

THE PAUL HAMLYN FOUNDATION

Paul Hamlyn was a publisher and philanthropist. He established the Paul Hamlyn Foundation in 1987 for general charitable purposes and on his death in 2001 he bequeathed the majority of his estate to the Foundation so that it became one of the UK's largest independent grant-giving organisations. He was always committed to opening up new opportunities and experiences for the less fortunate members of society.

Objectives and Activities

The objects of the Foundation are to further such charitable purposes and to benefit such charitable institutions as the Trustees think fit.

Our main aim is to make grants to organisations to address issues of inequality and disadvantage, particularly in relation to children and young people.

Our continuing objectives are to support projects across the whole of the UK through three programmes: arts; education & learning; and small grants. We support projects in India under a separate India programme. Our strategies are to continue to offer an open grant scheme under each of the four programmes, and, in addition, under the arts and education & learning programmes, to maintain our targeted special initiatives, which all include grantmaking. Occasionally we make other awards which do not meet the aims of the programmes.

The aims and priorities of the open grant schemes are summarised on pages 4-9, which also contain a representative case-study of awards in respect of each of the priorities. Information about the aims and activities of each of the special initiatives is given on pages 5 and 7. A list of all awards above £5,000 is given on pages 10-17.

Our additional objectives for the year were to initiate a strategic planning process and to commemorate Jane Attenborough. Information about the activities undertaken to meet these objectives is given in the Chair's Statement and the Review of the Year.

Grantmaking Policy & Further Information

Full information on the objectives, priorities, assessment criteria, application and grant-making processes are set out in Guidance Notes which are available on the website and by post. Registered charities or organisations established for charitable purposes are eligible to apply.

To discover more about applying for a grant from the Foundation, please telephone or write to the Administrator at the address below:

The Paul Hamlyn Foundation
18 Queen Anne's Gate, London SW1H 9AA
Tel: 020 7227 3500 Fax: 020 7222 0601
Email: information@phf.org.uk
Website: www.phf.org.uk



"A foundation committed to long term development and change"

Over the last year we have been considering the long-term aims and objectives of the Foundation. It has been an intensive period of thinking, involving extensive discussions with over 200 people and organisations, as well as our staff, trustees and advisers. We thank everyone who has contributed to this important process.

We believe we have identified important needs and opportunities which are right for the Foundation to pursue given our independence. These will build on our past and current areas of interest. Increasingly we intend to operate as a foundation committed to long term development and change. Some new grant programmes will be launched this autumn with further new programmes coming on stream in 2007.

At the end of 2005 Bob Gavron retired as a trustee, having served in that role since the Foundation was established in 1987. Bob was a great friend and colleague of my father Paul for many years before that. His advice and support over all these years have been hugely important to the Foundation. We are deeply grateful to him for all that he has done. We are delighted that Bob has agreed to remain as a member of the Finance & Investment Committee and that the Foundation will continue to benefit from his advice.

We welcomed to the Board two new trustees: Estelle Morris and Peter Wilson-Smith. Estelle was previously Secretary of State for Education and Skills and Minister for the Arts. Her current roles include chairing the Children's Workforce Development Council. Peter's background is in financial journalism and he is now Senior Consultant at Quiller Consultants, a strategic communications consultancy whose clients include major educational organisations. Estelle's and Peter's insights and thinking are already helping us a great deal.

Last year was marked by the tragic loss of Jane Attenborough in the tsunami of December 2004. Jane was our Arts Manager since 2000. This year we commemorated Jane's distinctive contribution to the arts and to the Foundation in various ways. We established the Jane Attenborough Dance in Education Fellowship. The fellowship enables dancers at mid-scale dance organisations to make a transition to working in dance in education and the community. The inaugural fellowship was awarded to Simon Cooper of Rambert Dance Company. We have dedicated our Musical Futures special project, which Jane managed and helped to create, to her memory.

We are fortunate to have a talented and hard-working team of staff, advisors and trustees and I would like to thank them all for their ideas, energy and contributions. In particular I would like to thank the Foundation's Director Robert Dufton for driving forward our strategic planning with great energy and incisiveness.

“Grant-making... increased by 46% to £12.8m in line with last year’s forecast”

Achievement and Performance

The past year has been challenging as we combined three distinct strands of work to meet our current aims and objectives: continuing our grant-making; dissemination of evaluation results and emerging findings of three of our current special projects; and – as described in the Chair’s statement – initiating a strategic planning process.

Grant-making during the year increased by 46% to £12.8m, in line with last year’s forecast. Support costs were 9.4% of grant-making, a reduction from 11.7% last year.

The growth in grant-making was strong for awards made under the open arts and education grant schemes, which increased significantly compared to the previous year. The achievements and performance of the special projects are given on pages 5 and 7.

The value of awards by the age of the people, the focus of the activity, and the area which benefited is analysed in the charts on pages 18 and 19 (together with a chart showing the overall breakdown of the use of the investment income).

The analysis shows that we are achieving our aim of benefiting children and young people, with 55% of awards by value going to these groups. In addition, 24% of awards benefit multi-age groups, which may include children and young people.

The analysis of the focus of the awards shows that we are achieving our aim of addressing inequality of access and opportunity and combating disadvantage. In particular, 40% of awards by value are focussed on access and 21% on social inclusion.

In response to the small value of awards made in previous years to Scotland and Wales and some regions in England, we planned and implemented a relationship-building programme with charities and funding organisations in those areas, involving visits. The results were encouraging with the value of awards focused on Scotland increasing from £75,000 to £674,000. The value of awards in Wales also grew significantly. We intend to continue to develop these relationships.

An award of £1.7m was made to the Helen Hamlyn Trust. The Trust is chaired by Lady Hamlyn and supports a wide range of projects in memory of Paul Hamlyn. Projects supported this year benefited people in the UK, including young people, in part through the arts and education, and people in India. The Trust’s activities fall within the objects and main aim of the Foundation.

In addition to grant-making, we used our resources of time, contacts and offices to initiate or contribute to developing and sharing knowledge. Examples include our work with the PAEback Group, trustees of major performing arts organisations with responsibility for education, to develop a greater understanding at board level of the role of education. The work was carried out with the support of Clore Leadership Fellows, and the results are feeding into national learning on governance. We co-hosted with The 21st Century Trust a seminar for its international fellows which examined the role of social entrepreneurs in promoting change. Speakers included Professor Charles Handy and Geoff Mulgan, Director of the Young Foundation. 17 arts and educational charities used our meeting rooms, indirectly benefiting the people we aim to support.

Financial Review

The Foundation has wide investment powers, and although income and capital are accounted for separately, attention is focused on total return. Investment strategy is currently under review, but it is likely that the Foundation will still seek to: make investments which offer good long-term levels of total real return; reduce risk by diversifying across asset classes; and select specialist managers with proven expertise.

Significant changes to investments during the year included: appointing the Foundation's first private equity manager; starting to build an agreed allocation to property investments; and selecting managers for Emerging Market equities.

An analysis of the Foundation's year-end investments is included in Note 9 to the Financial Statements.

The Foundation benefited from strong equity markets and above-average manager performance during the year. Performance by the cash and fixed income part of the portfolio was inevitably more modest, but the overall total return before expenses of 20% is thought to be satisfactory. The trustees have considered using an ethical investing policy but have decided that there would be no benefit to the Foundation or its grantees from doing so.

Receipts of £3.3m and capital gains of £69.8m caused the expendable Endowment Fund to rise from £406.9m to £480.0m during the year. The Designated Fund reflects the Foundation's commitment to special projects and has no benchmark level; during the year, grants exceeded new designations and there was a reduction from £4.3m to £3.8m. Most of this will be spent over the next two years. The Unrestricted Fund finances capital employed, and provides a short-term buffer for grant-making. The Fund rose from £15.0m to £18.4m during the year and is currently above its benchmark of six months' investment income (i.e. £8.5m); the surplus will reduce as grant-making is expanded. The policies for these Funds are reviewed periodically.

Plans for the Future

As explained in the Chair's Statement, the Board will finalise in 2006 a strategic plan for the six years 2006-12. In order to meet the plan's aims and objectives, a new set of grant programmes will be launched in 2006, including revisions to current open grant schemes and the addition of some new special initiatives. The Board intends to produce a communications strategy in 2006. Some aspects of the governance of the Foundation are being reviewed, and the Board intends to introduce in 2007 a new structure to improve the overall operation of the Foundation's work.

The Board intends to continue to expand the Foundation's grant-making and related activities, including research, evaluation and communication. However, during the period before new grant programmes are launched and for some time thereafter (as some special initiatives will need more detailed research and development before entering a grant-making phase) the total value of grant-making may decline before it increases again. Although we will continue to manage costs carefully, the ratio of support costs to grant-making may vary in future because of this, and generally as the Foundation becomes more involved in related activities.

the arts

We support initiatives which address inequality of access and lack of opportunity to experience and enjoy the arts. Priority is given to exemplary projects concerned with social exclusion, under achievement amongst young people, and young offenders. We also support partnerships which develop the arts in formal education.

National Youth Theatre
£88,725 over two years

The National Youth Theatre (NYT) is the original 'youth theatre' in the UK. Building on a strong established outreach programme, NYT will enable people in young offenders' institutions, ex-offenders and young people identified as at risk of offending to take part in creating a professional standard theatre production. NYT's work will address challenges that organisations working in the criminal justice sector face: creating a positive diversion for young people at risk of offending; aiding the resettlement of ex-offenders; and breaking the cycle of re-offending.

**University of Sheffield
School of Architecture**
£61,188 over two years

The University of Sheffield School of Architecture's Change Project aims at building young people's awareness of their own environment, whilst meeting a variety of curriculum requirements. It is hoped that this hands-on approach to learning will challenge under-achievement. Over two years, up to 700 young people from local schools and after-school youth groups will take part, and 150 teachers and youth workers will also be trained. Within the context of new initiatives across the UK aimed at encouraging young people to engage with architecture and understand – or even in some cases influence – the places they live in, this project is attempting to create new learning tools for teachers and raise young people's awareness whilst developing the links between future architects and communities.

The Onside Partnership
£15,000 over 18 months

The Onside Partnership is an association of six schools in Devon, all of which specialise in either arts or sport, and the Northcott Theatre in Exeter. Using sport as a unifying theme, the Onside Partnership is bringing these schools and the Theatre together to work on a series of collaborative projects involving students, teachers, artists and professional sports people. The Onside Project will provide an opportunity for young people and schools to work outside the normal confines of school boundaries (both physical and in terms of the curriculum and timetable) in a way that enhances participation and learning. It will also demystify the notion of an 'arts' project by using sport as a gateway to unlocking young people's creativity.

Musical Futures 2003-06

Total amount awarded in the year £94,231

Musical Futures continues to develop innovative approaches to music education for 11-19 year olds in England. The primary interest of the project has been in improving the motivation and engagement of more young musicians, in and out of school, through collaborative and personalised approaches. In addition to the pioneering work of the three partner music services (in Leeds, Nottingham and Hertfordshire) the project supports action research with the Guildhall School of Music and Drama's CONNECT project and Musical Routes, an information and advice service managed by Sound Connections.

The project is in the process of dissemination, producing a series of pamphlets which *present our findings and advocate new ways of working in order to improve music opportunities for all young people*. This is influencing the reorientation of other national organisations operating in the education and music sectors. A range of practical tools are being created to accompany the pamphlets, including a resource pack containing a guide to Personalising Music Learning with CDs and a DVD. CPD workshops will be run. The project's partners include the DfES Innovation Unit, Music Manifesto and Youth Music. The project leader is David Price. For more information: www.musicalfutures.org.uk

What's the Big Idea?**2003-07**

Total amount awarded in the year £403,814

What's the Big Idea? focuses on developing and supporting high-quality projects that give young people in Northern Ireland the opportunity to develop their creative potential. During the year a mid-term review of the initiative was carried out for the Board, which concluded that the aims were being achieved. The Board decided that awards could be made to projects for up to 3 years. Also as many of the awards to date had gone to benefit young people in cities and towns, it was decided to try to fund more projects which benefit young people living in rural communities. The initiative sought out and funded 10 projects, including two for which funding was offered for three years, and funded seven projects working in rural communities, including Glasgowbury Festival in Draperstown. The total awarded was a significant increase on the amount awarded in previous years. The project leaders are Shona McCarthy and Frances Macklin.

**Awards for Visual Artists
2005**

Total amount awarded £261,147

Since 1997 the aim of the awards has been to provide direct support to visual artists at a key moment in their career. Five artists are awarded annually, each receiving £30,000 spread over a period of three years. The awards are given on the strength of talent, promise and need as well as achievement and there are no strings attached.

In 2005 the judges were: Willie Doherty, Artist; Christoph Grunenberg, Director, Tate Liverpool; Gill Hedley, Director, Contemporary Art Society; Amanda Leveté, Principal of Future Systems Architects; and Jane Hamlyn Chair of the Paul Hamlyn Foundation and Director of Frith Street Gallery, London. The awards went to Clio Barnard, Ian Breakwell, Jacqueline Donachie, Factotum (Stephen Hackett and Richard West) and Michael Landy. The main speaker at the awards ceremony was Adrian Searle, Chief Art Critic at the Guardian. Sadly Ian Breakwell died shortly before receiving the award. It was accepted on his behalf by his partner Felicity Sparrow. The project is managed by Kathryn Standing.

education • and learning

We focus our support on young people affected by inequality and disadvantage. Priority is given to: projects which focus on schools exclusion and truancy; applications from supplementary schools; innovative educational projects concerned with young offenders.

Stonewall

£90,000 over three years

Stonewall was founded in 1989 to achieve equality for lesbian, gay and bisexual (LGB) people, by promoting human rights and challenging prejudice and discrimination throughout the UK. The 'Education for All' programme is a major, three-year initiative which aims to tackle homophobia and homophobic bullying in schools across England, Scotland and Wales. Evidence shows that there are clear links between homophobic bullying, truancy and mental health issues. The programme seeks to make schools safer for students and staff regardless of their sexual orientation and to influence policy at national, regional and local levels. This is the first time the issue of homophobic bullying in schools has been addressed across the country and in a multi-disciplinary way.

Human Scale Education

£60,000 over three years

Human Scale Education (HSE) is a membership organisation which seeks to promote the value of small, human scale learning communities within the state, maintained and alternative independent sectors. It believes that for many young people, particularly those who are disadvantaged, smaller learning communities, and the personalised approach to learning that goes with them, can reap significant academic and social benefits. In partnership with the Gulbenkian and Esmée Fairbairn Foundations, we are enabling HSE to scale up its activities to increase the number of secondary schools imbued with human scale values and to assess their impact on pupils and teachers.

St Giles Trust

£60,000 over two years

St Giles Trust helps homeless and other 'at risk' young people in London and the South East. Its Peer Adviser Project aims to address the housing and re-settlement needs of ex-prisoners in a way that is practical and imaginative. Working in prisons the project provides inmates with accredited training to enable them to dispense advice and guidance to their peers about most housing issues. When it can the Trust also sets up community placements for the trained peer advisers to help them further develop their skills. With our support the Trust is piloting this scheme with young offenders at HMYOI Rochester.

Leicester Complementary Schools Trust

£20,000 over one year

The Leicester Complementary Schools Trust was established in 2004 in order to raise the standards of teaching and learning in complementary/supplementary schools in Leicester City. Building on research by the University of Leicester and consultations with local complementary and mainstream schools, the Trust devised a training and capacity-building programme for staff and teachers in complementary schools, which is now being piloted with our support. The programme includes training for supplementary school teachers, support staff and managers, and a conference for all of Leicester's complementary schools to share best practice.

**Reading and Libraries
Challenge Fund
2003-06**

Total amount awarded in the
year £1,150,290

The Reading and Libraries Challenge Fund was established in order to effect long term change to the way libraries work with young people and others who are not traditional library users. There were three streams within the Fund, each with its own set of criteria:

- **Right to Read** for looked-after children and young people;
- **Free with Words** for prisoners and young offenders; and
- **Libraries Connect** for communities which were not benefiting from the services public libraries could offer.

The Fund closed for applications in March 2006, having supported 60 projects across England, Wales and Scotland. The latest evaluation results are extremely positive.

We have learned that the majority of **Right to Read** projects are likely to be sustained. This can be through either fundamental changes made to the way in which library services in relation to looked after children and their carers and/or a commitment to sustaining the partnerships with social/children's services and education created during the lifetime of projects. Specific findings from the **Right to Read** evaluation, including models of good practice, and evidence of the positive role which libraries can play in supporting the emotional development and educational attainment of looked-after children, have been discussed with the DFES in advance of the Green Paper on looked-after children. **Libraries Connect** is bringing about significant attitudinal and organisational change within libraries. **Free with Words** is helping to break down some of the barriers to reading and libraries for prisoners, ex-prisoners and their families.

Next year we will disseminate further what has been learned to libraries and other agencies, make recommendations for action and press for changes in policy.

**The Fund for Refugee and
Asylum Seeker Young
People 2003-07**

Total amount awarded in the
year £926,168

This Fund was launched in 2003 to address some of the complex issues facing refugee and asylum seeker young people throughout the UK, particularly in regions outside London. Its special focus is on the integration of 11-18 year olds and those who are unaccompanied. It is also aimed at developing the capacity of refugee community organisations (RCOs). During the year an additional £1.5m was allocated to the Fund.

To date the Fund has supported 39 projects, all of which are working in collaborative ways with relevant partners. Following a series of training sessions for applicants in Birmingham, Leeds and London, the number of applications from small or emerging community organisations continues to grow. In 2006-07 we aim to extend our reach further with similar sessions in Wales and Scotland, and will target RCOs in regions that have not been funded so far.

We will also be disseminating the findings of our first review of the Fund and producing an evaluation resource pack for organisations working with refugee and asylum seeker young people and with other hard-to-reach groups. Preliminary results from the evaluation of projects, which uses an innovative participatory approach in order to develop RCO capacity further, show that the Fund is meeting its aims.

india

We support local Indian organisations which enable vulnerable groups of people, especially children, to gain access to basic services that are not ordinarily available to them. Most of our support relates to disabilities, education, health and livelihoods.

Bodh Shiksha Samiti
£114,256 over three years

Bodh Shiksha Samiti (BoSS) has been working on making education accessible to the poor in Jaipur city since its inception in 1987. Over the past five years, it has run primary and community schools in Jaipur's slum areas, supported other local NGOs involved in education, and worked with the Rajasthan state government to improve the urban poor's access to quality education. The Jan Bodh project is a massive initiative in partnership with the state government aimed at having every child from those parts of Jaipur attending school. The project will extend to 324 low-income localities in Jaipur in its six-year timeframe, improving existing facilities, creating them where they do not exist, and working with families, communities and the state to build awareness and political backing in favour of universal education. The Foundation is working in partnership with the America-India Foundation, and is a member of the steering committee comprising the other main funder, the Aga Khan Foundation, BoSS and the state government.

Kutch Navnirman Abhiyan
£33,750 over one year

The *panchayat* is a village-level political institution that lies at the grassroots of Indian democracy. Kutch Navnirman Abhiyan (KNA) is a coalition of Kutch (India's western-most district, in the state of Gujarat) based NGOs, providing a range of services and advice. The Village Development Fund aims to provide 24 selected *panchayats* with an untied grant of Rs. 100,000 each, whose usage they decide on condition that it benefits the weaker sections of the village and that the planning and implementation processes are participatory, clean and transparent. It is hoped that the project becomes a model for strengthening the *panchayats'* ability to undertake social development activities, and that some of the processes carry over to the *panchayats'* use of public money. We provided additional resources to KNA to disseminate information about the project and in time create a network of other comparable initiatives being implemented elsewhere in India.

The Action Northeast Trust
£15,011 over two years

Malaria is an ancient scourge in India, more so in the country's northeastern parts where it is mostly the quinine resistant variant that causes death. Anti-Malaria efforts have failed to make a dent here, mainly because they are administered through a health system whose facilities for testing and treating malaria are not working or are inaccessible. The Action Northeast Trust (The Ant) was set up in 2000 to work on health and income generation among the Bodo community in western Assam. The project aims to set up community controlled and managed microscopy centres in 15 villages, and thereby enable patients to test for malaria and treat it early. The centres will also raise awareness within local communities on prevention and treatment, and provide realistic information on malaria prevalence to the state government.

small grants

We make small awards, up to a maximum of £5,000, to support local projects within our priority aims undertaken by local organisations.

Move On, Glasgow – £5,000 in support of an arts programme to enhance the skills, confidence and self-esteem of adult men and women who have experienced homelessness. Through trying new activities and experiences in a supportive environment, participants can challenge and overcome their own feelings of helplessness and lack of belief in their *own ability*.

Mentoring for All, Butetown, Wales – £4,950 for a project offering guidance and support to children, young people and adults through children's activities, mentoring, counselling, adult training and the delivery of other lifelong learning programmes. This is to facilitate their integration into the wider community through social interaction, education and introduction to employment opportunities so that their life may be improved.

Bristol Choral Society – £3,650 for this long-established choir to provide choral training in four inner-city primary schools to enable music teaching to benefit from the tuition of professional vocal trainers experienced at working with children. The work culminated in a Christmas Concert shared with the Bristol Choral Society at Colston Hall, Bristol's premier concert venue.

The Jamaica Society, Leeds – £3,200 towards a complementary educational project to address the issue of academic underachievement among children of African Caribbean descent by seeking to prevent disengagement with the school curriculum, as well as provide emotional and cultural support for those at risk of being excluded from the mainstream school system.

Poetry-next-the-Sea, Burnham Market, Norfolk – £2,000 to provide enrichment and stimulation to participate in poetry for students at Alderman Peel High School and pupils from six feeder primary schools, leading to a performance of poetry readings and an *anthology of works by some of the children*.

Merton Community Dance, London – £1,250 to bring professional dance choreography and tuition to Year 6 children at Stanford Primary School. This is to stimulate their creativity, educate them about dance, improve their physical fitness, enhance their self-esteem and enable them to enjoy working effectively as a group towards a common goal.

awards made in the year

arts

Arts Projects

	Amount (£)
National Association of Writers in Education, York	145,000
Writers in Schools Research Programme – 3 year funding	
Streetwise Opera, multi-regional	98,230
Salary support – 3 year funding	
Tower Hamlets Summer University	93,257
Summer Arts – 2 year funding	
Brewery Arts Centre Trust, Kendal	90,000
Education and Outreach Team – 3 year funding	
Orchestra of the Age of Enlightenment, London	90,000
Camden and Islington Education Programme – 3 year funding	
National Youth Theatre of Great Britain, London	88,725
Young Offenders Programme – 3 year funding	
Derby Playhouse	87,163
Head of Learning salary support – 3 year funding	
London International Festival of Theatre	84,780
New Parliament Learning Manager salary support – 3 year funding	
Bruvvers Theatre Company, Newcastle-upon-Tyne	83,467
Outreach and Education Worker – 3 year funding	
The YCTV Foundation, London	82,110
Head of Youth salary support – 2 year funding	
Youth Dance England, London	80,000
Next Steps: Youth Dance National Project – 2 year funding	
Citizens Theatre, Glasgow	78,926
Citizens' Young Company – 3 year funding	
Cardboard Citizens, Manchester/Liverpool	78,818
Development of work in the North West – 2 year funding	
Contemporary Dance Trust, London	75,000
Director of Learning and Access salary support – 3 year funding	
The DanceXchange, Birmingham	75,000
"DaiR To" project – 2 year funding	
Dumfries and Galloway Arts Association	72,000
Infrastructure Development Project – 2 year funding	
Castlemilk Youth Complex, Glasgow	70,000
G-cave – 3 year funding	
Synergy Theatre Project, London	70,000
Support for work with offenders and ex-offenders – 2 year funding	
South London Gallery	69,000
Schools Officer salary support – 3 year funding	
Battersea Arts Centre, London	65,000
Schools' Participation Programme – 3 year funding	
The University of Sheffield – School of Architecture	61,188
Engaging Young People in Architecture – 2 year funding	
Fairbridge, multi-regional	60,342
Access Arts Follow-on Programme – 2 year funding	
Rambert Dance Company, London	60,000
Lambeth Schools Project – 2 year funding	
Sadler's Wells Trust, London	60,000
Leaps & Bounds Secondary Schools project – 2 year funding	
The Comedy School, London	60,000
Director's salary support – 3 year funding	

Sonic Arts Network, multi-regional	59,570
Sonic Postcards Project – 2 year funding	
Fine Cell Work, London	58,601
Expansion Programme – 3 year funding	
Albany Theatre, London	55,000
Summer Arts College 2006	
The Almeida Theatre, London	53,000
Progression Routes and Schools Network Programme – 2 year funding	
Music Theatre Wales, Cardiff	52,500
Outreach Programme – 3 year funding	
The Sea Change Trust, Great Yarmouth	52,500
Youth Arts Coordinator – 2 year funding	
Pop-Up Theatre, Barnet	51,920
Safety Net – 18 month funding	
Fitzwilliam Museum, Cambridge	50,000
Art & Wellbeing Project – 3 year funding	
George Piper Danccs, multi-regional	48,000
GPD Education Action Team – 2 year funding	
An Tuireann Arts Centre, Isle of Skye	44,800
Thar Chriochan 2005–2008 – 2 year funding	
Hampstead Theatre, London	42,885
Older Heat & Light Project for 18-25 year olds – 2 year funding	
Polka Children's Theatre, London	40,970
Free Falling Project – 2 year funding	
National Theatre, London	40,000
Art of Regeneration – Summer 2005 Arts College	
Crisis UK, London	32,173
Arts Development Project – 2 year funding	
198 Gallery, London	30,000
Urban Vision – 3 year funding	
Artworks Creative Communities, Bradford	30,000
Recognise Project	
Cove Park, Argyll and Bute	30,000
Artists in Schools – 2 year funding	
Dance United, Yorkshire	30,000
Dance United Criminal Justice Programme 2005-2008 – 3 year funding	
English Touring Opera, multi-regional	30,000
Jenufa in Secondary Schools	
Glyndebourne Productions, East Sussex	30,000
Hip H'Opera – School 4 Lovers	
IKON Gallery, Birmingham	30,000
Inside Offsite	
Live Music Now!, London	30,000
Collaboration with Making Music – 3 year funding	
Mangrove Community Y2K, London	30,000
Part-Time Director's salary support – 2 year funding	
Pimlico Opera, London	30,000
HM Prison Bronzefield – Chicago Project	
PLUS Strategy Team, multi-regional	30,000
Summer 2005 College for the Arts	
Pure Media UK, Dundee	30,000
The Workshop Manager – 3 year funding	
Soho Theatre Company, London	30,000
Soho Connect – 3 year funding	
Solas Cymru, Newport	30,000
Arts Department Pilot Project	
The Collective Gallery, Edinburgh	30,000
One Mile Programme – 3 year funding	
Wiltshire Youth Arts Partnership	30,000
MusicXpress Project – 2 year funding	

Young Gloucestershire	30,000
Infobuzz Enrichment for Young Offenders – 3 year funding	
City Arts, Nottingham	29,874
APT Education Project – Education	
Royal Liverpool Philharmonic Society	28,746
Song for Home Project – 2 year funding	
Tricycle Theatre Company, London	28,283
Creative Space New Initiatives	
New Roots & Belmont Arts Centre, Shropshire	26,370
Right from Scratch	
Gorbals Arts Project, Glasgow	26,060
Youth Development Project – 2 year funding	
Scottish Opera, Glasgow	25,949
The Big Bang Show! Schools Tour	
South Yorkshire Victim Offender Mediation Service, Sheffield	25,777
Restorative Action Film Project	
ACTA Community Theatre, Bristol	25,000
Youth Arts Activities	
Protein Dance, London	25,000
Real Life Real Dance	
Reeling and Writhing, multi-regional Scotland	24,370
My Dark Sky	
Blue Elephant Theatre, London	23,625
Creative Minds – 3 year funding	
Loop Dance Company, Kent	23,500
LoopEd Project	
Lewisham Youth Theatre, London	22,000
Senior Youth Theatre Development Project	
Streets Alive Theatre Company, London	20,000
Stage Management and Workshop Leadership – 3 year funding	
The Rural Media Company, Hereford	20,000
Gaining Ground – 2 year funding	
Second Wave Centre for Youth Arts, London	19,950
Urban Survival Project – 2 year funding	
Manchester Library Theatre Development Trust	19,088
East Manchester Open College Network Project	
Overtones, London	18,201
The Reel Bollywood Hull	
ShivaNova, Kent	17,000
Girls Only Global Orchestra in North Kent	
Spike Island, Bristol	15,600
Surviving the City	
The Onside Partnership, Exeter	15,000
Arts and Sports in Secondary Schools Project	
Beaconsfield School, Buckinghamshire	13,500
Development of an Arts Learning Centre	
DreamArts, London	12,168
Street 2 Stage 2006 – The No Sex Play	
Bruiser Theatre Company, Northern Ireland	12,000
Metamorphosis Schools Education Project	
Apple Pic Enterprise, London	11,320
Voice of the Community	
Freedom Street, London	10,000
Afronicity	
Tees Valley Dance, Stockton on Tees	10,000
Dance Action	
Small Grants	
99 Small Grants of up to £5,000	384,532
	4,102,838

Awards for Visual Artists	Awards for Visual Artists 2005	261,147
	Awards to five visual artists over three years and management costs	
Jane Attenborough Dance in Education Fellowship	Rambert Dance Company	50,000
	Jane Attenborough Dance in Education 2005-07 Fellow – Simon Cooper	
	JADE Fellowship Support Costs – 5 years	25,000
		75,000
Musical Futures	Support Costs	89,231
	1 Small Grant of up to £5,000	5,000
		94,231
What's the Big Idea? Northern Ireland	Dance United	97,506
	Reach In Out Action Research in Primary Schools – 3 year funding	
	Nerve Centre, Derry	90,000
	Digital Literacy Curriculum Project – 3 year funding	
	The Beat Initiative, Belfast	75,000
	A Belfast Carnival for All	
	Kids in Control	53,893
	Furious Spaces	
	Discovery 80 Limited/Share Centre	29,150
	Child's Play Youth Theatre Education Project	
	Glasgowbury Music Group	29,120
	Glasgowbury Festival 2006	
	Artscare	20,160
	Northern Ireland ClownDoctors	
	3 Small Grants of up to £5,000	8,985
		403,814
	Returned Grants	(13,093)
	NET TOTAL OF ARTS AWARDS	4,923,937

education and learning

Education and Learning Projects

	Amount (£)
Seven Stories, the Centre for Children's Books, Newcastle-upon-Tyne	226,616
Travel by Book – 3 year funding	
The Runnymede Trust, National	134,377
Education Policy & Research – 3 year funding	
Dyslexia Institute, National	120,000
National Youth Outreach Coordinator Post – 3 year funding	
Forum on Prisoner Education, National	117,716
Policy and Research Programme – 3 year funding	
National Children's Bureau, National	97,362
Developing child centred multi-agency interventions – 3 year funding	
Apples & Snakes, London	96,956
Inside Out – 3 year funding	
Parents for Inclusion, London	90,000
Working Towards Making London an Inclusive City – 3 year funding	
Stonewall, National	90,000
Education for All: Education Officer salary support – 3 year funding	
The Hanover Foundation, London	90,000
Personal Development Coaching in Secondary Schools – 3 year funding	
Rehabilitation for Addicted Prisoners Trust, Hull	88,620
The Bridges Project in Hull – 3 year funding	
Institute for Public Policy Research, Multi-regional	75,000
Center for Court Innovation – Piloting 'Teen' Courts in the UK	
The New Writing Partnership, Norfolk	75,000
Norwich: City of Refuge – 3 year funding	
Human Scale Education, Bristol	60,000
Human Scale Education in Secondary Schools – 3 year funding	
Liverpool Reads	60,000
Liverpool Reads 2006-08 – 2 year funding	
St Giles Trust, Multi-regional	60,000
Peer Advisers Project in YOIs – 2 year funding	
School-Home Support Service (UK), London	54,000
Isle of Dogs Project	
Furnival Burngreave Community Projects, Sheffield	53,865
The Cellar Space – 2 year funding	
Radio for Development, London	50,000
Prison Radio – 2 year funding	
Discover, London	40,000
Connecting Stories – 3 year funding	
The Amber Foundation, Wiltshire	40,000
Training Initiative – 2 year funding	
Pupil Parent Partnership, London	30,000
Somali Summer University	
The Factory Community Project and Youth Centre, London	29,565
Young Volunteer Mentoring Programme – 3 year funding	
Advisory Centre for Education, National	29,303
Exclusions Advice for Parents and Organisational Review – 2 year funding	
The Unique Coffee Bar, Newark	28,000
Inclusion and Empowerment Project – 2 year funding	
Ragged School Museum Trust, London	26,466
Community Learning Assistant salary support	
Salisbury WORLD Refugee Centre, London	25,000
Contribution to Running Costs – 2 year funding	
Whiterock Creche Association, Belfast	25,000
Integrated Communities Project	
Leicester Complementary Schools Trust	20,000
Complementary Schools Support Programme	

Reading Matters, Bradford	16,421
Literacy Support for Looked After Children	

21 Small Grants of up to £5,000	94,627
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2,043,894

**Reading & Libraries
Challenge Fund**

Free with Words

Stirling Council	179,950
Reader in Residence at HMP & YOI Cornton Vale Women's Prison – 3 year funding	
The Reading Agency	120,000
Inside Outside: The Big Book Share: Phase 3 – 3 year funding	
Leeds City Council	89,250
Free With Words in Leeds – 3 year funding	
HMP Wealstun	50,300
Read Me a Story – 3 year funding	
Lincolnshire County Council Library Service	50,000
Talk the Tale – Read the Tale – 3 year funding	
HM Prison Service – North West Area	50,000
Through the Reading Gate	
London Borough of Islington	42,668
Reader Development for HMP Pentonville – 2 year funding	
Leicestershire County Council	33,500
HMP Glen Parva Free With Words – 2 year funding	
Read Write York/HMP & YOI Askham Grange	22,500
York Big Girls Book Share – 2 year funding	
Doncaster Library and Information Services	7,600
HMP & YOI Moorland and HMP Lindholme – Once Upon A Time	

Libraries Connect

The Reader	100,000
Merseyside Reading Communities – 2 year funding	
Wigan Leisure & Culture Trust	50,000
Get Connected – 2 year funding	
Kingston upon Hull City Council	48,983
Libraries Connect Project – 2 year funding	
Leeds Library and Information Service	35,000
Sense of Belonging – Extension	
Sheffield Libraries, Archives and Information	22,379
Bookstart in Burngreave – 2 year funding	

Right to Read

Warwickshire County Council	59,000
Switched on to Reading: Books, Technology and Foster Families – 2 year funding	
City of Edinburgh Council	49,855
Reading Development – 3 year funding	
Dorset County Council	30,600
Right to Read in Dorset – 2 year funding	
Gloucestershire Looked After Children's Education Service	30,000
Looked After Children & Libraries – Learning to Love, Literacy for Life – 3 year funding	
Norfolk Library and Information Service	25,000
Opening Doors	
Swindon Borough Council	23,452
Putting Reading first in Swindon	
Staffordshire County Council	22,963
Staffordshire Right to Read Project – 3 year funding	
North Tyneside Council	7,290
PRINT – Pathways to Reading in North Tyneside – 3 year funding	

1,150,290

**Fund for Refugee &
Asylum Seeker Young
People**

Central African Development Action, Birmingham	50,000
The African Voices – 2 year funding	
Hillingdon Refugee Support Group, West Drayton	50,000
Project Coordinator for BHUMP – 2 year funding	
Northern Refugee Centre, Sheffield	49,970
Somali Community Support Project – 2 year funding	
Roma Support Group, London	49,821
Roma Refugee Art Project – 2 year funding	
Teeside One World Centre	49,718
Refugee Action Project Teeside – 3 year funding	
Community Arts North West, Manchester	49,590
Exodus Hip-Hop Theatre Project – 3 year funding	
PhotoVoice, London	49,434
Moving Lives, London – 3 year funding	
Bosnia & Herzegovina UK Network, Birmingham	49,345
Development Officer salary support – 2 year funding	
Pan Afrique Community, Doncaster	48,966
Doncaster Refugee and Asylum Seeker Intergration Gateway – 2 year funding	
Trinity House Community Resource Centre, Manchester	48,783
Young Somali Men Project – 2 year funding	
Refugee Aid & Development, London	47,732
Refugee Youth Development & Integration Project – 2 year funding	
British-Afghan Women's Society, London	47,452
Afghan Refugee Youth Support Project, London – 2 year funding	
Hackney Chinese Community Services, London	45,450
Hackney Young Chinese Refugee & Asylum Support Project – 2 year funding	
CSWP, Coventry	45,179
Unity Project – 3 year funding	
Media 19, Gateshead	45,000
Self Portrait Refugee – 2 year funding	
Manchester Youth Volunteering Project	43,104
Integration Through Volunteering – 3 year funding	
Heads Together Productions, Leeds	40,000
Hidden Voices – 2 year funding	
Ocean Somali Community Organisation, London	39,444
Moving on Young Refugee and Asylum Project – 3 year funding	
Central African Association, Cardiff	38,573
Volunteering for Refugee Integration in Wales – 3 year funding	
Asylum Welcome, Oxford	30,000
Asylum Welcome Youth Work – 2 year funding	
Cambridge Refugee Support Group	8,607
Young People Support	
	926,168

Publishing Training

The Publishing Training Centre at Book House	86,016
Publishing Training Schemes 2006 and support costs	
NET TOTAL OF EDUCATION AWARDS	4,206,368

india

	Amount (£)
Action for Social Advancement	132,359
Microfinance Programme in Western India – 3 year funding	
Bodh Shiksha Samiti, Jaipur	114,256
Universal Primary Education for Children in Slums – 3 year funding	
Samaj Pragati Sahayog	88,202
Towards Tribal Empowerment through Women's SHGs – 2 year funding	
Salaam Baalak Trust	55,142
24-Hour Drop-In Shelter for Street Children – 3 year funding	
Kutch Navnirman Abhiyan	33,750
Village Development Fund	
Arthik Anusandhan Kendra	28,864
Poverty Reduction through Integrated Natural Resource	
Disasters Emergency Committee	25,000
Asia Quake Appeal	
India Programme	23,869
Management Costs 2005-06	
SETU: Centre for Social Knowledge and Action	20,199
Education for Migrant Children in Gujarat	
Ability Foundation	16,818
Employment Oriented Training for Persons with Disabilities	
Kutch Navnirman Abhiyan	16,769
Partial Support for Post-Earthquake Urban Housing in Bhuj	
The Ant (Action Northeast Trust)	15,011
Community Based Control of Malaria – 2 year funding	
Bihar Sewa Samiti	5,135
Improving Health and Access to Health Services in Bihar	
Saathi	5,127
Flood Relief in Mumbai	
Returned India Grants	(13,717)
Exchange Differences	515
NET TOTAL OF INDIA AWARDS	567,299

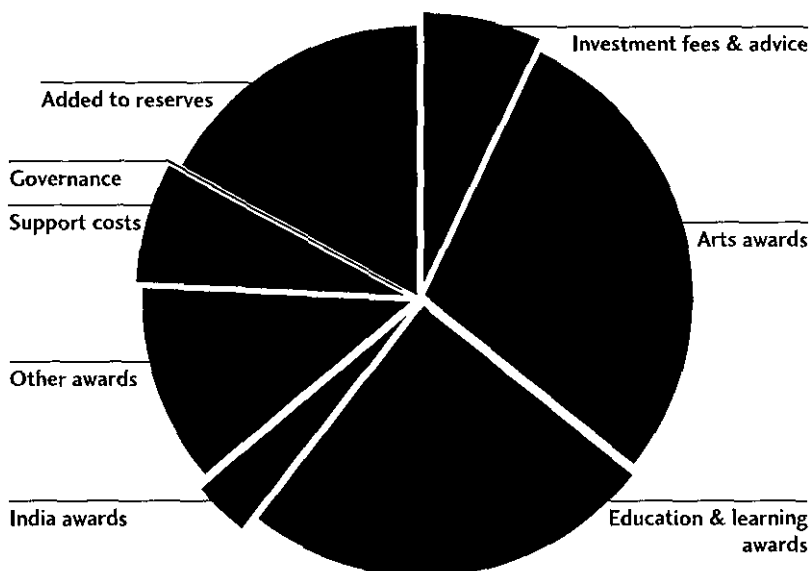
other awards

	Amount (£)
The Helen Hamlyn Trust	1,690,562
Support for The Helen Hamlyn Trust 2005-06	
Waterford School Trust	217,200
Centre for Creative Learning, Waterford School	
2 Small Grants of up to £5,000	8,500
TOTAL OF OTHER AWARDS	1,916,262
NET TOTAL AWARDS MADE IN THE YEAR TO 31 MARCH 2006	£11,613,866

analysis of income use and awards

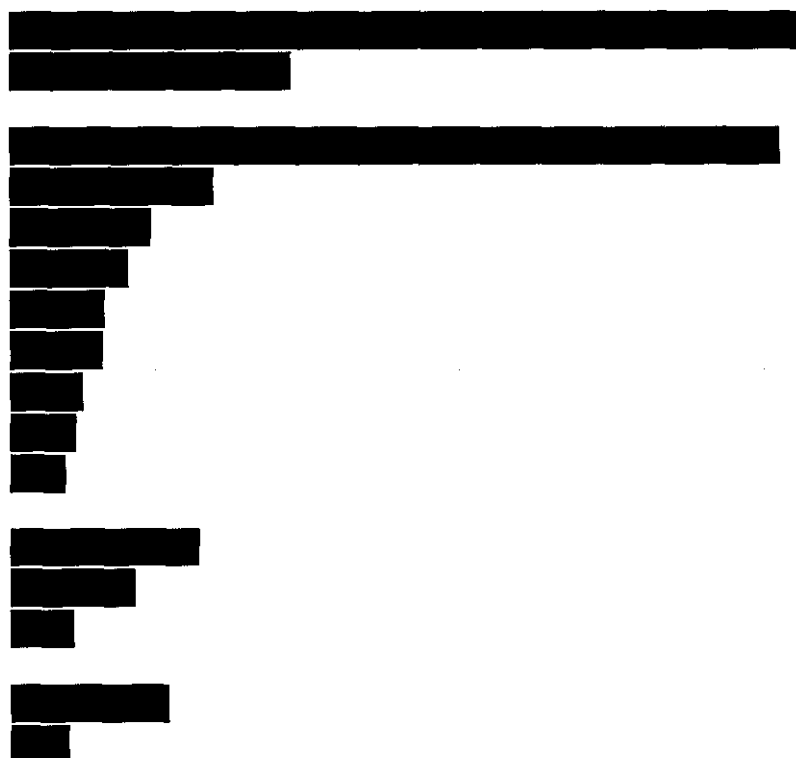
INVESTMENT INCOME USE

	£m
Cost of generating funds	
Investment fees & advice	1.200
Grantmaking	
Arts awards	4.925
Education & learning awards	4.206
India awards	0.567
Other awards	1.916
Support costs	1.209
Governance	
Governance	0.016
Carried forward for future use	
Added to reserves	2.867
Investment income	16.906



ANALYSIS OF AWARDS BY AREA SERVED

	£m
UK National (5+ regions)	2.811
UK Multi-region (2-4 regions)	0.890
London	2.721
Yorkshire & the Humber	0.728
North West	0.506
North East	0.426
West Midlands	0.343
South West	0.336
East Midlands	0.266
East of England	0.242
South East	0.204
Scotland	0.674
Northern Ireland	0.449
Wales	0.234
India	0.567
Other International	0.217
Total	11.614



ANALYSIS OF AWARDS BY BENEFICIARY AGE

0 to 12 years
13 to 24 years
Adults
Older people
Multi-age groups
No data provided

%
7
48
5
1
24
15
100

No data provided

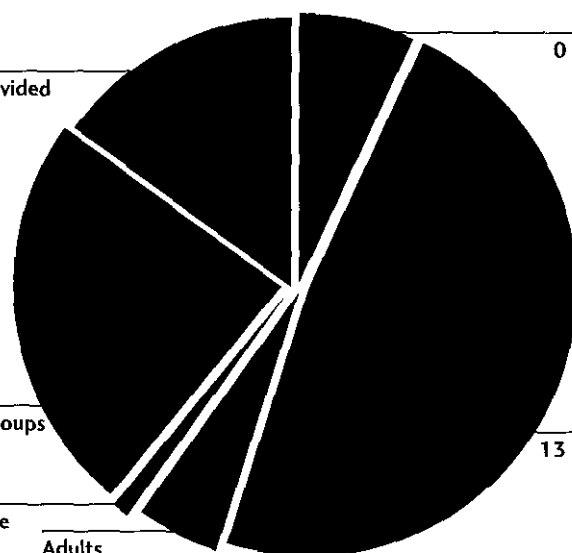
Multi-age groups

Older people

Adults

0 to 12 years

13 to 24 years

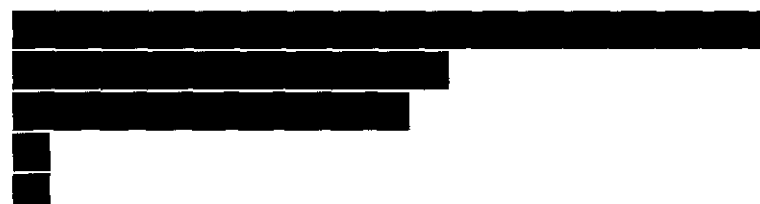


ANALYSIS OF AWARDS BY FOCUS

Arts

Social inclusion
Arts access
Improve provision
Arts education
Professional development

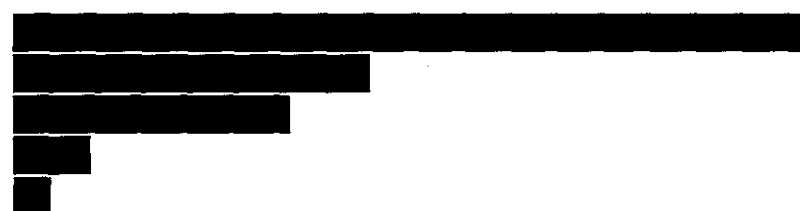
%
19
11
10
1
1



Education

Informal access
Formal access
Improve provision
Social inclusion
Professional development

20
9
7
2
1



Other

Other

19



100

Reference & Administrative Details

The annual report and financial statements are prepared on a combined basis for:

- The Paul Hamlyn (1987) Foundation (the Trust) established on 15 April 1987 by Trust Deed which has been amended in subsequent years. Registered charity number 327474; and
- The Paul Hamlyn Foundation (the Company), formed on 3 February 2004 as a charitable company limited by guarantee and not having a share capital. Company number 5042279 and registered charity number 110927.

On 6 May 2004 the Trustees of the Trust transferred the activities and all, except £5.25m, of the assets of the Trust to the Company. On 31 March 2006 the Trust continued to retain assets to the value of £4.9m.

On 8 June 2005 the Charity Commission issued a uniting direction that the Trust be treated as forming part of the Company for the purposes of registration and accounting under the Charities Act 1993.

The principal office of both the Trust and the Company is 18 Queen Anne's Gate, London, SW1H 9AA, which is also the registered office of the Company.

Structure, Governance and Management

The Board of Trustees, comprising not less than three and not more than nine members, meets at least four times a year to agree the broad strategy and areas of activity of the Foundation, including consideration of grant-making, investment, reserves and risk management policies and performance. The Board considers applications above £30,000.

The principal Committees, which all report to the Board of Trustees, are:

- Grants – meets quarterly to consider applications for up to £30,000
- Small Grants – meets ten times a year to consider applications for up to £5,000
- Finance & Investment – meets quarterly to consider investment strategy, manager appointment and performance, and financial matters
- Remuneration meets at least once a year.

The day to day management of the Foundation is delegated by the Board of Trustees to the Director and Finance Director.

The Board keeps the skill requirement for trustees under review. The trustees create a long list of appropriate people to meet identified gaps. A sub-committee interviews a short list of candidates. Trustees are initially appointed only until the next following AGM by the Appointor provided for in the Articles of Association. The renewal of appointments (for a period of up to three years) is made by all trustees acting as members of the company. The current Appointor is Jane Hamlyn, who was designated so under Paul Hamlyn's will. The induction process for any newly appointed trustee includes a meeting with the Chair, and meeting(s) with the Director and Finance Director, together with receipt of a pack containing copies of the Memorandum and Articles of Association, the annual report and accounts, board and committee minutes and Charity Commission guidance notes.

Trustees have identified and considered the major strategic, operational and financial risks to which the Foundation is exposed. They are satisfied with the procedures which have been established to review these risks regularly, and with the actions taken to mitigate exposure to them.

financial statements

STATEMENT OF FINANCIAL ACTIVITIES for the year ended 31 March 2006

	Notes	2006 Unrestricted fund £m	2006 Designated fund £m	2006 Endowment fund £m	2006 Total £m	2005 Total Restated £m
Incoming resources from generated funds						
Donations and legacies	2	—	—	3.303	3.303	39.327
Investment income	3	16.906	—	—	16.906	16.720
Total incoming resources		16.906	—	3.303	20.209	56.047
Resources expended						
Investment management	4	1.200	—	—	1.200	0.997
Grantmaking	5	9.914	2.909	—	12.823	8.768
Governance	7	0.016	—	—	0.016	0.041
Total resources expended		11.130	2.909	—	14.039	9.806
Net incoming /(outgoing) resources before transfers		5.776	(2.909)	3.303	6.170	46.241
Transfers between funds		(2.410)	2.410	—	—	—
Net incoming /(outgoing) resources for the year		3.366	(0.499)	3.303	6.170	46.241
Other recognised gains and losses						
Realised and unrealised gains on fixed asset investments	9	—	—	69.767	69.767	29.335
Net movement in funds		3.366	(0.499)	73.070	75.937	75.576
Funds at 1 April 2005		15.053	4.275	406.948	426.276	350.700
Funds at 31 March 2006	14	18.419	3.776	480.018	502.213	426.276

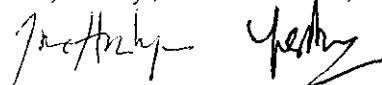
The Statement of Financial Activities includes the Income and Expenditure Account and the statement of total recognised gains and losses.

BALANCE SHEET at 31 March 2006

	Notes	2006 Unrestricted fund £m	2006 Designated fund £m	2006 Endowment fund £m	2006 Total £m	2005 Total Restated £m
Fixed assets						
Tangible assets	8	0.344	—	—	0.344	0.378
Investment assets	9	—	—	480.018	480.018	406.948
		0.344	—	480.018	480.362	407.326
Current assets						
Debtors	10	1.753	—	—	1.753	2.321
Other investments	11	23.201	6.525	—	29.726	23.162
Cash at bank and in hand		—	—	—	—	0.229
		24.954	6.525	—	31.479	25.712
Creditors falling due within one year	12	(4.780)	(1.938)	—	(6.718)	(4.942)
Net current assets		20.174	4.587	—	24.761	20.770
Total assets less current liabilities		20.518	4.587	480.018	505.123	428.096
Creditors falling due after more than one year	13	(2.099)	(0.811)	—	(2.910)	(1.820)
		18.419	3.776	480.018	502.213	426.276
Closing fund balance	14	18.419	3.776	480.018	502.213	426.276

The financial statements on pages 21 to 27 were approved by the trustees on 6 June 2006 and were signed on their behalf by:

Jane Hamlyn, Trustee and Bob Boas, Trustee



CASH FLOW STATEMENT
for the year ended 31 March 2006

	2006	2006	2006	2006	2005
	Unrestricted fund	Designated fund	Endowment fund	Total	Total Restated
	£m	£m	£m	£m	£m
Net incoming/(outgoing) resources for the year	3.366	(0.499)	3.303	6.170	46.241
Less investment income earned	(16.906)	—	—	(16.906)	(16.720)
Add back investment management charges incurred	1.200	—	—	1.200	0.997
Less donations & legacies	—	—	(3.303)	(3.303)	(39.327)
Add back depreciation	0.082	—	—	0.082	0.071
(Increase)/decrease in debtors	(0.017)	—	—	(0.017)	0.014
Increase in creditors due within one year	1.507	0.210	—	1.717	0.401
Increase/(decrease) in creditors falling due after more than one year	0.910	0.180	—	1.090	(0.216)
Net cash inflow from operating activities	(9.858)	(0.109)	—	(9.967)	(8.539)
as defined by FRS 1					
Returns on investment					
Investment income received	17.491	—	—	17.491	17.105
Investment management charges paid	(1.218)	—	—	(1.218)	(0.972)
Capital expenditure & financial investments					
Purchase of tangible fixed assets	(0.048)	—	—	(0.048)	(0.062)
Purchase of fixed asset and other investments	(6.673)	—	(1,264.815)	(1,271.488)	(505.379)
Sale of fixed asset and other investments	—	0.109	1,261.512	1,261.621	454.123
Decrease in cash for the year before financing	(0.306)	—	(3.303)	(3.609)	(43.724)
Financing					
Donations & legacies	—	—	3.303	3.303	39.327
Decrease in cash for the year	(0.306)	—	—	(0.306)	(4.397)
Cash & short-term deposits at 1 April 2005	0.229	—	—	0.229	4.626
Movement during the year	(0.306)	—	—	(0.306)	(4.397)
Cash & short-term deposits at 31 March 2006	(0.077)	—	—	(0.077)	0.229

Notes to the financial statements for the year ended 31 March 2006

1. Principal accounting policies

The financial statements have been prepared on a going concern basis and in accordance with applicable Accounting Standards in the United Kingdom and the Companies Act 1985. A summary of the more important accounting policies, which have been applied consistently, is set out below.

(a) Basis of accounting

The financial statements are prepared in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities" issued in March 2005, and the historical cost convention as modified by the revaluation of fixed asset investments.

The Foundation has three funds:

The Endowment Fund represents the accumulated gifts from Lord Hamlyn, in his lifetime and from his Estate, together with net capital gains on the related investments. The Fund is expendable but the Trustees do not currently intend to use this power.

The Designated Fund reflects the Foundation's commitment to special projects and has no benchmark level. When initial or additional funding is allocated for a special project, a transfer is made from the Unrestricted Fund to the Designated Fund; special project grants are then disbursed from the fund.

The Unrestricted Fund funds capital employed, and provides a short-term buffer for grantmaking. The Fund is currently above its benchmark of six months income; the surplus will reduce as grantmaking is expanded.

The Foundation has made a small change to its grant accounting. Previously, future grant instalments which depended on conditions being met were reflected in the Designated Fund, but were not treated as creditors. Since these conditions are not usually onerous, and are almost invariably met, the trustees have decided that *treating such amounts as creditors would more properly reflect their status*. As a result of this change, 2005 comparative figures have been reinstated. The effect of the changes is to (i) increase the resources expended by £0.656m (2005: £0.740m) and (ii) increase creditors by £9.188m (2005: £6.106m) and reduce the Designated Fund by the same amount. Details of both entries for which these accounts are prepared are given on page 20.

(b) Incoming resources

All incoming resources are included in the Statement of Financial Activities when the Foundation is legally entitled to the funding and the amount can be quantified with reasonable certainty. Because of uncertainty arising from taxation and other issues, the amounts from Lord Hamlyn's Estate are accounted for as they are received.

(c) Resources expended

Resources expended are the cost of generating funds, grantmaking and governance costs.

Investment management fees are the only cost of generating funds.

Grantmaking represents the costs of activities in furtherance of the Foundation's objects and includes the grants awarded by the Foundation, and the support costs associated with them. Support costs are allocated between grantmaking activities on the basis of the number of grants awarded and their monetary value.

Governance costs are the costs associated with the strategic direction and corporate management of the Foundation and include audit fees.

Grants are recognised when they have been awarded and the grantee has been informed.

(d) Tangible fixed assets

All of the tangible fixed assets are held for charitable use.

The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition. Tangible fixed assets with a cost of less than £500 are not capitalised.

Depreciation is calculated so as to write off the cost of tangible fixed assets on a straight line basis over the expected useful economic lives of the assets concerned. The principal useful economic lives used for this purpose are:

	No of years
Furniture and fittings	4 to 15
Computer equipment	4
Leasehold property (life of the lease)	15

(e) Fixed asset investments

Listed investments are stated at their market value at the year end. Realised and unrealised net gains and losses arising on revaluations and disposals are included in the Statement of Financial Activities in the year in which they arise.

Investments in unlisted investments are stated at cost less any provision for permanent diminution in value. In the opinion of the trustees the carrying value is the best estimate of the market value of the unlisted investments.

(f) Foreign currencies

Income denominated in foreign currencies is recorded at the rate of exchange ruling on the date of receipt. Foreign currency investments are valued at their year-end market value translated into sterling at the year-end exchange rate or at the contract rate where foreign currency investments are subject to an underlying hedge. All gains or losses on translation are taken to the Statement of Financial Activities in the year in which they occur.

(g) Operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term.

(h) Pension costs

The Foundation makes payments to the defined contribution personal pension plans of all its employees. The payments are based on a salary percentage and are charged to the Statement of Financial Activities in the period to which they relate.

(i) Irrecoverable value added tax

Irrecoverable VAT is included as part of the expenditure to which it relates.

2. Donations and legacies

Following Lord Hamlyn's death on 31 August 2001, the trustees were advised that his Will provided for the Foundation to receive the 'remainder' of his Estate after specific legacies were settled. The total received to date is £274m, including the amounts referred to above. The balance is expected to be received during the course of 2006, and will also be added to the expendable Endowment Fund.

3. Investment income

	2006 £m	2005 £m
Dividends and gross interest on fixed interest securities	12.400	13.611
Interest from term and other bank deposits	4.506	3.109
	16.906	16.720

4. Costs of generating funds

	2006 £m	2005 £m
Investment management fees	1.200	0.997

5. Grantmaking

During the year ended 31 March 2006, the following charitable donations were awarded by the Foundation:

	2006 Unrestricted fund £m	2006 Designated fund £m	2006 Support costs £m	2006 Grantmaking £m	2005 Grantmaking Restated £m
Grants awarded by value					
Arts	4.092	0.833	0.639	5.564	3.538
Education	2.130	2.076	0.404	4.610	2.976
India	0.567	—	0.058	0.625	0.333
Other grants	1.916	—	0.108	2.024	1.921
	8.705	2.909	1.209	12.823	8.768
Number of grants awarded					
Arts	181	17		198	161
Education	52	44		96	129
India	15	—		15	20
Other grants	4	—		4	11
	252	61		313	321

A schedule of the grants awarded is given on pages 10 to 17 of this report. All grants were awarded to organisations with the exception of £0.150m (2005: £0.150m) awarded to individuals.

6. Support costs

	2006 £m	2005 £m
Gross salaries	0.530	0.416
Social security costs	0.060	0.047
Other pension costs	0.059	0.049
Other employment costs	0.022	0.015
Payroll and related costs	0.671	0.527
External consultants	0.099	0.103
Property expenses	0.198	0.203
Office expenses	0.138	0.124
Legal and professional fees	0.021	—
Depreciation and loss on disposals	0.082	0.071
	1.209	1.028

The average monthly number of persons employed by the Foundation during the year was 13 (2005: 11). The number of employees whose salaries were above £60,000 was:

	2006 Number	2005 Number
£70,001 to £80,000	—	1
£80,001 to £90,000	2	—

During the year ended 31 March 2006, the Foundation made contributions of £24,655 (2005: £10,900) to the personal pension plans of these employees.

The trustees are not employed by the Foundation and do not receive any emoluments in respect of their services. Expenses of £1,435 (2005: £1,843) were reimbursed to one (2005: two) trustees during the year.

7. Governance costs

	2006 £m	2005 £m
Audit fees	0.016	0.016
Legal and professional fees	—	0.025
	0.016	0.041

There were no non-audit fees charged in the year (2005 nil).

8. Tangible fixed assets

	Leasehold property £m	Furniture and fittings £m	Computer equipment £m	Total £m
Cost				
At 1 April 2005	0.511	0.132	0.154	0.797
Additions	—	0.005	0.043	0.048
Disposals	—	(0.003)	(0.003)	(0.006)
At 31 March 2006	0.511	0.134	0.194	0.839
Depreciation				
At 1 April 2005	0.268	0.058	0.093	0.419
Charge for the year	0.036	0.005	0.038	0.079
Disposals	—	—	(0.003)	(0.003)
At 31 March 2006	0.304	0.063	0.128	0.495
Net book value				
At 31 March 2006	0.207	0.071	0.066	0.344
At 1 April 2005	0.243	0.074	0.061	0.378

9. Fixed asset investments

	2006 £m	2005 £m
Market value at 1 April 2005	406.948	338.286
Purchases	1,264.815	493.450
Sales	(1,261.512)	(454.123)
Net realised and unrealised gains	69.767	29.335
Market value at 31 March 2006	480.018	406.948

Purchases and sales of investments both include £1,181.642m relating to the structured fixed income portfolio.

Investments at market value comprised:

	2006 £m	2005 £m
UK equities	192.718	215.432
Overseas equities	125.578	57.120
Fixed interest securities	109.891	80.000
Term deposits	51.603	54.168
Unlisted investments	0.228	0.228
Total	480.018	406.948
(including cash held for investment by managers)		

There were no material investment holdings. The Foundation has significant holdings in two pooled funds, but the underlying investments are well diversified. Trustees consider that any incidental cash balance held by an investment manager is an integral part of its asset allocation and have included it in the appropriate asset class.

10. Debtors

	2006 £m	2005 £m
Prepayments	0.080	0.063
Accrued investment income	1.673	2.258
	1.753	2.321

11. Other investments

	2006 Unrestricted fund £m	2006 Designated fund £m	2006 Total £m	2005 Total £m
Fixed interest securities	4.489	—	4.489	3.438
Cash deposits	18.712	6.525	25.237	19.724
	23.201	6.525	29.726	23.162

12. Creditors falling due within one year

	2006 Unrestricted fund £m	2006 Designated fund £m	2006 Total £m	2005 Total Restated £m
Taxation and social security contributions	0.019	—	0.019	0.015
Accruals and creditors	0.345	—	0.345	0.269
Grants payable	4.339	1.938	6.277	4.658
Bank	0.077	—	0.077	—
	4.780	1.938	6.718	4.942

13. Creditors falling due after more than one year

	2006 Unrestricted fund £m	2006 Designated fund £m	2006 Total £m	2005 Total Restated £m
Grants payable in one to two years	1.569	0.645	2.214	1.514
Grants payable after two years	0.530	0.166	0.696	0.306
	2.099	0.811	2.910	1.820

14. Designated fund comprises:

	Balance on 1 April 05 £m	Additions to Special Projects £m	Special Projects Awards £m	Balance on 31 March 06 £m
Awards for Visual Artists	0.150	0.260	(0.260)	0.150
Musical Futures	0.089	0.375	(0.094)	0.370
What's the Big Idea?	1.292	—	(0.404)	0.888
Reading & Libraries Challenge Fund	1.588	—	(1.150)	0.438
Refugee & Asylum Seeker Fund	1.156	1.500	(0.926)	1.730
Jane Attenborough Dance in Education Fellowship	—	0.275	(0.075)	0.200
	4.275	2.410	(2.909)	3.776

15. Operating lease commitments

The Foundation leases its offices at an annual rent of £0.176m inclusive of VAT (2005: £0.176m). The lease expires in 2012 with a tenant's break option which is exercisable in June 2007.

Independent auditor's report to the members of THE PAUL HAMLYN FOUNDATION

We have audited the financial statements of The Paul Hamlyn Foundation for the year ended 31 March 2006 which comprise the statement of financial activities, the balance sheet, the cash flow statement and the related notes. These financial statements have been prepared under the accounting policies therein.

Respective responsibilities of Trustees and Auditors

The trustees are also directors of The Paul Hamlyn Foundation for the purpose of Company Law. As described in the Statement of Trustees' Responsibilities the trustees are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume any responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether the Trustees' Report is consistent with the financial statements. We also report to you, if in our opinion, the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the Trustees' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charitable company's affairs at 31 March 2006 and of its net incoming resources, including its income and expenditure, and cash flows for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Trustees' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
6 June 2006

Statement of the Trustees' Responsibilities

The trustees are required by charity law to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charity and the incoming resources and application of resources, including the net income or expenditure for the year.

The trustees confirm that suitable accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 March 2006. The trustees also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 1985. They are 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.

trustees, staff and advisers

Trustees

Jane Hamlyn (Chair)
 Rushanara Ali
 Bob Boas
 Bob Gavron (until December 2005)
 Michael Hamlyn
 James Lingwood
 Estelle Morris (from September 2005)
 Anthony Salz
 Peter Wilson-Smith (from September 2005)

Staff

Susan Blishen	Programme Manager
Régis Cochefert	Programme Manager
Jo Coleman	Receptionist (until January 2006)
Gerry Creedon	Accountant
Susan D'Sylva	Finance Officer
Robert Dufton	Director
Maria Ferron	Chair and Director's Assistant
Naomi Gourevitch	Administrative Assistant (until March 2006)
Lisa Howard	Administrative Assistant (from April 2006)
Ruby Ireland	Grants Officer
Fatima Joaquim	Housekeeper
Maria Karska	Administration Officer
Barbra Mazur	Grants Officer
Premila Patel	Receptionist (from April 2006)
Liz Scott	Accounts and IT Officer (from May 2006)
Jonathan Sheldon	Finance Director and Company Secretary
Faye Williams	Administrator and Small Grants Manager

Advisers

Ajit Chaudhuri
 Bob Gavron (from January 2006)
 Roger Graef
 Lord Moser

Registered Auditors PricewaterhouseCoopers LLP, 1 Embankment Place, London WC2N 6RH

Solicitors Withers, 16 Old Bailey, London EC4M 7EG

Bankers National Westminster Bank Plc, 208 Piccadilly, London W1A 2DG

Investment Managers

Allianz Global Investors, 155 Bishopsgate, London EC2M 3AD

Bank of Scotland, Level 7, Bishopsgate Exchange, 155 Bishopsgate, London EC2M 3YB

GMO Woolley Limited, One Angel Court, Throgmorton Street, London EC2R 7HJ

Healey & Baker Investment Managers Limited, 43/45 Portman Square, London W1A 3BG

Kleinwort Benson Private Bank Limited, 30 Gresham Street, London EC2V 7PG

Newton Investment Management Limited, 160 Queen Victoria Street, London EC4V 4LA

PIMCO Europe Ltd, Nations House, 103 Wigmore Street, London W1U 1QS

Credits – Page 5: Musical Futures' Nottingham Pathfinder project photographer Matt Alexander, courtesy of the Nottingham Evening Post Group.

Page 7: St Giles Trust photographer Jeremy Clifton-Gould. Page 8: Bristol Choral Society photographer Shona Symons, Multi A.

Page 9: Kutch Navnirman Aabyhiyan photographer Jane Hamlyn.

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