

**Peter Harrison Foundation**

**Report and Consolidated Financial Statements**

Year Ended

31 May 2021



## **PETER HARRISON FOUNDATION**

### **Annual report and consolidated financial statements for the year ended 31 May 2021**

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**Trustees** Peter R Harrison KGCN CBE (deceased 18 June 2021)  
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 2021**

The Trustees of the Peter Harrison Foundation present their report together with the consolidated financial statements for the year ended 31 May 2021.

#### **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 11 to the financial statements.

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

Sadly the founder and Chairman of the Foundation passed away on 18 June 2021. Peter was generous, warm hearted and will be much missed by his family and fellow Trustees as well as many of the beneficiaries of the Foundation's grants. 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 2021 (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](http://www.peterharrisonfoundation.org).

All outline projects that meet the funding criteria are assessed by the Director and the Grants Administrator. The Director then undertakes a full review, 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 2021 (continued)**

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

##### **Opportunities Through Sport, £874,090**

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

The principal awards were:

£100,000 to Loughborough University, the seventeenth year of funding for the Peter Harrison Centre for Disability Sport.

£50,000 to the British Paralympic Association for additional costs related to Coronavirus for the Beijing 2022 Paralympic Games.

£36,000 to Horsley and Bookham Riding for the Disabled towards the building costs of a classroom, fully accessible toilets, viewing area, tack room and storage within the new accessible riding centre.

£30,000 to the Observatory for Sport in Scotland for Disability Sport Research.

£30,000 to Vauxhall City Farm towards the salary of a Riding Manager.

£30,000 to CEDA for their SportAbility programme.

£25,000 to Portland College towards their Newstart Creative Arts and Sports Hub.

£25,000 to Access Sport CIO for their Ignite London project, creating life changing sporting opportunities for disabled children and families in deprived areas of London.

£25,000 to YHA England and Wales towards Project90: activity breaks for young people who live challenging lives.

£25,000 to The Meath Epilepsy Charity towards their Active Body; Calm Mind project, helping those with complex epilepsy, severe learning and physical disabilities through sport.

£25,000 to the British Gymnastics Foundation towards their Hardship Grant Programme.

£25,000 to Midland Mencap for their Coventry Active Project offering inclusive exercise, sport and activities for all.

£24,841 to Ansty Community Sports Club towards the cost of cricket nets and ground improvements to enable to club to further develop cricket for disabled people in Mid Sussex.

£24,000 to the Brighton Table Tennis Club towards their physical disabilities table tennis programme.

£24,000 to Horizons for their Schools and Families Project.

£23,411 to Youth Sport Trust (YST) towards their 'Move Like Me' project, increasing sporting opportunities for young people with SEND and building skills/confidence through sport.

£20,014 to Level Water towards swimming lessons for children with disabilities in Sussex and Kent.

##### **Care for Children and Young People with Special Needs, £365,961**

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

£30,000 to the Rose Road Association for respite care.

£30,000 to Camp Mohawk for their Family Support Project.

£25,000 to Lifelites towards enhancing the lives of life-limited and disabled children and their families cared for by Chestnut Tree House children's hospice.

£25,000 to Extratime for out of school activities for children and young people with disabilities.

£24,000 to the GASP Motor Project for the salary of the Programmes Coordinator and Executive Assistant.

£24,000 to the Royal Society for Blind Children (RSBC) towards their Kent Family Support Service.

## PETER HARRISON FOUNDATION

### Report of the trustees for the year ended 31 May 2021 (continued)

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

##### Education, £149,752

The total awarded principally comprises 4 bursaries totalling £139,552 commencing in September 2021 together with other assistance of £200 granted to deserving pupils at Reigate Grammar School.

An award of £10,000 was also made to Raven Housing Trust for the refurbishment of laptops for disadvantaged children and young people who need them for home study during the COVID-19 pandemic.

##### Trustees' Discretionary Programme, £125,500

Unrestricted Income Fund	£125,000
Expendable Capital Endowment Fund	£500

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

£50,000 to the Bletchley Park Trust, towards the cost of developing an exhibition space to tell the story of breaking naval enigma codes in World War II and a new learning centre.

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

£25,000 to The Community Foundation for Surrey, for their Coronavirus Response Fund.

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 face difficulties through disability or other disadvantage. Potential projects in the Opportunities Through Sport programme will continue to be considered on a UK wide basis; and recipients of grants will range from the Paralympic level to programmes of benefit to local communities.

#### 5. The impact of COVID-19

As with all other organisations COVID-19 has had an impact on the Foundation. The Foundation's staff have been able to effectively work from home with little effect on operations. Following the relaxation of restrictions staff have started to return to work at the charity's office on a part time basis.

One of the main impacts of the physical lockdowns has been on visits to charities, which are made to assess certain grant applicants and monitor the progress of grants made, and which ceased during the lockdowns. However increased correspondence and the use of technology such as Zoom mitigated the effect of this restriction. The intention is to resume visits to charities although this will be on a limited basis initially.

The other impact has been on Trustee meetings, these have continued to be held by using Zoom, although the difficulties presented by COVID-10 meant that only three Trustee meetings were held during the year rather than the usual four.

The impact of COVID-19 on the charity's finances is considered in the financial review below.

## **PETER HARRISON FOUNDATION**

### **Report of the trustees for the year ended 31 May 2021 (continued)**

#### **6. 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 2021.

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

Total gross income for the year amounted to £3,010,860 (2020: £3,321,681).

The unrestricted income fund received interest from property development loans of £1,222,149 (2020: £1,210,079), rental income of £1,528,376 (2020: £1,791,652) and income from listed investments of £259,244 (2020: £307,302). The report on investments below explains the movement in types of investment and hence the changes in income.

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

After due consideration and assessment the Trustees have awarded grants for the year of £1,424,551 (2020: £1,992,812). Details of the principal grants given are shown in section 3 above.

##### **(iii) Investments**

The Trustees' overall investment objective is to achieve sufficient total returns to fund its existing grant programme whilst also protecting the capital value of its assets for the benefit of future beneficiaries. This remains the principal objective although the Trustees are conscious that COVID-19 has had, and will continue to have for some time, an impact on the Foundation's income and the value of its assets. The Foundation is relatively well-placed as the Trustees are able to adjust the level of grants awarded should there be a significant fall in income.

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 holds managed investment funds.

Investment properties are bought and sold depending on market conditions and opportunities arising. There were no purchases or disposals of properties during the year. With the continued uncertainty caused by COVID-19 the Trustees had the properties valued by chartered surveyors for the third year in succession. COVID-19 has had a significant impact on some of the properties' tenants and consequent changes have led to a net decrease in the properties' value. Negotiations are underway with tenants which, if successful, should improve the properties' values. As some tenants are involved in hospitality the Foundation has been relatively fortunate that the decrease in rental income compared to 2020 has been limited to 15% (£1,528,376 in 2021 and £1,791,652 in 2020).

The Foundation has made loans to fund property developments which earn interest and, on certain developments, also entitle the Foundation to a share of any development profits, but not of any losses. The interest on these loans is payable quarterly which provides the Foundation with regular income from which to fund grants. There were loan repayments of £9,650,000 (2020: £7,500,000) during the year, no further loans (2020: £6,750,000) were made. The timing of the additional loans and of the repayments in both 2021 and 2020 were such that the average amount lent was not significantly different and consequently the loan interest receivable of £1,222,149 in 2021 was not dissimilar from the £1,210,079 receivable in 2020.

The Trustees have 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. COVID-19 led to a general fall in dividends paid and consequently income from listed investments fell from £307,302 in 2020 to £259,244 in 2021. The market recovery meant that the value of the pooled funds increased from £6,994,207 at 31 May 2020 to £8,136,192 at 31 May 2021.

The Foundation and its subsidiary held cash at the year end of £14,303,732 (2020: £4,134,095). The increase in cash largely arose from loan repayments which were received towards the end of the year. The cash held is significantly more than the charity needs to meet its commitments and operating costs and the Trustees are considering how to invest the surplus funds.

## **PETER HARRISON FOUNDATION**

### **Report of the trustees for the year ended 31 May 2021 (continued)**

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

##### **(iii) Investments (continued)**

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

With COVID-19 the Trustees took a prudent view towards awarding grants, taking into view income received rather than anticipated income which was the approach taken in prior years when income could be forecast more reliably. This approach, together with there being three trustee meetings during the year, rather than the usual four, meant that grants awarded during the year fell from £1,992,812 in 2020 to £1,424,051 in 2021.

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.

#### **7. 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.

COVID-19 may impact the net assets of the charity in the short term but the Trustees are of the view that the charity's investments are sound and that their reserves policy can continue to be followed albeit there may be temporary falls in values.

#### **8. 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.

#### **9. 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 2021 (continued)**

**10. 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:

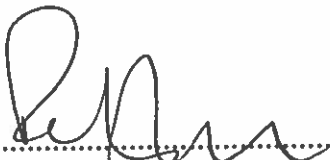
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements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

**11. 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**

  
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**P J G Lee DL LL.B**

**Trustee**

Date **24** February 2022

## **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 2021 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheet, the Consolidated Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group and charity's affairs as at 31 May 2021, and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and,
- have been prepared in accordance with the requirements of the Charities Act 2011.

#### **Basis for opinion**

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

#### **Conclusions relating to going concern**

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

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

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

#### **Other information**

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

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

We have nothing to report in this regard.

## **PETER HARRISON FOUNDATION**

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

#### **Matters on which we are required to report by exception**

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

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

#### **Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement set out on page 7, 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)**

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

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

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

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

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

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

Our approach was as follows:

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

## PETER HARRISON FOUNDATION

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

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

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

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

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

#### Use of our report

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

*Moore Kingston Smith LLP.*

24 February 2022

Moore Kingston Smith LLP  
Statutory auditor

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

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

**PETER HARRISON FOUNDATION**

**Consolidated Statement of Financial Activities for the year ended 31 May 2021**

	Notes	2021 Unrestricted income fund £	2021 Expendable endowment funds £	2021 Total £	2020 Total £
<b>Income from:</b>					
Investments and cash deposits	2	1,482,475	9	1,482,484	1,530,029
Rental income	3	1,528,376	0	1,528,376	1,791,652
<b>Total income</b>		<b>3,010,851</b>	<b>9</b>	<b>3,010,860</b>	<b>3,321,681</b>
<b>Expenditure on:</b>					
Raising funds:					
Rental activity	3	182,287	0	182,287	250,195
Charitable activities	4	1,587,096	500	1,587,596	2,198,757
<b>Total expenditure</b>		<b>1,769,383</b>	<b>500</b>	<b>1,769,883</b>	<b>2,448,952</b>
<b>Net operating (expenditure)/income</b>		<b>1,241,468</b>	<b>(491)</b>	<b>1,240,977</b>	<b>872,729</b>
Net realised investment gain	6	974,950	0	974,950	366,516
Net unrealised investment losses	6	(153,015)	0	(153,015)	(1,620,898)
<b>Net income/(expenditure) and net movement in funds</b>		<b>2,063,403</b>	<b>(491)</b>	<b>2,062,912</b>	<b>(381,653)</b>
<b>Reconciliation of funds</b>					
Funds brought forward	9	3,875,099	45,088,405	48,963,504	49,345,157
<b>Funds carried forward</b>	<b>9</b>	<b>5,938,502</b>	<b>45,087,914</b>	<b>51,026,416</b>	<b>48,963,504</b>

All amounts relate to continuing activities.

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

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

**PETER HARRISON FOUNDATION**

**Consolidated Balance Sheet as at 31 May 2021**

	Notes	2021		2020	
		£	£	£	£
<b>Fixed assets</b>					
Managed investment funds	6		8,136,192		6,994,207
Investment properties	6		18,075,000		19,370,000
Loans	6		11,550,000		21,200,000
Total investments			<u>37,761,192</u>		<u>47,564,207</u>
<b>Current assets</b>					
Debtors	7	1,167,264		558,209	
Cash at bank and in hand					
Cash and bank balances		20,000		20,000	
Short term deposits		<u>14,283,732</u>		<u>4,114,095</u>	
		<u>15,470,996</u>		<u>4,692,304</u>	
<b>Creditors: amounts falling due within one year</b>					
Charitable grants provided and contracted for, but not paid	4	(1,443,407)		(1,853,280)	
Other creditors	8	<u>(229,295)</u>		<u>(293,464)</u>	
		<u>(1,672,702)</u>		<u>(2,146,744)</u>	
<b>Net current assets</b>			<u>13,798,294</u>		<u>2,545,560</u>
<b>Total assets less current liabilities</b>			51,559,486		50,109,767
<b>Creditors: amounts payable after more than one year</b>					
Charitable grants provided and contracted for, but not paid	4		(533,070)		(1,146,263)
<b>Net assets</b>			<u>51,026,416</u>		<u>48,963,504</u>
<b>Expendable endowments</b>					
Endowment gifts	9		45,001,000		45,001,000
Expendable endowment gift	9		86,914		87,405
			<u>45,087,914</u>		<u>45,088,405</u>
<b>Income funds</b>					
Unrestricted income fund	9		5,938,502		3,875,099
<b>Total expendable endowment and income funds</b>			<u>51,026,416</u>		<u>48,963,504</u>

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

These financial statements were reviewed and approved by the Board of Trustees, on 24 February 2022

  
P J G Lee DL, LL.B  
Trustee

# PETER HARRISON FOUNDATION

## Balance Sheet as at 31 May 2021

	Notes	2021		2020	
		£	£	£	£
<b>Fixed assets</b>					
Managed investment funds	6		8,136,192		6,994,207
Loan to subsidiary company	6		38,800,000		38,800,000
Investment in subsidiary company	6		1,000		1,000
Total investments			<u>46,937,192</u>		<u>45,795,207</u>
<b>Current assets</b>					
Debtors	7	1,366,956		1,932,698	
Cash at bank and in hand			10,000		10,000
Cash and bank balances			<u>2,344,477</u>		<u>1,941,182</u>
Short term deposits			<u>3,721,433</u>		<u>3,883,880</u>
<b>Creditors: amounts falling due within one year</b>					
Charitable grants, provided and contracted, but not paid	4	(1,443,407)		(1,853,280)	
Other creditors	8		<u>(17,543)</u>		<u>(20,532)</u>
			<u>(1,460,950)</u>		<u>(1,873,812)</u>
<b>Net current assets</b>			<u>2,260,483</u>		<u>2,010,068</u>
<b>Total assets less current liabilities</b>			49,197,675		47,805,275
<b>Creditors: amounts payable after more than one year</b>					
Charitable grants, provided and contracted, but not paid	4		<u>(533,070)</u>		<u>(1,146,263)</u>
<b>Net assets</b>			<u>48,664,605</u>		<u>46,659,012</u>
<b>Expendable endowments</b>					
Endowment gifts	9		45,001,000		45,001,000
Expendable endowment gift	9		<u>86,914</u>		<u>87,405</u>
			45,087,914		45,088,405
<b>Income funds</b>					
Unrestricted income fund	9		3,576,691		1,570,607
<b>Total expendable endowment and income funds</b>			<u>48,664,605</u>		<u>46,659,012</u>

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

These financial statements were reviewed and approved by the Board of Trustees, on ~~24~~ February 2022

  
P J G Lee DB/LL.B  
Trustee



**PETER HARRISON FOUNDATION**

**Consolidated Statement of Cash Flows for the year ended 31 May 2021**

	2021		2020	
	£	£	£	£
<b>Net income/(expenditure) for the reporting period</b>		2,062,912		(381,653)
Adjustments for:				
Realised gains on investments		(974,950)		(366,516)
Unrealised losses on investments		153,015		1,620,898
Income receivable from investments and cash deposits		(1,482,484)		(1,530,029)
Rents receivable from investments		(1,528,376)		(1,791,652)
Decrease in debtors		57,033		43,177
Decrease in creditors		<u>(1,045,445)</u>		<u>(768,985)</u>
<b>Net cash used by operating activities</b>		(2,758,295)		(3,174,760)
<b>Cash flows from investing activities:</b>				
Dividend distributions and interest received	1,452,781		1,471,644	
Rent received	1,567,409		1,491,343	
Proceeds from investment loan repayments	9,907,742		7,866,516	
Purchase of investment loans	<u>0</u>		<u>(6,750,000)</u>	
<b>Net cash provided by investing activities</b>		<u>12,927,932</u>		<u>4,079,503</u>
<b>Change in cash in the reporting period</b>		10,169,637		904,743
Cash at the beginning of the reporting period		4,134,095		3,229,352
<b>Cash at the end of the reporting period</b>		<u><u>14,303,732</u></u>		<u><u>4,134,095</u></u>
<b>Analysis of cash</b>		<b>31 May 2021</b>		<b>31 May 2020</b>
		£		£
Cash and bank balances		20,000		20,000
Short term deposits		<u>14,283,732</u>		<u>4,114,095</u>
		<u><u>14,303,732</u></u>		<u><u>4,134,095</u></u>

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

## **1 Accounting policies**

### *Basis of preparation and assessment of going concern*

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

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

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

The Trustees consider that there are no material uncertainties about the Foundation's ability to continue as a going concern. COVID-19 has led to short term fluctuations in investment values but the net effect over all of the group's investments has not been significant. The Foundation's cash balances exceed its grant commitments and other liabilities so there is no risk that the Foundation cannot meet its current obligations. COVID-19 has increased the risk of a fall in income, however the Trustees are able to set grants commensurate with net income, accordingly the Trustees are confident of the Foundation's ability to continue as a going concern for at least twelve months from the date of approval of these financial statements..

### *Critical accounting estimates and areas of judgment*

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

### *Group financial statements*

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

### *Income*

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

### *Expenditure*

All expenditure is included on an accruals basis.

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

## PETER HARRISON FOUNDATION

### Notes forming part of the consolidated financial statements for the year ended 31 May 2021 (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 asset investments*

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

The managed investment funds are stated at their listed price.

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

The Foundation's investment in its subsidiary undertaking, PHF Investments Limited, is unquoted and shown at cost. As consolidated financial statements are presented, and in view of the disclosures at note 6 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 £86,914 (2020: £87,405) 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 2021 (continued)

#### 2 Income from investments and cash deposits

	2021	2020
	£	£
Income from listed investments	259,244	307,302
Interest receivable from loans for property development	1,222,149	1,210,079
Interest receivable from bank deposits and other deposit accounts:		
Unrestricted income fund	1,082	12,486
Expendable endowment fund	9	162
	<u>1,482,484</u>	<u>1,530,029</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 the lower of a) its taxable profits and b) the amount that can be lawfully distributed to the charity under a Deed of Covenant. A summary of the subsidiary's results is shown below:

	2021	2020
	£	£
Rental income	1,528,376	1,791,652
Interest receivable	1,223,014	1,217,764
Operating expenses for rental activities	(182,287)	(250,195)
Fair value losses on investment properties	(1,295,000)	(1,085,000)
Other operating expenses	(15,561)	(30,202)
Interest payable on shareholder loans	(814,800)	(1,014,540)
Share of net development profit on loans	<u>974,950</u>	<u>366,516</u>
Profit on ordinary activities	1,418,692	995,995
Donation payable to parent charity	<u>(1,361,373)</u>	<u>(1,912,152)</u>
Profit (2020: loss) retained in the subsidiary	<u>57,319</u>	<u>(916,157)</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 2021 (continued)**

**4 Charitable activities**

	<b>Grants awarded</b>	<b>Support costs</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>2021</b>			
Opportunities through Sport	874,090	100,184	974,274
Care for Children and Young People with Special Needs	365,961	45,181	411,142
Education	149,752	9,822	159,574
Trustees' Discretion - Unrestricted income fund	125,000	7,858	132,858
- Expendable endowment funds	500	0	500
Less grants awarded in previous years not taken up	<u>(90,752)</u>	<u>0</u>	<u>(90,752)</u>
	<u><u>1,424,551</u></u>	<u><u>163,045</u></u>	<u><u>1,587,596</u></u>
<b>2020</b>			
Opportunities through Sport	1,012,992	114,650	1,127,642
Care for Children and Young People with Special Needs	637,050	65,817	702,867
Education	154,372	14,862	169,234
Trustees' Discretion - Unrestricted income fund	214,000	10,616	224,616
- Expendable endowment funds	2,000	0	2,000
Less grants awarded in previous years not taken up	<u>(27,602)</u>	<u>0</u>	<u>(27,602)</u>
	<u><u>1,992,812</u></u>	<u><u>205,945</u></u>	<u><u>2,198,757</u></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:**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Grants awarded during the year	1,424,551	1,992,812
Add charitable grants awarded and contracted in previous year but not paid at 31 May 2020	<u>2,999,543</u>	<u>3,795,896</u>
	4,424,094	5,788,708
Charitable grants paid during the year	<u>(2,447,617)</u>	<u>(2,789,165)</u>
Charitable grants provided and contracted for but not paid at 31 May 2021	<u><u>1,976,477</u></u>	<u><u>2,999,543</u></u>
Charitable grants provided and contracted for but not paid comprise:		
Grants payable after more than one year but within five years	511,538	1,124,047
Grants payable after five years	<u>21,532</u>	<u>22,216</u>
Grants payable after more than one year	533,070	1,146,263
Grants payable during the next year	<u>1,443,407</u>	<u>1,853,280</u>
	<u><u>1,976,477</u></u>	<u><u>2,999,543</u></u>

**PETER HARRISON FOUNDATION**

Notes forming part of the financial statements for the year ended 31 May 2021 (continued)

**5 Support costs**

2021	Grant making costs £	Governance costs £	Total support costs £
<b>Staff costs</b>			
Gross salaries	59,525	3,982	63,507
Employer's National Insurance	4,802	321	5,123
Pension	2,401	161	2,562
Staff recruitment and training	295	0	295
	<u>67,023</u>	<u>4,464</u>	<u>71,487</u>
<b>Professional fees</b>			
Audit fees	0	21,096	21,096
Legal and professional fees	0	8,113	8,113
	<u>0</u>	<u>29,209</u>	<u>29,209</u>
<b>Premises costs</b>			
Rent	19,092	1,277	20,369
Rates	8,318	556	8,874
Premises management	5,538	370	5,908
	<u>32,948</u>	<u>2,203</u>	<u>35,151</u>
<b>Office costs</b>	25,493	1,705	27,198
	<u>125,464</u>	<u>37,581</u>	<u>163,045</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 (2020: 3), all employees are part time being equivalent to 1.3 (2020: 1.4) 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 £25,261 (2020: £32,316). 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 2021 (continued)

**5 Support costs (continued)**

<b>2020</b>	<b>Grant making costs</b>	<b>Governance costs</b>	<b>Total support costs</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Staff costs</b>			
Gross salaries	67,200	4,260	71,460
Employer's National Insurance	5,423	344	5,767
Pension	2,579	163	2,742
Staff recruitment and training	210	0	210
	<u>75,412</u>	<u>4,767</u>	<u>80,179</u>
<b>Professional fees</b>			
Audit fees	0	25,890	25,890
Legal and professional fees	0	21,176	21,176
	<u>0</u>	<u>47,066</u>	<u>47,066</u>
<b>Premises costs</b>			
Rent	19,155	1,214	20,369
Rates	8,510	540	9,050
Premises management	6,488	411	6,899
	<u>34,153</u>	<u>2,165</u>	<u>36,318</u>
<b>Office costs</b>	28,159	1,785	29,944
<b>20th anniversary reception and brochure</b>	11,697	741	12,438
	<u>149,421</u>	<u>56,524</u>	<u>205,945</u>

**PETER HARRISON FOUNDATION**

**Notes forming part of the financial statements for the year ended 31 May 2021 (continued)**

**6 Investments**

Group	Managed investment funds £	Investment properties £	Loans £	Total for group £
<i>Cost and valuation</i>				
At 1 June 2020	6,994,207	19,370,000	21,200,000	47,564,207
Additions	0	0	0	0
Disposals	0	0	(9,650,000)	(9,650,000)
Revaluation gains/(losses)	1,141,985	(1,295,000)	0	(153,015)
At 31 May 2021	<u>8,136,192</u>	<u>18,075,000</u>	<u>11,550,000</u>	<u>37,761,192</u>
<i>Historic cost</i>				
At 31 May 2021	7,500,000	20,025,702	11,550,000	39,075,702
At 31 May 2020	7,500,000	20,025,702	21,200,000	48,725,702
Charity	Managed investment funds £	Investment in subsidiary company £	Loan to subsidiary company £	Total for charity £
<i>Cost and valuation</i>				
At 1 June 2020	6,994,207	1,000	38,800,000	45,795,207
Revaluation gain	1,141,985	0	0	1,141,985
At 31 May 2021	<u>8,136,192</u>	<u>1,000</u>	<u>38,800,000</u>	<u>46,937,192</u>
<i>Historic cost</i>				
At 31 May 2021	7,500,000	1,000	38,800,000	46,301,000
At 31 May 2020	7,500,000	1,000	38,800,000	46,301,000

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), Charities UK Equity Index Fund managed by BlackRock Investment Management (UK) Limited and 'Charifund' managed by M&G Investment Management Limited (both UK equity funds). All of the managed investment funds are held principally to generate income.

The Foundation's wholly owned subsidiary, PHF Investments Limited (company number 06772346), holds investment properties for which it collects rental income (see note 3). The investment properties were valued by professional external valuers, Colliers International Valuation UK LLP ('Colliers'), on an open market basis as at 31 May 2021. The valuations do not factor in any potential changes in value beyond 31 May 2021.

During the year two (2020: two) of the group's loans were repaid and a share of development profits of £717,208 (2020: £366,516) arose on these loans. In addition the group received a share of development profits of £257,742 (2020: £nil) in respect of a loan that was repaid in 2020, the profit share was contingent on the sale of part of the development, as this was unknown in 2020 no contingent asset was provided in 2020 and the profit share has been recognised this year. The total profit shares of £974,950 (2020: £366,516) have been shown as a realised investment gain.

PHF Investments Limited had aggregate capital and reserves at the year end of £2,362,811 (2020: £2,305,492). The company's results for the year are shown in note 3. PHF Investments Limited is incorporated in England and one of the Trustees, Peter Lee, is a director of the company. The former Trustee, Peter Harrison deceased, was also a director of the company until the date of his death on 18 June 2021.

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



**PETER HARRISON FOUNDATION**

**Notes forming part of the financial statements for the year ended 31 May 2021 (continued)**

**7 Debtors**

	<b>Group 2021 £</b>	<b>Group 2020 £</b>	<b>Charity 2021 £</b>	<b>Charity 2020 £</b>
Trade debtors	169,820	291,398	0	0
Profit shares receivable	717,208	0	0	0
Other debtors and prepayments	28,313	44,591	5,583	20,246
Accrued income receivable	251,923	222,220	0	300
Donation receivable from subsidiary company	0	0	1,361,373	1,912,152
	<u>1,167,264</u>	<u>558,209</u>	<u>1,366,956</u>	<u>1,932,698</u>

**8 Other creditors**

	<b>Group 2021 £</b>	<b>Group 2020 £</b>	<b>Charity 2021 £</b>	<b>Charity 2020 £</b>
Rent received in advance	101,169	142,959	0	0
Trade creditors	56,778	20,542	28	1,300
Accruals	34,498	37,132	17,515	19,232
Taxes and social security	36,850	76,043	0	0
Other creditors	0	16,788	0	0
	<u>229,295</u>	<u>293,464</u>	<u>17,543</u>	<u>20,532</u>

**PETER HARRISON FOUNDATION**

**Notes forming part of the financial statements for the year ended 31 May 2021 (continued)**

**9 Analysis of funds**

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

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

The further expendable endowment gifts are those where the trust terms provide for conversion to income under certain circumstances. During the year one donation of £500 (2020: 3 donations totalling £2,000) was made.

PETER HARRISON FOUNDATION

Notes forming part of the financial statements for the year ended 31 May 2021 (continued)

9 Analysis of funds (continued)

Group	At 1 June 2019 £	Income £	Expenditure £	Gains and losses £	At 31 May 2020 £
<b>Expendable endowments</b>					
Endowment gifts	45,001,000	0	0	0	45,001,000
Further expendable endowment gifts	89,243	162	(2,000)	0	87,405
	<u>45,090,243</u>	<u>162</u>	<u>(2,000)</u>	<u>0</u>	<u>45,088,405</u>
<b>Income funds</b>					
Unrestricted fund	4,254,914	3,321,519	(2,446,952)	(1,254,382)	3,875,099
	<u>49,345,157</u>	<u>3,321,681</u>	<u>(2,448,952)</u>	<u>(1,254,382)</u>	<u>48,963,504</u>
<b>Charity</b>	<b>At 1 June 2019 £</b>	<b>Income £</b>	<b>Expenditure £</b>	<b>Gains and losses £</b>	<b>At 31 May 2020 £</b>
<b>Expendable endowments</b>					
Endowment gifts	45,001,000	0	0	0	45,001,000
Further expendable endowment gifts	89,243	162	(2,000)	0	87,405
	<u>45,090,243</u>	<u>162</u>	<u>(2,000)</u>	<u>0</u>	<u>45,088,405</u>
<b>Income funds</b>					
Unrestricted fund	1,034,265	3,238,795	(2,166,555)	(535,898)	1,570,607
	<u>46,124,508</u>	<u>3,238,957</u>	<u>(2,168,555)</u>	<u>(535,898)</u>	<u>46,659,012</u>

**PETER HARRISON FOUNDATION**

**Notes forming part of the financial statements for the year ended 31 May 2021 (continued)**

**10 Analysis of net assets between funds**

<b>Group - 2021</b>	<b>Endowment fund</b>	<b>Expendable endowment fund</b>	<b>Unrestricted income fund</b>	<b>Total funds</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Fixed assets	37,761,192	0	0	37,761,192
Current assets	7,239,808	86,914	8,144,274	15,470,996
Current liabilities	0	0	(1,672,702)	(1,672,702)
Creditors payable after more than one year	0	0	(533,070)	(533,070)
At 31 May 2021	<u>45,001,000</u>	<u>86,914</u>	<u>5,938,502</u>	<u>51,026,416</u>
<b>Charity - 2021</b>	<b>Endowment fund</b>	<b>Expendable endowment fund</b>	<b>Unrestricted income fund</b>	<b>Total funds</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Fixed assets	45,001,000	0	1,936,192	46,937,192
Current assets	0	86,914	3,634,519	3,721,433
Current liabilities	0	0	(1,460,950)	(1,460,950)
Creditors payable after more than one year	0	0	(533,070)	(533,070)
At 31 May 2021	<u>45,001,000</u>	<u>86,914</u>	<u>3,576,691</u>	<u>48,664,605</u>
<b>Group - 2020</b>	<b>Endowment fund</b>	<b>Expendable endowment fund</b>	<b>Unrestricted income fund</b>	<b>Total funds</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Fixed assets	45,001,000	0	2,563,207	47,564,207
Current assets	0	87,405	4,604,899	4,692,304
Current liabilities	0	0	(2,146,744)	(2,146,744)
Creditors payable after more than one year	0	0	(1,146,263)	(1,146,263)
At 31 May 2020	<u>45,001,000</u>	<u>87,405</u>	<u>3,875,099</u>	<u>48,963,504</u>
<b>Charity - 2020</b>	<b>Endowment fund</b>	<b>Expendable endowment fund</b>	<b>Unrestricted income fund</b>	<b>Total funds</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Fixed assets	45,001,000	0	794,207	45,795,207
Current assets	0	87,405	3,796,475	3,883,880
Current liabilities	0	0	(1,873,812)	(1,873,812)
Creditors payable after more than one year	0	0	(1,146,263)	(1,146,263)
At 31 May 2020	<u>45,001,000</u>	<u>87,405</u>	<u>1,570,607</u>	<u>46,659,012</u>

## PETER HARRISON FOUNDATION

### Notes forming part of the financial statements for the year ended 31 May 2021 (continued)

#### 11 Related party transactions

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

An agreement has been made between the Foundation and the "B" Settlement that the occupation by the "B" Settlement and the Foundation of the shared office is based on the space occupied by each entity and the number of staff employed. During the year the Foundation was charged under this agreement £20,369 (2020: £20,369) for rent, £5,908 (2020: £7,054) for service charges, £8,874 (2020: £8,895) for rates, £13,299 (2020: £14,160) for general office costs and £444 (2020: £459) for insurance (all figures include VAT).

The Foundation's wholly owned subsidiary PHF Investments Limited is managed by Chancerygate Limited. Chancerygate Limited charged £102,368 (2020: £123,760) 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 £11,704,804 (2020: £21,252,057) for the purpose of property development. These loans are repayable within 5 years and interest is charged at between 5% and 8.5% with the company also entitled to 20% to 30% of any net development profits on certain of the loans once complete. During the year interest on the loans of £1,222,149 (2020: £1,210,079) was earned. In addition £974,950 (2020: £366,516) 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 £814,800 (2020: £1,014,540) of interest to the Foundation. The company also made donations in respect of the year of £1,361,373 (2020: £1,912,152) of which £1,361,373 (2020: £1,192,512) is included in the charity's debtors at the year end.