

Peter Harrison Foundation

Report and Consolidated Financial Statements

Year Ended

31 May 2019



PETER HARRISON FOUNDATION

Annual report and consolidated financial statements for the year ended 31 May 2019

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Trustees
Peter R Harrison KGCN CBE (Chairman)
J C Harrison-Lee LL.B
P J G Lee DL LL.B
N P Harrison

Director
A C Ross OBE

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

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

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

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

**Charity registration
number**
1076579

PETER HARRISON FOUNDATION

Report of the trustees for the year ended 31 May 2019

The Trustees of the Peter Harrison Foundation present their report together with the consolidated financial statements for the year ended 31 May 2019.

1. Structure, governance and management

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

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

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

On 9 March 2011 a further £15,000,000 was gifted by the Peter Harrison A Settlement Discretionary Fund. These gifts have been added to the original endowment fund for investment and generation of income for annual distribution. The endowment gift fund may be distributed at the Trustees' discretion, but the current policy is to retain the fund to maximise income for distribution.

The Foundation's wholly owned subsidiary company PHF Investments Limited holds investment properties and loans for property development. Profits made by PHF Investments Limited are donated to the Foundation. PHF Investments Limited is managed by Chancerygate Limited which also advises on investment acquisitions and disposals. Peter Lee, a Trustee, is a shareholder and director of Chancerygate Limited. Details of transactions with Chancerygate Limited are disclosed in note 12 to the financial statements.

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

There were no appointments or retirements of Trustees during the year.

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

2. Objectives and activities

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

The Foundation aims to:

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

PETER HARRISON FOUNDATION

Report of the trustees for the year ended 31 May 2019 (continued)

2. Objectives and activities (continued)

The Foundation's objectives are to:

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

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

Programmes

The Foundation has four grant-making programmes:

a) Opportunities Through Sport

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

b) Care for Children and Young People with Special Needs

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

c) Education

This programme supports the provision of educational facilities and bursary places for children from the Reigate and Redhill areas in Surrey to enable them to attend Reigate Grammar School. The Trustees do not invite applications to this programme.

d) Trustees' Discretion

This programme supports projects of particular interest to the Trustees that may fall outside the Foundation's main aims; such funding is still in accordance with the terms of the Trust Deed. The Trustees do not invite applications to this programme.

Grant making policy

The Foundation only makes grants to registered UK charities and other similarly recognised organisations.

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

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

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

PETER HARRISON FOUNDATION

Report of the trustees for the year ended 31 May 2019 (continued)

3. Achievements and performance

Opportunities Through Sport, £2,393,712

Sixty six grants were made to UK charities, primarily in the field of disability sport.

The principal awards were:

£1,050,000 to the Old Reigatian Rugby Football Club ('ORRFC').

In 2012, having previously made grants totalling £3,950,000 to ORRFC of which Mr Peter Harrison is President, the Foundation made further payments totalling £1,050,000 in the form of a loan to enable the club to complete certain works to its new clubhouse. At the time Mr Harrison volunteered to meet any shortfall in loan repayments from his personal funds.

The works to the clubhouse having been completed and the building having proved to be a successful and much valued facility for the local community, the Trustees have now agreed to convert the loan of £1,050,000 to a grant. Having a vested interest, Mr Harrison was neither present when the Trustees considered this matter nor voted on this decision.

£200,000 to Loughborough University, the fifteenth year of funding for the Peter Harrison Centre for Disability Sport.

£100,000 to the British Paralympic Association to help fund the GB Performance and Medical Centre at the Tokyo Olympics.

£100,000 to Leatherhead and Dorking Gymnastics Club to extend the Club's facilities to provide a training area and sensory room for children with disabilities including the provision of appropriate equipment and trainings aids.

£50,000 to Royal British Legion Industries towards the RBLI Centenary Village.

£50,000 to United Kingdom Sailing Academy towards the cost of refurbishing the Cowes Youth Centre to provide additional classroom and sporting facilities for the Academy.

£45,000 to Dallaglio Rugbyworks for Rugbyworks (Hampshire) - a skills development programme for young people with special needs.

£30,000 to Bury Grammar School towards the refurbishment of its sports hall facilities.

£30,000 to Halo Leisure Services for developing a Dementia Friendly Swimming Programme in Bridgend County.

£30,000 to Kilbarchan AAC towards the cost of a new indoor athletics training facility.

£30,000 to Mustard Tree for the Activate Project - Tackling multiple disadvantage through sport in Manchester.

£30,000 to Riding for the Disabled Abingdon Group towards a purpose built indoor arena.

PETER HARRISON FOUNDATION

Report of the trustees for the year ended 31 May 2019 (continued)

3. Achievements and performance: Opportunities Through Sport (continued)

£30,000 to The Island Trust Ltd. towards the purchase and fit out of a new boat for youth sail training.

£30,000 to The Wheelyboat Trust for six fully accessible Wheelyboats for angling clubs and fisheries in England and Wales.

£27,700 to Barnstondale Centre towards the construction and fit out of a new Target Sports Hub.

£25,000 to The Camden Society for redeveloping the Riverside Centre to increase opportunities for adults with learning disabilities to pursue sport and wider physical activities.

£25,000 to Nottingham School of Boxing for 'Fight Like a Girl'.

£25,000 to Rock UK towards the Aerial Adventure Course including high ropes, abseil slope and tower providing accessibility for all young people (including those with mobility issues).

£25,000 to The Orpheus Centre Trust towards the cost of an outdoor gym and multi use games area at The Orpheus Centre, Surrey.

£25,000 to Trust Rugby International for 'Beyond the Rugby Posts' - an inclusive rugby programme.

£24,000 to Rolladome All Skate for redeveloping the integrated roller sports and young leader / volunteering programme.

£23,426 to Cornwall PFC towards the purchase of powerchairs for people with physical disabilities to participate in the competitive sport of powerchair football.

£23,050 to Aspire Powerchair Sports Club, Watford to purchase powerchairs to allow young disabled people to play Powerchair Football.

£20,000 to Friends of Castle School towards an all-weather outdoor sports track at The Castle School, Newbury.

£20,000 to Friends of Istock and Desford Disabled Swimming Club towards the purchase of a Poolpod swimming pool access system.

£20,000 to Living Options Devon towards the 'Deaf Get Active and Volunteer' programme.

£20,000 to Mount Batten Centre Charity Trust towards the cost of installing an indoor climbing wall for people with special educational needs and physical disabilities.

£20,000 to Sail 4 Cancer towards an appeal for a new respite lodge for cancer patients.

£20,000 to St. Elizabeth's Centre towards the cost of resurfacing an enclosed games area for use by children with severe epilepsy, learning disabilities and behavioural difficulties.

£20,000 to Surrey Independent Living Council to increase supported swimming provision for disabled adults in Surrey.

£20,000 to Time Out Group, Cheshire towards the 'Aim High Together' project for adults with learning disabilities.

PETER HARRISON FOUNDATION

Report of the trustees for the year ended 31 May 2019 (continued)

Care for Children and Young People with Special Needs, £518,373

Grants were made to twenty seven charities. The principal awards were:

£32,000 to Parents and Children Together towards the cost of a part-time Senior Support Worker for the Bounce Back 4 Kids project.

£30,000 to Abbey Court School Trust towards the cost of an outdoor classroom in the proposed Rural Activity Centre.

£30,000 to Friends of Five Acre Wood School towards the Hydrotherapy Pool project.

£30,000 to Louie's Helping Hands towards the construction costs of the Llewellyn Therapy and Education Centre in Birchington, Kent.

£30,000 to Speakers Trust towards 'More than Words' - communication skills training in Pupil Referral Units.

£30,000 to The Honey Pot Children's Charity towards salary costs for a Team Leader to manage respite breaks for young carers.

£25,500 to Winchester Young Carers for the development of activities for young carers over a 3 year period.

£25,200 to Wetwheels Foundation for the Wetwheels Young Mariners project providing active, therapeutic outdoor sea-going-adventures to disabled young people.

£25,000 to Clear Sky, Oxfordshire, towards the 'Power of Play' project to support the mental health of children who have experienced trauma.

£24,000 to Fun in Action for Children, Brighton, for the creation of a Children and Family Support Worker post.

£23,903 to the Children's Respite Trust towards the costs of a Care Manager for the new children's respite centre in Uckfield.

£22,780 to Earth Trust, Oxfordshire, for a countryside skills course for young people with learning disabilities and special educational needs.

£22,400 to The Brainwave Centre Limited, Bridgewater, towards the cost of therapeutic programmes for disabled children living in the South East.

£20,000 to Friends of Brooklands School towards an outdoor classroom for children with autism.

£20,000 to Helen and Douglas House towards Community Outreach Nursing.

£20,000 to Linkable, Woking, towards the cost of respite care and play for children with learning disabilities and complex needs.

£20,000 to St. Joseph's Specialist Trust towards the construction of the Work Skills and Enterprise Centre at St. Joseph's School, Cranleigh, for young people with complex learning and behavioural difficulties.

£20,000 to Strode Park Foundation towards the Footprints 'Space to Play' project in Canterbury.

£20,000 to The Neurokinex Charitable Trust for bursaries to enable more children living with paralysis to access neurological rehabilitation.

PETER HARRISON FOUNDATION

Report of the trustees for the year ended 31 May 2019 (continued)

Education, £137,820

Four further bursaries totalling £137,610 commencing in September 2019 together with other assistance of £210 were granted to deserving pupils at Reigate Grammar School.

Trustees' Discretionary Programme, £200,750

Unrestricted Income Fund	£175,000
Expendable Capital Endowment Fund	£ 25,750

Nine grants were made to a variety of charities and organisations. The principal awards were:-

£100,000 to The Royal Marsden Cancer Charity, the second year of funding towards the cost of the Outpatients Hub at the hospital's Sutton site.

£50,000 to The Community Foundation for Surrey to continue contributing to deserving causes in Surrey.

£30,000 to 2nd Cheadle Scout Group towards the cost of building an equipment storeroom and vehicle garage.

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

4. Future plans

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

5. Financial review

The financial statements consolidate the results of the Foundation with those of its subsidiary, PHF Investments Limited, for the year ended 31 May 2019.

(i) Total gross income

Total gross income for the year amounted to £3,050,354 (2018: £2,615,129).

The unrestricted income fund received interest from property development loans of £935,623 (2018: £798,719), rental income of £1,795,206 (2018: £1,657,140) and income from listed investments of £301,832 (2018: £145,910). The report on investments below explains the movement in types of investment and hence the changes in income.

PETER HARRISON FOUNDATION

Report of the trustees for the year ended 31 May 2019 (continued)

5. Financial review (continued)

(ii) Charitable grants awarded

After due consideration and assessment the Trustees have awarded grants for the year of £3,225,655 (2018: £2,078,818). Details of the grants given are shown in section 3 above.

(iii) Investments

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

The Foundation's principal investments comprise investment properties and property development loans which are held by the charity's wholly owned subsidiary PHF Investments Limited. In addition the charity diversified and acquired managed investment funds last year.

Investment properties are bought and sold depending on market conditions and opportunities arising. The property market continues to be challenging and no investment property opportunities arose during the year which the Trustees considered could provide a reasonable return at an acceptable level of risk. However the Trustees continue to monitor the investment property market for future opportunities.

The investment properties were valued at the year end and two of the Foundation's properties increased in value, however one property reduced in value resulting in a net revaluation loss for the year of £995,000 (2018: £nil). The Trustees are aware of the reduction in value but are also mindful of the substantial rental income generated by the properties and continue to monitor the position and to consider all options.

The Foundation has made loans to fund property developments which earn interest and also entitle the Foundation to a share of any development profits, but not of any losses. The interest on these loans is payable quarterly which provides the Foundation with regular income from which to fund grants. Further loans of £11,150,000 (2018: £4,500,000) were made during the year. There were no loan repayments during the year (2018: £11,750,000). The additional loans and loan repayments occur at various times and interest receivable fluctuates accordingly.

In 2018 the Trustees invested £7,500,000 in various charity pooled funds. The funds are held primarily to generate income in order to finance the payment of grants. The investments were made in tranches over a six month period in 2018 and held for a full year in 2019, hence the increase in income from these funds from £145,910 in 2018 to £301,832 in 2019.

The Foundation and its subsidiary held cash at the year end of £3,229,352 (2018: £14,079,343). The reduction in cash held reflects the £11,150,000 of property development loans made during the year. The Trustees are aware that the interest earned on cash deposits is at historically very low levels, however they are also conscious of the need to meet grant commitments without having to sell investments at an inopportune time. The Trustees routinely monitor the position and consider that, although there was some scope for a small further investment, the Foundation was substantially fully invested at the year end.

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

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

PETER HARRISON FOUNDATION

Report of the trustees for the year ended 31 May 2019 (continued)

6. Reserves policy

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

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

7. Legal and administrative

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

8. Risk management

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

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

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

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

PETER HARRISON FOUNDATION

Report of the trustees for the year ended 31 May 2019 (continued)

9. Statement of Trustees' responsibilities

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

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

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

10. Auditors

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

On behalf of the Board



Date 17 December 2019

Peter R Harrison KGCN CBE
Chairman

PETER HARRISON FOUNDATION

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

Opinion

We have audited the financial statements of the Peter Harrison Foundation for the year ended 31 May 2019 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheet and the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group and charity's affairs as at 31 May 2019, and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs UK) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group and charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

We have nothing to report in this regard.

PETER HARRISON FOUNDATION

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

Matters on which we are required to report by exception

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

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 9, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group and charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

PETER HARRISON FOUNDATION

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

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

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

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

Use of our report

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

Moore Kingston Smith LLP
Moore Kingston Smith LLP

Statutory auditor

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

23/12/19

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

PETER HARRISON FOUNDATION

Consolidated Statement of Financial Activities for the year ended 31 May 2019

	Notes	2019 Unrestricted income fund £	2019 Restricted income fund £	2019 Expendable endowment funds £	2019 Total £	2018 Total £
Income from:						
Investments and cash deposits	2	1,254,994	0	154	1,255,148	957,989
Rental income	3	1,795,206	0	0	1,795,206	1,657,140
Total income		3,050,200	0	154	3,050,354	2,615,129
Expenditure on:						
Raising funds:						
Rental activity	3	177,621	0	0	177,621	147,133
Charitable activities	4	3,370,752	0	25,750	3,396,502	2,234,578
Total expenditure		3,548,373	0	25,750	3,574,123	2,381,711
Net operating (expenditure)/income		(498,173)	0	(25,596)	(523,769)	233,418
Net realised investment gains	7	0	0	0	0	2,459,547
Net unrealised investment (losses)/gains	7	(1,080,074)	0	0	(1,080,074)	115,179
Net (expenditure)/income and net movement in funds		(1,578,247)	0	(25,596)	(1,603,843)	2,808,144
Funds brought forward	10	5,833,161	8,520	45,107,319	50,949,000	48,140,856
Transfer of fund	10	0	(8,520)	8,520	0	0
Funds carried forward	10	4,254,914	0	45,090,243	49,345,157	50,949,000

All amounts relate to continuing activities.

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

The notes on pages 17 to 28 form part of these financial statements.

PETER HARRISON FOUNDATION

Consolidated Balance Sheet as at 31 May 2019

	Notes	2019		2018	
		£	£	£	£
Fixed assets					
Tangible fixed assets	6		0		85
Managed investment funds	7	7,530,105		7,615,179	
Investment properties	7	20,455,000		21,450,000	
Loans	7	21,950,000		10,800,000	
Total investments			<u>49,935,105</u>	<u>39,865,179</u>	
			49,935,105	39,865,264	
Current assets					
Debtors	8	241,520		1,179,379	
Cash at bank and in hand					
Cash and bank balances		20,000		20,000	
Short term deposits		<u>3,209,352</u>		<u>14,059,343</u>	
			<u>3,470,872</u>	<u>15,258,722</u>	
Creditors: amounts falling due within one year					
Charitable grants provided and contracted for, but not paid	4	(1,955,454)		(1,720,782)	
Other creditors	9	<u>(264,924)</u>		<u>(228,158)</u>	
			<u>(2,220,378)</u>	<u>(1,948,940)</u>	
Net current assets			<u>1,250,494</u>		13,309,782
Total assets less current liabilities			51,185,599		53,175,046
Creditors: amounts payable after more than one year					
Charitable grants provided and contracted for, but not paid	4		(1,840,442)		(2,226,046)
Net assets			<u>49,345,157</u>		<u>50,949,000</u>
Expendable endowments					
Endowment gifts	10		45,001,000		45,001,000
Expendable endowment gift	10		<u>89,243</u>		<u>106,319</u>
			45,090,243		45,107,319
Income funds					
Unrestricted income fund	10	4,254,914		5,833,161	
Restricted income fund	10	<u>0</u>	4,254,914	<u>8,520</u>	5,841,681
Total expendable endowment and income funds			<u>49,345,157</u>		<u>50,949,000</u>

The notes on pages 17 to 28 form part of these financial statements

These financial statements were reviewed and approved by the Board of Trustees, on 17 December 2019.


Peter R Harrison KGCN CBE
 Chairman


P J G Lee B.L.L.B
 Trustee

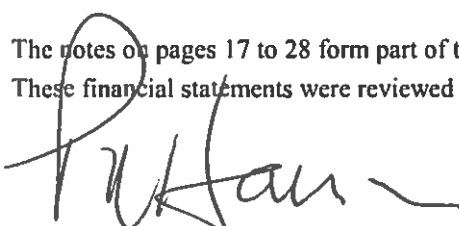
PETER HARRISON FOUNDATION

Balance Sheet as at 31 May 2019

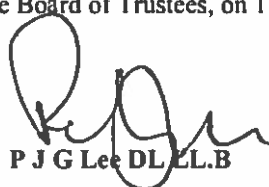
	Notes	2019		2018	
		£	£	£	£
Fixed assets					
Tangible fixed assets	6		0		85
Managed investment funds	7	7,530,105		7,615,179	
Loan to subsidiary company	7	38,800,000		35,500,000	
Investment in subsidiary company	7	1,000		1,000	
Total investments			<u>46,331,105</u>	<u>43,116,179</u>	
			46,331,105		43,116,264
Current assets					
Debtors	8	916,533		4,850,323	
Cash at bank and in hand					
Cash and bank balances		10,000		10,000	
Short term deposits		<u>2,674,766</u>		<u>3,387,834</u>	
			<u>3,601,299</u>	<u>8,248,157</u>	
Creditors: amounts falling due within one year					
Charitable grants, provided and contracted, but not paid	4	(1,955,454)		(1,720,782)	
Other creditors	9	<u>(12,000)</u>		<u>(12,310)</u>	
			<u>(1,967,454)</u>	<u>(1,733,092)</u>	
Net current assets			<u>1,633,845</u>	<u>6,515,065</u>	
Total assets less current liabilities			47,964,950		49,631,329
Creditors: amounts payable after more than one year					
Charitable grants, provided and contracted, but not paid	4		(1,840,442)		(2,226,046)
Net assets			<u>46,124,508</u>		<u>47,405,283</u>
Expendable endowments					
Endowment gifts	10		45,001,000		45,001,000
Expendable endowment gift	10		<u>89,243</u>		<u>106,319</u>
			45,090,243		45,107,319
Income funds					
Unrestricted income fund	10	1,034,265		2,289,444	
Restricted income fund	10	<u>0</u>		<u>8,520</u>	
			1,034,265		2,297,964
Total expendable endowment and income funds			<u>46,124,508</u>		<u>47,405,283</u>

The notes on pages 17 to 28 form part of these financial statements.

These financial statements were reviewed and approved by the Board of Trustees, on 17 December 2019.



Peter R Harrison KGCN CBE
Chairman



P J G Lee DL LL.B
Trustee

PETER HARRISON FOUNDATION

Consolidated Statement of Cash Flows for the year ended 31 May 2019

	2019		2018	
	£	£	£	£
Net (expenditure)/income for the reporting period		(1,603,843)		2,808,144
Adjustments for:				
Depreciation charges		85		194
Realised gains on investments		0		(2,459,547)
Unrealised losses/(gains) on investments		1,080,074		(115,179)
Income receivable from investments and cash deposits		(1,255,148)		(957,989)
Rents receivable from investments		(1,795,206)		(1,657,140)
Decrease/(increase) in debtors		1,012,573		(4,829)
Decrease in creditors		(125,252)		(140,680)
		<u>(2,686,717)</u>		<u>(2,527,026)</u>
Net cash used by operating activities		(2,686,717)		(2,527,026)
Cash flows from investing activities:				
Dividend distributions and interest received	1,180,434		1,101,250	
Rent received	1,806,292		1,660,530	
Proceeds from investment loan repayments	0		14,209,547	
Purchase of investment loans	(11,150,000)		(4,500,000)	
Purchase of managed investment funds	0		(7,500,000)	
		<u>(8,163,274)</u>		<u>4,971,327</u>
Net cash provided by investing activities		(8,163,274)		4,971,327
Change in cash in the reporting period		(10,849,991)		2,444,301
Cash at the beginning of the reporting period		14,079,343		11,635,042
		<u>14,079,343</u>		<u>11,635,042</u>
Cash at the end of the reporting period		<u>3,229,352</u>		<u>14,079,343</u>
		<u>3,229,352</u>		<u>14,079,343</u>
Analysis of cash		31 May 2019		31 May 2018
		£		£
Cash and bank balances		20,000		20,000
Short term deposits		3,209,352		14,059,343
		<u>3,229,352</u>		<u>14,079,343</u>
		<u>3,229,352</u>		<u>14,079,343</u>

The notes on pages 17 to 28 form part of these financial statements.

PETER HARRISON FOUNDATION

Notes forming part of the consolidated financial statements for the year ended 31 May 2019

1 Accounting policies

Basis of preparation and assessment of going concern

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

The financial statements 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. The departure has involved following the SORP rather than Accounting and Reporting by Charities: Statement of Recommended Practice (revised 2005) which has been withdrawn.

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

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

The Trustees consider that there are no material uncertainties about the Foundation's ability to continue as a going concern. The most significant area of uncertainty is the valuation of the Foundation's investment properties, however, these form only part of the Foundation's net assets and with the Foundation's cash balances and readily realisable investments exceeding the grant commitments the Trustees are confident of the Foundation's ability to continue as a going concern.

Critical accounting estimates and areas of judgment

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

Group financial statements

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

Income

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

Expenditure

All expenditure is included on an accruals basis.

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

PETER HARRISON FOUNDATION

Notes forming part of the consolidated financial statements for the year ended 31 May 2019 (continued)

1 Accounting policies (continued)

Charitable grants charged in the year are as follows:

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

Fixed assets and depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all fixed assets evenly over their expected useful lives. It is calculated at the following rates:

Computer and office equipment	25% straight line
Office fixtures and furnishings	15% - 25% straight line

At the end of each accounting period the residual values and useful lives of assets are reviewed and adjusted if necessary. In addition, if changes in circumstances indicate that the carrying value may not be recoverable then the carrying values of tangible fixed assets are reviewed for impairment.

Fixed asset investments

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

The managed investment funds are stated at their listed price.

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

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

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

Other financial instruments

a) Cash and cash equivalents

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

b) Debtors and creditors

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

Expendable endowment funds

Where funds are given to be held as endowments, they are shown as expendable endowment funds in the financial statements. Expendable endowments are those where the trust terms provide for conversion to income under certain circumstances. Of the endowment funds £89,243 (2018: £106,319) is restricted to expenditure subject to the donor's approval.

PETER HARRISON FOUNDATION

Notes forming part of the financial statements for the year ended 31 May 2019 (continued)

2 Income from investments and cash deposits

	2019	2018
	£	£
Income from listed investments	301,832	145,910
Interest receivable from loans for property development	935,623	798,719
Interest receivable from bank deposits and other deposit accounts:		
Unrestricted income fund	17,539	13,295
Expendable endowment fund	154	65
	<u>1,255,148</u>	<u>957,989</u>

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

3 Subsidiary company

The wholly owned subsidiary, PHF Investments Limited pays all of its taxable profits to the charity under a Deed of Covenant. A summary of the subsidiary's results is shown below:

	2019	2018
	£	£
Rental income	1,795,206	1,657,140
Interest receivable	946,283	803,780
Operating expenses for rental activities	(177,621)	(147,133)
Fair value losses on investment properties	(995,000)	0
Other operating expenses	(9,789)	(10,420)
Interest payable on shareholder loans	(986,535)	(850,055)
Share of net development profit on loans	0	2,459,547
Profit on ordinary activities	572,544	3,912,859
Donation payable to parent charity	(895,611)	(5,785,265)
(Loss)/profit retained in the subsidiary	<u>(323,067)</u>	<u>(1,872,406)</u>

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

PETER HARRISON FOUNDATION

Notes forming part of the financial statements for the year ended 31 May 2019 (continued)

4 Charitable activities

	Grants awarded	Support costs	Total
	£	£	£
2019			
Opportunities through Sport	2,393,712	110,548	2,504,260
Care for Children and Young People with Special Needs	518,373	45,224	563,597
Education	137,820	8,375	146,195
Trustees' Discretion - Unrestricted income fund	175,000	6,700	181,700
- Expendable endowment funds	25,750	0	25,750
Less grants awarded in previous years not taken up	<u>(25,000)</u>	<u>0</u>	<u>(25,000)</u>
	<u>3,225,655</u>	<u>170,847</u>	<u>3,396,502</u>
2018			
Opportunities through Sport	1,309,152	104,344	1,413,496
Care for Children and Young People with Special Needs	460,408	36,294	496,702
Education	127,060	6,049	133,109
Trustees' Discretion - Unrestricted income fund	225,000	9,073	234,073
- Expendable endowment funds	16,000	0	16,000
Less grants awarded in previous years not taken up	<u>(58,802)</u>	<u>0</u>	<u>(58,802)</u>
	<u>2,078,818</u>	<u>155,760</u>	<u>2,234,578</u>

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

Reconciliation of grants provided or reserved:

	2019	2018
	£	£
Grants awarded during the year	3,225,655	2,078,818
Add charitable grants awarded and contracted in previous year but not paid at 31 May 2018	<u>3,946,828</u>	<u>4,085,945</u>
	7,172,483	6,164,763
Charitable grants paid during the year	<u>(3,376,587)</u>	<u>(2,217,935)</u>
Charitable grants provided and contracted for but not paid at 31 May 2019	<u>3,795,896</u>	<u>3,946,828</u>
Charitable grants provided and contracted for but not paid comprise:		
Grants payable after more than one year but within five years	1,779,014	2,166,713
Grants payable after five years	<u>61,428</u>	<u>59,333</u>
Grants payable after more than one year	1,840,442	2,226,046
Grants payable during the next year	<u>1,955,454</u>	<u>1,720,782</u>
	<u>3,795,896</u>	<u>3,946,828</u>

PETER HARRISON FOUNDATION

Notes forming part of the financial statements for the year ended 31 May 2019 (continued)

5 Support costs

2019	Grant making costs £	Governance costs £	Total support costs £
Staff costs			
Gross salaries	68,052	4,099	72,151
Employer's National Insurance	5,748	346	6,094
Pension	2,112	127	2,239
Staff recruitment and training	332	0	332
	<u>76,244</u>	<u>4,572</u>	<u>80,816</u>
Professional fees			
Audit fees	0	20,443	20,443
Legal and professional fees	0	4,548	4,548
	<u>0</u>	<u>24,991</u>	<u>24,991</u>
Premises costs			
Rent	19,212	1,157	20,369
Rates	8,126	489	8,615
Premises management	6,813	410	7,223
	<u>34,151</u>	<u>2,056</u>	<u>36,207</u>
Office costs	27,115	1,633	28,748
Depreciation	80	5	85
	<u>137,590</u>	<u>33,257</u>	<u>170,847</u>

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

No Trustee received any remuneration or was reimbursed for expenses incurred on the activities of the Foundation. The average number of persons employed during the year was 3 (2018: 3), all employees are part time being equivalent to 1.5 (2018: 1.2) full time employees. All employee time is involved in providing either support to the governance of the charity or support services to charitable activities. The Trustees consider the Foundation's key management personnel comprise the Trustees and the Director. The total employment benefits of the key management personnel were £35,905 (2018: £34,367). No employee's emoluments exceeded £60,000 in either year.

PETER HARRISON FOUNDATION

Notes forming part of the financial statements for the year ended 31 May 2019 (continued)

5 Support costs (continued)

2018	Grant making costs £	Governance costs £	Total support costs £
Staff costs			
Gross salaries	59,340	4,633	63,973
Employer's National Insurance	5,091	398	5,489
Pension	1,215	95	1,310
Staff recruitment and training	1,379	0	1,379
	<u>67,025</u>	<u>5,126</u>	<u>72,151</u>
Professional fees			
Audit fees	0	18,327	18,327
Legal and professional fees	0	2,400	2,400
	<u>0</u>	<u>20,727</u>	<u>20,727</u>
Premises costs			
Rent	18,894	1,475	20,369
Rates	7,671	599	8,270
Premises management	8,689	678	9,367
	<u>35,254</u>	<u>2,752</u>	<u>38,006</u>
Office costs	22,894	1,788	24,682
Depreciation	180	14	194
	<u>125,353</u>	<u>30,407</u>	<u>155,760</u>

6 Tangible fixed assets

Group and Charity	Office fixtures and furnishings £	Computer and office equipment £	Total £
<i>Cost</i>			
At 1 June 2018 and 31 May 2019	<u>27,955</u>	<u>8,722</u>	<u>36,677</u>
<i>Accumulated depreciation</i>			
At 1 June 2018	27,955	8,637	36,592
Charged in the year	0	85	85
At 31 May 2019	<u>27,955</u>	<u>8,722</u>	<u>36,677</u>
<i>Net book amount</i>			
At 31 May 2019	<u>0</u>	<u>0</u>	<u>0</u>
At 31 May 2018	<u>0</u>	<u>85</u>	<u>85</u>

PETER HARRISON FOUNDATION

Notes forming part of the financial statements for the year ended 31 May 2019 (continued)

7 Investments

Group	Managed investment funds	Investment properties	Loans	Total for group
	£	£	£	£
<i>Cost and valuation</i>				
At 1 June 2018	7,615,179	21,450,000	10,800,000	39,865,179
Additions	0	0	11,150,000	11,150,000
Disposals	0	0	0	0
Revaluation losses	(85,074)	(995,000)	0	(1,080,074)
At 31 May 2019	<u>7,530,105</u>	<u>20,455,000</u>	<u>21,950,000</u>	<u>49,935,105</u>
<i>Historic cost</i>				
At 31 May 2019	7,500,000	20,025,702	21,950,000	49,475,702
At 31 May 2018	7,500,000	20,025,702	10,800,000	38,325,702
Charity	Managed investment funds	Investment in subsidiary company	Loan to subsidiary company	Total for charity
	£	£	£	£
<i>Cost and valuation</i>				
At 1 June 2018	7,615,179	1,000	35,500,000	43,116,179
Additions	0	0	3,300,000	3,300,000
Revaluation loss	(85,074)	0	0	(85,074)
At 31 May 2019	<u>7,530,105</u>	<u>1,000</u>	<u>38,800,000</u>	<u>46,331,105</u>
<i>Historic cost</i>				
At 31 May 2019	7,500,000	1,000	38,800,000	46,301,000
At 31 May 2018	7,500,000	1,000	35,500,000	43,001,000

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

The Foundation's wholly owned subsidiary, PHF Investments Limited (company number 06772346), holds investment properties for which it collects rental income (see note 3). The investment properties were valued by the chartered surveyors Colliers International Valuation UK LLP as at 4 April 2019. The Trustees do not consider that there was a material change in value between 4 April 2019 and 31 May 2019.

PHF Investments Limited had aggregate capital and reserves at the year end of £3,221,649 (2018: £3,544,716). The company's results for the year are shown in note 3. PHF Investments Limited is incorporated in England and two of the Trustees, Peter Harrison and Peter Lee, are directors of the company.

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

PETER HARRISON FOUNDATION

Notes forming part of the financial statements for the year ended 31 May 2019 (continued)

8 Debtors

	Group 2019 £	Group 2018 £	Charity 2019 £	Charity 2018 £
Loan to the Old Reigatian Rugby Football Club	0	1,050,000	0	1,050,000
Trade debtors	45,477	10,270	0	0
Other debtors and prepayments	32,208	29,988	9,013	4,836
Accrued income receivable	163,835	89,121	11,909	10,222
Donation receivable from subsidiary company	0	0	895,611	3,785,265
	<u>241,520</u>	<u>1,179,379</u>	<u>916,533</u>	<u>4,850,323</u>

In 2012, having previously made grants totalling £3,950,000 to the Old Reigatian Rugby Football Club of which Mr Peter Harrison is President, the Foundation made further payments totalling £1,050,000 in the form of a loan to enable the club to complete certain works to its new clubhouse. At the time Mr Harrison volunteered to meet any shortfall in loan repayments from his personal funds.

The works to the clubhouse having been completed and the building having proved to be a successful and much valued facility for the local community, the Trustees have now agreed to convert the loan of £1,050,000 to a grant. Having a vested interest, Mr Harrison was neither present when the Trustees considered this matter nor voted on this decision.

9 Other creditors

	Group 2019 £	Group 2018 £	Charity 2019 £	Charity 2018 £
Rent received in advance	141,787	130,701	0	0
Trade creditors	18,631	2,692	0	0
Accruals	19,500	19,310	12,000	12,310
Taxes and social security	72,248	75,455	0	0
Other creditors	12,758	0	0	0
	<u>264,924</u>	<u>228,158</u>	<u>12,000</u>	<u>12,310</u>

PETER HARRISON FOUNDATION

Notes forming part of the financial statements for the year ended 31 May 2019 (continued)

10 Analysis of funds

Group	At 1 June 2018	Income	Expenditure	Gains and losses	Transfer	At 31 May 2019
	£	£	£	£	£	£
Expendable endowments						
Endowment gifts	45,001,000	0	0	0	0	45,001,000
Further expendable endowment gifts	106,319	154	(25,750)	0	8,520	89,243
Income funds						
Unrestricted fund	5,833,161	3,050,200	(3,548,373)	(1,080,074)	0	4,254,914
Restricted fund	8,520	0	0	0	(8,520)	0
	<u>50,949,000</u>	<u>3,050,354</u>	<u>(3,574,123)</u>	<u>(1,080,074)</u>	<u>0</u>	<u>49,345,157</u>
Charity						
	At 1 June 2018	Income	Expenditure	Gains and losses	Transfer	At 31 May 2019
	£	£	£	£	£	£
Expendable endowments						
Endowment gifts	45,001,000	0	0	0	0	45,001,000
Further expendable endowment gifts	106,319	154	(25,750)	0	8,520	89,243
Income funds						
Unrestricted fund	2,289,444	2,190,858	(3,360,963)	(85,074)	0	1,034,265
Restricted fund	8,520	0	0	0	(8,520)	0
	<u>47,405,283</u>	<u>2,191,012</u>	<u>(3,386,713)</u>	<u>(85,074)</u>	<u>0</u>	<u>46,124,508</u>

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

With the agreement of the original donor, Peter Robert Harrison, the restricted income fund of £8,520 was transferred during the year to further expendable endowment gifts.

The further expendable endowment gifts are those where the trust terms provide for conversion to income under certain circumstances. During the year 5 donations totalling £25,750 (2018: £16,000) were made.

PETER HARRISON FOUNDATION

Notes forming part of the financial statements for the year ended 31 May 2019 (continued)

10 Analysis of funds (continued)

Group	At 1 June 2017	Income	Expenditure	Gains and losses	Transfer	At 31 May 2018
	£	£	£	£	£	£
Expendable endowments						
Endowment gifts	45,001,000	0	0	0	0	45,001,000
Further expendable endowment gifts	122,254	65	(16,000)	0	0	106,319
Income funds						
Unrestricted fund - surplus	3,009,082	2,615,064	(2,365,711)	2,574,726	0	5,833,161
Restricted fund	8,520	0	0	0	0	8,520
	<u>48,140,856</u>	<u>2,615,129</u>	<u>(2,381,711)</u>	<u>2,574,726</u>	<u>0</u>	<u>50,949,000</u>
Charity						
	At 1 June 2017	Income	Expenditure	Gains and losses	Transfer	At 31 May 2018
	£	£	£	£	£	£
Expendable endowments						
Endowment gifts	45,001,000	0	0	0	0	45,001,000
Further expendable endowment gifts	122,254	65	(16,000)	0	0	106,319
Income funds						
Unrestricted fund - surplus/(deficit)	(2,407,040)	6,789,464	(2,208,159)	115,179	0	2,289,444
Restricted fund	8,520	0	0	0	0	8,520
	<u>42,724,734</u>	<u>6,789,529</u>	<u>(2,224,159)</u>	<u>115,179</u>	<u>0</u>	<u>47,405,283</u>

PETER HARRISON FOUNDATION

Notes forming part of the financial statements for the year ended 31 May 2019 (continued)

11 Analysis of net assets between funds

Group - 2019	Endowment fund	Expendable endowment fund	Unrestricted income fund	Restricted income fund	Total funds
	£	£	£	£	£
Fixed assets	45,001,000	0	4,934,105	0	49,935,105
Current assets	0	89,243	3,381,629	0	3,470,872
Current liabilities	0	0	(2,220,378)	0	(2,220,378)
Creditors payable after more than one year	0	0	(1,840,442)	0	(1,840,442)
At 31 May 2019	45,001,000	89,243	4,254,914	0	49,345,157
Charity - 2019	Endowment fund	Expendable endowment fund	Unrestricted income fund	Restricted income fund	Total funds
	£	£	£	£	£
Fixed assets	45,001,000	0	1,330,105	0	46,331,105
Current assets	0	89,243	3,512,056	0	3,601,299
Current liabilities	0	0	(1,967,454)	0	(1,967,454)
Creditors payable after more than one year	0	0	(1,840,442)	0	(1,840,442)
At 31 May 2019	45,001,000	89,243	1,034,265	0	46,124,508
Group - 2018	Endowment fund	Expendable endowment fund	Unrestricted income fund	Restricted income fund	Total funds
	£	£	£	£	£
Fixed assets	38,325,702	0	1,539,562	0	39,865,264
Current assets	6,675,298	106,319	8,468,585	8,520	15,258,722
Current liabilities	0	0	(1,948,940)	0	(1,948,940)
Creditors payable after more than one year	0	0	(2,226,046)	0	(2,226,046)
At 31 May 2018	45,001,000	106,319	5,833,161	8,520	50,949,000
Charity - 2018	Endowment fund	Expendable endowment fund	Unrestricted income fund	Restricted income fund	Total funds
	£	£	£	£	£
Fixed assets	43,000,000	0	116,264	0	43,116,264
Current assets	2,001,000	106,319	6,132,318	8,520	8,248,157
Current liabilities	0	0	(1,733,092)	0	(1,733,092)
Creditors payable after more than one year	0	0	(2,226,046)	0	(2,226,046)
At 31 May 2018	45,001,000	106,319	2,289,444	8,520	47,405,283

PETER HARRISON FOUNDATION

Notes forming part of the financial statements for the year ended 31 May 2019 (continued)

12 Related party transactions

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

An agreement has been made between the Foundation and the "B" Settlement that the occupation by the "B" Settlement and the Foundation of the shared office is based on the space occupied by each entity and the number of staff employed. During the year the Foundation was charged under this agreement £20,369 (2018: £20,369) for rent, £8,202 (2018: £9,367) for service charges, £8,615 (2018: £8,270) for rates, £12,900 (2018: £10,560) for general office costs and £448 (2018: £384) for insurance (all figures include VAT).

During the year the Peter Robert Harrison 1997 A Settlement (the 'A Settlement') charged insurance costs of £336 (2018: £273) to the Foundation. Peter Harrison KGCN CBE is a trustee of the A Settlement.

The Foundation charged £1,382 (2018: £499) to the Peter Harrison Heritage Foundation for shared resources, including staff, accommodation at Foundation House and certain overheads. Peter Harrison KGCN CBE is a trustee of the Peter Harrison Heritage Foundation.

The Foundation's wholly owned subsidiary PHF Investments Limited is managed by Chancerygate Limited. Chancerygate Limited charged £123,570 (2018: £114,093) for managing the properties owned by PHF Investments Limited, advising on acquisitions and disposals of the subsidiary's investments, advising on the loans for property development and for administering the company. The Trustees consider that these management fees are charged at a commercial rate. Peter Lee, a Trustee, is a shareholder and director of Chancerygate Limited but does not participate in the negotiation of either the management or performance fees chargeable by Chancerygate Limited. At the year end PHF Investments Limited had net loans outstanding to Chancerygate Limited of £21,950,000 (2018: £10,800,000) for the purpose of property development. These loans are repayable within 5 years and interest is charged at between 5% and 7% with the company also entitled to 20% to 30% of any net development profits once complete. During the year interest on the loans of £935,623 (2018: £798,719) was earned. In addition £nil (2018: £2,459,547) was paid by Chancerygate Limited to PHF Investments Limited in respect of profit shares on loans repaid during the year.

During the year PHF Investments Limited, the Foundation's wholly owned subsidiary, paid £986,535 (2018: £850,055) of interest to the Foundation. The company also made donations in respect of the year of £895,611 (2018: £5,785,265) of which £895,611 (2018: £5,785,265) is included in the charity's debtors at the year end.