

**REGISTERED NUMBER 3095963**  
**CHARITY REGISTRATION NUMBER 1049103**

**THE LIVING PAINTINGS TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**

**REPORT OF TRUSTEES AND**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MAY 2006**

James Cowper  
Registered Auditor and  
Chartered Accountants  
Phoenix House  
Bartholomew Street  
Newbury  
Berkshire RG14 5QA



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AND FINANCIAL STATEMENTS  
For The Year Ended 31 May 2006**

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**REPORT OF THE TRUSTEES  
For The Year Ended 31 May 2006**

**ADMINISTRATIVE AND PROFESSIONAL INFORMATION**

**Charity Name:** The Living Paintings Trust

**Charity Registration Number:** 1049103

**Company Registration Number:** 3095963

**Address:** Queen Isabelle House  
Unit 8, Kingsclere Park  
Kingsclere  
Newbury  
Berkshire  
RG20 4SW

**Registered Office:** 47 Castle Street, Reading, Berkshire, RG1 7SR

**Trustees:** Alison Oldland MBE (Chairman)  
Robin Aird  
Robin Althaus  
Derek Coulson FCCA (Treasurer) (Appointed April 2006)  
Sue Davie FCMA (Treasurer) (Resigned September 2005)  
Kevin Deegan  
Stuart Fletcher  
Christopher Lloyd CVO (Appointed November 2005)  
Anne Rain (Deceased April 2006)  
Colin Storm (Vice Chairman)  
Alex Wilson

Derek Coulson and Colin Storm are members of the Management Committee. Sue Davie was a member of the Management Committee.

**Charity Director:** Camilla Oldland

**Bankers:** Bank of Scotland, Beauclerc House, 3 Queens Road, Reading, Berkshire, RG1 4AR

CAF Bank Limited, PO Box 289, West Malling, Kent, ME19 4TA

**Auditors:** James Cowper, Phoenix House, Bartholomew Street, Newbury, Berkshire, RG14 5QA

**Solicitors:** Pitmans, 47 Castle Street, Reading, Berkshire, RG1 7SR

*"I have really enjoyed this Album. The raised images were easy to follow and again, as always, the scripts were beautifully read. The music made this Album just perfect. I thank everyone who goes to so much effort for making these touch and sound packs so enjoyable and interesting....."*

**REPORT OF THE TRUSTEES**  
**For The Year Ended 31 May 2006**

**STRUCTURE GOVERNANCE AND MANAGEMENT**

**Governing Document**

The Living Paintings Trust was formed in 1988. The Trust was registered with the Charity Commission on 15 February 1989 as a charity. On 31 December 1995 the activities of the charity were transferred to The Living Paintings Trust, a company not having a share capital, limited by guarantee. The company is entitled to those exemptions from UK taxation which are available in law to charities. The Trust is governed by the Memorandum and Articles of Association.

**Trustees**

The Trustees are also the Directors of the company. Under the requirements of the Memorandum and Articles of Association at the Annual General Meeting one third of the Trustees retire from office, being those who have been longest in office since their last appointment or re-appointment. For details of all our current Trustees and the changes to the Board during the year please turn to page 10.

**Trustee Recruitment**

The responsibility for appointing new members of the Board rests with the existing Trustees. The aim is to ensure that the membership of the Board includes people with varied skills and interests such as: business strategy, charity sector, education, finance, art history, human resources, law and visual impairment and any other expertise which is needed particularly with a view to supporting the roll out of our development programme. The Trustees use their extensive networks to source possible new appointees and their details are brought to and discussed at a Trustees' Meeting. A potential Trustee is then invited to meet with the Charity Director and talk with two existing Trustees prior to a formal proposal for appointment being made.

**Induction and Training of Trustees**

The induction and training process is two fold. Arrangements are made to familiarise a new Trustee with their responsibilities using the Charity Commission's guide 'The Essential Trustee' and the Living Paintings Memorandum and Articles of Association. New Trustees are extensively briefed about Living Paintings' current position, finances, plans for the future and their expected role. They will meet with members of the staff team and some of the many volunteers who explain the various elements of the charity's work.

**Our Responsible Approach**

The Trustees have continued to refine our risk management strategy. This has included a review of the major risks which the charity may encounter, and the establishment and enhancement of procedures to mitigate these identified risks. The Trustees are satisfied that adequate systems are in place to mitigate any exposure to our major risks, in particular financial and operational.

**Organisational Structure**

The Trustees have overall responsibility for the work of the charity. They agree policy, strategy and the financial budgets. There is a Management Committee which includes a minimum of two Trustees, currently the Vice Chairman and Treasurer, and appropriate staff members which has the responsibility for reviewing in detail the work of the charity. Progress on policy, strategy, the financial budgets and operational issues is reported through the Management Committee to the Trustees on a quarterly and annual basis. The day to day operation of the Trust's affairs is delegated to the Charity Director.

**Administration**

The administrative and secretarial duties of the charity are undertaken in the Kingsclere office to which all enquiries should be made. The company's registered office and professional advisors are set out on page 1.

**REPORT OF THE TRUSTEES**  
**For The Year Ended 31 May 2006**

**OBJECTIVES AND ACTIVITIES**

**Our Objects**

The objects of The Living Paintings Trust, known as Living Paintings, as set out in the Memorandum and Articles of Association, are to relieve and educate blind and partially sighted people.

**The Need for Our Work**

According to the RNIB there are up to 2 million people – about one in thirty of us - in this country living with severe sight loss, and every day around 100 more people will register as blind or partially sighted. One in twelve of us will become blind or partially sighted by the time we are 60 and this rises to one in six by the time we reach 75. In the future, as more of us live longer, these numbers will rise further and the RNIB predict that in 30 years' time there will be 2.5 million sufferers.

Today there are 350,000 registered blind and partially sighted people in this country. The harsh reality is that around 60% of these people live at the "extremes of poverty" and suffer from isolation, exclusion and a lack of support due to severely limited resources. To quote an RNIB report "To all intents and purposes they are the invisible millions that we don't notice or think about".

It is estimated that 80% of all the information that we receive reaches us via our eyes, a fact of particular importance for children who need to absorb and learn so much at a great pace in order to fulfil their potential and take their place in the world.

There are more than 20,000 blind and partially sighted children under the age of 16 in this country. Research makes it clear that these children most definitely want to learn from, experience and do the same things as their sighted friends, brothers and sisters.

**What Our Work Does**

We help blind and partially sighted children and adults reach their full potential, by giving them the chance to explore and enjoy the colourful and informative world that is created by pictures. In providing access to visual images for people who cannot see we aim to:

- Stimulate and support new interests and encourage the broadening of their horizons.
- Help them overcome the isolation they experience, enabling them to participate in the visual world.
- Support the development of relationships and break down the barriers between sighted and non-sighted both at home and in school.
- Particularly for blind and partially sighted children, support the development of essential life skills: touch and listening, language and vocabulary, reading, communication, the understanding of visual concepts such as colours, relative size and the representation of objects in the form of raised images.

**Our Activities**

Living Paintings does this by creating and manufacturing unique touch and sound packs which explain pictures to blind and partially sighted people, young and old. We distribute these by a free, postal Library Service throughout Britain and Ireland.

The Service is free in order to ensure that cost is not a barrier to people benefiting from it. The Library operates through the post to overcome the burden of restricted mobility suffered by many adult Library Members who are housebound due to their disability and/or age. In the case of visually impaired children who borrow either at school, at home, or both it is essential to maintain free and easy access that would otherwise be restricted by location and budgetary constraints.

**REPORT OF THE TRUSTEES**  
**For The Year Ended 31 May 2006**

**ACHIEVEMENTS AND PERFORMANCE**

**Growth in Library Membership**

The number of blind and partially sighted people benefiting from Living Paintings has more than doubled over 5 years and is now 6,400

We are pleased to report that the number of blind and partially sighted people we reach and who benefit from our work has increased to 6,400, a growth of 6.7% over the year, exceeding our target of 4%. Within this, the number of adults borrowing from our free Library Service of touch and sound packs grew by 3.5% to 3,100, and the number of children by a significant 10% to 3,300. In total 773 people, young and old from all over Britain and Ireland joined the Library.

The number of loans made during the year reflected the growth in the Library Membership and it seems appropriate at this point to draw attention to the incredible efforts of our volunteers who have again successfully met the challenge of processing an ever increasing number of loans and returns. Not only do they make loans, package them up and post them but they also register the returns, select the next loans for each Library Member and quality control each pack as it is made ready to be sent out.

While Living Paintings was 'born' on the Berkshire/Hampshire border, and this remains the base for our operations, research undertaken has confirmed that our service successfully reaches across all parts of Britain and Ireland. We are particularly pleased to report that our representation is in proportion to the population in more or less all regions, both 'north' and 'south'. Additionally, it is notable that where we have volunteers promoting our work in the community in specific geographical areas we can achieve representation that is significantly greater, sometimes three fold.

**Examples of How We have Benefited People**

17 years ago a group of 50 visually impaired people worked with us to successfully develop both our touch and sound packs and the Library Service. Additionally, feedback from that group of 50 told us what our work meant to them. This information fuelled the determination of the original volunteer team to overcome the hurdles of setting up a new charity and move forward to create the Living Paintings that we see today.

Not surprisingly therefore, it is the policy of Living Paintings to continually, positively seek feedback from its Library Members. They provide the information that both drives our plans for the future and ensures that our continuing service meets their real needs.

In order to achieve this we circulate questionnaires, ask for written and verbal comment and respond to all communications that we receive. Over recent years we have received over 2,000 completed questionnaires from the parents and teachers of our child Library Members. From adults we receive and process approx 1,000 pieces of correspondence each year many of which contain comments.

With so much feedback on file it is hard to select just a few comments received that provide an insight into what our work means. However we must try and you will find those comments we have selected to share with you in this Report.

**Monitoring and Evaluation**

As has been previously mentioned, we place great importance on continually tracking our activity and seeking feedback from our beneficiaries and so thought it useful to add to what has already been reported with the following, brief, information. We monitor our work in various ways including tracking the number of people joining each month, adults and children and young people, by geographical location and the total number of people who are Library Members. We measure the number of loans we provide each month. We maintain direct contact with our beneficiaries. We seek qualitative feedback from them at various stages, including the design of new packs. Feedback forms are sent out with many of our packs and the comments reviewed in detail.

**REPORT OF THE TRUSTEES  
For The Year Ended 31 May 2006**

**Our Growing Catalogue of Touch and Sound Packs for Children and Adults**

With such healthy growth in the number of people borrowing our touch and sound packs it has been important to continue to expand the number, breadth and scope of the titles that are available to them. This year has seen great strides forward and we now have over 8,500 packs designed for all ages.

For children we have completed the 100<sup>th</sup> title of our much loved Living Picture Books which bring to life the magical world that is created when words and pictures work together in children's story books and there are 12 more titles on their way. In addition we have made excellent progress in expanding our catalogue of special interest packs which tie in with and/or complement the National Curriculum and now include such diverse and exciting subjects as 'The History of Space Exploration' and 'Victorian Britain'. And, again there are more to come with 'Ancient Greeks', 'World War 2', 'The Vikings', 'Images of Weather', 'British Wildlife and the Environment', 'A History of The Olympics' and our 4th Art History Pack based on the life and works of Claude Monet all in production.

For adults we are delighted to have completed 'Animals in Art', an Album that has been requested by our beneficiaries many times over the years and includes works of art from across the centuries from the Cave Paintings at Lascaux to 'Away with the Flock' by Damien Hirst. Additionally, another beautiful, Album 'Weather in Art' will be launched in the summer of 2006. Looking ahead, there is now a list of topics for over 50 Albums requested by our beneficiaries and awaiting funding! In the next year we aim to raise the money needed to commence our 30<sup>th</sup> and 31<sup>st</sup> Albums.

Overall, our beneficiaries are now able to explore and enjoy over 1,300 images which we have adapted. Each week they ask us for more!

With the onset of our programme of development, ShareVision (see page 9), the growth in both our number of beneficiaries and the demand they create for our packs is not only going to continue but it will also expand further. Therefore, now is the time for us to invest in the development of our Library Catalogue and stock levels. The research, design and production of multiple copies of a new touch and sound pack title takes between 9 and 18 months and financially, we can only embark on the creation of a new pack once the full funding for it has been received. Therefore our particular thanks go to all the generous grantmakers who have funded packs in the last year and we hope that they, along with others, continue and expand their support of this area of our work in order to help us to prepare for our exciting future.

*"I have very much enjoyed using this Album. I have been a Library Member from the early years. Over these years I have gained a lot of pleasure and learnt a lot about paintings, architecture, the creation of gardens and much more. Using the thermoforms has helped me to use my sense of touch in a much more detailed way. My thanks and congratulations for bringing so much pleasure to us your Library Members."*

**Working Together with Other Organisations**

Again this year we have continued to work with various organisations in order to share both knowledge and skills as well as to promote our work. They include Talking Newspapers, R.N.I.B., G.D.B.A., county blind societies, galleries and museums, libraries, schools (more than 500 across the country), as well as teachers and support workers working with visually impaired people. We continue to be part of the Tactile Book Advancement Group, commonly known as T.B.A.G.!

During the year we show-cased our work at 30 exhibitions and talks that were focusing on the needs of visually impaired people including Sight Village in Birmingham and the RNIB international Tactile Graphics Conference, as well as other events throughout Britain.

*"There is no where else that explains things that the rest of us take for granted in a way that a child who is blind can fully understand. Thank you so much."*

**REPORT OF THE TRUSTEES  
For The Year Ended 31 May 2006**

**Setting in Place our Future Plans**

During this last year we have continued to improve our existing resources and introduce new resources that will support our future growth.

Library Computer Software In 2004-05 we designed, built and implemented new specialist operating software for the Library Service. This is needed to support the growth in membership, stock levels and loans processed and also provide a higher, more flexible level of reporting. During this last year we have transferred the data about membership, the Library Catalogues of touch and sound packs and all loaning records to the new system and have been working with the designers to produce the more flexible levels of reporting we require and which are important in planning for and tracking the success of our future development.

Policies Review and Update Specifically we have reviewed and, where necessary, further updated our policies in order to ensure that we are prepared to appropriately support growth. These have included our Vulnerable Adult and Child Protection, Health and Safety and Cultural Diversity policies.

Strengthening our IT Network Following the installation of an upgraded fileserver and the transfer to Broadband services we have implemented higher levels of IT security and data protection.

Library Service Premises In order to house increased activity, the fast expanding stock and higher staffing levels we require additional premises. We were fortunate that a unit adjacent to our existing premises became available during the year and, thanks to 2 loans (detailed on page 7), we were able to acquire Unit 9, Kingsclere Park at the end of April 2006. These new premises are being fitted out, at minimal cost and with volunteer support. Thanks to this significant achievement we now have an extended dedicated space for our Library Service capable of supporting a membership level twice our existing size.

Installation of Sound Recording Facilities During this year we have benefited from the second hand sound desk with ISDN link which we installed a year ago. This has made it possible for us to take recordings of the audio descriptions for our packs "down the line" from outside sound studios, thus resulting in savings in staff time. A much needed soundbooth is now to be installed in the new Library Service premises. This combined with our sound desk will create full recording and production facilities on site.

National PR/Communications Campaign This is the first full year we have benefited from the appointment of a part-time PR/Communications Manager to spearhead our efforts to gain wider recognition, to increase our profile and to support membership growth and our fundraising campaign. This year much of the work has focused on piloting various ideas to communicate our work to wider audiences and obtain enhanced media coverage. This work has included arranging children's story telling sessions in bookshops and working with the Roald Dahl Museum, resulting in extensive coverage in regional media. Nationally Living Paintings was featured on BBC Radio 4 'Today' while our work was promoted through a BBC Radio 4 Appeal. Overall 90 media clippings and 7 items of TV/Radio coverage were achieved.

Events/Fundraising Organiser

During the year we created the new role of Events/Fundraising Organiser, the purpose being to broaden and increase our income streams by utilising fundraising opportunities within new and untapped audiences, in particular the corporate market, wealthy individuals and those whose networks can be used to support our fundraising efforts. A rolling programme of events is in place with the aim of introducing our work to these new audiences i.e. people who may be able to give to us or, through their networks, introduce our work to others who will make donations to us. We see this as a valuable investment, the yield from which will be seen in future years.

*"I was so very pleased to discover that I knew 8 out of the 10 paintings contending for the 'Greatest Painting in Britain' poll organised by the National Gallery and BBC Radio 4 – all because of Living Paintings," said a BBC Radio 4 listener and adult Library Member, who has been a member of Living Paintings' free library service since 1995. "If it had not been for Living Paintings, I wouldn't have ever been exposed to these great works and artists."*



**REPORT OF THE TRUSTEES  
For The Year Ended 31 May 2006**

**FINANCIAL REVIEW**

The financial results for the year are shown on pages 15 and 16.

In summary we raised £291,000 and spent £275,500, resulting in a modest surplus of £15,500, ie 5% of our income.

**Income**

We receive no statutory funding and are entirely dependent on voluntary donations. We are reliant on donations from grant making trusts to fund most of our work. During the year grants from such organisations amounted to 81% of our income.

Overall our income increased by 21% from £240,000 to £291,000. There are 2 main components to this year's income:

1. Donations and Gifts of £159,000 for the Unrestricted Fund (as defined on page 17). This includes £17,000 raised as a result of a BBC Radio 4 Appeal in July 2005. These donations support our core work of operating the free Library Service to blind and partially sighted people throughout Britain and Ireland.
2. Donations and Gifts of £125,000 for the Restricted Fund (as defined on page 17). This income relates to the production of new touch and sound packs, where the production period is usually between 9 and 18 months, to the provision of specific elements of the Library Service and to further contributions of £25,000 to the Development Fund for our initiative, ShareVision.

Details of organisations who have made donations are listed on page 11. In addition we received £6,000 of interest on the funds held during the year.

Of the total amount of our income £196,000, or a significant 67%, was received in the latter part of the year. It is also of note that only £64,000 or 22% of the total for the year had been promised prior to the beginning of the financial year. For the upcoming year we have set a comparative income target of approx £307,000 against which promises of donations amount to £50,000. These figures indicate what a small percentage of our income is secure and thus that the support of our donors continues to be absolutely crucial to our ability to continue the provision of our much needed services.

**Expenditure**

This year we spent £275,500 on providing an expanded service to a greater number of blind and partially sighted people whilst embarking on the implementation of our development initiative ShareVision. The majority of the growth in expenditure against that of last year can be attributed to new expenditures specifically relating to ShareVision.

**Acquisition of Premises to Support our Library Service Growth**

In 1999 Living Paintings was able to acquire its leasehold premises, Unit 8, Kingsclere Park, with a grant of £60,000 from the Foundation for Sport and the Arts and a loan of £70,000 from Charity Bank Limited. In Feb 2006 we made the last repayment on this loan. As mentioned on page 6, in order to support the growth of our Library Service, in April 2006 we acquired the adjacent premises, Unit 9, Kingsclere Park. This was made possible thanks to two loans each for a term of 25 years the first for £155,000 from Charity Bank Limited and the second, which is interest and repayment free for the first 10 years, of £55,000 from a private grant making trust. The Trustees greatly appreciate the support of the bank and the grantmaking trust in making the acquisition of the premises possible.

*"I am at last returning this brilliant Album which I have very much enjoyed many times over. Please do not think because I am always late returning the Albums they are left forgotten in a corner. It is certainly not the case, I return again and again to the box and each time seem to discover some new angle and point I had not noticed before!"*

**REPORT OF THE TRUSTEES**  
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**Our Fund Balances at 31<sup>st</sup> May 2006**

1. The Unrestricted Fund comprises:

- a) £39,492 as a General Reserve.
- b) £71,302 which is the net book value of the property and equipment for use by the charity, after deduction of the grant from the Foundation for Sport and the Arts, and the amount outstanding on the loans from Charity Bank Ltd and the private grant making trust. (see below).
- c) £5,000 that is designated to the Building and Equipment Maintenance Fund.
- d) £6,670 which is designated to the set up costs of Unit 9, Kingsclere Park.

2. The Restricted Fund comprises:

- a) £115,674 for funded projects that are not yet completed. This mainly relates to the production of new touch and sound packs, where the production period is usually between 9 and 18 months, and for specific elements of the Library Service.
- b) £49,854 for our Development Fund needed for the continuing implementation of our development initiative, ShareVision.
- c) £50,400 which is the balance of the grant made in 1999 by the Foundation for Sport and the Arts which, together with a Charity Bank loan, enabled the Trust to purchase the first of the units it occupies.

**Our Reserves Policy**

The Trustees regularly review the funding requirements of the charity. They continue to consider it prudent that we aim to establish a cash reserve in the unrestricted fund equivalent to 6 months of normal operating costs (approx £150,000 based on 2006/2007 projected operating costs), in order to provide some protection for variations in income levels - a need highlighted by the fact that only 33% of Living Paintings' total incoming resources was received in the first half of this last year. Living Paintings receives no statutory funding and is entirely dependent upon voluntary donations to fund its work.

**Our Volunteers**

The Trustees continue to be appreciative of the amazing team of volunteers who number about 120 people. While some live not far from Living Paintings' base on the Berkshire/Hampshire border, others live throughout Britain. They give generously of their time to help produce the packs, to provide the postal Library Service, to liaise with our Library Members and to promote our work. They make it possible for the money given to go as far as it does. We are grateful to each and every one of them for their unmatched commitment. The Trustees would find it extremely difficult to place an accurate value on the contribution they make.

*"Tom has been at mainstream school since last year when the school he attended for blind children closed. He doesn't get all his work in Braille, there are many pictorial things which are not made tactile for him. He gets taken out of class for separate lessons, he has no friends at all and he now feels different from his peers. This has left him with a very low self esteem and worth. He is now at an age when most children start paper rounds etc, and he felt there was no job he could do. He is now telling everyone he has a job editing your touch and sound packs. Thank you so much for giving Tom this opportunity, with your books, topic packs and 'job'. You have enriched his life."*

**REPORT OF THE TRUSTEES**  
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**PLANS FOR FUTURE PERIODS - SHAREVISION**

We recently carried out a major review, the conclusion of which is that we must extend our service, in both breadth and scope to reach more people, young and old, but only when we have a more secure financial base. Our solution is to embark on an exciting and ambitious development programme specifically designed to achieve this. This stepped programme of accelerated growth is known as ShareVision. The aim of ShareVision is to double the number of beneficiaries in the next five years through the development of a phased regional out-reach programme. To achieve this there are four basic steps to be taken:

- Step 1. Strengthening of our existing operation;
- Step 2. Improvement of existing, and introduction of new resources;
- Step 3. Further development of our Library Services and then finally;
- Step 4. Developing and implementing in phases the Regional Outreach Programme.

**The target for ShareVision, is to benefit 12,000 blind and partially sighted people.**

**Regional Outreach Programme An Outline**

This is our key goal for ShareVision and will be implemented following Steps 1 to 3.

- A. Starting in one Region, as a pilot, the aim is to develop our work in the community. We will employ a Community Development Officer, as an outreach worker for this first Region. Their purpose will be to work on the ground to:
  - Find new Library Members.
  - Develop relationships with appropriate organisations e.g. organisations for blind and partially sighted people, schools, galleries, museums etc.
  - Establish support services for Living Paintings Library Members in the region e.g. setting up a volunteer based 'buddy system'.
  - Train professionals and carers of visually impaired people in how to get the best from the Living Paintings services.
  - Increase the Living Paintings profile in the Region.
  - Develop regional fundraising opportunities.
- B. The result of the pilot Region will be a clearly researched, tested and evaluated Operational Plan that defines the programme of outreach work to be carried out in each of the further Regions.
- C. The concept is that Community Development Officers will be employed locally within each of the anticipated 8 Regions across Britain and Ireland on a phased basis for a period of about 2 years. These out reach workers will be coordinated and managed by a Community Development Manager based at Head Office.
- D. Following the 2 year period the Regions will subsequently be supported direct from Head Office.
- E. Additionally, a Membership Manager will be appointed to support the growing needs of the Library Members whose number will be increasing to 12,000 as a result of the regional outreach programme. This post will also be essential in providing ongoing support services not only to individuals but also to professionals and carers of visually impaired people.

Our progress towards the realisation of the 4 steps in our plans is set out in the Achievements and Performance pages 4 to 6 of this Report.

**REPORT OF THE TRUSTEES**  
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**OUR TRUSTEES**

Trustee Changes During the Year

We are sad to report the death of one of our Trustees, Anne Rain in April 2006. Anne was visually impaired and a beneficiary of Living Paintings. Anne's support over a number of years in market testing our touch and sound packs, helping to promote our work and more recently as a Trustee was greatly valued. We were also sorry to lose the services of Sue Davie as Trustee and Treasurer due to her increased work commitments as Director of Finance at The Meningitis Trust. Living Paintings remains immensely grateful to Sue for her dedicated support and help in further developing our financial systems. We are delighted to welcome Derek Coulson who was appointed Treasurer and a Trustee in April 2006. In November 2006 we look forward to the appointment of a new Trustee who is visually impaired and has been an important part of Living Paintings since its beginning.

Our Trustees at 31<sup>st</sup> May 2006

Alison Oldland <i>Chairman</i>	Former lecturer in art history and art appreciation. Founded Living Paintings in 1989. Received National Arts Collections Fund award for "an outstanding contribution to the creative arts". Received the first Guardian/Jerwood Award for individual excellence in the charity field. Awarded the MBE.
Robin Aird	Former senior partner with Pitmans, Reading where he set up and acted for various charities. Trained as solicitor with McKenna & Co London. Chairman of InterAct Europe EEIG, an association of European independent law firms. Former Trustee of the Newbury Spring Festival.
Robin Althaus	Former stockbroker and member of the Securities Industry. Trustee of the National Hospital Development Foundation for The National Hospital for Neurology and Neurosurgery. Former Chairman of the City Liaison Group with Parliament.
Derek Coulson <i>Treasurer</i>	Qualified Accountant. FCCA. Chief Executive of the Caspian Group, the largest independent operator of fast food restaurants for Burger King in the UK. Chairman of the UK Franchise Association. Former Chief Executive and Chairman of Gowings Plc.
Kevin Deegan.	Senior Peripatetic Teacher for Visually Impaired People London Borough of Sutton. Former Teacher at Linden Lodge School for Visually Impaired People. MA in Education (Dissertation in Cognitive Mapping for the Blind). Organist HM Prison Wandsworth.
Stuart Fletcher	President International Diageo plc, following various management, financial and operational roles within the Group in USA and Asia Pacific and Europe. Non-executive director of Møet Hennessy International SA. Previously with Procter & Gamble and United Glass.
Christopher Lloyd	Surveyor of The Queen's Pictures 1988 – 2005. Former Curator at Christ Church Oxford and Ashmoleum Museum Oxford. Trustee of the National Art Collections Fund. Governor of Gainsborough's House at Sudbury, Suffolk. Awarded the CVO.
Colin Storm <i>Vice Chairman</i>	Former Board member Diageo Plc, Chief Executive Guinness Limited, Chief Executive Officer Burger King, Miami. Trustee Dublin City University Educational Trust. Former Non Executive Director Hibernian Group Plc. Vice President Middlesex Young People's Clubs
Alex Wilson	Group Human Resources Director BT Group. Previously with Ford, Grand Metropolitan, Guinness, Diageo and ICI. Foundation Board of leading international business school, IMD, Lausanne, Switzerland. School Governor and active supporter of KidsOut.

**REPORT OF THE TRUSTEES**  
**For The Year Ended 31 May 2006**

**OUR DONORS: 1<sup>st</sup> June 2005 – 31<sup>st</sup> May 2006**

Living Paintings is a voluntary organisation that receives no statutory funding. Our service is entirely dependent on voluntary donations. Listed below are organisations who made donations:

The Vodafone UK Foundation	The Gilbert & Eileen Edgar Foundation
The Equitable Charitable Trust	The Emmandjay Charitable Trust
The John Ellerman Foundation	Douglas Heath Eves Charitable Trust
The Bellinger Donnay Trust	The Florabella Trust
The Ernest Cook Charitable Trust	The Friarsgate Trust
The Headley Trust	The Good Neighbours Trust
The Brian Mercer Charitable Trust	Loddon Valley Lions Club
The Underwood Trust	The Lynn Foundation
The Vassie Charitable Trust	The W H Mann Foundation
Garfield Weston Foundation	Marsh Christian Trust
The Ernest Kleinwort Charitable Trust	The Rank Foundation
Mr J G Phillimore's Charitable Trust	The Really Useful Group
The Roald Dahl Foundation	The Shears Foundation
The Eveson Charitable Trust	The Jessie Spencer Trust
The Freemasons' Grand Charity	The Florence Turner Trust
The Marchday Charitable Trust	Royal Naval Anti Aircraft Lodge
Ronald McDonald Children's Charities	Benham Charitable Settlement
BBC Children in Need	BT Group - Human Resources
The Percy Bilton Charity	The Coutts Charitable Trust
The Edward and Dorothy Cadbury Trust	The Ammco Trust
The Hedley Foundation	Masonic Charities Assoc for the Province of Hants&IOW
Newby Trust Limited	Paul Bassham Charitable Trust
William A Cadbury Charitable Trust	J A Floyd Charitable Settlement
The Childwick Trust	JTH Charitable Trust
The Gurney Charitable Trust	Newbury Building Society
The Sir James Knott Trust	The Norman Family Charitable Trust
The Kobler Trust	Mr and Mrs J A Pye's Charitable Settlement
The Mackintosh Foundation	N M Rothschild & Sons Limited
P F Charitable Trust	Mr G J Ward Charitable Trust
The Bernard Sunley Charitable Foundation	Whiteoak Charitable Trust
Dunhurst Bedales Junior School	The Wolseley-Hughes Charitable Trust
The Misses Barrie Charitable Trust	Eddie Dinshaw Foundation
The Enid Blyton Trust for Children	The Norman Collinson Charitable Trust
The Colefax Charitable Trust	The Sydney Black Charitable Trust
The Englefield Charitable Trust	Ford Britain Trust
The A W Gale Charitable Trust	The Jack Goldhill Charitable Trust
The Walter Guinness Charitable Trust	Stevenson's Family Charitable Trust
The Hampshire & Isle of Wight Masonic Grand Charity	Ramsbury Primary School
Ormsby Charitable Trust	Westland Retirement Association
The Spectaclemakers' Charity	BBC Radio 4 Appeal Fund
The Rainford Trust	Hamstead Marshall PCC
The Tanner Trust	St John the Evangelist Church Newbury
2-TEN FM Kids	The Blunt Trust
The Folly Fly Fishers	The Britwell Trust
Aggregate Industries Plc	The Collier Trust
Bartlett Taylor Charitable Trust	Foster Wheeler Energy Limited
The Bergqvist Charitable Trust	Newbury Decorative and Fine Arts Society
Diageo Foundation	Rotary Club of Trowbridge

Additionally, we received highly valued gifts made by friends to Living Paintings and beneficiaries. We also received invaluable support in kind from organisations, companies and individuals

To each and every person, group, business and grant making trust who have supported us this year we extend the greatest of thanks. It is their generosity that makes our work possible.

**REPORT OF THE TRUSTEES**  
**For The Year Ended 31 May 2006**

**CONCLUSION**

We are delighted to once again report a growth in the number of blind and partially sighted people who are benefiting from our work. We now reach more than 6,400 people across Britain and Ireland with our services. Additionally we have made great progress in expanding the breadth and scope of our Library Catalogue whilst taking major steps forward towards the implementation of ShareVision. It is the efforts of our amazing band of volunteers that has made it possible to deal with the increased activity that this expansion in our service has created and our thanks go to each and everyone of them.

Turning to income, though our year started slowly we are pleased to be able to report that it improved in the latter part of the period resulting in a total income of £290,000. However, we now embark on a new financial year with, as ever, no statutory funding and only £50,000 promised towards our income target of £307,000. This once again reminds us of our dependence on the generosity and faith of those who are in a position to give.

Operating expenditure increased by 25% during the year reflecting both the growth in the number of our beneficiaries, and related activities, and the significant steps we have taken in investing in our future with the ShareVision programme of development. These steps include the acquisition of Unit 9, Kingsclere Park, the appointment of a new role, The Fundraising/Events Organiser, and increased activity on the National PR and Communications Campaign.

To build further on these achievements there are three main funding challenges for the next year:

1. To secure the funding needed to continue with our current, expanded operations meeting the needs of 6,400 blind and partially sighted people who are dependent on our services.
2. To build our funds in order to provide an appropriate level of security for the future of our current operations.
3. To raise the money needed to take further steps towards our future with the implementation of ShareVision.

**During the year we have achieved a great deal in further strengthening the infrastructure of Living Paintings. We have invested in putting in place the operating systems, the premises and the people needed to move ahead with ShareVision. We are prepared and it is time to take the next steps into our future, a future that will see 12,000 blind and partially sighted people benefiting from our work.**

**Our heartfelt thanks go to all of those who have supported us in our endeavours: our volunteers, our friends and those individuals and organisations who have made donations. Their gifts of time, expertise and money have enabled us to achieve all that we have in the last twelve months. We now turn to all our supporters, existing and new, and ask them walk by our side as we take the next steps into the future. It is only in partnership with them that Living Paintings will be able to reach its ambition of bringing light into the lives of 12,000 blind and partially sighted children, young people and adults across Britain and Ireland.**

***“The Living Paintings Trust and all its original “team” have lit a flame that has enhanced the whole quality of life for everyone whose path it has crossed. This flame will flare even brighter in times ahead and blaze a trail far and wide, and for more than those with visual impairments!”***

*Comment from one of our original 50 beneficiaries.*

**REPORT OF THE TRUSTEES**  
**For The Year Ended 31 May 2006**

**STATEMENT OF TRUSTEES RESPONSIBILITIES**

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of its surplus or deficit for that period. In preparing those financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and which 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.

**AUDITORS**

In accordance with Section 385 of the Companies Act 1985, a resolution for the appointment of James Cowper as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**

  
.....  
Alison Oldland – CHAIRMAN

Dated: 27 7-06

**REPORT OF THE INDEPENDENT AUDITORS  
TO THE MEMBERS OF THE LIVING PAINTINGS TRUST**

We have audited the financial statements of The Living Paintings Trust for the year ended 31 May 2006 on pages 15 to 21. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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.

**Respective responsibilities of directors and auditors**

As described on page 13 the trustees, who are also directors of The Living Paintings Trust, are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 Statement of Recommended Practice. We also report to you if, in our opinion, the Trustees' Report is not consistent with the financial statements, if the 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 with the charitable company 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 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 trustees 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 of the state of the charitable company's affairs as at 31 May 2006 and of its incoming resources and application of resources, including its income and expenditure, in the year then ended.
- Have been properly prepared in accordance with the Companies Act 1985.
- The information given in the Trustees' Report is consistent with the financial statements.

James Cowper  
Chartered Accountants  
Registered Auditor  
Phoenix House  
Bartholomew Street  
Newbury, Berks, RG14 5QA



Dated:

9/8/2006



**THE LIVING PAINTINGS TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31<sup>st</sup> MAY 2006**  
**(including Income and Expenditure Accounts)**

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2006	Total 2005 £
<b>INCOMING RESOURCES</b>					
<b>Incoming resources from generated funds:</b>					
<i>Voluntary Income:</i>					
Donations and Gifts	2	159,399	100,205	259,604	208,929
Development Fund for ShareVision	2		25,000	25,000	25,000
<i>Activities for generating funds:</i>					
Product sales			-	-	
Investment income	2	6,312		6,312	5,818
<b>TOTAL INCOMING RESOURCES</b>		<b>165,711</b>	<b>125,205</b>	<b>290,916</b>	<b>239,747</b>
<b>RESOURCES EXPENDED</b>					
Cost of generating voluntary income	2	59,331	-	59,331	38,125
Charitable Activities	2	69,988	135,916	205,904	171,246
Governance	2	10,230	-	10,230	10,442
<b>TOTAL RESOURCES EXPENDED</b>	5	<b>139,549</b>	<b>135,916</b>	<b>275,465</b>	<b>219,813</b>
<b>NET INCOME/EXPENDITURE</b>		<b>26,162</b>	<b>-10,711</b>	<b>15,451</b>	<b>19,934</b>
Total funds brought forward at 1 June 2005		96,302	226,639	322,941	303,007
<b>TOTAL FUNDS CARRIED FORWARD AT 31 MAY 2006</b>		<b>122,464</b>	<b>215,928</b>	<b>338,392</b>	<b>322,941</b>

The statement of financial activities includes all gains and losses recognised in the period and all incoming resources and resources expended derive from continuing activities.

**ANALYSIS OF FUNDS CARRIED FORWARD AT 31 MAY 2006:**

**Unrestricted Fund**

General Reserve	£39,492
Property & Fixed Assets for use by charity	£71,302
Building and Equipment Maintenance Fund	£5,000
Unit 9, Kingsclere Park set-up Fund	£6,670
	<b>£122,464</b>

**Restricted Fund**

Funded Projects awaiting completion	£115,674
Development Fund for ShareVision	£49,854
Property for use by charity	£50,400
	<b>£215,928</b>

**Total Funds Carried Forward** **£338,392**

The notes form part of these financial statements.


**THE LIVING PAINTINGS TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**

**BALANCE SHEET**  
**31 May 2006**

	Notes	2006 £	2005 £
<b>FIXED ASSETS:</b>			
Tangible assets	7	331,061	139,746
<b>CURRENT ASSETS:</b>			
Debtors	8	4,022	1,610
Cash at bank & in hand – Development Fund		49,854	54,582
Cash at bank & in hand – Projects funded but not yet complete		115,675	120,457
Cash at bank and in hand - Other		<u>70,494</u>	<u>36,580</u>
		<b>240,045</b>	<b>213,229</b>
<b>CREDITORS:</b> Amounts falling due within one year	9	<u>(26,113)</u>	<u>(30,034)</u>
<b>NET CURRENT ASSETS:</b>		<b><u>213,932</u></b>	<b><u>183,195</u></b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES:</b>		<b>544,993</b>	<b>322,941</b>
<b>CREDITORS:</b> amounts falling due after more than one year	10	<b>(206,601)</b>	-
<b>TOTAL NET ASSETS</b>	12	<b><u>338,392</u></b>	<b><u>322,941</u></b>
<b>UNRESTRICTED FUNDS:</b>	2		
General Reserve		39,492	13,038
Property and Fixed Assets for use by charity	13	71,302	78,264
Building & Equipment maintenance fund	11	5,000	5,000
Unit 9, Kingsclere Park Set-Up fund	11	<u>6,670</u>	<u>96,302</u>
		<b><u>122,464</u></b>	<b><u>96,302</u></b>
<b>RESTRICTED FUNDS:</b>	2		
Projects Funded not yet completed		115,674	120,457
Development Fund for ShareVision	11	49,854	54,582
Property for use by charity	14	<u>50,400</u>	<u>51,600</u>
		<b><u>215,928</u></b>	<b><u>226,639</u></b>
		<b><u>338,392</u></b>	<b><u>322,941</u></b>

**ON BEHALF OF THE BOARD:**

  
 Alison Oldland – CHAIRMAN

  
 Derek Coulson FCCA - TREASURER

Approved by the Board on 27<sup>th</sup> July 2006

The notes form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**

For The Year Ended 31 May 2006

**1. STATUS OF THE COMPANY**

The Living Paintings Trust is a registered charity and a company limited by guarantee. The liability of the members of the company is limited by their guarantee to contribute £1 each towards the liabilities of the company in the event of liquidation. At 31 May 2006 there were 9 members (2005 :9).

**2. ACCOUNTING POLICIES**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

**Accounting convention**

The financial statements have been prepared under the historical cost convention and in accordance with the Statement of Recommended Practice, 'Accounting and Reporting by Charities' (revised 2005), applicable accounting standards and the Companies Act 1985.

**Fund accounting**

The charity's reserves have been allocated to separate funds for future application.

**Unrestricted funds**

These resources arose from donations given for general charitable purposes, investment income, and from general product sales.

**Restricted funds**

These resources arose from donations given by the donors to finance specific projects. This relates mainly to production of new touch and sound packs for which the production period is usually between 9 and 18 months and specific elements of the Library Service.

**Incoming resources**

- Income from donations and gifts arose from a variety of sources together with the associated tax refunds where applicable.
- Income from product sales represents income generated from the principal activity of the company.
- Investment income comprises interest received from the investment of money on short term deposits.

**Resources expended**

Resources expended are accounted for on an accruals basis in accordance with the Statement of Recommended Practice, 'Accounting and Reporting by Charities' (revised 2005).

- All direct charitable expenditure relates to production of Library resources and provision of services.
- Governance expenditure comprises central overheads not directly attributable to direct charitable expenditure. They relate to the management of the charity's funds, organisational administration and compliance with charity requirements.
- Fund-raising expenditure relates to costs directly attributable to raising income.

The Trustees consider that it is impracticable to allocate individual items of expenditure to direct charitable expenditure, fund-raising and the governance of the charity. Instead, for the purpose of these financial statements, the Trustees have apportioned total expenditure between these headings on a proportionate basis (excluding expenditure on the Development Fund for ShareVision which is all restricted direct charitable expenditure), in accordance with the Trustees' careful consideration and judgement.

**Salaries** are allocated according to each staff members' time contribution to each of the headings.

**Purchase** costs for the components of the Touch and Sound packs are all allocated to direct charitable expenditure.

**All other expenditure** is apportioned to each of the headings according to either time or use of space and in some cases where deemed appropriate, by a specific apportionment.

Once the allocations have been made they are then broken down into those costs applicable to the Restricted Fund and those costs applicable to the Unrestricted Fund.

The apportionments are allocated according to a detailed grid that is reviewed annually, or in the interim if deemed necessary, by the Trustees.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Year Ended 31 May 2006**

**Production costs of all touch and sound packs**

The costs of producing touch and sound packs are treated as an expense during the period in which it is incurred.

**Fixed assets and depreciation**

Depreciation is provided by the charity to write off the cost of fixed assets on a straight line basis over their estimated useful economic lives as follows:

Equipment	-	5 to 10 years
Leasehold buildings	-	50 years

Generally it is the policy of the Trust to capitalise expenditure of greater than £100 when it will be used within the charity for a number of years.

**Restatement of 2005 incoming resources and resources expended**

The allocation of income and expenditure in the 2005 SOFA has been restated to comply with the new reporting requirements of SORP 2005. This has had no effect on brought forward funds.

**3. NET INCOMING RESOURCES**

	2006 £	2005 £
Results for the year are stated after charging:		
Depreciation	6,935	6,336
Loss on disposal of assets	1,114	502
Auditors' remuneration	<u>2,500</u>	<u>2,450</u>

**4. DIRECTORS REMUNERATION**

Members of the Board, none of whom were employees of the company, received no emoluments from the company during the year (2005: £Nil). Of those members none (2005: none) received amounts for reimbursed expenses during the year.

**5. ANALYSIS OF TOTAL RESOURCES EXPENDED**

	Staff costs £	Other £	Depreciation and loss on disposal £	Total 2006 £	Total 2005 £
<b>Cost of generating funds:</b>					
Fund-raising	46,873	11,653	805	59,331	38,125
<b>Charitable expenditure:</b>					
Direct charitable expenditure	127,393	71,669	6,842	205,904	171,246
<b>Governance</b>	<u>5,575</u>	<u>4,253</u>	<u>402</u>	<u>10,230</u>	<u>10,442</u>
	<u>179,841</u>	<u>87,575</u>	<u>8,049</u>	<u>275,465</u>	<u>219,813</u>

**6. STAFF NUMBERS AND COST**

The average number of persons employed by the company during the year, analysed by category, was as follows:

	2006	2005
Production	3	3
Fund-raising and publicity	2	1
Administration and management	1	1
Library	<u>2</u>	<u>2</u>
	<u>8</u>	<u>7</u>

The number of employees rose to 8 in November 2005 and of this number 4 are employed on a part-time basis

**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Year Ended 31 May 2006**

The aggregate payroll costs of these persons plus casual staff not included in the above figures were as follows:

	2006 £	2005 £
Wages and salaries	163,702	130,797
Social security costs	<u>16,139</u>	<u>12,597</u>
	<u>179,841</u>	<u>143,394</u>

No employee earned £60,000 per annum or more.

**7. TANGIBLE FIXED ASSETS**

	Leasehold premises £	Equipment £	Total £
<b>COST:</b>			
At beginning of year	150,510	40,994	191,504
Additions	190,000	9,364	199,364
Disposal	<u>-</u>	<u>(2,852)</u>	<u>(2,852)</u>
At end of year	<u>340,510</u>	<u>47,506</u>	<u>388,016</u>
<b>DEPRECIATION:</b>			
At beginning of year	21,071	30,687	51,758
Charge for year	3,010	3,925	6,935
On disposals	<u>-</u>	<u>(1,738)</u>	<u>(1,738)</u>
At end of year	<u>24,081</u>	<u>32,874</u>	<u>56,955</u>
<b>NET BOOK VALUE:</b>			
At 31 May 2006	<u>316,429</u>	<u>14,632</u>	<u>331,061</u>
At 31 May 2005	<u>129,439</u>	<u>10,307</u>	<u>139,746</u>

The leasehold premises comprise 2 leases each of 999 years calculated from 29<sup>th</sup> September 1986 each at a rent of £100 per annum.

Leasehold premises Unit 9, Kingsclere Park, valued at £190,000 was acquired on 28<sup>th</sup> April 2006 and therefore has accrued no depreciation in this financial year.

**8. DEBTORS**

	2006 £	2005 £
Other debtors	<u>4,022</u>	<u>1,610</u>
	<u>4,022</u>	<u>1,610</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Year Ended 31 May 2006**

**9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2006</b>	<b>2005</b>
		£
Bank loans and overdrafts	<b>2,751</b>	9,882
Other creditors including taxation and social security	<b><u>23,362</u></b>	<u>20,152</u>
	<b><u>26,113</u></b>	<u>30,034</u>

**10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>2006</b>	<b>2005</b>
	£	£
Bank and grant making trust loans	<b><u>206,601</u></b>	<u>-</u>

In order to finance the acquisition of one of its leasehold premises, Unit 9, Kingsclere Park, the Trust raised two loans in April 2006, one from The Charity Bank Limited for £155,000 and one from a grant making trust for £55,000. The bank loan is secured by a first fixed charge over the leasehold premises, Unit 9, Kingsclere Park. The loan from the grant making trust is secured by a second fixed charge over these premises.

In February 2006 the Trust repaid the loan which had been used to acquire its leasehold premises, Unit 8, Kingsclere Park.

**Analysis of debt**

	<b>2006</b>	<b>2005</b>
	£	£
Debt can be analysed as falling due:		
In one year or less	<b>2,751</b>	9,882
Between one and two years	<b>2,940</b>	-
Between two and five years	<b>10,034</b>	-
Over five years	<b><u>193,627</u></b>	<u>-</u>
	<b><u>209,352</u></b>	<u>9,882</u>

**11. FUNDS**

The movement in the unrestricted and restricted funds is disclosed in the Statement of Financial Activities on page 15. The nature and purpose of such funds is described in note 2 to the financial statements.

The Trustees have created a designated building and equipment maintenance fund out of unrestricted funds. The purpose of the fund is to provide for the future maintenance of the Trust's leasehold buildings and other equipment.

To ensure that all the monies received towards the acquisition and set up of Unit 9 are used for this purpose the Trustees have created a designated Unit 9 set up fund.

During the year the Trust continued raising money towards the costs of implementing its plans for development under the project titled ShareVision as described on page 9.

**THE LIVING PAINTINGS TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Year Ended 31 May 2006**

**12. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds £	Restricted income funds £	Total £
Fund balances at 31 May 2006 are represented by:			
Tangible fixed assets	280,661	50,400	331,061
Current assets	74,517	165,528	240,045
Current liabilities	(26,113)	-	(26,113)
Creditors: amounts falling due after more than one year	<u>(206,601)</u>	<u>-</u>	<u>(206,601)</u>
	<u>122,464</u>	<u>215,928</u>	<u>338,392</u>

**13. THE UNRESTRICTED FUND "PROPERTY & FIXED ASSETS FOR USE BY THE CHARITY"**  
is calculated as follows:

Leasehold Premises (Note 7)	316,429
Less balance of The Foundation for Sport and the Arts Grant (Note 14)	(50,400)
Less outstanding loans from Charity Bank & Grant making trust for Unit 9, Kingsclere Park	(209,359)
Equipment	14,632
	<u>71,302</u>

**14. COMMITMENTS**

During the year ended 31 May 1999 the Trust received a grant of £60,000 from The Foundation for Sport and the Arts which contributed to the cost of acquiring the Trust's leasehold premises in April 1999. Under the terms of the grant, the Trust may be required to repay the grant in full in the event that ownership or use of the property changes.

**15. RELATED PARTY TRANSACTIONS**

During the year the Trust received cash donations from an organisation for whom two Trustees work:

Organisation	Name	2006	2005
BT Group	Alex Wilson	£388	NIL
Diageo plc	Stuart Fletcher	£500	500