

**Promoting the life chances
of children and young
people through education**



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OUR MISSION STATEMENT

Champion, Support, Provide

We believe in transforming the lives of children and young people by creating opportunities to learn, grow and develop through education.

OUR VISION

We **believe** in promoting and supporting **collaboration and partnerships** that can have **a sustainable impact** on the **aspirations** of children and young people. We will not shy away from taking **informed risks** to support projects and organisations that **pioneer** new initiatives and ideas. As an independent funder we will **share the knowledge** from our work and seek to **influence** public policy for the benefit of the voluntary sector to ensure it is **valued**.

OUR VALUES

These are the internal values we promote, share and reinforce within the Charity.



John Lyon's Charity gives grants to benefit children and young people up to the age of 25 who live in nine boroughs in North and West London. Since 1991, the Charity has distributed over £156 million to organisations that seek to encourage the aspirations of children and young people. It does this by supporting projects that provide opportunities for young people to participate in a wide range of activities.

John Lyon's Charity is one of the largest independent funders in London. In the Financial Year ending March 2021 it paid grants of £12.22 million towards work in Arts & Science, Children & Families, Education & Learning, Emotional Well Being, Sport, Special Needs & Disability, Training, Youth Clubs and Youth Issues.

The Charity does not fundraise. Its funds are generated by its financial investments and property portfolios which form the Charity's endowment.

Trustee and Advisers

Trustee	The Keepers and Governors of the Possessions, Revenues and Goods of the Free Grammar School of John Lyon (A Charter Corporation)
Clerk to the Trustee	Andrew Millett
Registered Charity No.	237725
Registered Address and Charity Office	45a Cadogan Gardens Griffin Lodge London SW3 2TB
Property Managing Agents	Knight Frank LLP 55 Baker Street London W1U 8AN
Bankers	Coutts & Co 440 Strand London WC2R 0QS
Auditors	PKF Littlejohn LLP Statutory Auditor 15 Westferry Circus Canary Wharf London E14 4HD
Solicitors	Cripps Pemberton Greenish LLP 2nd Floor 80 Victoria Street London SW1E 5JL
Investment Advisers	Cambridge Associates 80 Victoria Street London SW1E 5JL
Custodian	Cazenove Capital 1 London Wall Place London Wall London EC2Y 5AU
Principal Officers	Dr Lynne Guyton <i>Chief Executive Officer</i> Ms Cathryn Pender <i>Grants Director</i> Mr Lloyd Gay <i>Finance Director</i>

CEO Message

The impact of the pandemic has not been felt the same way across different parts of the country and indeed, even within London. Certain geographical areas within the Charity's own Beneficial Area have been identified as having communities that have been hardest hit by this pandemic: South Brent and Southall have both been highlighted nationally as being significantly impacted by the virus. Furthermore, areas in West London have been identified as being particularly vulnerable to the economic impact of Covid-19: Kensington and Chelsea, Hammersmith and Fulham and Ealing.

The crisis has so far impacted the earnings of the poorest households the most. Households in the poorest fifth – as measured by their pre-crisis income – have seen a fall in their median household earnings of around 15% (circa £160 per month). Overall relative poverty (using incomes measured after housing costs are deducted) was 22% in 2018-19, and it has fluctuated little since the early 2000s. Some groups though, have seen more change. Relative poverty among working age adults without children has fallen since 2011-12, while relative child poverty has increased by 3 percentage points – the most sustained rise in relative child poverty since the early 1990s.

The Covid-19 pandemic has posed big challenges to the early years sector. The economic and public health consequences of the crisis are threatening to deepen existing patterns of vulnerability and under-achievement for young children and families, especially those living in poverty and disadvantage. We know that the early years are a crucial stage for social mobility, with the poorest children already 11 months behind their better-off peers before they start school and that attending high-quality early years provision provides a vital opportunity to narrow this gap before children start school. **Furthermore, school spending per pupil in England fell by 9% in real terms between 2009-10 and 2019-20. This represents the largest cut in over 40 years and is having a likely widening of educational inequalities** (IFS, Nov 2020). What Covid-19 has done is to reveal the problems which families in poverty have been struggling with for much longer. The pandemic has exacerbated inequalities in children's outcomes. Inequalities in learning time and learning resources during the lockdown have been compounded by the fact that Covid-19 has caused children to lose the protective and safeguarding environment of schools. In these conditions, inequalities in family circumstances and home environments are likely to have even deeper consequences for inequalities in children's attainment and well-being than they would otherwise have had.

With the outbreak of COVID-19 in the UK and the subsequent national lockdown, the funding community responded quickly and collectively. London Funders (the membership network for funders and investors in London's civil society – 160 members across all sectors and all 33 boroughs) released a funder statement: 'We Stand with the Sector', which made clear that the funding community would be as flexible and understanding as possible in this time of national crisis, working with grantees to ensure they felt supported to be able to respond to their local communities. The statement also reassured grantees and organisations that funders would understand the additional pressures the voluntary sector finances would be under in this time. The Charity was one of the initial five funders that signed up to the London Funders Pledge and all eight Young Peoples Foundations signed up within the first two days.

Following the statement from London Funders, the next step was to act. The experience the Charity gained because of the Grenfell Tower tragedy led to the resurrection of the funding portal. The Grenfell Tower Fire Funder Collaboration was established by John Lyon's Charity, London Funders and Tudor Trust, with support from 10 additional funders. Central to that collaboration (where the

Charity led on the Children and Young People response) was the establishment of a Funder Portal and a single application form. Applications were triaged by the Charity Grants Team and then uploaded onto the Portal, making applications readily available to all funders who wished to contribute to the response. Most importantly, the model also made it much simpler for applicant organisations to access the funding rapidly. With the introduction of the COVID-19 lockdown and the growing crisis, the portal was quickly resurrected and enabled the London Community Response Fund (LCR) collaboration to respond swiftly and efficiently. The Charity played a leading role in the collaboration and has also put in significant time and resource to make this work, with representation on the LCR Strategy group, Communication group and CYP task group. John Lyon's Charity ringfenced £1M for the immediate COVID response and awarded circa £900K to over 60 organisations during the five waves of funding. The in-depth knowledge and relationships the grants team hold with grantees was crucial in ensuring the Charity's grants were directed to those most in need. The Charity also utilised the insight and real time intelligence of YPFs on the ground to assist in decisions making.

Our Response Timeline

27 March 2020	May 2020	June/July 2020	November-March 2021
<p>Contacted grantees to give assurances on flexibility:</p> <ul style="list-style-type: none"> • Adapting Activities • Discussing Dates • Financial Flexibility • Listening <p>Wave 1 of LCRF:</p> <ul style="list-style-type: none"> • Emergency Response 	<p>Wave 2 of LCRF:</p> <ul style="list-style-type: none"> • Crisis Response • Delivering Differently <p>Launch of newsletter: Lyon Bites</p> <p>Adapting our processes to respond in lockdown:</p> <ul style="list-style-type: none"> • Bank statements • Approval procedure • NYA guidelines 	<p>Wave 3 of LCRF:</p> <ul style="list-style-type: none"> • Crisis • Enable • Adapt <p>June Grants Round as normal</p> <p>COVID SHAFs</p>	<p>November & March Grants Round as normal</p> <p>Increased flexibility on repeat grant requests</p> <p>Developing a future strategy: Home – School - Community</p>
Ongoing conversations with grantees →			

Our approach to tackling the impact of Covid 19 on the CYP sector was to use our core values to define how we responded:

Flexible	Integrity	Collaborative	Ambitious	Fair
Working with our grantees to ensure continuity of our funding and being as flexible as possible around reporting requirements and outcomes. This has allowed us to be nimble and pragmatic in our grant making.	We are a funder with integrity shown by how we listened and collated intelligence and lived experience from each of our grantees on their current situation.	We have supported and collaborated with infrastructure organisations including London Funders, BBC Children in Need, Youth Futures, ACEVO, ACF and NCVO to provide information, support and advocacy for the voluntary sector.	We were ambitious by taking a calculated risk to support emergency grant funding while keeping our regular grants programmes remained open.	We have been transparent and fair with grantees, balancing current need against the capacity to sustain longer term grant making.

Even in the middle of the pandemic we were able to re-open our hugely popular School Holiday Activity Funds. Funding covered all of July and August and organisations could apply for a higher amount (£6K rather than £4K) in recognition of the longer time frame and additional staffing/PPE costs incurred as a result of social distancing. Demand was high with over 80 applications received and circa £300K awarded.

The Grants Team spoke to over 350 grantees between March and July 2020. Charities showed they were trying to adapt by furloughing staff, extending services such as providing emergency food parcels and upskilling staff to offer digital delivery and online mental health first aid training. By listening to our grantees we understood where the impact was being most felt and what the risks for the future are.

What was important to our grantees was that we were **measured** in our response – we helped with immediate emergency needs while also considering a longer-term strategic response. We were also **nimble** and adapted our approvals and payments process to support grantee needs. Being **relational and visible** was also crucial **as it** ensured grantees could have **open, honest conversations** with us. Finally, we had **open** grant making – we maintained our regular grants rounds in addition to offering emergency support.

Finding a lasting solution has taken on a new urgency as the crisis has shown how close many young people are to being swept into poverty when circumstances change. This is why we believe John Lyon's Charity has a duty to respond to this crisis on its doorstep by taking a pragmatic and strategic approach, being as responsive and inclusive as possible. Our long-term strategic response was to launch a new strategy – Home - School -Community – on 1st April 2021. We have ring-fenced £22 million from our endowment to be spent over the next six years to help the CYP sector in our Beneficial Area. We will step up our grant funding to safeguard previous investment in the sector and secure it for future generations. This really is the proverbial rainy day and our funding has never been more needed.

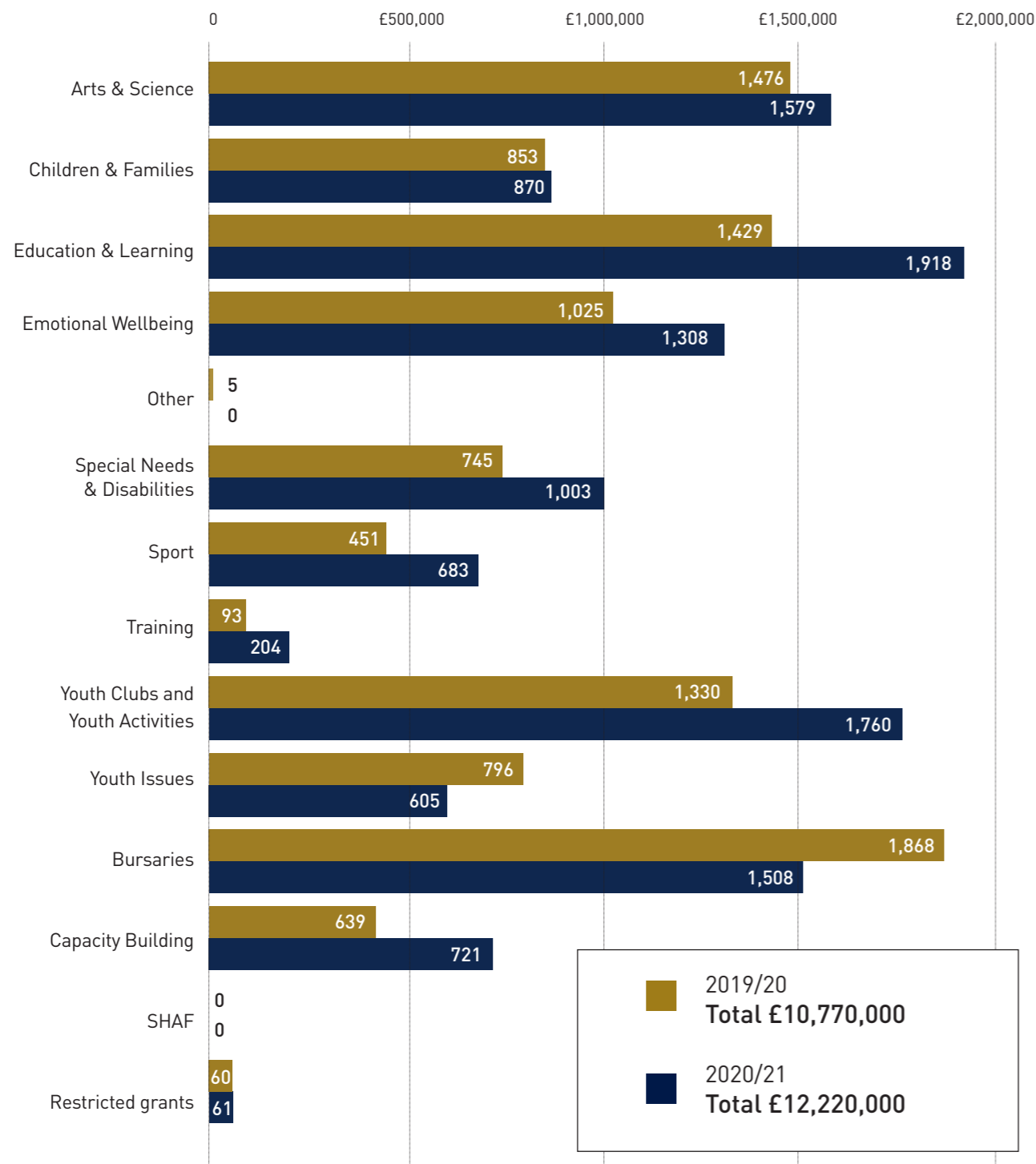


Dr Lynne Guyton
Chief Executive Officer

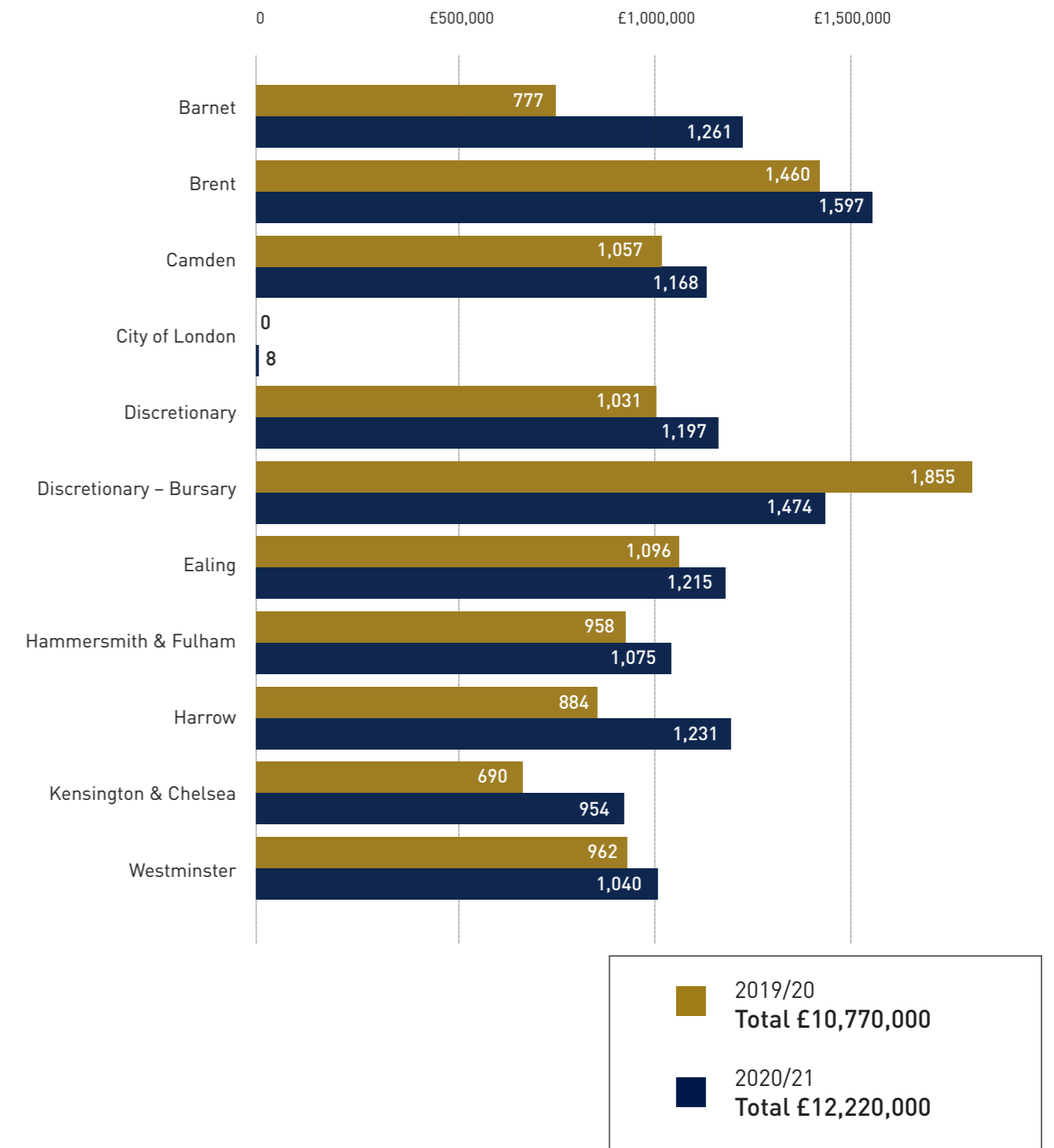
Overview of Grants

Total Grants paid **£12.22m** (2019/20 – £10.77m)

Funding by Programme Area



Funding by Borough



Funding by Grant Type

	2019/20 £'000	2018/19 £'000
Schools in Partnership	1,004	836
Bursaries	1,508	1,868
Small Grants (below £5k)	22	60
Main Grant Fund	7,536	7,141
School Explorer	(1)	12
SHAF	329	358
Internship	12	66
Capacity Building	707	429
COVID-19	903	-
Exclusion	200	-
Total	12,220	10,770

Total Number of Grant Applications

	2020/21	2019/20	2018/19	2017/18
Approved	240	255	259	260
Declined	164	207	135	199
Total Applications	404	462	394	459

404 requests were received during the last financial year, and as of 31st March 2021, 240 had been approved and 164 had been declined.

The total number of grant applications has remained fairly consistent over the past four years, with the total number of successful applicants at 59% in 2020/21. We have a flexible approach to grant-making, often working with an applicant for several months to ensure their application succeeds. We undertake grant making by 'walking around' on the ground to fully understand the needs of applicants which contributes to the high number of successful applications

Grant Payments by Size

Range £	No. of Grants Payments	Total 2020/21 £'000	No. of Grants Payments	Total 2019/20 £'000	No. of Grants Payments	Total 2018/19 £'000
0-5K	65	196	119	444	126	495
5,001-15K	110	950	57	618	70	607
15,001-40K	275	8,062	265	7,435	250	6,925
Over 40K	48	3,012	38	2,273	48	4,228

The number of grants made over £15,000 has increased since last year, as has the total number and value of grants over £40,000. We are already seeing the impact of organisations requiring larger grants to survive the crisis caused by Covid 19.

Report of the Trustee

1. 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 is commonly known as "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. The Corporation and its subsidiaries together with John Lyon's Charity is commonly known as the John Lyon's Foundation.

In presenting this report for the year ended 31 March 2021 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."

2. Objectives and Activities

a) The Objects of the Charity

Under the Scheme (outlined in 3.a) 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") which together form the Charity's Beneficial Area;
- 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. 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 30th November 1991 subject to amendments in

1996, 2001, 2013 (when a minor change was made to value thresholds on consultation) and 2017 (on delegation powers and consultation with each Local Authority on grant allocations and percentages of grants per borough).

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.

b) The Activities of the Charity

John Lyon's Charity awards grants to a wide variety of projects and initiatives that support children and young people. These Programme Areas reflect the variety of ways in which organisations seek to help children and young people either by providing them with opportunities or seeking to address specific needs directly. Grants are awarded to registered charities, state schools and organisations within the Charity's defined Beneficial Area. The breakdown of grants by area, programme type and grant fund are shown in the previous section.

3. Governance, Structure and Management

a) 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 a scheme dated 28 November 1996, trustee's resolutions dated 11 January 2017 and 18 March 2017 (both made pursuant to section 280 of the Charities Act 2011), and a Scheme dated 14 November 2018; and (ii) an Order of the Charity Commission dated 14 November 2018 made under section 105 of the Charities Act 2011.

b) Charity Management

The Charity had an average total of 12 permanent staff in the year. The day-to-day management of the Charity's affairs is conducted through the Chief Executive Officer as the senior executive officer of the Charity reporting to the Trustee through the Charity Management Board. The senior management team includes the Grants Director and Finance Director.

c) Structure

The Charity has a clear organisational reporting governance structure with Terms of Reference (ToR) documenting lines of authority and delegation. 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 Officer of John Lyon's Charity. Each committee has Terms of Reference (ToR) which set out its accountability and purpose. The ToRs are reviewed annually. Each Committee's meetings are noted and circulated to show decision making, actions and issues.

In accordance with the Charity Governance Code, a more robust and accountable governance structure was implemented towards the end of 2018. Good governance is fundamental to John Lyon's Charity's success. It enables and supports our compliance with the law and relevant regulations. It also promotes a culture where everything works towards fulfilling our vision.

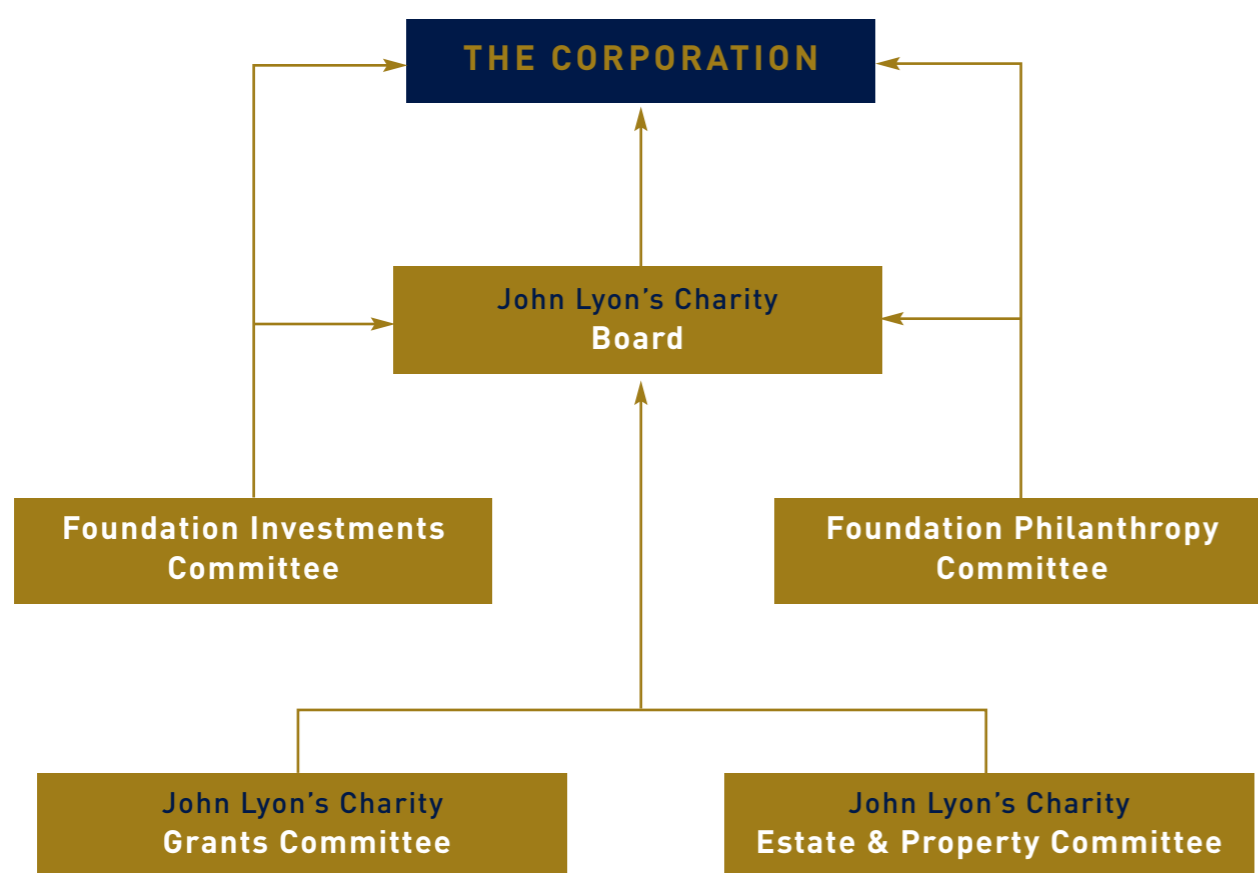
The Charity has a fully functioning Charity Management Board with seven members comprising five Governors representing the Trustee and two independent members. The Charity will commence a search for an eighth trustee during 2021/22.

d) Diversity

The Charity has a fully functioning Charity Management Board with five Governors and two independent members representing the Trustee. An audit of skills, experience and diversity was carried out in early 2019. The appointment of two independent members to the Board was successful in creating more diversity.

The Charity voluntarily undertook a Race Equality Audit which had been designed by the Funders for Race Equality Alliance (FREAA). The results of the audit demonstrated that the Charity had already implemented a number of positive practices, but there was room for improvement. The Association of Charitable Funders has also developed some very helpful guidelines in relation to diversity, equality and inclusion more generally. In the coming year, the Charity will conduct a full internal review among staff and trustees of its own practices in terms of policy making, employment and grant making.

John Lyon's Charity Governance Structure



Charity Management Board

The purposes of the Board are:

- a. To supervise and from time to time direct the management of the Charity, including its strategy, policies, investments and finances.
- b. To supervise and from time to time direct the activities of the Charity Grants Committee, the Charity Estate & Property Committee, and such other committees or working groups as there may be of the Charity.
- c. To have oversight of the activities of the Foundation Investments Committee, Foundation Philanthropy Committee and such other committees or working groups as there may be of the Foundation, to the extent that they relate to the Charity.

The Charity Management Board will:

- a. Have overall responsibility for the formulation and oversight of the Charity's strategy and policies for recommendation to the Governing Body (the 'Corporation') including, but not limited to:
 - i. The strategy and policy for the Charity's grant making activities (the 'Charity's Grants Policy') (including all small grants programmes).
 - ii. The Charity's investment strategy and policy (the 'Charity's Investment Policy').
 - iii. The Charity's total return policy.
- b. Have overall responsibility for overseeing the investment and management of the Charity's assets.
- c. Monitor the implementation of the Charity's Investment Policy, review the Investment Policy annually and advise the Foundation Investments Committee and/or the Governing Body on any recommended changes.
- d. Receive and review reports and recommendations from the Charity Grants Committee in relation to the Charity's grant making activities and make decisions (in accordance with the Charity's Grants Policy approved by the Governing Body) on all grant applications referred to it by the Charity Grants Committee.
- e. Determine (on an annual basis) the maximum amount (within the annual budget for grant making approved by the Governing Body) that may be awarded (per individual grant and in aggregate in each year) under the Charity's small grants programme.
- f. Receive and review reports and recommendations from the Charity Estate & Property Committee in relation to the management and composition of the Charity's property portfolio and make decisions (in accordance with the Charity's Investment Policy approved by the Governing Body) on all matters referred to it by the Charity Estate & Property Committee.

Grants Committee

The purpose of the Grants Committee is to:

- Oversee and make recommendations to the Charity Management Board in relation to the Charity's grant making activities.

The Grants Committee will:

- Formulate the criteria for the Charity's grant making (in accordance with the policy for the Charity's grant making as determined by the Charity Management Board) for recommendation to the Charity Management Board.
- Consider details of the Charity's individual grant applications and make recommendations to the Charity Management Board for their approval or otherwise.
- Monitor the implementation of the Charity's small grants programmes.
- Monitor and evaluate the effectiveness of the grants approved by the Committee and the other activities carried on by the Charity's staff and advisers and report to the Charity Management Board thereon.

The Charity has several specialist advisers who are engaged on a consultancy basis to advise on specialist areas in grant making. Full details of these advisers appear in the annual report and on the Charity's website. The grant-giving guidelines and details of the application procedures are published on the website and reviewed regularly.

The Charity pays advisers a fee to work with individual organisations to assist them in areas such as business plans, staffing, board issues, operations, organisational structure, and programme delivery. This occurs either before a grant has been awarded or during the lifetime of a grant. During the assessment process of individual organisations by advisers, they frequently provide advice and guidance on an informal basis over a range of capacity issues.

Estate & Property Committee

The purpose of the Estate & Property Committee is to:

- Oversee, manage and make recommendations to the Charity Board in relation to the management and administration of the Charity's Property Portfolio.

The Estate and Property Committee will:

- Be responsible for the management of the Charity's Property Portfolio.
- Formulate the strategy and any policies relating to the Charity's property portfolio, for recommendation to the Charity Management Board.
- Oversee the enfranchisement process for the Reversionary Portfolio.

d. Supervise the participation by the Chairman, the Charity's surveyor and the Chief Executive Officer in the conduct and use of the Scheme of Management.

e. Oversee or make decisions relating to the terms of leases of properties in the Charity's property portfolio, including but not limited to considering and determining requests for consent and approval.

f. Make decisions on the sale and acquisition of property assets or interests and determine the terms of any such transaction on the recommendation of the Charity's surveyors.

g. Monitor the investment performance of the Charity's property portfolio.

Foundation Investments Committee

The purpose of the Investments Committee is to:

- Take responsibility for the financial investment assets and, with the advice and assistance of the Investment Manager, responsibility for determining the appropriate financial investments.

The Investments Committee will:

- Monitor the performance of the Investment Advisor and advise on strategic asset allocation between cash, financial investments and property for recommendation to and approval by the Trustee (annually).

There is an Investment Policy which was updated in December 2020. The Charity seeks to produce the best financial return within an acceptable level of risk. The investment objective is to generate a total return of inflation (CPI) plus 4% per annum over the long term, (after expenses) for the financial investment portfolio. The Charity takes a long-term view of its assets and this is demonstrated through the market positions it takes with regard to both financial and property investments. Providing short-term gain is not the objective; rather sustainability of the assets is fundamental to ensure longevity of grant giving and sustainability of returns.

The Charity has also adopted a Socially Responsible Investment Policy in December 2020. As custodians of an endowment, the Investment Committee endeavours to use all its assets, including investments and properties, to have the greatest possible positive impact on children and young people in the Charity's Beneficial Area. It recognises the importance of environmental, social and corporate governance issues in the selection and management of investments within the portfolio. The Committee requires all fund managers to have an environmental, social and governance policy in place. It also ensures that a consideration of environmental, social, governance and ethical factors are a standard part of the selection process when appointing new fund managers.

Foundation Philanthropy Committee

The purpose of the Philanthropy Committee is to:

- Ensure the growth and support of collaborative charity projects and ventures across the John Lyon's Foundation (Harrow School, The John Lyon School and John Lyon's Charity).

The Philanthropy Committee will:

- Work to create more joined up thinking and to be more strategic about joint initiatives.
- Ensure high quality communications.
- Harness the power of the Foundation for the benefit of charitable causes.
- Help boys at both Schools become more involved in charity at a local level.
- Embed philanthropy across the Foundation.
- Raise the profile of John Lyon's Charity within the two schools.

4. Future Strategy

Covid-19 has had a devastating impact upon the children and young peoples' (CYP) sector in the Charity's Beneficial Area. This has exacerbated the difficulties the sector was already facing following the multiple funding cuts experienced over the past decade, threatening to sweep away even the strongest of organisations. We have ring-fenced an additional £22 million from our endowment to be spent over the next six years to help protect the CYP sector in our Beneficial Area. This funding will be in addition to the Charity's ongoing annual grant giving of c.£12 million per annum. From 1st April 2021, we will act to step up our grant funding to safeguard previous investment in the sector and secure it for future generations.

Home – School – Community: The Strategy

The Charity has 30 years' experience of grant giving to the CYP sector in our Beneficial Area. We have the reputation and the tenacity to make a difference. To ensure the continued health and effectiveness of the vibrant voluntary sector across the Charity's boroughs, we have created a strategic approach to protect the CYP sector in the long term, with the core focus on Home – School – Community; the three main points of reference in any child's life. The Home – School – Community strategy is in complete synergy with our current overarching grant giving structures and will compliment an existing funding portfolio designed around the Charity's expertise and CYP needs. The additional funding will allow us to do more of the same, but crucially this further investment will allow us to make a bigger difference to the CYP voluntary sector in our Beneficial Area at this vital time.

The impact of Covid-19 threatens to sweep away even the strongest of organisations. Once they are gone, they won't come back. We want to safeguard the CYP sector within the Beneficial

Area; Home - School - Community will seek to ensure that every viable organisation can survive and thrive, providing the vital services needed in the local community. Our mission is to help those charities that are already recognised as being essential to the health and diversity of the voluntary sector within the Beneficial Area and who make a very real difference to the lives of young people. These charities are a part of the social fabric. We know we cannot save every organisation that is at risk of closure but where it can, the Charity will commit to provide alternative resources and advice.

How Will We Do This?

Most young people spend their time either at school, at home or in the community (such as at a youth club). It is already part of the Charity's ethos to work collaboratively across these three environments and support organisations who already competently work in these areas. Additional funding would reinforce and add scope to this holistic approach and demonstrate that each vertex of the funding triangle (Home - School - Community) is as important as another in impacting on children and young people and their future life chances.

Home The importance of a stable and safe family environment cannot be underestimated in the normal growth and development of a child. Home is the constant; it is where life begins, and it is the most significant factor in whether a child succeeds or otherwise later in life. The first '1000 days' of a child's life (from conception to age two) is a unique period when a child's brain begins to grow and develop and when the foundations for their lifelong health are built. All too often, families under strain are unable to manage not only during these first 1000 days, but far longer. Lockdown has put incredible stress on often fragile relationships within the home, and families were left without the support systems in place that were vital in keeping families together. We know that incidences of domestic abuse increased massively over this period; family breakdowns due to inability to cope day in day out with children with additional needs over this period also increased. This Home (and family life) strand will focus on supporting organisations that work with those families who have suffered exponentially during the last six months.

School Children have to go to school; and the majority of children do attend school and spend most of their time there. It is therefore an ideal place to carefully target funding to have the most impact. The Charity has long supported schools directly (particularly through emotional wellbeing initiatives) as well as through organisations delivering projects within schools, such as enrichment activities through a range of Arts providers. The Charity's funding will not replace that which schools should be providing themselves, but rather, adds value to the experience of young people in school. Funded initiatives bring insight into a wider world and provide routes to extend those opportunities as real options, especially for those for whom horizons are so often far too narrow or simply not exist. The Education & Learning Programme Area is often one of the highest areas of spend for the Charity in recognition of the importance of engaging children in school. Schools are increasingly charged with the wider pastoral needs of children and links with home are vital. It is becoming more necessary for schools to create partnerships with organisations beyond the school gates to support them in this provision. This School strand will support schools in the creation of these partnerships and seek to target funding to a wide cross section of children who do not access support elsewhere.

Community These are places where young people can go to (outside formal learning settings or

their home) to take up activities that are rewarding, fun and they are vitally important. They serve to broaden horizons, give a sense of independence and develop skills. Often these activities are provided by voluntary sector organisations e.g. youth clubs and are free to members to ensure that they are open access and inclusive. In the context of local authority funding cuts in the wake of Covid-19 and the difficulty in sourcing funding for these activities, the Community strand would aim to maintain and increase youth and play provision throughout the Beneficial Area.

Home – School – Community and its Five Concepts

To ensure distribution of the additional spend adheres to the regular grant giving principles we have invested in over the last 30 years, we have established five new concepts to cement Home – School – Community and its strategic approach. These five concepts embrace the Charity's longstanding vision and will go further to unlock doors to ensure groups are reached, rehabilitated and recovered in light of the current crisis.

Recovery Covid-19 has had a devastating impact upon the CYP sector in our Beneficial Area. The additional funding is dedicated to the Recovery process to ensure that organisations will survive a post-Covid world. The Recovery approach is designed to support organisations severely impacted financially by the pandemic, that have experienced a significant drop in income, which cannot easily be replaced. This Recovery approach within the Home - School - Community strategy is vital to help ensure that organisations are sufficiently resourced and able to concentrate on the delivery of the vital services that they provide for their local communities.

Collaboration Collaboration is a philosophy already embedded within the Charity's grant-giving practice. Collaboration is at the heart of the Home – School – Community strategy and the additional funding will enable more organisations to work together as clusters to address identified needs for children and young people and allow them to push the parameters of their practice. This will include collaborations between schools and local voluntary organisations, working with a variety of other stakeholders to ensure as many organisations are working together in response to issues that have been exposed as a result of the Covid-19 pandemic. A shared approach locally will enable greater intelligence sharing, avoid duplication and more accurate signposting to ensure that services reach the young people most in need.

Replication Over the years we have helped to develop a number of highly successful initiatives that are having an incredibly positive impact on the lives of children and young people. The Charity frequently observes that these initiatives could be successfully replicated to benefit children and young people in other areas, but that organisations often lack the necessary resource and capacity to do so. With the impact of the pandemic still raw for many, not all organisations will be ready or able to expand their services and successfully transfer them to a different area. This additional funding, together with the Charity's knowledge and expertise, will help successful initiatives extend their reach to benefit more children and young people. These initiatives will specifically fall under programmes that represent Disability & Inclusion, Youth Issues, Youth Clubs, Emotional Wellbeing, Young Carers, and Family & Early Years.

Cultural Capital Since Covid-19, schools have been working overtime to help their children catch up on the core academic subjects, putting access to Arts subjects lower down on their agenda. As a result, there are significant numbers of children who are not accessing any Arts

activities at school or being exposed to them through their families or afterschool activities, risking a generation of children who have no 'Cultural Capital'. This is coupled with the crisis that has developed for Arts institutions, and their practitioners, as a result of the pandemic. The schools in the Charity's Beneficial Area are fortunate to be near some of the world's finest Arts institutions. The Charity has funded these organisations to deliver creative learning opportunities that put young people from our boroughs at the front and centre of their offering to help schools deliver high quality arts experience for their children. We have additional funding to bring Arts organisations and schools together, to ensure there continues to be a varied and accessible offer from Arts institutions in London, run by experienced and high-quality practitioners. As a result of this approach within Home - School - Community, it will mean that young people from all backgrounds can access and enjoy the Arts and the value it can bring.

Grassroots Supporting grassroots organisations, that work directly with local communities, has always proven to be an effective way for the Charity to direct its funding to those who need it most. To respond most effectively to these organisations, in recent years the Charity has created Young People's Foundations that support and nurture the CYP sector. YPFs are independent registered charities, and their success in developing good local networks, trusted by even the smallest and newest organisations, have proved to be an excellent vehicle for helping the Charity steer its resources to where they are most needed. One of the functions of the YPFs is to distribute small grants to the local organisations that often cannot access funding directly from larger funders, such as John Lyon's Charity. These are often new organisations that may not be registered as a charity and have very small incomes. We now have an additional funds to allocate directly to the YPFs throughout our Beneficial Area for them to distribute on our behalf to these groups.

Making Change Happen

Our strategic ambition is to find solutions to the two most significant issues facing the voluntary sector today:

1. The disruption of funding for the CYP sector due to Covid-19.
2. The Government's lack of investment across the CYP sector in the last 10 years.

The unprecedented convergence of these issues is leading to a medium-term funding shortage for the CYP voluntary sector. It is crucial to act now to ensure vital services are not lost. The huge disruption to young people's lives caused by the pandemic will put pressure on the Government in the longer term and it is hoped this will lead to a re-focus on the CYP sector. As a responsive, relational and responsible funder, we have walked alongside the groups we fund as the pandemic has unfolded. The unprecedented decision to draw down an additional £22million from our endowment is a direct response to the needs of our groups. We hope this additional investment can make a bigger difference for children and young people throughout our Beneficial Area, when it has never been more needed. We will aim to be the bridge from this current crisis to better times.

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 originally adopted a total return policy to determine the level of expenditure based on the Charity Commission order made in January 2006. This has been revised in the intervening period and the current total return policy was adopted by the Trustee on 20th March 2021.

In determining the initial unexpended total return, the Trustee had 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 of 31st March 2021, the unapplied total return fund is £328 million.

In 2010 the Governors adopted the current Total Return Policy applying to all the Charity's assets. The main purpose of adopting the Total Return policy was to provide certainty at the beginning of each financial year of the amount that is available to be spent on the Charity's grant giving and support costs. The amount is determined by taking an average of the value of the Charity's assets at the end of each financial year of the previous four years.

From 1st April 2017 the Trustee adopted a model which defines the circumstances which would require a spending review when the financial returns are such that the Endowment moves outside of a prescribed range of 15% either side of a core index of inflation.

From April 2019 the value available for expenditure has been calculated using the total return rate of 3.5%. This is reviewed by the Charity Management Board on an annual basis.

As a long-term response to the impact of Covid-19 on the Charity's beneficial area the Trustee has approved an "Agreed Additional Spend" of £22 million to be applied during the six-year period representing the financial years ending 31st March 2022 to 31st March 2028. The additional funding was approved in March 2021 and will be allocated for spending under the Charity's new "Home School - Community" strategy. The expendable amount applicable to the strategy will be determined on an annual basis by the Trustee.'

Investment Policy

A formal investment policy is in place setting out the strategic asset allocation. This includes an ESG statement to which the Charity adheres to and takes seriously. 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 Foundation Investment Committee and the Charity Management Board.

The financial assets portfolio's asset allocation should reflect the Charity's long-term investment objectives and risk tolerances. The portfolio shall be allocated between three primary asset groupings, defined by their role in the portfolio:

- **Growth Assets;** comprising equities and equity-like assets (liquid and illiquid) to drive portfolio growth, support spending and maintain real value over the long term.
- **Diversifiers;** including credit, hedge funds and other alternative assets producing returns with a low correlation to equities to reduce volatility and diversify the portfolio's sources of economic returns.
- **Liquidity Reserves;** comprising government bonds, high quality short-dated credit and cash to provide liquidity to meet spending and other cash requirements during periods of economic stress.

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. It is considered, for the time being, that it is appropriate to retain this original endowment with a view to maximising the proceeds arising under the enfranchisement legislation. In the year, total proceeds of £3.3 million have been received (2019/20 – £3.2 million). The residual value of the reversionary properties as of 31st March 2021 is £33.7 million (2019/20 – £25.5 million). The investment policy excludes these reversionary properties from the asset allocation as they are not regarded as readily disposable on the open market at a level that recognises the full potential realisable on enfranchisement. The investment objective is to generate a level of net yield in real terms of at least 3.5% across the combined property portfolio.

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

Asset Allocation

Asset Class	Value at 31 March 2021		Value at 31 March 2020	
	£'000	%	£'000	%
Investment Assets				
Fixed Interest	20,291	5%	5,370	1%
UK Equities	17,270	4%	12,708	4%
Global Equities	78,749	20%	82,201	24%
Hedge funds/Alternatives	16,536	4%	14,125	4%
Foreign cash funds	-	-	-	-
Sterling cash	19,476	5%	8,887	3%
Other investments	7	0%	7	-
Total Investments	152,329	38%	123,298	36%
Property Assets				
Residential Estate	66,007	17%	65,885	19%
Commercial Property	129,650	33%	119,485	34%
Indirect Property Funds	9,788	2%	10,094	3%
Total Property	205,445	52%	195,464	56%
Investment Assets Totals	357,774	90%	318,762	92%
Other Assets				
Reversionary Estate	33,669	9%	25,507	7%
Other Net (Liabilities) / Assets	282	1%	1,129	1%
Total Net Assets	391,725	100%	345,398	100%

The Total Return on total assets (before management expenses) in the year is reflected at note 10 and is positive at £62.2 million (2020 = £-3.0 million). **Total net assets are valued of £391.7 million, representing a 13.4% increase on the previous year.**

The timing and impact of the worldwide Covid 19 virus epidemic initially had a negative impact on the Charity's financial investments assets, reflected in the value of the assets at the previous year end. One year on from the first lockdown, the Charity's financial investments have increased by 24% on the previous year. The total value of investment assets at the year-end is £162.1 million (2020 = £133.4 million), including indirect property funds, and shows an increase in value of 21.5% on the previous year. Cambridge Associates were appointed as the new Investment Advisors to the Charity at the beginning of 2020. The main fund investment portfolio has been overhauled with expensive funds exited; exposure to gold reduced to 4% (compared to 15% 18 months ago); and a much more long-term strategic view on funds taken.

The Charity has continued to hold investment property assets in both residential and commercial property. Despite Covid-19, the Charity's property portfolios performed exceptionally well with zero voids in the residential portfolio and only three commercial tenants requiring rent modifications. The residential property estate showed unrealised gains based on year end valuation of £0.1 million (2020 = loss £0.6 million) and the commercial property assets also showed a profit on valuation of £10.1 million (2020 = loss £1.4 million).

Annual Income

The income of the Charity derived from its assets totalled £8.72 million, a decrease of 6.5% from £9.3 million in 2019/20.

The Charity's aim under the current total return policy is to distribute grants of between £10m to £12m per annum, depending on grant making opportunities, and the returns on the assets which form the endowment. A conservative view has been taken in our projections of income returns for the next five years. The returns from the reversionary estate which forms the original endowment is expected to fall as the estate is wound down.

Reserves Policy

The Charity has not historically maintained an unrestricted reserve because of the high level of the unapplied Total Return.

Annual Expenditure

During 2020/21 the Charity spent £12.22 million (2020 = £10.7 million) on grants, while operational support costs related to charitable activities was £1.0 million (2020 = £1.1 million). Expenditure on raising funds was £2.6 million (2020 = £4.1 million).

Staff Remuneration

Staff salaries including key management personnel are reviewed annually by the CEO and Charity Management Board. A formal annual review is conducted to assess and ensure remuneration is fair and in line with that paid for similar roles in similar organisations.

The Charity is a Living Wage employer and as such is committed to ensuring staff are paid fairly with a view 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, £8.5 million in 2021/22, £4.5 million in 2022/23 and £1.1million 2023/24. A further £1.4 million has been committed in 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, and review of progress and authorisation by the Grants Committee. The total future commitment is indicated at note 17.

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 all important risks are identified and appropriately managed.

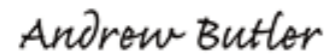
Our response to grant making during Covid-19 and subsequently has been nimble, flexible and supportive. In terms of protecting our assets and income from the effects of a bear market or recession, we are confident that the long-term strategic approach we take to all of our investments will mitigate any short-term falls in performance.

Auditors

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



J Batting



A Butler

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.

25 June 2021

Statement of the Trustee's 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 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 Officer 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.

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

Opinion

We have audited the financial statements of John Lyon's Charity (the 'charity') for the year ended 31 March 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the 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 charity's affairs as at 31 March 2021, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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 trustee's 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 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 Trustee with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Report of the Trustee, other than the financial statements and our auditor's report thereon. The Trustee is responsible for the other information contained within the Report of the Trustee. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of the Trustee

As explained more fully in the Statement of Trustee's Responsibilities, the Trustee is responsible for the preparation of financial statements which give a true and fair view, and for such internal control as the Trustee determines 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 Trustee is responsible for assessing the 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 Trustee either intends 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 the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect

a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- We obtained an understanding of the charity and the sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, sector research and application of cumulative audit knowledge and experience.
- We determined the principal laws and regulations relevant to the charity in this regard to be those arising from the Charities Act 2011, Financial Reporting Standard 102, relevant property law and regulations, and relevant employee legislation.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the company with those laws and regulations. These procedures included, but were not limited to enquiries of management, review of minutes and review of legal and regulatory correspondence.
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that there was potential for management bias in the valuation of investment properties. We addressed this through review of the valuation reports prepared by management's expert, testing the accuracy and completeness of inputs to their calculation, and challenging any assumptions applied in the valuations for example by agreement to third party metrics.
- We also identified potential for management bias in the judgements made around recoverability of debtors. We addressed this through examination of post year end cash received, review of correspondence with debtors and discussion of recoverability with management.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements,

as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

This report is made solely to the Trustee, as a corporate body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

PKF Littlejohn LLP
Statutory Auditor



15 Westferry Circus
Canary Wharf
London E14 4HD

Date: 9 July 2021

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

Statement of Financial Activities

	Note	Restricted Fund £'000	Unrestricted Fund £'000	Endowment Fund £'000	Total Funds 2020/21 £'000	Total Funds 2019/20 £'000
Income and Endowment from:	1					
Charitable Activities		58	-		58	64
Property Investments	2	-	-	7,161	7,161	7,364
Investments	3	-	-	1,501	1,501	1,908
Total Income and Endowment		58	-	8,662	8,720	9,336
Expenditure on:						
Raising Funds	4	-	-	2,633	2,633	4,134
Charitable Activities	5-6	61	13,170	-	13,231	11,861
Total Expenditure		61	13,170	2,633	15,864	15,995
Net Gains/(Losses) on Property Investments		-	-	21,704	21,704	(29)
Net Gains/ (Losses) on Investments		-	-	31,767	31,767	(12,575)
Net Income/(Expenditure)		(3)	(13,170)	59,500	46,327	(19,263)
Transfers Between Funds	10	-	12,792	(12,792)	-	-
Net Movement in Funds		(3)	(378)	46,708	46,327	(19,263)
Reconciliation of Funds:						
Total Funds Brought Forward		4	378	345,016	345,398	364,661
Balance at End of Year		1	-	391,724	391,725	345,398

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 are set out in Note 1.

The Accounting Policies and Notes on pages 37 to 54 form part of these Financial Statements.

Balance Sheet at 31 March 2021

	Note	2021 £'000	2020 £'000
Fixed Assets			
Tangible assets	7	18	83
Investment properties	8	229,326	210,877
Investments	9	162,117	133,392
		391,461	344,352
Debtors: due within more than one year	11	-	66
Current Assets			
Debtors	11	1,070	1,427
Cash at bank		4,224	2,239
		5,294	3,666
Creditors: due within one year	12	(4,740)	(2,136)
Net Current Assets		554	1,530
Creditor: due within more than one year	12	(290)	(550)
Net Assets		391,725	345,398
Represented by:			
Endowment fund	14a	391,724	345,016
Unrestricted fund	14b	-	378
Restricted fund	14c	1	4
		391,725	345,398

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 25 June 2021 and signed on the Trustee's behalf by:



J Batting



A Butler

The Accounting Policies and Notes on pages 37 to 54 form part of these Financial Statements.

Cash Flow Statement Year ended 31 March 2021

	<i>Note</i>	2020/2021 £'000	2019/20 £'000
Net Cash outflow from Operating Activities	21	(5,809)	(22,294)
Net Cash inflow from Capital Expenditure and Financial Investment Activities	22	6,293	19,893
Returns on Investment and Servicing of Finance	22	1,501	1,908
Increase/(decrease) in Cash in the Period		1,985	(493)
Cash at the beginning of the year		2,239	2,732
Movement in Cash in the year		1,985	(493)
Cash at the end of the year		4,224	2,239

The Accounting Policies and Notes on pages 37 to 54 form part of these Financial Statements.

Notes to the 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 principal activities are grant making.

The Charity constitutes a public benefit entity as defined by Financial Reporting Standards ('FRS 102'). 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 2019.

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) 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. A review of the Charity's current activity and future commitments has concluded that the Charity has enough liquid assets which can be realised to meet the rate of expenditure under the current total return policy which is itself based upon valuation. In addition, the Charity operates with a minimal cost base.

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.

Investment Properties

Investment Properties are stated at open market value in order to comply with the provisions of Accounting and Reporting by Charities Statement of Recommended Practice. 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;

Notes to the Financial Statements continued

- 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. Leasehold improvements are depreciated over the term of the lease.

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.

Notes to the Financial Statements continued

1. Analysis of the Statement of Financial Activities

for the year ended 31 March 2021

	Restricted Fund 2020/21 £'000	Unrestricted Fund 2020/21 £'000	Endowment Fund 2020/21 £'000	Total Funds 2020/21 £'000
Income and Endowment from:				
Charitable activities	64	-	-	64
Property investments	-	-	7,364	7,364
Investments	-	-	1,908	1,908
Total Income and Endowment	64	-	9,272	9,336
Expenditure on:				
Raising funds	-	-	4,134	4,134
Charitable activities	60	11,801	-	11,861
Total Expenditure	60	11,801	4,134	15,995
Net Gains on Property Investments	-	-	(29)	(29)
Net Gains on Investments	-	-	(12,575)	(12,575)
Net Income/(Expenditure)	4	(11,801)	(7,466)	(19,263)
Transfers between funds	-	12,179	(12,179)	-
Net Movement in Funds	4	378	(19,645)	(19,263)
Reconciliation of Funds:				
Total funds brought forward	-	-	364,661	364,661
Balance at end of year	4	378	345,016	345,398

Notes to the Financial Statements continued

2. Income from Property

	2020/21 £'000	2019/20 £'000
Residential rents	2,382	2,183
Commercial rents	4,779	5,181
Total Incoming Resources from Property	7,161	7,364

3. Income from Investments

	2020/21 £'000	2019/20 £'000
Investments	1,500	1,589
Bank and deposit interest	1	19
Loan interest	-	300
Total Incoming Resources from Investments	1,501	1,908

4. Expenditure on Raising Funds

	2020/21 £'000	2019/20 £'000
Property management charges	390	374
Property repairs and other expenses	1,347	870
Total cost of generating income from property	1,737	1,244
Other management and support costs	896	2,890
	2,633	4,134

Notes to the Financial Statements continued

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.

	Total 2020/21 £'000	Grant Funded Activity £'000	Support Costs £'000	Total 2019/20 £'000	Grant Funded Activity £'000	Support Costs £'000
Arts & Science	1,710	1,579	131	1,627	1,476	151
Children & Families	942	870	72	940	853	87
Education & Learning	2,077	1,918	159	1,574	1,429	145
Capacity Building	781	721	60	704	639	65
Emotional Wellbeing	1,417	1,308	109	1,130	1,025	105
Other	-	-	-	6	5	1
Special Needs & Disability	1,086	1,003	83	821	745	76
Sport	740	683	57	496	451	45
Training	221	204	17	102	93	9
Youth Clubs and Youth Activities	1,907	1,760	147	1,466	1,330	136
Youth Issues	655	605	50	877	796	81
Bursaries	1,634	1,508	126	2,058	1,868	190
Restricted grants	61	61	-	60	60	-
	13,231	12,220	1,011	11,861	10,770	1,091

Notes to the Financial Statements continued

6. Support Costs

The breakdown of support costs is shown in the table below. The allocation to Charitable Activities is shown in Note 5 above.

	2020/21 £'000	2019/20 £'000
Audit fees		
- current year	26	27
- prior year over/(under) provision	3	(1)
Valuation fees		
- current year	56	23
- prior year (over)/under provision	3	(14)
Depreciation	70	73
Consultancy fees	17	99
Staff costs	540	485
Operating lease - Office equipment	7	9
Other support costs	289	390
	1,011	1,091
Staff Costs		
Wages and salaries	726	663
Social security costs	92	82
Pension & health care contributions	134	109
	952	854

Included in the above amount is salary costs of £412,127 (2020 = £370,097) which relates to expenditure on raising funds and are reflected within other management costs in Note 4.

The Charity contributes as a minimum 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.

	2020/21	2019/20
Average number of employees during year:	12	11

Notes to the Financial Statements continued

6 Support Costs continued

In the year, the number of employees who were entitled to emoluments of more than £60,001 was as follows:

	2020/21 £'000	2019/20 £'000
£60,001 - £70,000	2	2
£70,001 - £80,000	-	-
£80,001 - £90,000	2	1
£90,001 - £100,000	-	1
£100,001 - £110,000	-	-
£110,001 - £120,000	-	-
£120,001 - £130,000	-	-
£130,001 - £140,000	-	-
£140,001 - £150,000	-	1
£150,001 - £160,000	1	-

The total amount of employee benefits received in the year by key management personnel, was £430,017 (2020 = £409,964). The Charity considers its key management personnel to comprise the Chief Executive Officer, Grants Director, Finance Director and the Trustee.

7. Tangible Fixed Assets

	Leasehold Improvement £'000	Furniture & equipment £'000	Total £'000
Cost at 1 April 2020	259	101	360
Additions in the year	-	5	5
Disposal in the year	-	-	-
At 31 March 2021	259	106	365
Accumulated depreciation at 1 April 2020	208	69	277
Depreciation charge in year	51	19	70
Accumulated depreciation on disposal	-	-	-
At 31 March 2021	259	88	347
Net Book Value at 31 March 2021	-	18	18
Net book value at 31 March 2020	51	32	83

Notes to the Financial Statements continued

8. Investment Properties

	2021 £'000	2020 £'000
Reversionary estate	33,669	25,507
Residential properties	66,007	65,885
Commercial properties	129,650	119,485
Market value	229,326	210,877
Balance at beginning of year	210,877	216,762
Additions at cost	13	607
Unrealised gain/(loss) on revaluation	20,323	(1,498)
Disposals at valuation	(1,887)	(4,994)
Balance at end of year	229,326	210,877

The investment properties (Residential properties, Commercial properties and Reversionary Estate) were revalued as at 31 March 2021 by Cluttons LLP, Chartered Surveyors, 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.

Disposals at valuation during the year resulted in a realised gain of £1.4 million (2019/20 – £1.5 million).

9. Investments

	2021 £'000	2020 £'000
Free (Main) Fund	146,061	117,039
Special Fund	16,056	16,353
Market value	162,117	133,392
Historical cost	156,507	105,523

Notes to the Financial Statements continued

9. Investments continued

Included in the above is sterling cash invested and cash held for investment of £6,260,221 (2019/20 = £6,252,125) in the Special Fund and £13,215,445 (2019/20 = £2,634,661) in the Free Fund. The Special Fund is defined in the Governing Documents.

	2021 £'000	2020 £'000
Balance at beginning of year	133,392	160,024
Investment purchases	132,686	31,163
Net investment realisations	(121,613)	(29,710)
Unrealised gain/(loss) on revaluation	7,075	(13,301)
Net movement in cash held for investment	10,577	(14,784)
Balance at end of year	162,117	133,392

Net investment realisations resulted in realised gains of £24.68m (2019/20 = gains of £0.73m).

At 31 March 2021 the following investments accounted for more than 5% of the overall portfolio:

	2021 £'000	2020 £'000
Children's Investment Fund USD Class	5.0	-
I Shares Physical Gold Plc	5.1	-
The NT World Equity Index Feeder	15.6	-
Ownership Capital Global Equity	7.1	-
Russell Acadian Global Managed	7.0	-
Majedie UK Focus Fund	-	5.2
Man GLG Japan Core Alpha Equity	-	-
Institutional GBP Liquidity Fund	11.8	6.6
Lansdowne Developed Markets Absolute -N-Shares	-	-
Findlay Park American Fund	-	8.5
Schroder Multi Manager International Fund	-	14.9
Schroder Global Gold	-	9.6
Unite student accommodation	-	7.4
Vanguard FTSE Developed Europe	-	5.4
Vanguard S&P 500 UCITS ETF	-	5.6
The Emerging World Fund	5.5	-
Stewart Investors Global Emerging Markets Sustainability Fund	-	5.5
Maj Invest Global Value	7.9	-

Notes to the Financial Statements continued

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 12 June 2012.

The total return policy (which has been set and adopted by the Trustee in accordance with the 2006 Order) provides that the amount to be applied annually is determined by taking an average of the value of the Charity's net assets on the last four balance sheet dates. The policy allows the Trustee to expend up to 3.25% (3.5% from 31 March 2019) 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 31 March 2020 and 2021 is:

Year ended:	Net Asset Values £'000	4 year Average £'000	Expendable percentage of average %	Expendable amount £'000
31 March 2018	364,258	354,765	3.25	11,530
31 March 2019	345,661	360,567	3.50	12,620
31 March 2020	345,398	361,163	3.50	12,641
31 March 2021	391,725	367,761	3.50	12,872

The amount available for the year ended 31 March 2021 was £12,640,687, and for year ending 31 March 2022 is £12,871,617.

In the current year, the amount available and applied in accordance with the policy was enhanced by the addition of fund made available to response to the Covid-19 funding crisis and was;

	2020/21 £'000	2019/20 £'000
Expendable amount	12,641	12,620
Additional expendable amount	151	-
	12,792	12,620
Transferred to Unrestricted Fund	(12,792)	(12,179)
Reinvested	-	441

Notes to the Financial Statements continued

10. Application of the Power of Total Return continued

Movements in the Total Return Fund in the Year and Application of Total Return from the Endowment Fund

	2020/21 £'000	2019/20 £'000
Opening value of endowment fund at 1 April	345,016	364,661
Less: Opening value of the fund at 31 March 1997	(63,797)	(63,797)
Opening value of Total Return Funds	281,219	300,864
Add:		
Investment return – income	8,662	9,272
Investment return – realised/unrealised gains	53,471	(12,604)
	343,352	297,532
Less:		
Raising funds	(2,633)	(4,134)
Unapplied total return before transfers carried forward	340,719	293,398
Return applied during the year	(12,792)	(12,179)
Unapplied total return as at 31 March	327,927	281,219
Add: value of the fund at 31 March 1997	63,797	63,797
	391,724	345,016

11. Debtors

	2021 £'000	2020 £'000
Amounts due from tenants and managing agents	990	1,412
Other debtors and prepayments	80	15
Due within one year	1,070	1,427
Due within more than one year	-	66
	1,070	1,493

Notes to the Financial Statements continued

12. Creditors

	2021 £'000	2020 £'000
Creditor amounts falling due within one year		
Grants payable	4,012	1,561
Other creditors and accruals	728	575
	4,740	2,136
Creditor amounts falling due within more than one year		
Grants payable after more than one year	290	550
	290	550

13. Operating Lease Commitments

As at 31 March 2021 the total minimum payments to which The Charity is committed under non-cancellable operating leases for property and office equipment are:

	2021 £'000	2020 £'000
Due within one year	128	172
Due within two and not later than five years	9	136
	137	308

On termination of the lease for the Charity's office property there is likely to be a claim for dilapidations and reinstatement, which it is not expected to exceed £60,000.

Notes to the Financial Statements continued

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, Camden, Westminster and Hammersmith and Fulham in the year and the requisite payment of said grant.

2020/21	Balance brought forward £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains/ (losses) £'000	Balance carried forward £'000
Endowment	345,016	8,662	(2,633)	(12,792)	53,471	391,724
Unrestricted	378	-	(13,170)	12,792	-	-
Restricted	4	58	(61)	-	-	1
	345,398	8,720	(15,864)	-	53,471	391,725

2019/20	Balance brought forward £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains/ (losses) £'000	Balance carried forward £'000
Endowment	364,661	9,272	(4,134)	(12,179)	(12,604)	345,016
Unrestricted	-	-	(11,801)	12,179	-	378
Restricted	-	64	(60)	-	-	4
	364,661	9,336	(15,995)	-	(12,604)	345,398

Notes to the Financial Statements continued

15. Transactions with the Trustee and Connected Persons

The Charity made grants in the year to both Harrow School of £465,774 (£491,460 in 2019/20) and The John Lyon School of £525,902 (£744,379 in 2019/20) for the benefit of children resident in the Beneficial Area. Grants for bursaries enable children 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. Four grants totalling £253,800 (2019/20 – Three grants totalling £238,900) 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

The Clerk to the Corporation is a partner in the firm of Cripps Pemberton Greenish LLP which act as Solicitors to the Charity.

Legal fees of £108,334 (£89,753 in 2019/20) were paid by the Charity to Cripps 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 4, and for work undertaken in the sale and purchase of property on the Charity's estates, which are included in expenses charged to capital.

	2020/21 £'000	2019/20 £'000
Fees charged to Endowment Fund in respect of investment property transactions	36	141

Angus Goswell is a member of the Corporation and a partner in the firm Knight Frank LLP, the Charity's property managing agents, (from 1 September 2018). Remuneration for Knight Frank's services, based on a detailed contract of engagement, paid by the Charity are:

	2020/21 £'000	2019/20 £'000
Management fees and insurance commissions	386	373
Valuation and lease audit fees	3	23
Capital transaction fees	82	42
	471	438

Notes to the Financial Statements continued

15. Transactions with the Trustee and Connected Persons continued

The Charity Management Board 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 £15.5 million up to 2026/27, 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

There were no capital commitments as at 31 March 2021 (2020 - £0)

18. Contingent Liabilities

The Charity is involved in a number of legal actions which are related to property assets. The costs related to these actions cannot be reasonably quantified and the outcome uncertain and therefore no provision has been made in these financial statements.

Notes to the Financial Statements continued

19. Post balance sheet event

As at 31 March 2021 the Charity had fully impaired its investment in an unlisted property company, in addition to associated and linked debtor balances. After the year end the company's directors marketed the land asset held by the company and a sale was completed on 21 June 2021, realising a sum against the previously impaired balances. The amount to be recovered, previously written down through unrestricted funds, totals £3.57M including legal and professional costs incurred in prior years.

20. Analysis of Net Assets Between Funds

2020/21	Total 2020/21 £'000	Restricted Fund £'000	Unrestricted Fund £'000	Endowment Fund £'000
Fixed assets	391,461	-	18	391,443
Debtors due in more than one year	-	-	-	-
Other assets/liabilities	264	1	(18)	281
	391,725	1	-	391,724

2019/20	Total 2019/20 £'000	Restricted Fund £'000	Unrestricted Fund £'000	Endowment Fund £'000
Fixed assets	344,352	-	-	344,352
Debtors due in more than one year	66	-	-	66
Other assets/liabilities	980	4	378	598
	345,398	4	378	345,016

Notes to the Financial Statements continued

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

	2020/21 £'000	2019/20 £'000
Total income	8,720	9,336
Total expenditure before grants	(3,644)	(5,225)
Net incoming resources before grants	5,076	4,111
Grants from annual income	(12,159)	(10,710)
Grants from restricted income	(61)	(60)
Net outgoing resources after grants	(7,144)	(6,659)
Depreciation charge for the year	70	73
Decrease in debtors	423	1,255
Increase/(decrease) in creditors	2,343	(15,055)
Income from listed investments and deposit interest	(1,501)	(1,908)
Net Cash outflow from Operating Activities	(5,809)	(22,294)

Notes to the Financial Statements continued

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

	2020/21 £'000	2019/20 £'000
Capital Expenditure and Financial Investment Activities		
Net proceeds from property transactions	3,312	5,883
Expenses charged to Endowment Fund	(56)	(27)
Sale of investments	146,305	30,436
Purchase of investments (note 9)	(132,686)	(31,163)
Purchase of plant and equipment (note 7)	(5)	(20)
Sale of plant and equipment (note 7)	-	-
Decrease/(increase) in cash held for investment (note 9)	(10,577)	14,784
Net Cash inflow from Capital Expenditure and Financial Investment Activities	6,293	19,893
Net Proceeds from Property Transactions		
Freehold/lease premium proceeds	3,325	6,490
Purchase of properties (note 8)	(13)	(607)
	3,312	5,883
Returns on Investment and Servicing of Finance		
Income from listed and unlisted investments	1,500	1,589
Deposit and other interest	1	319
	1,501	1,908



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