balance due to related party £'000	Balance due from related party £'000
HSEL	229	(225)	-	854
HISL	3,817	(122)	-	1,742
HDT	9,294	(813)	92	49

**THE KEEPERS AND GOVERNORS OF THE POSSESSIONS
REVENUES AND GOODS OF THE FREE GRAMMAR
SCHOOL OF JOHN LYON**

**NOTES TO THE FINANCIAL
STATEMENTS
Year ended 31 August 2022**

29. Statement of Financial Activities for the year ended 31 August 2021

	Notes	Income Funds Unrestricted Funds £'000	Restricted Funds £'000	Capital Funds Expendable Endowment £'000	Permanent Endowment £'000	Total £'000
Income and endowments from:						
Charitable activities						
School fees receivable	1	44,644	-	-	-	44,644
Ancillary trading income	2i	2,546	-	-	-	2,546
Voluntary income		-	983	-	-	983
Voluntary sources						
Other charitable income	2ii	6,118	3,262	721	-	10,101
Tsunami income		-	48	-	-	48
Other trading activities						
Non ancillary trading income	2iii	6,213	-	-	-	6,213
Other incoming resources	3	922	88	-	-	1,010
Investments						
Investment income	4	2,244	108	-	-	2,352
Total		62,687	4,489	721	-	67,897
Expenditure on:						
Raising funds						
Fundraising costs		859	254	-	-	1,113
Non ancillary trading expenses	2iv	2,574	-	-	-	2,574
Finance costs	8	1,646	-	-	-	1,646
Investment management costs		383	-	2	18	403
		5,462	254	2	18	5,736
Charitable activities						
Teaching costs		22,405	-	-	-	22,405
Welfare costs		6,298	-	-	-	6,298
Premises costs		13,445	-	-	-	13,445
Support costs		6,217	-	-	-	6,217
Grants, awards and prizes	6iii	-	4,043	-	-	4,043
Other charitable projects		-	60	-	-	60
Ancillary trading expenses	2iii	2,063	-	-	-	2,063
		50,248	4,103	-	-	54,531
Total Expenditure	6-8	55,890	4,357	2	18	60,267
Net Income/(Expenditure) before Transfers and Investment Gains/(Losses)						
		6,797	132	719	(18)	7,630
Transfers between funds	9	6,194	(5,713)	(25)	(456)	-
Gains on investment properties	12	-	-	-	-	-
(Losses)/gains on investment assets	13	5,126	158	602	4,055	9,941
Net Income/(Expenditure)		18,117	(5,423)	1,296	3,581	17,571
Actuarial (loss)/gain on defined-benefit pension scheme	22	981	-	-	-	981
Net Movement in Funds		19,098	(5,423)	1,296	3,581	18,552
Balances at beginning of year		108,194	26,397	5,383	33,121	173,095
Balances at end of year		127,292	20,974	6,679	36,702	191,647

Statement of Financial Activities for the year ended 31 August 2022

	Income Funds Unrestricted Funds £'000	Restricted Funds £'000	Capital Funds Expendable Endowment £'000	Permanent Endowment £'000	Total 2021/22 £'000	Total 2020/21 £'000
Income and endowments from:						
Charitable activities						
School fees receivable	36,061	-	-	-	36,061	32,065
Ancillary trading income	2,689	-	-	-	2,689	2,148
Voluntary Income	5,055	1,230	807	-	7,092	9,202
Voluntary sources						
Other charitable income	-	438	-	-	438	442
Other trading activities						
Non ancillary trading income	192	-	-	-	192	159
Other incoming resources	313	-	-	-	313	788
Investments						
Investment income	2,304	100	-	-	2,404	2,352
Total	46,614	1,768	807	-	49,189	47,156
Expenditure on:						
Raising funds						
Fundraising costs	-	-	-	-	-	-
Non ancillary trading expenses	-	-	-	-	-	-
Finance costs	3,148	-	-	-	3,148	1,487
Investment management costs	626	-	4	54	684	402
	3,774	-	4	54	3,832	1,889
Charitable activities						
Teaching costs	16,293	-	-	-	16,293	15,611
Welfare costs	6,393	-	-	-	6,393	5,690
Premises costs	11,939	-	-	-	11,939	10,898
Support costs	4,956	-	-	-	4,956	4,102
Grants, awards and prizes	-	3,732	-	-	3,732	3,372
Ancillary trading expenses	2,222	-	-	-	2,222	1,744
	41,803	3,732	-	-	45,535	41,417
Total Expenditure	45,577	3,732	4	54	49,367	43,306
Net Income/(Expenditure) before Transfers and Investment Gains/(Losses)	1,037	(1,964)	803	(54)	(178)	3,850
Transfers between funds	16,483	(11,544)	(102)	(489)	4,348	3,509
Gains on investment properties	97	-	24	195	316	-
(Losses)/gains on investment assets	(11,769)	-	(23)	(544)	(12,336)	9,275
Net Income/(Expenditure)	5,848	(13,508)	702	(892)	(7,850)	16,634
Actuarial (loss)/gain on defined-benefit pension scheme	4,274	-	-	-	4,274	981
Net Movement in Funds	10,122	(13,508)	702	(892)	(3,576)	17,615
Balances at beginning of year	112,653	18,910	6,679	36,693	174,935	157,320
Balances at end of year	122,775	5,402	7,381	35,801	171,359	174,395

Accounts

**THE KEEPERS AND GOVERNORS OF THE POSSESSIONS
REVENUES AND GOODS OF THE FREE GRAMMAR SCHOOL OF
JOHN LYON**

**REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 AUGUST 2021**

CHARITY NUMBER: 310033

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Members

Current members (referred to as Governors) of The Keepers and Governors of the Possessions Revenues and Goods of the Free Grammar School of John Lyon, within the town of Harrow-on-the-Hill in the County of Middlesex, incorporated by Royal Charter of 19 February 1572 (referred to as The Corporation), Charity Number 310033, which comprises Harrow School, The John Lyon School and its subsidiary entities, and those who served during the year and up to the date of this report are:

Chairman Chairman, The John Lyon School Board of Governors	J P Batting MA FFA* G W J Goodfellow QC MA LLM*+ Professor P Binski MA PhD FBA C G T Stonehill MA(Hons) Dr I Dove-Edwin BSc MDCM MRCP* J M P D Stroyan* Mrs M S Brounger LLB A C Goswell BSc(Hons) MRICS* The Hon A Butler QC MA*	Nominated by: Lord Chief Justice Cambridge University
Deputy Chairman and Chairman, General Purposes Committee	D G P Eyton CBE MA FIOM ³ FIOD FRENG* D Faber MA R T G Winter CBE BA FCA*+ A D Hart LLB(Hons) FRSA Mrs C M Oulton MA PGCE Dr D J Payne MChem DPhil J P J Glover BA(Hons)* J H Dunston MA ACIL FRSA+ Mrs H Mould MA RGN Sir J R Symonds CBE BA FCA Professor A D'Angour MA PhD ARCM M L Mrowiec MA* Mr Charles Gallagher Vice Admiral Jerry Kyd CBE N J Enright MA NPQH FRSA+	The Royal Society Oxford University Masters
Appointed 1 September 2021	*Members of the General Purposes Committee +Members of The John Lyon School Board of Governors	

Officers

Head Master, Harrow School Corporation Bursar Clerk to the Governors	W M A Land MA FLS FSB N A Shryane MBE BA MPhil The Hon A C Millett MA

Addresses

Harrow School

5 High Street
Harrow-on-the-Hill
Middlesex HA1 3HP

The John Lyon School

Middle Road
Harrow-on-the-Hill
Middlesex HA2 0HN

Advisers

Principal Bankers

National Westminster Bank plc
Harrow Town Centre Branch
315 Station Road
Harrow
Middlesex HA1 2AD

Independent Auditors

PKF Littlejohn LLP
Statutory Auditors
15 Westferry Circus
Canary Wharf
London E14 4HD

Solicitors

Cripps Pemberton Greenish
2nd Floor
80 Victoria Street
London SW1E 5JL

Principal Investment Managers

Cambridge Associates Ltd
62 Buckingham Gate
London SW1E 6AJ

Cazenove Capital Management
1 London Wall Place
London EC2Y 5AU.

Actuaries

XPS Pensions
11 Strand
London WC2N 5HR

Charity Number

310033

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Status and Governance of the Corporation

The Corporation is responsible for both Harrow School ("Harrow School" or "the School") and The John Lyon School and was incorporated by Royal Charter granted by Elizabeth I to John Lyon on 19 February 1572 under the formal title of "The Keepers and Governors of the Possessions Revenues and Goods of the Free Grammar School of John Lyon within the town of Harrow-on-the-Hill". The original powers of The Corporation were substantially varied by provisions of the Public Schools Act 1868 (as amended), under which The John Lyon School was established, and the various statutes made by The Corporation with the approval, when required, of Her Majesty in Council. The Corporation is a registered charity, number 310033.

Updated statutes for the Corporation were approved by Her Majesty in Council and adopted by the Governors on 8 June 2016. Under the terms of the new statutes, the number of Governors remains restricted to twenty-five, of whom up to twenty-three are elected by the Corporation itself. This group is still expected to include a representative from each of Oxford and Cambridge Universities and the Royal Society, who are selected by the Governors. Two other Governors are nominated respectively by the Lord Chief Justice and the Head Master and the masters of Harrow School. All Governors are elected for an initial term of five years and are eligible for re-election for a maximum of two further consecutive terms of up to five years. In exceptional circumstances a Governor can serve a further term of up to five years so long as no more than five Governors serve a fourth term at any one time.

Within defined parameters, the management and administration of The John Lyon School is delegated by The Corporation to a separate Board of Governors, the members of which are appointed by The Corporation. Harrow School is an independent boarding school for boys, while the John Lyon School is an independent day school, which became co-educational from Autumn 2021. The John Lyon School acquired the assets of Quainton Hall School on 6 November 2020, which is a prep school situated in Harrow.

The Corporation controls another separately registered charity, The Harrow Development Trust (No. 296097), which prepares Financial Statements annually to 31 August. Its objects include helping Harrow School to achieve its strategic objectives. This involves raising funds for supporting pupils at the School through the provision of scholarships and bursaries and capital projects undertaken by the School. Appropriations from the Trust to the School are made periodically. In accordance with the Statement of Recommended Practice, Accounting and Reporting by Charities, the Trust is treated as a subsidiary charity of the School and its Financial Statements consolidated within The Corporation's Financial Statements.

Consolidated Financial Statements

These Financial Statements of The Corporation comprise the activities of The John Lyon School and Harrow School, together with its charitable funds, its trading subsidiaries - Harrow School Enterprises Limited ("HSEL"), Harrow International Schools Limited ("HISL") and Harrow Educational Investments Limited ("HEIL") – and The Harrow Development Trust ("HDT") and The John Lyon School Development Trust ("JLSDT").

The Governors, Officers and Advisers

The names of the current Governors and those who served during the year and the Officers and Advisers to The Corporation are set out on pages 1 and 2.

Recruitment and Training of Governors

The Selection Committee is responsible for considering nominations for future Governors, based on informal guidelines, which include a list of the skills and experience that it is desirable should be represented by Governors of the Corporation and on its committees. The Committee also advises the Corporation on succession planning and other responsibilities delegated to individual Governors. The Clerk to the Governors is responsible for the induction of new Governors who are briefed individually. Guidelines on effective trusteeship and updates with information about best practice are brought to the attention of Governors by the Clerk to the Governors and The Corporation Bursar.

Organisational Management

The Governors, who are legally responsible for the overall management and control of the schools, meet at least three times a year. The Corporation ensures that its governance arrangements are appropriate and effective through its appointment of knowledgeable Governors, appropriate risk management processes and through its committees.

The Corporation

The Governors have established committees that exercise pan-Corporation responsibilities as follows: the Selection Committee to identify and recommend new Governors; the Investments Committee to supervise and monitor the investment of financial assets; and, the Bond Committee to oversee the investment and use of the proceeds of two private placement bonds issued in 2019 and 2021.

The Chairmen of these Committees in the year were as follows:

Selection Committee	- Mr J P Batting
Investments Committee	- Sir J R Symonds
Bond Committee	- Mr C G T Stonehill

The Governors' Remuneration Committee considers the remuneration of the Heads of both schools, the Corporation Bursar and, in conjunction with the trustees of the HDT, the remuneration of the Chief Executive of HDT. In doing so, the Committee draws on data produced by independent and anonymous benchmarking surveys of equivalent positions in broadly comparable schools. Overall salary levels and increases for all other personnel are recommended by the Schools' Heads and approved annually by the Governors through the budgeting process, based on benchmarking surveys, market forces and assessments of the cost-of-living.

Harrow School

The following committees have been established: the Strategy and Education Committee; the General Purposes Committee to consider important financial and operational matters and generally supervise the management and administration of the School's affairs; the Estates Committee to oversee the development and maintenance of the School's estate; and the Compliance Committee to oversee compliance with the School's regulatory requirements.

The Chairmen of these Committees in the year were as follows:

General Purposes Committee	- Mr D G P Eyton
Estates Committee	- Mr A C Goswell
Strategy and Education Committee	- Mr D G P Eyton
Compliance Committee	- Dr I Dove-Edwin

The day to day running of the School is delegated to the Head Master and The Corporation Bursar who attend the meetings of the Governors and relevant committees.

The strategic development, operational performance and franchise compliance of the international schools operating under the Harrow name and crest are monitored by the Board of HISL.

The John Lyon School

In its supervision of the School's affairs, the School's Board of Governors meets at least three times per year and is assisted in its governance of School affairs by several sub-committees that normally meet once per school term, namely the Finance and General Purposes Committee, the Estates Committee, the Education Committee, Quainton Hall Committee and the Strategy Committee. Each of these committees is chaired by a School Governor. The School's investments are monitored by the Corporation's Investments Committee. Other ad hoc committees are formed as necessary.

The Chairmen of these Committees in the year were as follows:

Finance & General Purposes Committee	- Mr N Enright (Retired 31 December 2020) - Mrs C Southgate (Appointed 1 January 2021)
Estates Committee	- Mr J H Graham
Education Committee	- Mr N I Kendrick
Quainton Hall Committee	- Mr N Enright (Appointed 25 November 2020)
Strategy Committee	- Mr R Fox

The day to day running of the School is delegated to the Head and the Chief Operating Officer, who attend the meetings of the Governors and relevant committees.

The Corporation acquired the assets of Quainton Hall School on 6 November 2020 from Walsingham College (Affiliated Schools) Ltd. Quainton Hall is a prep school situated in Harrow. The acquisition was made to combine Quainton Hall School and John Lyon School into a through school for pupils from the age of two and a half to eighteen. The combined schools will be known as The John Lyon School.

Charitable Funds

In addition to the original endowment of the Founder, The Corporation has been the recipient of a considerable number of charitable donations established mainly for the benefit of Harrow School and its pupils, the financial activities of which are recorded in these consolidated Financial Statements. Some of the funds are separately registered with the Charity Commission as subsidiary charities but share The Corporation's charitable number.

Note 23 to the Financial Statements sets out an analysis of the assets attributable to the various funds, including the Harrow School Advanced Fees Fund. Except for the investment properties, the tangible assets are held for use by Harrow School, The John Lyon School, HDT, HISL and HSEL.

Relationships and Connected Charities

The Corporation is the Trustee of John Lyon's Charity ("the Charity") which is regarded as a connected charity. It is separately registered (No. 237725) preparing Financial Statements annually to 31 March. The objects of the Charity are to apply its income for charitable purposes to benefit the inhabitants of certain London boroughs. The Charity's policy is to apply its annual income to promote the life-chances of children and young people through education. The Financial Statements of the Charity are not consolidated in these Financial Statements.

Other related organisations of particular importance to The Corporation, whose financial results are not consolidated in these Financial Statements, are:

- The Harrow School Cricket Fund which was set up in order to help the Governors ensure high quality cricketing at Harrow School. The Fund makes periodic donations to the School. The Fund is a separately registered charity (No. 1082374) preparing Financial Statements annually to 31 December.

Relationships and Connected Charities (continued)

- The Harrow International Schools which operate as separate entities under franchise agreements and are independently owned, with HISL licensing the use of the Harrow name and crest. The international schools are expected to operate in a manner which is compatible with Harrow's ethos and essential values, extend the School's reputation abroad and to generate income for bursaries in support of the School's objective to extend the benefits of its education as widely as possible.
- The Harrow Association through which Harrow School benefits greatly from its connections to, and the generosity of, a thriving network of Old Harrovians whose close support is greatly appreciated.
- The Harrow Club, a youth club that serves the young people of Notting Dale in West London, which was founded in 1882 by a former Harrow School Head Master and is part of the Foundation's wider Family, has benefitted from the active involvement of Corporation Governors, Old Harrovians and staff as trustees. Boys have also visited the Club and fundraise for the Club every year; further collaborative work is planned.

Both Schools have strong links with local charities and schools, the details of which are provided later in this report.

Management of Risks and Uncertainties

The Governors have examined the principal areas of the Schools' operations and considered the major - both strategic and operational - risks confronting the Schools. A comprehensive review of the Corporation's risk policy and its governance and management processes has been initiated and will be considered by the Governors in the Spring of 2022.

In both schools, one of the Governors is designated to work with the Bursar/Chief Operating Officer on each school's risk management strategy.

The Governors ensure that sufficient resources are available to ensure that the major risks considered to carry a high level of both impact and likelihood of occurrence have been mitigated to a level acceptable for the schools. The current Strategic Risk Registers highlight political, financial, health and safety, child protection, data protection, data and cyber security, reputational damage and liability risks, with the most significant being:

- A range of politico-economic and financial threats to the schools' viability (including the impact of the current and future pandemics);
- Data security and cyber security threats;
- 'Combination risks' of long term reputational damage resulting from a series of inadvertent operational shortcomings;
- Long term reputational damage through structural inertia;
- Failure simultaneously to explore opportunities and exploit operational efficiency improvements; and
- Deterioration in Sino-British relations.

The key controls used by both schools include:

- Detailed terms of reference for all Governors' committees and comprehensive minuting of their meetings;
- Comprehensive strategic planning, budgeting and management accounting;
- Established organisational structures and lines of reporting;
- Annually reviewed written policies;
- Clear authorisation and approval levels;
- Vetting and safeguarding procedures as required by law for the protection of children; and
- Independent testing of various aspects of regulatory compliance and IT Security to supplement the comprehensive internal processes.

OBJECTS, AIMS, OBJECTIVES AND PERFORMANCE

Charitable Objects

The Corporation's objects, as set out in its Royal Charter and reaffirmed in its current statutes, are the "bringing up, teaching and instruction of children and youth in grammar", such that the pupils of Harrow School give "a very good example to all others to imitate the like hereafter, and also to the common profit of all our subjects" – that is, for the public benefit.

The John Lyon School is a day school which was established by and is maintained by the Corporation.

The Corporation has established and administers bursaries, and acts as the trustee and manager of property, endowments, bequests and gifts given or established in pursuance of these objects.

The Governors remain mindful of the Corporation's commitment to provide public benefit and have given due consideration to the requirements of the Charities Act 2011 and the guidance produced by the Charity Commission.

Mission Statements

The Corporation, together with its subsidiary companies and HDT, and John Lyon's Charity comprise the John Lyon's Foundation and share the following mission: "Improving the prospects of children and young people through educational opportunities."

In furtherance of this:

- Harrow School's statement of purpose is to:
 - prepare boys with diverse backgrounds and interests for a life of learning, leadership, service and personal fulfillment;
 - broaden access to our world class education through full fee assistance places and other bursaries on a means-tested basis;
 - as a community, commit significant resource to building long-term relationships with partner schools and organisations to provide programmes to improve the life chances of young people who face significant barriers to progress;
 - commit to working for these purposes in the most environmentally sustainable manner
- The John Lyon School's purpose is to "treat every pupil as an individual whilst providing both academic excellence and a broad range of opportunities outside the classroom".
- The policy of John Lyon's Charity is to apply its annual income for the benefit, and particularly the education, of children and young people in the nine London boroughs bordering the Harrow and Edgware Roads, which constitute its beneficial area. In the year to 31 March 2021 John Lyon's Charity gave grants to benefit children and young people amounting to £12.2 million.

Aims

The Corporation's aims for the public benefit are to:

- Provide an independent education of very high quality, in order to maximise each pupil's potential and lifelong interests to the benefit of the wider community.
- Develop the Corporation's facilities and educational opportunities, in order to maintain, and where possible improve, the quality of teaching and learning.
- Increase bursary funding, in order to widen access for pupils from a broad range of backgrounds and abilities.
- Provide educational facilities to members of local schools and to other members of the community so far as is consistent with the above aims, so that they too may benefit from them directly.

Primary Objectives

The Corporation's primary objectives to fulfil these aims are to:

- Focus on academic excellence while offering an exceptional range of extra-curricular opportunities.
- Raise and deploy the necessary resources and funds, including those raised by voluntary effort, to improve the schools' facilities, opportunities and bursary provision.
- Facilitate outreach partnerships and appropriate use of the schools' facilities by local schools and other community groups.

The aims and objectives are set for both Harrow School and The John Lyon School to facilitate the achievement of the Corporation's aims and objectives.

COVID-19

The Covid-19 pandemic continued to impact the operations of the Corporation and the fulfilment of its primary objectives. Harrow School had to cease teaching on site for the first seven weeks of the Spring term and again resort to teaching on-line. The John Lyon School was similarly affected but was able to open for all year groups towards the end of term. Consequently, both Harrow School and The John Lyon School were obliged to provide fee discounts for the Spring term which resulted in an operating loss for that term despite implementing a range of cost saving measures.

The Corporation accessed the furlough scheme for a number of non-teaching staff under the Government's Coronavirus Job Retention Scheme (CJRS) during the year which allowed both schools to continue to provide employment for their full complement of staff, with the top-up costs of salaries being fully covered by the Corporation.

The Corporation did not apply for or take any government loans, such as Coronavirus Business Interruption Loans or Bounce Back Loans.

The schools' full range of activities and other programmes for the public benefit were also unavoidably affected although, as described later in the report, substantial provision continued in terms of educational initiatives, healthcare, food support and fund-raising especially for disadvantaged young people.

Nevertheless, the on-line teaching in both schools produced excellent results and the Governors are confident that the Corporation has sufficient funds to support its operations and those of its subsidiary entities, where necessary.

HSEL had to cancel the on-site Easter Revision and Summer School Short Courses again for 2021 and close the Sports Centre to members of the public, resulting in a further substantial loss for the year. The international schools were also affected by local restrictions, however HISL income increased due to additional schools being opened.

Strategies to achieve the primary objectives

In their report for the year ending 31 August 2020, the Governors agreed four main 'Future Plans' for 2020/21 which the Corporation achieved as follows:

1. Maintaining full schools and academic excellence

Harrow School

The School was full for the academic year 2020/21. The cancellation of all public examinations in England meant that schools were required to submit teacher-assessed grades at both GCSE and A-level. The results achieved were testament to the efforts and expected outcomes of the boys and resulted in a fourth successive year where over forty per cent of grades achieved at GCSE were awarded the top outcome of a grade 9. At A-level, the results translated into a positive set of university outcomes including significant Oxbridge, Russell Group and US university successes. Harrovians took up places at five of the eight Ivy League Schools with boys gaining places at Harvard, Yale, and Dartmouth. Additionally, boys took up places at Northwestern and Duke, with four boys going to Chicago. Over a third of Harrovians took up offers at one of the QS world top 20 universities.

The John Lyon School

The John Lyon School was full for the academic year 2020/21. With the cancellation of public examinations in 2021, Schools were required to submit a centre-assessed grade for each pupil and qualification entered. These grades were supported by evidence in the form of mini-assessments sat March – June 2021. Over 100 pieces of sample evidence were provided to the examination boards to support the grades awarded. The examination board made no adjustments to the School's grading. At A-Level, 99% of grades awarded were at A*-C with 74% of pupils achieving two or more A*/A grades and 94% of students gaining at least one A*/A grade. 28 students achieved A*/A grades across all their subjects. 1 applicant successfully attained a place at Balliol College, Oxford, to read Classics whilst a further 5 applicants gained places at Imperial College London. At GCSE level, 99% of grades awarded were at 9-4 with 74% of grades being 9-7.

2. Implementing the Corporation's Scholarships and Bursaries Policy

Harrow School

In 2020/21 123 pupils (2019/20 – 98 pupils) benefited from bursaries amounting to £2,792,000 (2019/20 - £2,324,000). Of these awards, 26 attracted remission of at least 95% and a further 68 attracted remission of between 50% and 95%. These awards, based on parental need and merit, helped the School to maintain its educational and other standards and to ensure that financial assistance was given to those who required it. In addition, scholarships worth £383,000 (2019/20 - £350,000) were awarded to 186 boys (2019/20 - 126 boys). In achieving its objective to educate a full school of some 835 boys and based on the Government's published cost per full-time secondary pupil of £6,296 for 2020/21, the School saved the State, after taking account of boys from overseas, at least £3,943,000 during the year. In providing a single sex and boarding education, the School offered something which is not generally or widely available in the maintained sector.

The John Lyon School

In 2020/21 115 pupils (2019/20 – 72 pupils) benefited from bursaries and hardship awards amounting to £1,207,000 (2019/20 £956,000). Of these awards, 51 attracted remissions of at least 75% and a further 15 remissions of between 50% and 74%. These awards, based on merit and parental need, helped the School to maintain its educational and other standards and to ensure that financial assistance was given to those who required it. In addition, scholarships worth £172,000 (2019/20 - £178,000) were awarded to 101 pupils (2019/20 – 103). In achieving its objective by educating pupils during the year, based on the Government's published cost per full-time secondary pupil of £6,296 for 2020/21, the School saved the State at least £3,758,000 during the financial year.

3. Encouraging local school pupils and others to access the Corporation's resources and engaging in other activity for the public benefit

Harrow School

Overview

Shaftesbury Enterprise (SE) is Harrow School's initiative focused on improving the educational outcomes and life opportunities for young people in our neighbourhood particularly for those who face significant barriers to progress. SE encompasses all of the School's philanthropic, charitable, outreach and partnership work with a focus on improving the educational outcomes and life opportunities for young people in its neighbourhood, particularly those who face significant barriers to progress. In collaboration with its local partner schools and through its flagship Lumina programme, Harrow School funds and supports projects aimed at improving the educational attainment of pupils, particularly those facing major challenges. Together with the collaborative projects that are run in partnership with local organisations, the School remains determined to make a significant positive impact on the lives of hundreds of young people in our community and further afield.

The School's purpose and long-term strategic investment remains focussed on improving the prospects of vulnerable children and young people in the Borough of Harrow, and further afield, enabling them to fulfil their potential. SE continues to carry out that purpose through transformative interventions ranging from diverse co-curricular opportunities to improving educational attainment, particularly in groups that are under-represented in higher education and professional careers.

- Widening access for those from a broad range of abilities and backgrounds through providing bursaries, exemplary pastoral support and opportunities in a boarding environment for boys who would thrive at Harrow School but for whom the fees are prohibitive.
- Improving educational attainment through providing appropriate academic intervention at primary and secondary school level.
- Improving life outcomes through offering diverse co-curricular opportunities and resourcing the implementation of suitable interventions to support mental and physical wellbeing as well as supporting individuals to access universities or employment, with a focus on young people who would have limited access to such provision.

Almost £500,000 was distributed in the last financial year to fund initiatives which have supported over 10,000 young people facing immensely challenging circumstances across Harrow and north west London in a broad range of programmes.

In response to the urgent needs that arose as a result of the pandemic and were highlighted through community surveys, SE has disbursed funding to:

- bridge the digital divide by providing devices for young people to access online learning
- improve mental and physical wellbeing
- provide enhanced academic support
- improve life chances for young people by providing support to access higher education or employment.

In addition, despite the challenges resulting from the pandemic, every Harrovian remained involved in SE initiatives through annual fundraising events to help young people in the community who face unprecedented levels of hardship.

A comprehensive overview of last years initiatives delivered through SE can be found in the Impact Report for 2021 at <https://digital.harrowschool.org.uk/shaftesbury-enterprise-impact-report-2020-21/index.html>

3. Encouraging local school pupils and others to access the Corporation's resources and engaging in other activity for the public benefit (continued)

Partnerships and Activities with Primary Schools

Harrow School's in person outreach activities, including 1:1 support provided by Harrow boys and staff, were severely limited as a result of the pandemic but support for local partner schools continued in other ways.

Fundraising by Harrovians was able to help support Woodlands Primary School, an established partner and maintained school in Edgware to buy a much-needed Acheeva. Woodlands Primary School caters for 135 pupils aged 3-11 years with a wide range of complex and profound learning difficulties. These include severe autism, complex medical conditions, physical and mobility difficulties, as well as severe developmental delay.

The Acheeva is an adjustable learning station that helps pupils lie straighter and take part in activities in a supported, balanced position to improve posture and maximise function. It allows pupils who cannot sit in their wheelchairs all day to join in all classroom activities.

In addition, the following schools have also been supported:

Roxeth Primary	£3,000	Bridging the digital divide through the provision of devices and connectivity help for vulnerable pupils, support for STEM project and Primary Shakespeare Company.
Vaughan Primary	£3,000	Providing literacy support as well as financial support to refurbish the school library.
St George's Catholic Primary	£1,000	Providing academic support.
St Anselm's Catholic Primary	£1,000	Providing academic support.
Weldon Park Primary	£3,000	Bridging the digital divide through the provision of devices.
Grange Primary	£2,500	Bridging the digital divide through the provision of devices, food bank and literacy support.
Woodlands Special Needs	£6,000	Sensory equipment and therapeutic spaces for children with significant disabilities who are unable to go out in lockdown.
Shaftesbury High School	£3,000	Bridging the digital divide through the provision of devices setting up a library.
LAE Tottenham	£1,000	Bridging the digital divide through the provision of devices
Elsley Primary	£4,500	Bridging the digital divide through the provision of devices, food bank and literacy support.
Alexandra School (respite care)	£5,000	Inclusive resources for pupils with special educational needs, funding a support programme for disengaged for pupils with special educational needs and their parents.

Through the Lumina Course (see below) which the School runs in the first week of July, all partner Secondary Schools (close to 100 schools) are invited to attend the full programme of lectures and events at the School. In addition all departments offer mock interviews for Oxbridge applications (in total over 50).

3. Encouraging local school pupils and others to access the Corporation's resources and engaging in other activity for the public benefit (continued)

Harrow School has a formal partnership with the London Academy of Excellence Tottenham (LAET). LAET is an academically selective 16-19 free school opened as part of the redevelopment of White Hart Lane in September 2017. LAET also benefits from partnership with eight other leading independent schools from London and the South-East including The John Lyon School. The English and History Departments are linked with Harrow whose staff offer their support as needed.

Lumina

Lumina Summer School

Lumina Summer School is principally an Oxbridge preparation course which takes place at Harrow School in the first week of July each year. Lumina was forced to run online this year due to Covid-19. The programme is heavily oversubscribed and extremely popular with local schools.

Among many other things, the course provides students with three key things:

- Detailed guidance on the Oxbridge application process
- Increased confidence to apply to Oxbridge
- Opportunities to engage with similar students aspiring towards Oxbridge and other top universities

Typically, the course runs on the School site for 200 students but moving online provided an opportunity to expand the offering to maintained schools beyond Harrow and Brent to include schools in Barnet, Ealing, Hammersmith, Fulham, Kensington & Chelsea, Camden, Hillingdon and the Cities of London and Westminster. The adapted programme consisted of live webinars for students offering over 50 hours of content. The thrust of the course was for students hoping to apply to Oxford and Cambridge, with a broad range of subject-specific taster sessions complemented by sessions on writing a personal statement, or how to interview well. Students have had an opportunity to sharpen their subject knowledge and refine their personal statement as well as practise their interview technique.

All webinars have also been offered to our Virtual School partners (working with looked after children, some but not all of whom will hold Oxbridge ambitions). 275 students registered to attend, a course record, with the high figure likely reflective of the fact that many students in the maintained sector have had no forum to discuss university ambitions in the Summer Term. The course was augmented with an online mock interview evening in the Autumn (2021) for students.

Feedback suggests that the course was very well received by the students and overall, the scheme was a significant success in challenging circumstances.

Lumina Tutoring Programme

The Lumina Tutoring Programme was launched during the first national lockdown, as a spontaneous and ad-hoc response to the educational challenges faced by care-experienced young people when schools closed. The programme has evolved into an efficient and effective way to meet a real need for Children Looked After, a group already at significant educational disadvantage and who are also likely to have been disproportionately impacted by the pandemic in additional ways.

Lumina Tutoring provides online, subject-specific, one-to-one tutorial sessions for children and young people who are looked after (CLA), also known as children in care, and to improve educational attainment for CLA. Lumina Tutoring involves a thriving collaboration of like-minded institutions focussed on improving the educational outcomes for CLA who are normally able to fulfil their potential.

Lumina is currently working in partnership with four different schools harnessing the expertise of 50 inspiring teachers with diverse skills and backgrounds. Together, it was possible to support nearly 40 students in the past year.

3. Encouraging local school pupils and others to access the Corporation's resources and engaging in other activity for the public benefit (continued)

The Lumina platform is fully funded by Harrow School and provides comprehensive administrative support for participating schools. A comprehensive safeguarding structure is in place, as is training for teachers joining the Lumina Tutoring programme. The programme works in close partnership with Harrow, Ealing, and Barnet Virtual Schools with the ambition of extending its reach in the months ahead.

Partnerships with local organisations

The pandemic has thrown a spotlight on social and educational inequality. Research is giving clear evidence that the disruption in children's learning over the last 18 months has caused gaps to widen. Both the mental and physical wellbeing of young people have also been severely affected by the pandemic.

SE initiatives in 2020/21 have really focused on trying to mitigate that social, educational and mental disruption to young people.

Through working together with partners, it has been possible to help young people facing the greatest barriers to progress. They are being helped to fill the gaps in their learning, improve their mental and physical wellbeing, and access further education and opportunities. The bold ambition is to help them to recover from the impact of the pandemic as quickly and as comprehensively as possible. All the funding is targeted towards those most in need. The following projects have either been initiated or supported with SE funding and the grants made over the year totalling £225,000.

IntoUniversity	Providing support for students from vulnerable communities to catch up on lost learning resulting from the COVID-19 crisis through after school sessions and help them access university.
Place2Be	Providing a lifeline to children and their families in 7 schools in Hillingdon and Slough facing challenges such as bereavement, bullying, domestic violence and family breakdown offering a range of interventions including long-term, one-to-one counselling for children with the most immediate mental health needs.
Harrow Carers	Delivering three new weekly groups; one focused on increasing academic attainment and two groups to promote mental wellbeing for carers aged 16-18. In addition, developing a collaborative program of support with Harrow College for young carers to provide once a week, face to face support on employment and supporting progress to further education: see below for further background information.
Spear Harrow	Equipping young people between the ages of 16-24 with confidence, motivation and the vital skills they need to succeed in long-term employment. Delivering a targeted programme over 6 weeks, through group and 1-1 sessions designed to increase self-belief and readiness for work focussing on areas like navigating conflict and making positive choices as well as CV writing and professional communication. Job vacancies will be sought from a network of employers and external touchpoints with professionals, including practice interviews will be facilitated: see below for further background information.
Aldridge Foundation	The Catch-Up Programme for pupils at Sudell Primary School, Darwen, is both an urgent Covid-19 recovery initiative and an opportunity for disadvantaged children from a deprived area to create a robust platform for future academic progression and success. The programme will provide one-on-one tutoring and coaching to help these children whose existing learning gaps have widened significantly due to disrupted learning during the COVID-19 pandemic and ensure that these children, despite their backgrounds and the disproportionate effect of the pandemic, have a good chance to catch-up academically and thrive as every child in the UK.

3. Encouraging local school pupils and others to access the Corporation's resources and engaging in other activity for the public benefit (continued)

Westside Young Leaders Academy	Westside Young Leaders Academy (WYLA) provides support and early intervention for black and minority ethnic participants who are at risk of under achieving at school and/or participating in criminal and anti-social behaviour. Their leadership programme, 'Raise the Bar', aims to address and challenge the personal and systemic barriers impacting upon their development and attainment, and will introduce a number of enriching activities and interventions which are designed to teach key leadership skills, improve confidence and self-esteem, raise aspirations, improve presentations skills and develop a 'can-do' attitude, particularly for "at risk" individuals and help them to fulfil their potential.
My Yard	My Yard is targeting 11 – 18 years old young people in South Harrow living in temporary accommodation and social housing on the Grange Farm Estate who need individual support to achieve their full academic potential. My Yard will employ a youth worker and two days of this job will be to join up dots of under achievement and address lack of motivation, engagement or success within education.
Magic Breakfast	This project will remove morning hunger as a barrier to learning in two schools local to Harrow School (in the boroughs of Harrow and/or Brent) over the course of one year, through the provision of a free, healthy, open to all breakfast. Each partner school (where 35% or more of pupils must be eligible for free school meals), will receive nutritious food aid (which may include cereals, bagels, beans, porridge, fruit juice and milk vouchers), with orders taken and deliveries made regularly to prevent food waste. They will also receive the support of a School Partner to help them establish/optmise their provision – to ensure that every child who needs to can access a healthy breakfast without barrier or stigma. Best practice guidance will be given on getting the most from a breakfast provision including advice regarding the Government's mandatory School Food Standards.
Young Brent Foundation	Mitigating emotional and mental health impacts of Covid-19 on young people within the African and Asian (Diaspora) and Minority Ethnic (AAME) population, a community that has been disproportionately impacted by the pandemic. YBF will put in place support for culturally appropriate counselling and therapeutic services to improve the emotional wellbeing and resilience of particularly vulnerable communities on 3 estates in Brent.
Harrow Carers	Supporting young carers by funding the roll out of a Young Carers' card scheme and refurbishing a centre for young carers.
Harrow Mencap	Support for two digital projects to support adults with learning disabilities and their carers.
Alexandra School (respite care)	Inclusive resources for pupils with special educational needs, funding a support programme for disengaged for pupils with special educational needs and their parents.
Cystic Fibrosis Care	The charity provides essential services and equipment, practical help and support to children and adults, their families and Specialist Care Centres.
Sir John Beckwith's digital deficit campaign	Bridging the digital divide.
Refuge	For women and children against domestic violence.
Oscar	A 'football for development' non-profit foundation dedicated to empowering children and youth in low-income communities in India.

3. Encouraging local school pupils and others to access the Corporation's resources and engaging in other activity for the public benefit (continued)

Drama

Jeremy Lemmon Project with Shakespeare's Globe

The Jeremy Lemmon Project was established in 2019 with proceeds from Harrow School's gala performance of Twelfth Night at Shakespeare's Globe theatre.

It supports drama training, creative collaboration and access to higher education across maintained secondary schools in the London Borough of Harrow.

Jeremy was an inspirational teacher and director of Shakespeare, staging a series of productions that explored shared-light playing conditions, and bringing Shakespeare's work to life for generations of students.

2021 saw the second iteration of the project, with students from Bentley Wood High School, Nower Hill High School and Whitmore High School joining boys from Harrow School in this year's company – working practically on Shakespeare with the mentoring of actors from the Globe.

Disruption to rehearsals was, of course, a challenge to this cohort, but a combination of group and individual coaching sessions launched the project online in the spring, with an ambitious and varied monologue-sharing in March.

When the group could finally meet in person in the Summer term, the strong ensemble dynamic was already established, and a glorious, celebratory sharing of extracts from A Midsummer Night's Dream in June was the first performance to take place in front of a live audience in the Sam Wanamaker Playhouse on the South Bank.

In times of social isolation, when many students spent considerable time away from their peer groups, it was especially good and rewarding to see the strong sense of ensemble this project maintained. Despite, at times, being physically separated, Jeremy Lemmon company members connected with one another through a shared response to Shakespeare's words. The aspiration is for the continued development of the project in the years ahead, building on what has been learnt and the strength of relationships between the schools involved.

Formal Partnerships

Harrow has established a number of formal partnerships with organisations that support young people and those in need of help in Harrow and more widely. These partnerships allow meaningful and targeted support to reach more of those who need it.

Young Harrow Foundation

Young Harrow Foundation is a membership organisation supporting the local voluntary sector to build capacity, increase fundraising opportunities, and to facilitate partnership working in the community. It focuses on the five key areas of mental health, physical health, inequality, youth violence and employment. Their work in Harrow has proved crucial over the last few years, particularly during the coronavirus crisis. The School and SE are proud to work alongside them as well as providing them with access to newly refurbished offices on the school's site.

Harrow Club

Founded as the Harrow Mission 130 years ago, the Harrow Club is a youth club working with some of the most marginalised young people in West London to provide accessible and high-quality opportunities, enabling them to maximise their life chances and to enhance their personal development.

Throughout its history the Club has relied on the Harrow School community for support. 25% of funds raised from Long Ducker charity events every year go to the Harrow Club and the School provides further support through governance, the offer of use of School facilities and events with the boys.

3. Encouraging local school pupils and others to access the Corporation's resources and engaging in other activity for the public benefit (continued)

Harrow Virtual School – running a tuition and enrichment programme for young people in NW London (which has expanded to include Ealing, Barnet and Brent).

Harrow Carers - provides services to carers in the borough of Harrow and other parts of London including outreach services, benefits advice, shopping services, food parcel delivery, home care visits, counselling and emotional support. Harrow School partners Harrow Carers in particular with support for young carers (see above for specific, recent initiatives).

Spear Harrow

Developed by the social justice charity Resurgo, Spear is a six-week programme that helps unemployed young people aged between 16 and 24 to develop the necessary skills and mindset to secure and remain in work.

The partnership between Harrow School and Spear Harrow began in 2013 with the establishment of a Spear Centre in West Harrow. Harrovians volunteer their time in a variety of supportive roles each year. Harrow has also undertaken significant annual fundraising (£50,000 a year) for the programme through the HDT. 75% percent of the young people who attend Spear courses are still in education or employment one year later (see above for specific, recent initiatives).

School of Hard Knocks (SOHK)

A long-term intervention programme that helps the most at-risk students to complete mainstream education in schools in East London and Hertfordshire, through weekly mentoring and rugby sessions. Harrow School works with SOHK to facilitate and fund work in the Borough.

Community Benefits

As a community benefit, as distinguished from public benefit in advancing its charitable purposes, each year in November, most members of the School community and some parents and Old Harrovians run at least 10km to raise money for charity.

2020 was a record year for fundraising, with over £200,000 raised (this including money raised at the Long Ducker Bike Ride an event for adults which took place on the second Sunday of the School year). These proceeds went predominantly to support Young Harrow Foundation and Harrow Club with the balance going to local partner organisations.

Almost all of the School's performing arts events are open to the public, including a weekly lunchtime concert series in St Mary's Church.

The School also offers public membership to four sports clubs:

Harrow School Sports Club offers access to the School's swimming pool, fitness suite and sports hall;
Harrow School Golf Club offers access to the School's nine-hole golf course;
Harrow Lawn Tennis Club offers access to the School's all-weather tennis courts; and
Harrow School Angling Club offers access to the School's fishing lake.

The school also makes its facilities available to the local community throughout the school holidays through the Young Harrow Foundation to ensure that children and young people who would otherwise not have access to holiday programmes have an enriching experience.

Nearly 800 young people were supported through the summer of 2021, with access to activities, learning and free lunches. These included support and interventions for: young carers, refugees, victims of sexual violence, young people faced with the threat of gang violence and supporting those with mental health crises

3. Encouraging local school pupils and others to access the Corporation's resources and engaging in other activity for the public benefit (continued)

The John Lyon School

In order to comply with government COVID 19 regulations and the need to maintain a full teaching schedule for John Lyon pupils the School's programme of Public Benefit and Community Links was greatly restricted. Visitors to the School were not permitted as we were a 'closed community' for the academic year and, likewise, John Lyon students were not able to participate in other partnership activities beyond the School.

We were able to make facilities available to the Bowmen of Harrow.

The School was able to move some activities online. The Music Department continued to work in conjunction with the London Chamber Orchestra as the Harrow Hub of the Music Junction project with musicians from the LCO and mentors from John Lyon School working with pupils from Cedars Manor, Kenmore Park Primary School and Shaftesbury High School which is a school for students with special needs.

The Everest Reading Project was launched online. Working with the author Matt Dickinson, students from John Lyon ran weekly workshops designed to encourage children from local primary schools; Grange, Weald Rise and Norbury to engage in reading and exploring themes in various books written by this author.

The Art Department is working with the Photographer's Gallery in the administration of an EPQ qualification in Photography for students in the maintained sector who do not have access to photography teaching or facilities.

In our role as a supporter of the London Academy of Excellence, Tottenham, our co-ordinator moved his seminars and workshops online to continue to work with these students. He has also worked with their 'Oxbridge' students including an online Harrow Lumina course. Members of John Lyon staff assisted in the interviewing of prospective LAET students.

Local schools were invited to access the online talks and lectures hosted by the School.

John Lyon staff provided online practice interviews for prospective Oxbridge candidates from maintained schools. They also provided coaching for STEP papers.

The School assisted with the mock interviews of Year 10 students at Whitmore High School.

A Senior Teacher at the School took a leading role in providing free online resources and coaching for English teachers.

Six members of John Lyon staff volunteered as governors at schools in the maintained sector, one of whom acts as Chair of Governors.

Harrow Development Trust

In 2020/21, the Trustees of HDT continued to support a charitable fund for the purpose of providing relief to people and countries affected by the Tsunami disaster in Asia in 2004. £681,000 has been appropriated for Tsunami relief since then.

4. Progressing the Corporation's development plans

Harrow School

Following the successful appeal hearing in the High Court in the Summer of 2020, planning permission was obtained for transformative construction projects including a new Science Centre, a new Sports Centre and substantial associated landscaping works.

During the year there has been a significant amount of planning and preparation work undertaken for these major projects. This has included the completion of an access road for construction traffic which reduces the disruption to the local community.

The Science Centre will provide 16 state-of-the-art Biology and Chemistry laboratories and a 178-seat lecture theatre equipped with the latest audio-visual technology and will open for use in 2023. Sustainability has been key to the project which includes a number of renewable energy sources together with a sustainable-energy centre supplying efficient utilities to other parts of the School.

The Corporation also approved the extension and refurbishment of the Shepherd Churchill Dining Hall which commenced in October 2021 and is due for completion by the end of 2023.

The John Lyon School

On 6th November 2020 John Lyon School and Quainton Hall School, a local prep school, merged through an Asset Purchase Agreement. During the year the following works were undertaken at Quainton Hall School:

- Refurbishment of the kitchen
- Resurfacing of the multi use games area
- Replacing grass in the playground with astro-turf and wet poured tarmac to provide an enhanced play area for the pupils
- Essential repairs and maintenance to various aspects of the buildings

At The John Lyon School the last of the preparations for becoming a co-educational school were undertaken.

Planning permission for the replacement of the Oldfield classroom block was denied. Following professional advice the School has appealed this decision to the national Planning Inspectorate. Currently the School is awaiting an appeal date.

FINANCIAL REVIEW AND PERFORMANCE

Overall Financial Performance

Total income for the Corporation for the year of £67,897,000 (2019/20 - £60,409,000) increased despite the effects of the Covid-19 pandemic. Total expenditure of £60,267,000 (2019/20 - £54,752,000) was nevertheless controlled and suppressed following the introduction of cost mitigation measures. As a result, net income before transfers and gains/losses for the year was £7,630,000 (2019/20 - £5,657,000).

Net assets on the Balance Sheet increased by £18,552,000 (2019/20 - £6,747,000) although £9,941,000 of this increase is due to gains on investment assets, of which £8,288,000 were unrealised gains.

The Corporation is able to fulfil its primary objectives due to the significant financial contributions made by HDT and HISL. A detailed analysis of the financial performance of group entities is set out at note 6 i.

Harrow School

Overall, the School's financial performance was satisfactory despite the impact of Covid-19 resulting in the Governors' approval of a fee discount for the period when boys were not on site during part of the Spring term 2021. This was mitigated as far as possible by a programme of cost savings. After depreciation and some non-recurring costs, but excluding awards, there was an operating deficit of £3,236,000 (2019/20 – deficit of £2,260,000).

The School is investing over £100 million in estate development over the next five years, constructing replacements for the current Chemistry/Biology department and Sports Centre, as well as the refurbishment and extension of the Shepherd Churchill Dining Hall. To facilitate timely construction, the School raised a further £50 million via a private placement bond in June 2021, to provide bridge-finance if necessary.

HDT unrestricted income amounted to £6,839,000 (2019/20 - £4,600,000) and restricted income £3,278,000 (2019/20 - £2,696,000). The appropriations for the benefit of the Corporation were £9,295,000. (2019/20 £6,950,000).

The qualifying donation from HISL increased by £736,000 (as a result of new schools), while HSEL recorded another loss due mainly to the cancellation of the on-site Summer School. The amounts paid over to the Corporation were £3,817,000 (2019/20 – £3,382,000) and £Nil (2019/20 - £Nil) respectively.

The John Lyon School

The School's financial performance was satisfactory in a year which was affected by the on-going pandemic. The Senior School held the fees for the Autumn Term at the same level as for 2019/20. The Fees were increased by 1% from the Spring Term. The fees for the Prep School were held at the same level as for 2019/20 for the whole year.

The School had to teach pupils remotely for the first seven weeks of the Spring Term. Parents were given a 10% fee reduction for the term, apportioned for the period of remote learning. Pupils in Reception were given a 20% fee reduction, reflecting the difficulty in teaching children in this age group remotely. The Nursery was able to remain open during the lockdown period. The School undertook a cost saving programme to assist with the fee reduction. The Coronavirus Job Retention Scheme was also used for staff who were unable to perform their roles during the period of remote learning.

The School's operating surplus after depreciation amounted to £351,000 (2019/20 - £465,000). From this surplus the School transferred £100,000 into the Hardship Fund to assist parents affected by the economic impact of the pandemic.

The Corporation acquired the assets of Quainton Hall School on 6 November 2020 from Walsingham College (Affiliated Schools) Ltd. Quainton Hall is a prep school situated in Harrow. The acquisition was made to combine Quainton Hall School and John Lyon School into a through school for pupils from the age of two and a half to eighteen.

Investment Powers, Policy and Performance

The Investment Committee supervises and monitors the investment of financial assets, and the Bond Committee oversees the investment and use of the proceeds of two private placement bonds issued in 2019 and 2021.

The Corporation seeks to produce the best financial return within an acceptable level of risk. The investment objective for its funds under management is to generate a total return (after expenses) of inflation (CPI) plus 4% per annum over the long term for the financial investment portfolios. This is assumed to be broadly equivalent to Harrow School fee inflation plus 1% per annum (after expenses).

The Corporation invests for capital growth in the long term. The long-term is defined as a minimum of 10 years. It is recognised that the return objective may be difficult to achieve in every period but should be attainable over a 10-year or greater time period.

The Corporation has a total return policy in place for most of its awards funds which allows the Corporation to draw up to 3.75% of a three year rolling average of the fund value annually.

The Corporation's two largest funds are managed by Cambridge Associates Limited, while the smaller funds are invested in the Cazenove Charity Multi Asset and Structural Growth funds.

In line with stock markets across the world, the funds performed well, helped by large scale central bank and government support. Overall, the funds rose by just over 14% in the year with good returns on global equities in particular.

The Corporation's Treasury deposits, together with 75% of the proceeds from the bonds, are held in short-term, investment-grade, corporate bond portfolios managed by EFG Private Bank Limited to realise greater returns and reduce credit risk. The portfolio has performed satisfactorily generating a yield of approximately 2.7% per annum net of costs.

RESERVES POLICY

Corporation Reserves Policy

The Corporation is responsible for Harrow School and The John Lyon School and therefore its reserves are held for the benefits of both schools.

The Corporation maintains reserves to ensure that it holds sufficient funds to meet its short-term financial obligations, while making appropriate provision for the essential long-term investment in the refurbishment and continued upgrading of the Corporation's estate.

The Corporation's consolidated reserves totalled £191,647,000 (2019/20 - £173,095,000) at the year end, and comprised the following:

	2020/21	2019/20
	£	£
Unrestricted funds	127,292,000	108,194,000
Restricted funds	20,974,000	26,397,000
Endowment funds	43,381,000	38,504,000
Total Reserves	191,647,000	173,095,000

RESERVES (Continued)

The unrestricted funds, net of designated funds and a £8,942,000 (2019/20 - £10,125,000) pension liability are primarily deployed in tangible fixed assets which are used for direct charitable activities. In line with many similar charities, and due to continuing and substantial investment in tangible fixed assets totalling £111,403,000 (2019/20 - £98,819,000), the Corporation has negative free reserves as defined by the Charity Commission.

The Corporation has ambitious estate development plans and has secured £90,000,000 of long-term funding by way of private placement bond issues which ensures that its short-term financial obligations can be met and that the key strategic elements of the principal estates projects can be delivered. The Governors believe that the present levels of reserves are sufficient to meet The Corporation's essential obligations. Nevertheless, the Governors are focused on increasing the level of unrestricted reserves from the operating surpluses of subsidiary companies and fund-raising, while benefitting from the returns from invested funds. Increasing the unrestricted reserves will greatly assist the Corporation in fulfilling its Primary Objectives, including further growing the number of pupils who will benefit from bursaries.

The Corporation reviewed its reserves policy during the year. It keeps the level of reserves under termly review, as do the Boards of the individual schools and subsidiary companies who maintain supplementary reserves policies reflecting their individual circumstances and strategic plans, intended to assist in meeting their long-term objectives.

Harrow School Reserves

The Governors' policy relating to Reserves is:

- a. over the longer term to generate significantly enhanced funding for awards and partnerships and by 2025 to have greatly increased the number and real value of bursaries so that at least 30% of pupils would have an average value of award equivalent to 50% of the fees, with the intended funding sources including:
 - i. Income from the International Schools;
 - ii. funds raised by HDT through its development campaign for permanent or expendable endowment; and when possible and appropriate;
 - iii. 10% of the School's annual cash surplus (excluding net income from the International schools) and 15% of HDT net annual unrestricted income.
- b. once the funding for scholarships, bursaries and partnerships has been sufficiently enhanced, to then build up the designated funds to the equivalent of a year's school fees;
- c. thereafter to establish an adequate margin of working capital equivalent to average expenditure for a financial quarter and, until that has been achieved, to permit the maintenance of an overdraft facility in order to provide adequate working capital;
- d. except in special circumstances, to authorise major capital projects only if funding is mainly met through donations, legacies or other appeal income.

RESERVES (Continued)

The John Lyon School Reserves

At the year end, interest-bearing indebtedness in the unrestricted fund to part finance new facilities stood at £7,357,000 (2019/20 - £2,683,000). The longer term policy is to create reserves out of annual operating surpluses once all interest-bearing debt has been repaid while, in the meantime, recognising the need for:

- continuing routine capital expenditure to equip the school with the up-to-date facilities needed to maintain the very high standard of educational services;
- further capital expenditure to upgrade facilities; and
- larger funds to provide for future scholarships and bursaries, generated inter alia by making an annual transfer from net incoming resources of the unrestricted fund when circumstances permit.

Subsidiary Reserves

The policy for the reserves relating to the active subsidaries is to utilise all income generated for the benefit of Harrow School and The John Lyon School, whilst retaining sufficient reserves to fund working capital requirements.

FUNDRAISING ACTIVITIES

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. Although we do not undertake fundraising from the general public, the legislation defines fundraising as “soliciting or otherwise procuring money or other property for charitable purposes”.

In relation to the above, it is confirmed that all solicitations are managed internally, without involvement of commercial participators or professional fund-raisers, or third parties. The day to day management of all income generation is delegated to the key management personnel, who are accountable to the Trustees.

No complaints have been received in relation to solicitations. Our terms of employment require staff to behave reasonably at all times; all major fundraising activities are approved at a senior level before they are undertaken and are conducted under procedures and protocols formulated and agreed by the Trustees. We therefore do not consider it necessary to design additional procedures to monitor such activities.

FUTURE PLANS

In pursuit of The Corporation’s longer term strategic educational and financial objectives, the main plans for 2021/22 include:

- maintaining full schools and continuing to pursue academic excellence;
- continuing implementation of the Corporation’s Scholarships and Bursaries Policies, thereby widening access;
- continuing to encourage partnerships with, and access for local schools’ pupils and others enabling them to use the Corporation’s resources, both facilities and academic assistance; and
- progressing both schools’ development plans, having acquired Quainton Hall School in November 2020 to integrate with The John Lyon School, providing all-through education for local pupils from nursery to A-Level and continuing with the plans for The John Lyon School to become co-educational from September 2021.

Charities Act 2011 and Public Benefit

Under Section 17(5) of the Charities Act 2011, the Governors must have regard to any Charity Commission guidance when exercising any powers or duties to which such guidance is relevant. They are aware of the three relevant Charity Commission guidance notes “Charities and Public Benefit”, “The Advancement of Education for the Public Benefit” (as amended in December 2011) and “Public Benefit and Fee-Charging” and are aware of the withdrawal of the original edition of the latter pending an expected reissue. The Governors acknowledge the statutory requirement to report on The Corporation’s public benefit and they confirm that they have had regard to Charity Commission guidance on public benefit where relevant to matters to which the guidance relates.

Disclosure of Information to the Auditors

The Governors who held office at the date of approval of this Report confirm that, so far as they are individually aware, there is no relevant audit information of which The Corporation’s auditors are unaware; and each Governor has taken all the steps they might reasonably have taken as a Governor to make themselves aware of any relevant audit information and to establish that The Corporation’s auditors are aware of that information.

Auditors

PKF Littlejohn LLP has expressed its willingness to continue in office.

Approved by the Board of Governors and signed on its behalf by:

John P Batting

Chairman of the Governors

19 March 2022

The purpose of this statement is to distinguish the responsibilities of the Governors as a body for the Financial Statements from the responsibilities of the auditors as stated in their report.

The Charities Act 2011 requires the Governors to prepare Financial Statements for each financial year which give a true and fair view of The Corporation's financial activities during the year and of its financial position at the end of the year.

In preparing the Financial Statements the Governors follow best practice and:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles of the Charities' SORP, Accounting and Reporting by Charities;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to assume that The Corporation will be able to continue in operation.

The Governors are responsible for keeping adequate accounting records that are sufficient to show and explain The Corporation's transactions, disclose with reasonable accuracy at any time the financial position of The Corporation and enable them to ensure that the financial statements comply with applicable financial regulations and charity law. They are also responsible for safeguarding The Corporation's assets, and hence for taking reasonable steps for the prevention and detection of error, fraud and other irregularities.

Independent Auditor's Report to the Governors

Opinion

We have audited the financial statements of The Corporation (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 August 2021 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Corporation Balance Sheets, 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's and of the parent charity's affairs as at 31 August 2021 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the 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 group and parent 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 Governors' 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 Corporation'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 Governors 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 Report of the Governors, other than the financial statements and our auditor's report thereon. The Governors are responsible for the other information contained within the Report of the Governors. Our opinion on the financial statements does not cover the other information and 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 this gives rise to 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.

Matters on which we are required to report by exception

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

- the information given in the financial statements is inconsistent in any material respect with the Report of the Governors; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Governors

As explained more fully in the Governor's responsibilities statement, the Governors 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 Governors are responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Governors either intend to liquidate the Corporation 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 151 of the Charities Act 2011 and report in accordance with the Act and the relevant regulations made or having effect thereunder.

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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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:

- We obtained an understanding of the group and parent charity and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, sector research and application of cumulative audit knowledge and experience.
- We determined the principal laws and regulations relevant to the group and parent charitable company in this regard to be those arising from the Companies Act 2006, Charities Act 2011, Financial Reporting Standard 102, the Charities SORP and relevant employee legislation.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group and parent charity with those laws and regulations. These procedures included, but were not limited to enquiries of management, review of minutes and review of legal and regulatory correspondence.

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

- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that there was a potential for management bias in the judgements in:
- the recoverability of debtor balances. We addressed this through examination of post year end cash received, review of correspondence with debtors and discussion of recoverability with management.
- the depreciation rate applied to tangible fixed assets, which we addressed through considering the useful economic life applied for the types of asset held, and re-performing the calculation to ensure it had been performed accurately in line with the stated policy.
- the allocation of support costs against charitable activity categories. We addressed this through reviewing the method used for reasonableness, and re-performing the calculation to ensure it had been performed accurately in line with the stated method.
- the assumptions within the defined benefit pension scheme liability. We addressed this through review of the actuary report prepared by management's expert, testing the reasonableness of inputs to their calculation, and challenging assumptions applied in the valuation.
- relation to the classification of income as unrestricted or restricted. We addressed this through substantive sample testing, including review of source documentation to determine whether the income has been classified correctly under the Charities SORP.

As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

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

PKF Littlejohn LLP
Statutory Auditor

15 Westferry Circus
Canary Wharf
London E14 4HD

Date: 23 May 2022

PKF Littlejohn LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

THE KEEPERS AND GOVERNORS OF THE POSSESSIONS
REVENUES AND GOODS OF THE FREE GRAMMAR
SCHOOL OF JOHN LYON

CONSOLIDATED STATEMENT OF
FINANCIAL ACTIVITIES
Year ended 31 August 2021

	Notes	Income Funds Unrestricted Funds	Restricted Funds	Capital Funds Expendable Endowment	Permanent Endowment	2020/21 Total	2019/20 Total
		£'000	£'000	£'000	£'000	£'000	£'000
Income and endowments from:							
Charitable activities							
School fees receivable	1	44,644	-	-	-	44,644	40,067
Ancillary trading income	2i	2,546	-	-	-	2,546	3,003
Charitable grants received		-	983	-	-	983	856
Voluntary sources							
Other charitable income	2ii	6,118	3,262	721	-	10,101	7,314
Tsunami income		-	48	-	-	48	26
Non ancillary trading income							
Other incoming resources	2iii 3	6,213 922	- 88	-	-	6,213 1,010	5,321 1,898
Investments							
Investment income	4	2,244	108	-	-	2,352	1,924
Total Income		62,687	4,489	721	-	67,897	60,409
Expenditure on:							
Raising funds							
Fundraising costs		859	254	-	-	1,113	994
Non ancillary trading expenses	2iii	2,574	-	-	-	2,574	2,477
Finance costs	8	1,646	-	-	-	1,646	1,757
Investment management costs		383	-	2	18	403	23
		5,462	254	2	18	5,736	5,251
Charitable activities							
Teaching costs		22,405	-	-	-	22,405	20,089
Welfare costs		6,298	-	-	-	6,298	5,453
Premises costs		13,445	-	-	-	13,445	12,837
Support costs		6,217	-	-	-	6,217	5,268
Grants, awards and prizes	6iii	-	4,043	-	-	4,043	3,314
Other charitable projects		-	60	-	-	60	26
Ancillary trading expenses	2i	2,063	-	-	-	2,063	2,514
		50,428	4,103	-	-	54,531	49,501
Total Expenditure	6-8	55,890	4,357	2	18	60,267	54,752
Net Income/(Expenditure) before Transfers and Investment Gains/(Losses)							
		6,797	132	719	(18)	7,630	5,657
Transfers between funds	9	6,194	(5,713)	(25)	(456)	-	-
(Losses)/ Gains on investment properties	12	-	-	-	-	-	(122)
Gains/(losses) on investment assets	13	5,126	158	602	4,055	9,941	1,389
Net Income/(Expenditure)		18,117	(5,423)	1,296	3,581	17,571	6,924
Actuarial gain/(loss) on defined-benefit pension scheme	22(c)	981	-	-	-	981	(177)
Net Movement in Funds		19,098	(5,423)	1,296	3,581	18,552	6,747
Balances at beginning of year		108,194	26,397	5,383	33,121	173,095	166,348
Balances at end of year		127,292	20,974	6,679	36,702	191,647	173,095

The Corporation has no gains or losses that are not shown above and all activities are continuing.

The accounting policies and notes on pages 31 to 73 form part of these Financial Statements.

**THE KEEPERS AND GOVERNORS OF THE POSSESSIONS
REVENUES AND GOODS OF THE FREE GRAMMAR
SCHOOL OF JOHN LYON**

**BALANCE SHEETS
At 31 August 2021**

	Notes	Consolidated		Corporation	
		2021 £'000	2020 £'000	2021 £'000	2020 £'000
Fixed Assets					
Tangible fixed assets	10	115,305	102,541	115,301	102,535
Intangible assets	11	107	-	107	-
Investment properties	12	1,732	2,107	1,732	2,107
Investments	13	175,397	118,008	174,395	116,974
		292,541	222,656	291,535	221,616
Current asset investments		34	34	34	34
Stocks	14	307	310	195	200
Debtors	15	5,873	5,163	5,860	5,214
Cash	16	14,814	17,229	14,658	17,081
		21,028	22,736	20,747	22,529
Creditors: amounts falling due within one year	17	(14,342)	(14,826)	(13,060)	(14,048)
Net Current Assets		6,686	7,910	7,687	8,481
Total Assets less Current Liabilities		299,227	230,566	299,222	230,097
Creditors: amounts falling due after more than one year	18	(98,638)	(47,346)	(98,653)	(47,596)
Net Assets before Pension Scheme Liabilities		200,589	183,220	200,569	182,501
Pension Scheme Liabilities	22	(8,942)	(10,125)	(8,942)	(10,125)
Net Assets including Pension Scheme Liabilities		191,647	173,095	191,627	172,376
Represented by:					
Capital funds					
Permanent Endowment		36,702	33,121	36,702	33,113
Expendable Endowment		6,679	5,383	6,679	5,383
		43,381	38,504	43,381	38,496
Income Funds					
Restricted		20,974	26,397	20,360	25,107
Unrestricted		127,292	108,194	127,886	108,773
Total Funds	23	191,647	173,095	191,627	172,376

Approved by the Governors and signed on their behalf by

J P Batting

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) Governors 19 March 2022

R T G Winter

The accounting policies and notes on pages 31 to 73 form part of these Financial Statements.

**THE KEEPERS AND GOVERNORS OF THE POSSESSIONS
REVENUES AND GOODS OF THE FREE GRAMMAR
SCHOOL OF JOHN LYON**

**CONSOLIDATED CASH
FLOW STATEMENT
Year ended 31 August 2021**

		2020/21	2019/20
	Note	£'000	£'000
Net Cash Inflow from Operating Activities	24	12,810	6,999
Cash flows from Investing Activities			
Payments to acquire tangible fixed assets		(17,198)	(9,475)
Payment to acquire intangible asset		(117)	-
Sale proceeds of tangible fixed assets		5	18
Payments to acquire investments		(74,199)	(93,445)
Sale proceeds of investments		46,370	45,292
(Increase) in cash held in investments		(19,619)	(5,875)
Listed investment income		323	527
Interest received		2,029	1,397
Interest paid		1,646	(1,757)
Net Cash (Outflow) from Investing Activities		(60,760)	(63,318)
Cash flow from Financing Activities			
Capital element of finance lease rental payments			
Bond Proceeds Received		49,874	-
Loan Repayment		(328)	(322)
Finance Lease Repayment		(9)	(5)
Net Cash Inflow/(Outflow) from Financing Activities		49,537	(327)
Increase/(Decrease) in cash in the year	25	1,587	(56,646)
Made up as follows:			
Decrease/(Increase) in bank overdraft – unrestricted funds		4,002	(3,743)
(Decrease) in other cash balances		(2,387)	(52,913)
Increase/(decrease) in unrestricted fund and other cash		1,615	(56,656)
(Decrease)/Increase in advanced fees cash balance		(28)	10
	25	1,587	(56,646)
Reconciliation of Net Cash Flow to Movement in Net Funds			
Increase/(Decrease) in cash in the year		1,587	(56,646)
Cash inflow resulting from decrease in net debt and lease financing		(49,537)	327
Other non-cash movement			(3)
Change in funds resulting from cash flows and Movement in net funds in the year		(47,950)	(56,322)
Net funds at 1 September 2021		(29,301)	27,021
Net Funds at 31 August 2021	26	(77,251)	(29,301)

The accounting policies and notes on pages 31 to 73 form part of these Financial Statements.

a) Basis of preparation and consolidation

These Financial Statements consolidate those of The Corporation, its subsidiary funds, its subsidiary companies and HDT and are prepared in accordance with The Charities (Financial Statements and Reports) Regulations 2008, the Statement of Recommended Practice on Accounting and Reporting by Charities – the Charities' SORP (FRS 102) - and in accordance with applicable United Kingdom Financial Reporting and Accounting Standards. The Financial Statements are drawn up on the historical cost basis of accounting, as modified by the revaluation of investment properties and other investments.

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

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following the 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) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has been withdrawn.

b) Preparation of Financial Statements on a going concern basis

Having reviewed the funding facilities available to The Corporation together with the expected ongoing demand for places and The Corporation's future projected cash flows, the Governors have a reasonable expectation that The Corporation has adequate resources to continue its activities for at least 12 months from the date of approval of the Financial Statements and continue to adopt the going concern basis.

c) Statement of Financial Activities (SOFA)

The columns on the SOFA comprise the following:

Unrestricted Funds

Harrow School	- fees, running costs, other income and direct charitable trading income and expenditure, and advanced fees.
The John Lyon School	- fees, running costs, other income and The John Lyon School scholarship funds. Incorporating Quainton Hall.
Harrow School Enterprises Limited (HSEL)	- subsidiary company trading income and expenditure.
Harrow International Schools Limited (HISL)	- subsidiary company trading income and expenditure.
The Harrow Development Trust (HDT)	- fundraising income less related costs.

Designated Funds

- unrestricted funds set aside by the Governors for future use (including awards and capital projects)

Restricted Funds

- income derived from restricted and endowed assets and donations made for restricted purposes (including capital projects, scholarships and related expenditure).

Expendable Endowment Funds

- The J G Apcar Trust, the Bessborough Memorial Trust, the Harrow School Awards Fund and part of the Harrow Challenge Fund.

Permanent Endowment Funds

- Harrow Awards Fund and L C Wilson Scholarship Fund.
- The Butler Memorial Trust
- School and Lyon Foundation, the Philathletic Trust, the Shepherd Churchill Bequest and part of the Harrow Challenge Fund.
- School and Lyon Foundation, the Philathletic Trust, the Shepherd Churchill Bequest and part of the Harrow Challenge Fund.

The Harrow Challenge Fund comprises gifts and donations which are generally regarded as expendable endowment unless the donor specifically determines otherwise.

d) Income

All incoming resources are included in the Statement of Financial Activities (SOFA) when The Corporation is legally entitled to the income, after any performance conditions have been met, when the amount can be measured reliably and when it is probable that the income will be received.

Fees receivable, royalties, charges for services and use of premises are accounted for in the period in which the service is provided. Income and expenditure resulting from ancillary School activities not covered by fees, where the School acts as principal through bearing the risks, is recognised when the cost is incurred or the trip takes place.

Income from grants and donations is recognised on receipt, unless there are conditions attached to the donation that require a level of performance before entitlement can be obtained. In this case income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of The Corporation and it is probable that they will be fulfilled. The related Gift Aid on donations is accounted for when the related donation is received.

Legacy income is recognised when probate has been granted, there are sufficient assets in the estate to pay the legacy and that any conditions attached to the legacy are either in control of the charity or have already been met.

Donated assets are shown as a donation at market value upon receipt.

Income for the general purposes of The Corporation is credited to unrestricted funds. From time to time the Governors designate unrestricted funds for specific purposes. Donations and legacies subject to specific wishes of the donors are credited to relevant restricted funds or to endowed funds, if the amount is required to be held as permanent or expendable capital.

Gifts of funds for the purpose of providing for specific fixed assets are accounted for as restricted funds until expended. When expended, amounts equivalent to the relevant capital expenditure are transferred from the restricted funds to the unrestricted funds.

Investment income is earned through holding assets for investment purposes such as shares. It includes dividends, recognised when received and interest recognised on a receivable basis. Income from corporate bonds is accrued at the coupon rate.

e) Expenditure

All expenditure is accounted for on an accruals basis. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably.

Expenditure is allocated to expense headings either on a direct cost basis or apportioned on appropriate bases. The cost of charitable activities includes all expenditure directly relating to the objects of The Corporation.

Support costs comprise administrative salaries and pension costs, office expenses, legal and professional fees and equipment rentals.

f) Investments

Investments are shown at their market values at the year end. Realised and unrealised gains and losses on the sale or revaluation of investments are accounted for in the appropriate fund in the SOFA.

g) Goodwill

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the group's interest in the identifiable assets acquired.

Goodwill is amortised over its expected useful life which is estimated to be ten years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the SOFA. No reversals of impairment are recognised.

h) Tangible Fixed Assets

Expenditure on land and buildings which, in the opinion of the Governors, has not enhanced their long-term value is charged to the SOFA. Expenditure on improvements and development to land and buildings which, in the opinion of the Governors, has enhanced their long-term value is capitalised. Expenditure on plant, equipment (including IT equipment) and furniture which is in excess of £5,000 per item, or group of items, is capitalised.

In respect of certain land and buildings occupied or used by the schools and other artefacts owned by the schools, some of which were acquired many years ago, the original cost is not readily ascertainable. In the opinion of the Governors, the cost of obtaining a reasonable estimate of original cost or current value to the schools would outweigh significantly the benefit to be derived from doing so. Accordingly, such assets are not included on the balance sheet. In addition, prior to 1997, where funds were donated for fixed assets, the amounts of the donations were offset against the cost of the relevant fixed assets. The original cost of these assets and the amounts of the donations are not readily ascertainable and the amounts shown on the balance sheet are stated on a net basis.

i) Investment Properties

Certain properties, not used for direct charitable purposes of the School, are held as investment properties for the purpose of producing income for Harrow. The investment properties are reviewed for impairment annually with a full revaluation every five years on the basis of market value as defined in the Appraisal and Valuation Standards as issued by the Royal Institute of Chartered Surveyors. The next valuation is due as at 31 August 2022. Valuation gains and losses are shown on the Statement of Financial Activities. No depreciation is charged on Investment Properties.

j) Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land and investment properties, at rates calculated to write off the cost of each asset, less any estimated residual value, evenly over its expected useful life. The expected useful lives of the principal categories are:

Freehold Buildings	-	50 to 60 years
Minor capital projects	-	15 to 20 years
Astroturf sports pitches	-	10 to 40 years
Plant, equipment and furniture	-	4 to 20 years
IT equipment	-	4 years

Freehold land is stated at cost.

Depreciation on buildings under construction commences when the asset is available for use.

k) Stock

Stocks are valued at the lower of cost and net realisable value.

l) Finance Leases

Equipment and motor vehicles, which are the subject of finance leases, are classified within the Financial Statements as tangible assets with equivalent liabilities at what would otherwise have been the cost of outright purchase. These assets are depreciated over their expected useful lives, which generally correspond to the primary rental period. The interest element of lease payments is charged to the SOFA.

m) Operating Leases

Rentals paid and payable under operating leases are charged to the SOFA.

n) Termination Benefits

Redundancy and termination costs are recognised when there is a legal or constructive obligation which can be measured reliably, and it is probable that a payment will be made.

o) Pensions and Post Retirement Benefit Schemes

Defined contribution scheme

The pension cost charged to the SOFA represents the contributions payable by The Corporation under the rules of the Harrow Corporation Pension Scheme.

Defined benefit schemes

The Corporation contributes to the Teachers' Pension Scheme, which is a defined benefit scheme, at rates set by the Government Actuary and advised to the Governors. The Scheme is a multi-employer pension scheme and it is not possible to identify the assets and liabilities of the Scheme, which are attributable to the School. In accordance with FRS 102, the Scheme is therefore accounted for as a defined contribution scheme. Contributions to the Scheme are charged to the SOFA as they become payable in accordance with the rules of the Scheme.

The Corporation also runs a defined benefit pension scheme for non-teaching staff that has been closed to new entrants and to further accruals. The funds of the Scheme are administered by a separate Board of Trustees and are separate from The Corporation. An independent actuary completes a valuation every three years and based on the actuary's recommendations annual contributions are paid to the Scheme so as to secure the benefits set out in the rules.

The defined benefit pension scheme current service costs are charged to the SOFA within staff costs. The defined benefit scheme assets are measured at fair value at the balance sheet date. Scheme liabilities are measured on an actuarial basis at the balance sheet date using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term to the scheme liabilities. The resulting defined benefit asset or liability is presented separately after other net assets on the face of the balance sheet. The net interest on the asset or liability, measured using the discount rate, is credited within other interest. The scheme actuarial gains and losses are recognised immediately as other recognised gains and losses.

p) Taxation

As a registered charity The Corporation is generally exempt from Corporation Tax but not from Value Added Tax (VAT). Irrecoverable VAT is included with the cost of those items to which it relates.

The Corporation's subsidiary trading companies, HSEL and HISL, are liable for overseas taxation and for Corporation Tax on taxable profits not paid to The Corporation as a Qualifying Donation under Gift Aid.

**THE KEEPERS AND GOVERNORS OF THE POSSESSIONS
REVENUES AND GOODS OF THE FREE GRAMMAR
SCHOOL OF JOHN LYON**

**NOTES TO THE FINANCIAL
STATEMENTS
Year ended 31 August 2021**

1. School Fees Receivable

	Harrow School £'000	The John Lyon School £'000	2020/21 Total £'000	2019/20 Total £'000
Gross fees excluding bursaries	32,454	13,358	45,812	41,084
Fee remissions and awards unrestricted funds (note 6 iii)	(389)	(779)	(1,168)	(1,017)
	32,065	12,579	44,644	40,067

2. Fundraising and Trading Activities

i. Ancillary Trading Income	2020/21 £'000	2019/20 £'000
Registration fees and non-refundable fee deposits	334	302
Advanced Fees income/(expenditure) (see note 5)	4	(2)
Fee surcharges	-	26
Other income	145	163
Boys' charges and school trips	2,063	2,514
	2,546	3,003
Ancillary Trading Expenses		
The Corporation		
Boys charges and school trips	2,063	2,514

2. Fundraising and Trading Activities (continued)

ii. Income from Voluntary Sources

Fundraising proceeds represent funds received mainly through HDT for scholarships and bursaries and to assist in the funding of capital expenditure at Harrow School.

HDT incoming resources for the year amounted to £10,117,000 (2019/20 - £7,296,000), which included investment income of £Nil (2019/20 - £11,000) and Tsunami income of £48,000 (2019/20 - £26,000); outgoing resources totalled £10,388,000 (2019/20 - £7,880,000). Funds carried forward at the financial year end were £690,000 (2019/20 - £803,000).

Fundraising proceeds in the SOFA comprise

	2020/21 £'000	2019/20 £'000
HDT	10,069	7,260
The John Lyon School	32	54

10,101	7,314

iii. Non Ancillary Trading Activities

Non Ancillary Trading Income

	2020/21 £'000	2019/20 £'000
The Corporation rental income	238	216
HSEL (less intra group sales of £41,000 (2019/20 - £44,000))	834	802
HISL	5,141	4,303
	6,213	5,321

Non Ancillary Trading Expenses

HSEL		
Cost of sales	1,162	1,116
Administration expenses	88	140
HISL		
Administration expenses	640	685
Overseas taxation	684	536
	2,574	2,477

2. Fundraising and Trading Activities (continued)

iii Non Ancillary Trading Activities (continued)

The summarised trading results of The Corporation's two subsidiaries, HSEL and HISL, are set out on the following pages.

HSEL

The principal activity of this Company is non-charitable trading for The Corporation. The Company pays all of its post-tax income to The Corporation as a Qualifying Donation under Gift Aid arrangements. Its trading results, extracted from its audited Financial Statements, which are included in the Unrestricted Funds column in the SOFA, were:

	2020/21 £'000	2019/20 £'000
Turnover	875	846
Cost of sales	(1,162)	(1,116)
Gross loss	(287)	(270)
Administration expenses	(88)	(140)
Operating loss	(375)	(410)
Qualifying Donation to the Corporation	-	-
Loss for the Financial year	(375)	(410)

Amounts not reflected in trading income and trading expenses are included within the relevant unrestricted categories in the SOFA.

The net liabilities of the Company at the year end were £706,000 (2020– net liabilities £331,000).

2. Fundraising and Trading Activities (continued)

iii. Non Ancillary Trading Income (continued)

HISL

The principal activity of the Company is to enter into licensing or other arrangements with those operating or managing overseas international schools bearing the Harrow name, to monitor their compliance with such agreements, and to receive royalties and fees arising from them. The Company pays all of its post-tax income to The Corporation as a Qualifying Donation under Gift Aid arrangements. Its trading results, extracted from its audited Financial Statements, which are included in the Unrestricted Funds column in the SOFA, were:

	2020/21 £'000	2019/20 £'000
Turnover	5,141	4,302
Administration expenses	(640)	(685)
Overseas taxation	(684)	(536)
	—	—
Profit before taxation	3,817	3,081
Qualifying Donation to the Corporation	(3,817)	(3,081)
	—	—
Profit for the Financial Year	-	-
	=====	=====

Amounts not reflected in trading income and trading expenses are included within the relevant unrestricted categories in the SOFA.

The net assets of the Company at the year ends were £1,000.

3. Other Incoming Resources	2020/21 £'000	2019/20 £'000
Profit/(Loss) on sale of fixed assets	5	6
Advertising income	6	8
Other income	172	94
Subscription income	88	88
Coronavirus Job Retention Scheme Income	739	1,702
	—	—
	1,010	1,898
	=====	=====

	2020/21 £'000	2019/20 £'000
4. Investment Income		
Income from restricted funds		
Investment income - Scholarships and Bursaries	108	175
- Other	-	48
	108	223
Income from unrestricted funds		
Interest receivable	2,029	1,397
Investment income - Scholarships and Bursaries	215	304
- Other	-	-
	2,244	1,701
Total investment income receivable	2,352	1,924

5. Advanced Fees Account – Harrow School

The Scheme has been suspended for new deposits since April 2015 in view of very low or negative gilt yields and will make its final repayment in 2021-22.

	2020/21 £'000	2019/20 £'000
Investment income	4	7
Interest received	-	-
	4	7
Interest charge and sundry expenses	-	(9)
Advanced fees income (see note 2i)	4	(2)
Unrealised loss on advanced fees investments	(4)	(5)
Net advanced fees account (deficit)/surplus for the year	-	(7)
Transfer from/(to) unrestricted fund	-	7
	-	-

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i.

Group Analysis for the year ending 31 August 2021

	Harrow School £'000	The John Lyon School £'000	HSEL £'000	HISL £'000	HDT £'000	JLSDT £'000	2020/21 Total £'000
Income							
School fees receivable	32,066	12,578	-	-	-	-	44,644
Ancillary Trading	2,148	398	-	-	-	-	2,546
Other Charitable	442	541	-	-	-	-	983
Voluntary	-	-	-	-	10,117	32	10,149
Non Ancillary Trading	118	79	875	5,141	-	-	6,213
Other	819	191	-	-	-	-	1,010
Investments	2,352	-	-	-	-	-	2,352
Total Income	37,945	13,787	875	5,141	10,117	32	67,897
Expenditure							
Fundraising	-	80	-	-	1,033	-	1,113
Non Ancillary Trading	-	-	1,250	1,324	-	-	2,574
Finance	1,386	260	-	-	-	-	1,646
Investment management	401	2	-	-	-	-	403
Teaching	15,571	6,834	-	-	-	-	22,405
Welfare	5,690	608	-	-	-	-	6,298
Premises	10,897	2,548	-	-	-	-	13,445
Support	4,101	2,113	-	-	-	3	6,217
Grants awards and prizes	3,372	671	-	-	-	-	4,043
Other Charitable projects	-	-	-	-	60	-	60
Ancillary trading	1,743	320	-	-	-	-	2,063
Total Expenditure	43,161	13,436	1,250	1,324	1,093	3	60,267
Net Income	(5,216)	351	(375)	3,817	9,024	29	7,630
Transfers, investment gains and losses							
Transfers between entities	12,804	708	-	(3,817)	(9,295)	(400)	-
(Loss)/Gain on investment properties	-	-	-	-	-	-	-
Gain on investment assets	9,275	508	-	-	158	-	9,941
Actuarial gain on defined benefit pension	981	-	-	-	-	-	981
Total	23,060	1,216	-	(3,817)	(9,137)	(400)	10,922
Balance at beginning of the year	157,161	15,056	(331)	1	803	405	173,095
Balance at 31 August 2021	175,005	16,623	(706)	1	690	34	191,647

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i.

Group Analysis for the year ended 31 August 2020

	The Harrow School £'000	John Lyon School £'000	HSEL £'000	HISL £'000	HDT £'000	JLSDT £'000	2019/20 Total £'000
Income							
School fees receivable	30,226	9,841	-	-	-	-	40,067
Ancillary Trading	2,471	532	-	-	-	-	3,003
Other Charitable	359	497	-	-	-	-	856
Voluntary	-	54	-	-	7,286	-	7,340
Non Ancillary Trading	134	38	846	4,303	-	-	5,321
Other	1,612	286	-	-	-	-	1,898
Investments	1,891	23	-	-	10	-	1,924
Total Income	36,693	11,271	846	4,303	7,296	-	60,409
Expenditure							
Fundraising	-	90	-	-	904	-	994
Non Ancillary Trading	-	-	1,256	1,221	-	-	2,477
Finance	1,560	197	-	-	-	-	1,757
Investment management	17	6	-	-	-	-	23
Teaching	14,339	5,750	-	-	-	-	20,089
Welfare	5,030	423	-	-	-	-	5,453
Premises	10,819	2,018	-	-	-	-	12,837
Support	3,890	1,375	-	-	-	3	5,268
Grants awards and prizes	2,817	497	-	-	-	-	3,314
Other Charitable projects	-	-	-	-	26	-	26
Ancillary trading	2,064	450	-	-	-	-	2,514
Total Expenditure	40,536	10,806	1,256	1,221	930	3	54,752
Net Income	(3,843)	465	(410)	3,082	6,366	(3)	5,657
Transfers, investment gains and losses							
Transfers between entities	10,032	-	-	(3,082)	(6,950)	-	-
Gain on investment properties	(122)	-	-	-	-	-	(122)
Loss on investment assets	1,341	54	-	-	(6)	-	1,389
Actuarial loss on defined benefit pension	(177)	-	-	-	-	-	(177)
Total	11,074	54	-	(3,082)	(6,956)	-	1,090
Balance at beginning of the year	149,930	14,537	79	1	1,393	408	166,348
Balance at 31 August 2020	157,161	15,056	(331)	1	803	405	173,095

**NOTES TO THE FINANCIAL
STATEMENTS**
Year ended 31 August 2021

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**THE KEEPERS AND GOVERNORS OF THE POSSESSIONS
REVENUES AND GOODS OF THE FREE GRAMMAR
SCHOOL OF JOHN LYON**

**NOTES TO THE FINANCIAL
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iii.

Analysis of Grants, Awards and Prizes

	Harrow School £'000	The John Lyon School £'000	2020/21 Total £'000	2019/20 Total £'000
Awards from unrestricted funds (see note 1):				
Scholarships	-	172	172	178
Means-tested bursaries	-	537	537	459
Other awards	389	70	459	380
	<u>389</u>	<u>779</u>	<u>1,168</u>	<u>1,017</u>
Awards from restricted funds:				
Scholarships	383	-	383	350
Means-tested bursaries	2,792	670	3,462	2,821
Prizes and other awards	198	-	198	143
	<u>3,373</u>	<u>670</u>	<u>4,043</u>	<u>3,314</u>
Total grants, awards and prizes	<u>3,762</u>	<u>1,449</u>	<u>5,211</u>	<u>4,331</u>

7. Employees and Key Management

	The Harrow School £'000	The John Lyon School £'000	HSEL £'000	HISL £'000	HDT £'000	2020/21 Total £'000
Wages and salaries	19,237	6,654	732	195	732	27,550
Social security costs	1,963	666	71	21	73	2,794
Teachers' Pension Scheme	2,046	859	-	-	14	2,919
Support Staff Pension Scheme	10	36	-	-	-	46
Harrow Corporation Pension Scheme	683	97	68	-	19	867
Death in service benefit	68	8	2	-	-	78
Unfunded pension costs	10	-	-	-	-	10
Transfer to Capital projects	(479)	-	-	-	-	(479)
	<u>23,538</u>	<u>8,320</u>	<u>873</u>	<u>216</u>	<u>838</u>	<u>33,785</u>

	The Harrow School £'000	The John Lyon School £'000	HSEL £'000	HISL £'000	HDT £'000	2019/20 Total £'000
Wages and salaries	18,447	5,180	870	89	643	25,229
Social security costs	1,862	546	-	-	80	2,488
Teachers' Pension Scheme	2,044	741	-	-	-	2,785
Support Staff Pension Scheme	(8)	6	-	-	12	10
Harrow Corporation Pension Scheme	613	94	-	-	21	728
Death in service benefit	109	8	-	-	-	117
Unfunded pension costs	(155)	-	-	-	-	(155)
Transfer to Capital projects	(360)	-	-	-	-	(360)
	<u>22,552</u>	<u>6,575</u>	<u>870</u>	<u>89</u>	<u>756</u>	<u>30,842</u>

7. Employees and Key Management (continued)

Average number of Employees during the Year	2020/21	2019/20
The Schools:		
Teaching	200	179
Teaching support	79	64
Estates	106	64
Domestic	113	104
Bursary and other administration	67	110
HSEL	18	17
HDT	7	7
HISL	2	1
	592	546

Included in the staff numbers above are 47 staff employed at Quainton Hall. The comparatives have been restated to better reflect the number of part time staff employed and to be consistent with the methodology used in 2020/21.

The number of employees whose emoluments (gross pay plus benefits in kind), excluding employer's pension contributions, exceeded £60,000 was:

	2020/21	2019/20
£ 60,001 - £ 70,000	37	40
£ 70,001 - £ 80,000	16	15
£ 80,001 - £ 90,000	19	15
£ 90,001 - £100,000	15	11
£100,001 - £110,000	6	11
£110,001 - £120,000	3	4
£120,001 - £130,000	2	-
£130,001 - £140,000	1	-
£140,001 - £150,000	-	1
£160,001 - £170,000	-	-
£210,001 - £220,000	1	1
£220,001 - £230,000	2	2
£280,001 - £290,000	1	1
£310,001 - £320,000	1	-

Pension contributions to defined contribution schemes of £136,000 (2019/20 - £129,000) were made for 17 (2019/20 - 17) higher paid employees during the year. Contributions were made to defined benefit pension schemes for 81 (2019/20 - 79) higher paid employees during the year.

Total employee benefits payable (gross pay plus benefits in kind plus employer pension and national insurance contributions) to key management personnel were £3,268,000 (2019/20 - £3,170,000).

The redundancy and termination payments, net of recoveries from insurance, totalled £67,000 (2019/20 - £20,000), of which £Nil (2019/20 - £Nil) is included in creditors at the balance sheet date.

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8. Total Resources Expended

	2020/21 £'000	2019/20 £'000
This is stated after charging/(crediting):		
Auditors' remuneration		
For the audit of the Corporation	50	49
For the audit of other group entities	30	28
For tax compliance	12	3
For other services	25	2
For the audit of the defined benefit pension scheme	9	9
Depreciation (see note 10)	4,809	4,273
Amortisation (see note 11)	10	-
Operating lease rentals	132	61
Change in pension scheme liabilities excluding actuarial (loss)/gain (see note 22 (i) c))	(202)	(342)
Interest and finance costs payable:		
Overdrafts and bank loans repayable within 5 years not by instalments	135	194
Finance leases	1	3
	136	197
Bond interest payable	1,320	1,320
Other interest payable	34	32
Total interest payable	1,490	1,549
Bank charges	9	8
Exchange Differences	-	34
Pension commitments – net finance costs (see note 22 (i) c))	147	166
Total finance costs	1,646	1,757

9. Transfers between Funds

	Unrestricted £'000	Restricted £'000	Expendable Endowment £'000	Permanent Endowment £'000
i.	(324)	324	-	-
ii.	(601)	1,178	-	(577)
iii.	7,207	(7,207)	-	-
iv.	(80)	-	-	80
v.	(8)	(8)	(25)	41
	6,194	(5,713)	(25)	(456)

- i. Transfer of 1% of gross fee income in Harrow School from unrestricted to restricted income by Governors' resolution for scholarships and bursaries.

An additional transfer may arise where the aggregate of the 1% annual transfer, the net unrestricted income from endowed and designated funds and the income generated through donations and the Harrow International Schools' transfer is insufficient to meet the expenditure committed to bursaries and scholarships.

- ii. Income transferred to Restricted Funds under the Total Return policy (see note 13 iii).
- iii. Donations received to fund capital projects transferred from Restricted to Unrestricted Funds.
- iv. Transfer to compensate the Permanent Endowment for School use of residential property.
- v. Other transfers.

10. Tangible Fixed Assets

	Consolidated			Corporation		
Cost	Freehold land and buildings £'000	Plant, equipment and furniture £'000	Total £'000	Freehold land and buildings £'000	Plant, equipment and furniture £'000	Total £'000
At 1 September 2020	134,329	17,881	152,210	134,206	17,676	151,882
Additions	14,338	2,860	17,198	14,338	2,862	17,200
Disposals	-	(225)	(225)	-	(225)	(225)
T/f from Investment Properties	375	-	375	375	-	375
At 31 August 2021	149,042	20,516	169,558	148,919	20,313	169,232
Depreciation						
At 1 September 2020	37,401	12,268	49,669	37,270	12,077	49,347
Charge for the year	3,419	1,390	4,809	3,419	1,390	4,809
Released on disposals	-	(225)	(225)	-	(225)	(225)
At 31 August 2021	40,820	13,433	54,253	40,689	13,242	53,931
Net Book Value						
At 31 August 2021	108,222	7,083	115,305	108,230	7,071	115,301
At 31 August 2020	96,928	5,613	102,541	96,936	5,599	102,535

All tangible fixed assets represented above are held for use by The Corporation, HSEL or HDT.

- i. Freehold land and buildings include £18,184,000 (2019/20 - £14,602,000) for buildings under construction.
- ii. Residential properties included above at a net book value of £2,391,000 (2019/20 - £2,474,000) are charged as contingent assets in a Security Agreement with the Pension Protection Fund for the Harrow School Support Staff Pension Scheme.

11. Intangible Assets	2020/21 £'000 Goodwill
Cost	
At 1 September 2020	-
Addition	117
At 31 August 2021	117
Amortisation	
At 1 September 2020	-
Charge for the Year	10
At 31 August 2021	10
Net Book Value	
At 31 August 2020	-
At 31 August 2021	107

The goodwill amounting to £117,000 relates to the Corporation's the Corporation's purchase of the assets and trade of Quainton Hall School from Wallsingham College (Affiliated Schools) Limited on 6 November 2020. The goodwill is being amortised over ten years.

The Corporation acquired the assets of Quainton Hall School for £3,650,000 of which £1,350,000 has been deferred to be paid over 5 years with the first payment on 6 November 2021.

The purchase price included £3,340,000 for the land and buildings, £193,000 for fixtures and fittings, and £117,000 for goodwill. The goodwill is being amortised over 10 years and related to growth expectations, cost synergies and expected future profitability.

12. Investment Properties

2020/21
£'000

Balance at beginning of year	2,107
Transfer to fixed assets	(375)

Balance at end of year	1,732

	At beginning of year £'000	Movement £'000	At end of year £'000
Attributed to:			
Unrestricted	879	-	879
Endowed - Expendable endowment	428	(375)	53
- Permanent endowment	800	-	800
	2,107	(375)	1,732

The investment properties are fully revalued every five years on the basis of market value as defined in the Appraisal and Valuation Standards as issued by the Royal Institute of Chartered Surveyors. The last full revaluation was undertaken at 31 August 2017 by Stimpsons Chartered Surveyors.

2019/20
£'000

Balance at beginning of year	2,229
Unrealised loss arising from valuation	(3)
Transfer from fixed assets	(119)

Balance at end of year	2,107

	At beginning of year £'000	Movement £'000	At end of year £'000
Attributed to:			
Unrestricted	998	(119)	879
Endowed - Expendable endowment	428	-	428
- Permanent endowment	803	(3)	800
	2,229	(122)	2,107

13. Fixed Asset Investments

Consolidated	Expendable Permanent				Total £'000
	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	Endowed Funds £'000	
Listed					
Opening market value excluding cash	80,089	1,037	4,068	26,325	111,519
Additions	56,738	-	1,096	16,365	74,199
Disposal proceeds	(30,207)	(190)	(210)	(15,763)	(46,370)
Realised gains/(losses)	1,077	23	13	540	1,653
Unrealised gains/(losses)	4,049	135	589	3,515	8,288
Market value at end of year	111,746	1,005	5,556	30,982	149,289
Cash at stockbrokers at beginning of year	5,058	(3)	30	1,404	6,489
Movement in year	19,922	-	72	(575)	19,419
Cash at stockbrokers at end of year	24,980	(3)	102	829	25,908
Unlisted	200	-	-	-	200
At end of year	136,926	1,002	5,658	31,811	175,397
At beginning of year	85,147	1,034	4,098	27,729	118,008

Corporation	Expendable Permanent				Total £'000
	Unrestricted Funds £'000	Endowed Funds £'000	Endowed Funds £'000		
Listed					
Opening market value excluding cash	80,089	4,068	26,325		110,482
Additions	56,738	1,096	16,365		74,199
Disposal proceeds	(30,207)	(210)	(15,763)		(46,180)
Realised gains/(losses)	1,077	13	540		1,630
Unrealised gains/(losses)	4,049	589	3,515		8,153
Market value at end of year	111,746	5,556	30,982		148,284
Cash at stockbrokers at beginning of year	5,058	30	1,404		6,492
Movement in year	19,922	72	(575)		19,419
Cash at stockbrokers at end of year	24,980	102	829		25,911
Unlisted	200	-	-		200
At end of year	136,926	5,658	31,811		174,395
At beginning of year	85,147	4,098	27,729		116,974

13. Fixed Asset Investments (continued)

i. Investment Portfolios

At 31 August 2021, Unrestricted Fund investments comprise those of The Advanced Fee Fund The John Lyon School Scholarship, Corporation Bond and the Harrow School Designated Funds. Their cost was £130,966,000 (2019/20 - £81,375,000).

At 31 August 2021, Restricted Fund investments consisted of investments on the UK Stock Exchange with a cost of £964,000 (2019/20- £965,000).

At 31 August 2021, Expendable Endowed Funds investments comprised of part of the Harrow Awards Fund, the J G Apcar Trust and part of the Harrow Challenge Fund. The cost of those investments was £4,758,000 (2019/20 – £3,674,000).

At 31 August 2021, the cost of investments, all of which are listed on the UK and other recognised Stock Exchanges, in the Permanent Endowment Funds were as follows:

	2020/21 £'000	2019/20 £'000
School and Lyon Foundation	2,048	1,579
Shepherd Churchill Bequest	4,607	4,303
Scholarship Funds comprising L C Wilson and Harrow Awards Fund	14,876	12,793
Harrow Challenge Fund	3,785	3,625
Foundation Awards	2,269	2,242
Butler Memorial Trust	1	1
	27,586	24,543

ii. Significant Holdings

At 31 August 2021 the following investments were considered material in the context of the investment portfolios:

	Consolidated %	Corporation %
Cazenove Charity Multi Asset Fund	15.5	16.0
Vanguard Tot World Stck ETF USD	7.7	7.7
Cash	15.2	15.1

iii. Application of the Power of Total Return

In January 2006, the Charity Commission made an order permitting the Charity to adopt total return investment powers in relation to its permanent endowment in the form of the Commission's model order. The Governors resolved to implement the Order in a limited form with effect from 1 April 2006. Under the policy adopted by the Governors, up to 4% of the value of the fund at the previous balance sheet date may be withdrawn in the following financial year.

13. Fixed Asset Investments (continued)

iii. Application of the Power of Total Return (continued)

With effect from 1 September 2014 the Governors elected to amend the policy and apply the order to the full value of the Harrow Awards Fund and the L C Wilson Bequest, having previously limited the order to 20% of the value at 1 April 2006 as referred to above. The amended policy also reduced the amount available to be applied in the following financial year to 3.75 % of the average of the total fund value on a rolling three year basis.

With effect from 1 September 2017 the Governors elected to apply the total return policy to distributions from the Foundation Awards Fund.

Movements in the Total Return Funds in the period:

	Harrow Awards Funds £'000	L C Wilson Bequest £'000	Foundation Awards Fund £'000	Total £'000
Opening valuation at 1 September 2020	12,613	2,326	2,504	17,443
Changes in year				
Investment return – income	108	-	-	108
Investment Management Charge	(12)	(1)	(2)	(15)
Investment return – realised/unrealised gains and losses	1,719	359	390	2,468
Cash withdrawn	(487)	(90)	(67)	(644)
Net return for the year	1,328	268	321	1,917
Closing Valuation at 31 August 2021	13,941	2,594	2,825	19,360

Statement of Unapplied Total Return

Opening valuation at 1 September 2020	4,903	947	154	6,004
Net return for the year	1,328	268	321	1,917
Unapplied total return as at 31 August 2021	6,231	1,215	475	7,921

	Harrow Awards Fund £'000	L C Wilson Bequest £'000	Foundation Awards Fund £'000	Total £'000
Amount available for distribution				
Investment valuation at 31 August 2019	13,277	2,458	1,440	17,175
Investment valuation at 31 August 2020	12,613	2,326	2,504	17,443
Investment valuation at 31 August 2021	13,941	2,594	2,825	19,360
Three year average	13,277	2,459	2,256	17,992
Amount available for distribution – year ending 31 August 2022	498	92	85	675

13. Fixed Asset Investments (continued)

iv. Expendable Endowed Funds

With effect from 1 September 2017 the Governors elected to apply the total return policy to distributions from the Harrow Challenge Expendable Awards Fund.

Amount available for distribution

	Harrow Challenge Expendable Endowed Fund £'000
Investment valuation at 31 August 2019	2,704
Investment valuation at 31 August 2020	2,599
Investment valuation at 31 August 2021	3,002
Three year average	2,768
Amount available for distribution - year ending 31 August 2022	104

v. Designated Funds

The Governors have also elected to apply the total return policy, as set out in note 13iii, to the Harrow School Designated Awards fund.

Amount available for distribution

	Harrow School Designated Awards Fund £'000
Investment valuation at 31 August 2019	16,361
Investment valuation at 31 August 2020	19,236
Investment valuation at 31 August 2021	22,482
Three year average	19,360
Amount available for distribution - year ending 31 August 2022	726

vi. Overall Portfolio Structure

At 31 August 2021 the structure of the total portfolio was as follows:

	Consolidated %	Corporation %
Gilts/UK Fixed interest	44.7	45.0
Global Funds	12.6	12.7
Charity multi asset funds	19.0	18.5
Cash	18.0	18.1
UK Equities	3.2	3.2
Hedge Funds	2.5	2.5
Total	100.0	100.0

13. Fixed Asset Investments (continued)

vii. HSEL

The Corporation owns 100% of the issued ordinary share capital of HSEL, a company registered in England. The shares in the Company are included in unrestricted funds in the Financial Statements at a cost of £2.

viii. HISL

The Corporation owns 100% of the issued ordinary share capital of HISL, a company registered in England. The shares in HISL are included in unrestricted funds in the Financial Statements at a cost of £1.

ix. HEIL

The Corporation owns 100% of the issued ordinary share capital of HEIL, a company registered in England. The shares in HEIL are included in unrestricted funds in the Financial Statements at a cost of £1. The Company was incorporated on 2 July 2021 and was dormant in the period to 31 August 2021.

14. Stocks

	Consolidated		Corporation	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Works Department	63	47	63	47
Other stocks	244	263	132	153
	307	310	195	200

15. Debtors

	Consolidated		Corporation	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Fees, recharges and extras	465	438	465	438
Amounts owed by HSEL	-	-	854	74
Amounts owed by HISL	-	-	1,742	1,883
Amounts owed by HDT	-	-	49	304
Income tax recoverable	43	68	43	53
Accrued interest on corporate bonds	954	810	954	810
Other debtors and prepayments	4,411	3,847	1,753	1,652
	5,873	5,163	5,860	5,214

A deed of mortgage was created on 4 December 1999 by HSEL securing all monies due or to become due from the Company to the Corporation.

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16. Cash at Bank and in Hand

	Consolidated		Corporation	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Unrestricted	14,697	15,235	14,541	15,087
Restricted	37	1,886	37	1,886
	14,734	17,121	14,578	16,973
Harrow School Advanced Fees	80	108	80	108
	14,814	17,229	14,658	17,081

These balances, apart from those noted below, are held at National Westminster Bank. The balances include deposits of £Nil (2020 - £2,000,000) at Santander UK plc and £1,000 (2020 - £13,000,000) at Close Brothers Limited.

17. Creditors: amounts falling due within one year

	Consolidated		Corporation	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Bank overdrafts	-	4,002	-	4,002
Fees received in advance	5,263	4,772	5,263	4,772
Advanced Fees Scheme (see note 19)	72	93	72	93
Other taxes and social security	622	785	622	785
Amounts due to suppliers	2,689	1,303	2,526	1,231
Accruals	1,065	1,962	583	1,237
Other creditors	2,538	508	1,809	527
Development loans (see below)	328	326	328	326
Entry deposits	738	775	738	775
Part fee deposits	670	270	670	270
Retention	86	20	86	20
Finance Leases	1	10	1	10
Amounts owed to HDT	-	-	92	-
Deferred consideration	270	-	270	-
	14,342	14,826	13,060	14,048

2020/21£Nil (2019/20 £4,000,000) was drawn under the short-term Lombard facility with EFG secured on the corporate bonds held through the bank and repaid shortly after the year end.

18. Creditors: amounts falling due after more than one year

	Consolidated		Corporation	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Bond	89,709	39,835	89,709	39,835
Entry deposits	4,644	4,210	4,644	4,210
Part fee deposits	230	578	230	578
Development loans (see below)	2,028	2,357	2,028	2,357
Advanced Fees Scheme (see note 19)	-	77	-	77
Other creditors	376	289	391	539
Amounts owed to HDT	-	-	571	-
Other loans	571	-	-	-
Deferred consideration	1,080	-	1,080	-
	98,638	47,346	98,653	47,596

Bond

The Corporation entered into a 40 year bond issue for £40 million with The Prudential Insurance Company of America that closed and funded on 11th February 2019, due for repayment on 11th August 2059. Interest at 3.3% per annum is computed on the basis of a 30/360-day year and payable semi-annually on 11th February and 11th August. The costs of issuing the bond are amortised over its remaining period and deducted from the principal sum raised.

A further 40 year bond issued for £50 million was entered into with The Prudential Insurance Company of America, Prudential Legacy Insurance Company of New Jersey, and Prudential Annuities Life Assurance Corporation. This bond issue closed and was funded on 18 June 2021 and is due for repayment on 20 June 2061. Interest at 2.7% per annum is computed on the basis of a 30/360-day year and payable semi-annually on 18th December and 18th June. The costs of issuing the bond are amortised over its remaining period and deducted from the principal sum raised.

Development Loans

On 1 August 2008 The Corporation entered into a 20 year unsecured term loan of £4.7m with Santander UK plc to finance redevelopment at The John Lyon School. Under the terms of this loan there were no capital repayments during the first three years. On 1 August 2008, £3.5m of the loan was drawn down and the applicable interest rate for this element fixed at 5.8% for the loan period, payable quarterly. This segment of the loan was drawn down in order to finance the construction of a new Science and Drama building and also to repay the outstanding balance of the original development loan which financed the building of a new swimming pool and sports hall and the refurbishment of the bowling shed.

On 29 July 2011, the remaining £1.2m of the loan was drawn down to help finance Phase I of the current development programme to construct a catering wing that enables Phase II, the redevelopment of the Old School building. The applicable interest rate for this element was fixed at 4.37% for the loan period.

On 27 September 2011, The Corporation entered into a 17 year unsecured term loan of £800,000 with National Westminster Bank plc to finance the balance of current development Phase I for The John Lyon School. Payments of capital and interest commenced on 30 April 2012 and interest was fixed at 4.95% for the loan period.

	2021 £'000	2020 £'000
Amounts repayable within one year	328	326
Amounts repayable between two and five years	1,340	1,329
Amounts repayable after 5 years	688	1,028
	2,356	2,683

Other Loans

The loans granted to HDT are unsecured, interest free and repayable as follows:

	2021 £'000	2020 £'000
Amounts repayable within one year	-	250
Amounts repayable between two and five years	571	-
Amounts repayable after 5 years	-	-
	571	250

19. Advanced Fees Scheme

Parents may enter into a contract to pay the School up to the equivalent of five years' fees in advance. The money may be returned subject to specific conditions. The scheme is currently suspended for new deposits in view of very low or negative gilt yields. Assuming pupils remain in the School, advanced fees will be applied as follows:

	2021 £'000	2020 £'000
Within two to five years	-	-
Within one to two years	-	77
After more than one year (see note 18)	-	77
Within one year (see note 17)	72	93
	72	170

The balance represents the liability under the contracts. The movements during the year were:

	2021 £'000	2020 £'000
Balance at beginning of year	170	359
Income generated by contracts	4	9
	174	368
Amounts utilised:		
In payment of fees	(102)	(198)
Capital repayments	-	-
	(102)	(198)
Balance at end of year	72	170

20. Operating Lease Commitments

As at 31 August 2021, the minimum total lease payments to which The Corporation is committed under non-cancellable operating leases (plant and equipment) are:

	2021 £'000	2020 £'000
Expiring within one year	119	70
Expiring within two to five years	151	84
Expiring more than five years	-	-
	270	154

21. Capital Commitments

At 31 August 2021 capital works contracted for amounted to £5,246,000 (2019/20 - £7,625,000). In addition, approximately £57,678,000 (2019/20 - £11,500,000) was authorised but not contracted.

	2021 £'000	2020 £'000
Commitments within one year	4,239	7,625
Commitments over one year	1,007	-
	5,246	7,625

22. Pension Scheme Liabilities

Pension scheme liabilities are summarised as follows:

	Consolidated and Corporation	
	2021	2020
	£'000	£'000
Non-teaching staff defined benefit scheme	8,817	9,984
Other benefit arrangements	125	141
Total pension liability	8,942	10,125
Total increase/(decrease) in liability (see 22(i) c)	(1,183)	(161)

(i) Non-teaching staff - defined benefit scheme

A scheme for eligible non-teaching staff, who are all employed by The Corporation but work on the activities of either Harrow School, The John Lyon School, HSEL, HDT or the Harrow Association, provides benefits based on final pensionable pay. Salary and related costs, including pension costs, are allocated to the relevant schools or entities. The assets of the Scheme are held separately from those of each entity, being invested with an insurance company (AXA Sun Life) and Cazenove Capital Management Limited. Contributions to the Scheme are charged to the Statement of Financial Activities of the Schools, the Trust and the Association, and the Profit and Loss account of HSEL so as to spread the cost of pensions over employees' working lives. The Scheme was closed to new entrants on 13 June 2003 and closed to future accrual on 30 April 2017.

Actuarial valuations are carried out triennially for funding purposes, using the attained age method, the most recently available being dated 31 August 2018. The main assumptions were a discount rate before and after retirement set by reference to the RiskFirst Gilt curve, RPI inflation set by reference to the RiskFirst RPI Gilt inflation curve, CPI inflation of RPI minus 0.8% and pension increase assumptions for revalued deferred pensions before retirement of CPI limited to 5% and pension increases in payment of 3% for pre- and post-88 GMP, 5% for pre-2001 and index-linked increase with RPI limited to 5% for post-2001. The demographic assumptions used the AC00 table for pre-retirement and 104% and 95% of the SP2A tables for males and females for post-retirement.

At 31 August 2018 the Scheme's assets were valued at £21,652,000 (including the value of annuities already purchased), representing a funding level of 79%. The Trustees have resolved to return the funding level to 100% by 2033. As a consequence, the Governors committed to extend the current annual deficit recovery programme agreed in the 2015 valuation by six years to 31 August 2033, with payments rising by 3% per annum from 2020/21 until 2032/33.

The scheme contributions paid for the year were £360,000 (2019/20 - £228,000). The expected scheme contributions for the year ending 31 August 2022 are estimated at £371,000.

Financial Reporting Standard (FRS) 102 – Retirement Benefits

An annual actuarial valuation is carried out for the purpose of compliance with FRS 102 and was updated to 31 August 2021 by an independent qualified actuary. As required by FRS 102, the defined benefit liabilities have been measured using the attained age method. The assets and liabilities include the value of pensions in payment, the majority of which are secured with insured annuities.

22. Pension Scheme Liabilities (continued)

(i) Non-teaching staff - defined benefit scheme (continued)

The amounts recognised in the balance sheet are as follows:

	Consolidated	Corporation
	2021	2020
	£'000	£'000
Present value of obligations	(31,093)	(30,938)
Fair value of plan assets	22,276	20,954
Scheme deficit	(8,817)	(9,984)
a) Changes in the present value of the scheme obligations:		
Opening defined benefit obligation	30,938	31,418
Past Service cost	-	-
Interest cost	457	530
Employee contributions	-	-
Actuarial loss/(gain) (excluding assets)	602	(506)
Benefits paid	(904)	(504)
Defined benefit obligations at the end of the year	31,093	30,938
b) Changes in the fair value of the scheme assets are as follows:		
Opening fair value of scheme assets	20,954	21,459
Interest income on scheme assets	310	364
Return on assets excluding interest income	1,582	(687)
Employer contributions	371	360
Employee contributions	-	-
Benefits paid	(894)	(504)
Scheme administration cost	(47)	(38)
Fair value of scheme assets at the end of the year	22,276	20,954
c) The amounts included in the Statement of Financial Activities are as follows:		
Interest income on scheme assets	(310)	(364)
Interest on pension liabilities	457	530
Net finance cost (see note 8)	147	166
Current service cost	47	38
Past service costs	-	-
Contributions paid	(371)	(360)
FRS 102 credit before actuarial gains/losses	(177)	(156)
Decrease in other benefit arrangements	(25)	(186)
Total debit/(credit) to SOFA (see note 8)	(202)	(342)
Movement in non-consolidated entity liability	4	4
FRS 102 Actuarial (gains)/losses	(981)	177
(Decrease)/Increase in liability	(1,183)	(161)

22. Pension Scheme Liabilities (continued)

(i) Non-teaching staff - defined benefit scheme (continued)

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

	2021 %	2020 %
Cash and other	44	45
Equities	42	40
Insured annuities	14	15
	<u> </u>	<u> </u>

The overall expected rate of return on the scheme assets is determined by reference to yields available on government bonds, corporate bonds, bank base rates and incorporating appropriate risk margins where appropriate.

	2021 £'000	2020 £'000
Actual return on the scheme assets in the year	1,845	(361)
	<u> </u>	<u> </u>

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

	2021 %	2020 %
Inflation assumption (RPI)	3.2	3.0
Inflation assumption (CPI)	2.6	2.1
Discount rate	1.6	1.5
Rate of increase in salaries	4.2	4.0
Future LPI pension increases	3.2	3.0

Assumed life expectations on retirement at age 65:

Retiring today – males	21.6	21.6
Retiring today – females	24.1	24.0
Retiring in 20 years – males	22.9	22.9
Retiring in 20 years – females	25.3	25.3

f) The amounts for the current and previous periods are as follows:

	2021 £'000	2020 £'000	2019 £'000	2018 £'000	2017 £'000
Present value of obligations	(31,093)	(30,938)	(31,418)	(27,589)	(28,667)
Fair value of plan assets	22,276	20,954	21,459	21,322	22,187
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Scheme deficit	(8,817)	(9,984)	(9,959)	(6,267)	(6,480)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Experience adjustment on scheme assets	(1,582)	687	25	982	236
Percentage of scheme assets	7.1%	3.3%	0.1%	4.6%	1.1%
Experience adjustment on scheme liabilities	602	(506)	3,362	(1,159)	(2,531)
Percentage of scheme liabilities	1.9%	1.6%	10.7%	4.2%	8.8%
Cumulative scheme actuarial losses	(9,046)	(10,026)	(9,845)	(6,468)	(6,635)

22. Pension Scheme Liabilities (continued)

(ii) Other benefit arrangements

Harrow School has other benefit arrangements comprising:

- unfunded provision of benefits to masters and other staff who retired prior to 1982;
- unfunded provision of benefits to masters in the period between their retirement at 62 and the point at which they become entitled to a State Pension. This element of the unfunded arrangement is closed to new entrants.

The value of the unfunded liability arising from these arrangements at 31 August 2021 was updated by an independent qualified actuary on an FRS102 basis. The movements on the provision required to meet the future liabilities arising under the arrangements are as follows:

	2021 £'000	2020 £'000
Provision at beginning of year	141	327
Decrease in provision	(25)	(186)
Provision at end of year	116	141
After more than one year	116	141

(iii) Teachers' Pension Arrangements

The Schools participate in the Teachers' Pension Scheme (England and Wales) (TPS) for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £2,056,000 (2019/20 - £1,352,000). The expected Scheme contributions for the year ending 31 August 2022 are estimated at £2,210,000.

The TPS is an unfunded multi-employer defined benefits pension scheme governed by The Teachers' Pensions Regulations 2010 (as amended) and The Teachers' Pension Scheme Regulations 2014 (as amended). Members contribute on a "pay as you go" basis with contributions from members and the employer being credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The employer contribution rate is set by the Secretary of State following scheme valuations undertaken by the Government Actuary's Department. The most recent actuarial valuation of the TPS was prepared as at 31 March 2016 and the Valuation Report, which was published in March 2019, confirmed that the employer contribution rate for the TPS would increase from 16.4% to 23.6% from 1 September 2019. Employers are also required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 23.68%.

The 31 March 2016 Valuation Report was prepared in accordance with the benefits set out in the scheme regulations and under the approach specified in the Directions, as they applied at 5 March 2019. However, the assumptions were considered and set by the Department for Education prior to the ruling in the 'McCloud/Sargeant case'. This case has required the courts to consider cases regarding the implementation of the 2015 reforms to Public Service Pensions including the Teachers' Pensions

22. Pension Scheme Liabilities

(iii) Teachers' Pension Arrangements (continued)

On 27 June 2019 the Supreme Court denied the government permission to appeal the Court of Appeal's judgment that transitional provisions introduced to the reformed pension schemes in 2015 gave rise to unlawful age discrimination. The government is respecting the Court's decision and has said it will engage fully with the Employment Tribunal as well as employer and member representatives to agree how the discriminations will be remedied. The government announced on 4 February 2021 that it intends to proceed with a deferred choice underpin under which members will be able to choose either legacy or reformed scheme benefits in respect of their service during the period between 1 April 2015 and 31 March 2022 at the point they become payable.

The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in scheme costs. The Chief Secretary to the Treasury, having in 2018 announced that there would be a review of this cost cap mechanism, in January 2019 announced a pause to the cost cap mechanism following the Court of Appeal's ruling in the McCloud/Sargeant case and until there is certainty about the value of pensions to employees from April 2015 onwards. The pause was lifted in July 2020, and a consultation was launched on 24 June on proposed changes to the cost control mechanism following a review by the Government Actuary. Following a public consultation, the Government have accepted three key proposals recommended by the Government Actuary, and are aiming to implement these changes in time for the 2020 valuations.

In view of the above rulings and decisions the assumptions used in the 31 March 2016 Actuarial Valuation may become inappropriate. In this scenario, a valuation prepared in accordance with revised benefits and suitably revised assumptions would yield different results than those contained in the Actuarial Valuation.

Until the consultation and the cost cap mechanism review are completed it is not possible to conclude on any financial impact or future changes to the contribution rates of the TPS. Accordingly no provision for any additional past benefit pension costs is included in these financial statements.

(iv) Other defined contribution schemes

A defined contribution scheme now known as the Harrow Corporation Pension Scheme for eligible employees. The amount recognised in the Statement of Financial Activities for the year was £726,000 (2019/20 - £696,000). The expected Scheme contributions for the year ending 31 August 2022 are estimated at £734,000

23. Allocation of Consolidated Net Assets for the year ended 31 August 2021

The net assets at 31 August 2021 are held for the various funds as follows:

Capital Funds	Tangible fixed assets £'000	Investment properties £'000	Investments £'000	Net current assets/ (liabilities) £'000	Long term liabilities £'000	Total £'000
Permanent Endowment						
General						
School and Lyon Foundation incl the Philathletic Trust*	3,581	10	2,378	331	-	6,300
Harrow School Endowment Fund	-	790	-	-	-	790
Shepherd Churchill Bequest*	-	-	5,355	(15)	-	5,340
Butler Memorial Trust	24	-	60	275	-	359
Awards						
Harrow Awards Fund*	-	-	13,940	69	-	14,009
L C Wilson Bequest	-	-	2,684	(90)	-	2,594
Foundation Awards	-	-	2,891	(66)	-	2,825
Harrow Challenge	-	-	4,503	(18)	-	4,485
	<u>3,605</u>	<u>800</u>	<u>31,811</u>	<u>486</u>	<u>-</u>	<u>36,702</u>
Expendable Endowment						
J G Apcar Trust*	404	53	-	(77)	-	380
Harrow Challenge	-	-	3,001	(79)	-	2,922
Harrow Awards	-	-	2,657	720	-	3,377
	<u>404</u>	<u>53</u>	<u>5,658</u>	<u>564</u>	<u>-</u>	<u>6,679</u>
Total Capital Funds	<u>4,009</u>	<u>853</u>	<u>37,469</u>	<u>1,050</u>	<u>-</u>	<u>43,381</u>
Income Funds						
Restricted						
Harrow	-	-	-	19,716	-	19,716
JLS	-	-	-	213	-	213
Subsidiaries	-	-	1,002	614	(571)	1,045
	<u>-</u>	<u>-</u>	<u>1,002</u>	<u>20,543</u>	<u>(571)</u>	<u>20,974</u>
Unrestricted						
Designated						
Harrow Awards	-	-	22,483	893	-	23,376
JLS	-	-	3,760	369	-	4,129
Masterplan	-	-	-	1,343	-	1,343
Awards	-	-	-	182	-	182
Other	-	-	-	105	-	105
Bond	-	-	76,750	-	(89,709)	(12,959)
General						
Harrow	89,954	879	33,933	(16,491)	(8,801)	99,474
JLS	21,449	-	-	(637)	(8,499)	12,313
Subsidiaries	-	-	-	(671)	-	(671)
	<u>111,403</u>	<u>879</u>	<u>136,926</u>	<u>(14,907)</u>	<u>(107,009)</u>	<u>127,292</u>
Total Income Funds	<u>111,403</u>	<u>879</u>	<u>137,928</u>	<u>5,636</u>	<u>(107,580)</u>	<u>148,266</u>
TOTAL FUNDS	<u>115,412</u>	<u>1,732</u>	<u>175,397</u>	<u>6,686</u>	<u>(107,580)</u>	<u>191,647</u>

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23. Allocation of Consolidated Net Assets for the year ended 31 August 2021

The movement in reserves for the various funds for the year ended 31 August 2021 are as follows:

Capital Funds	Balance Brought Forward £'000	Income £'000	Expenditure £'000	Gains and Losses £'000	Transfers £'000	Balance Carried Forward £'000
Permanent Endowment						
General						
School and Lyon Foundation incl the Philathletic Trust*	5,935	-	(18)	303	80	6,300
Harrow School Endowment Fund	790	-	-	-	-	790
Shepherd Churchill Bequest*	4,621	-	-	719	-	5,340
Butler Memorial Trust	360	-	-	(1)	-	359
Awards						
Harrow Awards Fund*	12,687	-	-	1,701	(379)	14,009
L C Wilson Bequest	2,326	-	-	358	(90)	2,594
Foundation Awards	2,505	-	-	387	(67)	2,825
Harrow Challenge	3,897	-	-	588	-	4,485
	<u>33,121</u>	<u>-</u>	<u>(18)</u>	<u>4,055</u>	<u>(456)</u>	<u>36,702</u>
Expendable Endowment						
Harrow Challenge	2,621	-	-	401	(100)	2,922
J P Apcar Trust	381	16	-	(17)	-	380
Other	2,381	705	(2)	218	75	3,377
	<u>5,383</u>	<u>721</u>	<u>(2)</u>	<u>602</u>	<u>(25)</u>	<u>6,679</u>
Total Capital Funds	38,504	721	(20)	4,657	(481)	43,381
Income Funds						
Restricted						
Harrow	25,319	3,069	(3,490)	531	(5,713)	19,716
JLS	175	655	(625)	8	-	213
Subsidiaries	903	765	(242)	(381)	-	1,045
	<u>26,397</u>	<u>4,489</u>	<u>(4,357)</u>	<u>158</u>	<u>(5,713)</u>	<u>20,974</u>
Unrestricted						
Designated						
Harrow Awards	20,008	4,757	(9,059)	7,670	-	23,376
JLS	3,255	406	(132)	600	-	4,129
Masterplan	1,143	200	-	-	-	1,343
Awards	182	-	-	601	(601)	182
Other	93	75	(6)	(57)	-	105
Bond	790	-	(1,320)	(12,429)	-	(12,959)
General						
Harrow	70,873	30,917	(19,581)	10,470	6,795	99,474
JLS	11,626	13,467	(12,680)	(100)	-	12,313
Subsidiaries	224	12,865	(13,112)	(648)	-	(671)
	<u>108,194</u>	<u>62,687</u>	<u>(55,890)</u>	<u>6,107</u>	<u>6,194</u>	<u>127,292</u>
Total Income Funds	134,591	67,176	(60,247)	6,265	481	148,266
TOTAL FUNDS	173,095	67,897	(60,267)	10,922	-	191,647

23. Allocation of Consolidated Net Assets (continued)

*The Shepherd Churchill Bequest, the Butler Memorial Trust, the J G Apcar Trust, the Harrow Awards Fund and the Philathletic Trust are separate and legally distinct charities subject to a Uniting Direction issued by the Charities Commission under s96 (5) of the Charities Act 1993, dated 25 August 2004.

Assets forming the Philathletic Trust comprise land known as the Cricket Ground, the Bessborough Ground and part of Churchfields, combined with property from the Bessborough Memorial Trust. The original value of the bequest is not known and no current value is placed upon it. Assets of the Trust also included investments which were consolidated with the School & Lyon Foundation many years ago. It is not possible to identify the investments within that fund that form part of the Philathletic Trust.

Assets of the Butler Memorial Trust include the football fields following the amalgamation of the original Football Fields Trust and the Reverend Henry Montagu Butler DD Memorial Football Fields Trust under a 1988 Scheme. The original value of the land bequests is not known and no current value is placed upon the land. Income from investments that can still be identified as belonging to the Trust is deployed wholly in the maintenance of sports facilities in line with the original intention of the benefactors.

The transactions for the year to 31 August 2021 of the other charities referred to, included in the SOFA and Balance Sheet, are as follows:

	Shepherd Churchill Bequest	Harrow Awards Fund	Butler Memorial Trust	J G Apcar Trust
	£'000	£'000	£'000	£'000
Investments				
Additions	290	15,230	-	-
Disposals	(89)	(15,328)	-	-
Investment income	-	-	(1)	-
Realised gain	(417)	520	-	-
Unrealised gains	723	199	7	-
Net movement in cash held for investment	(204)	(292)	-	-
Investment properties				
Rental income	-	-	-	(16)

In addition to the above Uniting Direction, the assets of the Harrow Land Trust comprise land currently occupied by the Farm and the Golf Course, the original value of which is not known and no current value is placed upon it.

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23. Allocation of Consolidated Net Assets for the year ended 31 August 2020

The net assets at 31 August 2020 were held for the various funds as follows:

Capital Funds	Tangible fixed assets £'000	Investment properties £'000	Investments £'000	Net current assets/ (liabilities) £'000	Long term liabilities £'000	Total £'000
Permanent Endowment						
General						
School and Lyon Foundation including the Philathletic Trust*	3,664	10	1,694	567	-	5,935
Harrow School Endowment Fund	-	790	-	-	-	790
Shepherd Churchill Bequest*	-	-	4,634	(13)	-	4,621
Butler Memorial Trust	26	-	60	274	-	360
Awards						
Harrow Awards Fund*	-	-	12,613	74	-	12,687
L C Wilson Bequest	-	-	2,326	-	-	2,326
Foundation Awards	-	-	2,504	1	-	2,505
Harrow Challenge	-	-	3,897	-	-	3,897
	3,690	800	27,728	903	-	33,121
Expendable Endowment						
J G Apcar Trust*	32	428	-	(79)	-	381
Harrow Challenge	-	-	2,599	22	-	2,621
Harrow Awards	-	-	1,500	881	-	2,381
	32	428	4,099	824	-	5,383
Total Capital Funds						
	3,722	1,228	31,827	1,727	-	38,504
Income Funds						
Restricted						
Harrow	-	-	-	25,319	-	25,319
JLS	-	-	-	175	-	175
Subsidiaries	-	-	1,034	119	(250)	903
	-	-	1,034	25,613	(250)	26,397
Unrestricted						
Designated						
Harrow	-	-	19,236	772	-	20,008
JLS	-	-	3,254	1	-	3,255
Masterplan	-	-	-	1,143	-	1,143
Awards	-	-	-	182	-	182
Other	-	-	70	100	(77)	93
Bond	-	-	40,954	-	(40,164)	790
General						
Harrow	80,916	879	21,633	(18,358)	(14,197)	70,873
JLS	17,903	-	-	(3,494)	(2,783)	11,626
Subsidiaries	-	-	-	224	-	224
	98,819	879	85,147	(19,430)	(57,221)	108,194
Total Income Funds						
	98,819	879	86,181	6,183	(57,471)	134,591
TOTAL FUNDS						
	102,541	2,107	118,008	7,910	(57,471)	173,095

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23. Allocation of Consolidated Net Asset for the year ended 31 August 2020

The movement in reserves for the various funds for the year ended 31 August 2020 are as follows:

Capital Funds	Balance Brought Forward £'000	Income £'000	Expenditure £'000	Gains and Losses £'000	Transfers £'000	Balance Carried Forward £'000
Permanent Endowment						
General						
School and Lyon Foundation incl the Philathletic Trust*	5,895	1	(3)	(38)	80	5,935
Harrow School Endowment Fund	790	-	-	-	-	790
Shepherd Churchill Bequest*	4,663	-	(42)	-	-	4,621
Butler Memorial Trust	-	-	-	-	360	360
Awards						
Harrow Awards Funds	13,346	-	175	(486)	(348)	12,687
L C Wilson Bequest	2,458	-	(4)	(60)	(68)	2,326
Foundation Awards	2,348	-	(1)	158	-	2,505
Harrow Challenge	3,917	-	(27)	7	-	3,897
	<u>33,417</u>	<u>1</u>	<u>98</u>	<u>(419)</u>	<u>24</u>	<u>33,121</u>
Expendable Endowment						
Butler Memorial Trust	353	-	-	-	(353)	-
Harrow Challenge	2,726	-	(3)	(14)	(88)	2,621
J P Apcar Trust	380	16	-	(15)	-	381
Other	1,260	868	26	227	-	2,381
	<u>4,719</u>	<u>884</u>	<u>23</u>	<u>198</u>	<u>(441)</u>	<u>5,383</u>
Total Capital Funds	38,136	885	121	(221)	(417)	38,504
Income Funds						
Restricted						
Harrow	29,608	1,435	(2,611)	951	(4,064)	25,319
JLS	151	638	(501)	(113)	-	175
Subsidiaries	1,235	1,034	(522)	(844)	-	903
	<u>30,994</u>	<u>3,107</u>	<u>(3,634)</u>	<u>(6)</u>	<u>(4,064)</u>	<u>26,397</u>
Unrestricted						
Designated						
Harrow Awards	17,197	242	(338)	2,907	-	20,008
JLS	3,083	23	(19)	168	-	3,255
Masterplan	891	138	(4,232)	4,346	-	1,143
Awards	182	-	-	482	(482)	182
Other	361	228	(640)	144	-	93
Bond	328	-	(1,320)	1,782	-	790
General						
Harrow	63,227	41,912	(27,463)	(11,766)	4,963	70,873
JLS	11,303	10,736	(10,115)	(298)	-	11,626
Subsidiaries	646	3,138	(7,112)	3,552	-	224
	<u>97,218</u>	<u>56,417</u>	<u>(51,239)</u>	<u>1,317</u>	<u>4,481</u>	<u>108,194</u>
Total Income Funds	128,212	59,524	(54,873)	1,311	417	134,591
TOTAL FUNDS	166,348	60,409	(54,752)	1,090	-	173,095

23. Allocation of Consolidated Net Assets (continued)

The transactions for the year to 31 August 2020 of the other charities referred to, included in the SOFA and Balance Sheet, are as follows:

	Shepherd Churchill Bequest	Harrow Awards Fund	Butler Memorial Trust	J G Apcar Trust
	£'000	£'000	£'000	£'000
Investments				
Additions	4,567	2,943	-	-
Disposals	(4,707)	(3,887)	-	-
Investment income			(2)	
Realised losses	(417)	(126)	-	-
Unrealised gains	332	(161)	7	-
Net movement in cash held for investment	196	567	-	-
Investment properties				
Rental income	-	-	-	(16)

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24. Net Cash Inflow from Operating Activities	2020/21 £'000	2019/20 £'000
Net incoming resources	17,571	6,924
Depreciation	4,809	4,273
Amortisation of goodwill	10	-
Decrease/(increase) in stocks	3	(20)
Increase in debtors	(710)	(679)
Increase/(decrease) in creditors	4,814	(1,877)
Increase in entry and part-fee deposits	449	194
Decrease/(Increase) in liability for unfunded pensions	-	(21)
FRS 102 credit before actuarial gains/losses	(25)	(186)
Decrease in provision for other pension benefit arrangements	(177)	(156)
Interest paid	(1,646)	1,732
Interest received	(2,029)	(1,397)
Investment income	(323)	(527)
Movement in investment properties	-	122
Gain on revaluation of investment assets	(9,941)	(1,389)
Profit on disposal of fixed assets	5	6
	<u>12,810</u>	<u>6,999</u>

25. Changes in Cash and Cash Equivalents

Analysis of balances	2020/21 £'000	2019/20 £'000	Change in year £'000
Bank overdraft - Schools (see note 17)	-	(4,002)	4,002
Other cash balances (see note 16)	14,734	17,121	(2,387)
	<u>14,734</u>	<u>13,119</u>	<u>1,615</u>
The Corporation's operations	14,734	13,119	1,615
Harrow School Advanced Fees cash balance (see note 16)	80	108	(28)
	<u>14,814</u>	<u>13,227</u>	<u>1,587</u>

26. Analysis of Net Funds

Year ended 31 August 2021	As at beginning of year £'000	Cash Flow £'000	Other Non-cash changes £'000	As at end of year £'000
Net cash balances	13,227	1,587	-	14,814
Other loans	(2,683)	328	-	(2,355)
Finance leases	(10)	9	-	(1)
Bond	(39,835)	(49,874)	-	(89,709)
	<u>(29,301)</u>	<u>(47,950)</u>	<u>-</u>	<u>(77,251)</u>
Total	(29,301)	(47,950)	-	(77,251)

26. Analysis of Net Funds (continued)

Year ended 31 August 2020	As at beginning of year £'000	Cash Flow £'000	Other Non-cash changes £'000	As at end of year £'000
Net cash balances	69,873	(56,646)	-	13,227
Other loans	(3,005)	322	-	(2,683)
Finance leases	(15)	5	-	(10)
Bond	(39,832)	-	(3)	(39,835)
	_____	_____	_____	_____
Total	27,021	(56,319)	(3)	(29,301)
	=====	=====	=====	=====

27. Related party transactions

- i. During the year to 31 August 2021 the Clerk to the Governors was a partner in the firm of Cripps Pemberton Greenish, which acts as solicitors to the Corporation. Under the terms of a contract for services, the firm provides administrative support to the Governors. Payment for these services in the year amounted to £137,000 (2019/20 - £124,000). In addition, legal fees paid by The Corporation to Cripps Pemberton Greenish in the year amounted to £1,019,000 (2019/20 - £640,000) inclusive of VAT and disbursements. The Clerk receives no remuneration or expenses personally from the Corporation.
- ii. John Lyon's Charity made grants for bursaries in the year at Harrow School of £432,000 (2019/20 - £321,000) and at The John Lyon School of £541,000, (2019/20 - £497,000) to enable individuals resident in the beneficial area of John Lyon's Charity to attend the schools, who would not be able to do so without that financial support. These grants are aimed at providing wider access to education at the schools and are consistent with the Founder's original intention for the application of his endowment. Grants have also been made by John Lyon's Charity to other independent schools in the beneficial area for bursary support. The Corporation is the trustee of John Lyon's Charity.
- iii. One Governor, J P Batting, is a partner in XPS Pensions. Under the terms of a contract for services, the firm provides a triennial valuation for the non-teaching staff pension scheme and advice on the pension scheme liabilities arising from this and other benefit arrangements (see Note 22). Payment for these services in the year amounted to £138,000 (2019/20 - £143,000).
- iv. One Governor, A D Hart, is a Director of London Bridge Capital Partners LLP, which was paid £20,000 (2019/20 - £42,000) during the financial year in respect of his work as a director of HISL. Two Governors were employed during the year by HISL as directors. A D Hart received £33,000 and M L Mrowiec £122,000 (2019/20 - £87,000) during the financial year in respect of their services.
- v. Apart from the arrangements noted above, neither the Governors nor the Board of Governors nor persons connected with them received any remuneration or other benefits from the schools or any connected organisation. Travel expenses of £Nil (2019/20 - Nil) were paid to No (2019/20 - None) Governors during the year.
- vi. One Governor, J P Batting, is a Director of Intellego Education Limited, as is the son of another Governor, G W J Goodfellow. The Corporation made an investment of £200,000 in Intellego Education Limited during the year.

28. Indemnity insurance

Professional Indemnity and Governors' Liability insurance is purchased by the Schools. The insurance is in respect of claims arising from any negligent act, error or omission committed in good faith and covers Proprietors, Principals, Trustees, Governors and Corporation staff.

The cost of the insurance amounted to £9,000 (2019/20 - £12,000).

**THE KEEPERS AND GOVERNORS OF THE POSSESSIONS
REVENUES AND GOODS OF THE FREE GRAMMAR
SCHOOL OF JOHN LYON**

**NOTES TO THE FINANCIAL
STATEMENTS
Year ended 31 August 2021**

29. Statement of Financial Activities for the year ended 31 August 2020

	Notes	Income Funds Unrestricted Funds £'000	Restricted Funds £'000	Capital Funds Expendable Endowment £'000	Permanent Endowment £'000	Total £'000
Income and endowments from:						
Charitable activities						
School fees receivable	1	40,067	-	-	-	40,067
Ancillary trading income	2i	3,003	-	-	-	3,003
Voluntary income		-	856	-	-	856
Voluntary sources						
Other charitable income	2ii	4,515	1,914	884	1	7,314
Tsunami income		-	26	-	-	26
Other trading activities						
Non ancillary trading income	2iii	5,321	-	-	-	5,321
Other incoming resources	3	1,810	88	-	-	1,898
Investments						
Investment income	4	1,701	223	-	-	1,924
Total		56,417	3,107	884	1	60,409
Expenditure on:						
Raising funds						
Fundraising costs		678	316	-	-	994
Non ancillary trading expenses	2iii	2,477	-	-	-	2,477
Finance costs	8	1,757	-	-	-	1,757
Investment management costs		144	-	(23)	(98)	23
		5,056	316	(23)	(98)	5,251
Charitable activities						
Teaching costs		20,089	-	-	-	20,089
Welfare costs		5,453	-	-	-	5,453
Premises costs		12,837	-	-	-	12,837
Support costs		5,264	4	-	-	5,268
Grants, awards and prizes	6iii	-	3,314	-	-	3,314
Other charitable projects		26	-	-	-	26
Ancillary trading expenses	2iii	2,514	-	-	-	2,514
		46,183	3,318	-	-	49,501
Total Expenditure	6-8	51,239	3,364	(23)	(98)	54,752
Net Income/(Expenditure) before Transfers and Investment Gains/(Losses)		5,178	(527)	907	99	5,657
Transfers between funds	9	4,481	(4,064)	(441)	24	-
Gains on investment properties	12	(119)	-	-	(3)	(122)
(Losses)/gains on investment assets	13	1,613	(6)	198	(416)	1,389
Net Income/(Expenditure)		11,153	(4,597)	664	(296)	6,924
Actuarial (loss)/gain on defined- benefit pension scheme	22	(177)	-	-	-	(177)
Net Movement in Funds		10,976	(4,597)	664	(296)	6,747
Balances at beginning of year		97,218	30,994	4,719	33,417	166,348
Balances at end of year		108,194	26,397	5,383	33,121	173,095