

**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

	Page
Governors	1
Corporation Information	2
Report of the Governors	3 - 23
Statement of Governors' Responsibilities	24
Report of the Independent Auditors	25 - 27
Consolidated Statement of Financial Activities	28
Balance Sheets	29
Consolidated Cash Flow Statement	30
Accounting Policies	31 - 35
Notes to the Financial Statements	36 – 73

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*	Nominated by:
	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*	Lord Chief Justice Cambridge University
Deputy Chairman and Chairman, General Purposes Committee	D G P Eyton CBE MA FIOM ³ FIOD FRENG*	The Royal Society
	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*	
Appointed 1 September 2021	Mr Charles Gallagher Vice Admiral Jerry Kyd CBE N J Enright MA NPQH FRSA+	Oxford University Masters
*Members of the General Purposes Committee +Members of The John Lyon School Board of Governors		

Officers

Head Master, Harrow School	W M A Land MA FLS FSB
Corporation Bursar	N A Shryane MBE BA MPhil
Clerk to the Governors	The Hon A C Millett MA

Addresses

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Advisers

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

Independent Auditors PKF Littlejohn LLP
Statutory Auditors
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London E14 4HD

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Actuaries XPS Pensions
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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	2iii	6,213	-	-	-	6,213	5,321
Other incoming resources	3	922	88	-	-	1,010	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
		<hr/>	<hr/>	<hr/>	<hr/>
		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
		<hr/>	<hr/>	<hr/>	<hr/>
		21,028	22,736	20,747	22,529
Creditors: amounts falling due within one year	17	(14,342)	(14,826)	(13,060)	(14,048)
		<hr/>	<hr/>	<hr/>	<hr/>
Net Current Assets		6,686	7,910	7,687	8,481
		<hr/>	<hr/>	<hr/>	<hr/>
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)
		<hr/>	<hr/>	<hr/>	<hr/>
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)
		<hr/>	<hr/>	<hr/>	<hr/>
Net Assets including Pension Scheme Liabilities		191,647	173,095	191,627	172,376
		<hr/>	<hr/>	<hr/>	<hr/>
Represented by:					
Capital funds					
Permanent Endowment		36,702	33,121	36,702	33,113
Expendable Endowment		6,679	5,383	6,679	5,383
		<hr/>	<hr/>	<hr/>	<hr/>
		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
		<hr/>	<hr/>	<hr/>	<hr/>
Total Funds	23	191,647	173,095	191,627	172,376
		<hr/>	<hr/>	<hr/>	<hr/>

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.

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)
	<hr/>	<hr/>	<hr/>	<hr/>
	32,065	12,579	44,644	40,067
	<hr/>	<hr/>	<hr/>	<hr/>

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
	<hr/>	<hr/>
	2,546	3,003
	<hr/>	<hr/>
Ancillary Trading Expenses		
The Corporation		
Boys charges and school trips	2,063	2,514
	<hr/>	<hr/>

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
	<hr/>	<hr/>
	10,101	7,314
	<hr/>	<hr/>
iii. Non Ancillary Trading Activities	2020/21 £'000	2019/20 £'000
Non Ancillary Trading Income		
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
	<hr/>	<hr/>
	6,213	5,321
	<hr/>	<hr/>
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
	<hr/>	<hr/>
	2,574	2,477
	<hr/>	<hr/>

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)
	<hr/>	<hr/>
Gross loss	(287)	(270)
Administration expenses	(88)	(140)
	<hr/>	<hr/>
Operating loss	(375)	(410)
Qualifying Donation to the Corporation	-	-
	<hr/>	<hr/>
Loss for the Financial year	(375)	(410)
	<hr/>	<hr/>

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
	<hr/>	<hr/>
	108	223
	<hr/>	<hr/>
Income from unrestricted funds		
Interest receivable	2,029	1,397
Investment income - Scholarships and Bursaries	215	304
- Other	-	-
	<hr/>	<hr/>
	2,244	1,701
	<hr/>	<hr/>
Total investment income receivable	2,352	1,924
	<hr/>	<hr/>

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	-	-
	<hr/>	<hr/>
	4	7
Interest charge and sundry expenses	-	(9)
	<hr/>	<hr/>
Advanced fees income (see note 2i)	4	(2)
Unrealised loss on advanced fees investments	(4)	(5)
	<hr/>	<hr/>
Net advanced fees account (deficit)/surplus for the year	-	(7)
Transfer from/(to) unrestricted fund	-	7
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

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

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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

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

6

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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6

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
	<hr/>	<hr/>	<hr/>	<hr/>
	389	779	1,168	1,017
	<hr/>	<hr/>	<hr/>	<hr/>
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
	<hr/>	<hr/>	<hr/>	<hr/>
	3,373	670	4,043	3,314
	<hr/>	<hr/>	<hr/>	<hr/>
Total grants, awards and prizes	3,762	1,449	5,211	4,331
	<hr/>	<hr/>	<hr/>	<hr/>

7. Employees and Key Management

	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)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	23,538	8,320	873	216	838	33,785
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

	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)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	22,552	6,575	870	89	756	30,842
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

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
	<hr/>	<hr/>
	592	546
	<hr/>	<hr/>

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	-
	<hr/>	<hr/>

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.

**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**

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)
	<hr/>	<hr/>
Interest and finance costs payable:		
Overdrafts and bank loans repayable within 5 years not by instalments	135	194
Finance leases	1	3
	<hr/>	<hr/>
	136	197
	<hr/>	<hr/>
Bond interest payable	1,320	1,320
Other interest payable	34	32
	<hr/>	<hr/>
Total interest payable	1,490	1,549
Bank charges	9	8
Exchange Differences	-	34
	<hr/>	<hr/>
Pension commitments – net finance costs (see note 22 (i) c))	147	166
	<hr/>	<hr/>
Total finance costs	1,646	1,757
	<hr/>	<hr/>

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
	<hr/>	<hr/>	<hr/>	<hr/>
	6,194	(5,713)	(25)	(456)
	<hr/>	<hr/>	<hr/>	<hr/>

- 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
	<hr/>
At 31 August 2021	117
	<hr/> <hr/>
Amortisation	
At 1 September 2020	-
Charge for the Year	10
	<hr/>
At 31 August 2021	10
	<hr/> <hr/>
Net Book Value	
At 31 August 2020	-
	<hr/> <hr/>
At 31 August 2021	107
	<hr/> <hr/>

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
	<hr/>	<hr/>
	27,586	24,543
	<hr/>	<hr/>

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
	<hr/>	<hr/>

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
	<hr/>
Three year average	2,768
	<hr/>
Amount available for distribution - year ending 31 August 2022	104
	<hr/> <hr/>

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
	<hr/>
Three year average	19,360
	<hr/>
Amount available for distribution - year ending 31 August 2022	726
	<hr/> <hr/>

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
	<hr/>	<hr/>
Total	100.0	100.0
	<hr/> <hr/>	<hr/> <hr/>

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
	<hr/>	<hr/>	<hr/>	<hr/>
	307	310	195	200
	<hr/>	<hr/>	<hr/>	<hr/>

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
	<hr/>	<hr/>	<hr/>	<hr/>
	5,873	5,163	5,860	5,214
	<hr/>	<hr/>	<hr/>	<hr/>

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.

**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**

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
	<hr/>	<hr/>	<hr/>	<hr/>
	14,734	17,121	14,578	16,973
Harrow School Advanced Fees	80	108	80	108
	<hr/>	<hr/>	<hr/>	<hr/>
	14,814	17,229	14,658	17,081
	<hr/>	<hr/>	<hr/>	<hr/>

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	-
	<hr/>	<hr/>	<hr/>	<hr/>
	14,342	14,826	13,060	14,048
	<hr/>	<hr/>	<hr/>	<hr/>

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	-
	<hr/>	<hr/>	<hr/>	<hr/>
	98,638	47,346	98,653	47,596
	<hr/>	<hr/>	<hr/>	<hr/>

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
	<hr/>	<hr/>
	2,356	2,683
	<hr/>	<hr/>

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	-	-
	<hr/>	<hr/>
	571	250
	<hr/>	<hr/>

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
	<hr/>	<hr/>
After more than one year (see note 18)	-	77
Within one year (see note 17)	72	93
	<hr/>	<hr/>
	72	170
	<hr/>	<hr/>

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
	<hr/>	<hr/>
	174	368
	<hr/>	<hr/>
Amounts utilised:		
In payment of fees	(102)	(198)
Capital repayments	-	-
	<hr/>	<hr/>
	(102)	(198)
	<hr/>	<hr/>
Balance at end of year	72	170
	<hr/>	<hr/>

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	-	-
	<hr/>	<hr/>
	270	154
	<hr/>	<hr/>

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	-
	<hr/>	<hr/>
	5,246	7,625
	<hr/>	<hr/>

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
	<hr/>	<hr/>
Total pension liability	8,942	10,125
	<hr/>	<hr/>
Total increase/(decrease) in liability (see 22(i) c)	(1,183)	(161)
	<hr/>	<hr/>

(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
	<hr/>	<hr/>
Scheme deficit	(8,817)	(9,984)
	<hr/>	<hr/>
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)
	<hr/>	<hr/>
Defined benefit obligations at the end of the year	31,093	30,938
	<hr/>	<hr/>
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)
	<hr/>	<hr/>
Fair value of scheme assets at the end of the year	22,276	20,954
	<hr/>	<hr/>
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
	<hr/>	<hr/>
Net finance cost (see note 8)	147	166
Current service cost	47	38
Past service costs	-	-
Contributions paid	(371)	(360)
	<hr/>	<hr/>
FRS 102 credit before actuarial gains/losses	(177)	(156)
Decrease in other benefit arrangements	(25)	(186)
	<hr/>	<hr/>
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
	<hr/>	<hr/>
(Decrease)/Increase in liability	(1,183)	(161)
	<hr/>	<hr/>

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)
	<hr/>	<hr/>
Provision at end of year	116	141
	<hr/>	<hr/>
After more than one year	116	141
	<hr/>	<hr/>

(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>

**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**

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.

**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

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

**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**

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)

**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

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>

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