



JOHN LYON'S CHARITY

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2016

Registered Charity No: 237725

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Trustee	The Keepers and Governors of the Possessions, Revenues and Goods of the Free Grammar School of John Lyon (A Charter Corporation)
Registered Charity No.	237725
Registered Address and Charity Office	45 Cadogan Gardens London SW3 2TB
Property Managing Agents	Cluttons LLP, Chartered Surveyors Portman House, 2 Portman Street London W1H 6DU
Bankers	Coutts & Co 440 Strand London WC2R 0QS
Auditors	PKF Littlejohn LLP Statutory Auditor 1 Westferry Circus Canary Wharf London E14 4HD
Solicitors	Pemberton Greenish LLP 45 Cadogan Gardens London SW3 2AQ
Investment Advisers	Cazenove Capital Management Limited 12 Moorgate London EC2R 6DA
Principal Officers Chief Executive Grants Director Finance Director Clerk to the Trustee	Andrew Stebbings Cathryn Pender Lloyd Gay Andrew Millett

Introduction

The Trustee is the Corporation founded by Royal Charter granted by Queen Elizabeth I on 8th February 1572 to John Lyon, the founder of Harrow School. The Corporation's formal title is "The Keepers and Governors of the Possessions, Revenues and Goods of the Free Grammar School of John Lyon".

The Corporation is a separately Registered Charity (No. 310033) responsible for Harrow School and The John Lyon School.

In presenting this report for the year ended 31 March 2016, the Trustee has prepared the Financial Statements in accordance with the accounting policies set out in the notes to these financial statements and comply with the Charity's governing document, the Charities Act 2011 and the Statement of Recommended Practice "Accounting and Reporting by Charities" (FRS 102 SORP).

Structure, Governance and Management

Governance

The Charity is governed by the Scheme contained in The Charities (John Lyon Road Trust) Order 1991 (SI 1991, No.1141) as amended by the scheme made by the Charity Commissioners on 28 November 1996.

Organisational Structure and Management

The Trustee has established a Grants Committee to make recommendations on the award of grants, an Investments Committee to monitor the performance of the Investment Adviser and review and advise on strategic asset allocation and has appointed a member of the Corporation as Estate Governor who has immediate responsibility for the Charity's St John's Wood Estate and chairs a Property sub-committee to monitor and advise on the Charity's property holdings and investments.

Each Committee is chaired by a member of the Corporation and is constituted by other members of the Corporation, co-opted members who give specialist advice and the Chief Executive. The Chairmen in the year were:-

- Grants Committee - Mrs Susan Whiddington
- Investments Committee - Mr R Crispin W Odey
- Estate Governor - Mr Robert Orr-Ewing

The day-to-day management of the Charity's affairs is conducted through the Chief Executive as the senior executive officer of the Charity reporting to the Trustee.

The grant giving function is under the immediate supervision of the Grants Director and the Charity has a number of specialist advisers who are engaged on a consultancy basis to advise on specialist areas.

The Grants Committee meets at least three times a year. Applications for each meeting are subject to strict deadlines. The grant-giving guidelines and details of the application procedures are published on the website and in an information brochure. The website is the primary source of information about the Charity.

These functions are co-ordinated by a Management Committee, consisting of the Estate Governor and the two Committee Chairmen, with general responsibility to supervise the administration and the management of the Charity's assets, to make recommendations on policy and strategy and to supervise the discharge of the responsibilities for the Financial Statements and review the Financial Statements before presentation to the Trustee for approval. The terms of delegation and the scope of responsibilities are formally recorded and reviewed regularly.

The Corporation has in place policies and procedures on all governance matters including the disclosure of conflicts of interest and on the selection and induction of members, which take account of its role as Trustee of the Charity.

A full list of the members of the Corporation with details of the committees on which they serve is shown in a separately published Annual Report. Copies of the Annual Report may be obtained on application to the Charity's Office.

Objectives and Activities

The Objects of the Charity

Under the Scheme the yearly income of the Charity is applicable for the following charitable purposes:

- a. the relief of the aged, disabled or poor inhabitants of the London Boroughs of Barnet, Brent, Camden, Ealing, Hammersmith & Fulham, Harrow and the Royal Borough of Kensington & Chelsea and the Cities of London and Westminster ("the inhabitants");
- b. the relief of distress and sickness among the inhabitants;
- c. the provision and support (with the object of improving the conditions of life for the inhabitants in the interest of social welfare) of facilities for recreation and other leisure time occupations;
- d. the provision and support of educational facilities for the inhabitants; and
- e. any other charitable purposes for the benefit of the inhabitants;

in accordance with certain rules required by the Scheme to be made. The Rules are reviewed every three years and amendments approved by the Charity Commissioners for England and Wales. The current Rules were adopted by the Trustee on 30 November 1991 subject to amendment in 1996, 2001 and 2013 when a minor change was made to value thresholds on consultation.

The Trustee has referred to the Charity Commission's general guidance on public benefit when reviewing the Charity's aims and objectives and in planning future activities and setting the grant making policies.

Grant Making Policy

The Charity's mission is to "promote the life-chances of children and young people through education" reflecting the general intent of the Founder. Education is the foundation of the Charity's work, this is achieved by the distribution of the Charity's income through grants to registered charities and organisations with automatic charitable status that operate within the nine boroughs of the beneficial area or benefit young people who are inhabitants of the Beneficial Area.

Events and Activities during the Year

The total amount of grants, excluding support costs, payable in 2015/16 was £9,625,700, an increase of £2,157,135 compared with £7,466,565 in 2014/15 allocated across the following funds:

	£'000	£'000
Main Grants	7,791	6,173
Bursaries	1,036	880
School Explorer	-	1
School Holiday Activity Fund	317	-
Schools in Partnership	355	264
Small Grants	127	151
Total	9,626	7,469

228 new grants were approved in 2015/16, an increase from 167 in the previous year.

Grants are divided among the following Programme Areas:

Programme Areas

	2015/16	2014/15
	£'000	£'000
Arts and Science	1,385	1,285
Bursaries	999	857
Children & Families	1,129	1,135
Education & Learning	1,174	1,139
Emotional Wellbeing	676	530
Special Needs & Disability	954	600
Sport	547	269
Training	475	270
Youth Clubs and Youth Activities	1,385	969
Youth Issues	894	407
Other	8	8
Total	9,626	7,469

For the first time since 1996, the largest proportion of funding was awarded under the Youth Clubs & Youth Activities Programme Area (£1,385,004, 18%). This can largely be attributed to the targeted work of the Grants Team to increase grant-giving in this area. This is closely followed by Arts & Science (£1,384,845). There has been a significant increase in expenditure on Youth Issues which includes the three grants of £100,000 each made to the Young People's Foundations. Spending under Special Needs & Disabilities is also increased, which is largely due to two large capital grants to Barnet & Southgate College and MacIntyre. Both of these grants represent contributions towards enhancing the facilities available for young people with learning and physical disabilities to attend Further Education colleges with the appropriate equipment and support.

Borough breakdowns

	2015/16	2014/15
	£'000	£'000
Barnet	1,457	836
Brent	1,285	890
Camden	1,434	863
City of London	-	-
Ealing	861	750
Hammersmith & Fulham	750	637
Harrow	853	715
Kensington & Chelsea	494	501
Westminster	574	781
Discretionary	887	622
Discretionary - Bursary	1,031	874
Total	9,626	7,469

For the first time Barnet received the highest allocation of funding in 2015/16, £1,457,485 (or 15%). The level of funding in the borough was enhanced by the grant of £200,000 to Barnet & Southgate College as well as the grant to the Young Barnet Foundation (£100,000). In addition, a significant grant was awarded to Mapledown School in Barnet (£70,000). Camden received the second highest allocation of funding (15% or £1,433,795). Disappointingly, Westminster received a reduced allocation of funding (£574,412 or 6%). It is important that the Charity works to increase the number of funding applications made by organisations in Westminster and will look at ways of working with the voluntary sector organisations over the next year to do this.

Main Grants Fund

This is the principal fund for grants of over £5,000 and covers all the programme areas. The total represents 145 individual grants, 81% of the value spent in 2015/16.

The number of grants that have been made of over £40,000 is indicative of the increasing needs of the voluntary sector and the lack of funding available to them from other sources. It is now increasingly common for us to support the whole costs of a post or a project. Those grants over £40,000 in the year were:

Grant recipient	2015/16
Name	£'000
Paddington Arts	40
Samuel Lithgow Youth Centre	40
StreetGames	45
Anna Freud Centre	40
IntoUniversity	45
DreamArts	40
Home-Start Westminster	46
BANG Edutainment	40
Brentford Football Club Community Sports Trust	45
Friends of Mapledown School	70
London Youth	40
MacIntyre	150
The Media Trust	72
Prisoners' Education Trust	40
Respond	40
Royal Philharmonic Orchestra Ltd	47
Showroom Gallery Ltd	40
Watford FC's Community Sports and Education Trust	40
William Perkin C of E High School	45
Working with Men	40
Young Barnet Foundation	100
Young Harrow Foundation	100
Brent Play Association	60
National Resource Centre for Supplementary Education	60
Afghan Association Paiwand	60
Barnet and Southgate College	200
Brent Centre for Young People	40
Brunswick Club Trust	40
Dairy Meadow Primary & Nursery School	49
Harrow Club W10	65
The Primary Shakespeare Company	60
Westway Trust	40
Fair Play Barnet	50
Lyric Theatre Hammersmith	50
Pre-School Learning Alliance	50
Securing Success	40
British Library	40
City Literary Institute	200
Design Museum	44
Making The Leap	40
Refugee Youth	40
Lauderdale House Society	50
Young Brent Foundation	100
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	2,583
Grants of less than £40,000	7,043
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Total grants	9626
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Bursary Fund

Bursary grants are made as a contribution towards school fees for young people to attend specific institutions. Eligible candidates must be currently living in the Beneficial Area and have done so for at least two years before the award is made. Bursary holders are selected by the institution, based on criteria agreed with the Charity. The details of each prospective candidate proposed are presented to the Charity for approval. Recipients are means tested and must provide evidence that their family cannot afford to contribute more than 25% of the school fee.

Over the year, the Charity sustained its level of funding under the Bursary Fund. In total, £1,036,084 was allocated as bursaries in 2015/16 of which £174,205 was for John Lyon Bursary Awards for girls' at Godolphin & Latymer School, Notting Hill & Ealing High School, Northwood College, St James Independent School for Senior Girls, St Paul's Girls' School and North London Collegiate School, and for boys at the Foundation Schools; £278,413.64 to Harrow School and £491,632.09 to The John Lyon School. £49,134 was awarded for boys to attend prep schools before going to Harrow School when they reach age 13. The preparatory schools included Arnold House, Orley Farm, St Anthony's and Summer Fields.

In addition, the Charity continued to support music bursaries at the Camden Music Trust and the Helena Kennedy Foundation that supports disadvantaged undergraduates.

The Charity continues its efforts to ensure that the bursary opportunities are publicised as widely as possible throughout the Beneficial Area. In order to do this, the Charity seeks to engage with primary schools throughout the Area to disseminate this message. A reception was held in November 2015 for primary schools to meet representatives from the schools offering John Lyon awards. This event was attended by over 50 teachers, head teachers and school business managers to learn more about the bursary opportunities as well as other funding available from John Lyon's Charity. To accompany this event, an information booklet on the Bursary Programme was published and distributed to all primary schools in the Beneficial Area to encourage applications and help schools and parents navigate the process of applying for bursary support.

School Holiday Activity Fund (SHAF)

Holiday activities are vitally important for children and young people, particularly those from disadvantaged backgrounds who do not have the opportunity to take advantage of the wide range of activities available in London and who cannot afford holidays. Funding for such activities has been a casualty of the reduction in government spending.

In April 2015, the Charity launched the School Holiday Activity Fund to help organisations continue to offer activities for children and young people throughout the school holidays. The Fund is open to all registered charities working with children and young people within the Beneficial Area, including exceptionally those organisations that the Charity is already supporting. In response to the needs of the local community, SHAF has created a more accessible way to secure funding with an application form which can be downloaded from the website and a streamlined approval process.

The response has been dramatic and, over the year, a total of £317,704 was awarded as SHAF grants to 71 organisations. The majority were awarded to organisations that either were currently in grant with the Charity (43) or had previously received funding from the Charity (15). Next year, focus will be on increasing the number of applications from organisations in the Beneficial Area that the Charity has not funded before.

The majority of grants (£188,674 or 60%) were awarded as holiday drop-in activities reflecting the more informal nature of provision during school holiday periods. The drop-in element of these programmes allows families to use the activities on offer as and when they are required. The second highest allocation (£41,850) was towards "Trips out of London".

Schools in Partnership Fund

A young person's ability to benefit from school and the learning experience is critically dependent on his or her background and home life. Schools are uniquely placed to understand the dynamic between a young person's home-life and which young person needs help and support. The Charity has for many years had an interest in funding additional support for young people and their families to help provide a foundation, particularly for the most disadvantaged young people, to enhance their ability to learn and gain the most that they can from their education. We consider that funds are best managed through schools, developing the crucial link between schools, home-life and community. It is, therefore, most appropriate that schools organise this additional support, whether from school-based staff such as learning mentors or from other facilitators, including social workers and health care professionals. The Charity encourages schools to work together in groups and cluster arrangements, maximising limited resources to impact on a larger number of children and to share proven strategies, ideas and best practice.

Ten grants were awarded under the Schools in Partnership Fund in 2015/16. There are currently 14 active projects involving 110 schools in the Charity's beneficial area (104 primary, 3 secondary and 3 special). The total spend under this programme in 2015/16 was £354,850 (£279,750 the previous year). The increase in applications to the Schools in Partnership Fund is as a result of both the Charity's increased efforts to ensure that all schools in the Beneficial Area are aware of the funding opportunities available and to the fact that schools themselves are seeking to enhance their income by making applications to trusts and foundations. It is increasingly common for primary schools to employ a 'Business Manager' to operate outside of the classroom and day to day school activities and focus more on strategy and fundraising in a broad sense.

Small Grants Fund

The Small Grant Fund continues to be a popular way of securing funding from the Charity. Grants are available of up to £5,000. Expenditure under this Fund has reduced from £151,270 in 2014/15 to £125,622 in 2015/16. This can be directly linked to the new School Holiday Activity Fund which has been used by groups for projects that might have previously been considered under the Small Grants Fund.

A Proactive Approach

The Charity is constantly looking at ways in which it can promote and support the voluntary sector in the Beneficial Area and enhance the effectiveness of its grant giving and its relationship with organisations that it funds.

Young People's Foundations

The most significant development of 2015/16 has been the launch of the Young People's Foundation (YPF). The Charity has played a key role in the development of this model, which has influenced much of the Charity's activity over the year. The Charity's work in the concentration of nine northwest London boroughs has enabled it to gain a reputation as being an impartial and independent voice working for the benefit of the voluntary sector as a whole. This work has also enabled us to gain a picture of the changing landscape of funding for the voluntary sector, allowing us to adapt our approach and policies accordingly. The YPF model is our response to what we see are the pressures facing the Children and Young People (CYP) sector at the current time. Cuts to youth service and related budgets, such as play services, have been significant, with further reductions in capacity and the facilities available for such work on the horizon. The low level of funding is making local authority run youth services unsustainable and as a result, we have seen the necessity for change and the creation of new models of delivery.

Following consultation with the CYP voluntary sector in the Charity's Beneficial Area, the model of the Young People's Foundation evolved. YPFs are locally based registered charities that are membership organisations for groups that work with Children and Young People in the relevant area. Young People's Foundations will work to support and safeguard existing CYP provision and work to promote the activities of and the funding sources for its members in their local area and to preserve facilities for community use.

The Charity has been instrumental in setting up three Young People's Foundations so far: The Young Barnet Foundation, Young Brent Foundation and Young Harrow Foundation. Each are a registered charity and have begun the journey of developing a specific offer for member organisations in their local area. The response in these three areas has so far been very positive and the Charity is working with key figures in each of the other boroughs in the Beneficial Area to help them establish Young People's Foundations of their own. Each of the three original YPFs has been awarded a grant of £100,000 per annum for three years from John Lyon's Charity, which has been matched by City Bridge Trust. We are delighted with the response from other trusts and foundations who have expressed an interest in this model and who are interested in establishing and supporting YPFs in areas outside the Charity's Beneficial Area.

More information on the YPF Model can be found on our website www.jlc.london.

Lyon's Den Events and Funding Fairs

The Charity has continued in its efforts to ensure that as many relevant and eligible organisations are aware of the funding opportunities available from John Lyon's Charity. One of the most important ways is by attending Funding Fairs and other networking events organised by local authorities and Council for Voluntary Services groups. During the year, we have attended Funding Fairs in the Tri-Borough (Kensington & Chelsea, Hammersmith & Fulham and Westminster), Barnet, Harrow and Westminster.

The 'Lyon's Den' model that builds on these Funding Fairs by working with local authorities and CVS groups to offer targeted sessions for groups that are specifically interested in applying to the Charity. Groups are invited to submit introductory proposals to the Grants Team in advance of the Lyon's Den who then hold one-to-one sessions with each group to discuss their project proposal with a view to developing a full proposal to the Charity. In 2015/16, events were held in the Tri-Borough, Barnet and Ealing and a number of successful projects have been developed from these events.

Capacity building

The Charity has expanded its series of capacity building seminars, which are open to all organisations in the Beneficial Area and are developed in order to identify their needs. These include talks on 'Strengthening Your Management Committee' seminar, targeted at trustees of voluntary organisations identifying the five key ways of strengthening a management committee; 'Fundraising for Small Charities', a seminar targeting smaller organisations with limited capacity and fundraising know-how, including the challenge of assessing sample grant applications as grants officers; and 'Boost Your Budget Skills', a further session with a specific focus on budgeting and presenting financial information for funding applications.

Partnerships with other funders

The Charity plays an active part in London Funders and other forums promoted by the Mayor's Office and others. This year the Charity has worked closely in developing programmes and initiatives with others, in particular with the City Bridge Trust, BBC Children in Need and London Funders which organised a powerful and moving event promoted by the Lord Mayor at Mansion House on inclusion in youth work.

The Charity particularly values its relationship with London Youth, which has developed quality assessment models for youth work and for the Young Peoples Foundations, and with the National Resource Centre for its work with supplementary schools, which was the subject of the Institute for Public Policy Research (IPPR) report on Supplementary Education and how mainstream schools can work together with supplementary schools.

Consultation with Local Authorities

The Charity values its relationships with key figures in the local authorities in the Beneficial Area. Regular meetings are held with key local authority contacts in youth services, Music Hubs, Virtual Schools and the Charity's Designated Officers. These partnerships enable the Charity to maximise scarce resources, foster collaboration between organisations in each local authority and create a secure basis for delivering services for young people in the boroughs.

Website www.jlc.london

The new website www.jlc.london was launched in April 2015. The website is designed to make the Charity more transparent with a page dedicated to introducing the members of the Grants Team. The website is now more

interactive with blog articles regularly submitted by London Youth, Greenford High School (on the e-safety initiative) and the Design Museum. As one would expect, the pages most frequently visited on the website contain practical information about the Charity's grant-giving and the most visited pages are 'Who we fund', 'About us' and 'How do I apply'.

Future Plans

The Charity looks forward to 2016/17 as a year of change and reflection when the Charity will undertake its triennial Policy Review to consider current policies and priorities and examines them in the context of the Beneficial Area, the effectiveness of the Charity's giving and whether it is accessible to the organisations in the Beneficial Area.

The Charity remains committed to its role in facilitating the growth of the Young People's Foundation model across the Beneficial Area. Work is already underway in other boroughs including Westminster, Ealing and Hammersmith & Fulham and the Charity hopes to see the formation of YPFs in all of the boroughs in its Beneficial Area by the end of 2016/17.

Work is being done on an initiative to bring together Arts organisations and special schools and to develop high quality, innovative projects. A conference on the topic is planned in June 2016 to help stimulate dialogue between the two sectors.

In order to continue our efforts to be 'outward facing', the Charity is planning to host surgeries for applicants to discuss specific issues pertaining to Stage Two of the funding application process leading to better quality applications. The Charity is also committed to encouraging new groups to apply to the School Holiday Activity Fund and is planning to host a networking event to publicise the Fund more widely, using the local CVS organisations and the YPFs to promote this opportunity.

Financial Review of the Charity

Endowment and Total Return Policy

The Charity's endowment which is permanent derives from conveyances by John Lyon in 1578 and 1581 when the original land in St John's Wood was acquired at a price of £660. It is believed that there have been no material additions to the endowment since the Charity's foundation.

The Trustee has adopted a total return policy to determine the level of expenditure based on the Charity Commission order made in January 2006.

In determining the initial unexpended total return, the Trustees have adopted the valuation of the Charity's assets on 31st March 1997, which was the first occasion on which the open market value of all the Charity's assets had been determined. The valuation was £63.8 million and the initial, unapplied total return was £176.7 million. As at 31st March 2016, the unapplied total return is £278.9 million.

The Trustee considered it appropriate to adopt a methodology that gives a degree of certainty and stability to the amount available to be applied for charitable purposes each year. The amount is determined by taking an average of the value of the Charity's assets on the last four balance sheet dates. The policy allows the Trustee to expend up to 4% of that rolling average on charitable activities including support costs and after the cost of generating funds and governance costs.

Investment Policy

A formal investment policy is in place setting out the strategic asset allocation. This takes account of the Charity's extensive property interests and the basis for the measurement of the performance of the various asset classes. The tactical asset allocation is reviewed and revised regularly by the Investment Committee.

The St John's Wood estate, consisting principally of residential properties let on long leases, is subject to compulsory disposal of the property interests under the leasehold enfranchisement legislation. The Trustee considers it appropriate to retain this original endowment with a view to maximising the proceeds arising under the enfranchisement legislation. In the year, total proceeds of £6.0 million have been received (2014/15 - £22.5 million). The residual value of the reversionary properties as at 31st March 2016 is £38.8million (2014/15 - £43.4million).

The investment policy excludes the reversionary properties from the asset allocation as they are not regarded as readily disposable on the open market.

Since 2002 it has been the Trustee's policy to invest half the proceeds of the St John's Wood estate in commercial properties and half in the investment portfolio, with a number of prime residential properties on the original estate being retained where vacant possession has been obtained.

The asset allocation is:

Asset Class	Value at 31 March 2016 £'000		Value at 31 March 2015 £'000	
Investment Assets				
Fixed Interest	6,128	1.81%	6,296	1.84%
Gilts	888	0.26%	907	0.27%
UK Equities	16,888	4.97%	35,047	10.28%
Global Equities	37,930	11.17%	45,832	13.44%
Hedge funds/Alternatives	17,593	5.18%	24,913	7.31%
Cash	50,710	14.94%	34,679	10.17%
Total investments	130,137	38.33%	147,674	43.31%
Property Assets				
Residential Estate	60,447	17.81%	58,339	17.11%
Commercial Property	94,550	27.85%	75,620	22.18%
Indirect property Funds	15,983	4.59%	15,906	4.66%
Total Property	170,980	50.24%	149,865	43.95%
Investment Assets Totals	301,117	88.57%	297,539	87.26%
Reversionary Estate	38,787	11.43%	43,439	12.74%
Total Assets	339,904	100.00%	340,978	100.0%
Tangible fixed assets	5		-	
Debtors: due within more than one year	2,000		-	
Net Current Assets	1,076		508	
Total Net Assets	342,985		341,486	

The capital return in the year was 1.43% and the total return, based on gross income, of 2.38%. The WM Charity index (with property) was down 0.3% in the year to March 2016. The capital return in the five years to March 2016 was 53%.

The very significant increase in the Charity's assets since 1997, when the Endowment was valued at £63.8 million, has been principally attributable to the performance of its prime London residential estate despite the impact of the leasehold reform legislation.

Reserves Policy

The charity does not maintain an unrestricted reserve as capital is available from the charity's endowment under the total return policy adopted as explained in note 10.

Annual Income

The actual income of the Charity derived from its investments amounted to £8.1 million, an increase of 1.7% from £8.0 million in 2014/15. The amount available as annual income under the total return policy was £11.6 million, of which £10.5 million was utilised.

Staff Remuneration

Staff salaries including key management personnel are reviewed annually by the management committee and annual reviews are agreed with consideration given to similar positions within organisations of similar size.

The Charity is a Living Wage employer and as such is committed to ensuring staff are paid fairly with to retaining and attracting appropriately skilled staff to deliver the charity's objectives

Future Commitments

Commitments have been given for grants over the next three years totalling, £8.6 million in 2016/17 £5.0 million in 2017/18 and £2.2 million in 2018/19 and subsequent years for projects that the Charity has agreed in principle to fund on a longer-term basis, payment of which is, in each case, contingent on the stipulated conditions being met, a review of progress and formal authorisation by the Grants Committee. These commitments are recorded in note 17 to the Financial Statement. The Charity has committed to multi-year grants totalling £13.8 million up to 2022/23, including bursary support.

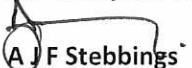
A contract for the refurbishment of an investment property at an expected cost of £1.03m has been entered into which is due to be completed in October 2016.

Risk Management

The Trustee, which is responsible for the management of risks faced by the Charity, is satisfied that the major risks identified through the risk management processes are adequately managed but recognise that systems can provide reasonable assurance, but no absolute guarantee, that important risks are identified and appropriately managed.

Auditors

PKF Littlejohn LLP has expressed its willingness to continue in office as auditor.


A J F Stebbings
Chief Executive

For and on behalf of the Keepers and Governors of the Possessions, Revenues and Goods of the Free Grammar School of John Lyon as Trustee

18th June 2016

Statement of the Trustees' Responsibilities

The Trustee is responsible for preparing the Report of the Trustee and the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England & Wales requires the Trustee to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the Charity and of the incoming resources and application of resources of the Charity for that period. In preparing these Financial Statements, the Trustee is required to:

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

The Trustee is responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Charity and enables it to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the Scheme. It is also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustee is responsible for the maintenance and integrity of the charity and financial information included on the Charity's website. Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

Each of the Members of the Corporation and the Chief Executive has confirmed, so far as he or she is aware, that there is no relevant audit information of which the Auditors are unaware, and each Member has taken all the steps that he or she ought to have taken as a Member of the Corporation to make themselves aware of any relevant audit information and to establish that the Auditors have been made aware of that information.

Report of the Independent Auditor to the Trustee of John Lyon's Charity

We have audited the Financial Statements of John Lyon's Charity (the Charity) for the year ended 31 March 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement, the accounting policies and the related notes 1 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the Trustee, as a corporate body, in accordance with Section 144 of the Charities Act 2011 and with regulations made under Section 154 of that Act. Our audit work has been undertaken so that we might state to the Trustee those matters we are required to state to that body in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Trustee and Auditors

As explained more fully in the Trustee's Responsibilities Statement (set out on page 13), the Trustee is responsible for the preparation of financial statements which give a true and fair view.

We have been appointed auditors to the Charity under Section 144 of the Charities Act 2011 and report in accordance with regulations made under Section 154 of that Act. Our responsibility is to audit and express an opinion on the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the Financial Statements sufficient to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustee; and the overall presentation of the Financial Statements. In addition, we read all the financial and non-financial information in the Report of the Trustee to identify material inconsistencies with the audited Financial Statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

Opinion on financial statements

In our opinion the Financial Statements:

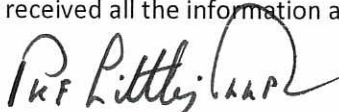
- give a true and fair view of the state of the Charity's affairs as at 31 March 2016 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

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 Report of the Trustee is inconsistent in any material respect with the Financial Statements; or
- sufficient accounting records have not been kept; or
- the Financial Statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

PKF Littlejohn LLP
Statutory Auditor



1 Westferry Circus
Canary Wharf
London E14 4HD

18 June 2016

PKF Littlejohn LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

STATEMENT OF FINANCIAL ACTIVITIES
Year ended 31 March 2016

	Note	Restricted Fund £'000	Unrestricted Fund £'000	Endowment Fund £'000	Total Funds 2015/16 £'000	Total Funds 2014/15 £'000
Income and endowment from:						
Charitable activities		300	-	-	300	-
Property investments	2	-	-	5,650	5,650	5,521
Investments	3	-	-	2,477	2,477	2,472
Total income and endowment		<u>300</u>	<u>-</u>	<u>8,127</u>	<u>8,427</u>	<u>7,993</u>
Expenditure on:						
Raising funds	4	-	-	1,267	1,267	998
Charitable activities	5	-	10,490	48	10,538	8,294
Total expenditure		<u>-</u>	<u>10,490</u>	<u>1,315</u>	<u>11,805</u>	<u>9,292</u>
Net gains and (losses) on property investments	8	-	-	5,974	5,974	23,621
Net gains and (losses) on investments	9	-	-	(1,097)	(1,097)	11,748
Net income/(expenditure)		<u>300</u>	<u>(10,490)</u>	<u>11,689</u>	<u>1,499</u>	<u>34,070</u>
Transfers between funds	10		10,490	(10,490)	-	-
Net Movement in Funds		<u>300</u>	<u>-</u>	<u>1,199</u>	<u>1,499</u>	<u>34,070</u>
Reconciliation of funds:						
Total funds brought forward		-	-	341,486	341,486	307,416
Balance at end of year	14	<u>300</u>	<u>-</u>	<u>342,685</u>	<u>342,985</u>	<u>341,486</u>

There are no recognised gains or losses except as shown above and all income is derived from continuing activities. Comparative figures for the respective funds have been set out in note 1.

The Accounting Policies and Notes on pages 19 to 31 form part of these Financial Statements.

JOHN LYON'S CHARITY

BALANCE SHEET
at 31 March 2016

	Note	2016 £'000	2015 £'000
Fixed Assets			
Tangible assets	7	5	-
Investment properties	8	193,784	177,398
Investments	9	146,120	163,580
		<hr/>	<hr/>
		339,909	340,978
Debtors: due within more than one year	11	2,000	-
Current Assets			
Debtors	11	1,147	1,891
Cash at bank		3,133	794
		<hr/>	<hr/>
		4,280	2,685
Creditors: due within one year	12	(3,204)	(2,177)
		<hr/>	<hr/>
Net Current Assets		1,076	508
		<hr/>	<hr/>
		342,985	341,486
		<hr/>	<hr/>
Represented by:			
Endowment fund	14a	342,685	341,486
Unrestricted fund	14b	-	-
Restricted fund	14c	300	-
		<hr/>	<hr/>
	20	342,985	341,486
		<hr/>	<hr/>

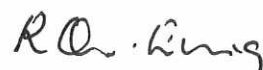
The Trustee's Report and these Financial Statements were approved by the Keepers and Governors of the Possessions, Revenues and Goods of the Free Grammar School of John Lyon as Trustee on and signed on the Trustee's behalf by:

S Whiddington



18 June 2016

R Orr-Ewing



The Accounting Policies and Notes on pages 19 to 31 form part of these Financial Statements.

JOHN LYON'S CHARITY

CASH FLOW STATEMENT
Year ended 31 March 2016

	Note	2015/16 £'000	2014/15 £'000
Net Cash (outflow) from Operating Activities	21	(6,216)	(4,739)
Net Cash inflow from Capital Expenditure and Financial Investment Activities	22	5,946	1,741
Returns on Investment and Servicing of Finance	22	2,609	2,472
		—	—
Increase/(decrease) in Cash in the Period		2,339	(526)
		—	—
Opening net funds at the beginning of the year		794	1,320
Movement in net funds in the year		2,339	(526)
		—	—
Net funds at the end of the year		3,133	794
		—	—

The Accounting Policies and Notes on pages 19 to 31 form part of these Financial Statements.

General information and basis of preparation

John Lyon's Charity is a charitable trust registered in the United Kingdom. The registered address and charity office is given in the charity information on page 2 of these financial statements. The nature of the charity's operations and principle activities are grant making.

The charity constitutes a public benefit entity as defined by Financial Reporting Standards ('FRS102'). The financial statements have been prepared 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), the charities Act 2011, and UK General Accepted Practice as it applies from 1 January 2015.

The financial statements have been prepared to give a 'true and fair' view and have departed from the charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 rather than the Accounting and reporting by Charities: Statement of recommended Practice effective from 1 April 2005 which has been withdrawn.

The Financial Statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are prepared in sterling which is the functional currency of the charity and rounded to the nearest £000.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

The charity adopted SORP (FRS 102) in the current year and an explanation of how transition to SORP (FRS 102) has affected the reported financial position and performance is given in note 19.

Investment Properties

Investment Properties are stated at open market value in order to comply with the provisions of the Statement of Recommended Practice, Accounting and Reporting by Charities. Investment Properties which comprise the Reversionary Estate, Residential and Commercial Properties are valued annually as at the year end.

Open market value is defined as the best price at which the sale of an interest in property would have been completed unconditionally for a cash consideration on the date of valuation, assuming:

- a. a willing seller;
- b. that prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of the price and terms and for the completion of the sale;
- c. that the state of the market, level of values and other circumstances were, on any earlier assumed date of exchange of contracts, the same as on the date of valuation;
- d. that no account is taken of any additional bid by a prospective purchaser with a special interest; and
- e. that both parties to a transaction had acted knowledgeably, prudently and without compulsion.

Gains and losses recognised on revaluation, and gains and losses realised on the sale of investment properties, are taken to the Endowment Fund and included in the SOFA.

No depreciation is charged on Investment Properties.

Rental Income

Rental income is accounted for by reference to the due date under the lease or tenancy.

Investments

Investments are stated at market value as at the year-end.

All gains and losses on sale, and unrealised gains and losses on revaluation of investments at year-end market value, are taken to the Endowment Fund and included in the SOFA.

Tangible fixed assets

Fixed assets acquired with a value below £1,000 are evaluated for capitalisation based on the economic benefit derived in use. All other assets are capitalised.

Office and computer equipment are depreciated at between 20% and 33% on an annual straight line basis over the assets useful lives.

Grants

Grants payable represent grants paid and payable in the year. Grants payable over a number of years are not recognised until the Trustee is satisfied that the stipulated conditions have been met and payment of a further instalment has been authorised on the recommendation of the Grants Committee.

Taxation

The Charity is generally exempt from direct taxation on investment income and capital gains but is subject to Value Added Tax (VAT). Unless stated otherwise relevant expenditure is shown inclusive of VAT.

Pension Costs

Pension contributions, which are to defined contribution schemes, are charged to the SOFA in the period to which they relate.

Operating Leases

Rentals payable under operating leases are charged to the SOFA on a straight line basis over the period of the lease.

1. Analysis of the Statement of Financial Activities
for the year ended 31 March 2015

	Unrestricted Fund 2014/15 £'000	Endowment Fund 2014/15 £'000	Total Funds 2014/15 £'000
Income and endowment from:			
Charitable activities	-		-
Property investments	-	5,521	5,521
Investments	-	2,472	2,472
	<hr/>	<hr/>	<hr/>
Total income and endowment	-	7,993	7,993
	<hr/>	<hr/>	<hr/>
Expenditure on:			
Raising funds	-	998	998
Charitable activities	8,255	39	8,294
	<hr/>	<hr/>	<hr/>
Total expenditure	8,255	1,037	9,292
	<hr/>	<hr/>	<hr/>
Net gains and (losses) on property investments	-	23,621	23,621
Net gains and (losses) on investments	-	11,748	11,748
	<hr/>	<hr/>	<hr/>
Net income/(expenditure)	(8,255)	42,325	34,070
Transfers between funds	8,255	(8,255)	-
	<hr/>	<hr/>	<hr/>
Net Movement in Funds	-	34,070	34,070
Reconciliation of funds:			
Total funds brought forward	-	307,416	307,416
	<hr/>	<hr/>	<hr/>
Balance at end of year	-	341,486	341,486
	<hr/>	<hr/>	<hr/>

There was no restricted income or expenditure in the year

2. Income from Property	2015/16	2014/15
	£'000	£'000
Residential rents	2,264	2,378
Commercial rents	3,386	3,143
	<hr/>	<hr/>
Total Incoming Resources from property	5,650	5,521
	<hr/>	<hr/>
3. Income from Investments	2015/16	2014/15
	£'000	£'000
Investments	2,212	2,461
Bank and deposit interest	16	11
Loan interest	249	-
	<hr/>	<hr/>
Total Incoming Resources from investments	2,477	2,472
	<hr/>	<hr/>
4. Cost of Generating Funds	2015/16	2014/15
	£'000	£'000
Property Management charges	340	344
Property Repairs and other expenses	685	440
	<hr/>	<hr/>
Total cost of generating income from property	1,025	784
Other management costs	242	214
	<hr/>	<hr/>
	1,267	998
	<hr/>	<hr/>

5. Analysis of Charitable Activities

Direct charitable expenditure represents grants made under the Scheme by the Charity. The policy of the Trustee is to restrict grants to registered or exempt charities and not to make grants to individuals.

	Grant Funded Activity £'000	Support Costs £'000	Total 2015/16 £'000	Grant Funded Activity £'000	Support Costs £'000	Total 2014/15 £'000
Arts in Education	1,385	131	1,516	1,285	142	1,427
Bursaries	999	95	1,094	857	95	952
Children & Families	1,129	107	1,236	1,135	125	1,260
Education & Learning	1,174	111	1,285	1,139	126	1,265
Emotional Welbeing	676	64	740	530	58	588
Special Needs & disability	954	90	1,044	600	66	666
Sport	547	52	599	269	30	299
Training	475	45	520	270	30	300
Youth Clubs and Youth Activities	1,685	160	1,845	969	107	1,076
Youth Issues	594	56	650	407	45	452
Other	8	1	9	8	1	9
	<u>9,626</u>	<u>912</u>	<u>10,538</u>	<u>7,469</u>	<u>825</u>	<u>8,294</u>

Charitable activities includes £10,490 (2014/15 - £8,255) related to unrestricted funds and £48 (2014/15 - £39) related to endowment funds.

6. Support Costs

The breakdown of support costs is shown in the table below. The allocation to Charitable Activities is shown in the table above.

	2015/16 £'000	2014/15 £'000
Administration fees	179	205
Audit fees	28	29
- current year	4	4
- prior year under provision	32	28
Valuation fees	16	11
- current year	1	-
- prior year over/under provision	15	-
Depreciation	45	44
Legal fees	15	51
Printing & stationery	6	27
Seminars and sponsorship	55	28
Sundry expenses	393	298
Consultancy fees	61	49
Staff costs	59	51
Travel IT and other expenses	2	-
Rent and rates	1	-
Operating lease - Offices equipment		
Office expenses		
	<u>912</u>	<u>825</u>

Administration of Charitable Grants	2015/16	2014/15
	£'000	£'000
Staff Costs		
Wages and salaries	314	234
Social security costs	31	24
Pension & health care contributions	48	40
	<u> </u>	<u> </u>
	393	298
	<u> </u>	<u> </u>

The Charity contributes 15% of pensionable salary to the Pensions Trust, a defined contribution pension scheme established for the employees of voluntary organisations. All employees are members of this scheme (The Flexible Retirement Plan) for which the Charity has no residual liability.

Average number of employees during year:	7	5
	<u> </u>	<u> </u>

In the year one employee was entitled to emoluments falling in the band of £60,001 - £70,000 and one falling in the band of £70,001 - £80,000 (2015/16 – one £60,001 – £70,000).

The total amount of employee benefits received in the year by key management personnel which includes staff and individuals employed by Pemberton Greenish, whose costs are recharged to the Charity was £237,308 (2015 - £209,770). The Charity considers its key management personnel to comprise of the principle officers as indicated in the charity information on page 2.

7. Tangible Fixed Assets

	Computer equipment £'000	Total £'000
Cost at 1 April 2015	-	-
Additions in the year	6	6
	<u> </u>	<u> </u>
At 31 March 2016	6	6
	<u> </u>	<u> </u>
Depreciation at 1 April 2015	-	-
Depreciation charge in year	1	1
	<u> </u>	<u> </u>
At 31 March 2016	1	1
	<u> </u>	<u> </u>
Net book value at 31 March 2016	5	5
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>
Net book value at 31 March 2015	-	-
	<u> </u>	<u> </u>

8. Investment Properties	2016 £'000	2015 £'000
Reversionary estate	38,787	43,439
Residential properties	60,447	58,339
Commercial Properties	94,550	75,620
	<hr/>	<hr/>
Market value	£193,784	£177,398
	<hr/>	<hr/>
Balance at beginning of year	177,398	154,802
Additions at cost	23,513	20,909
Unrealised gain on revaluation	4,815	17,516
Disposals at valuation	(11,942)	(15,829)
	<hr/>	<hr/>
Balance at end of year	£193,784	£177,398
	<hr/>	<hr/>

The investment properties were revalued as at 31 March 2016 by Cluttons LLP, Chartered Surveyors, having been previously revalued as at 31 March 2015, in accordance with guidance set out in the Valuation and Appraisal Manual of the Royal Institution of Chartered Surveyors.

Properties forming the Charity's original endowment and properties acquired prior to 31 March 1997 were not recorded in the Balance Sheet at the date of acquisition; most of these were acquired many years ago and it is not practicable to identify and disclose the original cost, which is unlikely to be material. Properties acquired and capitalised improvements since 31 March 1997 and retained within the portfolio have a cost of £62.6m (2014 - £62.5m).

Disposals at valuation during the year resulted in a realised gain of £1.159m (2014/15 - £6.105m).

9. Investments

	2016 £'000	2015 £'000
Free Fund	128,632	147,674
Special Fund	17,488	15,906
	<hr/>	<hr/>
Market value	146,120	163,580
	<hr/>	<hr/>
Historical cost	117,044	126,344
	<hr/>	<hr/>

Included in the above is cash invested and cash held for investment of £1,504,622 (2014 - £3,259,548) in the Special Fund and £47,843,605 (2015 - £33,563,767) in the Free Fund. The Special Fund is defined in the Governing Documents.

Also included in the Special Fund are two investments currently under refurbishment that are stated at cost totalling £4.22m (2015: £3.42m)

9. Investments (continued)

Investment movements in the year are summarised as follows:

	2016 £'000	2015 £'000
Balance at beginning of year	163,580	152,548
Investment purchases	40,345	21,888
Net investment realisations	(74,422)	(45,581)
Unrealised surplus on revaluation	4,092	12,773
Net movement in cash held for investment	12,525	21,952
	<hr/>	<hr/>
Balance at end of year	146,120	163,580
	<hr/>	<hr/>

Net investment realisations resulted in realised losses of £5.189m (2014/15 – losses of £1.025m).

All investments are held in the Endowment Fund.

At 31 March 2016 the following investments accounted for more than 5% of the overall portfolio:

	%
Institutional USD Liquidity Fund	28.61
Lansdowne Developed Markets Absolute -N-Shares	12.07
Schroder UK Opportunities Fund Z Income shares	6.14
Schroder Multi Manager International Fund	8.43
BlackRock Gold & General Fund	7.05

10. Application of the Power of Total Return

In January 2006, the Charity Commission made an order permitting the Charity to adopt total return investment powers in relation to its permanent endowment in the form of the Commission's model order. In March 2012 the Trustee resolved that, subject to the Charity Commission's approval, the Order be implemented with effect from 1 April 2012 on the basis that the amount applicable for charitable purposes of the charity shall be determined by reference to the value of all the Charity's assets. The Charity Commission's approval was given on 12th June 2012.

The Policy adopted and approved by the Charity Commission provides that the amount to be applied annually is determined by taking an average of the value of the Charity's assets on the last four balance sheet dates. The policy allows the Trustee to expend up to 4% of that rolling average on charitable activities including support costs and the cost of generating funds and governance costs. The calculation to determine the amount available in the years to 31st March 2016 and 2017 is:

Year ended:	Asset Values	4 year Average	Expendable amount @ 4%
	£'000	£'000	£'000
31 March 2012	240,536	207,409	8,296
31 March 2013	275,461	234,176	9,367
31 March 2014	307,416	260,544	10,422
31 March 2015	341,486	291,225	11,649
31 March 2016	342,476	316,710	12,668

The amount available for the year ended 31 March 2016 was £11,649,000, and for 2016/17 is £12,668,000.

10. Application of the Power of Total Return (continued)

In the current and prior year the amount available and applied in accordance with the policy was:

	2015/16 £'000	2014/15 £'000
Expendable amount as above	11,649	10,422
Utilised	(10,490)	(8,255)
	<hr/>	<hr/>
Unutilised and reinvested	1,159	2,167
	<hr/>	<hr/>

The application of total return to the permanent endowment fund is summarised below:

Movements in the Total Return Fund in the Year and Application of Total Return from the Endowment Fund	2015/16 £'000	2014/15 £'000
Opening value of endowment fund at 1 April	341,486	307,416
Less: Opening value of the fund at 31 March 1997	(63,797)	(63,797)
	<hr/>	<hr/>
Opening value of Total Return Funds	277,689	243,619
Add:		
Investment return – income	8,127	7,993
Investment return – realised/unrealised gains	4,877	35,369
	<hr/>	<hr/>
	290,693	286,981
Less:		
Raising funds	(1,267)	(998)
Charitable activities	(48)	(39)
	<hr/>	<hr/>
Unapplied total return before transfers carried forward	289,378	285,944
Return applied during the year	(10,490)	(8,255)
	<hr/>	<hr/>
Unapplied total return as at 31 March	278,888	277,689
Add: value of the fund at 31 March 1997	63,797	63,79
	<hr/>	<hr/>
	342,685	341,486
	<hr/>	<hr/>

11. Debtors

	2016 £'000	2015 £'000
Amounts due from tenants and managing agents	813	1,849
Other debtors and prepayments	334	42
	<hr/>	<hr/>
	1,147	1,891
	<hr/>	<hr/>

The amount due within more than one year relates to a loan repayable on or before 2020. The loan is secured and carries a premium rate of interest

12. Creditors: amounts falling due within one year	2016	2015
	£'000	£'000
Grants payable	2,569	1,710
Other creditors and accruals	635	467
	<hr/>	<hr/>
	3,204	2,177
	<hr/>	<hr/>

13. Operating Lease Commitments

As at 31 March 2016, the total minimum payments to which The Charity is committed under non-cancellable operating leases are:

	2016	2015
	£'000	£'000
Expiring later than one and not later than five years	288	356
	<hr/>	<hr/>

On termination of the lease there is likely to be a claim for dilapidations and reinstatement, which it is not expected to exceed £25,000.

14. Funds

a. Endowment Fund

The capital assets of the Charity are those derived from the Founder's original gift of land in 1578 and 1581 and represent permanent endowment, subject to the application of the Total Return policy.

b. Unrestricted Fund

The Unrestricted Fund represents income available for distribution in accordance with the Scheme referred to in the Report of the Trustee.

c. Restricted Fund

The restricted Fund represents a grant received from The City Bridge Trust to co-fund the salary and running costs of Young People's Foundations in each of the boroughs of Brent, Harrow and Barnet, for one year.

15. Transactions with the Trustee and Connected Persons

The Charity made grants in the year for bursaries at both Harrow School of £278,414 (£233,407 in 2014/15) and The John Lyon School of £491,632 (£448,300 in 2014/15) to enable individuals resident in the beneficial area to attend those Schools, who would not be able to do so without that financial support. These grants are aimed at providing wider access to education at the schools and are consistent with the Founder's original intention for the application of his endowment.

Each member of the Corporation and the principal officers are required to complete a declaration of interest statement each year for the purpose of identifying and ensuring proper disclosure of such interests. Three grants totalling £116,860 (2014/15 – three grants totalling £103,000) were made to charities where one or more such persons are charity trustees. No other transactions have taken place between the Charity and the Trustee or any member of the Corporation.

15. Transactions with the Trustee and Connected Persons-(continued)

The Clerk to the Corporation and the Chief Executive are partners in the firm of Pemberton Greenish LLP which acts as Solicitors to the Charity. Under the terms of a detailed contract for services that firm provides administration, office and computer services, which are recharged to the Charity and included in Note 2, as follows:

	2015/16	2014/15
	£'000	£'000
Salaries	239	234
Office costs	44	44
Computer and IT support	24	23
	—	—
	307	301
	—	—

In addition, and as shown below, legal fees are paid by the Charity to Pemberton Greenish LLP for work undertaken in connection with the management of the Charity's estates, which are included in the property expenses detailed in Note 1, and for work undertaken in the sale and purchase of property on the Charity's estates, which are included in expenses charged to capital.

	2015/16	2014/15
	£'000	£'000
Fees charged to Endowment Fund in respect of the sale of investment properties	234	219
	—	—

VAT and out of pocket expenses are not included in the above figures.

The Chief Executive receives no remuneration or expenses personally from the Charity.

The charity's offices at 45 Cadogan Gardens are occupied under the terms of an underlease granted by Pemberton Greenish LLP (see note 13).

The Charity's property managing agents, Cluttons, are not a related party as defined under Financial Reporting Standard 102, but in the interests of transparency the remuneration for their services, based on a detailed contract of engagement, paid by the Charity are:

	2015/16	2014/15
	£'000	£'000
Management fees and insurance commissions	340	285
Valuation and lease audit fees	44	39
Capital transaction fees	311	233
	—	—
	695	557
	—	—

The Management Committee reviews the terms of engagement of the Charity's professional advisers annually.

No individual member of the Corporation received any expenses or other remuneration from the Charity.

16. Ultimate Controlling Party

The ultimate controlling party is the Keepers and Governors of the Possessions, Revenues and Goods of the Free Grammar School of John Lyon, as Trustee (registered charity No. 310033).

17. Future Commitments

Grant commitments

The Charity has committed to multi-year grants including bursary support totalling £13.8 million up to 2022/23, payment of which is in each case contingent on the stipulated conditions being met, following a review of progress by the Grants Committee, and formal authorisation by the Trustee.

Capital commitments

The charity has committed to the cost of refurbishment of one of its properties 86 Maida Vale having acquired vacant possession in the year. The estimated cost of refurbishment is £1.03million of which £145,263 has been paid in the current year.

18. Contingent liabilities

The charity is involved in a number of legal actions related to property assets at the year end. The value of the costs related to these actions cannot be reasonably quantified and no express provision has been made in these accounts.

19. First-time adoption of SORP (FRS102)

The charity has adopted the SORP (FRS 102) for the first time in the year ended 31 March 2016. The effect of the transition from SORP (2005) is outlined below.

1) Changes in accounting policies

- Consequential changes in accounting policies resulting from adoption were the inclusion of a revised statement of general information and basis of preparation

2) Reconciliation of comparative period net income / expenditure.

Adjustments to previously reported net income / expenditure in the comparative period were as follows:

	2016 £000's
Net expenditure for the period ended 31st March 2015 under SORP (2005)	(1,299)
Net gains on investments	11,748
Net gains on investment properties	23,621
	<hr/>
Net income for the period ended 31st March 2015 under SORP (FRS 102)	34,070
	<hr/>

20. Analysis of net assets between funds

	Restricted Fund £'000	Unrestricted Fund £'000	Endowment Fund £'000	Total £'000
Fixed assets	-	-	339,909	339,909
Debtors due in more than one year	-	-	2,000	2,000
Other current assets/liabilities	300	-	776	1,076
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	300	-	342,685	342,985
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

21. Reconciliation of Net Incoming Resources before
Grants to Net Cash Inflow from Operating Activities

	2015/16 £'000	2014/15 £'000
Total income	8,427	7,993
Total expenditure before grants	(2,179)	(1,823)
	<u> </u>	<u> </u>
Net incoming resources before grants	6,248	6,170
Grants from annual income	(9,626)	(7,469)
	<u> </u>	<u> </u>
Net outgoing resources after grants	(3,378)	(1,299)
Decrease in debtors	(1,256)	(487)
Increase/(decrease) in creditors	1,027	(481)
Income from listed investments and deposit interest	(2,609)	(2,472)
	<u> </u>	<u> </u>
Net Cash (outflow) from Operating Activities	(6,216)	(4,739)
	<u> </u>	<u> </u>

22. Analysis of Cash Flows for Headings Netted in the Cash Flow Statement

Capital Expenditure and Financial Investment Activities		
Net proceeds from property transactions	(10,023)	1,580
Expenses charged to Endowment Fund	(388)	(555)
Sale of investments	69,233	44,556
Purchase of investments (note 9)	(41,228)	(21,888)
Purchase of plant and equipment (note 7)	(6)	-
Decrease in cash held for investment (note 9)	(11,642)	(21,952)
	<hr/>	<hr/>
Net Cash inflow from Capital Expenditure and Financial Investment Activities	5,946	1,741
	<hr/>	<hr/>
Net Proceeds from Property Transactions		
Freehold/lease premium proceeds	13,490	22,489
Purchase of properties (note 8)	(23,513)	(20,909)
	<hr/>	<hr/>
	(10,023)	1,580
	<hr/>	<hr/>
Returns on Investment and Servicing of Finance		
Income from listed and unlisted investments	2,212	2,461
Deposit interest	97	11
Other income	300	-
	<hr/>	<hr/>
	2,609	2,472
	<hr/>	<hr/>