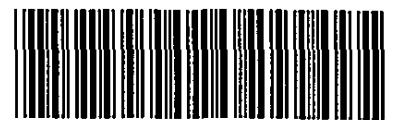


**HARROW SCHOOL ENTERPRISES LIMITED**

**REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 AUGUST 2010**

TUESDAY



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<b>Directors</b>	B J Lenon V L Sankey N A Shryane W G S Massey S P Berry
<b>Company Secretary</b>	N A Shryane
<b>Registered Office</b>	5 High Street Harrow-on-the-Hill Middlesex HA1 3HP
<b>Banker</b>	National Westminster Bank plc Harrow Town Centre Branch 315 Station Road Harrow Middlesex HA1 2AD
<b>Auditors</b>	Littlejohn LLP Statutory Auditor 1 Westferry Circus Canary Wharf London E14 4HD
<b>Solicitors</b>	Pemberton Greenish 45 Cadogan gardens London SW3 2AQ
<b>Companies House number.</b>	01617359

The Directors have pleasure in presenting their Report together with the Financial Statements for the year ended 31 August 2010

**Activities**

The principal activities of the Company continue to be the letting of Harrow School's premises and facilities and the licensing of its name. The commercial activities of the sports complex at The John Lyon School are also facilitated by Harrow School Enterprises Limited. During the year, the Company continued to receive technical service fees and royalties from an independent company registered in Thailand, Harrow Asia Limited, in respect of an international school in Thailand known as Harrow International School and technical service fees and royalties from an independent company registered in China, Beijing Harrow Education Service Limited, in respect of an international school in China known as Harrow International School, Beijing.

**Results and Dividends**

The trading results of the Company are recorded on page 7 of the Financial Statements

**Review of the Business and Future Developments**

In 2009/10 the Company generated a profit after taxation, but before making a qualifying donation to Harrow School, of £745,965 (2008/09 - £738,236) continuing the upward trend of the previous year

The Harrow International School in Thailand continued to be the primary source of profit and, together with the income from the newer school in Beijing, produced a combined pre-tax profit of £711,617 (2008/09 - £669,998). These profits reflect a higher level of activity in both schools offset by the falling value of the Sterling. The John Lyon School's Sports Centre showed a profit of £31,611 (2008/09 profit - £22,523) and its commercial lettings produced a net income of £29,707 (2008/09 - £10,974). The overall profit of £99,184 (2008/09 - £139,959) from the Company's other activities reflects the contraction in sales in the school shop and the increased costs of running the booking service for the summer schools in the BABSSCO franchise, including that at Harrow School. The amount payable as a qualifying charitable donation under Gift Aid to Harrow School amounted to £745,965 (2008/09 - £738,236) leaving a profit after tax of £15,000 (2008/09 - profit £1,000). Retained profits, excluding the defined benefit pension scheme liability, stand at £121,000 (2009 - £110,000).

Harrow International Schools Limited (HISL), a wholly owned subsidiary of the Keepers and Governors of the Possessions Revenues and Goods of the Free Grammar School of John Lyon, was incorporated on 14 December 2009. An agreement was signed on 17 September 2010 between HISL and Harrow International School (HK) Limited which is planning to construct and open a new Harrow International school in Hong Kong in 2012. During the year to 31 August 2011 the present agreements relating to the schools in Bangkok and Beijing are expected to be transferred to HISL.

**Fixed Assets**

Details of tangible fixed assets are set out in note 7 to the Financial Statements

**Directors**

The Directors during the year are shown on page 2

None of the Directors had a beneficial interest in the share capital of the Company at 1 September 2009 or 31 August 2010

**Charitable and Political Contributions**

During the year the Company made no contributions to charitable organisations other than the amounts payable to the Keepers and Governors of the Possessions Revenues and Goods of the Free Grammar School of John Lyon as a qualifying donation under Gift Aid. The Company made no donations to political organisations

**Relevant Audit Information**

The Directors who held office at the date of approval of this Report of the Directors confirm that, so far as they are individually aware, there is no relevant audit information of which the Company's auditors are unaware, and each Director has taken all the steps they might reasonably have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

**Auditors**

A resolution to reappoint Littlejohn LLP will be proposed at the next Annual General Meeting

By Order of the Board

A handwritten signature in black ink, appearing to be 'N A Shryane', with a long, sweeping flourish extending upwards and to the right.

**N A Shryane**

Secretary

10 February 2011

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.

**Independent Auditor's report to the shareholder of Harrow School Enterprises Limited**

We have audited the Financial Statements of Harrow School Enterprises Limited for the year ended 31 August 2010 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the accounting policies and the related notes 1 to 16. 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 shareholder, 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 shareholder those matters we are required to state to it 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 Company and the Company's shareholder, 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 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.

**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 2010 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**

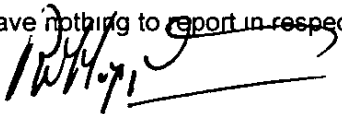
In our opinion the information given in the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements.

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

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.

We have nothing to report in respect of the above matters.

  
**Paul Hopper (Senior Statutory Auditor)**  
For and on behalf of Littlejohn LLP  
Statutory Auditor

1 Westferry Circus  
Canary Wharf  
London E14 4HD

10 February 2011

**HARROW SCHOOL ENTERPRISES LIMITED****PROFIT AND LOSS ACCOUNT**  
**Year ended 31 August 2010**

	<b>Note</b>	<b>2009/10 £</b>	<b>2008/09 £</b>
<b>Turnover</b>	1	1,806,477	1,697,268
Cost of sales		(588,935)	(539,932)
		<u>1,217,542</u>	<u>1,157,336</u>
<b>Gross Profit</b>		1,217,542	1,157,336
Administration expenses		(346,848)	(329,412)
		<u>870,694</u>	<u>827,924</u>
<b>Operating Profit</b>	3	870,694	827,924
Interest receivable	4	6,428	19,536
Interest payable	5	(3)	(6)
Other finance cost	12	(5,000)	(4,000)
		<u>872,119</u>	<u>843,454</u>
<b>Profit on Ordinary Activities before Taxation</b>	1	872,119	843,454
Qualifying donation to Harrow School		(745,965)	(738,236)
		<u>126,154</u>	<u>105,218</u>
Tax on profit on ordinary activities	6	(111,154)	(104,218)
		<u>£15,000</u>	<u>£1,000</u>
<b>Profit for the Financial Year</b>		£15,000	£1,000

Turnover and operating profit are from continuing activities. There are no material differences between the profit on ordinary activities before taxation and the retained profit for the years stated above and their historical cost equivalents.

The accounting policies and notes on pages 10 to 17 form part of these Financial Statements



**HARROW SCHOOL ENTERPRISES LIMITED****STATEMENT OF TOTAL RECOGNISED  
GAINS AND LOSSES  
Year ended 31 August 2010**

	<b>2009/10 £</b>	<b>2008/09 £</b>
Profit for the financial year	15,000	1,000
Actuarial loss on pension scheme	(15,000)	(1,000)
	<hr/>	<hr/>
Total recognised gains and losses relating to the year	-	-
	<hr/>	<hr/>
Total recognised gains and losses since last annual report	-	-
	<hr/>	<hr/>


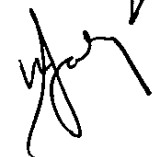

The accounting policies and notes on pages 10 to 17 form part of these Financial Statements

**HARROW SCHOOL ENTERPRISES LIMITED**  
Company Number 01617359

**BALANCE SHEET**  
At 31 August 2010

	Note	2010 £	2009 £
<b>Fixed Assets</b>			
Tangible assets	7	13,735	18,830
<b>Current Assets</b>			
Stocks	8	61,541	68,642
Debtors and prepayments	9	1,117,549	1,084,745
Cash at bank and in hand		32,261	14,336
		<u>1,211,351</u>	<u>1,167,723</u>
<b>Creditors: amounts falling due within one year</b>	10	<u>(1,104,084)</u>	<u>(1,076,551)</u>
<b>Net Current Assets</b>		<u>107,267</u>	<u>91,172</u>
<b>Net Assets excluding pension liability</b>		<u>121,002</u>	<u>110,002</u>
Defined benefit pension scheme liability	12	<u>(71,000)</u>	<u>(60,000)</u>
<b>Net Assets including pension liability</b>		<u>£50,002</u>	<u>£50,002</u>
<b>Represented by:</b>			
Called-up share capital	11	2	2
Profit and Loss Account	13	<u>50,000</u>	<u>50,000</u>
<b>Shareholder's Funds</b>	14	<u>£50,002</u>	<u>£50,002</u>

Approved and authorised for issue by the Board on 10 February 2011 and signed on its behalf by

N A Shryane  )  
 V.L. Sankey  ) Directors  
 W.G.S. Massey  )

The accounting policies and notes on pages 10 to 17 form part of these Financial Statements

**Basis of Accounting**

The Financial Statements are prepared under the historical cost basis of accounting and comply with applicable United Kingdom Financial Reporting and Accounting Standards. The Company (as a wholly owned subsidiary and a small company) takes advantage of the exemptions given by Financial Reporting Standard (FRS) 1 – Cashflow Statements and FRS 8 – Related Party Disclosures and does not prepare a cashflow statement or disclose related party transactions with other group entities.

**Turnover**

Turnover represents amounts receivable from the letting of Harrow School's premises and facilities, royalties and technical service fees from the two Harrow International Schools, franchise fees, sales of books and stationery and income from the commercial activities of the sports complex at The John Lyon School.

Income from the letting of premises and facilities is recognised in the period in which those premises and facilities are used. Royalty and technical service fee income from the two Harrow International Schools, Bangkok and Beijing, is recognised in accordance with the terms of the agreements with Harrow Asia Limited and Beijing Harrow Education Service Limited. Royalties are calculated in local currency based on income arising for each school term and converted to Sterling in accordance with the agreements. Technical service fees and licence fees are converted to Sterling in accordance with the agreement. All amounts are invoiced and paid in Sterling. Income from the bookshop and the sports complex is recognised at the point of sale and the date of the activity respectively. Franchise fees are recognised in the same period as attendance by the student on the associated course and calculated in accordance with the terms of the underlying franchise agreements.

**Depreciation**

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost of each asset, less any estimated residual value, evenly over its expected useful life. The expected useful lives of the principal categories are as follows:

Furniture and equipment	-	20 years
Tours museum and shop improvements	-	10 years
Plant and machinery	-	5 years
Computers	-	4 years
Motor vehicles	-	4 years

**Stocks**

Stocks are valued at the lower of cost and net realisable value.

**Pension Schemes****Defined contribution scheme**

The pension cost charged to the profit and loss account represents the contributions payable by the Company under the rules of the Scheme.

**Defined benefit 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 Trustees and are separate from the Company. An independent actuary completes a full actuarial valuation every three years and in accordance with 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:

- the service costs of pension provision relating to the year, together with the cost of any benefits relating to past service (allocated to staff costs),

**Pension Schemes (continued)**

- ii the net finance 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 (allocated to finance costs), and
- iii the actuarial gain or loss on the Scheme assets and liabilities (allocated to other recognised gains and losses)

The difference between the market value of the assets of the Scheme and the present value of accrued pension liabilities is shown as a liability on the Balance Sheet

Investments in Managed Funds are valued at the bid price quoted by the investment manager at the date of the Net Assets Statement

**HARROW SCHOOL ENTERPRISES LIMITED**
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 August 2010**

<b>1 Turnover and Pre-Tax Profit</b>	<b>2009/10</b>	<b>2008/09</b>	<b>2009/10</b>	<b>2008/09</b>
	<b>Turnover</b>		<b>Profit before taxation</b>	
Letting of school premises, facilities and equipment, franchise fees and tours	627,441	589,883	99,376	130,314
Harrow International Schools	740,038	696,440	711,617	669,998
Sales of books, stationery and confectionery	126,160	137,664	(192)	9,645
Lettings at The John Lyon School	29,707	11,044	29,707	10,974
The John Lyon School Sports Complex	283,131	262,237	31,611	22,523
	<hr/>	<hr/>	<hr/>	<hr/>
Continuing activities	£1,806,477	£1,697,268	£872,119	£843,454
	<hr/>	<hr/>	<hr/>	<hr/>

Except for the amounts in relation to the Harrow International Schools which operate in Thailand and China, the turnover and profit before taxation are wholly attributable to operations in the United Kingdom

<b>2 Employees</b>	<b>2009/10</b>	<b>2008/09</b>
<b>Staff costs are included in:</b>		
Cost of sales	246,689	234,861
Administration expenses	226,419	193,115
	<hr/>	<hr/>
	£473,108	£427,976
	<hr/>	<hr/>
Wages and salaries	447,835	404,864
Social security costs	17,372	12,665
Other pension costs		
Harrow Support Staff Pension Scheme	2,097	7,097
Lyon Stakeholder Scheme	4,737	2,171
Death in Service Benefit	1,067	1,179
	<hr/>	<hr/>
	£473,108	£427,976
	<hr/>	<hr/>

Included within staff costs is £329,295 (2008/09 - £257,107) recharged from Harrow School and The John Lyon School

<b>Average monthly number of direct employees during the year</b>	<b>No</b>	<b>No</b>
Shop, office and management	5	5
Sports centre staff	2	2
	<hr/>	<hr/>
	7	7
	<hr/>	<hr/>
<b>Other Employees</b>		

12 employees (2008/09 - 11) worked during the year on a part time or occasional basis

None of the Directors received any remuneration in respect of their services to the Company as Directors (2008/09 - £Nil)

3	Operating Profit	2009/10	2008/09
	This is stated after charging		
	Auditors' remuneration - audit	£ 11,605	£ 11,656
	- other services	£ 1,505	£ 1,610
	Depreciation	£ 4,991	£ 4,032
		<u>          </u>	<u>          </u>
4	Interest Receivable		
	Treasury Accounts with Harrow School	6,428	19,514
	Other interest receivable	-	22
		<u>          </u>	<u>          </u>
		£6,428	£19,536
		<u>          </u>	<u>          </u>
5	Interest Payable		
	Bank interest	£3	£6
		<u>          </u>	<u>          </u>
6	Taxation		
	Analysis of charge in year		
	Thai withholding tax	83,208	79,289
	Chinese withholding tax	27,946	24,929
		<u>          </u>	<u>          </u>
	Tax on profit on ordinary activities	£111,154	£104,218
		<u>          </u>	<u>          </u>
	Factors affecting tax charge for year		
	The tax assessed for the year is higher than the small companies' rate of corporation tax in the UK (21%) The differences are explained below		
	Profit on ordinary activities before tax (after Qualifying Donation)	£126,154	£105,218
		<u>          </u>	<u>          </u>
	Profit on ordinary activities multiplied by the small companies' rate of tax in the UK of 21% (2008/09 – 21%)	26,492	22,096
	Effects of		
	Permanent differences	12,785	1,610
	Depreciation in excess of capital allowances	(4,055)	620
	Double taxation relief	(35,222)	(24,326)
	Thai withholding tax	83,208	79,289
	Chinese withholding tax	27,946	24,929
		<u>          </u>	<u>          </u>
	Current tax charge for year	£111,154	£104,218
		<u>          </u>	<u>          </u>

**7 Tangible Fixed Assets**

<b>Cost</b>	<b>Shop Improvements</b>	<b>Tours Museum</b>	<b>Motor Vehicle</b>	<b>Plant and Machinery</b>	<b>Computers</b>	<b>Furniture and Equipment</b>	<b>Total</b>
At beginning of the year	10,086	114,369	6,900	6,812	9,884	13,508	161,559
Additions	-	-	-	-	-	-	-
Disposals	-	-	-	(1,313)	(2,491)	(259)	(4,063)
	<u>10,086</u>	<u>114,369</u>	<u>6,900</u>	<u>5,499</u>	<u>7,393</u>	<u>13,249</u>	<u>157,496</u>
<b>Depreciation</b>							
At beginning of year	5,045	114,369	6,900	3,660	6,881	5,874	142,729
Provided during the year	1,009	-	-	1,050	1,297	1,635	4,991
Eliminated on disposal	-	-	-	(1,313)	(2,491)	(155)	(3,959)
	<u>6,054</u>	<u>114,369</u>	<u>6,900</u>	<u>3,397</u>	<u>5,687</u>	<u>7,354</u>	<u>143,761</u>
<b>Net Book Value</b>							
At end of year	<u>£4,032</u>	<u>£-</u>	<u>£-</u>	<u>£2,102</u>	<u>£1,706</u>	<u>£5,895</u>	<u>£13,735</u>
At beginning of year	<u>£5,041</u>	<u>£-</u>	<u>£-</u>	<u>£3,152</u>	<u>£3,003</u>	<u>£7,634</u>	<u>£18,830</u>

**8 Stocks****2009/10      2008/09**

Finished goods and goods for resale

Letting activities	4,982	6,071
School Shop	46,804	52,779
Tours	9,755	9,792
	<u>£61,541</u>	<u>£68,642</u>

**9 Debtors**

Trade debtors	96,301	238,090
Amount due from Harrow International Schools Limited	38,281	-
Amounts due from the Keepers and Governors of The Possessions Revenues and Goods of the Free Grammar School of John Lyon -Treasury balances	949,822	826,969
Prepayments and accrued income	33,145	19,686
	<u>£1,117,549</u>	<u>£1,084,745</u>

10 Creditors: amounts falling due within one year	2009/10	2008/09
Trade creditors	11,967	17,703
Other taxes and social security	39,225	35,671
Accruals and deferred income	179,513	176,890
Other creditors	1,369	1,071
Amounts due to The Keepers and Governors of The Possessions Revenues and Goods of the Free Grammar School of John Lyon	36,873	17,474
Amounts due to The John Lyon School	89,172	89,506
Qualifying donation due to The Keepers and Governors of The Possessions Revenues and Goods of the Free Grammar School of John Lyon	745,965	738,236
	<u>£1,104,084</u>	<u>£1,076,551</u>

Interest is charged at 1% over the National Westminster Bank base rate on balances overdrawn on the Treasury accounts with The Keepers and Governors of The Free Grammar School of John Lyon. Other amounts due to The Keepers and Governors are current account transactions settled periodically by the transfer of funds to the School, these balances are interest free. A deed of mortgage was created on 4 December 1999 by Harrow School Enterprises Limited securing all monies due or to become due from the Company to the Keepers and Governors of The Possessions Revenues and Goods of the Free Grammar School of John Lyon against the assets of the Company.

11 Share Capital	2009/10	2008/09	2009/10	2008/09
			Allotted, called-up and fully paid	
	Authorised			
Ordinary shares of £1 each	£100	£100	£2	£2
	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>

12 Pension Commitments	2009/10	2008/09
Defined Benefit pension scheme liability	£71,000	£60,000
	<u>      </u>	<u>      </u>

i) **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 assets of the Scheme are held separately from those of the Company, being invested with an insurance company (AXA Sun Life) and Cazenove Capital Management Limited. Contributions to the Scheme are charged to the Profit and Loss account so as to spread the cost of pensions over employees' working lives.

The Scheme was closed to new entrants on 13 June 2003.



**12 Pension Commitments (continued)****i) Defined benefit scheme (continued)**

Actuarial valuations are carried out triennially for funding purposes, using the attained age method, the most recently available being dated 31 August 2009. The main assumptions were an expected return on investments of 6.6% p.a. before retirement and average salary growth of 4.0% p.a. up to normal retirement age. After retirement, an interest rate of 4.7% p.a. was applied with pension increases of 3% and 5% applicable to different elements of pension.

The Scheme's assets were valued as at 31 August 2009 at £11,588,000 (including the value of annuities already purchased) representing a funding level of 75%. The Trustees resolved to return the funding level to 100% over a 15 year period. As a consequence the Governors committed to annual deficit recovery payments of £257,000 rising by 3% per annum commencing in 2009/10 until 31 August 2024. Employer contributions were increased to 13.4% for the year to 31 August 2010 reducing to 12.4% from 1 September 2010 when employee contributions will rise by 1% to 8%.

The pension contributions payable by the Company for the year were £11,097 (2008/09 - £12,097).

**Financial Reporting Standard 17 – Retirement Benefits**

An annual actuarial valuation is carried out for the purpose of compliance with FRS 17 and was updated to 31 August 2010 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 employer undertaking, the Keepers and Governors of The Possessions Revenues and Goods of the Free Grammar School of John Lyon.

**ii) 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 £4,737 (2008/09 - £2,171).

<b>13 Profit and Loss Account</b>	<b>2009/10</b>	<b>2008/09</b>
At beginning of year	50,000	50,000
Retained profit for the financial year	15,000	1,000
Actuarial loss on pension scheme	(15,000)	(1,000)
	<hr/>	<hr/>
At end of year	50,000	50,000
Pension liability	71,000	60,000
	<hr/>	<hr/>
Profit and loss reserve at end of year excluding pension liability	£121,000	£110,000
	<hr/>	<hr/>

<b>14 Reconciliation of Movements in Shareholders' Funds</b>	<b>2009/10</b>	<b>2008/09</b>
Opening shareholders' funds as previously reported	50,002	50,002
Profit for the financial year	15,000	1,000
Actuarial loss on pension scheme	(15,000)	(1,000)
	<hr/>	<hr/>
Closing shareholders' funds	£50,002	£50,002
	<hr/>	<hr/>

**15 Parent Undertaking**

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

**16 Related Party Transactions**

- I 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
- II One Governor (of the ultimate parent undertaking) received remuneration of £10,000 (2009 - £nil) paid after the year end in respect of his work in connection with the Harrow International Schools