

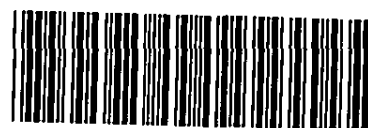
Registered number 01617359

## **HARROW SCHOOL ENTERPRISES LIMITED**

### **DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2012**

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COMPANIES HOUSE

## **HARROW SCHOOL ENTERPRISES LIMITED**

### **COMPANY INFORMATION**

#### **DIRECTORS**

V L Sankey  
N A Shryane  
W G S Massey  
S P Berry  
J Hawkins (appointed 13 October 2011)

#### **COMPANY SECRETARY**

N A Shryane

#### **COMPANY NUMBER**

01617359

#### **REGISTERED OFFICE**

5 High Street  
Harrow-on-the-Hill  
Middlesex  
HA1 2AD

#### **AUDITORS**

Littlejohn LLP  
Statutory Auditors  
1 Westferry Circus  
Canary Wharf  
London  
E14 4HD

#### **BANKERS**

National Westminster Bank plc  
315 Station Road  
Harrow  
Middlesex  
HA1 2AD

#### **SOLICITORS**

Pemberton Greenish  
45 Cadogan Gardens  
London  
SW3 2AQ

# **HARROW SCHOOL ENTERPRISES LIMITED**

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## **HARROW SCHOOL ENTERPRISES LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2012**

The Directors present their report and the financial statements for the year ended 31 August 2012

#### **DIRECTORS' RESPONSIBILITIES STATEMENT**

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS**

With effect from 31 August 2011 the agreements relating to, and the income from, the International Schools in Bangkok and Beijing were novated to Harrow International Schools Limited, a wholly owned subsidiary of the Keepers and Governors of the Possessions Revenues and Goods of the Free Grammar School of John Lyon (The Corporation). Consequently turnover has reduced compared with the previous year.

Turnover from continuing operations increased by £338,580 to £1,376,846. Operating profit from continuing operations was lower than expected at £160,014 (2010/11 - £213,074), due to costs associated with the reorganisation of the Sports Complex and opening of the new fitness centre, while the 2010/11 result was boosted by a one-off VAT refund of £81,171.

From 1 September 2012, Harrow School's Easter and Summer courses, the income and related costs of which were previously accounted for within Harrow School, will be reflected in the financial statements of the Company. This, together with improvements in the results of the Sports Complex following the reorganisation referred to above, and a new focus on high quality events such as participation in the "Unique Venues of London" scheme, is expected to result in enhanced profitability in future years.

#### **RESULTS**

The profit for the year, after taxation, amounted to £40,000 (2011 - loss £8,000).

## **HARROW SCHOOL ENTERPRISES LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2012 DIRECTORS**

The Directors who served during the year were

V L Sankey  
N A Shryane  
W G S Massey  
S P Berry  
J Hawkins (appointed 13 October 2011)

### **PROVISION OF INFORMATION TO AUDITORS**

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that

- so far as that Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information

### **AUDITORS**

The auditors, Littlejohn LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

This report was approved by the board on 14 February 2013 and signed on its behalf



**N A Shryane**  
Director

## **HARROW SCHOOL ENTERPRISES LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF HARROW SCHOOL ENTERPRISES LIMITED**

We have audited the financial statements of Harrow School Enterprises Limited for the year ended 31 August 2012, set out on pages 5 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' 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 Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 August 2012 and of its profit 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 Companies Act 2006.

### **OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**HARROW SCHOOL ENTERPRISES LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF HARROW SCHOOL ENTERPRISES LIMITED**

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Paul Hopper (Senior Statutory Auditor) 1

for and on behalf of  
**Littlejohn LLP**

Statutory Auditors

1 Westferry Circus  
Canary Wharf  
London  
E14 4HD

14 February 2013

# HARROW SCHOOL ENTERPRISES LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2012

	Note	2012 £	2011 £
<b>TURNOVER</b>			
Continuing operations		1,376,846	1,038,266
Discontinued operations		-	882,503
		<u>1,376,846</u>	<u>1,920,769</u>
Cost of sales	2	(824,629)	(564,027)
		<u>552,217</u>	<u>1,356,742</u>
<b>GROSS PROFIT</b>			
Administrative expenses		(392,203)	(274,301)
		<u>160,014</u>	<u>1,082,441</u>
<b>OPERATING PROFIT</b>	3		
Continuing operations		160,014	213,074
Discontinued operations		-	869,367
		<u>160,014</u>	<u>1,082,441</u>
<b>EXCEPTIONAL ITEMS</b>			
Qualifying donation	7	(125,654)	(962,232)
		<u>34,360</u>	<u>120,209</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST</b>			
Interest receivable and similar income	5	43,121	7,461
Interest payable and similar charges	6	(37,481)	(3,004)
		<u>40,000</u>	<u>124,666</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>			
Tax on profit on ordinary activities	8	-	(132,666)
		<u>40,000</u>	<u>(8,000)</u>
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>		<u>40,000</u>	<u>(8,000)</u>

The notes on pages 8 to 14 form part of these financial statements



**HARROW SCHOOL ENTERPRISES LIMITED**

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 31 AUGUST 2012**

	Note	2012 £	2011 £
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>		<b>40,000</b>	<b>(8,000)</b>
Actuarial gain/(loss) related to pension scheme	16	<u>(40,000)</u>	<u>8,000</u>
<b>Recognised gains and losses for the year</b>		<u><u>-</u></u>	<u><u>-</u></u>

The notes on pages 8 to 14 form part of these financial statements

**HARROW SCHOOL ENTERPRISES LIMITED**  
**REGISTERED NUMBER. 01617359**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2012**

	Note	£	2012	£	£	2011	£
<b>FIXED ASSETS</b>							
Tangible assets	9			<b>46,025</b>			<b>21,975</b>
<b>CURRENT ASSETS</b>							
Stocks	10		<b>90,249</b>			<b>79,035</b>	
Debtors	11		<b>47,929</b>			<b>191,915</b>	
Cash at bank and in hand			<b>596,007</b>			<b>5,519,098</b>	
			<b>734,185</b>			<b>5,790,048</b>	
<b>CREDITORS</b> amounts falling due within one year	12		<b>(645,208)</b>			<b>(5,706,021)</b>	
<b>NET CURRENT ASSETS</b>				<b>88,977</b>			<b>84,027</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>				<b>135,002</b>			<b>106,002</b>
Defined benefit pension scheme liability	16		<b>(85,000)</b>			<b>(56,000)</b>	
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>				<b>50,002</b>			<b>50,002</b>
<b>CAPITAL AND RESERVES</b>							
Called up share capital	13			<b>2</b>			<b>2</b>
Profit and loss account	14			<b>50,000</b>			<b>50,000</b>
<b>SHAREHOLDERS' FUNDS</b>	15			<b>50,002</b>			<b>50,002</b>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 14 February 2013

  
**V L Sankey**  
 Director

The notes on pages 8 to 14 form part of these financial statements

## **HARROW SCHOOL ENTERPRISES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2012**

#### **1 ACCOUNTING POLICIES**

##### **1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

##### **1.2 Turnover**

Turnover comprises revenue recognised by the Company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts

##### **1.3 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Plant & machinery	-	5 years
Motor vehicles	-	4 years
Fixtures & fittings	-	20 years
Computer equipment	-	4 years
Other fixed assets	-	10 years

##### **1.4 Stocks**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads

##### **1.5 Defined benefit pension scheme**

The Company participates in a defined benefit pension scheme that has been closed to new entrants. The funds of the Scheme are administered by a separate board of Trustees. An independent actuary completes a valuation every three years and based on the actuary's recommendations, annual contributions are paid to the Scheme so as to secure the benefits set out in the rules.

In accordance with FRS 17, the following elements are charged to the Profit and Loss Account and Statement of Total Recognised Gains and Losses

- i the service costs of pension provision relating to the year, together with the cost of any benefits relating to past service,
- ii The net finance return/(cost) represented by a charge equal to the increase in the present value of the scheme liabilities and a credit equivalent to the long term expected return on assets, and
- iii the actuarial gain or loss on the scheme assets and liabilities

The difference between the market value of assets of the scheme and the present value of accrued pension liabilities is shown as an asset or liability on the Balance Sheet

# HARROW SCHOOL ENTERPRISES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2012

### 2 TURNOVER

A geographical analysis of turnover is as follows

	2012 £	2011 £
United Kingdom	1,376,846	1,038,266
Rest of world	-	882,503
	<u>1,376,846</u>	<u>1,920,769</u>

	Continuing £	2012 Discontinued £	Continuing £	2011 Discontinued £
Cost of sales	824,629	-	564,027	-
Administrative expenses	392,203	-	261,165	13,136

### 3 OPERATING PROFIT

The operating profit is stated after charging

	2012 £	2011 £
Depreciation of tangible fixed assets		
- owned by the company	16,518	3,453
Auditors' remuneration	12,023	12,140
- other services	2,448	1,500
	<u>29,989</u>	<u>17,093</u>

# HARROW SCHOOL ENTERPRISES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2012

### 4. STAFF COSTS

Staff costs were as follows

	2012 £	2011 £
Wages and salaries	416,439	422,858
Social security costs	15,610	16,111
Other pension costs (Note 16)	271	2,669
	<u>432,320</u>	<u>441,638</u>

The average monthly number of employees, including the Directors, during the year was as follows

	2012 No.	2011 No
Shop, office and management	5	5
Sports centre staff	2	2
	<u>7</u>	<u>7</u>

During the year 5 employees worked on a part time or occasional basis (2011 - 12 employees)

None of the Directors received any remuneration in respect of their services to the Company as Directors (2011 - £Nil)

### 5 INTEREST RECEIVABLE

	2012 £	2011 £
Other interest receivable	<u>43,121</u>	<u>7,461</u>

### 6 INTEREST PAYABLE

	2012 £	2011 £
On bank loans and overdrafts	35,481	4
Other interest payable	2,000	3,000
	<u>37,481</u>	<u>3,004</u>

# HARROW SCHOOL ENTERPRISES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2012

### 7. QUALIFYING DONATIONS

	2012 £	2011 £
Qualifying donation to Harrow School	55,061	820,288
Qualifying donation to The John Lyon School	70,593	141,944
	<u>125,654</u>	<u>962,232</u>

### 8 TAXATION

	2012 £	2011 £
Tax charge on profit for the year	-	132,666

#### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2011 - higher than) the standard rate of corporation tax in the UK of 25.16% (2011 - 20.58%). The differences are explained below

	2012 £	2011 £
Profit on ordinary activities before tax	<u>40,000</u>	<u>124,666</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 25.16% (2011 - 20.58%)	10,066	25,656
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	503	617
Capital allowances for year in excess of depreciation	(12,502)	(293)
Tax credits	-	8,308
Double taxation relief	-	(34,288)
Difference on charitable donation	1,933	-
Thai withholding tax	-	87,784
Chinese withholding tax	-	44,882
<b>Current tax charge for the year (see note above)</b>	<u>-</u>	<u>132,666</u>

# HARROW SCHOOL ENTERPRISES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2012

### 9. TANGIBLE FIXED ASSETS

	Shop Improvements £	Plant & machinery £	Motor vehicles £	Office equipment £	Computer equipment £	Total £
<b>Cost</b>						
At 1 September 2011	124,456	5,500	6,900	10,821	19,087	166,764
Additions	-	-	-	-	40,568	40,568
At 31 August 2012	<u>124,456</u>	<u>5,500</u>	<u>6,900</u>	<u>10,821</u>	<u>59,655</u>	<u>207,332</u>
<b>Depreciation</b>						
At 1 September 2011	121,433	4,450	6,900	5,465	6,541	144,789
Charge for the year	1,009	1,050	-	541	13,918	16,518
At 31 August 2012	<u>122,442</u>	<u>5,500</u>	<u>6,900</u>	<u>6,006</u>	<u>20,459</u>	<u>161,307</u>
<b>Net book value</b>						
At 31 August 2012	<u>2,014</u>	<u>-</u>	<u>-</u>	<u>4,815</u>	<u>39,196</u>	<u>46,025</u>
At 31 August 2011	<u>3,023</u>	<u>1,050</u>	<u>-</u>	<u>5,356</u>	<u>12,546</u>	<u>21,975</u>

### 10. STOCKS

	2012 £	2011 £
Finished goods and goods for resale	<u>90,249</u>	<u>79,035</u>

### 11. DEBTORS

	2012 £	2011 £
Trade debtors	33,169	141,430
Amounts owed by group undertakings	100	3,599
Prepayments and accrued income	14,660	46,886
	<u>47,929</u>	<u>191,915</u>

# HARROW SCHOOL ENTERPRISES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2012

### 12. CREDITORS

Amounts falling due within one year

	2012 £	2011 £
Trade creditors	84,616	35,609
Amounts owed to group undertakings	379,196	5,492,570
Social security and other taxes	-	15,131
Accruals and deferred income	181,396	162,711
	<u>645,208</u>	<u>5,706,021</u>

### 13. SHARE CAPITAL

	2012 £	2011 £
Allotted, called up and fully paid		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

### 14. RESERVES

	Profit and loss account £
At 1 September 2011	50,000
Profit for the year	40,000
Actuarial loss related to pension scheme	(40,000)
	<u>50,000</u>
At 31 August 2012	

### 15. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2012 £	2011 £
Opening shareholders' funds	50,002	50,002
Profit/(loss) for the year	40,000	(8,000)
Other recognised gains and losses during the year	(40,000)	8,000
	<u>50,002</u>	<u>50,002</u>
Closing shareholders' funds		



## HARROW SCHOOL ENTERPRISES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2012

#### 16. PENSION COMMITMENTS

	2012 £	2011 £
Balance brought forward	56,000	71,000
Increase/(Decrease) in the year	29,000	(15,000)
Balance carried forward	<u>85,000</u>	<u>56,000</u>

##### Defined benefit scheme

A scheme for eligible non-teaching staff, who are all employed by the Keepers and Governors but work on the activities of either Harrow School, The John Lyon School, Harrow School Enterprises Limited, The Harrow Development Trust or the Harrow Association, provides benefits based on final pensionable pay. Salary and related costs, including pension costs, are allocated to the relevant schools or entities.

The pension contributions payable for the year were £19,860 (2010/11 - £17,474).

A full description of the Scheme is included in the financial statements of The Corporation.

An annual actuarial valuation is carried out for the purpose of compliance with FRS 17 and was updated to 31 August 2012 by an independent qualified actuary. As required by FRS 17, the defined benefit liabilities have been measured using the attained age method and both the assets and liabilities include the value of pensions in payment, which are secured mainly with insured annuities.

Full disclosure, in accordance with FRS 17, is made in the financial statements of The Corporation.

##### Defined contribution scheme

A defined contribution scheme known as the Lyon Stakeholder Pension Scheme has been set up for eligible employees. The maximum contribution payable by the employer is 7.5% and the charge for the year was £7,107 (2010/11 - £15,942).

#### 17. RELATED PARTY TRANSACTIONS

As the Company is a wholly owned subsidiary undertaking and the consolidated financial statements, which include the results of the Company, are publicly available the Company has taken advantage of the FRS 8 exemption from disclosing transactions with group undertakings.

In the prior year, one Governor (of the ultimate parent undertaking) received remuneration of £10,000 in respect of his work in connection with the Harrow International Schools.

#### 18. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The Company is a wholly owned subsidiary of Charity Number 310033, The Keepers and Governors of the Possessions Revenues and Goods of the Free Grammar School of John Lyon, which is the ultimate parent undertaking and controlling party. Copies of the financial statements of the parent undertaking are filed with the Charity Commission, PO Box 922, Liverpool, L69 3WP.