

**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.

ambitious

passionate risk-taking energy  
confidence brave dynamic  
imaginative industrious aspirational

integrity

vested honesty reliable  
relationships invested authenticity

fair

respectful transparency  
reflective openness

flexible

nimble realistic pragmatic

collaborative

empowering supportive innovative trailblazing  
approachable fun teamwork inclusive nurturing friendly enabling

independent

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 £140 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. Last year it paid grants of £10.77 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 45 Cadogan Gardens London SW3 2AQ
Investment Advisers	Cazenove Capital Management Limited 12 Moorgate London EC2R 6DA
Principal Officers	
Chief Executive Officer	Dr Lynne Guyton
Grants Director	Ms Cathryn Pender
Finance Director	Mr Lloyd Gay

# CEO Message

## Champion, Support, Provide

John Lyon’s Charity is the largest independent funder in North and West London supporting children’s and young people’s charities. Our aim continues to be to transform the lives of children and young people by creating opportunities to learn, grow and develop which would not otherwise exist without our contribution. We have been awarding grants for over 25 years. Starting with a grant expenditure of less than £200K in 1991, we now seek to award in the region of £12 million each year. At any one time we have over 600 live grants in operation. As a funder with a specific geographic area, we have been in a privileged position to really understand the boroughs which together form our Beneficial Area; focusing on the specific needs, identifying who the major stakeholders are and determining how we can best help. We work with the organisations based within those boroughs to learn from them and respond to the needs of the communities living in those areas. We really do ‘grant-making by walking around’, which is why those 600 live grants are with us all the time.

## CEO Message continued

It is easy to assume that in awarding grants to organisations working with children and young people, we will be having a positive impact on their lives and indeed on the organisations that work with them. But how do we know? How do we know if what we are doing is making a difference? In early 2019, John Lyon's Charity commissioned the Institute for Voluntary Action Research (IVAR) to look at the grants we have made over the past 25 years. Using the last ten years as a focused study, we asked IVAR to use this information to consider what impact the Charity has had in the Beneficial Area over that period. Using five of the Charity's key funding areas (Children & Families, Youth Clubs and Youth Activities, Emotional Wellbeing, Special Needs and Disabilities and Education & Learning) the report sets out the impact of the Charity's funding throughout the Beneficial Area. It looks at the context within which the Charity and its beneficiaries have been operating, and using interviews with grant recipients, staff members and case studies, examines the impact of the Charity in each area to look forward to what this means for the Charity's strategy over the next 5-10 years.

The headline message is that John Lyon's Charity is highly regarded, valued and trusted by the organisations it funds. It is seen as a supportive, engaged funder with a solid understanding on the context and needs of the voluntary sector. The Report shows that hallmarks of the Charity's approach are three-fold:

1. **We are a relational funder** The Charity has a persistent presence in the Beneficial Area and builds relationships of trust. Staff are present, well-networked locally and are valued for developing face-to-face relationships.
2. **We are a responsive funder** At a strategic/geographic programme level, for example the response to the Grenfell Tower fire and commitment to support youth clubs in the face of large cuts. We also enable grantees to be responsive: the provision of core funding rather than specific programme funding allows them to respond to the changing needs of children and young people in their communities.
3. **We are a responsible funder** JLC does not expect grantees to 'reinvent the wheel' and provides stability through core and long-term funding. The Charity is seen to be proactive in challenging or championing changes to structures and systems – for example the YPFs and the Cultural Inclusion Manifesto.

Additionally, the report observes that John Lyon's Charity is seen to champion three things: preventative and early intervention work, promoting genuine

inclusion, and continuously learning and building expertise. Our long and sustained presence in these boroughs has allowed the Charity to build a solid reputation for consistency, reliability and flexibility, offering funding for high quality initiatives where they are most needed, as well as supporting organisations with capacity building. We are known for funding initiatives that need help to 'keep the lights on' as well as being open to innovation and funding new pieces of work that push boundaries. We are not afraid to take informed risks, and we are grateful to our Trustee for being so supportive and open-minded about the work we do.

Across the five Programme Areas which were examined, four recommendations have been made to us based on the key messages of 'championing, supporting and providing':

1. Articulate the John Lyon's Charity approach of grant making to other funders.
2. Continue to provide core and long-term funding.
3. Provide a platform for grantees to have a voice.
4. Champion the needs of small charities and protect their space.

We are known for recognising the importance of offering core funding for organisations; we are known for offering flexibility with funding and listening to the needs of grantee organisations; we are known for providing support to grant applicants to help them along their journey; we are known to be fair on organisations without impacting on quality. We have helped many organisations survive over the years and sadly seen others disappear as they succumb to the many challenges facing the voluntary sector, not least the severe funding cuts from local and central government since 2010. What this has shown us is that longevity of funding is key.

Our work on building the capacity of the voluntary sector is key to helping those organisations to survive and thrive. We will use the findings of this report to develop key areas of strategy around our giving, particularly in relation to special needs and disability, emotional wellbeing and the launch of an exciting new Internship Programme. From 2020, the Internship Programme will allow for the creation of paid internship positions in organisations known to and supported by John Lyon's Charity, with a focus on SEND, Youth Clubs and Arts organisations.

## CEO Message continued

We are proud of our achievements over the past three decades, but we are only as good or effective as the organisations who trust us to get things right. We are sincere in the value we place in the voluntary sector in our boroughs and endeavour to do all we can to continue getting it right, continue to be a reliable source of funding and continue to be a trusted source of advice and guidance wherever we can.

In late March 2020 John Lyon's Charity, along with 10 other grant giving organisations, came together to issue a joint statement on the voluntary sectors' response to Covid 19. Since then over 350 non profits have become signatories to the statement.

*"We, along with a wider group of funders, recognise that the Covid-19 outbreak is an exceptional event that will have an impact on civil society groups, and want to offer reassurance that we stand with the sector during this time. We wish to be as helpful as possible during the coming weeks and months so that civil society groups can focus on the vital work of supporting some of the most vulnerable people in our communities. We understand that there will be times when staff and volunteers will not be available, when beneficiaries may need services to be provided in different ways, or when systems need to be flexible to ensure that needs are met. If your community, services or organisation are affected by the Covid-19 outbreak, and you receive grant funding from us, we are committed to:*

**Adapting activities** – we recognise that you may experience difficulties achieving some of the outputs or outcomes we agreed for your grant during the outbreak, and would like to be able to maintain our grant payments to you at originally-agreed levels during this period, so please have a conversation with us if you are affected in this way;

**Discussing dates** – we don't want to add pressure, so if you think you will struggle to meet a reporting deadline please get in touch with us so that we can agree a more realistic time for you to get things to us wherever possible;

**Financial flexibility** – we know you may need to use your funding to help cover sickness, purchase equipment, or deliver services differently, and we will be reasonable if you need to move money between budget headings to ensure your work can continue; and

**Listening to you** – we are here if you want to talk to us about the situation you're facing, but we'll wait for you to call us so that these conversations are at the right time for you.

*We also recognise that there may be further shocks to the system caused by Covid-19 that may impact on your other income streams, or require a more urgent response from funders."*

More information on the statement can be found at <http://covid19funders.org.uk/>. Our response to grant making will be 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.

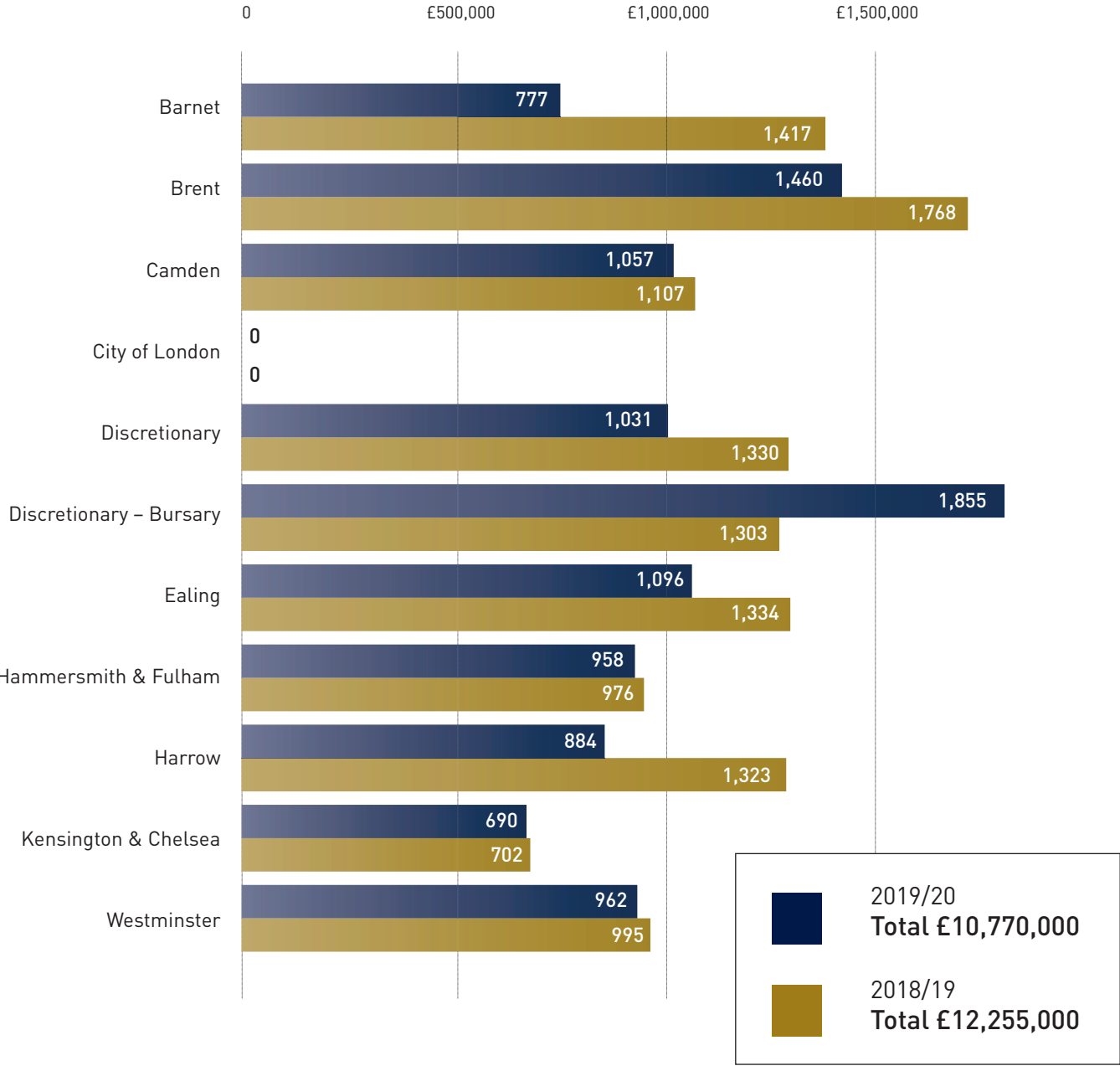


**Dr Lynne Guyton**  
Chief Executive Officer

Overview of the Year

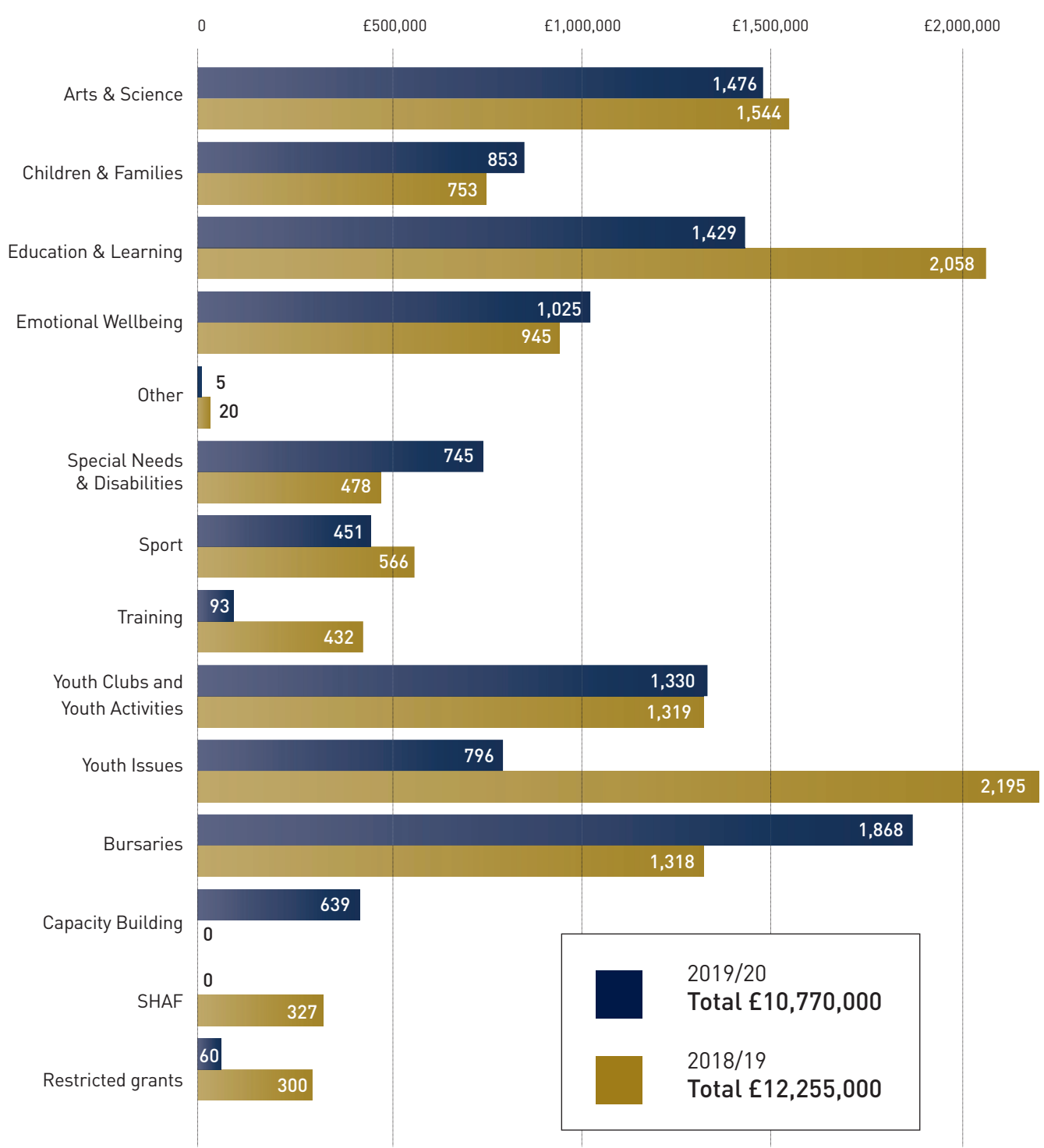
Total Grants paid **£10.77m** (2018/19 – £12.25m)

Funding by Borough



An adjustment in the way in which Bursaries are accounted for has resulted in four terms of payments in 2019/20 rather than three, hence the apparent increase. In addition, on Funding by Borough, music bursaries are counted for within their respective boroughs, hence why the bursary numbers differ in these two tables.

Funding by Programme Area





Funding by Grant Type

	2019/20 £'000	2018/19 £'000
Schools in Partnership	836	988
Bursaries	1,868	1,318
Small Grants (below £5k)	60	150
Main Grant Fund	7,141	7,535
School Explorer	12	5
SHAF	358	327
Internship	66	-
Capacity Building	429	1,932
Total	10,770	12,255

Total Number of Grant Applications

	2019/20	2018/19	2017/18	2012/13	2007/08
Approved	255	259	260	153	122
Declined	207	135	199	136	160
Total Applications	462	394	459	289	282

462 requests were received during the last financial year, and at 31 March 2020, 255 had been approved and 207 had been declined.

The total number of grant applications has increased by 64% since 2007/08, showing increased demand and awareness of the Charity and what it funds.

Furthermore, the total number of successful applicants is 55% of all grants application received. 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 2019/20 £	No. of Grants Payments	Total 2018/19 £	No. of Grants Payments	Total 2017/18 £
0-5K	119	443,888	126	495,255	153	685,945
5,001-15K	57	618,153	58	607,345	70	728,186
15,001-40K	265	7,435,012	250	6,924,695	235	6,522,972
Over 40K	38	2,273,294	48	4,227,77	34	2,130,085

The number of grants made over £15,000 remains consistent with previous years. The total value of grants over £40,000 is less than last year due to a small number of large grants being awarded that were effectively a carry forward in grants approved from the previous accounting year.



# Report of the Trustee

## 1. Introduction

The Trustee is the Corporation founded by Royal Charter granted by Queen Elizabeth I on 8 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 Goodsof 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 2020, 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 30 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, trustees' 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 11 permanent staff in the year, one new staff member in the area of communications commenced with the Charity prior to the year end. 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 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

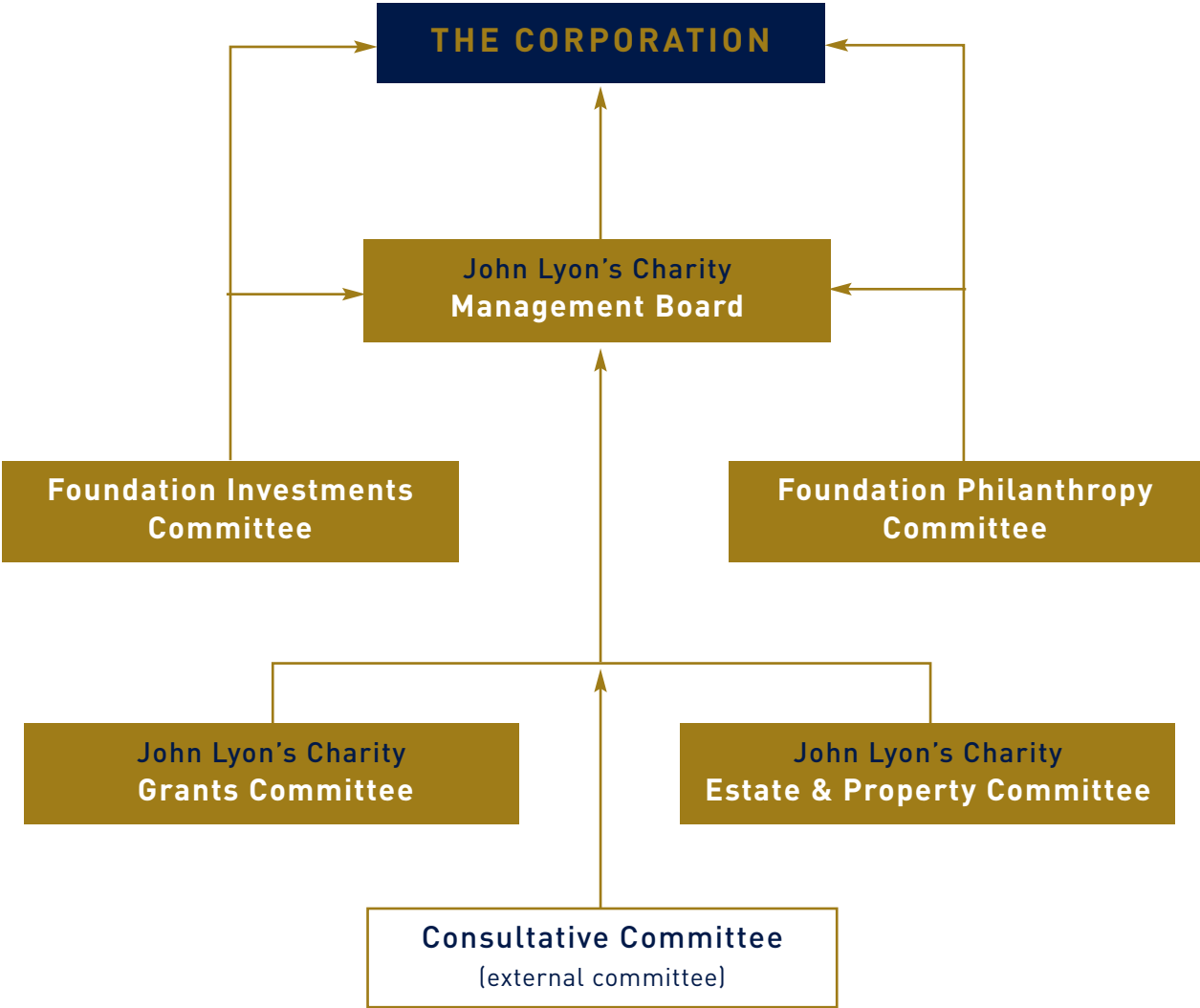
regulations. It also promotes a culture where everything works towards fulfilling our vision.

d) Diversity

The Charity has a fully functioning Charity Management Board with eight Governors representing the Trustee. An audit of skills, experience and diversity was carried out in early 2019. This led to the Charity Management Board agreeing to an executive search for two additional Board members to provide greater diversity in terms of skills, age, ethnicity and gender. The search led to the recruitment of two new, independent members of the Charity Management Board in December 2019.

The Grants Committee also appointed one youth representatives to give additional diversity to that Committee. The Charity is looking for an additional youth representative to join this committee. The youth appointments will be subject to renewal every 12 months.

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 in an information brochure.

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.
- Supervise the participation by the Chairman, the Charity's surveyor and the Chief Executive Officer in the conduct of the Scheme of Management Consultative Committee.
- 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.
- 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.
- 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 Manager 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 February 2018. The financial objective of the Charity is to at least maintain the real value of its assets whilst generating a stable and sustainable return to fund grant making. The aim is to balance income and capital returns. The assets should be managed to at least maintain the real capital value of the Endowment, whilst generating a sustainable level of investment income to support the current charitable activities.

**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.



- c. Harness the power of the Foundation for the benefit of charitable causes.
- d. Help boys at both Schools become more involved in charity at a local level.
- e. Embed philanthropy across the Foundation.
- f. Raise the profile of John Lyon's Charity within the two schools.

#### 4. Future Strategy

2019/20 has been a busy, productive and full year with many new initiatives launched. Consequently, 2020-21 will be very much a consolidation year; to cement and underpin the following:

- The Pupil Exclusion Initiative
- Internship Programme
- Stand Up for SEND
- Capacity Building through the YPFs
- The YPF Trust

In addition to ensuring the above initiatives are implemented and have impact, we will also reflect fully on the recommendations of the recent IVAR report. As a senior team we have already started to examine how we present our mission, our values and strategic objectives in light of that report. The changes we make are not superficial; they will be shown on our website, in our literature and in our external messaging more generally.

The next step will be to examine how we report against these strategic objectives. Currently, we report against each grant, which is important but does not necessarily give the Board – or a wider audience – a clear view of the impact the Charity is having. By reporting against overarching strategic objectives, we will be able to show examples of a variety of grants/projects that demonstrate real impact – not just for an organisation but for the sector as a whole. We feel this will be more illuminating on the influence our grant making is having rather than only looking at the minutiae of individual grants.

In addition, we have started to revisit and hone our guidelines / policy around eligibility criteria and type of funding offered. In part, this is because the Charity has undergone quite a change in focus and prioritisation over the past three years. We have also had a number of new employees join us in the past two years and felt now was an appropriate time to ensure all staff have the same, single understanding of who we are, how we operate and what we fund.

#### Strategic Objectives

##### The Pupil Exclusion Initiative

The Evening Standard Excluded Initiative is a £1M initiative to help drive down permanent exclusions in secondary schools across London. This ground-breaking initiative will invest in a small portfolio of approximately six to seven secondary schools in London across a range of boroughs. Each successful school will receive up to £150k over three years to invest in a whole-school approach to developing on-site activities to reduce their permanent exclusions. John Lyon's Charity is committing £0.5M and the philanthropist Martin Moshal through London Community Foundation (LCF) has also committed £0.5M.

The initiative is aimed at London secondary schools with higher exclusion rates than the national average (10 per cent for fixed term exclusions or 0.2 per cent for permanent exclusions) seeking to tackle these problems by building their inclusion capacity to drive down exclusions to a minimum.

##### Internship Programme

Since writing the Internship Programme paper last year, the Government has announced a significant investment in the Youth Club sector via the National Youth Agency. The original intention was to broaden diversity in the youth sector workforce by funding internships. However, as a result of the Government announcement, demand for the Charity's resources in the Youth sector is less pressing. Youth Work internships will still be considered, but on an ad hoc basis when feasible rather than as a key strategy of the Internship Programme. The John Lyon Internship Programme will still consider internships in funded organisations across all of its Programme Areas and across its Beneficial Area. The focus will be on the following:

- There is a clear gap and need to support young people with Special Educational Needs & Disabilities (SEND) who are at school but not eligible for an Education, Health and Care (EHC) Plan as well as those who are no longer in education. These are often the 'missing middle' who still require support to access employment but do not necessarily have the most significant needs
- Preparation for young people with SEND to access intern opportunities takes time as there is often a disconnect between their experiences to date and the reality of the working environment, for example travel training, working hours, etc.
- The importance of ongoing support for young people with SEND as they access employment experiences, often for the first time. It is not enough to support young people at the start of the internship, this needs to remain in place throughout the internship as unexpected events can disproportionately affect these young people.
- Ensuring the whole organisation is behind the internship initiative is crucial.
- Support for young people as they leave the internship can be significant and lengthy. Preparing young people with CV writing, LinkedIn, interviews can be time intensive. It is also important to ensure young people are aware of their rights, for example in relation to reasonable adjustments being made and their right to interview if they meet the criteria.

The Charity is in the process of targeting suitable host organisations from amongst its funded groups and it is anticipated that the first cohort of interns (c6-8 young people) funded by the Charity will take up their JLC Internship placements in late Autumn 2020.

### Stand Up for SEND

Following the success of the Charity's conference on Arts engagement at Special Schools, *Change of Perspectives* in March 2019, the Charity is keen to promote this strand of work. In line with the objectives of the **Cultural Inclusion Manifesto** <https://culturalinclusion.uk/> that sees access to high quality arts provision as a human right, the Charity is in the process of drawing up some key messages in order to persuade others in the sector to understand the intrinsic value of this work, ways in which this work differs from mainstream and that, vitally, it costs more and that that cost needs to be accepted.

The five key objectives the Charity would like others to recognise:

1. **Accept the cost:** projects with SEND children and young people will be more expensive
2. **The whole family approach:** families need to understand the value of, and be included in, Arts activities to ensure they are fully invested and engaged
3. **Build career pathways:** more progression and career opportunities for young people with SEND need to be created
4. **Inclusivity starts with you:** disabled young people need to see people like themselves working in the organisations and projects they engage with
5. **Find it, do it, share it:** opportunities for disabled young people need more visibility from point of access to celebrating work and achievements

The purpose of the strategy is a 'call to action' to others in the sector to promote these opportunities for SEND young people and will be used as the basis of the Charity's strategic approach to SEND funded projects. It also links into the new strategic objective to create Internships for young people, with a specific focus on supporting young people with SEND into accessing real work experience.

### Capacity Building through the Young People Foundations (YPFs)

Young K&C (YK&C), the eighth and final YPF in the Charity's Beneficial Area is now established and operational. Relationships have been formed with local partners and stakeholders in both the local voluntary sector and in the council.

The Charity's work on YPFs has, over the last few years, garnered much interest both throughout the country and within central government and that momentum has picked up considerably since the election in December last year. With the large majority that Mr Johnson has secured, a number of initiatives that were stalled last year have now begun to be implemented. The current thinking in the Department for Digital, Media, Culture and Sports (DCMS) is that *Local Youth Partnerships* (LYPs), which is the Governments' working

title for the YPF model, is to be the main plank in the future of children and youth services collaborations in England. The Government's preferred terminology is 'Partnership' rather than 'Foundations', and it is expected that the vast majority of LYPs will become YPFs. The Government has used the general term *partnerships*, in case there are Local Youth Partnerships who do not, in the end, become full YPFs. There are no alternative models to the YPF structure and the DCMS assumes that most if not all LYP will chose the YPF structure.

The exact details of this *Local Youth Partnerships*/YPF programme are still to be decided but will happen in close consultation with the Charity who will be involved in the process from the very beginning.

### YPF Trust

The YPF Trust has commissioned a consultant to design and build a *YPF in a box* – a toolkit on how to construct a YPF from the bottom up. Linked to this will be the *YPF Quality Mark*, which will be required to be used by any Local Youth Partnership that wants to fully access all the benefits of being a member of the YPF Trust. The *YPF in a Box* will build on the experience that the YPFs and the Charity have had in establishing eight YPFs over the last five years. Creating these broad partnerships between 1,300 members from the public, private and voluntary sectors has been a learning experience and the staff teams at the existing YPFs are keen to share the challenges and successes with other organisations embarking on the same journey.

The YPF Trust is being lined up to be the national networking and capacity building vehicle for the Local Youth Partnership agenda. The Charity will be closely involved in the design of the process and the defining of guidelines for LYPs, thus ensuring that the core components that also protect the YPF 'brand' is central to the YPF Trust offer. The Charity's input will also ensure the protection of the Charity's own reputation.

Annual reports for each of the YPFs will be submitted detailing funds raised, number of members secured, and projects worked on.

## 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 a further resolution was adopted under s104 of the Charities Act 2011 on 18 March 2017.

In determining the initial unexpended total return, the Trustee had adopted the valuation of the Charity's assets on 31 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 31 March 2020, the unapplied total return fund is £283 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 1 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.

#### 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 Foundation Investment Committee and the Charity Management Board.

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 £3.2 million have been received (2018/19 – £5.0 million). The residual value of the reversionary properties as at 31 March 2020 is £25.5 million (2018/19 – £27.2 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.

Since 2002 it has been the Trustee's policy to invest the proceeds of the St John's Wood estate in both the commercial properties and in the investment portfolio, with several 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 2020		Value at 31 March 2019	
	£'000	%	£'000	%
<b>Investment Assets</b>				
Fixed Interest	5,370	1%	6,045	2%
UK Equities	12,708	4%	13,117	4%
Global Equities	82,201	24%	73,115	20%
Hedge funds/Alternatives	14,125	4%	23,689	6%
Foreign cash funds	-	-	10,260	3%
Sterling cash	8,887	3%	23,653	6%
Other investments	7		7	-
<b>Total Investments</b>	<b>123,298</b>	<b>36%</b>	<b>149,886</b>	<b>41%</b>
<b>Property Assets</b>				
Residential Estate	65,885	19%	65,370	18%
Commercial Property	119,485	34%	124,191	34%
Indirect Property Funds	10,094	3%	10,138	3%
<b>Total Property</b>	<b>195,464</b>	<b>56%</b>	<b>199,699</b>	<b>55%</b>
<b>Investment Assets Totals</b>	<b>318,762</b>	<b>92%</b>	<b>349,585</b>	<b>96%</b>
Reversionary Estate	25,507	7%	27,201	7%
Other Net (Liabilities) / Assets	1,129	1%	(12,125)	-3%
<b>Total Assets</b>	<b>345,398</b>	<b>100%</b>	<b>364,661</b>	<b>100%</b>



The Total Return on total assets (before management expenses) in the year is reflected at note 10 and is negative at £-3.0 million. Total assets are valued of £345.4 million, representing a -5.3% decrease on the previous year.

The timing and Impact of the worldwide COVID 19 virus epidemic has had a negative impact on the Charity financial investments assets. The total value of these assets at the year end is £134 million (including indirect property funds) and showed a decrease of -16.4% on the previous year. The investment Committee has retained its cautious stance and reduced further the US Dollars exposure. The total return on the Investment Portfolio was £-11 million (-8.7%).

The Charity has continued to hold investment property assets in both residential and commercial property. The residential property estate showed an unrealised loss based on year end valuation of £-0.6 million and the commercial property assets equally showed a loss on valuation of £-1.4 million.

#### Annual Income

The income of the Charity derived from its assets totalled £9.3 million, an increase of 6% from £8.8 million in 2018/19.

The Charity's aim 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 expected returns on property assets present a mixed picture, with returns from the reversionary estate expected to fall as the estate is wound down. The asset allocation of the Charity's endowment reflects the total return objective. The projected capital drawdown required from the endowment, even with conservative income estimates remains at around 1% of the total assets over the next five years.

#### Reserves Policy

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

#### Annual Expenditure

During 2019/20 the Charity spent £10.7 million on grants, while operational support costs related to charitable activities was £1.1 million (in total £11.8 million). Expenditure on raising funds was £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 using external pay surveys 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, £8.2 million in 2020/21, £5.1 million in 2021/22 and £1.2million 2022/23. A further £1.6 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.

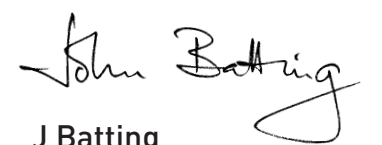
#### Risk Management

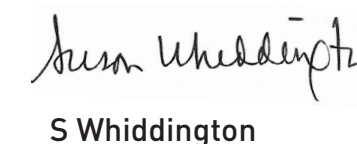
The Trustee, which is responsible for the management of risks faced by the Charity, is satisfied that the major risks identified through the risk management processes are adequately managed but recognise that systems can provide reasonable assurance, but no absolute guarantee, that all important risks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

Having assessed the impact of Covid 19, our response to grant making will be 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. As a consequence, we do not believe the current crisis poses a significant risk to the Charity's operation or charitable activities.

#### Auditors

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

  
J Batting

  
S Whiddington

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.

31 July 2020

## 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 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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 Trustee 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 Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the Charity's affairs as at 31 March 2020, and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

### Basis for opinion

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

### Emphasis of matter

We also draw attention to note 8 of the financial statements, which describes the material valuation uncertainty which the investment property valuer included in their valuation report on the investment properties at 31 March 2020. Our opinion is not modified in respect of this matter.

**Conclusions relating to going concern**

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

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

**Other information**

The other information comprises the information included in the Report of the Trustee, other than the financial statements and our auditor's report thereon. The Trustee is responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the

financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**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 regulations made under section 154 of that Act.

Our objectives are to obtain reasonable assurance about whether the financial statements 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 based on these financial statements.

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](http://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 trustees as a body, for our audit work, for this report, or for the opinions we have formed

**Alastair Duke (Senior Statutory Auditor)**  
**For and on behalf of PKF Littlejohn LLP**  
**Statutory Auditor**

15 Westferry Circus  
 Canary Wharf  
 London E14 4HD

Date:

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 2019/20 £'000	Total Funds 2018/19 £'000
<b>Income and Endowment from:</b>	<b>1</b>					
Charitable Activities		64	-		64	300
Property Investments	2	-	-	7,364	7,364	6,687
Investments	3	-	-	1,908	1,908	2,139
<b>Total Income and Endowment</b>		64	-	9,272	9,336	9,126
<b>Expenditure on:</b>						
Raising Funds	4	-	-	4,134	4,134	2,231
Charitable Activities	5-6	60	11,801	-	11,861	13,328
<b>Total Expenditure</b>		60	11,801	4,134	15,995	15,559
<b>Net (Losses)/Gains on Property Investments</b>		-	-	(29)	(29)	(703)
<b>Net Gains/ (Losses) on Investments</b>		-	-	(12,575)	(12,575)	2,539
<b>Net Income/(Expenditure)</b>		4	(11,801)	(7,466)	(19,263)	(4,597)
Transfers Between Funds	10	-	12,179	(12,179)	-	-
<b>Net Movement in Funds</b>		4	378	(19,645)	(19,263)	(4,597)
<b>Reconciliation of Funds:</b>						
Total Funds Brought Forward		-	-	364,661	364,661	369,258
<b>Balance at End of Year</b>		4	378	345,016	345,398	364,661

There are no recognised gains or losses except as shown above and all income is derived from continuing activities.

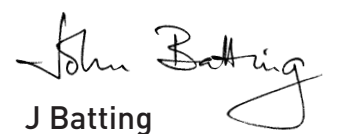
Comparative figures for the respective funds are set out in note 1.

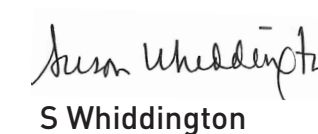
The Accounting Policies and Notes on pages 35 to 52 form part of these Financial Statements.

## Balance Sheet at 31 March 2020

	Note	2019/20		2018/19	
		£'000	£'000	£'000	£'000
<b>Fixed Assets</b>					
Tangible assets	7		83		136
Investment properties	8		210,877		216,762
Investments	9		133,392		160,024
			344,352		376,922
Debtors: due within more than one year	11		66		2,066
<b>Current Assets</b>					
Debtors	11	1,427		682	
Cash at bank		2,239		2,732	
		3,666		3,414	
<b>Creditors: due within one year</b>	12	(2,136)		(17,741)	
		1,530		14,327	
<b>Creditor: due within more than one year</b>	12	(550)		-	
<b>Net Current Assets</b>			980		(14,327)
			345,398		364,661
<b>Represented by:</b>					
Endowment fund	14a	345,016		364,661	
Unrestricted fund	14b	378			
Restricted fund	14c	4		-	
		345,398		364,661	

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 31 July 2020 and signed on the Trustee's behalf by:

  
J Batting

  
S Whiddington

The Accounting Policies and Notes on pages 35 to 52 form part of these Financial Statements.

# Cash Flow Statement

Year ended 31 March 2020

	Note	2019/2020 £'000	2018/19 £'000
Net Cash inflow /(outflow) from Operating Activities	20	(22,294)	10,993
Net Cash inflow from Capital Expenditure and Financial Investment Activities	21	19,893	(14,531)
Returns on Investment and Servicing of Finance	21	1,908	2,139
Increase/(decrease) in Cash in the Period		(493)	(1,399)
Cash at the beginning of the year		2,732	4,131
Movement in Cash in the year		(493)	(1,399)
Cash at the end of the year		2,239	2,732

The Accounting Policies and Notes on pages 35 to 52 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 4 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 ('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. COVID-19 has led to a reduction of the Charity's assets based upon valuation at the year end. 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;
- 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 2019

	Restricted Fund 2018/19 £'000	Unrestricted Fund 2018/19 £'000	Endowment Fund 2018/19 £'000	Total Funds 2018/19 £'000
<b>Income and Endowment from:</b>				
Charitable activities	300	-	-	300
Property investments	-	-	6,687	6,687
Investments	-	-	2,139	2,139
<b>Total Income and Endowment</b>	300	-	8,826	9,126
<b>Expenditure on:</b>				
Raising funds	-	-	2,231	2,231
Charitable activities	300	13,028	-	13,328
<b>Total Expenditure</b>	300	13,028	2,231	15,559
<b>Net Gains on Property Investments</b>	-	-	(703)	(703)
<b>Net Gains on Investments</b>	-	-	2,539	2,539
<b>Net Income/(Expenditure)</b>	-	(13,028)	8,431	(4,597)
Transfers between funds	-	11,456	(11,456)	-
<b>Net Movement in Funds</b>	-	(1,572)	(3,025)	(4,597)
<b>Reconciliation of Funds:</b>				
Total funds brought forward	-	1,572	367,686	369,258
<b>Balance at end of year</b>	-	-	364,661	364,661



## Notes to the Financial Statements continued

### 2. Income from Property

	2019/20 £'000	2018/19 £'000
Residential rents	2,183	2,147
Commercial rents	5,181	4,540
<b>Total Incoming Resources from Property</b>	<b>7,364</b>	<b>6,687</b>

### 3. Income from Investments

	2019/20 £'000	2018/19 £'000
Investments	1,589	1,693
Bank and deposit interest	19	18
Loan interest	300	428
<b>Total Incoming Resources from Investments</b>	<b>1,908</b>	<b>2,139</b>

### 4. Expenditure on Raising Funds

	2019/20 £'000	2018/19 £'000
Property management charges	374	391
Property repairs and other expenses	870	908
Total cost of generating income from property	1,244	1,299
Other management and support costs	2,890	932
	<b>4,134</b>	<b>2,231</b>

## 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 2019/20 £'000	Grant Funded Activity £'000	Support Costs £'000	Total 2018/19 £'000	Grant Funded Activity £'000	Support Costs £'000
Arts & Science	1,627	1,476	151	1,683	1,544	139
Children & Families	940	853	87	821	753	68
Education & Learning	1,574	1,429	145	2,242	2,058	184
Capacity Building	704	639	65	-	-	-
Emotional Wellbeing	1,130	1,025	105	1,030	945	85
Other	6	5	1	22	20	2
Special Needs & Disability	821	745	76	521	478	43
Sport	496	451	45	628	577	51
Training	102	93	9	471	432	39
Youth Clubs and Youth Activities	1,466	1,330	136	1,438	1,319	119
Youth Issues	877	796	81	2,392	2,195	197
Bursaries	2,058	1,868	190	1,436	1,318	118
SHAF	-	-	-	344	316	28
Restricted grants	60	60	-	300	300	-
	<b>11,861</b>	<b>10,770</b>	<b>1,091</b>	<b>13,328</b>	<b>12,255</b>	<b>1,073</b>

## 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.

	2019/20 £'000	2018/19 £'000
Audit fees		
- current year	27	30
- prior year over provision	(1)	(6)
Valuation fees – current year	23	58
- prior year (over)/under provision	(14)	19
Depreciation	73	65
Consultancy fees	99	75
Staff costs	485	464
Operating lease – Offices equipment	9	9
Other support costs	390	359
	<b>1,091</b>	<b>1,073</b>
<b>Staff Costs</b>		
Wages and salaries	663	640
Social security costs	82	74
Pension & health care contributions	109	103
	<b>854</b>	<b>817</b>

Included in the above amount is salary costs of £370,097 (2019 – £354,147) which relates to expenditure on raising funds and are reflected within other management costs in note 4.

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.

	2019/20	2018/19
Average number of employees during year:	11	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:

	2019/20 £'000	2018/19 £'000
£60,001 – £70,000	2	1
£70,001 – £80,000	-	-
£80,001 – £90,000	1	1
£90,001 – £100,000	1	1
£100,001 – £110,000	-	-
£110,001 – £120,000	-	-
£120,001 – £130,000	-	-
£130,001 – £140,000	-	1
£140,001 – £150,000	1	-

The total amount of employee benefits received in the year by key management personnel, was £409,964 (2019 – £400,175). The Charity considers its key management personnel to compromise 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 2019	259	81	340
Additions in the year	-	20	20
Disposal in the Year	-	-	-
<b>At 31 March 2020</b>	<b>259</b>	<b>101</b>	<b>360</b>
Accumulated depreciation at 1 April 2019	156	48	204
Depreciation charge in year	52	21	73
Accumulated depreciation on disposal	-	-	-
<b>At 31 March 2020</b>	<b>208</b>	<b>69</b>	<b>277</b>
<b>Net Book Value at 31 March 2020</b>	<b>51</b>	<b>32</b>	<b>83</b>
Net book value at 31 March 2019	103	33	136

## Notes to the Financial Statements continued

### 8. Investment Properties

	2019/20 £'000	2018/19 £'000
Reversionary estate	119,485	27,201
Residential properties	25,507	65,370
Commercial properties	65,885	124,191
<b>Market value</b>	<b>210,877</b>	<b>216,762</b>
Balance at beginning of year	216,762	207,174
Additions at cost	607	15,178
Unrealised loss on revaluation	(1,498)	(2,309)
Disposals at valuation	(4,994)	(3,281)
<b>Balance at end of year</b>	<b>210,877</b>	<b>216,762</b>

The investment properties (Residential properties, Commercial properties and Reversionary Estate) were revalued as at 31 March 2020 by Knight Frank LLP, Chartered Surveyors, in accordance with guidance set out in the Valuation and Appraisal Manual of the Royal Institution of Chartered Surveyors.

Referencing the impact of COVID-19 each of the valuations contained the following statement:

The response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement. Our valuation is therefore reported on the basis of 'material valuation uncertainty' as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

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 £1.2 million (2018/19 – £1.6 million).

## Notes to the Financial Statements continued

### 9. Investments

	2019/20 £'000	2018/19 £'000
Free (Main) Fund	117,039	132,970
Special Fund	16,353	27,054
<b>Market value</b>	<b>133,392</b>	<b>160,024</b>
<b>Historical cost</b>	<b>105,523</b>	<b>122,097</b>

Included in the above is sterling cash invested and cash held for investment of £6,252,125 (2018/19 – £16,908,718) in the Special Fund and £2,634,661 (2018/19 – £6,744,517) in the Free Fund. The Special Fund is defined in the Governing Documents.

	2019/20 £'000	2018/19 £'000
Balance at beginning of year	160,024	153,240
Investment purchases	31,163	32,157
Net investment realisations	(29,710)	(39,916)
Unrealised gain/(loss) on revaluation	(13,301)	2,412
Net movement in cash held for investment	(14,784)	12,131
<b>Balance at end of year</b>	<b>133,392</b>	<b>160,024</b>

Net investment realisations resulted in realised gains of £0.73m (2018/19 – gains of £0.13m).

	2019/20 %	2018/19 %
<b>Investment Management Charges</b>		
Cazenove Capital management and transaction fees	-	-
In House fund charge	0.28	0.23
<b>Total Schroders fees</b>	<b>0.28</b>	<b>0.23</b>
<b>Other fund charges</b>	<b>1.17</b>	<b>1.03</b>
<b>Total annual management charge</b>	<b>1.45</b>	<b>1.26</b>
<b>Additional fund charges</b>	<b>-</b>	<b>-</b>
<b>Total expense ratio</b>	<b>1.45</b>	<b>1.26</b>

All investments are held in the Endowment Fund.



## Notes to the Financial Statements continued

### 9. Investments continued

At 31 March 2020 the following investments accounted for more than 5% of the overall portfolio:

	2019/20 %	2018/19 %
Majedie UK Focus Fund	5.2	6.2
Man GLG Japan Core Alpha Equity	-	5.1
Institutional GBP Liquidity Fund	6.6	-
Lansdowne Developed Markets Absolute -N-Shares	-	10.5
Findlay Park American Fund	8.5	7.9
Schroder Multi Manager International Fund	14.9	15.2
Schroder Global Gold	9.6	12.0
Unite student accommodation	7.4	6.8
Vanguard FTSE Developed Europe	5.4	-
Vanguard S&P 500 UCITS ETF	5.6	-

### 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 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 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 2019 and 2020 is:

Year ended:	Net Asset Values £'000	4 year Average £'000	Expendable percentage of average %	Expendable amount £'000
31 March 2017	365,333	339,305	3.25	11,027
31 March 2018	369,258	354,765	3.25	11,530
31 March 2019	364,661	360,567	3.50	12,620
31 March 2020	345,398	361,163	3.50	12,641

## Notes to the Financial Statements continued

### 10. Application of the Power of Total Return continued

The amount available for the year ended 31 March 2020 was £12,620,000, and for year ending 31 March 2021 is £12,640,687.

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

	2019/20 £'000	2018/19 £'000
Expendable amount	12,620	11,530
Transferred to Unrestricted Fund	(12,179)	(11,456)
Reinvested	441	74

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	2019/20 £'000	2018/19 £'000
Opening value of endowment fund at 1 April	364,661	367,686
Less: Opening value of the fund at 31 March 1997	(63,797)	(63,797)
Opening value of Total Return Funds	300,864	303,889
Add:		
Investment return – income	9,272	8,826
Investment return – realised/unrealised gains	(12,604)	1,836
	297,532	314,551
Less:		
Raising funds	(4,134)	(2,231)
Unapplied total return before transfers carried forward	293,398	312,320
Return applied during the year	(12,179)	(11,456)
Unapplied total return as at 31 March	281,219	300,864
Add: value of the fund at 31 March 1997	63,797	63,797
	345,016	364,661

## Notes to the Financial Statements continued

### 11. Debtors

	2019/20 £'000	2018/19 £'000
Amounts due from tenants and managing agents	1,412	669
Other debtors and prepayments	15	13
Due within one year	1,427	682
Due within more than one year	66	2,066
	1,493	2,748

The amount due within more than one year relates to the deposit held under the lease of the Charity's office.

### 12. Creditors

Creditor amounts falling due within one year	2019/20 £'000	2018/19 £'000
Grants payable	1,561	3,008
Other creditors and accruals	575	816
Costs payable on property purchase completed after the year end	-	13,917
	2,136	17,741
Creditor amounts falling due within more than one year	2020 £'000	2019 £'000
Grants payable after more than one year	550	-
	550	-

## Notes to the Financial Statements continued

### 13. Operating Lease Commitments

As at 31 March 2020 the total minimum payments to which The Charity is committed under non-cancellable operating leases for property and office equipment are:

	2019/20 £'000	2018/19 £'000
Due within one year	172	168
Due within two and not later than five years	136	286
	308	454

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.

### 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.

## Notes to the Financial Statements continued

### 14. Funds continued

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

2018/19	Balance brought forward £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains/ (losses) £'000	Balance carried forward £'000
Endowment	367,686	8,826	(2,231)	(11,456)	1,836	364,661
Unrestricted	1,572	-	(13,028)	11,456	-	-
Restricted	-	300	(300)	-	-	-
	369,258	9,126	(15,559)	-	1,836	364,692

### 15. Transactions with the Trustee and Connected Persons

The Charity made grants in the year to both Harrow School of £491,460 (£305,585 in 2018/19) and The John Lyon School of £744,379 (£515,030 in 2018/19) for the benefit of children resident in the Beneficial Area. For Harrow school the sum includes grants for bursaries and a grant for a project that works with 15-17-year olds from local state schools on the university application process this includes mentoring and coaching of individuals on personal statements and interview technique. The sum for John Lyon School is for bursary placements. 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.

On 31 July 2019 the Charity sold the Red House and Music School buildings to the Trustee for £3,300,000. The Charity had previously leased the buildings to The John Lyon School for an annual rent of £157,000. The lease was due to expire on 31 January 2062. The purchase price was agreed at arms length following separate valuation reports and legal advice for both entities and the transaction was subject to approval by the Foundation Transactions Committee.

## Notes to the Financial Statements continued

### 15. Transactions with the Trustee and Connected Persons continued

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 £238,900. (2018/19 – Five grants totalling £319,700) 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 acts as Solicitors to the Charity.

Legal fees of £89,753 (£264,023 in 2017/18) 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.

	2019/20 £'000	2018/19 £'000
Fees charged to Endowment Fund in respect of investment property transactions	141	176

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:

	2019/20 £'000	2018/19 £'000
Management fees and insurance commissions	373	244
Valuation and lease audit fees	23	58
Capital transaction fees	42	68
	438	370

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.

## Notes to the Financial Statements continued

### 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 £16.1 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 2020 (2019 – £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.

### 19. Analysis of net assets between funds

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 current assets/ liabilities	980	4	378	598
	345,398	4	378	345,016

## Notes to the Financial Statements continued

### 19. Analysis of net assets between funds continued

2018/19

	Total 2018/19 £'000	Restricted Fund £'000	Unrestricted Fund £'000	Endowment Fund £'000
Fixed assets	376,922	-	-	376,922
Debtors due in more than one year	2,066	-	-	2,066
Other current liabilities/assets	(14,327)	-	-	(14,327)
	364,661	-	-	364,661

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

	2019/20 £'000	2018/19 £'000
Total income	9,336	9,126
Total expenditure before grants	(3,225)	(3,304)
Net incoming resources before grants	6,111	5,822
Grants from annual income	(10,710)	(11,955)
Grants from restricted income	(60)	(300)
Net outgoing resources after grants	(6,659)	(6,433)
Depreciation charge for the year	73	69
Decrease in debtors	1,255	5,028
Increase/(decrease) in creditors	(15,055)	14,468
Income from listed investments and deposit interest	(1,908)	(2,139)
Net Cash inflow/(outflow) from Operating Activities	(22,294)	10,993



Notes to the Financial Statements continued

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

	2019/20 £'000	2018/19 £'000
Capital Expenditure and Financial Investment Activities		
Net proceeds from property transactions	5,883	(10,214)
Expenses charged to Endowment Fund	(27)	(78)
Sale of investments	30,436	40,042
Purchase of investments (note 9)	(31,163)	(32,157)
Purchase of plant and equipment (note 7)	(20)	-
Sale of plant and equipment (note 7)	-	7
Decrease/(increase) in cash held for investment (note 9)	14,784	(12,131)
Net Cash inflow from Capital Expenditure and Financial Investment Activities	19,893	(14,531)
Net Proceeds from Property Transactions		
Freehold/lease premium proceeds	6,490	4,964
Purchase of properties (note 8)	(607)	(15,178)
	5,883	(10,214)
Returns on Investment and Servicing of Finance		
Income from listed and unlisted investments	1,589	1,693
Deposit and other interest	319	446
	1,908	2,139



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