

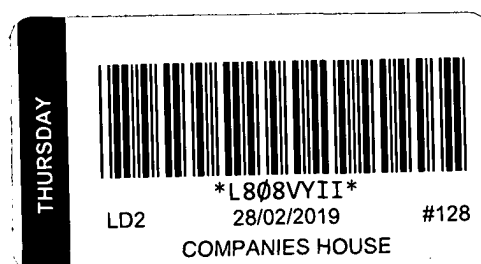
Registered number: 01617359

HARROW SCHOOL ENTERPRISES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 AUGUST 2018



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Directors	D G P Eyton N A Shryane J B Hawkins (resigned 22 May 2018) A K Metcalfe J P J Glover (appointed 1 September 2017) A D Hart M.Mrowiec (appointed 22 May 2018)
Company Secretary	N A Shryane
Registered Office	5 High Street Harrow-on-the-Hill Middlesex HA1 3HP
Bankers	National Westminster Bank Plc 315 Station Road Harrow Middlesex HA1 2AD
Independent Auditor	PKF Littlejohn LLP Statutory auditor 1 Westferry Circus Canary Wharf London E14 4HD
Solicitors	Pemberton Greenish 45 Cadogan Gardens London SW3 2AQ
Company Number	01617359

The Directors present their report, together with the audited financial statements for the year ended 31 August 2018.

Directors

The Directors of the Company during the year ended 31 August 2018 were:

D G P Eyton
N A Shryane
J B Hawkins
A K Metcalfe
J P J Glover (appointed 1 September 2017)
A D Hart
M.Mrowiec (appointed 22 May 2018)

Provision of Information to Auditors

So far as each of the Directors is aware at the time this report is approved:

- there is no relevant audit information of which the Company's auditors are unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditor

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

Status of this Directors' Report

This report is prepared in accordance with the small companies' regime under the Companies Act 2006.

This report was approved by the Board on 7 February 2019 and signed on its behalf.



N A Shryane
Secretary

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 prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland.

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 members of Harrow School Enterprises**Opinion**

We have audited the financial statements of Harrow School Enterprises Limited (the 'company') for the year ended 31 August 2018 which comprise the Profit and Loss Account, the Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows and the 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 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 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 members 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 company's affairs as at 31 August 2018 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company'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.

**Independent Auditor's report to the members of Harrow School Enterprises Limited
(continued)****Other information**

The other information comprises the information included in the Directors' Report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report. We have nothing to report in respect of the following matters in relation to which 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; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic Report.

**Independent Auditor's report to the members of Harrow School Enterprises Limited
(continued)**

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine 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 Directors are responsible for assessing the company'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 Directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

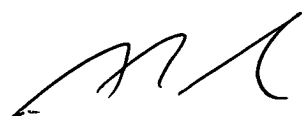
Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

<http://www.frc.org.uk/auditors/audit-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor%E2%80%99s-responsibilities-for>.

This description forms part of our auditor's report.



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

1 Westferry Circus
Canary Wharf
London E14 4HD

26 February 2019

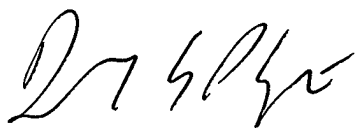
	Note	2018 £	2017 £
Turnover	5	2,760,120	2,852,167
Cost of sales		(2,219,300)	(2,302,563)
Gross Profit		540,820	549,604
Administrative expenses		(92,849)	(90,681)
Profit on ordinary activities before Interest and Taxation		447,971	458,923
Bank and deposit interest		4,690	48,335
Amounts payable on Group Treasury Deposits		-	(39,655)
Profit on ordinary activities before taxation		452,661	467,603
Tax on profit on ordinary activities	9	-	-
Profit on ordinary activities after taxation		452,661	467,603
Qualifying donation		(452,661)	(467,603)
Result for the financial year		-	-

The Profit and Loss Account includes all gains and losses in the year. There are no other items of income or expenditure and therefore a separate Statement of Comprehensive Income is not presented.

The Accounting Policies and Notes on pages 12 to 18 form part of these financial statements.

	Note	2018 £	2017 £
Fixed Assets			
Tangible assets	10	1,245	7,854
Current Assets			
Stock	11	99,142	79,714
Debtors:			
Amounts falling due within one year	12	246,865	156,523
Cash with Group Treasury		830,261	929,562
Cash at bank and in hand		108,522	70,578
Group Treasury Deposits		-	-
		<u>1,284,790</u>	<u>1,236,377</u>
Creditors: amounts falling due within one year	13	<u>(1,207,033)</u>	<u>(1,165,229)</u>
Net Current Assets		<u>77,757</u>	<u>71,748</u>
Net Assets		<u>79,002</u>	<u>79,002</u>
Capital and Reserves			
Called-up share capital	14	2	2
Profit and loss account		<u>79,000</u>	<u>79,000</u>
Total equity		<u>79,002</u>	<u>79,002</u>

The financial statements were approved and authorised for issue by the Board of Directors on 7 February 2019 and were signed on its behalf by:



D G P Eyton
Director

The Accounting Policies and Notes on pages 12 to 18 form part of these financial statements.

	Note	Called-up share capital £	Profit and loss account £	Total £
Balance at 1 September 2017		2	79,000	79,002
Result for the year		-	-	-
Balance at 31 August 2017		2	79,000	79,002
Balance at 1 September 2017		2	79,000	79,002
Result for the year		-	-	-
Balance at 31 August 2018		2	79,000	79,002

The Accounting Policies and Notes on pages 12 to 18 form part of these financial statements.

	Note	2018 £	2017 £
Cash from Operating Activities	15	401,557	371,130
Taxation paid			-
		<hr/>	<hr/>
Net cash generated from operating activities		401,557	371,130
		<hr/>	<hr/>
Cash flow from investing activities			
Purchases of tangible fixed assets		-	-
Interest received		4,690	68,915
		<hr/>	<hr/>
Net cash from investing activities		4,690	68,915
		<hr/>	<hr/>
Cash flow from financing activities			
Group Treasury Receipts			(9,100,196)
Payment of Qualifying Donation under Gift Aid to parent charity		(467,603)	(221,454)
Interest paid		-	(62,179)
		<hr/>	<hr/>
Net cash from financing activities		(467,603)	(9,383,829)
		<hr/>	<hr/>
Net increase/decrease in cash and cash equivalents		(61,356)	(8,943,784)
Cash and cash equivalents at the beginning of the year		1,000,140	9,943,924
		<hr/>	<hr/>
Cash and cash equivalents at the end of the year		938,784	1,000,140
		<hr/>	<hr/>
Cash and cash equivalents consists of:			
Cash at bank and in hand		108,522	70,758
Cash with Group Treasury		830,262	929,562
Short term deposits		-	-
		<hr/>	<hr/>
Cash and cash equivalents at the end of the year		938,784	1,000,140
		<hr/>	<hr/>

The Accounting Policies and Notes on pages 12 to 18 form part of these financial statements.

1. General information

Harrow School Enterprises Limited ('the Company') has the principal activity of acting as a non-charitable trading company for The Keepers and Governors of the Possessions Revenues and Goods of the Free Grammar School of John Lyon (The Corporation), Registered Charity Number 310033.

The Company is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is 5 High Street, Harrow-on-the-Hill, Middlesex.

2. Statement of compliance

The individual financial statements of Harrow School Enterprises Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 (FRS 102), The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland, and the Companies Act 2006.

3. Summary of significant accounting policies

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

Basis of Preparation

The financial statements have been prepared on a going concern basis, under the historical cost convention.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of discounts allowed by the Company and value added taxes.

The Company recognises the sales of goods and provision of services when the amount of revenue can be measured reliably and it is probable that future economic benefits will flow to the entity.

Expenditure

All expenditure is accounted for on an accruals basis. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably.

Employee benefits

Staff are employed by the Corporation to work on the Company's activities. The Corporation provides a range of benefits to employees, including paid holiday arrangements and defined benefit and defined contribution pension plans.

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

Taxation

The taxation expense for the period comprises current tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current taxation assets and liabilities are not discounted.

3. Summary of significant accounting policies (continued)**Taxation (continued)**

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Tangible Assets

Tangible assets are stated at cost (or deemed cost), less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs and borrowing costs capitalised. Capitalisation threshold £5k

Depreciation is calculated, using the straight-line method, to allocate the cost to their residual values over their estimated useful lives, as follows:

Plant, machinery and office furniture and equipment	– 5 to 20 years
Motor vehicles	– 4 years
IT equipment	– 4 years
Other fixed assets	– 10 years

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Derecognition

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss and included in 'Other operating (losses)/gains'.

Stock

Stock is stated at the lower of cost and estimated selling price less costs to complete and sell. Stock is recognised as an expense in the period in which the related revenue is recognised.

At the end of each reporting period stock is assessed for impairment. If an item of inventory is impaired, the identified inventory is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the profit and loss account.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, balances held in Group Treasury and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Provisions for liabilities

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Related party transactions

The Company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned.

4. Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Turnover

All turnover derives from activities in the UK.

	2018 £	2017 £
Analysis of turnover by category:		
Sale of goods	251,607	233,920
Services	2,508,513	2,618,247
	<hr/> 2,760,120	<hr/> 2,852,167
	<hr/> <hr/>	<hr/> <hr/>

Operating profit

Operating profit is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets	6,609	7,572
Auditors' remuneration	12,435	12,435
	<hr/> 12,435	<hr/> 12,435
	<hr/> <hr/>	<hr/> <hr/>

Auditors' Remuneration**Services provided by the Company's auditor**

During the year, the Company obtained the following services from the Company's auditor and its associates:

	2018 £	2017 £
Fees payable to the Company's auditor for the audit of the Company	12,435	12,435
	<hr/> 12,435	<hr/> 12,435
	<hr/> <hr/>	<hr/> <hr/>

8. Employees and Directors

	2018 £	2017 £
Staff costs were as follows:		
Wages and salaries	1,171,103	1,124,524
Social security costs	87,807	92,877
Other pension costs	46,333	54,013
	<hr/> 1,305,243	<hr/> 1,271,414
	<hr/> <hr/>	<hr/> <hr/>

Staff Costs

Staff costs represent the costs of individuals employed by the Corporation to work on the Company's activities

Employees

The average monthly number of persons (including executive directors) employed by the Corporation to work on the Company's activities during the year was:

	2018 No.	2017 No.
By activity		
Shop	2	2
Office and management	10	10
Harrow School Sports Centre	11	11
	<hr/> 23	<hr/> 23
	<hr/> <hr/>	<hr/> <hr/>

Excluded from the above figures are 169 people (2017/18 – 183) who were employed for the Summer schools and 42 people (2016/17 – 39) for the Easter revision courses.

During the year, the Directors of the company received £Nil remuneration in respect of their services of the Company (2017 - £Nil).

Key management compensation

Compensation payable to key management personnel during the year was £121,000 (2017 - £133,000).

9. Taxation

(a) Tax expense included in profit and loss

Current tax:	2018 £	2017 £
Profit on ordinary activities before tax	-	-
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.58% (2017 – 19.58%)	-	-
Current tax charge for the year	-	-

(b) Factors affecting the tax charge in the year

The tax assessed for the period is lower (2017 - lower) than the standard effective rate of corporation tax in the UK of 19.0% (2017 – 19.58%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities multiplied by standard rate of Corporation Tax in the UK of 19.0% (2017 – 19.58%)	-	-
Effects of:		
Unrecognised deferred tax	-	(537)
Re-measurement of deferred tax – change in UK tax rate	-	537
Current tax charge for the year	-	-

10. Tangible assets

	Motor Vehicles £	Shop & Museum Improvements £	Office Equipment, Plant & Machinery £	IT & Computing Equipment £	Total £
Cost					
At 1 September 2017	-	124,456	14,738	105,397	244,591
Disposals	-	-	-	-	-
At 31 August 2018	-	124,456	14,738	105,397	244,591
Depreciation					
At 1 September 2017	-	124,456	13,388	98,893	236,737
Charge for the year	-	-	822	5,787	6,609
Disposals	-	-	-	-	-
At 31 August 2018	-	124,456	14,210	104,680	243,346
Net Book Value					
At 31 August 2018	-	-	528	717	1,245
At 31 August 2017	-	-	1,350	6,504	7,854

11. Stock

	2018 £	2017 £
Goods for resale	99,142	79,714

12. Debtors

Trade debtors	229,533	43,135
Amounts owed by group undertakings	559	41
Prepayments and accrued income	16,773	113,347
	246,865	156,523

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

13. Creditors: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	67,527	58,170
Amounts owed to group undertakings	1,000,854	943,1850
Other creditors	1,793	1,793
Accruals and deferred income	136,859	162,086
	<hr/>	<hr/>
	1,207,033	1,165,229
	<hr/>	<hr/>

Amounts due to group undertakings are unsecured, interest free, have no fixed date of repayment and repayable on demand.

14. Share Capital

	2018 £	2017 £
Allotted, Called-up and Fully Paid		
2 Ordinary shares of £1 each		
At beginning and end of the year	2	2
	<hr/>	<hr/>

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

15. Notes to the Statement of Cash Flows

Reconciliation of profit to net cash inflow from operating activities:

	2018 £	2017 £
Result for the financial year		
Qualifying donation	467,603	467,603
Bank and deposit interest	(4,690)	(8,680)
	<hr/>	<hr/>
Operating profit	462,913	458,923
	<hr/>	<hr/>
Operating profit	462,913	458,923
Depreciation of tangible assets	6,609	7,572
Working capital movements:		
(Increase) in stock	(19,428)	(2,115)
(Increase) in debtors	(90,342)	(124,830)
increase in creditors	41,804	31,850
	<hr/>	<hr/>
Cash flow from operating activities	401,557	371,130
	<hr/>	<hr/>

16. Controlling parties

The immediate and ultimate parent undertaking and controlling party, and the smallest and largest group to consolidate these financial statements, is The Corporation. Copies of The Corporation's financial statements are filed with the Charity Commission. The Corporation's address is 5 High Street, Harrow on the Hill, Middlesex, HA1 3HP.