

Paul Hamlyn Foundation
Trustee Report and Financial Statements
2010/11



Company Number: 05042279

Paul Hamlyn Foundation

Paul Hamlyn was an entrepreneur, publisher and philanthropist, committed to providing new opportunities and experiences for people regardless of their background. From the outset, his overriding concern was to open up the arts and education to everyone, but particularly to young people. In 1987, he established the Paul Hamlyn Foundation for general charitable purposes.

Since then, we have continuously supported charitable activity in the areas of the arts, education and learning and social justice in the UK, enabling individuals, especially children and young people, to experience a better quality of life. We also support local charities in India that help the poorest communities in that country gain access to basic services.

Paul Hamlyn died in August 2001, but the magnificent bequest of most of his estate to the Foundation enabled us to build on our past approaches.

Mission

To maximise opportunities for individuals and communities to realise their potential and to experience and enjoy a better quality of life, now and in the future. In particular, we are concerned with children and young people and with disadvantaged people.

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

Values

In line with our founder Paul Hamlyn's values, we believe in giving opportunities by realising people's potential and in fighting prejudice.

We are interested in finding better ways to do things and help organisations to sustain and develop their work. We pay particular attention to long-term issues. We are not afraid to address issues which others may find challenging or unpopular. Whilst being willing to work in partnership with government, we are also prepared to challenge its (and other people's) established thinking. We believe independent foundations have an important role to play in society.

Strategic aims

Our strategic aims for the six years 2006-2012 are

- 1 Enabling people to experience and enjoy the arts
- 2 Developing people's education and learning
- 3 Integrating marginalised young people who are at times of transition

In addition, we have three related aims

- 4 Advancing through research the understanding of the relationships between the arts, education and learning and social change
 - 5 Developing the capacity of organisations and people who facilitate our strategic aims
 - 6 Developing the Foundation itself to be an exemplar foundation, existing in perpetuity
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Programmes

We seek to achieve our first five aims by establishing three partly overlapping programmes for our work in the UK arts, education and learning, and social justice. Themes and priorities within each programme may change over time. Each of the three programmes has an open grant scheme and special initiatives, the latter targeted at issues we particularly want to address to achieve long term improvements in society. We have a separate programme for our work in India.

We expect the programmes and the work we support to have an impact at the levels of individuals, organisations, communities and policy.

Grant-making information

Full information on the objectives of each programme, their themes and priorities, eligibility and assessment criteria, application and grant making processes is available on the Foundation's website. Eligible applicants are asked to submit online an outline application to the Foundation.

For further information, please see www.phf.org.uk

Chair's statement

Our Foundation aims to enable people to fulfil their potential and achieve a better quality of life. This year many of the organisations we support have faced powerful challenges to their ability to deliver on this aim.

In light of these circumstances, and following on from a review of our strategic plan, we have been looking to find ways to ensure that our funding is helping in the most effective ways. In particular, we have decided to give less weight to funding innovation and more to scaling up, or implementing in new contexts, effective practice. We will continue to review the fitness for purpose of our grant schemes and make changes as necessary.

The reason for these changes is that, on the ground, across the UK, grantee organisations are working hard to make people's lives better. The same is true in India, as I saw at first hand during a trip this year. Along with fellow trustee Tim Bunting, I visited our partner Anandi, which is working alongside marginalised people in far eastern Gujarat. Remote from the thriving industry and commerce elsewhere in the state, Anandi has set up gender resource centres with trained support workers drawn from the community. This helps women from marginalised groups to advocate for and enforce their rights to land tenure, employment opportunities, food for their children and protection from violence.

For the past 12 years our work in India has been ably led by Ajit Chaudhuri. He has championed our approach of helping effective community-based NGOs to respond to the needs of the most marginalised people. We will all miss his insight, tenacity and good humour. We look forward to working with his successor Sachin Sachdeva who joins the Foundation in the summer.


I am grateful for the time and energy which all my fellow trustees bring to the Foundation. In addition to their working lives they all contribute as trustees or advisors to other organisations operating in our fields, giving them an informed and practical understanding of the challenges these organisations face, and the needs and opportunities of the people for whose benefit they exist. Our trustees are often asked to take on important responsibilities elsewhere. This year both Anthony Salz and Tom Wylie were appointed to key posts in Education. Anthony as the first senior non-executive member of the Department for Education's Board, and Tom as an advisor to the Education Select Committee.

We are pleased to be adding to our capacity at board level with the introduction of a new trustee, Tony Hall. Tony is one of most inspiring leaders in the arts, and has championed training and development, particularly of young adults, throughout his career.

At the end of the year we will move into new offices. For many years it has been our hope to acquire a building as a long-term home. We have grown significantly in recent years, and the new offices will enable us to work more effectively as a larger organisation, and to engage better with visiting partners, grantees and grant applicants. The location, in the King's Cross area of London, will make us more accessible, and the new space will allow us to provide enhanced meeting facilities to other charities. I am grateful to our Finance and Resources Director Lucy Palfreyman who managed a difficult transaction to purchase the building, and who with a small team is overseeing a complex project to fit it out to meet our needs.

The success of any organisation depends on the people who work for it. We are fortunate to have developed an excellent team of staff, consultants and advisors. On behalf of all trustees I wish to thank them for what they have achieved. However, as I have said, ultimately the credit for delivering our mission must go to the many people we support whose tireless work on the ground – currently amidst significant financial uncertainty – changes people's lives.

Jane Hamlyn



JANE HAMLYN

Director's report

During the year 2010/11, a great deal has been said and written about the Government's Big Society. We welcome the emphasis placed on giving people greater power and influence over decisions and use of resources, which is in line with our belief in the value of participation. Like many others, however, we have questioned the lack of clarity on many specifics, the unhelpful speed of change, and the lack of support to build the capacity of people in many sectors and parts of the country to take up the opportunities the Big Society may offer. This is particularly apparent given the impact of central and local government cuts to voluntary organisations which have a crucial role in this area with their local communities.

While it is too early to identify fully the impact of changes to government and local government funding regimes, for many of the organisations we work with, the effect of policy decisions during the year are clearly going to be deeply felt into the coming years. The responses of charities, schools and cultural institutions to these changes are an area from which much may be learned.

Our own response has been, where possible, to try to increase the capacity of organisations to adapt to new realities. We have also made appropriate shifts of emphasis within our Special Initiatives, most notably in Right Here, our joint initiative with the Mental Health Foundation, which seeks to find better ways to improve the mental health and resilience of 16-25 year olds. The transfer of commissioning from Primary Care Trusts and other changes in budget-holding mean that the four local partnerships of voluntary and statutory bodies with whom we are jointly working need to adapt their plans. We have adapted the level and type of support provided to them to try to help them benefit from the new approaches, despite the cuts in local funding.

Alongside Right Here, we continued to operate nine other Special Initiatives this year. Each is different in character, but their common features include carefully crafted formative evaluation and plans for dissemination of the results of what does or does not work.

It is particularly heartening when other organisations decide to support directly our initiatives. This year initiatives across all three of our UK programmes received welcome endorsements, from organisations as diverse as the Arts and Humanities Research Council, Creativity, Culture and Education, the Cultural Learning Partnership, Esmée Fairbairn Foundation and Unbound Philanthropies. We are grateful to their trustees and staff for their commitment to our work.

Outside our Special Initiatives, it took us longer than we hoped to begin to implement our plans to better understand the overall impact of our work and to capture more learning from our portfolio of Open Grants. A key step towards this goal has been the creation of a new post focusing on research, evaluation and learning. We were delighted in April 2011 to welcome Jane Steele as our first Head of Evaluation and Impact. Jane will work closely with our grants staff to ensure that we all understand better the value of what we initiate and support, or occasionally undertake ourselves. In addition to her work at PHF, Jane remains a trustee of the Carnegie UK Trust where she chaired the programme committee on Civil Society and Democracy.

We also welcomed to the staff Abigail Knipe and Safiya Juma, who both join the Education and Learning team, and said goodbye to Julia Mirkin, who covered a maternity leave in the Arts team. We wish Julia well as she takes up a new post at the Foyle Foundation. We have continued with our communications internships, and thank Richard Cooper and Bethan Staton for the work they did during their placements.

Staffing is of course a key element, and a high proportion of the cost, of grant-making. This year, at the suggestion of our Remuneration Committee, we undertook our first staff satisfaction survey. The overall results were positive compared to other similar organisations. We learnt however that there is more that we can do to develop our staff and to this end we have begun a series of informal staff learning seminars, on issues so far including participation and the social determinants of health. Within a small organisation it is difficult to provide structured career progression, but the onward destinations of departing staff reflect strong personal growth.

In the previous trustees report we reported on the results of the Grantee Perception Report (GPR) and our plans to increase the level of non-financial support we provide. Constraints on staff resources mean that some of our plans to do this will not begin to operate until 2011/12. However this year we have increased the level of support we give online to grantees with a new 'Grant holders' section on our website, which signposts other available online resources. We have continued to promote the GPR to other foundations. A presentation at the Association of Charitable Foundations (ACF) annual conference led by our Communications Manager Dan Watson and Travis Manzone from the Center for Effective Philanthropy about the benefits of the GPR was the best-attended, and one of the best-received, sessions at the conference. It has directly led to another three UK foundations deciding to use the GPR in their work, doubling the cohort of UK users. We hope that others will be stimulated to use the GPR or other robust survey tools to improve the quality and impact of their work.

One of the Foundation's strategic aims is to support the philanthropic sector as a whole. We mainly do this through advice and other non-financial support. This year our Finance and Resources Director Lucy Palfreyman was elected to the board of the ACF. Other colleagues regularly speak at training conferences and seminars on philanthropy and fund-raising.

The new Government has shown a keen interest in philanthropy, with recent policy initiatives including inheritance tax incentives for private giving, and the publication of the Giving Green Paper. We were pleased to note the Green Paper's applause for two recent developments in philanthropy of which PHF is a founder supporter: the Penniles Foundation and the Social Impact Bond.

Less welcome, though, was the Green Paper's suggestion that endowed foundations should be compelled to adopt a minimum payout. Our response to the consultation pointed to evidence which shows that this might have the perverse effect of reducing spending, as well as constraining the unique advantages enjoyed by foundations, of flexibility and independence. Nevertheless, trustees have decided to increase the level of our spending in future. We have set ourselves the target of spending around 4 per cent of our total net assets. After allowing for the costs of investment management, this currently represents a target of £22m for the 2011/12 financial year.

This report details progress over the past year in each of our four programmes, as well as detailing plans for the coming year. We welcome feedback on its content, which can be sent through an anonymous online survey via our website, www.phf.org.uk. The website is the best source for updates on all our work. Please also consider signing up to our quarterly newsletters or following us on twitter at @phf_uk.

Arts Programme Report

This has been a year of change and uncertainty. The public funding landscape has shifted. New government priorities have emerged and public services are re-structuring, including the Department for Culture, Media and Sport. Bodies such as the UK Film Council or the Museums Library and Archives Council have gone and new ones, such as Creative Scotland, have appeared. The cultural Olympiad story is also slowly unfolding.

Like all organisations involved with the arts in the UK, we have followed closely the impact of reduced funding from central government – whether through local authorities or through portfolio reviews in the various Arts Councils. It is obvious that the effects of this funding shake-out and the start of a period of austerity will be felt for some time to come. It also looks like some of these changes are here to stay.

Most of the organisations that we support have been affected by the reviews of regularly funded organisations by Arts Councils across the UK and the announcement of new National Portfolio Organisations in England was one of the important milestones of 2010/11. We were delighted to see that some of our existing grantees became core funded for the first time (including 20 Stories High, Inbetween Time Productions, People United & Streetwise Opera) or had a significant uplift in their grants (such as the Arvon Foundation, Firstsite, the Poetry Society, Punchdrunk & Wysing Arts Centre). This reflected the fact that the focus of our Arts Open Grants' scheme on both incremental innovation and impact on practice – and the aims of our Breakthrough Fund – had resonance in the goals set out in ACE's ten year strategy, "Achieving Great Art for Everyone". However, we regret that many grantees with whom we have a on-going relationship fared less well and will have to cope with reduced core funding from 2012/13. We also believe that Dance United and Youth Dance England, two organisations we have been close to for years and believe in, should have been awarded National Portfolio status as both do achieve a lot in terms of sectoral impact.

The response to these complicated and still evolving issues is that organisations must be prepared to adapt and think outside the box. It is encouraging that, through our Open Grants' scheme, some applicants are already doing this. Others are re-focusing on core values and activities to consolidate their position. We expect to see organisations restructuring in the coming months.

In 2010/11, we observed a significant decline in the number of initial applications to the Arts Open Grants' scheme. This is in many ways unsurprising – a renewed application process has tightened the focus for applicants around our core criteria of innovation, participation and impact. It is also the case that, at times of crisis – like in 2007/08 at the start of the recession, for example – independent funders usually notice a drop in the numbers of applications whilst arts organisations fire-fight to survive. Many organisations spent months in 2010 on their core funding submissions to Arts Councils and did not get round to applying to us until after the end of the financial year. However, alongside fewer first stage applications, we have also noticed an increase in the numbers of applications that we are taking forward to second stage: we are consequently rejecting more applications at second stage than ever before.

Reflecting on the balance of types of grant awards that we have made during 2010/11, we would welcome more applications from outside London – particularly from Scotland, Wales and Northern Ireland, for example – and those which include an intergenerational element, particularly involving older people. We are also keen to award more 'continuation' funding grants to organisations with whom we are engaged in a successful relationship. The need for this type of on-going support is particularly apparent in the current circumstances and, as a number of grants from made since our new Arts Open Grants guidelines were launched in 2008 draw to a close, there should be opportunities for us to extend our impact.

The year has seen a number of important developments in our Special Initiatives, which are detailed further in the following pages.

We started work in earnest on 'ArtWorks: Developing Practice in Participatory Settings', after the initiative was approved in March 2010. Guided by Dr Susanne Burns, the Project Director and a Steering Group, five grants have been approved by the Arts programme Committee to four pathfinder projects in Scotland, Wales, London, the North East and to a fifth one working across the country with national umbrella bodies. We look forward to developing strong working relationships with these clusters of organisations.

On the museums and galleries side, an area where we have steadily developed a possible initiative over the last three years or so, we have commissioned a report based on the work of Dr Bernadette Lynch with 12 museums and galleries across the UK. We published a summary report taken from this work, titled 'Whose cake is it anyway' to reflect a line from an improvised scene enacted by museum staff and community partners. The metaphor is useful for describing the difficult balance of power between museums and their publics. We have also appointed Dr Piotr Bienkowski to lead the development of a proposal for a larger intervention in this area.

Finally, we have undertaken reviews of both our Awards for Artists and of the Breakthrough Fund to help us understand the impact of these initiatives better and inform future decisions by Trustees.

The Arts programme has as its aim to expand enjoyment and participation in the arts. This last year there have been interesting responses – from individuals, artists and organisations – to the uncertainties and difficulties that our sector is facing. Amongst those, we supported the 'Save the Arts' campaign prior to the spending review, and also continued to fund and help steer the Cultural Learning Alliance, a collective voice and campaigning body working to ensure that all children and young people have meaningful access to culture. We believe that the Cultural Learning Alliance's broad agenda in devising a national strategy will contextualise Darren Henley's Review of Cultural Learning for the Department of Culture, Media and Sport and the Department for Education, due by the end of the year.

Special Initiatives

Awards for Artists

Support for individual artists

£408,340.99 in 2010/11

The Awards for Artists scheme helps individuals to develop their creative ideas by providing 'no strings' funding over three years. Each of the eight recipients receives £45,000, paid in three instalments. There are three Awards for Composers and five Awards for Visual Arts. The Awards are made on the basis of need, achievement and talent. Nominators, changing each year, put forward names and a panel of judges selects recipients.

The 2010 recipients were announced at a reception by Charlotte Higgins, chief arts writer at the Guardian, at the Royal Institute of British Architects in November 2010. Her speech, in which she spoke about the impact of public funding of the arts, can be watched on the PHF website.

2010 Composers

David Fennessy, Anna Meredith, Jason Yarde

2010 Visual Arts

Angela de la Cruz, Luke Fowler, Christina Mackie, Ben Rivers, Lindsay Seers

The Foundation is currently undertaking a review of the Awards for Artists scheme, with the aim of gaining a clearer understanding about what impact receiving an Award has had upon previous recipients, what other funding exists to support UK based visual artists and composers and whether the current structure, processes, scale and focus of the scheme are right.

"The Paul Hamlyn awards are an example of what philanthropy can do at its best. These awards give artists something irreplaceable: time and freedom."

Charlotte Higgins, 2010 Awards for Artists announcement reception keynote speech

"This award has come like magic, without any hype, and is an endorsement which has at its core the simple idea of allowing an artist to continue working in their own odd ways."

Ben Rivers, 2010 Awards for Visual Arts recipient

Breakthrough Fund

Support for exceptional cultural entrepreneurs

£93,760.07 in 2010/11

The Breakthrough Fund was set up in 2008 to support exceptional cultural entrepreneurs with a compelling vision and a strong track record of making things happen. After three consecutive years of grant-making, 2010/11 was the first time that the 15 grants were all under way.

While some of the relationships with grantees were just starting up, a number of others entered their final phase: the grants will complete between April/May 2011 and the latter part of 2015.

During the year, we continued to engage with and support Breakthrough Fund grantees according to their needs. This ranged from in-depth dialogue about critical phases of decision-making or considerable support with certain issues or priorities, through to more familiar forms of annual reporting and shared reflection on progress and challenges. This openness of communication and rigour of self-evaluation is matched by the flexibility and supportive commitment that the Foundation offers through the Fund.

Whilst there were no criteria of geography, art form, ways of working, age or gender, we welcome the strong and distinctive mix that has resulted from the nomination-based selection process. Twenty different nominators each year were invited to make confidential nominations of individuals, who could then put forward their vision for support. The Breakthrough Fund has been asked to offer widely varying forms of support, ranging from core funding, R&D funding, project or programme development, and funding for specific new posts. The grants have ranged from £83,000 to £360,000 over grant periods ranging from two to five years, with average support around £250,000.

During 2010/11, we began an extensive process of evaluation, drawing together all the grantees across the three years. In 2011/12, we will be looking at the strategic role of the Fund in the current climate and at comparators in the UK and internationally, and undertake the first of the evaluations with grantees who have completed their grants. An interim assessment of the impact and outcomes of the Fund overall will be updated at regular milestones as further grants complete, with follow up evaluation for all grants 2 years after completion. We will share our findings at key stages as they emerge.

ArtWorks: Developing Practice in Participatory Settings

An action-research programme supporting infrastructure development in artists' training and development

£1,289,029.75 in 2010/11

In March 2010, Trustees agreed funding of £1.47m to fund a new Special Initiative seeking to explore and develop participatory practices in the arts. We are delighted that this attracted significant further funding from Creativity Culture and Education, the Arts and Humanities Research Council and the Cultural Leadership Programme – bringing the total budget for ArtWorks to over £2m.

After a call for proposals from across the sector, grants totalling £1,173,836 were made to five action-research programmes in Wales, Scotland and England. The five 'partnerships' bring together arts organisations and education institutions to develop new approaches to training and continuous professional development in participatory arts. ArtWorks will support the selected partnerships to create better infrastructure for artists who facilitate this participatory work.

Participation in the arts is a central priority for the Arts Programme, which has as its goal to increase access to and enjoyment of the arts. This work is usually led by artists in every art form who work across a wide variety of participatory settings. Our research leading to the creation of this new initiative highlighted the lack of initial training for this work, a disparity in training and development across the art forms; issues around perception of value and quality; and disjointed provision across the UK. The aim of the ArtWorks initiative is to identify best practices in this field and contribute to raising standards, as well as raising prestige.

Dr Susanne Burns was appointed as Project Director in July 2010 and will lead the programme's development and implementation, working closely with the appointed evaluation team who are based at the University of Newcastle-upon-Tyne

Museums and Galleries

On-going research and development of a potential new special initiative

£44,126.94 in 2010/11

Work continued throughout 2010/11 on developing an intervention around community engagement in the museums and galleries sector

Dr Bernadette Lynch led research with 12 museums and galleries across the UK, together with their community partners, to gauge the real nature and effectiveness of their engagement practices. A confidential process built trust, allowing professionals and community partners to open up courageously to dialogue and debate, and for very frank views to be exchanged and examined collaboratively. Dr Lynch's summary report has been published and can be read on the PHF website.

Building on the findings of the report, Dr Piotr Bienkowski was appointed in January 2010 to develop a proposal for a new Special Initiative in this area, aimed at facilitating a process of development and organisational change within museums and galleries that are committed to active partnership with their communities. Trustees will decide in the summer of 2011 whether to approve this initiative.

Education and Learning Programme Report

The past year has seen a number of challenges emerging throughout education in the UK, several of which impact directly on areas of focus for the Education and Learning programme

Learning outside the classroom faces serious problems as schools worry about the costs of taking children into new settings against budgetary constraints. This is compounded by the difficulties faced by resource centres for learning outside the classroom, some of which also face closure. Through our Learning Away Special Initiative, which works with schools to improve the quality of residential education and tap the huge potential of residential experiences to deliver curriculum-based teaching and learning, we have seen the great benefits that learning outside of the classroom can bring.

Likewise, it is becoming more difficult for schools and community groups to support supplementary schools. Supplementary Education, a theme of our Open Grants scheme, has the potential for significant impact on young people's learning, as well as benefits for communities. Some of this impact can be seen in the Black Families Education Support Group case study in this yearbook – a particularly strong example of much of the good work that can take place alongside conventional schooling.

A further major area of concern for us is the threat to music in schools. Music departments risk being closed since there is no requirement for music in the new English Baccalaureate. This problem is compounded in higher education, where three or four universities with a music specialism in teacher training are facing closure. Our Musical Futures programme, which has achieved significant impact in schools in England, has shown what it is possible to achieve through music education. We are now seeking to expand participation of schools in the initiative to reach Scotland, Wales and Northern Ireland, but nationally the picture is uncertain as some music departments in schools may see reduced capacity or close.

University fees are clearly also a significant concern. The rising cost of university education presents potential challenges to access for many young people. This situation reinforces the pertinence of our 'What Works' initiative, which is looking at the factors influencing retention and academic success for students. The initiative seeks to find the best ways for universities and higher education institutions to prevent young people from dropping out of education.

Programme principles

The context in which many of the organisations we support are working has informed our thinking on the development of the Education and Learning programme. We have this year formulated a set of unifying principles that underpin our work across Open Grants and Special Initiatives.

Among these are a wish to increase the breadth of young people's education so that they can develop a range of skills, qualities and knowledge they will need for the future. The Speaking and Listening theme of our Open Grants scheme has stimulated a large volume of work to this end that would not otherwise have taken place. New activities, such as the Geography Association grant featured in the Open Grants section, are developing new resources for both teachers and informal education practitioners. Our Learning Away Special Initiative has also played a role in developing personal skills and aptitudes in participating students.

Other key principles underpinning the programme's work are participation and a focus on lifelong learning. As with the work of all the Foundation's UK programmes, participation lies at the heart of what we are doing – it is vital in the work we support that learners are active agents in shaping their own learning experiences. This helps learners to engage and can contribute towards young people learning 'how to learn' and being able to continue their learning after the end of their formal education. The Learning Futures Special Initiative has been particularly significant in developing student-led learning approaches, and in our Open Grants, the Browsers project run by the Glasgow South East Regeneration Agency is an example of how children at risk of exclusion can learn to embrace learning.

Another area of interest is to explore ways in which the different elements of the education system can fit together better. Focusing on smoother linkages between supplementary and mainstream education (through our Supplementary Schools Open Grants theme) or between different stages of the education system (through the focus on transition from primary to secondary school in our Musical Bridges Transforming Transition Special Initiative) will help to provide a more holistic education and prevent the squandering of potential at times of change in young people's lives.

Full details of the principles framework of the programme are online in the Education and Learning section of the PHF website

Development of thinking

Much of our thinking around issues like breadth, creativity, participation and coherence has emerged from our Special Initiatives. Running five such initiatives is demanding on a small team but the breadth of their work, across so many parts of the education system – from primary school through to university and from specific music-based initiatives into the wider curriculum – means that there are some valuable lessons that can be drawn from them.

For example, through Learning Futures, we have developed a framework through which it is possible for schools to achieve this focus on engagement and benefit from its transformational effect upon learning. Learning Futures itself owes much to our earlier Musical Futures initiative, which saw the successful implementation of informal learning. The impact of this project on schools in England, over several years, has been significant – and felt beyond the music room as the improved learner engagement achieved through the teaching and learning techniques developed in Musical Futures have been shown to effect pupils' performance in other areas.

Our Open Grants scheme operates along three themes. This year we have made more grants under the Speaking and Listening theme, reflecting stronger, more impactful and innovative proposals, than under the other Open Grants themes of Supplementary Education and Truancy and Exclusion. We have also been disappointed to receive very few applications from outside of England.

We would therefore welcome in the coming year more applications under the other themes, and from other parts of the UK. For our part, we anticipate issuing more focused calls for applications over the coming year, to try to reach more organisations that could benefit from our support.

The Education and Learning team has been bolstered this year with the appointment of Jennifer Izekor as a new advisor. We are grateful to Tracy Sacks and Jo Dale for their work covering the post of Special Initiatives Coordinator during Vicki Selby's maternity leave, and we are pleased to welcome Abigail Knipe as Grants Assistant and Safiya Juma as Special Initiatives Administrator.

Special Initiatives

Musical Futures

Supporting innovation in school music education £189,912.75 in 2010/11

Musical Futures has been running in schools for seven years now and has developed an approach to music teaching and learning that is followed in more than a third of English secondary schools. This approach aims to sustain engagement and participation in young people's music making by providing a range of strategies that make music learning relevant, realistic and enjoyable for young people. *Musical Futures* is a new way of thinking about music making in schools that brings non-formal teaching and informal learning approaches into the more formal context of schools.

The vision that guides the current phase of the initiative (to July 2012) is for Musical Futures to become embedded into at least half of secondary schools in England, for these schools, teachers, practitioners to feel supported and confident, and for Musical Futures to form a crucial, long-term part of music education policy and practice.

Work during 2010/11 has focused on further embedding Musical Futures techniques into practice through a range of activities. Highlights include the launch of our 'Young Champions' programme, engaging students as online mentors for other Musical Futures participants, increased input to initial teacher training courses, the continuing development of our CPD offers for teachers, delivered by our Champion Schools and the development

of a cross-phase project to help build on successful national programmes for music participation at primary level and create links to Musical Futures work at secondary schools. The project, based on the Iggy Pop song 'The Passenger' is designed to be accessible to non-specialist primary school teachers as well as specialist secondary music teachers, and can be used in schools with different levels of music facilities.

We have also developed a film to encapsulate Musical Futures approaches and demonstrate its impact for teachers considering its use, or encountering it in their teacher training and are contributing to an Olympics themed project led by the Youth Sports Trust, delivering Musical Futures workshops alongside Olympic athletes.

Over the coming year we will also be contributing, alongside the Specialist Schools and Academies Trust and other partners, to a new nationwide music competition for young people and piloting Musical Futures in Wales, Scotland and Northern Ireland.

Learning Away

Achieving more through school residentials

£83,492.33 in 2010/11

Learning Away supports schools across the UK to enhance young people's learning, achievement and wellbeing by using residential experiences as an integral part of the curriculum. We want to achieve significant shifts, nationwide, in schools' commitment to high quality residential learning experiences for their pupils.

This year we have developed the infrastructure of the initiative by appointing as project leader, Peter Carne, previously national champion for Learning Outside the Classroom, creating an online forum and organising national events for the 13 cluster schools in our community of practice in order to share and improve practice.

Around 2000 children and young people from the 61 schools acting as our Learning Away pilots, participated in residentials this year. Each cluster has a different focus, including curriculum development, community cohesion and inclusion, multi-agency and family support work, facilitating student transition, working with parents, improving grades and student leadership.

Our evaluators from the Centre for the Use of Research and Evidence in Education (CUREE) saw significant progress in many clusters and evidence of

- Positive changes in students' attitudes to learning and motivation
- Increases in young people's independence and active engagement and participation
- Enhanced wellbeing and improved relationships
- Development of skills in leadership, thinking and empathy

We aim to embed residential learning experiences into school life so that they become integral to the curriculum and wider culture. By demonstrating the powerful impact residential learning can have on a wide range of outcomes for young people, including attendance, aspiration, achievement and cohesion we hope to inspire other schools and policy makers to recognise residential learning as a highly effective means of fostering learner engagement and success.

"[He] was close to exclusion even though he is only Year 2. He was in my office three times a week for disciplinary reasons. Now he comes to see me at least once a week to show me his 'excellent work' badges. He has completely re-engaged with learning."

A teacher from Newall Green High School, describing the impact of the school's residential learning programme.

Learning Futures

Supporting innovation in school music education

£475,586.50 in 2010/11

Achieving deeper learner engagement such that learners become enthusiastic owners of their learning, and giving them vital '21st century skills', such as collaboration, information literacy and adaptability, are major drivers for change within the education system

Learning Futures has been working closely with seven schools to develop new approaches for developing deeper learner engagement. For us deep engagement is something much more than compliance in the classroom and a concept that has relevance not just for those who are visibly disengaged, but also children and young people who passively withdraw from their education, and those who could be characterised as disengaged achievers – those who perform well academically, keep out of trouble, but reject further and higher education and opportunities for lifelong learning

We have produced a further publication this year examining learner engagement: 'The Engaging School Principles and Practice', and are working closely with partner schools to develop a comprehensive set of materials and tools to guide and aid schools more widely in implementing change to build better engagement

The initiative benefited from a visit in March 2010 to the group of High Tech High schools in San Diego, which are internationally recognised for their expertise in project-based learning approaches. A group of teachers from High Tech High will be making a return visit to work in the Learning Futures schools and help strengthen their pedagogical approaches.

The initiative will end at the end of 2011 and work is going into securing its legacy, including a redeveloped website and work to increase the reach of the research and resources developed. Learning Futures has attracted attention from around the world and will be taken over by the Innovation Unit, which has partnered PHF in the development of the initiative

What Works? Student retention and success

Supporting and retaining students in higher education

£57,147.64 in 2010/11

Over a three year period (2008–2011), we have been generating robust evidence to help universities learn how best to ensure high student continuation and completion rates, particularly for students from disadvantaged backgrounds. The initiative aims to build understanding through evaluation and transfer knowledge about effective practice, rather than to fund retention interventions or their development directly.

Working with seven clusters of higher education institutions (22 HEIs in all) we have found that the key to achieving higher student retention rates lies in enhancing student engagement in their higher education experience. While not a surprising result, the depth of understanding created by the initiative provides insights into how student engagement can be enhanced throughout the student lifecycle and across the academic, social and professional service spheres of the institution. The evidence from the initiative is that significant institutional transformation is often required to achieve the requisite level of structural and cultural change to achieve this

Work this year has focused on completing the evaluation work across the seven clusters with a view to synthesising the learning and findings for wider dissemination over the coming year. In the light of forthcoming higher tuition fees for students, the need for HEIs to ensure strong student engagement to increase student retention and success, will become an even greater imperative. Looking ahead, we will need to ensure that the evidence and recommendations from our work is presented in such a way as to ensure its reception and ready utilisation by institutions more widely to help them strengthen change their practices to ensure student retention

The What Works? initiative is jointly funded by the Higher Education Funding Council for England

Musical Bridges: Transforming Transition

Addressing disconnects between primary and secondary music education

£100,083.69 in 2010/11

In its first full year of operation, Musical Bridges has embarked upon a range of activities to improve the process of transition between primary and secondary school and minimise its negative impact on children's musical education

The initiative has developed several key strands of activity, including evidence gathering and research to better understand current practice, an innovative cross-phase teacher professional development programme and the development of an auditing tool to help schools assess their practice

A cross-sector survey brought together views from primary and secondary schools, music services and other music education providers, culminating in the 'Sound Tracks' report, which can be read on the PHF website. The report emphasised many of the problems of transition and identified a healthy appetite among primary and secondary teachers for working together and sharing pedagogies

The teacher development programme, developed in partnership with Trinity Guildhall and the Open University, is currently being piloted with around thirty schools in three locations across the country

A longitudinal survey is also underway, tracking the experiences of a cohort of children as they make the transition from the final years of Key Stage 2 in to the first years of Key Stage 3. An interim report 'Changing Key', available from the PHF website, provides evidence of some of the disconnects between primary and secondary music education

The importance of transition to a child's musical development was noted by the Henley Review of Music Education. Musical Bridges was recognised for its work in this area and we will be working to influence the National Plan for Music Education that the Department for Education has promised and the development of regional music hubs. A priority for the year ahead will be the scale up of improved practice particularly through working with the new regional hubs and to raise awareness more widely of the problems often associated with transition to stimulate further breakthroughs in practice across the country to enhance pupils' experience

Social Justice Programme Report

The Social Justice programme works with organisations from a range of sectors that work with young people facing difficulties. Often they are in a vulnerable, marginalised position, or going through a period of transition during which they are particularly at risk of experiencing hardship or losing their way in life. The context in which the organisations we support work has been dominated by two key factors during 2010/11. The first is increased financial hardship due to recession and a sluggish economy yielding fewer opportunities, especially for marginalised groups and young people. The second is a reduction in state spending on services to support these groups.

The consequences of these changes are that many organisations, and the young people with whom they work, may face several years of increased risk and uncertainty. Through our grant-making we have sought to respond to these factors in a number of ways.

We have made grants to organisations pursuing means of responding to need that we think are showing particular promise in engaging with and assisting the most marginalised. This includes support for different ways of scaling up innovative work proven to be effective, such as assisting Place2Be to secure and build on its success in embedding mental health support for young people in schools, and in helping Onside to involve disabled young people in the development of new youth zones towns across the North West of England.

We have also supported some organisations that are concerned with the development and effectiveness of their sector as a whole. There is a wider debate around whether support is most effectively made when the recipients are 'on the ground', 'end-users' of support, or whether nurturing smaller, localised, specialised funders to be more effective and strategic will have a magnified impact further downstream. Our support for Clinks (1) and the Law Centres Federation, both of which are concerned with developing other organisations in their sectors, reflects our view that we believe that these types of organisation will be increasingly important in the years ahead.

Leveraging funds and value

Responding directly to the simple reduction in money in the system, we took part in the Social Impact Bonds scheme - an innovative programme that promises to leverage more money from investors to go towards public benefit by offering a financial pay-off based on the success of a social enterprise. The first of its kind in the UK, the scheme we invested in aims to prevent reoffending among prisoners leaving HMP Peterborough. Monies from the bonds are used to fund experienced third sector organisations such as YMCA, Ormiston Trust and St Giles Trust. The scheme concentrates on prisoners completing short jail sentences because of their particularly high re-offending rates.

A further logical step is to seek greater value from the reduced funds in the system, and with that goal in mind we have supported organisations seeking to provide services online - a potentially more cost-effective channel for provision, and one that recognises the importance of reaching young people in the places (real or virtual) where they spend their time. This year for instance we have made a grant to YouthNet for development of TheSite.org, which provides online support on a range of issues to young people across the UK.

While the third sector as a whole is facing challenges we also want to focus on opportunities for the development, and we have done this through support for third sector leadership. We are consistently impressed by the many young leaders we come across through our grant making and we often seek within grants to aid their development. Our grant to the Young Foundation's Uprising programme, and our continued support for the Clora Social Leadership Programme stem from this approach.

Help at the margins

Our Special Initiatives are long term, sustained interventions in areas of particular concern. The Social Justice programme currently operates two Special Initiatives - the Right Here mental health initiative, run jointly with the Mental Health Foundation, and a new initiative in support of young undocumented migrants.

Against the backdrop described, the ongoing work of Right Here is more relevant than ever. There is a strong prospect of young people experiencing a greater level of emotional distress due to the additional hardships many are facing. Also, new funding arrangements at local authority level, which have endangered some of the

organisations involved in Right Here, make it more necessary to explore new collaborative working practices to deliver more effective local support. Findings are beginning to emerge from the four partnerships we have funded, in particular about the impact and value of young people's participation in the shaping of work.

Following on from our report 'No Right to Dream', which looked at the lives of young undocumented migrants in England, we have developed a new Special Initiative given over to this area. The young people our researchers met in compiling their report, and many others like them, will experience many of the same problems and issues as their British peers, such as unemployment, homelessness, exploitation, financial hardship, emotional distress and health problems. The critical difference is that even with services being eroded, the latter can access the help that is available to them without fear of getting into trouble. The undocumented are often unable to do this, and so risk spiralling into destitution and hardship – invisible from support agencies.

Our new Special Initiative, the Supported Options Fund, will work to find innovative ways of ensuring that young people in this predicament are not abandoned without information and support – but instead are able to access trusted, independent and reliable advice that helps them address issues around their status, and access support to stabilise their precarious lives.

Grant-making priorities

As the two Special Initiatives exemplify, our programme priorities are to support young people at difficult times of transition. Transition can present particular problems for those with fewest material resources, social networks, skills and experience. Our view is that an effective intervention early on in a period of trouble for a young person can help prevent their problems becoming multiple and complex.

We also seek to build understanding between groups, on the basis that prejudice and misunderstanding often blights the lives of the most vulnerable young people, and denies them the opportunities and support many others take for granted.

We will continue to welcome applications with these aims. However in the coming year we will also be reopening the grants scheme to fund work relating to criminal justice. We had stopped funding most applications relating to criminal justice, pending a review of our funding in this area (although we did support some particularly strategic grants during this time). On the strength of this review and ongoing involvement with the Corston Independent Funders' Coalition, which is concerned with women and girls in the criminal justice system, we will be taking forward plans to develop a theme within our Open Grants scheme and a Special Initiative. The PHF website will contain all relevant new information as it is confirmed.

We are fortunate in our work to benefit from the expertise of our committee of trustees and advisors. The make-up of the Social Justice committee has altered slightly this year with Anthony Salz stepping down (though remaining a trustee) due to new responsibilities on the board of the Department for Education. Tim Bunting has joined the Social Justice Committee in his place and we are glad to be benefitting from the business perspective he brings.

Special Initiatives

Right Here

Mental Health Special Initiative In partnership with the Mental Health Foundation

£220,364.90 in 2010/11

Right Here is a £8m initiative run jointly with the Mental Health Foundation to radically change how we look after the mental health and wellbeing of young people aged 16–25 across the UK. By intervening early – before mental health problems become deep-rooted – the aim is to reduce the risk of young people's lives being damaged in the long term.

Following an official launch of the four projects – based in Brighton and Hove, Newham in East London, Sheffield and Fermanagh, Northern Ireland – during summer 2010, each project has a lead organisation which is targeting

specific groups of local young people. All the projects are also working universally with young people in their areas to promote good mental health.

- Right Here Brighton and Hove, led by Sussex Central YMCA, is aiming to work with young people who are isolated (Lesbian, Gay, Bisexual, Transgender young people and those estranged from their families), insecure (homeless or insecurely housed), bullied (and those who bully), or traumatised (refugees and asylum seekers and those who have experienced domestic violence)
- Right Here Newham, led by New Choices for Youth Trust, is working with BAME (Black, Asian and Minority Ethnic) men and women
- Right Here Sheffield, led by Sheffield YMCA, is targeting young people who are not in education, employment or training, long-term unemployed young adults, teenage/young parents, and BME young people
- Right Here Fermanagh, led by Youth Action Northern Ireland, has young people from disadvantaged communities, young parents, LGBT young people and young people from new ethnic communities amongst its target groups

Each local partnership has developed new ways of providing support to those aged 16–25, and discovering what works so that methods can be replicated nationally to bring about large-scale change.

The role of young people in the shaping of the work is an important feature of the initiative. Through their membership of Right Here youth panels, young people are involved in raising mental health awareness locally and play a part in the governance and delivery of each project, they are involved at every stage and at every level of Right Here. This focus on participation has yielded some notable findings on the practice of participation. Lessons were shared with staff from across the Foundation's programmes in a seminar at PHF's offices in March 2011.

The initiative is subject to an ongoing evaluation by the Tavistock Institute, the first report of which was published in June 2011.

For further details see www.right-here.org.uk

Supported Options Fund

Support for young undocumented migrants

£7,400 in 2010/11 and £4,390.26 under Young Undocumented Migrants

This year PHF trustees agreed to establish a Supported Options Fund for young migrants who become 'undocumented'. During the coming year, we will launch this fund which will aim to help organisations find innovative ways of empowering young people who, for various reasons, find themselves undocumented and unable to access help, advice and support to address their problems.

Some of the stories of young people in this position were brought out by researchers at City University and University of Oxford in 'No Right to Dream', research which we commissioned to deepen our understanding of these young people's lives.

Many of these young people find themselves in this predicament through no fault of their own, and those who cannot readily return home face futures of uncertainty and anxiety and vulnerability to problems such as destitution, criminal exploitation, poverty and poor physical and mental health. Critically, there are virtually no trusted and reliable means at present through which these young people are able to get information they need on their rights, entitlements and options, so they can reach sensible decisions for themselves about their futures, and be supported in implementing them.

The number of young undocumented migrants in the UK is unlikely to diminish significantly, despite legislative and rule changes, since they have roots in global social and economic developments.

Our hope is that through the Fund, children and young people will be able to move their lives on – either by regularising their status, seeking advice, information and assistance to deal with immediate problems, or giving them a clearer sense of the (limited) options they face, and how they might pursue them.

India report

Over the course of 2010/11 the India Programme has supported 23 different social development initiatives with 18 different NGOs across the country. These were spread across development sectors in keeping with our philosophy of being open to supporting different types of activity, with most projects falling within the broad headlines of governance, education, health, and working against violence against women. We are particularly pleased that we are supporting interesting projects in India's poorest (and most difficult) eastern region, where we expect our presence to grow in the future.

Our efforts to move beyond project support and work with our NGO partners in improving governance and financial systems have led to the articulation of a set of expected standards. We have followed this up with a system of financial and governance audits, and have tried to walk the line between being exacting and being intrusive. We have combined this with support specifically for building capacity within our NGO partners – including support to organisation heads to attend management courses and update themselves on current thinking on governance, transparency, and accountability.

Staff from our Delhi office frequently travel to grantee organisations, as do consultants covering the East and West of India. However a larger delegation, including trustees Jane Hamlyn and Tim Bunting, and Director Robert Dufton, visited Gujarat on 8–10 March 2011 and celebrated Women's Day with our NGO partner Anandi and over 1000 tribal women from local districts. This provided a first-hand view of the negotiations involved with the state to ensure that statutory entitlements are delivered to marginalised communities.

Coinciding with the appointment of a new Director for India, we are in the process of reviewing the India Programme's performance over the past five years, and also looking at social development gaps in the India of the future and how we can best support Indian NGOs in addressing them. A report is expected to be tabled for discussion in September 2011.

Note from Ajit Chaudhuri, Director – India

I joined Paul Hamlyn Foundation in April 1999, and I move on in May 2011. In this time, India has changed considerably, as has PHF and the rest of the world. I am fortunate to have seen this change from many remote and underdeveloped backwaters within India and from the bright lights of New Delhi and London – both physical change and change in development thinking.

The most important change in thinking has been the realisation that NGOs are not the ultimate answer to the problems of the poor in India. It is only the state that has the resources, the mandate, and the reach and scale to bring about sustained social development. The India Programme has tried to work to support activities that strengthen government development schemes, addressing gaps in them, and enabling poorer and more remote communities to access them. This has led to outcomes that are not directly attributable to our support, but are stronger and (we expect) will last longer. We have also invested in activities that build the capacity of NGOs to be a link between the state and its most impoverished citizens, and to link their aspirations to development policy. And, perhaps most importantly, we have recognised opportunities afforded by the 73rd and 74th Constitution Amendments that devolve authority and responsibility for social development to local political institutions at village and municipal levels.

As a development-funding agency, are we right to support the process of democratic decentralisation in India? Or is this likely to leave the people we look to benefit, the very poorest, the most marginalised, worse off? I leave to study the link between devolution of power and social development in India, an interest that has developed over the past three years in my work with PHF.

And I would like to thank everyone for a wonderful 12 plus years.

Reference and administrative details and audit report

The annual report (which comprises pages 1 – 43 and the list of trustees, staff and advisers) 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.
- 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 (registered in England and Wales) and registered charity number 1102927

On 6 May 2004, the Trustees of the Trust transferred the activities and the majority of the assets of the Trust to the Company A further transfer took place in 2010/11 On 31 March 2011 the assets of the Trust stood at £10.7m and these are included within the financial statements shown on pages 34 to 43

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 eleven 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 grant applications above £150,000

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

- Arts, Education and Learning, India and Social Justice Programme Committees (each comprising three trustees and up to four external advisory members) meet at least quarterly to consider applications up to £150,000 Decisions on applications to the UK programmes up to £10,000 may also be taken by staff committees and are reported through the Programme Committee to the Board of Trustees
- Finance and Investment Committee, comprising five trustees and two external advisory members, meets quarterly to consider investment strategy, manager appointment and performance, and twice a year to consider financial matters
- Remuneration Committee, comprising the Chair and the Chairman of the Finance and Investment Committee and two other trustees, meets at least once a year

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

The Board keeps the skill requirements for Trustees under review The Trustees create a long list of appropriate people to meet identified gaps A sub-committee interviews a shortlist of candidates Trustees are initially appointed only until the next 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 comprises a meeting with the Chair, and meeting(s) with the Director and other staff, 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

Trustees have considered the Charity Commission's guidance on public benefit and confirm their view that the Foundation's objects and aims as set out on page 1 are in alignment with the public benefit requirements

of the 2006 Charities Act. The Trustees Report on pages 1 to 33 demonstrates the activities of the Foundation and how they meet the Principles as defined in the Act.

Statement of trustees' responsibilities

The trustees (who are also directors of the Paul Hamlyn Foundation for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to

- Select suitable accounting policies and apply them consistently,
- Observe the methods and principles in the Charities SORP,
- Make judgments and estimates that are reasonable and prudent,
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

In so far as the trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware, and
- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Independent auditors' 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 2011, which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement set out on page 29, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the charity's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2011 and of its incoming resources and application of resources, including its income and expenditure and cash flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

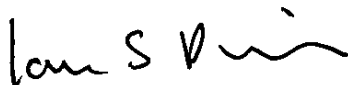
Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



Ian Dixon (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
5 July 2011

Breakthrough Fund

Museum of East Anglian Life	Additional Breakthrough Fund allocation to consolidate the 'Happiness in Heritage and Arts' grant awarded in 2009	£46,000.00
Punchdrunk	Additional support for organisational development	£20,000.00
	Support costs	£27,760.07
		£93,760.07

Museums and Galleries	Support costs - research and development costs for potential new special initiative	£44,126.94
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Jane Attenborough Dance in Education (JADE)	Support costs - Symposium costs	£8,368.59
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Special initiative total		£1,843,626.34
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Open Grants

20 Stories High	To underpin the salaries of both the Administrator/General Manager and the Participation Coordinator	£43,750.00
Arjati Dance Company	To help people with learning disabilities take the lead	£40,500.00
Arts Services Grants Ltd	To support new collaborative approaches to creative learning through a three-year programme of project based co-learning and professional development for teachers, artists and young people	£25,000.00
ASF Shetland	A three year weaving development programme for local makers, students and amateur weavers, comprising provision of textiles support, access to equipment at ASF Shetland and training programmes in textiles	£43,000.00
Baltic Flour Mills Visual Arts Trust	Core support underpinning a training and development programme for staff, including audience development initiatives and a cultural exchange programme across other contemporary arts venues	£100,000.00
Bombastic Ltd	Support towards a new piece of dance theatre for 7-11 year olds, integrating animation and new technologies and extending beyond the stage to schools and homes through workshops, live streaming in school hours and a computer game	£15,000.00
British Ceramics Biennial	To underpin the development of the British Ceramic Biennial's Community and Education Programme, by providing funding for a Co-ordinator post and an element of project costs. The programme will include a series of public events and three commissions developed in collaboration with local communities	£84,000.00
Camden Arts Centre	Research and feasibility study to explore how 'Get the Message', an artist led programme working with young people with learning difficulties, can be developed and extended	£8,150.00
Capsule	Organisational support for two years to ensure successful delivery of Home of Metal and Supersonic in 2011, including development of a five year plan	£60,000.00
Cheltenham Festivals	To underpin a programme of audience development initiatives and encourage Science Festival audiences to attend the music festival	£7,500.00
Children's Discovery Centre	A pilot using storytellers and writers to introduce storytelling techniques to teachers as a way of developing children's writing skills	£55,000.00
Clore Duffield Foundation	To commission independent research to consolidate the existing body of evidence for cultural learning, aggregating findings on impacts, outcomes and best practice	£10,000.00
Clore Cultural Leadership Programme	Targeted at individuals within organisations or working freelance who show a strong commitment to encouraging people to be actively and practically involved in the arts and culture, as a maker and/or participant	£60,000.00
Curve (Leicester Theatre Trust)	Three-year project to support and train young people to research, plan and deliver entrepreneurial arts projects in their communities, leading to performances at Curve Theatre	£120,000.00
The Campaign for Drawing	To train sixteen workshop leaders to deliver courses that support a wide range of organisations to devise high quality Big Draw and other drawing activities	£26,340.00
Felle an Phoball	Supporting the salary of a Youth Arts Coordinator for three years to deliver a diverse range of arts programmes initiated and tailored by (and for) young people, and to showcase them in the organisation's festivals	£97,712.00
Fevered Sleep	Transforming contexts for children's performance in the UK.	£52,000.00
IKON Gallery	PHF grant will support Ikon Gallery to work in partnership with British Waterways and a group of young people, aged 15 - 19 years old, from Birmingham. Ikon plan to lease a canal boat to be used as a dedicated space for an evolving youth group, the participants will be given the opportunity to collaborate with professional artists and IKON staff and develop a programme of arts activity on the boat and the canal area	£220,000.00
The James Menzies Kitchen Memorial Trust	To develop JMK's programme, stabilise its financial position by building reserves and develop its fundraising strategy	£70,000.00
Lottolab Studio	To develop an educational programme, in partnership with schools across London, for The Box, a new publicly accessible arts and science research studio based at the Science Museum and led by Neuroscientist Beau Lotto and his Lottolab studio	£47,000.00
Lyric Theatre Hammersmith Ltd	A change management and capacity building project, which supports the theatre's capital expansion and for it to become a national exemplar for innovative children's service delivery	£145,000.00

Arts Programme Grants awarded in 2010/11

Special Initiatives

ArtWorks

A programme to develop practice in participatory settings

Creative Scotland	This is a national strategic approach to creating relevant and high-quality skills development and support. It aims to build connectivity, professionalism and identity, engender joined-up thinking and skill development & provision across Scotland for artists at all stages of their careers	£300,000 00
Curious Minds	Proposal Development	£1,500 00
The EMPAF Partnership Ltd	Proposal Development	£3,000 00
Foundation for Community Dance	The programme of work aims to share and add value to what the partners already achieve in delivering support for artists, to develop a collective voice, to provide an on-line resource for artists and employers and develop a national quality assurance framework	£181,500 00
Foundation for Community Dance	Proposal Development	£2,500 00
Guildhall School of Music & Drama	The aim of this pathfinder is to join up the best of existing provision and actively encourage new practice in training and development of artists working in participatory settings. The programme includes undergraduate and postgraduate provision, as well as the establishment of a community of practitioners. Each training programme is tailored across portfolio roles, artistic skills & reflective practice	£266,310 00
Guildhall School of Music & Drama	Proposal Development	£2,000 00
Plymouth Music Zone	Proposal Development	£2,000 00
University of Sunderland	The programme is an enquiry-based research approach building on strong existing networks in the North East. An audit to reflect best-practice will be carried out that will document common strengths of existing provision and identify areas of development. This will inform the future creation of progression routes in different settings (youth, community, health, social care). It will bring together specialists from different artforms, academics, practitioners (arts based and from social sector) to develop accredited flexible/modular courses, careers' seminars, jointly authored research and the production of on line material	£315,304 00
University of Sunderland	Proposal Development	£1,500 00
Welsh National Opera Ltd	This is a national strategic approach aiming to bring together Welsh based artists from all art forms to work together to share their individual practice, using connectivity between art forms, artists and organisations as a catalyst for the development of a new and sustainable training model. The proposed programme uses cross artform and cross-sector discussions to generate learning for national dissemination	£179,010 00
Welsh National Opera Ltd	Proposal Development	£2,000 00
	Support costs	£32,405 75
		£1,289,029 75

Awards for Artists

Eight awards to individual artists of £45,000 payable over three years

Composers: David Fennessy, Anna Meredith & Jason Yarde	£135,000 00
Visual arts: Angela de la Cruz, Luke Fowler, Christina Mackie, Ben Rivers & Lindsay Seers	£225,000 00
Support costs	£48,340 99
	£408,340 99

Making Music	Core support towards a celebration of ensemble singing on an unprecedented scale and ambition, bringing together the world's leading vocal groups with singers of all backgrounds and abilities at the Roundhouse in March 2011	£10,000.00
Making Music	To develop a new strategy to recruit, train and retain a large and skilled volunteer force to represent and support more than 200,000 non professional musicians across the UK	£29,000.00
Manchester Camerata Limited	To underpin a programme of CPD and integrated action research, aimed at freelance musicians	£10,000.00
Manchester International Festival	To develop MIF Creative as a core part of the Manchester International Festival and provide opportunities for local people to work with leading international artists	£150,000.00
The National Youth Orchestra of Great Britain	To underpin the organisational development work that NYO has started, supporting them through a period of change, to achieve their vision and shape a socially responsible future for orchestral practice	£120,000.00
Norfolk Dance Limited	Following a period of research, particularly relating to working with integrated or non-integrated groups, Norfolk Dance will extend their provision and practice towards people with learning difficulties and/or physical disabilities developing a new delivery model across the county	£70,000.00
PEER UK Ltd	To support the development of a new three year programme of work in partnership with artists, local community organisations, schools and community members	£75,000.00
Rajni Shah Projects Ltd	Rajni Shah Projects Ltd is pioneering a new model of touring performance that prioritises developing long term relationships and nurturing creativity in underprivileged communities across England	£16,000.00
Royal Scottish National Orchestra	A three year programme of activities designed to deliver personal and professional development to all 112 RSNO employees	£212,725.00
The Ruskin Glass Centre Limited	Pilot scheme exploring the expansion of glassmaking workshops, to culminate as part of the 2010 International Festival of Glass & Glass Biennale	£7,910.00
The Sage Gateshead	To set up an ensemble to provide leadership for SG's team of musicians, working across the region and in the building as amateurs, teachers and performers. Each ensemble member will either lead strands of work (overseeing particular music practices or contexts, such as folk music) or lead specific projects working as an individual musician, in small groups or as part of the whole ensemble	£198,000.00
Scottish Poetry Library	To support a feasibility study into the potential for developing a national programme of work for older people	£9,000.00
The Showroom	A two-year series of artists' projects exploring new forms of participation in the Church Street neighbourhood, crossing between the fields of art, education, and research	£60,000.00
Greenwich Council	A programme of workshops for the residents of a Greenwich housing estate focused on gardening, sustainable crafts, cooking and community consultation	£22,000.00
Solent Centre for Architecture and Design	To develop and run an education and participation programme associated with the building of an architecturally and conceptually innovative temporary live/work spaces for artists in the New Forest	£42,000.00
The Sorrell Foundation	To underpin the establishment of a free National Art & Design Saturday Club for young people across the country at their local college or university, building on an existing pilot	£149,873.00
Southbank Centre	To continue to underpin Voicelab for a further three years, with a particular emphasis on widening participation and training voice amateurs	£375,000.00
Southbank Centre	To support the production of an animated film by artist David Shrigley to launch a campaign, with an associated online petition, about public funding of the arts	£9,000.00
Timespan	In support of a two year artist residency programme which aims to develop engagement in the contemporary arts from local groups in Helmsdale (Scottish Highlands), Timespan board members, staff and volunteers	£48,000.00
Tinderbox Theatre Company	To support Tinderbox Theatre Company's Outreach Programme	£66,000.00
Tyneside Cinema	Young Tyneside is a two-year project to explore new ways of working with young people and develop a new organisational model for Tyneside Cinema	£94,000.00
WeDidThis	To evaluate their first pilot projects, as well as funder behaviour and motivation. To help improve the site and curate a fuller project portfolio	£10,000.00
Open Grants total		£3,113,460.00
Arts Programme total		£4,957,086.34

Education and Learning Programme

Grants awarded in 2010/11

Special Initiatives

Learning Futures		Developing new teaching and learning practices in schools	
Biddenham International School and Sports College	Development of Learning Futures resource - case study		£5,000 00
Birches Head High School	A Learning Futures composite model school - grant enabled the school to adopt Learning Futures pedagogies		£10,000 00
Cramlington Learning Village	A Learning Futures composite model school - grant enabled the school to adopt Learning Futures pedagogies		£10,000 00
Haybridge High School & Sixth Form	A Learning Futures composite model school - grant enabled the school to adopt Learning Futures pedagogies		£10,000 00
Upton Village College	Development of Language Futures tool		£5,000 00
Matthew Moss High School	A Learning Futures composite model school - grant enabled the school to adopt Learning Futures pedagogies		£10,000 00
Monkseaton High School	Development for Spaced Learning tool		£10,000 00
Noadswood School	A Learning Futures composite model school - grant enabled the school to adopt Learning Futures pedagogies		£10,000 00
Noadswood School	Development for Learning Futures resource - coaching tool		£5,000 00
Villiers High School	A Learning Futures composite model school - grant enabled the school to adopt Learning Futures pedagogies		£10,000 00
	Support costs		£390,586 50
			£475,586 50
Learning Away		Support costs for special initiative piloting innovative approaches to residential learning for young people	£83,492 33
Musical Bridges		Support costs for special initiative developing strategies for transition in music education	£100,083 69
Musical Futures		Support costs - research, advocacy, dissemination and consultancy costs for special initiative supporting innovation in school music education	£189,912 75
What Works?		Support costs - research, dissemination and consultancy costs for special initiative exploring good practice in supporting and retaining students in higher education	£57,147 64
Special Initiative total			£906,222.91

Open Grants

Argyll & Bute Council	Through delivering a series of arts based workshops in schools across the district, the Creative Arts in Schools Team will develop a learning environment that fosters communication through connection, respect and empowerment	£43,670 00
ASDAN	Developing a formal accreditation process and citizenship award to recognise citizenship learning in a faith based context, initially with the Muslim community	£39,000.00
Association of Northamptonshire Supplementary Schools	Establishing creative, mutually beneficial and developmental partnerships between supplementary and mainstream schools, incorporating joint study support accreditation and training	£24,103 00
At Bristol Limited	Building on the success of 'Bright Sparks', 'Inspiring Interactions for BME primary educators' focuses on joint CPD and mentoring programme for supplementary and mainstream science teaching	£48,640.00
Aune Head Arts	Speak Up! A partnership project working to develop marginalised young people's speaking and listening skills and enable them to play a greater role in their communities through youth led community radio	£126,047 00
Bedlingtonshire Community High School	Setting up a youth transition team, led by youth workers working with families in middle schools, for target group work improving attendance and self-esteem within a federation of schools in Northumberland	£106,435.00
Cal Aaj Education Partnership (CAEP)	Developing a stronger business plan and model for sustainability within the supplementary education sector	£10,000.00
The Cardigan Centre	Working with young people to enable them to become confident communicators in all aspects of their lives	£124,728 00
Chesterfield/North East Derbyshire Learning Community	The Bridge Project will pilot a new approach to support young people with attachment disorder and provides a challenge in thinking for schools that have curriculum needs as a first priority	£133,339.00
The Children's Society	Developing Speaking & Listening as part of an intergenerational project for young people aged 11-18	£79,493.00

ContinYOU	Scaling up the independent, peer-assessed quality recognition scheme developed by The National Resource Centre, a national programme campaigning on behalf of supplementary education and based within ContinYOU	£150,000.00
Debate Mate Limited	Expanding an innovative near-to-peer debating programme and follow-on leadership opportunities in three regional cities	£122,038.00
Eastside Young Leaders' Academy	Embedding a comprehensive programme and central commitment to parental engagement to build an exemplary model that can inform practice in the wider supplementary school sector	£33,000.00
Enfield Voluntary Action	Achieving a step change in the nature of partnership working between mainstream and supplementary schools to improve pupil outcomes and influence local policy for the benefit of supplementary schools	£38,000.00
The Geographical Association	My place, our city, our world: Developing young people's understanding of place through speaking and listening to others in the community	£91,500.00
I CAN	To complete the piloting of Secondary Talk and preparation for national roll out and undertake a three-year evaluation of impact	£100,000.00
Inspire - the Education Business Partnership for Hackney	Mind the Gap: A two-year programme aiming to support students in transition from Key Stage 2 to 3 and identified as at risk of disengaging from mainstream education	£135,000.00
Jobs Education and Training	Training in speaking and listening skills related to community tensions, conflict management and job search skills for BME secondary school students in Derby	£127,132.00
Laneshaw Bridge Primary School	Using Transcendental Meditation with pupils, teachers, and parents / carers in three schools in Lancashire in order to increase engagement and reduce truancy and exclusion	£63,000.00
London Borough of Hammersmith and Fulham	Take Two: Developing and evaluating a speaking and listening programme for secondary pupils in Salford and London to equip them for the world of work	£179,000.00
London Musicians' Collective (Resonance FM)	A pilot training programme for schools in which radio production and editing techniques are used within the National Curriculum to develop speaking and listening skills.	£9,680.00
LSN	Widening access to public speaking: To work with FE colleges and work based learning providers to develop the public speaking skills of Foundation Level learners through active citizenship projects	£149,360.00
Mounts Bay School	This new early intervention Student Support Service will provide an individualised, therapeutic programme, combined with team and self-esteem building through sport, to address key issues leading to exclusion.	£79,838.00
NEAD	Global English: Focusing on current local/global issues to stimulate students' speaking and listening skills within the teaching of English in secondary schools	£146,699.00
Patcham High School	Developing the speaking, listening, reading, and communication skills of pupils who are undeveloped in their social ability to communicate effectively	£119,884.00
The Phoenix Group for Deaf Children	Listen and Speak Up! Addressing and developing listening and speaking skills for deaf young people to empower them and prepare them for the world of work	£80,490.00
Project Volume	ARTiculate: An 'active research model' designed for young people with severe learning disabilities to look at developing speaking and listening skills, through directing and being directed in dance	£23,325.00
Rushmoor Education Improvement Partnership	Establishing a nurture group setting to support vulnerable pupils who have emotional literacy needs, are identified as at risk of social exclusion and not on track to fulfil their potential	£150,000.00
Sikh Community and Youth Service (SCYS)	Punjabi web portal: To update and modernise current teaching methods and resources used in Punjabi supplementary schools in order to accelerate learning and increase uptake at GCSE	£95,000.00
SpeakersBank Limited	Environmentally Speaking: A feasibility study for a public-speaking training programme in which pupils in secondary education in the South West of England will champion a local environmental community cause	£33,000.00
SWIFT	Working therapeutically and systematically with families at risk, children at risk of exclusion and school partners in a cross phase family support project	£149,800.00
Talk Together London CIC	Developing and evaluating an innovative cross-cultural supplementary school model, boosting the attainment of bilingual young people through engaging parents and addressing cultural barriers to educational achievement	£117,612.00
Teignmouth Community College	Developing school and family strategies to prevent exclusion	£98,356.00
UCL Institute of Child Health	Evaluating the 'INCLUSIVE' Project: Pilot randomised controlled study of the INCLUSIVE intervention. INCLUSIVE improves the school environment, institutes restorative justice approaches and delivers a social and emotional skills curriculum	£30,000.00
The Village Storytelling Centre	Strengthening the Voices of Young People: Storytelling will be a tool for personal development, supporting speaking and listening skills. Young people will shape and share their stories, past present and future	£26,850.00
Wakefield Council	The School Exclusion Team aims to implement Restorative Practice across all 150 schools in the authority, supported by embedding RP modules in a range of training courses for new and existing teachers	£100,000.00
Whole Education	Organisational development and stakeholder engagement: To develop the core capabilities and capacities of the organisation to meet its key aims and achieve sustainability from September 2012	£75,000.00
Whole Education	To develop and support a campaign to replace the English Baccalaureate with a better baccalaureate that will provide young people with a more rounded education	£10,000.00

Open Grants total

£3,269,219.00

Education & Learning

£4,175,441.91

Social Justice Programme

Grants awarded in 2010/11

Special Initiatives

Reading & Libraries	Support costs - dissemination costs	£233 47
Challenge Fund		
Refugee and Asylum	Support costs - dissemination costs	£416 94
Seeker Fund		
Right Here	Support costs for Mental Health Special Initiative focussing on developing innovative approaches to young people's mental health issues	£220,364 90
Supported Options (Leave2Remain)	Support costs - development costs for new special initiative	£7,400 00
Young Undocumented		
Migrants Research	Support costs - research and development costs	£4,390 26
Special initiative total		£232,805.57

Open Grants

The Action Group	Development of support service for BME learning disabled in Edinburgh and the Lothians Extension of existing support service to assist young people over the age of 18.	£193 930 00
Bolton Lads and Girls Club	To continue a successful two year pilot funded by Department for Education's Youth Sector Development Grant. The model - which targets with intensive support 14-16 year olds most at risk of ending up as long term excluded from education employment and training - will be adapted to intervene with young people from the age of 11-12.	£150,000 00
Clinks	Funding towards core costs to enable ongoing support, advocacy for and engagement of the third sector working in criminal justice.	£300,000 00
Dennistoun Community Youth Project	Extending DCYP's existing services to deliver, in partnership with other local service providers, a programme of intensive one-to-one support to local young people, which enables them to access education and training and develop the skills and confidence to take advantage of emerging employment opportunities.	£40,000 00
Diversity Films	Funding to cover a budget shortfall in Diversity Film's Starting Block initiative - a cross community programme using film to promote community cohesion in Glasgow.	£23,000 00
Diversity Films	Business development support for the Starting Block Initiative.	£10,000 00
Fight for Peace (UK)	Founded in Brazil, Fight For Peace (FFP) uses boxing and martial arts combined with personal development courses to realise the potential of young people in communities that suffer from crime and violence. In 2007 FFP was replicated in Newham, with the establishment of the FFP Academy in North Woolwich. This grant provides support to continue the delivery of this project, as well as complete the adaptation process of the intervention model for the UK to reduce gang violence and anti social behaviour in deprived communities through education, work training and support services.	£75,000 00
Goldsmiths, University of London	Delivery of a practitioner and academic conference on civil society and the arts.	£5,000 00
Healing Our Past Experiences (Hope Group)	This grant supports the creation of a local and national service that focuses on reaching and supporting teenage victims of abuse and rape and includes the development of a national helpline.	£149,981 00
Hillingdon Refugee Support Group	A partnership between PHF, Hillingdon Refugee Support Group and Youthbank to support and train a group of young people to become grants assessors and administer their own grants fund.	£2,120 00
Indefinite Films / Leave to Remain	Development of a campaign concept and production of a high level campaigns strategy that can maximise use of the raised public awareness of the situation of undocumented asylum seeking children, generated by a commercial feature film, to achieve change.	£8,950 00
The Institute for Social Change	Support for development and delivery of an Immigration module for the British Social Attitudes Survey conducted by the National Centre for Social Research. This survey will explore differences in attitudes towards immigration between subsections of the British population and understand how their attitudes to immigration relate to their wider social values and consumption of the mass media.	£50,000 00
The Koestler Trust	Expansion of 'Arts Mentoring for Released Prisoners' project and UK-wide roll out of the Arts Award Scheme's exhibitions, curated by marginalised young people.	£180,000 00
The LankellyChase Foundation	Contribution to the Women's Diversionary Fund Round 2 (WDF2), a joint initiative between the Ministry of Justice (MoJ) and the Corston Independent Funders' Coalition, an alliance of 22 charitable trusts and foundations seeking to transform how vulnerable women are treated in the criminal justice system through implementation of recommendations in Baroness Corston's 2007 review.	£150,000 00

Law Centres Federation	Further development of law Centres in England and Wales to increase the number that are skilled in delivering youth centred legal advice services, including housing, benefits, debt, education, discrimination, asylum and immigration	£222,647.00
Llanaug	Working across Caerphilly, Newport and Torfaen, EMPHASIS provides an intensive and assertive outreach programme to the most excluded and non-engaging 14-19 year olds, who are most at risk of homelessness	£150,000.00
Music and Change	Support for Music and Change to consolidate and grow an existing multi-agency project which, through the creation of music, seeks to promote social inclusion and positive mental health to marginalised young people and influence mental health delivery and policy. This builds on a PHF funded pilot	£135,000.00
Music in Detention	This funding supports a segment of Music in Detention's continued delivery of work in Immigration Removal Centres, expansion and development of their community exchange work and devolution of delivery to local partnerships	£195,342.00
New Philanthropy Capital	Core support for NPC to enable its online wellbeing measurement tool to benefit a wide range of organisations that work with children and young people	£130,000.00
OnSide North West	Capacity building for volunteers who support participation of disabled young people in a new wave of north west youth facilities	£62,810.00
The Place2Be	This project will provide support to prevent truancy and exclusion by providing accessible school based mental health services to 90,000 at-risk children and families in 20 deprived areas across the UK by 2020	£140,249.00
Reclaim Project Ltd	Core funding to enable Reclaim Project, an award winning leadership and mentoring project for young people at risk of negative outcomes, to set up as a new organisation	£150,000.00
The Runnymede Trust	Transition costs to enable the Information Centre About Asylum to move to the Runnymede Trust	£5,000.00
Scottish Adoption Association	Development of a child-centred adoption support service offering individual and group support	£16,000.00
S'gn'thealth	Pilot for establishing a domestic abuse service for young deaf people in the UK	£120,000.00
Social Impact Partnership	A contribution to a reoffending Social Impact Bond. A partnership of Foundations will fund third sector organisations working to reduce the re-offending rates of short sentence male prisoners leaving Peterborough Prison.	£100,000.00
WomenCentre Ltd	Consultation with women's centres and vulnerable women in contact with the criminal justice system so as to ensure there is a full, inclusive and well coordinated women's sector response to the consultation on the Ministry of Justice (MoJ) Green Paper: <i>Breaking the Cycle: Effective Punishment, Rehabilitation and Sentencing of Offenders</i> .	£10,000.00
The Young Foundation	Support to conclude the pilot of a leadership programme in east London which identifies, recruits and supports young adults aged 19-25 from marginalised communities, to become the public leaders of the future to reconnect Britain's institutions with the public	£60,000.00
Young People in Focus	A quarter of young men (18-24 years old) in custody are fathers or fathers-to-be. The aim of this project is to improve the parenting of young fathers who are in custody, at a time when they are motivated to change	£169,984.00
YouthNet	To engage and work with marginalised young people to carry out a major redevelopment of TheSite which provides online support for young people in the UK	£147,441.00
Open Grants total		£3,152,454.00
Social Justice Programme total		£3,385,259.57

India Programme Grants awarded in 2010/11

Open Grants

Association for Rural Advancement through Voluntary Action & Local Involvement	Building institutions that challenge poverty	£179,912.00
Baihar Nari Uthan Sewa Mahila Mandal (Nari Uthan)	Development Initiative with Baiga Tribal Community	£59,948.30
Bhagwan Mahaveer Viklang Sahayata Samiti	Support to Jalpur Foot	£139,999.98
Bhoomika Vihar	Social safety nets for girls in North Bihar	£22,152.00
Digdarshika, Institute of Rehabilitation and Research	To create a model on comprehensive inclusive education of the persons with disabilities	£8,676.00
Gramin Mahila Vikas Sanstha (GMVS)	Enhancing Dalit women's role in development	£11,509.33
Gramin Mahila Vikas Sanstha (GMVS)	Enhancing Dalit women's role in development (continuation).	£11,645.34
Janvikas Samajik Sanstha (JVSS)	Education support to socially excluded children	£55,272.00
Kolkata Sanved	Using dance movement therapy for rehabilitation in Government Shelter Homes	£17,254.00
National Institute of Women, Child and Youth Development (NIWCYD)	Platform girls care and protection	£95,289.63
Nizantar Trust	Residential educational centre for tribal adolescent girls	£26,007.60
North East Research and Social Work Networking (NERSWN)	Promoting equitable healthcare in Kokrajhar	£9,365.53
Pradeepan	Livelihood support in Betul District	£13,255.73
Pradeepan	Livelihood support in Betul District (continuation)	£13,412.38
Professional Assistance for Development Action (PRADAN)	Livelihood Support in Mayurbhanj.	£44,928.90
Professional Assistance for Development Action (PRADAN)	Livelihood Support in Mayurbhanj (continuation).	£45,459.82
Research Academy for Rural Enrichment	CBR programme for people with disabilities in Tarbha Block of Sonepur District, Odisha	£24,487.22
Samaj Vikas Sanstha (SVS)	Organising women to address issues of violence in Osmanabad and Latur Districts	£40,973.32
Social Animation Towards United Liberative Action (SANTULAN)	Organising mine workers in Maharashtra	£12,505.89
Social Animation Towards United Liberative Action (SANTULAN)	Organising mine workers in Maharashtra (continuation)	£12,653.67
Tomorrow's Foundation	Educational and economic rehabilitation of children of Bastar	£21,984.00
VAANI Deaf Children's Foundation	Support to deaf children's organisations in East India	£32,739.82
VAANI Deaf Children's Foundation	Support to deaf children's organisations in East India (continuation)	£33,126.71

Open grants total

£932,559.17

Exchange Rate Adjustments

£113,673.04

India Programme total

£1,046,232.21

Other grants awarded in 2010/11:

The Helen Hamlyn Trust	£2,000,000.00
The Pennies Foundation	£50,000.00
Disasters Emergency Committee	£100,000.00
Total other grants	£2,150,000.00

Grants awarded & SI support costs total

£15,714,020.03

Financial Review

Endowment Fund and Investment Portfolio

A year of recovery in economy and markets but rising inflation warrants caution

The Endowment Fund represents the original gifts by Paul Hamlyn, both in his lifetime and under the terms of his will, together with net gains from related investment assets. The Trustees have discretion to make disbursements from the Endowment fund in circumstances they consider appropriate. Investment returns from the Endowment investment portfolio are used to finance grant-making and other work.

After the gains of the preceding financial year, 2010-11 was a period of continued recovery, although the increase in global inflation suggests greater caution may be appropriate in coming months. Overall the Foundation made gains of £20.1m as the markets recovered. The total size of the fund (investment and other assets excluding cash in hand) rose to £574.8 million at 31st March 2011. The Endowment fund received a small additional contribution during 2010/11 of £5.7m from the further winding up of the Paul Hamlyn estate.

The Foundation has wide investment powers which are specified in its Memorandum and Articles of Association. All Trustees are involved in setting investment policy, but authority to decide strategy is delegated to the Finance and Investment Committee. The Finance and Investment Committee, with input from senior staff, consultants and Paul Hamlyn Foundation's own Investment Director Richard Robinson, sets asset allocation and engages professional managers running its multi-asset, multi-manager portfolio. Most of the managers have discretionary mandates although use of advisory and passive strategies is made.

The Foundation's investment policy is to

- Maintain in the long run the real purchasing power of the Endowment fund
- Invest in a diverse range of assets which are most likely to give good total returns in the long term, in order to maximise the total real value of the amounts available for grant-making and other work
- Manage volatility as far as possible, while accepting that a degree of volatility is concomitant with seeking high returns

During the year under review, within the portfolio itself, the Finance and Investment Committee continued to pursue a relatively cautious stance. They continued the policy of diversification by increasing the breadth of investments with ongoing commitments to hedge funds, venture/private equity investments, specialist cash and currency management, as well as making additional specific commitments into equity markets and specialist bond markets.

Significant developments in the year included

- We sold our corporate bonds after having made a good return. In view of the likelihood of rising interest rates we moved the money into an 'unconstrained' bond strategy run by PIMCO with no implicit duration in its benchmark.
- We amended our global equity line-up by appointing Harding Loevner as a manager. Additionally we established a directly invested portfolio of the largest capitalisation global companies. We perceive that these have attractive total return characteristics.
- We moved our 'indirect' property exposure into a fund of funds run by Aviva, which provides both liquidity and a higher degree of active management. By the end of the year we had arranged to sell our

last directly held UK property, a process of portfolio reorganisation we began the year before with the move of most assets into the 'Charity Property Fund'.

- The Foundation continued to build out its exposure to hedge funds and venture capital, including exposure to Asia. We continue to benefit from advice from Cambridge Associates in structuring our alternatives portfolio
- After considerable reflection we decided to adopt a 50% sterling/50% non sterling currency neutral going forward, around which, within guidelines, we manage currency exposures

The main asset allocation changes to the Endowment fund during the year were

- Overall exposure to publicly quoted equities by year end was approx 48%, little changed from the previous year. The main focus of the listed equity portfolio remains large capitalisation stocks with good dividends. Whilst these lagged the broad equity indices in 2010/11 the Investment Committee felt that, in the light of their cautious market outlook, such a policy was appropriate
- Hedge fund and other absolute return type investments were increased, rising from 13% of assets to 15% by year end
- With a diversification of approaches within the fixed interest portfolio and addition to real assets and venture capital, cash and fixed interest overall was reduced from about 34% to 28%

When adjusted by the amount spent on grants and costs in the year, the Foundation's Endowment investment portfolio rose by +6.1% for the financial year, making an overall advance before spend, over the last 3 years of approximately +18.3%. At the end of the year the value of the Endowment was in advance of the Trustees' target of preserving the real value of its purchasing power. This calculation is made by adjusting Paul Hamlyn's bequests over time for Retail Price Index, net of grants

Unrestricted and Restricted Funds and Reserves

The Foundation's unrestricted fund is used to finance the Foundation's tangible fixed assets and working capital and to provide a short term buffer for grant making and other costs. The unrestricted fund is financed by returns on investments, including investment income and transfers from the endowment fund. During the year, £6.2m was transferred from the endowment fund and at 31st March 2011 the unrestricted fund stands at £2.6m. The Finance Committee has agreed to manage its reserves by ensuring a sum equivalent to at least six months of working capital commitments (including grant commitments) is held in readily accessible liquid assets. At the end of 2010/11, investment holdings in cash and other liquid deposits were £41.9m and six months of commitments are estimated at approximately £16m.

During the year, the Foundation established a restricted fund as it received grant income from partners jointly funding some aspects of the Art Works special initiative. At the end of the year, this fund stood at £65,000.

Expenditure

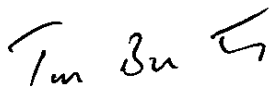
Grants awarded before adjustments fell by 16% in 2010/11 when compared with 2009/10 as was anticipated in the Foundation's annual plan. The timing of major awards under several special initiatives, particularly in the Education & Learning and Social Justice Programme areas means that expenditure has been phased to fall in later years. Consequently, special initiatives expenditure as a percentage of grant expenditure (excluding Helen Hamlyn Trust) reduced to 22% of grant spend and open grants increased to 78%. In keeping with the Foundation's strategic plan, expenditure in India increased to over £1m.

Support cost expenditure has increased by 11% (£211,000 approx) but the largest element of this increase has been the exceptional costs associated with the Foundation's purchase and refurbishment of its new premises, including the increase of the dilapidation provision to allow for work on leaving the existing premises. Costs of supporting the Foundation's grant operations have increased by £55,000, but this is primarily due to the costs of

the first full year of running the India office. Reductions in costs can be seen in the communications and governance areas where some one-off projects undertaken in 2009/10 have not been repeated.

Financial Risk

The Foundation's principal material financial risks, including foreign exchange exposures, relate to its investment portfolio and are in line with similar long-term endowment funds in the sector. Overall investment risk management is predicated on running a diversified portfolio of high quality assets across a wide variety of asset classes and markets. The longer term strategic asset mix is set by the Finance and Investment Committee, with input from Cambridge Associates and others. Individual investment mandates are awarded to specialist managers after scrutiny by the Finance and Investment Committee with input from various sources. In 2010/11 the Foundation entered into hedging contracts to protect against currency risk. The Trustees consider the Foundation's risk profile on a regular basis.



Tim Bunting
Chairman, Finance and Investment Committee

TIM BUNTING

Statement of Financial Activities for the year ended 31 March 2011

	Notes	2011 Unrestricted fund £m	2011 Restricted fund £m	2011 Endowment fund £m	2011 Total £m	2010 Total £m
Incoming resources from generated funds						
Legacy Income		-	-	5 709	5 709	0 252
Investment Income	2	13 798	-	-	13 798	10 987
Grants receivable	16	-	0 265	-	0 265	-
Total Incoming resources		13 798	0 265	5 709	19 772	11 239
Resources expended						
Investment management	3	3 812	-	-	3 812	2 955
Grant making	4	17 484	0 200	-	17 684	20 390
Governance	7	0 046	-	-	0 046	0 051
Total resources expended		21 342	0 200	-	21 542	23 396
Net (outgoing)/Incoming resources and net income for the year before transfers		(7 544)	0 065	5 709	(1 770)	(12 157)
Transfers	16	6 289	-	(6 289)	-	-
Net (outgoing)/Incoming resources and net income for the year after transfers		(1 255)	0 065	(0 580)	(1 770)	(12 157)
Other recognised gains and losses						
Realised and unrealised gains (losses) on fixed asset investments	9	-	-	20 130	20 130	94 218
Net movement in funds		(1 255)	0 065	19 550	18 360	82 061
Funds at 1 April 2010		3 894	-	544 432	548 326	466 265
Funds at 31 March 2011		2 639	0 065	563 982	566 686	548 326

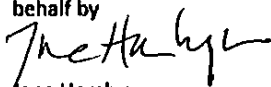
The Statement of Financial Activities includes the Income and Expenditure Account and the Statement of Total Recognised Gains and Losses
The notes on pages 37 to 43 form part of these financial statements

Balance Sheet at 31 March 2011

	Notes	2011 Total £m	2010 Total £m
Fixed assets			
Tangible assets	8	4 721	0 091
Investment assets	9	564 783	540 297
		<u>569 504</u>	<u>540 388</u>
Current assets			
Debtors	10	1 178	1 207
Other investments	11	10 026	23 307
Cash at bank and in hand		5 526	1 301
		<u>16.730</u>	<u>25 815</u>
Creditors falling due within one year	12	<u>(12.461)</u>	<u>(9.772)</u>
Net current assets		<u>4 269</u>	<u>16.043</u>
Total assets less current liabilities		<u>573.773</u>	<u>556 431</u>
Creditors falling due after more than one year	13	<u>(7.087)</u>	<u>(8 105)</u>
Net assets		<u>566 686</u>	<u>548 326</u>
Funds at 31 March 2011		<u>566 686</u>	<u>548 326</u>
Represented by:			
Unrestricted Funds		2 639	3 894
Restricted Funds		0 065	
Endowment Funds		563 982	544 432
Total Funds		<u>566 686</u>	<u>548 326</u>

The notes on pages 37 to 43 form part of these financial statements

The financial statements on pages 34 to 43 were approved by the trustees on 5 July 2011 and were signed on their behalf by


Jane Hamlyn
Trustee


Tim Bunting
Trustee

Paul Hamlyn Foundation

A company limited by guarantee registered in England and Wales - number 5042279

Cash Flow Statement for the year ended 31 March 2011

	2011 Total £m	2010 Total £m
Net incoming/(outgoing) resources for the year	(1 770)	(12 157)
Less investment income earned	(13.798)	(10 987)
Add back investment management charges	3 812	2.955
Less legacy income	(5.709)	(0 252)
Add back depreciation	0 042	0 100
(Increase)/decrease in debtors	(0.379)	0 055
Increase in creditors due within one year	2 698	0 698
(Decrease)/increase in creditors falling due after more than one year	(1 018)	3 068
Net cash (outflow) from operating activities as defined by FRS 1	(16 122)	(16 520)
Returns on investment		
Investment income received	14 205	11 206
Investment management charges paid	(3 820)	(2 936)
Capital expenditure and financial investments		
Purchase of tangible fixed assets	(4 673)	(0 042)
Purchase of fixed assets and other investments	(147.773)	(214 659)
Sale of fixed assets and other investments	156 699	223 867
(Decrease)/increase in cash for the year before financing	(1.484)	0.916
Financing		
Legacy income	5.709	0.252
Increase in cash for the year	4 225	1 168
Cash at bank and in hand at 1 April 2010	1.301	0 133
Movement during the year	4 225	1.168
Cash at bank and in hand at 31 March 2011	5.526	1.301

Notes to the financial statements for the year ended 31 March 2011

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, the Statement of Recommended Practice for Charities (2005) and the Companies Act 2006. 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 (endowment, unrestricted and restricted), and their operation is explained on page 31 to 33.

Details of both entities which are included in these accounts are given in the reference and administrative details on page 19.

(b) Incoming resources

All incoming resources, including grants, 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. Investment income from the endowment fund is treated as income in the unrestricted fund.

Restricted funds have restrictions imposed by donors and can only be applied for the particular purposes specified by donors. The funds are not available for work performed by PHF other than that specified by the donor.

(c) Resources expended

Resources expended are the cost of generating funds, grant-making and governance costs.

Investment management fees and internal investment management costs are the only cost of generating funds.

Grant-making 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. Where they cannot be directly derived, support costs are allocated between grant-making activities on the basis of the value of grants awarded.

Governance costs are the costs associated with the strategic direction and corporate management of the Foundation and include the cost of providing the infrastructure which allows the Foundation to operate and to generate information required for public accountability.

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 and any costs directly attributable to bringing the asset into working conditions for its intended use. 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 Foundation plans to surrender the lease of its offices in the next year and therefore shortened the expected life of certain assets during previous years. There was no effect on the depreciation charged in the year ended 31st March 2011. During the year, the Foundation purchased a freehold property in King's Cross for use as its office premises. The building is undergoing refurbishment and the Foundation has not derived any economic benefit from its usage in 2010/11 therefore no depreciation has been applied in this year. The principal useful economic lives used for items depreciated in the 2010/11 financial statements are as follows:

	No of years
Furniture and fittings	4 to 12
Computer equipment	4

(e) Fixed asset investments

Listed investments are stated at their market value at the year end. The Statement of Financial Activities includes unrealised gains and losses arising from the revaluation of the investment portfolio in the year and realised net gains and losses arising on disposals.

Investment property held directly has been valued by Knight Frank, an independent firm of international property consultants and valuers. Pooled property investments are stated at net asset value as calculated by the various managers.

The carrying value of unlisted investments is the trustees' best estimate of the market value at the balance sheet date.

(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.

(j) Transfers between funds

Under the terms of Paul Hamlyn's will, the endowment of the Foundation is expendable although the current policy of the trustees is, where possible, to invest the assets of the Foundation to retain the real value of the endowment whilst also generating sufficient return to fund grant-making. In 2010/11 the trustees agreed to transfer a proportion of consolidated endowment funds to fund in year expenditure and this is shown on the statement of financial activities.

2. Investment income

	2011	2010
	£m	£m
UK equities	3 196	2 598
Overseas equities	3 412	4,344
Fixed interest securities	3 484	0 993
UK investment property	1,770	1 453
Term deposits	0 438	0 701
Unlisted investments	1 126	0 868
Alternatives	0 372	0 030
Total	13 798	10,987

3 Cost of generating funds

	2011	2010
	£m	£m
Investment management fees and consultancy	3 721	2 869
Internal investment management costs	0 091	0 086
Total	3,812	2,955

With respect to investments in hedge funds and some private equity funds, the management agreements of the underlying funds provide for compensation to the respective managers in the form of management and performance fees determined as a percentage of net assets. Fees in these cases are deducted from the funds' assets and are reflected in the net asset values reported. Internal investment management costs include a part-time Investments Director.

4. Charitable activities: Grant-making

During the year ended 31 March 2011, the following charitable donations were awarded by the Foundation:

	2011 Grants awarded £m	2011 Support costs £m	2011 Grant- making £m	2010 Grant- making £m
Grants awarded by value				
Arts	4,958	0,610	5 568	5 044
Education and Learning	4 175	0 520	4 695	5 843
Social Justice	3 385	0 439	3 824	6 208
India	1 046	0 268	1,314	1,106
Other Grants	2 150	0 256	2,406	2 413
Sub Total	15,714	2,093	17,807	20,614
Returned Grants and adjustments to previous years awards	(0 196)	-	(0 196)	(0 393)
Exchange rate adjustments for awards in previous years	0 073	-	0 073	0 169
	15,591	2,093	17,684	20,390

Number of grants awarded

	2011	2010
Arts	65	45
Education and Learning	48	63
Social Justice	30	28
India	23	22
Other Grants	3	4
	169	162

A schedule of the grants awarded in each programme area is shown in the Trustees' Report. All grants were awarded to organisations with the exception of £0.360m (2010: £0.360m) awarded to eight (2010: eight) individuals.

£200,000 of these grants were funded by restricted funds (see note 16)

5. Support costs

	2011	2010
	£m	£m
Payroll and related costs	1 153	1 059
Operations support	0.220	0.164
Property expenses	0 440	0 238
Communications	0 032	0 088
Office expenses	0 206	0 231
Depreciation and loss on disposals	0 042	0 101
	2 093	1.881

Support costs reflect the management structure of the organisation. Operations support includes the costs of temporary staff and recruitment.

6. Total Staff Costs

	2011	2010
	£m	£m
Gross salaries	0 942	0 876
Social security costs	0 105	0 095
Other pension costs	0.130	0.116
Other employment costs	0.067	0 057
Total payroll and related costs	1.244	1.144

The average number of persons employed by the Foundation during the year was 30 (2010: 27).

The number of employees whose salaries were above £60,000 was

	2011	2010
	Number	Number
£60,000 to £70,000	2 0	3 0
£70,001 to £80,000	1 0	-
£90,001 to £100,000	-	1 0
£100,001 to £110,000	1 0	-

During the year the Foundation made contributions of £55,027 (2010: £51,461) 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.

Travel expenses of £7,689 (2010: £6,246) were reimbursed to five (2010: six) trustees during the year.

7. Governance costs

	2011	2010
	£m	£m
Audit fees	0 021	0.018
Legal and professional fees	0 006	0 019
Office expenses	0.019	0 014
	0.046	0.051

8. Tangible fixed assets

	Freehold property £m	Leasehold property £m	Furniture and fittings £m	Computer equipment £m	Total £m
Cost					
As at 1 April 2010	-	0.511	0.141	0.282	0.935
Additions	4.645	-	-	0.028	4.673
Disposals	-	-	-	(0.008)	-0.008
As at 31 March 2011	4.645	0.511	0.141	0.302	5.599
Depreciation					
As at 1 April 2010	-	0.511	0.120	0.213	0.844
Charge for the year	-	-	0.002	0.040	0.042
Disposals	-	-	-	(0.008)	-0.008
As at 31 March 2011		0.511	0.122	0.245	0.878
Net Book Value					
As at 31 March 2011	4.645	0.000	0.019	0.057	4.721
As at 1st April 2010	0.00	0.000	0.022	0.069	0.091

During the year, the Foundation purchased a freehold property for use as its office space. At 31st March 2011 refurbishment was still being undertaken and the Foundation does not expect to move until Autumn 2011. Depreciation will commence once the Foundation moves to the new building.

9. Fixed asset investments

	2011 £m	2010 £m
Market value at 1 April 2010	540.297	449.909
Purchases	147.773	214.659
Sales	(143.417)	(218.489)
Net realised and unrealised gains	20.130	94.218
Market Value as at 31 March 2011	564.783	540.297

Investments at market value comprised

	2011 £m	2010 £m
UK equities	51.499	52.111
Overseas equities	224.953	219.193
Fixed interest securities	134.244	128.408
UK Investment property	33.150	27.446
Alternative securities	85.844	64.193
Term deposits	17.162	38.587
Unlisted Investments	17.931	10.359

Total (including cash held for investment by managers)

564.783	540.297
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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.

The historical cost of the above assets is £468.976m. The historical costs of the assets held by the Foundation in 2010 was £454.621m.

During the year, the Foundation entered into currency hedging contracts to reduce the currency risk following the greater global diversification of its investment holdings. Gains or losses are included within the figures above. No contracts were in place at 31st March 2011.

10. Debtors

	2011 Unrestricted Fund £m	2011 Restricted fund £m	2011 Endowment Fund £m	2011 Total £m	2010 Total £m
Prepayments and other debtors	0.168	-	0.376	0.544	0.166
Accrued investment income	0.634	-	-	0.634	1.041
	0.802	0.000	0.376	1.178	1.207

Debtors in 2011 include an outstanding payment of £376,231 representing gains on currency hedging which was paid on 1st April 2011.

11. Other investments

	2011 Unrestricted fund £m	2011 Restricted fund £m	2011 Endowment fund £m	2011 Total £m	2010 Total £m
Cash deposits	9.951	-	0.075	10.026	23.307
	9.951	-	0.075	10.026	23.307

12 Creditors falling due within one year	2011 Unrestricted fund £m	2011 Restricted fund £m	2011 Endowment fund £m	2011 4.00 £m	2010 Total £m
Grants payable	10 724	-	-	10 724	9 450
Investment management fees accrual	0 135	-	-	0 135	0 143
Accruals and creditors	0 351	-	0 376	0 727	0.179
Taxation and social security contributions	0 000	-	-	0.000	-
Other creditors	-	-	0 875	0 875	-
	11.210	0.000	1 251	12 461	9.772

The Foundation intends to vacate its current premises in 2011/12 and a creditor is included within the figures above being the provision for dilapidations on its current building

An estimate of dilapidation costs was undertaken by Malcolm Hollis Chartered Surveyors in November 2010

13 Creditors falling due after more than one year	2011 Unrestricted fund £m	2011 Restricted fund £m	2011 Endowment fund £m	2011 Total £m	2010 Total £m
Grants payable in one to two years	5 211	-	-	5 211	5 446
Grants payable after two years	1 876	-	-	1 876	2 659
	7.087	-	-	7 087	8.105

14. Special initiative expenditure

The Foundation establishes special initiatives in order to meet its aims. Periodically the trustees allocate resources to these initiatives. The current total allocations, and the amounts expended in this year and earlier years, and the amounts which may be expended in future years, are shown below.

	Earlier years	This year	Future years	Total
All Special Initiatives	21 304	2 983	4 784	29 071

15. Operating lease commitments

The Foundation occupies its offices under a lease which expires in 2012. The current rent is £0.194 million inclusive of VAT (2009 £0.189 million).

The Foundation has a tenant's option to break the lease by giving six months' notice.

16. Funds

a) Description of funds

- The unrestricted fund comprises accumulated income, income generated in year and transfers from the endowment fund. It is used to finance the Foundation's working capital requirements including grant making and tangible fixed assets.
- The endowment fund represents the original and subsequent gifts of Paul Hamlyn to The Foundation. The trustees manage the endowment fund to maximise returns and also have the discretion to make disbursements from the endowment fund if they consider the circumstances appropriate.
- Restricted funds have restrictions imposed by donors and can only be applied for the particular purposes specified by donors. In 2011 all restricted funds have been received for contributions to the Art Works Special Initiative. The Cultural Leadership Programme (Arts Council England) are part funding a symposium to be held in Spring 2011. The Arts and Humanities Research Council are contributing to evaluation costs which will commence in April/May 2011. Creativity, Culture and Education are contributing to the funding of three pathfinder grantees in England (costs included in grants awarded in note 4) and extending the Art Works programme.

	Balance at 1st April 2010	Incoming Resources	Expenditure	Balance at 31 March 2011
b) Movement in restricted funds				
Arts Council England	0.000	0.015	-	0.015
Arts and Humanities Research Council	0.000	0.050	-	0.050
Creativity, Culture and Education	0.000	0.200	0.200	-
	0.000	0.265	0.200	0.065

c) Transfer between funds

The Trustees agreed to the transfer of £6,288,677.36 from the endowment fund to the unrestricted fund to meet the costs of ongoing operations in 2010/11.

Trustees, staff and advisers as at 31st March 2011

Trustees

Jane Hamlyn (Chair)
Tim Bunting
Michael Hamlyn
James Lingwood

Estelle Morris
Lord Moser
Anthony Salz
Peter Wilson Smith
Tom Wylie

Staff

Ushi Bagga
Denise Barrows
Rob Bell
Susan Blishen
Liz Cadogan
Ajit Chaudhuri
Regis Cochefert
Tony Davey
Sarah Jane Dooley
Susan D'Sylva
Robert Dufton
Gillian Goode
Lisa Howard
Dorothee Irving
Fatima Joaquin
Maria Karska
Maria Kennett
Lela Khan
Richard King
Abigail Knipe
Julia Mirkin
Marcello Moro
Lucy Palfreyman
Richard Robinson
Liz Scott
Vicki Selby
Bethan Staton
Carrie Supple
Dan Watson
Faye Williams
Skalzang Youdon

Grants Officer
Head of Education and Learning
Head of Social Justice
Right Here (Mental Health Special Initiative) Manager
Grants Officer
Director, India
Head of Arts
Information and Resources Officer
Grants Officer
Finance Officer
Director
Grants Assistant
Grants Assistant
Grants Assistant (maternity leave cover)
Housekeeper
Administration Officer
Chair and Director's Assistant
Chair and Director's Assistant (maternity leave cover)
Grants Assistant
Grants Assistant
Grants Officer (maternity leave cover)
Finance and Resources Assistant
Finance & Resources Director, Company Secretary
Investment Director
Accounts and IT Officer
Learning Futures Coordinator
Communications Intern
Grants Officer
Communications Manager
Right Here Coordinator
Administrator, India

Advisors

Bridgette Anderson
Robert Berkeley
Bob Boas
Professor Sir Tim Brighouse
Kate Brindley
Lord Gavron
Roger Graef
Sushma Iyengar
Jennifer Izeke
Maureen McGinn
Dr Donald Peck
Jonathan Reekie
Shankar Venkateswaran
Claire Whitaker
Vanessa Wiseman
Dr Paul Woolley

Social Justice
Social Justice
Investments
Education and Learning
Arts
Investments
Social Justice
India
Education and Learning
Social Justice
India
Arts
India
Arts
Education and Learning
Investments

Independent Auditors

PricewaterhouseCoopers LLP, 7 More London Riverside, London, SE1 2RT

Solicitors

Wilfers LLP, 16 Old Bailey, London EC4M 7EG

Paul Hamlyn Foun.

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Investment Advisors

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charity (number 1102927)