

Paul Hamlyn Foundation

Trustee Report and Financial Statements

2014/15

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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 were originally set for the six years 2006-2012 but were rolled forward to 2014/15 whilst we undertook a strategic review. They 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.

Our new strategy was announced in June 2015 and further information is available on www.phf.org.uk

Programmes

We have sought 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. Each of the three programmes has operated an open grant scheme and special initiatives, the latter targeted at issues we particularly want to address to achieve long term improvements in society. The open grants schemes were closed to new applications in autumn 2014 as we prepared to move to our new strategy. We have a separate programme for our work in India.

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. The Foundation expects to be open to applications under its new strategic priorities from June 2015.

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

Chair's statement

The current year marks the beginning of an exciting new phase in the life of the Paul Hamlyn Foundation.

In February we welcomed Moira Sinclair, formerly Executive Director at Arts Council England, as our new Director. Since her arrival, Moira has been working closely with the senior team on ensuring our new strategy is ready for its launch this spring.

The strategy emphatically underlines our desire to make a decisive contribution within our key areas of funding. We are confident they will bring a sharpening of focus to the full range of our activities – research, grant-making, evaluation and advocacy – whilst at the same time making the Foundation more open to distinctive and innovative ideas.

I'm sure Moira will join me in thanking the Trustees and the team at the Foundation for working closely together to shape our direction of travel over the next few years, and in particular to our trustee Tom Wylie, who stepped in as Interim Director for six months prior to Moira's arrival and made sure that we were able to make significant progress in developing our thinking whilst continuing a wide range of grant-making. The fact that we made more open grants last year than in any previous year, at the same time as we were involved in wide-ranging discussions about the shaping our new strategy is testament to the commitment of the entire team at the Foundation.

One particularly happy moment in the year was the celebration of twenty years of the Awards for Artists. Almost fifty artists to whom we have given significant support gathered at our offices last November to mark the occasion, shortly before we announced the names of this year's award recipients.

Earlier this year, we were very saddened by the passing of Bob Gavron, a very close friend to the Hamlyn family and to the Foundation. Bob was the first trustee my father turned to, and from its inception Bob made a hugely important contribution to the Foundation's work. He was the best critical friend and passionate advocate for our work and we will miss his sparkling mind and generous spirit.

In happier circumstances we said goodbye to two colleagues. Denise Barrows, who headed our Education and Learning team for seven years, left to lead the education team at the Mercers' Company and Mia Ferron, who worked tirelessly as assistant to myself and the Foundation's directors for several years also moved on. We wish them both all the best for the future.

While this yearbook records the grant-making and funding work we have undertaken during 2014/15, it tells only part of the story of the year. A lot of time and energy has been focused on thinking about some of the many urgent questions and issues this country faces. We are looking forward to working closely with many friends and organisations – both those we've known for many years as well as those we don't yet know – to make a positive difference.



Jane Hamlyn
Chair

17 November 2015

Director's report

It is interesting, at any time, to join an organisation that you think you know well, and very exciting to arrive at a key moment in its development. My previous connection with the Paul Hamlyn Foundation had often been as a joint funder and sometimes as a more active partner, and I had always been attracted by the values that I could see embedded here, and by the professionalism and commitment of the team.

What I have learnt on joining is that there is a great deal of excellent work taking place, and that there is huge potential for us to achieve more and have greater impact. As any incoming chief is inclined to do, I spent my first hundred days reflecting with staff and trustees first and then with those that we fund, and other partners and peers, on the strengths, and opportunities for change that they could see. I am enormously grateful to everyone for their generosity of spirit in giving me time and space to really get to know the Foundation and what we do.

I hope that our new strategy will help us to deliver more for the organisations and people we work with. Finalising that strategy has been the dominant theme of my time at the Foundation to date, but it has been fascinating and inspiring to learn about the varied work the Foundation supports as well.

It is very hard to single out a few highlights in these first, few busy months.

The meetings with people working in the social justice field, especially in the areas of marginalised young people and migration that we have focused on have been particularly valuable in bringing me up to speed. I will continue to be 'on the road' this year, but even in a few short months, I have met people from across the country who are doing some extraordinary work. Whether it is empowering young people with leadership potential, supporting ex-offenders or promoting the importance of citizenship registration, our funds are helping to create the conditions which can have a profound and positive impact on people's lives and this will remain the golden thread that links all of our activity.

And the thinking about that work resonated as I undertook my first visit to India to meet our team there. A week was hardly long enough to get a flavor of our work, and I look forward to the return visit of the team to London in September, when we can continue my induction. One area the team emphasized was the Lost Childhoods work. For someone new to the country, the scale of the issue can feel a little overwhelming and it was heartening to be shown the impact of working together and learning as a cohort with a shared goals was having in making a difference to the communities we saw.

Another example of shared goals is ArtWorks, a Paul Hamlyn Foundation special initiative which has spent the last four years exploring how policy makers, artists, funders, employers, commissioners and training providers can build on our rich tradition of participatory arts. It was enlightening to join the steering group as they met to consider how best to synthesize the learning of this work, and the resulting celebratory event and call to action, which is described in more detail later, leaves a powerful legacy as does the subsequent grants we made to a number of organisations in the light of this activity.

As we start to think about our new strategy, legacy has been very much in our minds and especially with regards to Musical Futures. It started in 2003, and I heard how it was designed with our founder, Paul Hamlyn, and his fellow trustee Claus Moser's passion at its heart to find new and imaginative ways of engaging young people in meaningful and sustainable music activities. This year we agreed a grant to support, over three years, its transition into an independent and self-sustaining organisation.

We will be taking a particular interest in education and learning through the arts in the next few years and we will draw on what we have learned through our work with Musical Futures, our other music education initiative Musical Bridges, and our previous funding of arts education across the country.

Staff at the Foundation have worked very hard for a long time on developing and shaping the Foundation's new strategy. I am very appreciative of everything they have done in the last year. They have simultaneously been required to look

forward and manage the resulting change that inevitably brings, and to maintain the existing and (in the case of this year) heavy workload of applications through our Open Grants schemes. Having set a deadline for applications before the closure of the programmes, we received a large influx of applications. Trustees responded by making extra money available to support more organisations in the second half of the year, with the result that we have made a record number of grants during 2014/15.

Our Special Initiatives have also continued apace. ArtWorks delivered events, developed resources and shared information across its networks of participatory artists and practitioners; the group of five performing arts venues supported with a Paul Hamlyn Club award have continued to build up their audience development and community engagement work; and we celebrated our 20th anniversary PHF Awards for Artists. Our Right Here initiative, supporting young people's mental health in partnership with the Mental Health Foundation, drew to a close, publishing and disseminating a suite of resources to help various professionals to work better in support of young people's mental health. Learning Away, our education initiative focused on residential learning experiences, ended during the year but has continued to share a wide range of resources for teachers through its website.

In all our work we benefit from the additional expertise that our advisors and consultants bring. A number are ending their tenure; each is referenced in the appropriate programme report. Some of our colleagues have also moved on during the year, including two grants assistants, Samantha Smallcombe and Juliet Valdinger, who we wish the best for their future careers. We welcomed Bhakti Mistry as a grants assistant and Caroline Rogers as assistant to the chair and director.

Our new strategy, which we will publish in June, is the culmination of a lengthy process of reflection, review and learning. It is firmly rooted in the values of Paul Hamlyn and builds on the Foundation's strengths. For grantees and applicants, working with PHF is going to feel different, with new funds, revised application and assessment processes, and a greater variety of interactions between us and those that we fund through the life of a grant.

This development means that this is the last time we will reflect on our past activity in this format. We intend to place considerable emphasis on learning from the work that we fund, and with a focus on those grants that we can learn most from. We will be sharing more, through a new website and more digital communications, and by bringing people together to share their experience and intelligence. I am looking forward to this new way of working and to continuing the challenging, inspiring and mind expanding conversations of these first few months in the future.

Moir Sinclair
Director

17 November 2015

Arts programme

This year has seen continued challenges for the arts sector, and particularly for artists, though it has also demonstrated how resilient individuals and organisations can be. Despite some notable exceptions such as Stratford – where a new cultural and educational quarter is to be built at the Queen Elizabeth Olympic Park – the public funding landscape, especially at local level, has remained bleak.

In our Arts Open Grants, there was a significant surge in the numbers of applications we received before the closure of the scheme in October. We received over 100 applications in a month – over a third of all the applications received in the previous year. During the year, we made a record 57 grants, totalling £4,267,000.

We are particularly pleased to have underpinned, for a second consecutive year, the work led by Dance UK to bring together a consortium of four leading dance organisations. This led to a major three-year grant from Arts Council England to create a unified 'go-to' industry body. The Association of Dance of the African Diaspora, Dance UK, the National Dance Teachers Association and Youth Dance England (YDE) will have much more impact together than as standalone bodies and we are proud to have supported this development.

A second three-year grant to Lincolnshire One Venues will underpin its youth-led community engagement work. This unusual alliance of ten partners has gone a long way in developing from scratch interesting and high-quality provision by and for young people, very much along the lines of the work of the Circuit programme in eight museums and galleries across the UK. The promise of the work undertaken by LOV across Lincolnshire has also been recognised with a three-year grant from the Esmée Fairbairn Foundation.

2014 marked the 20th anniversary of our Awards for Artists. During this time, we have provided over £4m of support to 125 individual artists at a timely moment in their careers. Forty three previous recipients joined us to celebrate in advance of the Awards reception in November.

We have continued our work in the museums and galleries sector to support organisational change to involve communities and individuals in core decision-making processes. We published a report on emerging learning from the Our Museum initiative that attracted significant interest from funding bodies. The initiative entered its final year in the spring of 2015. We launched a new website to share the resources we have created, including extensive new audio visual material.

Another highlight of our year was a series of events to mark the end of ArtWorks. Over its four years, the initiative reached artists, employers, further and higher education providers, and public and private funding bodies, generating connections that support an extensive community of practice. Through an emerging 'ArtWorks Alliance' and the commitment of some of our partners to build on the legacy of our work, we believe we can support the sector to act collectively to promote quality and shared values across the spectrum of participatory arts practice.

We said goodbye this year to three Arts programme advisors, as they came to the end of their terms: Kate Brindley (Director of the Arnolfini Gallery), Jonathan Reekie (CEO of Somerset House) and Claire Whitaker (Director of Serious). We are incredibly grateful for the insight and energy they gave us over the six years they were involved in our work, particularly in shaping our new strategy. Both Claire and Kate continue to chair ArtWorks and Our Museum (until, respectively, June 2015 and April 2016). John McGrath (Artistic Director of National Theatre Wales) remains an advisor to the Foundation for another two years.

As this Yearbook is published, we look forward to implementing our new strategy – particularly focusing on the widening of access and participation in the arts, on education and learning through the arts and on evidence for the impact of the arts. This refocused approach will connect us both to the roots of the Foundation and to the work that we have funded over the years.

Special initiatives

Awards for Artists

Support for individual visual artists and composers

£470,207 in 2014/15

The Awards for Artists scheme supports individual artists to develop their creative ideas by providing funding with no strings attached over three years. The Awards are made on the basis of need, talent and achievement. In November 2014, awards of £50,000, paid in three annual instalments, were made to eight recipients.

Composers: Martin Green, Shabaka Hutchings and Pat Thomas

Visual Artists: Bonnie Camplin, Michael Dean, Rosalind Nashashibi, Katrina Palmer and James Richards

In 2014, we celebrated 20 years of the Awards for Artists scheme. We invited previous recipients to the Foundation in advance of the announcement and were delighted that 43 artists were able to join us to celebrate. The guest speaker was the pianist, conductor and composer Joanna MacGregor, who has been chair of the Awards for Composers judging panel since 2014.

Breakthrough Fund

Support for cultural entrepreneurs

£127,780 in 2014/15

The Breakthrough Fund aims to identify outstanding individuals in the role of cultural entrepreneur, working in a variety of art forms and contexts, who have compelling visions and are at timely moments in their careers. Through committed, responsive and flexible support, the Fund aims to unlock significant developments and outcomes that would not otherwise be brought about. It also helps achieve transformational impacts for these individuals and the organisations with which they work.

In three rounds of funding between 2008 and 2010, 15 grants were made totalling £3,879,765. During 2014/15, the last six of these grants completed. During 2015/16, consultant Kate Tyndall will draw together an update of the Interim Evaluation of the Fund completed in 2012, looking at the progress across the 15 stories, including a longitudinal review with grantees two years after the end of their grants. She will also form an updated assessment of the strategic context for the Fund and will identify learning from the more recent seven grantees selected in the spring of 2014.

As one of the most recent recipients was not in a position to take up his grant, our work with the 2013/14 cohort is now focusing on six grants totalling £1,530,000. These grants have now moved into an active phase. We are beginning to see change coming through new approaches to thinking and new ways of working adopted through the Breakthrough funding. We look forward to continuing our support for these individuals over the coming years.

In 2016 we will embark on a fifth round of nominations and applications for the Breakthrough Fund.

ArtWorks: Developing Practice in Participatory Settings

Support for artists' training and development

£349,881 in 2014/15

ArtWorks supported the initial education, training and continuing professional development of artists working in participatory settings in order to enhance the quality of people's engagement in arts-led activity and the arts.

ArtWorks moved into its final phase during 2014/15, as we scaled up our communication and dissemination and extended the reach of the learning we had accrued. We did this through our existing online community of engagement,

a new website which was launched in July 2015 and through a series of seven briefings sent to more than 1500 subscribers.

In March 2015 we launched our final report, ArtWorks: Reflections on practice in participatory settings which summarises what we have learnt and makes recommendations for improving the system of support for artists. Over four years, the programme stretched across the UK, working with over 100 partners and reaching more than 2400 artists, FE and HE providers and employers through 74 conferences and events. Our learning and assets were developed in three key areas: training and development of artists, methods for promoting quality, and creating the conditions for change.

We also issued a Call to Action, encouraging everyone involved in participatory practice to consider what they can do to ensure our recommendations are implemented and artists get access to better support so that they can be the very best they can be when working with participants.

The five pathfinder projects all ended their programmes in October 2014 with a series of events across the UK to share learning and reach new people who share a passion for this work. The creation of ArtWorks Alliance and the continuation of the work of the pathfinders in Scotland, Wales, London and the North East will ensure that there is a structure through which the work of ArtWorks can be taken forward.

To support this further, we also issued a call for proposals for a round of small development grants (to be issued in 2015/16) to apply and embed the learning of ArtWorks.

Our Museum: Communities and Museums as Active Partners

Facilitating organisational change within museums and galleries

£337,353 in 2014/15

Our Museum has been working with nine museums and galleries around the UK to help them embed community participation at the heart of their organisations. Grants to two of the organisations were not renewed for Year 3 of the programme, so we now have seven.

The year saw a shift to a more outward-facing phase of the programme, analysing our learning and sharing it more widely. During the year we published an interim report, Communities and Museums as Active Partners: Emerging learning from the Our Museum initiative. Its overall message was that small changes add up: small improvements and changes in many different areas, across the whole organisation, add up to significant transformation in community engagement and participatory practice. We highlighted five key areas of museum practice and management that are particularly critical for participatory practice: governance; staff professional development; how to engage with community partners; evaluation and evidence of change; and the importance of the voice from outside.

This report led to a series of ongoing conversations and workshops with the various bodies that have strategic responsibility for museum and gallery development across the UK. The purpose of these conversations is to ensure that these strategic bodies are aware of our learning and can integrate it into their policies and frameworks.

We also published a paper by Dr Bernadette Lynch, Our Museum: A five-year perspective from a critical friend, a follow-up to her seminal 2011 paper *Whose Cake Is It Anyway?* Based on her keynote at the 2014 Our Museum peer review, it presents her observations and critique on whether, in her view, the organisations involved in Our Museum have made progress in embedding participatory practice, and what challenges remain.

In April 2015 we launched a web-based resource to showcase and share the learning from the programme. Comprising films, animations, presentations and downloadable documents from the organisations participating in Our Museum, and innovative practice from elsewhere, these resources are a sort of 'travel survival kit' – a guide to help organisations on their change journey to become more participatory and to build active partnerships with their communities.

Circuit

A national programme connecting 15 to 25 year olds to the arts in galleries and museums, working in partnership with the youth and cultural sectors

Supported with a £5m gift, made to Tate as part of the Foundation's 25th anniversary in 2012/13, Circuit connects 15-25 year olds to the arts in galleries and aims to make a positive difference for young people by promoting their creativity, cultural and creative diversity and artistic ownership.

Taking part in the programme are: Tate Modern and Tate Britain in London, Tate Liverpool, Tate St Ives, firstsite in Colchester, MOSTYN in Llandudno, Nottingham Contemporary, the Whitworth Art Gallery in Manchester, and Wysing Arts Centre with Kettle's Yard in Cambridgeshire.

During its second year, Circuit has seen the first exhibitions and displays curated by young people at Tate Britain, MOSTYN, Tate Liverpool and Kettle's Yard & Wysing Arts Centre with support and collaboration across partner organisations. The programme produced a wide range of events from film, pop-up shops and dance that symbolise and resonate with young people's cultural experiences.

One of the participating galleries, the Whitworth in Manchester, reopened in February 2015 after extensive refurbishment. Young people featured prominently in a weekend celebration of culture in the city. The gallery's young people's group, Whitworth Young Contemporaries, devised and delivered events including 'Whitworth on Fire' in collaboration with Manchester Hip Hop Collective, 'The Mouse Outfit', featuring live music and an immersive digital film projection.

Circuit has established partnerships with the youth sector at a time when youth provision has been cut dramatically, and has demonstrated significant impact upon cognitive, social and emotional benefits for young people.

Education and Learning programme

At the heart of our commitment to education and learning has been a desire to ensure that children and young people, particularly those from disadvantaged backgrounds, can benefit fully from the springboard that education can give them to realise their potential. Through our Open Grants and Special Initiatives we have sought to generate knowledge and trial ways of working that can influence practice beyond the schools and other organisations that we have directly supported.

Between 2007 and its closure in October 2014, our Education and Learning Open Grants scheme supported innovative proposals under three themes: developing speaking and listening skills, reducing the impact of school truancy and exclusion, and supplementary education. We received a record number of applications in the final weeks of the scheme. An enhanced budget of £5 million enabled us to award 36 grants to high quality projects throughout the UK across our three themes. These range from support for community-led activity through to sector-level interventions.

Many of the proposals received during 2014/15 relate to the wider debate about the status of teaching as a profession. The year saw a number of publications on this issue and a successful campaign to found an independent, profession-led College of Teaching. We supported a wide range of activity designed to empower teachers to test and embed new practice in their own classrooms, led both from within schools and in partnership with the voluntary and informal education sectors.

In November 2014, we were pleased to announce a two-year grant to support the Teacher Development Trust to extend the reach of its National Teacher Enquiry Network in the North East of England. We have also renewed our relationship with Whole Education, with a further two years' funding to support its network of schools and partner organisations engaged in innovative educational practice.

Concluding initiatives

A number of our Special Initiatives drew to a close this year. Musical Bridges, which began in 2010, aimed to facilitate effective partnership working between primary and secondary schools to ensure that pupils' musical development is consistently and continuously supported through the transition to secondary school. In September 2014 we transferred ownership of this initiative to Music Mark, the national association for music services, which is working to facilitate the spread of Musical Bridges resources and practice recommendations among its members and the schools they work with.

We are committed to collating and sharing what we have learned with the sectors we have worked in, and to working in partnership where there is demand to take forward this work.

During 2014/15 we made a significant legacy grant to support Musical Futures, PHF's longest-running Special Initiative, to become an independent enterprise.

In August 2014, after seven years as PHF's Head of Education and Learning, Denise Barrows left to take up a new role at the Mercers Charitable Foundation. During her tenure Denise developed and led a number of ambitious programmes and partnerships. We are grateful for her substantial contribution to our work, for her vision and integrity.

In March 2015 we also said goodbye to three of our four programme advisors: Benita Refson OBE, Sir Alasdair Macdonald, and Anita Kerwin-Nye. We are delighted that Sir Tim Brighouse will continue to advise the Foundation as a member of our Learning Away steering group until July 2015. Our advisors' expertise informed our past work and the development of our future strategy, and we are grateful for their commitment over the years.

In future, much of PHF's work with schools will focus on improving young people's education and learning through the arts. More detail will be announced in the summer but, during 2014/15, we were pleased to announce a two-year grant to the Cultural Learning Alliance (CLA). The CLA's vision, ethos and expert knowledge make it an important partner for the Foundation and all other agencies working to improve and extend arts-based education.

Special initiatives

Learning Away

Achieving more through school residentials

£188,857 in 2014/15

In July 2014 Learning Away's five-year programme of action research came to an end. Working collaboratively with each other, with independent evaluators and specialist advisors, 60 primary, secondary and special schools across the UK have helped us define, test and evaluate what we now describe as 'Brilliant Residentials'.

We believe that residential learning is 'brilliant' when it is led by teachers, co-designed with pupils, and fully integrated into the curriculum. By working in this way, schools can achieve significant breakthroughs in learner engagement and progress, while achieving positive outcomes for teachers and the school as a whole.

We always intended Learning Away to be about much more than providing schools with funding to deliver new residential programmes. The initiative aimed to develop an influential body of practice, knowledge and evidence relating to the use of residential experiences to enhance young people's learning, and provide support for schools across the UK to adopt these practices.

York Consulting will publish its final evaluation report on the impact of Learning Away in summer 2015. Interim analysis of surveys and focus groups with pupils and teachers has started to identify what it is about the overnight stay in particular that can bring about powerful positive outcomes for young people long after their return to school.

The Learning Away website now hosts over 50 good practice case studies, alongside material to help make the case for residential learning to school leaders, governors and Ofsted.

Writers from our partnership schools have also helped us produce a series of practical resources for teachers and visit leaders, including planning information, activity ideas, downloadable templates, presentations and films. These materials are being shared and recommended between peers, locally and via social media, and their influence on schools and residential providers can already be seen.

Our funding for Learning Away ends in September 2015. We are working with the Council for Learning Outside the Classroom and other like-minded partners to ensure that our emerging policy and practice recommendations will continue to be taken up by schools and providers, so that Learning Away has a sustainable and lasting legacy.

What Works? Student Retention and Success

Developing student engagement in higher education

£12,330 in 2014/15

Since 2008 we have worked with universities to build understanding of how to support students to stay on at university and successfully complete their courses. The initial phase of the work, which involved 22 universities, pointed to the importance of student engagement and a sense of belonging to their academic domain – particularly to their discipline group within the university – as a key to their retention and success.

In April 2014, the Department of Business, Innovation and Skills published its National Strategy for Access and Student Success in Higher Education. We were pleased that this drew on the What Works? research, citing the findings and the principles that What Works? had put forward to shape further work on student 'belongingness' and retention.

In phase two of What Works?, 13 universities are putting these principles into practice as part of a three-year change programme, guided by the Higher Education Academy. The aim is to translate knowledge about student engagement in their academic discipline area into practical changes in what university staff can do, at induction and subsequently through approaches to teaching and learning, to nurture students' sense of belonging.

Action on Access is evaluating the process of change in the universities. As we move into the second academic year of this phase, we are beginning to see the effect of the changes being put into place in three discipline areas in each university. The impact of the changes is being assessed through data on student attainment and students' sense of belonging, engagement and self-confidence, using a research tool developed specifically to gather data on this dimension of the student experience.

We will publish the evaluation to share what we have learned about how to build student engagement and belonging.

'Inspiring Music for All'

Independent review of music education in UK schools

The Foundation has long had an interest in music education and we have supported a great deal of work in this area, including Musical Futures. In November 2013 we commissioned an independent review of the state of schools-based music education, to inform the development of our new strategy. Katherine Zeserson, Director of Learning and Participation for Sage Gateshead, undertook the review, working with Professor Graham Welch from the Institute of Education at University College London.

The review covered the following areas of music education in England:

- What are the key issues relating to schools-based music education?
- What are the key strategies, drivers and agencies influencing schools-based practice?
- What has been the significance of Musical Futures to schools and how has it affected musical education?
- Are there potential opportunities for PHF to make a distinctive contribution to tackling the key issues identified and achieving further significant impact in the field of music education?

The review found that the place and status of music in schools varies widely across the country. The best music in schools is significantly more inclusive, more musically diverse and better quality than it had been a decade earlier.

However, the quality and reach of schools-based music education is still unacceptably variable and inconsistent, across primary and secondary phases.

The report 'Inspiring Music for All' was launched at a Music Education Council event at the Royal Opera House in July 2014. We are pleased that the Review and its recommendations to the music education sector have prompted considerable discussion. The review also made recommendations to the Foundation, which the trustees decided to take forward in our new strategy. These include the establishment of a time-limited Expert Commission to create a set of clear, practical, inspiring guidelines and tools for schools, teachers and others to use in providing an enriching music education for children and young people.

The Reading Agency

Support towards additional digital capacity and the Reading Hack programme

The Reading Agency received a 25th Anniversary gift of £1m from the Foundation in 2013 to support the expansion of its digital capacity and to develop its work with young people aged 13-24.

Building on the success of its Reading Activists programme, the Reading Agency aims to inspire young people to read more, share their love of reading with others and celebrate the benefits of reading. It believes that confident and skilled readers have greater aspirations and opportunities and that reading brings enjoyment and increases wellbeing. The Agency is also using an element of PHF funding to develop its fundraising capability and to strengthen evaluation of the impact of its work.

Over the past year, The Reading Agency has been consulting young people and libraries, and working with youth digital media company Bold Creative, to develop a new name and design for the programme. 2015 will see the launch of

Reading Hack, including a new digital platform for young people and pilot groups being set up across the UK, with a particular focus on disadvantaged communities. In partnership with libraries, Reading Hack will encourage young people to generate, participate and lead their own reading inspired activities to engage their peers with reading. Activists will develop their own skills, confidence and employability through involvement in volunteering, including supporting the Summer Reading Challenge or World Book Night.

Education and Learning programme: legacy

As the Foundation refreshes its strategic focus, we will cease to offer funding in some areas. Where we have had a long-running relationship with an issue or sector but are now stepping back, we are working in partnership to secure and enhance the impact of our past investments.

We have funded supplementary schools for 14 years through the Education and Learning programme, contributing to improvements in the quality of tuition and range of activities, as well as the development of partnerships with mainstream schools. Over the past three years, we have undertaken additional work to strengthen the sustainability of our grantees and the wider sector, including:

- A large-scale research study of the impact of supplementary schools on children's attainment in mainstream education
- A series of case studies of supplementary schools which aim to show a range of relatively strong models for maintaining financial stability
- Organisational development support for seven supplementary school grantees

This work is nearing completion. In July 2014 we also awarded a grant to the Royal Society for the Arts (RSA) to conduct an investigation into the lifetime outcomes of black and minority ethnic young people, which considered the role of supplementary schools in improving these outcomes.

The research report, case studies and RSA investigation were published in May 2015 and will be available online via the National Resource Centre for Supplementary Education (NRCSE) and our own website. Shorter printed versions of the case studies will be distributed to our grantees and NRCSE members.

Although the Foundation will no longer have a specific focus on supplementary education, we hope that these publications will provide useful and lasting resources for the sector.

Knowledge transfer

Our work to facilitate learning and knowledge transfer within and across the sectors in which we have been active is ongoing. The Communication Trust, a key partner in our work to encourage and support new interventions that develop the speaking and listening skills of young people, has published a suite of tools to help non-specialist facilitators to monitor learners' progress. Over the coming year we will continue to convene networking and practice sharing events for current grantees, and will launch a number of new publications.

Musical Futures

After 12 years of grant funding, we have supported Musical Futures to make the transition to an independent not-for-profit company limited by guarantee, which it became on 1 April 2015. Since 2003, Musical Futures has developed a range of innovative approaches that enable teachers to deliver inclusive and inspirational music learning activities. In July 2014, we made a three-year transition grant to enable the development of new programmes that spread its practice among existing and new sectors, and to support the new company to build sustainable income. Although our direct relationship with Musical Futures is at an end, we continue our interest in arts-based education practices and recognise the new company as a key partner in the field of music education.

Language Futures is a learner-led approach to language teaching, originally developed by Linton Village College as part of our Learning Futures initiative. Since 2010 we have provided support for staff across a number of schools to explore how Language Futures approaches can be used to, for example, re-engage students who have been disruptive in conventionally taught lessons, or to support young people to become literate in their mother tongue – themes relevant to PHF's wider education and learning priorities. In March 2015 the Education and Learning programme awarded a three-year transition grant to the Association for Language Learning, its partners Whole Education and the British Council, to underpin the spread and longer-term support of Language Futures approaches.

Social Justice programme

The Social Justice programme was established in 2006 to help marginalised young people, disadvantaged by their circumstances and unable to reach their full potential. The programme had its roots in the Foundation's long standing commitment to supporting those facing greatest challenges to integrate into society, to adapt to difficult transitions in their lives, and to overcome stigma and prejudice.

We wanted the programme to fund in a way that was flexible and focused support on those organisations that put young people at the heart of their work. That meant developing services in partnership with service users, adapting their approaches to young people's changing needs and evolving their governance to support young people to become leaders.

In this, the final year of the programme, we made 46 awards through our Open Grants scheme – around 50 per cent more than usual.

They reflect a range of themes focused on marginalised young people, including: criminal justice, migration and integration, advice and support services, youth social action, digital technology, mental health, employability, youth leadership and care leavers.

This year we also extended our initiative on undocumented migrants and have been busy disseminating what we learned from our five-year funding programme on youth mental health, Right Here. These initiatives follow two others we have run since 2006, the Reading and Libraries Challenge Fund and the Refugee and Asylum Seeker Fund, which sought to grow the capacity and capability of their respective sectors through grant funding and further non-monetary assistance.

Over the years, our awards have covered core costs, project funding, pilots and testing out new ideas. We have also funded some applied and action research. Often the work we have funded has been risky, unusual, or even quirky: recently we supported a feature-length movie, work on media reporting of transgender issues, and a young journalist writing for the Daily Mirror. But we also fund the less glamorous aspects of social change, often including within our grants a component to allow organisations to develop capacity – for example to commission external evaluation or for business development help. We have also supported CEOs, for whom coaching or mentoring support might help them lead change in their organisations.

Grantee values

We have convened a range of grantee workshops. Each time we bring grantees together it is striking how much they have in common – their values, belief in youth voice and agency, and instinct to collaborate and take risks to achieve more. Many grantees face similar challenges. The last six years have been extraordinarily difficult for many young people and the organisations that support them.

Particularly challenging have been high levels of youth unemployment and precarious employment; an often heated, sometimes toxic debate on immigration and identity; austerity, leading to large-scale reduction in support services for young people; reductions in the availability of legal aid, particularly for those with immigration difficulties; and many others.

In this difficult and fast-changing context, at times we would have liked to offer longer term financial and non-monetary support. This thinking has influenced aspects of our new strategy.

Working across a wide range of issues, we have drawn heavily on advice from a group of expert advisors to whom we are grateful. The current group comprises Maureen McGinn (Chair of Big Lottery in Scotland), Bridget Anderson (Professor of Migration at University of Oxford) and Fiona Dawe CBE (former CEO of YouthNet).

We look forward to building on the work done to date as we move to our new strategy in summer 2015 and particularly expect to focus on work around migration issues and support for organisations working with young people.

Special initiatives

Right Here

Mental Health Special Initiative in Partnership with the Mental Health Foundation £113,902 in 2014/15

Right Here was a £6m Special Initiative developing new approaches to support the mental health of young people, which concluded in this financial year.

Working with four partnerships in Brighton and Hove, Fermanagh, Newham and Sheffield, it aimed to create effective support for young people at risk of developing mental health issues, and to raise awareness of mental health among young people and help tackle stigma. Each partner's approach was to engage young people in the design, delivery and management of projects. They tested a variety of ways to meet the needs of young people and put young people's mental health on the policy map. A report of the external evaluation of the initiative is available on our website.

In the last year, the focus of the work has been on producing a series of practical guides aimed at service providers in youth and mental health services, and at service commissioners.

These guides have been published and disseminated, and used as the basis for a series of training programmes developed in partnership with other youth organisations.

Lessons learned from Right Here, and further dissemination and training to build capacity and capability for the youth and mental health sectors, will be led by the Mental Health Foundation. Further details of Right Here work's and ongoing activity are at www.mentalhealth.org.uk

Supported Options Initiative

Support for children and young people with irregular immigration status £767,771 in 2014/15

Supported Options aims to improve the lives of children and young people with irregular immigration status, through grant-making and assistance. Many children and young people in this situation can be extremely vulnerable and need assistance to address their legal status or consider return. Until now this area has not been funded.

The initiative combines research and development with grant funding for new approaches to supporting young people and families without legal status, building on existing services.

Six organisations are developing different approaches to supporting families or individual young people. In this second phase of work, we are also supporting several organisations to develop ways of providing better quality and more accessible advice to young people who may have the right to become British citizens and for whom failure to take up this right will lead to problems and hardship on reaching majority.

This is a four-year programme. The work of the first 18 months has been the subject of an external evaluation by the Institute for Voluntary Action Research, details of which have helped us adapt our approaches. The report is available on our website.

One of the aspects that has worked well, and which we will continue, is to convene regular meetings of grantee project staff who, as a 'learning community', discuss emerging issues and challenges, including successful strategies for legal representation, and how to respond strategically to the concerns expressed by young people. This has led to new collaborations and improved service level cooperation.

The Special Initiative is jointly funded and managed with Unbound Philanthropy, and coordinated by a consultant, Sarah Cutler. A reference group is chaired by Fiona Dawe, an advisor to the Social Justice Committee.

India programme

The India programme completed the second year of its five-year Strategic Plan during 2014/15, making 31 grants amounting to a total of £1,368,681. Of these, 20 were first time grants and 11 were renewals.

Our work in India has two components. The first is an Open Grants programme that operates across prioritised geographical areas, which have historically been low on almost all social development indicators. The second is an introduction to what we have called 'theme grants'. Of the four chosen themes, the first that we have taken up in full measure is related to children in contact with the railways.

Open grants

The India Open Grants scheme is a unique offering to the development sector in India. Our grants provide an opportunity for organisations to evolve ideas and thoughts that they feel are important and which they feel require action. We have designed the scheme to encourage small and medium-sized organisations to access funding support from us, as we believe that the existence of a widespread and vibrant civil society is in the interest of the vulnerable people of India. The Open Grants scheme currently constitutes around 80 per cent of the India programme.

Open Grants, by their nature, provide us with a diverse portfolio. We have used a broad framework to determine what it is that we fund within that portfolio. We have supported programmes in health, education, livelihoods, disabilities, women's empowerment, conservation of natural resources, children's protection and agency, institutional development and integrated development.

Twelve per cent of our grants are usually made to projects which are investigating problems, by which we mean that they represent a new idea, new thoughts or new approaches which need to be experimented with. Forty four per cent of our grants are made to the next level in the framework, which is running a pilot. These are ideas that have been investigated and now need to be tried out in a project space.

These two categories in a way reflect the very special nature of the Open Grants programme in India - geared towards new ideas and approaches for social development, whatever the sector of involvement. A further 30 per cent of grants are made to take the tested pilots to a level of implementation. Finally, around 14 per cent of the grants are made to spread practice and take ideas that have been tested to a larger audience.

Capacity enhancement approaches

Our strategy in India aims to work across geographical areas that comprises communities who are extremely vulnerable and low on development indicators.

Within these areas, our preference for grant-making is to focus on small and medium-sized NGOs which would not normally have easy access to resources to undertake programmes that they would like to take on. This makes capacity enhancement an important component of our relationship with grantees. As part of our strategy for 2013-18 we have identified capacity enhancement as an overarching goal of our work on India.

Three main approaches are being pursued to help our selected NGO partners. The first is to help each organisation identify its own capacity deficit areas and help them link up with suitable support organisations or individuals who can provide training, exposure or hand-holding support to partners. Grants made to partners in this way have a line in the budget which grantees can use to access relevant and timely support when required and necessary.

The second approach is to help partners strengthen the people's collectives that they form as part of their work. These could be women's collectives challenging violence, a people's group struggling to ensure they get their entitlements, or a federation of self-help groups working on microfinance. Strengthening collectives ensures that initiatives with them are sustained and people can take care of their own concerns.

The third approach, which we are currently initiating, is to channel support inputs through a carefully identified resource organisation to small and unseasoned organisations in our geographical priority areas. To begin with we are considering two such regions which are poorly populated with civil society initiatives. The first is an area in central India called Bundelkhand; an area characterised by a very strong feudal system, poor development indicators, extreme levels of discrimination against lower castes and particularly against women, and high incidence of poverty. The second region is the state of Chattisgarh, which is essentially tribal, is struggling under the threat of exploitation of natural resources and also has poor development indicators.

Our ongoing financial and systems support initiative has been very effective and useful for both us and our partners. As part of this we continue to provide a systems and accounts audit wherein an auditor appointed by the Foundation visits the grantee organisation and helps its teams (particularly the CEO and the accounts in-charge) streamline their accounts, and the financial and governance systems.

Theme grants

Our Theme grants focus on issues which are critical but for some reason do not occupy significant mind and funding space in the development sector. We have identified four such themes.

The first and best developed of our themes is 'Lost Childhoods' - children in contact with railways. Our work on Lost Childhoods is guided by a structured strategy. The progress has been positive and in addition to field-level organisations we now also have a meso level support organisation doing structured documentation.

We are also close to finalising the first research piece on this issue, which will focus on children's perspectives on their lives on the trains and railway stations in the context of Agency of the Child. Work on the issue has opened up our understanding to the two parallel approaches being followed in India: care and protection for children at one end of the continuum, and agency of the child at the other. Both approaches are important to understand and we believe that the solution to the issue lies somewhere in between the two.

We have begun to fund stand-alone initiatives on our second theme, trafficking, but are exploring the possibilities of linking up with other donors with similar interests to jointly develop a strategic and structures response to the issue of trafficking. We believe that a coordinated response which is able to address the social, the criminal and the legal issues of trafficking will have a greater impact on the issue.

As with Trafficking, on Mental Health we are responding to proposals that we are receiving through the online application system. We are still about a year away from a structured and considered response. Our experiences of working on stand-alone projects that we are funding will help us to evolve a clearer approach to address this issue.

On Migration, the fourth of our themes, we are taking a different route and attempting to link up the work we are doing in the UK to initiatives in India. We are proposing to build a sharing and learning platform. The work in India has more to do with interstate migration in search of better livelihood possibilities and also a whole space related to undocumented people in India. These ideas will be discussed and prioritised over the next year to evolve a structured programme.

Other grants

Helen Hamlyn Trust

£2,000,000 in 2014/15

The Helen Hamlyn Trust is an independent grant-making Trust. It focuses on the initiation of medium and long-term projects linked to shared interests of Lady Hamlyn and her late husband Lord Hamlyn.

The Trust's core ethos is to develop innovative projects that aim to effect lasting change, improve quality of life and create opportunities to benefit the public. The Trust establishes lasting relationships with leading organisations and individuals to enable new areas of work to develop. Small grants of up to £10,000 are given to local and regional charities that meet the Trust's strict criteria. In 2014/15 the principle objective for the Trust was to further develop the Open Futures programme. Open Futures is a skills and enquiry based approach to learning and teaching in primary schools with the aim of helping young children to acquire practical skills, discover and explore personal interests and develop values which enable them to be confident and creative learners throughout their lives. Other focuses for funding in 2014/15 included core support to the Helen Hamlyn Centre for Design at the Royal College of Art, funding for research into Type 1 diabetes at Imperial College London, support to the London Symphony Orchestra and the Royal Opera house and funding of the Motivation project which works in India to provide wheelchairs in India.

Paul Hamlyn Club Awards

An access and audience development scheme for hard-to-reach people who do not attend live performing arts events

£25,617 in 2014/15, following awards of £2,500,000 in 2013/14

This five-year scheme was established in 2013 with the announcement of five 'Paul Hamlyn Club Awards' as part of the Foundation's 25th anniversary.

During its second year, a significant number of new audience members have found their way to the five selected venues – Sherman Cymru (Cardiff), Citizens Theatre (Glasgow), Opera North (Leeds), Royal Liverpool Philharmonic Orchestra and Hall for Cornwall Community Club (Truro). All five organisations have established new relationships with a range of audiences – community groups, whole families and young people – and, while it is still early days for most of them, they are starting to see patterns emerging of repeated attendance.

In most cases, the Award recipients have created a single new membership scheme that brings together the various aspects of the offer under one brand name – Sherman 5, Encore (Leeds), Leap into Live Music! (Liverpool) and Hall for Cornwall Community Club. The Citizens Theatre, on the other hand, has decided to extend its existing ticketing scheme, the Gorbals Card, while creating dedicated membership schemes for particular groups, such as the Deaf Theatre Club.

Each organisation sets its own goals and approach, and we seek to play whatever part we can in supporting the ambition and success of these. Representatives from the five organisations convene twice a year to update each other on recent developments and share learning. A lead officer at the Foundation monitors progress, with support from a consultant advisor. We also provide an independent evaluator to offer support to each organisation as required, and facilitate learning across all the groups.

Reference and administrative details & Auditors' report

The annual report (which comprises pages 1 to 55 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 12 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 2015 the assets of the Trust stood at £11.3m and these are included within the financial statements shown on pages 44 to 46.

The principal office of both the Trust and the Company is 5-11 Leake Street, London WC1X 9HY, which is also the registered office of the Company. The liability of the members of the Company in the event of it being wound up is limited to a maximum of £1.

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 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.
- Finance and Investment Committee, comprising five trustees and three or four external advisory members, meets quarterly to consider investment strategy, manager appointment and performance, and two or three times a year to consider financial matters.
- HR Committee, comprising the Chair and the Chairman of the Finance and Investment Committee and at least one other trustee, meets at least once a year.

The Foundation's usual approach to decision making about grant awards is for programme committees to consider applications up to £150,000 and for the board to consider grant applications above £150,000. However, during 2014/15 to help address the high volume of applications, the board agreed to an exception to this approach to allow programme committees to consider grant applications of any value at their final decision-making meeting following the closure of the old strategy. Decisions on applications to UK programmes up to £10,000 may be taken by staff committees and are reported to programme committees.

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 financial statements, 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. The Foundation's approach to financial risk management is set out in the strategic report on page 25.

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 pages 2-3 are in alignment with the public benefit requirements of the 2011 Charities Act. The Trustees Report on pages 4 to 20 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 Paul Hamlyn Foundation for the purposes of company law) are responsible for preparing the Trustees' Annual Report (including the Strategic Report) and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the 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 then 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 adequate accounting records that are sufficient to show and explain the charitable company's transactions and 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.

The trustees are responsible for the maintenance and integrity of 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.

In so far as the trustees are aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a trustee in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors' report to the members of the Paul Hamlyn Foundation

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2015 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.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by Paul Hamlyn Foundation, comprise:

- the balance sheet as at 31 March 2015;
- the statement of financial activities (incorporating the summary income and expenditure account) for the year then ended;
- the cash flow statement for the year then ended;
- the accounting policies; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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).

In applying the financial reporting framework, the trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the trustees; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Trustee Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on other matters prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Trustees' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Trustees' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

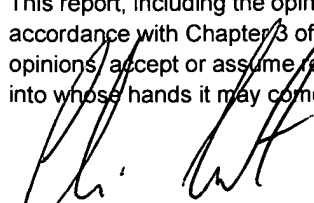
Responsibilities for the financial statements and the audit

Our responsibilities and those of the trustees

As explained more fully in the Trustees' Responsibilities Statement set out on page 22, the trustees 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 ISAs (UK & 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 and trustees 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.



Clive Everest (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
17 November 2015

Strategic report and financial review

Overview

The Foundation's operational model is to use the return from its endowment fund to support its grant-making and programme-related activity. The trustees have also stated their intention to preserve the real purchasing power of the gifts from Paul Hamlyn's estate. A review of the performance of the investment portfolio and summary of the year end position of the endowment fund is provided below along with a summary of patterns of grant-making and expenditure during the year.

Endowment fund and investment portfolio

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.

Over the last 12 months to our year end 31st March 2015 markets made solid progress, following their oft traditional pattern of seeing their lows in October, pretty much halfway through our fiscal year. The decision by the European Central Bank in December, to enter finally into emergency liquidity provision through Quantitative Easing, helped stabilise the Euro and pushed upward the value of European shares.

For the last several years we have been reluctant participants in the stock markets. We continue with our policy of being cautiously invested and spending at least as much time worrying about what we might lose as concentrating on capturing the maximum upside. That is to say we try to think carefully about our overall risk budget, the risk we take on for every unit of portfolio return. When share prices are low and markets have returned nothing for years, one can afford to expend one's risk budget more freely. We see the times we live through now as rather the reverse. Markets have had several years of high single or double digit annual returns. Asset prices are well up with events.

The Investment Committee, who under specific terms of reference are charged by the Trustees with managing the Paul Hamlyn endowment portfolio, produced a return of +13.3% for the period under review. The total size of the fund was £677.1 million at 31st March 2015.

The Foundation has wide investment powers which are specified in its Memorandum of Association and in the 'Statement of Investment Policy' document which lays down the parameters in which they act. These parameters are reviewed annually. 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 to run its multi-asset, multi-manager portfolio. Most of the managers have discretionary mandates, although use of advisory and passive strategies is made for reasons of efficiency and cost saving.

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.

When last reviewed the Trustees accepted the recommendation of the Investment Committee, that after a detailed consideration, real spending at 3.5% - 4% pa would be reasonable in the medium term although it is recognised that this may be demanding in an long-term era of low nominal returns. Ongoing review of this work will be undertaken,

particularly if markets prove to be unrewarding over a period of years, although any decision to alter the agreed level of spending would not be taken lightly.

In terms of overall portfolio shape the Finance and Investment Committee continue to run a highly diversified portfolio with significant equity orientation. Over the medium and long term, sharing in the returns from business by owning equity in well managed global companies has been a reliable way of maintaining the real value of any portfolio. At Paul Hamlyn Foundation we also focus on absolute return funds together with assets that do well in both inflationary and deflationary periods in the attempt to build a conservative asset mix not overly dependent on any single economic scenario or asset class.

Whilst we do not currently have in our investment process specific social investment policies, the Trustees have begun to look more closely at the ethical backdrop to how we invest and why. The modified guidance from our regulator, the Charity Commission for England and Wales in circular CC-14, is helpful in assisting in the decision making for what are termed 'mixed motive' investments. As yet the Foundation has, in the main, kept grants and investments separate. With our own consultants we reviewed our governance practices and were satisfied that overall our investment procedures were robust and sensible.

Again, in terms of design of the portfolio, 2014/5 was not a year of significant change. Good investment is often about not making a change but leaving well rooted investments to bring forth their fruit. I can report that significant portfolio developments in the past year were as follows:

- We maintained our exposure to global stock markets where both public and private equity exposure accounts for about two thirds of our investment assets.
- Our conventional fixed interest portfolio continues to be run on an absolute return basis with no embedded duration. Performance has been somewhat lacklustre this year
- We continued to fund our commitment to private equity, including venture. Our overall private equity portfolio, whilst young, is beginning to return cash. We have bolstered the exposure to Private Equity and Venture in China as opposed to investing in the public markets there.
- Our listed equities bias in developed markets continues to be rooted in the largest capitalisation companies. Our recent commitment to Japan has been rewarded.
- In property our core holding in the sector remains invested in a specialist fund, which had another solid year.
- It was a decent year of returns in our Hedge fund portfolio. The Foundation continued to build out its exposure, ably advised in the main by Cambridge Associates.
- We favoured the US dollar all year. In the last 12 months we looked again in considerable detail at what one might term our currency exposure neutral, how we might be exposed to global currencies in the absence of a strong investment tilt. We continue to believe that a 50% sterling/50% non-sterling neutral position that can move to 70/30 or 30/70 when felt appropriate, is the correct policy and this was reaffirmed this year. We are aware that currency plays a key role in investment returns and monitor our positions and decision making carefully.
- The specialist independent advisers who sit alongside Trustees in our Investment Committee were of outstanding importance this year. Lord Gavron passed away early in 2015 and thereby ended a unique relationship with the Foundation predicated on a deep friendship with the Founder. PHF owes him a great deal.

In terms of asset allocation the Endowment fund was positioned as follows during the year:

- Overall exposure to listed equities was 47%. This includes shares listed on stock exchanges both in the developed and emerging markets. We regard this equity-focussed part of the portfolio as the major return

driver for the Foundation over the long term. We have been cautious of emerging markets returns and continue to be sanguine about the prospects.

- Alternative investments currently stand at around 33% of the portfolio. This includes hedge funds, private equity and venture funds as well as some absolute return type strategies. The Foundation receives expert guidance on these asset classes from Cambridge Associates as it continues to build out its long-term programme of diversification.
- Although it seems a distant prospect of late, in the long-term we fear the ravages of inflation at some stage on our portfolio. We have about 9% of the portfolio in investments which are usually good performers in such times, property and index linked bonds. This is lower than last year and reflects the more deflationary bias to our thinking.
- Conventional bond exposure is low at 7%.

The balance of the portfolio, 3%, is held in liquid investments on deposit with leading banks, or in specialist currency funds. The only hedging employed at present is to protect the portfolio from a fall in the value of some of its Yen exposure.

The Foundation's Endowment investment portfolio rose by +13.3% for the financial year to 31st March 2015, making an overall advance, over the last 5 years of approximately +44.4% ahead of our objective of beating RPI + 4% per annum which amounted to +40.9%. This calculation is made by adjusting Paul Hamlyn's bequests over time for RPI, net of grants and expenses.

Grant-making and other expenditure

Grants awarded before adjustments fell by approx. £445,000 compared to 13/14 but 13/14 was an exceptional year as it included c£3.5m of awards to celebrate the Foundation's 25th anniversary. When this is excluded, the underlying pattern is a 19% increase in grant expenditure as the Foundation increased budgets when closing its 2006-14 strategy. The majority of this spend was in open grants and special initiative expenditure reduced by approx. £1.2m compared to last year.

Support costs remained at more or less the same level as last year (£2.39m).

Principal risks and uncertainties

The principal financial risks facing the Foundation 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. The Trustees consider the Foundation's risk profile on a regular basis.

The primary operational risk facing the Foundation is the risk that funding is not used effectively to achieve the highest impact. The trustees have placed a renewed emphasis on evaluation and learning from the Foundation's work in recent years, including the appointment of a head of impact and evaluation, and continue to introduce a range of measures to inform grant-making and develop learning. Learning from our work will be central to our new strategy. In common with other similar foundations, PHF has also identified operational risks around the possibility of fraud by grantees, and internal operational risks including risks associated with having a small staff team where knowledge is concentrated in a few individuals. The foundation seeks to mitigate against these risks by a range of procedures and policies and is updating its risk management approach in late 2015.

Trustees have also considered external uncertainties which could affect the Foundation. These include the potential loss of good quality grantees/applicants due to the impact of the current financial climate on charitable bodies and the

possibility of regulatory changes which could inhibit the ability of the Foundation to operate in ways the trustees consider most appropriate.

Unrestricted fund 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 restricted fund comprises grant income from partners jointly funding some of the Foundation's special initiatives. The unrestricted fund is financed by returns on investments, including investment income and transfers from the endowment fund. During the year, £9.8m was transferred from the endowment fund and at 31st March 2015 the unrestricted fund had a zero balance. 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. This is reviewed annually. At the end of 2014/15, investment holdings in cash and other liquid deposits were approximately £23m and six months of commitments are estimated at approximately £19m.

Tim Bunting
Chairman, Finance and Investment Committee

17 November 2015

The Report of the Trustees and the Strategic Report were approved by the Board of Trustees on 17 November 2015.



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Tim Bunting
Director

Grants awarded in 2014/15

Arts programme

Special Initiatives

ArtWorks: Developing Practice in Participatory Settings

Welsh National Opera Ltd	£50,000.00
Creative Scotland	£50,000.00
Barbican Centre Trust	£20,000.00
Support costs	£229,880.91
	£349,880.91

Awards for Artists

Eight awards to individual artists of £50,000 payable over three years.

Composers: Martin Green, Shabaka Hutchings & Pat Thomas	£150,000.00
Visual arts: Bonnie Camplin, Michael Dean, Rosalind Nashashibi, Katrina Palmer & James Richards	£250,000.00
Support costs	£70,206.56
	£470,206.56

Breakthrough Fund

Situations Trust	£22,000.00
The Invisible Dot Ltd	£75,000.00
Support costs	£30,779.75
	£127,779.75

Our Museum: Communities and Museums as Active Partners

Belfast Exposed	£23,700.00
National Museum Wales	£1,400.00
Support costs	£312,252.67
	£337,352.67

Special Initiatives total

£1,285,219.89

Open Grants

Amber Film & Photography Collective	To develop a programme of community collaboration, inspired by Amber's archive collection.	£60,000.00
Annabel Jackson Associates Ltd	To co-commission a publication with the Cleveland Foundation: <i>'Imagining arts organisations for new audiences'</i> .	£9,000.00
BalletBoyz Ltd	To promote and support dance teaching in schools nationwide, using recent advances in digital technology.	£100,000.00
Barbican Centre Trust	To build a bespoke professional development model for established artists.	£25,000.00

Battersea Arts Centre	To test a model of arts participation that all arts organisations could adopt and adapt to attract a wider range of participants and stakeholders.	£10,000.00
Bournemouth Symphony Orchestra	A programme to provide disadvantaged communities with high quality music education and cultural activity.	£145,000.00
Bristol Old Vic	Hiring an executive producer to enhance the organisation's producing and touring capacity.	£110,000.00
British Ceramics Biennial Ltd	The Clay Foundation will initiate a programme of specialist projects, working with targeted community groups.	£100,000.00
Camden Arts Centre	To increase the capacity of the visual arts sector to support people with learning disabilities as visitors, participants and employees.	£10,000.00
City Arts Nottingham Ltd	A pilot project to measure the impact of cultural activities and how it can inform cultural planning.	£79,000.00
Clayground Collective	Strengthening communications and organisational capacity, as well as developing future participatory projects.	£45,000.00
Collective Gallery	Launching 'Cultural Commons', a new participation programme to engage local partners and communities with the gallery's work.	£40,000.00
Creative Scotland	Support for the 3rd International Teaching Artists Conference (ITAC) due to take place in Glasgow in 2016.	£30,000.00
Dance UK	Core support to enable a merger that will transform the infrastructure of the dance sector in the UK.	£100,000.00
Dance Umbrella	Establishing a new post for a Creative Learning Producer.	£146,000.00
Deafinitely Theatre	A programme of outreach, workshops and residential summer camps for deaf children and young people.	£75,000.00
Drake Music	Research and development project to explore and remove the barriers that disabled people face when making music.	£77,000.00
Earlyarts UK Ltd	Underpinning key salaries to enable Earlyarts to make the final transition to their new business model.	£90,000.00
Entelechy Arts	To establish an Executive Director role, addressing organisational capacity and sustainability.	£60,000.00
Foundation for Community Dance	Promoting the work of ArtWorks across the UK, through an alliance of organisations operating at strategic level.	£75,000.00
Grampian Hospitals Art Trust	Development of a new arts space in Grampian Hospital in Aberdeen, supported by an organisational development programme.	£77,000.00

Gwyl Gregynog Festival	Core support to strengthen the administrative support structure of the Festival.	£60,000.00
Hofesh Shechter Dance Company	To underpin two senior management salaries and allow the company to grow strategically.	£150,000.00
Impact Arts (Projects) Ltd	A full evaluation of the Craft Café model which aims to reduce isolation among older people (60+) through creative practice led by professional artists.	£10,000.00
Iris Theatre	To cover additional time for the General Manager and Artistic Director, so they can grow the 'Work in Process' platform programme.	£8,800.00
Kettle's Yard	An off-site programme of arts activities developed in collaboration with artists and the residents of Arbury and Kings Hedges.	£150,000.00
Leisure in the Community	Support to establish, test and promote 'Lincolnshire One Venues' as a model of good practice; with young people as programmers, producers and audiences.	£190,000.00
Magic Me	To deliver artist residencies in care homes, in partnership with Anchor and four leading arts partners.	£100,000.00
Migration Museum Project	Towards the development of a small, temporary display of migration 'keepsakes'. Objects will be sourced from community members who are not traditionally represented in museums.	£10,000.00
Ministry of Stories	Support to sustain and develop our work in East London and to develop a national network.	£96,000.00
Mslexia Publications Limited	Core support for the new post of General Manager.	£120,000.00
National Organisation of Young Storytellers	Funding for storytelling workshops, tours of performances, an accredited youth leadership award and the first youth storytelling festival.	£73,000.00
National Theatre	Funding for a new Youth Programme at the National Theatre, based in the Clore Learning Centre.	£75,000.00
Pop Up Projects CIC	Wider delivery of Pop Up's literature-in-education model to six regions, increasing access to authors and their books.	£148,000.00
Ruthin Craft Centre	A three-year investigation developing new audiences and finding dynamic engagement opportunities for visitors to exhibition programmes.	£59,000.00
Scottish Ballet	Linking professional dancers with education programme delivery, to establish a network of professional dancer-educators.	£116,000.00
Scottish Poetry Library	Strategic development of a national programme of poetry, song, storytelling and reminiscence for care homes and sheltered housing.	£40,000.00

Slung Low	Core support towards the salary of Artistic Director and a part-time Project Coordinator.	£93,000.00
sounduk Arts	To fund live concerts, create a sound installation and develop educational activities that explore nature's music at the Horniman Museum.	£10,000.00
Spitalfields Music	To apply a nationwide early years model, develop its international reach and test new ways of engaging different demographics.	£120,000.00
Take Art Limited	A programme of collaborative action research, exploring new ways of working to build creative learning opportunities across a regional network of early years settings.	£80,000.00
Tête à Tête	To underpin the move of the Festival to new venues in King's Cross.	£100,000.00
The Common Guild	Core support towards a new strategic plan.	£65,000.00
The Indra Congress	Creating a dialogue with 50 young people in Plymouth, to engage with their isolated peers in places like Palestine and Sierra Leone.	£10,000.00
The Red Room (What Next?)	To support a national conversation over 20 chapters, through a grant to Red Room. ENOUGH?	£50,000.00
Theatre Royal Stratford East	Supporting the organisation through a period of financial turbulence.	£90,000.00
Tonic Theatre	Core funding to continue work with a cohort of 11 theatres who are part of 'Advance' – a programme addressing gender inequality in the theatre.	£8,300.00
Turner Contemporary	Funding 'Art Inspiring Change', a programme of community engagement working across primary schools in Margate.	£100,000.00
Unicorn Theatre Caryl Jenner Productions	Core funding to scale up an 'ensemble in repertory' production model, incorporating multiple shows for each age range.	£300,000.00
University of Manchester	A live, filmed knowledge/exchange event about participatory community arts practice between pioneer and younger artists.	£5,900.00
Unlimited Theatre	Towards the development of 'The Astro Challenge' – a digital, interactive arts/science adventure to inspire 7–13-year-olds.	£50,000.00
Visual Editions Ltd	Finding a viable operating model for Visual Editions that supports innovative expression and creates cultural impact.	£20,000.00
West Yorkshire Playhouse	Allowing West Yorkshire Playhouse and other arts venues to engage with older people living with dementia.	£104,000.00
What Next?	Support to research and test the viability of new mechanisms to help arts and cultural organisations confront actual or potential	£7,000.00

	controversies regarding their programming.	
Whitechapel Gallery	Funding the 'Art Already Made: Skills Exchange' pilot community engagement project, concentrating on ethnic communities in Tower Hamlets.	£25,000.00
Yorkshire Sculpture Park	To support 'Learning Together', a new learning programme for families, targeted at existing audiences and disadvantaged communities in Wakefield.	£150,000.00
Yorkshire Sculpture Park	To support the evaluation of 'Learning Together'	£10,000.00
Open Grants total		<u>£4,267,000.00</u>
Arts programme total		<u>£5,552,219.89</u>

Education & Learning programme

Special Initiatives

Learning Away	Support costs – development and evaluation, events and school support costs.	£188,857.04
Musical Bridges: Transforming Transition	Support costs – research and evaluation, advocacy and dissemination, events and consultancy.	£30,749.88
Musical Futures		£432,219.04
What Works?		£12,329.89
Special initiatives total		£664,155.85

Open grants

Active Citizens FE	A two-year, citizenship-focused pilot to develop the speaking and listening skills of 120 Foundation Level learners across 8 colleges.	£146,800.00
ASDAN	To develop and pilot a new 'progression curriculum', designed to support an improved transition from primary to secondary school – particularly for 'at risk' young people.	£147,450.00
Bangor Community Radio	Funding a confidence-building radio recording about employability, leading to a personal development qualification.	£183,064.00
Canterbury Academy	Development of the Riverside Centre youth engagement programme, for young people at serious risk of exclusion.	£135,563.00
Charnwood 20.20	Connecting employers with disadvantaged learners to help them develop real 'workplace literacy', as well as showcasing communication skills in a video CV format.	£96,233.00
Chol Theatre	Expanding the reach of the 'Imaginary Communities' drama-based approach to schools across Yorkshire by providing CPD for teachers and trainees.	£117,818.00
Citadel Youth Centre	A new programme to train and support young people at risk of disengaging from school. Also facilitating intergenerational groups and presenting work to the wider community.	£71,872.00
Clore Duffield Foundation	Two years of core support for the Cultural Learning Alliance, working to ensure that all children and young people have meaningful access to culture.	£60,000.00
Digitalme	A 'speaking and listening' learning programme for 15–19 year olds, creating pathways into work or	£147,010.00

	training using employer-validated Open Badges.	
Education and Skills Development Group	This supplementary school in Ealing aims to provide targeted support for refugee children in years 4–6, to ensure a successful transition to secondary school.	£54,996.00
Family Links	To work with schools, pupils and parents to encourage, support and achieve a successful transition from primary school to secondary school.	£23,600.00
Goldsmiths University of London	Phase II of the 'Critical Connections Multilingual Digital Storytelling Project'. Developing an engaging approach to language learning between supplementary and mainstream schools.	£149,230.00
I CAN	A programme of training for businesses and young people with poor communication skills, co-delivered by young people.	£113,869.00
Inquiry for Life CIC	A series of 'community of inquiry' sessions over nine months, using an imaginative inquiry approach to explore issues of belonging, free-will and community responsibility.	£21,490.00
LAMDA Limited	LAMDA will create and pilot Ofqual-recognised communication qualifications, specifically designed for state schools.	£140,110.00
Languages Sheffield	HoLA enables bilingual young people to have their language skills formally recognised and to progress vocationally and academically.	£235,204.00
Musical Futures	A grant to underpin salaries and activities at a time of transition towards independence from PHF.	£734,286.00
National Literacy Trust	A revised proposal to consolidate the 'Words for Work' programme and to achieve a sustainable delivery model across 20 hubs and 80–100 schools.	£146,384.00
Openstorytellers	Widening access to Storysharing; researching ways to provide effective, affordable intervention in schools, homes and the community.	£132,882.00
OYA Organisation of Young Africans	To develop new, sustainable supplementary/mainstream school partnerships to help bridge the attainment gap affecting African and African-Caribbean secondary students in Harrow and Barnet.	£98,727.00
Patcham High School	Providing training and creative workshops to young people of low SES and/or with SEN to develop their communication skills, employability and progression.	£144,349.00
Phoenix Education Trust	Workshops to develop speaking and listening skills in young people through communication, campaigning and peer training activities.	£165,116.00

Radio Regen	EmploymentFM is a national consortium project to enable the community radio sector to better deliver employability training to 16–19 year-olds.	£194,479.00
SIEVEMK Gateway Limited	Develop partnerships between supplementary/mainstream schools in Milton Keynes to improve the attainment in English and maths of underachieving young people from BME communities.	£120,528.00
South Bristol Consortium for Young People	The Crafting Confidence programme plans to increase the communication skills and aspirations of young people through an integrated approach.	£176,000.00
Space Unlimited	This project will enable young people in Scottish schools to develop skills and confidence to design activities and access tailored support for making the transition to work.	£149,232.00
Teacher Development Trust	To extend the National Teacher Enquiry Network and its approaches across 20 new schools in the North East of England.	£147,821.00
The Association for Language Learning	To support activities underpinning the transition of the PHF Language Futures initiative to management by the Association for Language Learning, including evaluation and research, resource development and sustainability planning.	£311,260.00
The Communication Trust	Funding to enable the development and dissemination of a suite of tools to help staff in secondary schools understand different levels of language and communication skills for particular age groups.	£42,238.00
The Lady Jane Franklin School	To provide bespoke intervention programmes and personalised support to improve attendance, behaviour and progression for young people in four Lincolnshire schools.	£98,084.00
The Magdalen Environmental Trust	A programme of Forest School opportunities in school grounds and at Magdalen Farm to help vulnerable children make successful transitions to middle and secondary schools.	£97,419.00
The Philosophy Foundation	Enabling the organisation to strengthen key business and financial management processes and to update its strategy to achieve sustainable growth.	£90,000.00
The Royal Society for the Arts	The RSA is running a series of investigations to explore the implications of key education policies across the UK and to propose new ideas for policy and practice in response to findings.	£24,905.00

The Salmon Youth Centre in Bermondsey	Building on a previous project to improve young people's speaking and listening skills, Salmon now proposes to train and actively support five other youth centres to use the same approach.	£148,935.00
Whole Education Ltd	Core support for Whole Education – a network of schools and organisations committed to providing a broad and balanced education for all young people.	£60,000.00
Willows High School	To overcome school attendance barriers for 'hard-to-reach' pupils, allowing them to maximise their potential.	£91,000.00
Open Grants total		£5,017,954.00
Education & Learning programme total		£5,682,109.85

Social Justice programme

Special Initiatives

Right Here £113,901.81

Supported Options Initiative

Ealing Law Centre	£120,000.00
Islington Law Centre	£5,000.00
The Refugee and Migrant Centre Ltd	£60,000.00
Coram Children's Legal Centre Ltd	£100,297.00
Coventry Law Centre	£100,000.00
The Children's Society	£90,656.00
Islington Law Centre	£80,000.00
Praxis Community Projects	£103,706.00
Support costs	£108,111.98
	£767,770.98

Special Initiatives total

£881,672.79

Open Grants

British Future	Providing deliberative workshops for young people, combined with a 'youth jury', to find out their views. Projected through an online platform, news reportage and events.	£37,000.00
British Youth Council	To support a short-term project to help young people engage more with leading politicians as they shape manifestos in the run up to the General Election.	£10,000.00
CanDo Coffee	Offenders into employment - start up support for salary costs of CEO	£50,000.00
centred	A range of aspirational and creative activities for young, diverse, LGBTQ people who are also predominantly deaf, disabled, BME and/or trans.	£70,450.00
Children's Rights Alliance for England	Supporting marginalised children to gather evidence from their peers about breaches of their rights; subsequently presenting evidence to the UN and campaigning for change.	£120,000.00
Clean Break Theatre Company Ltd	Continuation funding to support the further development of work with younger women facing complex multiple disadvantage.	£150,000.00
Clinks	Core support for this second tier charity supporting organisations working on criminal justice	£200,000.00
Clore Social Leadership Programme	Continuing support, increasing to two PHF fellows per year - one each for the youth and migration sectors.	£150,000.00
Ethnic Youth Support Team	To expand the 'Think' project, working with young people via organisations across the UK to	£9,869.00

	increase their resilience to far-right extremism.	
Family Rights Group	To undertake research and develop an influencing strategy, training course and tailored advice to maximise young parents' chances of keeping and safely raising their children.	£100,000.00
Fine Cell Work	Development of the 'Stitchwise' apprenticeship, to incorporate prisoner and volunteer feedback into an accredited learning model focused on employment skills.	£104,264.00
Friends Families and Travellers	Activities to build the skills and self-esteem of Gypsy and Traveller young people aged 15–30, giving them the confidence to engage more fully in society.	£99,605.00
Future Projects	Accredited radio training with offenders in prison, followed by one-to-one support and placements at Future Radio 107.8fm to facilitate a move back into mainstream society.	£72,349.00
Helix Arts	Delivering an innovation programme which uses the arts to engage disadvantaged and marginalised groups in the process of designing better public services.	£53,690.00
Indefinite Films / Leave to Remain	To support the dissemination of the feature film 'Leave to Remain'.	£15,000.00
Institute for Public Policy Research	For an additional resource to accompany the report for the Everyday Integration project.	£4,954.00
Latin American Women's Rights Service	No Limits' will use the arts to empower newly arrived young migrant women to successfully integrate, articulate their demands and maximise their potential.	£122,477.00
Legal Services Agency	Provision of specialist legal services to refugee/migrant children and young people, with a remit to improve the broader policy and legal framework.	£107,335.00
Legal Services Agency	Continuation of legal support services for irregular migrants in Scotland.	£4,000.00
Move On Limited	Continuation support for further development of ground-breaking peer mentoring project in Scotland	£24,913.00
Music in Detention	Support to enable the future development of the organisation, which works with people in refugee detention centres	£150,000.00
On Road Media	Delivering the 'interaction' method with education and health professionals. Enabling consultations and community building, resulting in a plan of action for sexual abuse issues.	£120,000.00

Pen Optical Trust	Providing work experience for offenders. Any surplus profit made will fund the continuation of optical training for prisoners.	£72,000.00
Prisoners' Education Trust	Continuing support to strengthen the voice of prisoner learners in youth justice policy and practice.	£108,692.00
Public Achievement Limited	Core support for this ground-breaking Northern Irish charity, focusing on activities relating to youth and policing, and young people holding elected members to account.	£75,460.00
Public Achievement Limited	Funding to cover costs associated with extending the current PHF-funded project.	£10,000.00
Public Service Broadcasting Trust	To create and sustain a series of policy platforms, enabling first-hand authentic experiences to shape future policy and practices across a range of issues.	£118,277.00
Refugee Youth	Aiding the growth and development of the Refugee Youth 'Web of Connection' across London and nationally, reaching more young people and having a wider impact.	£150,000.00
Spark Inside	Piloting a through-the-gates, one-to-one professional life coaching programme with 20 high-risk, young adult women at HMP Bronzefield.	£10,000.00
Tender Education and Arts	Core support to consolidate Tender's proven school-based domestic and sexual violence prevention programmes.	£95,000.00
The Baobab Centre for Young Survivors in Exile	Providing individual and group psychotherapy, arts and sports activities, literacy, philosophy and music workshops, therapeutic retreats and general support during the asylum-seeking process.	£120,000.00
The Big House	Delivery of three intensive Open House projects and consolidation of a best-practice model; including the development of an effective impact measurement system.	£52,500.00
The Culture Trust	Cultural brokering to maximise partnerships and fundraising potential cross-sectorally in Northern Ireland.	£50,000.00
The Foyer Federation	To support the development costs of a bid to the Department for Education for an 'Alternative Provision' Free School for 11-18 year old young offenders in Haringey.	£10,000.00
The Glass Is Half Full	Confronting genocide and illegal warfare around the 70th anniversary of the Nazi Holocaust camps' liberation.	£10,000.00
The International Centre for Social Franchising	To pilot and develop (with four other funders) a 'scale accelerator' to help grantees grow and replicate successful approaches.	£36,292.00

The Place2Be	Improving the long-term prospects of disadvantaged children, young people and their families by providing accessible and tailored mental health support in 300 schools by 2018.	£153,254.00
The Reasons Why Foundation	Funding a tailored series of workshops, focusing on self esteem, individual identity, responsibility and communication for offenders.	£100,000.00
The Runnymede Trust	To support Runnymede's Director to deliver our main objective of using evidence to influence policy on race and ethnicity.	£100,000.00
Transform Justice	To support research into reframing narratives in the criminal justice sector.	£80,000.00
Trust for London	A contribution to a multi-funder strategic legal fund for vulnerable young migrants.	£100,000.00
Venture Scotland	A wilderness-based personal development programme for disadvantaged young people (16–30), helping them to turn their own lives around.	£40,000.00
Wales Observatory on Human Rights of Children and Young People	Enhancing the impact of UNCRC monitoring, increasing the influence of children and young people and empowering them to use processes to hold duty bearers to account.	£120,000.00
Working With Men	To develop a comprehensive programme addressing the needs of young men and fathers aged 13–25.	£150,000.00
Young Advisors Company Limited	Securing new and diverse commissions for young people to learn, earn and make a difference.	£120,000.00
YouthNet	To support and scale a digital community that empowers young people to share their stories with their peers to combat isolation and distribute early intervention support.	£280,030.00
Open Grants total		£3,937,411.00
Social Justice programme total		£4,819,083.79

India programme

Themes

Runaway Children and Child Labour

Safe Society	£21,389.58	Rs 1,982,596
Society for Promotion of Youth & Masses (SPYM)	£19,989.58	Rs 1,852,830
Sanchal Foundation	£32,772.91	Rs 3,037,714
	£74,152.07	Rs 6,873,140

People with Mental Illnesses

The Banyan	£52,546.91	Rs 4,870,563
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Trafficked Women and Children

Association for Social and Human Awareness	£38,202.08	Rs 3,540,943
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Themes total

£164,901.06	Rs 15,284,646
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Open Grants

Baihar Nari Utthan Sewa Mahila Mandal (Nari Uthan)	£58,910.77	Rs 5,460,427
Committee of Resource Organisation (CORO) for Literacy	£57,958.71	Rs 5,372,181
Dang Vikas Sansthan, Karauli	£31,459.97	Rs 2,916,018
Digdarshika, Institute of Rehabilitation and Research	£50,254.80	Rs 4,658,107
Ekta Parishad Trust	£54,685.76	Rs 5,068,812
Gramin Adivasi Samaj Vikas Sansthan (GASVS)	£16,168.75	Rs 1,498,678
Gramin Mahila Vikas Sanstha (GMVS)	£52,665.20	Rs 4,881,527
Gramin Samassya Mukti Trust	£36,572.92	Rs 3,389,937
Holistic Action Research and Development	£56,147.13	Rs 5,204,266
Jai Baharati Shiksha Kendra	£41,276.04	Rs 3,825,868
Jan Sahas Social Development Society	£33,545.83	Rs 3,109,356
Janvikas Samajik Sanstha (JVSS)	£53,863.54	Rs 4,992,601
Khoj – A Quest for Knowledge, Hope, Opportunity and Justice	£25,742.82	Rs 2,386,097
Kutch Nav Nirman Abhiyan	£40,405.32	Rs 3,745,161
Muskaan	£41,575.00	Rs 3,853,578
Parvarish	£37,235.42	Rs 3,451,344
Regional Centre for Development Cooperation	£32,083.64	Rs 2,973,826
SAHA – An Organization for Women's Development	£24,872.92	Rs 2,305,466
Samaj Vikas Sanstha (SVS)	£50,681.25	Rs 4,697,635
Samarpan	£37,397.92	Rs 3,466,406
Social Animation Towards United Liberative Action (SANTULAN)	£50,366.02	Rs 4,668,416
Spandan Samaj Seva Samiti	£92,983.90	Rs 8,618,659
Stree Mukti Sanghatana	£36,648.96	Rs 3,396,985
Vidarbha Nature Conservation Society	£41,664.58	Rs 3,861,882
Vikash	£112,498.77	Rs 10,427,488
Youths Union for Voluntary Action (YUVA)	£36,113.54	Rs 3,347,357
Open Grants total	£1,203,779.48	Rs 111,578,078

India programme grants awarded total

£1,368,680.54	Rs 126,862,724
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Exchange rate differences

(£31,288.36)

India programme total

£1,337,392.18

Other grants

New Philanthropy Capital	Inspiring impact – year 3	£10,000.00
The Helen Hamlyn Trust	Support for the Helen Hamlyn Trust 2014–2015	£2,000,000.00
25th Anniversary Gifts	Paul Hamlyn Clubs support	£25,617.05
Exchange rate adjustments		£616.54
Other grants inc 25th anniversary total		£2,036,233.59
Total Grants Awarded & Special Initiative support costs		£19,427,039.30

Statement of Financial Activities

for the year ended 31 March 2015

(Incorporating Income and Expenditure Account)

	Notes	2015 Unrestricted fund £m	2015 Restricted fund £m	2015 Endowment fund £m	2016 Total £m	2014 Total £m
Incoming resources from generated funds						
Investment income	2	16.201	-	-	16.201	17.829
Grants receivable	16	-	0.090	-	0.090	0.090
Other incoming resources	17	0.032	-	-	0.032	0.016
Total incoming resources		16.233	0.090	-	16.323	17.935
Resources expended						
Investment management costs	3	4.395	-	-	4.395	4.387
Charitable activities including grant-making	4 & 16	21.644	0.143	-	21.787	22.160
Governance costs	7	0.029	-	-	0.029	0.041
Total resources expended		26.068	0.143	-	26.211	26.588
Net outgoing resources before transfers		(9.835)	(0.053)	-	(9.888)	(8.653)
Transfers between funds	16	9.835	0.002	(9.837)	-	-
Net expenditure		-	(0.051)	(9.837)	(9.888)	(8.653)
Other recognised gains and losses						
Gains on investment assets	9	-	-	69.610	69.610	8.381
Net movement in funds		-	(0.051)	59.773	59.722	(0.272)
Funds balances brought forward at 1 April 2014		-	0.051	600.095	600.146	600.418
Funds balance carried forward at 31 March 2015		-	-	659.868	659.868	600.146

The Statement of Financial Activities includes the Income and Expenditure Account and the Statement of Total Recognised Gains and Losses.

All amounts relate to continuing operations. All gains and losses recognised in the year are included in the Statement of Financial Activities.

There are no material differences between the net income/(expenditure) for the year and their historical cost equivalents.


The notes on pages 47 to 55 form part of these financial statements.

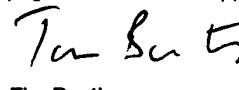
Balance Sheet at 31 March 2015

	Notes	2015 Total £m	2014 Total £m
Fixed assets			
Tangible assets	8	5.961	6.090
Intangible assets		0.035	-
Investments	9	672.944	613.345
Programme related investments	10	-	0.238
Total fixed assets		<u>678.940</u>	<u>619.673</u>
Current assets			
Debtors	11	0.721	0.677
Other investments	12	0.401	1.035
Cash at bank and in hand		3.738	1.134
Total current assets		<u>4.860</u>	<u>2.846</u>
Creditors - amounts falling due within one year	13	<u>(14.601)</u>	<u>(12.128)</u>
Net current liabilities		<u>(9.741)</u>	<u>(9.282)</u>
Total assets less current liabilities		669.199	610.391
Creditors - amounts falling due after one year	14	<u>(9.331)</u>	<u>(10.245)</u>
Net assets		<u>659.868</u>	<u>600.146</u>
The funds of the charity		<u>659.868</u>	<u>600.146</u>
Represented by:			
Restricted Funds	16	-	0.051
Endowment Funds			
- Investment revaluation reserve		183.837	116.300
- Other endowment funds		476.031	483.795
Total Charity Funds		<u>659.868</u>	<u>600.146</u>

The notes on pages 47 to 55 form part of these financial statements.

The financial statements on pages 44 to 46 were approved by the trustees on 17 November 2015 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 2015

	2015	2014
	Total	Total
	£m	£m
Net outgoing resources for the year	(9.888)	(8.653)
Less investment income earned	(16.201)	(17.829)
Add back investment management charges	4.395	4.387
Less other income	(0.032)	(0.016)
Less grants receivable	(0.090)	(0.090)
Add back depreciation	0.186	0.170
Increase in debtors	(0.016)	(0.078)
Increase/(decrease) in creditors due within one year	2.533	(1.419)
(Decrease)/Increase in creditors falling due after more than one year	(0.914)	1.315
Decrease/(Increase) in PRI debtor	0.238	(0.238)
Net cash outflow from operating activities as defined by FRS 1	(19.789)	(22.451)
Returns on investment		
Investment income received	16.173	19.049
Investment management charges paid	(4.456)	(4.447)
Capital expenditure and financial investments		
Purchase of tangible fixed assets	(0.045)	(0.143)
Purchase of intangible fixed assets	(0.046)	-
Sale of tangible fixed assets	-	0.002
Purchase of fixed assets and other investments	(83.307)	(160.921)
Sale of fixed assets and other investments	93.952	168.456
Increase/(decrease) in cash for the year before financing	2.482	(0.455)
Financing		
Other income	0.032	0.016
Grants receivable	0.090	0.090
Increase/(decrease) in cash for the year	2.604	(0.349)
Movement in cash and short term deposits		
Cash and short-term deposits at 1 April 2014	2.169	3.136
Decrease in short-term deposits	(0.634)	(0.618)
Increase/(decrease) in cash	2.604	(0.349)
Increase/(decrease) in cash and short-term deposits	1.970	(0.967)
Cash and short-term deposits at 31 March 2015	4.139	2.169

Notes to the financial statements for the year ended 31 March 2015

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) the Companies Act 2006 and the Charities Act 2011. 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 pages 25 to 28.

In June 2005, the Charity Commission issued a uniting direction for the Paul Hamlyn Foundation (Charity No.1102927) and the 1987 Foundation (Charity No. 327474) made under s.96(6) of the Charities 1993 Act. It is purely an administrative and accounting linkage. The subsidiary 1987 Foundation has been transferred to the registration number of the main charity Paul Hamlyn Foundation and its old registration removed. Details of both entities which are included in these financial statements are given in the reference and administrative details on page 21.

(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, charitable activities which are largely 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. Direct charitable activities represents non grant-making activity in support of the Foundation's beneficiaries.

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.

The full value of charitable grants are recognised in the year in which the grant commitment is awarded and the grantee has been informed and is shown as a long or short term creditor as appropriate.

(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 principal useful economic lives used for items depreciated in the 2014/15 financial statements are as follows:

	No of years
Furniture and fittings	4
Computer equipment	4
Website development costs	4
Freehold building	50

(e) Fixed asset investments

Listed investments are stated at their market value at the year end. Alternative accounting rules are applied for the revaluation of fixed asset investments. Realised and unrealised gains and losses are recognised through the other recognised gains and losses line on the SOFA.

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) 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.

(h) Taxation

Irrecoverable VAT is included as part of the expenditure to which it relates under 1c) resources expended.

The Charity is a registered charity, and as such is entitled to certain tax exemptions on income and profits from investments, if these profits are applied solely for charitable purposes.

(i) 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 2014/15 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.

(j) Impairment policy

Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

(k) Provisions and contingent liabilities policy

Provisions are recognised where there is a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the

obligation. If these conditions are not met, no provision is recognised. However, contingent liabilities are disclosed in the notes to the financial statements, unless the possibility of a transfer of economic benefits is remote.

(l) Programme related investments

The Foundation has only held programme related investments that are loans. These are accounted for at the outstanding amount of the loan less any provision for unrecoverable amounts.

(m) Forward currency contracts

Where the Foundation uses forward currency contracts to reduce currency exposure in its investment portfolio, the fair value of these forward exchange contracts is estimated by using the gain or loss that would arise from closing the contract at the balance sheet date and the resulting unrealised translation losses/gains are included within the overall value of the investments listed in the notes.

2. Investment income

	2015	2014
	£m	£m
UK equities	2.567	2.858
Overseas equities	4.331	5.041
Fixed interest securities	0.731	0.809
UK investment property	1.639	1.613
Term deposits	0.082	0.250
Unlisted investments	6.851	7.258
Total	16.201	17.829

3. Investment management costs

	2015	2014
	£m	£m
Investment management fees and consultancy	4.294	4.288
Internal investment management costs	0.101	0.099
Total	4.395	4.387

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

During the year ended 31 March 2015, the following charitable donations were awarded by the Foundation and charitable activity undertaken:

	2015 Grants awarded £m	2015 Support costs £m	2015 Direct charitable activity £m	2015 Charitable activities including grantmaking £m	2014 Charitable activities including grantmaking £m
Grants awarded by value					
Arts	5.552	0.642	0.021	6.215	6.707
Education and Learning	5.682	0.651	0.072	6.405	4.900
Social Justice	4.819	0.548	(0.001)	5.366	3.321
India	1.337	0.327	-	1.664	1.686
Other Grants	2.011	0.221	0.011	2.243	2.504
25th Anniversary	0.026	0.003	-	0.029	3.518
Sub Total	19.427	2.392	0.103	21.922	22.636
Adjustments:					
Returned Grants/Adjustments to previous years awards	(0.397)	-	-	(0.397)	(0.340)
Exchange rate adjustments for awards in previous years	0.071	-	-	0.071	(0.136)
Write off of programme related loan (see note 10)	-	-	0.191	0.191	-
	19.101	2.392	0.294	21.787	22.160
Number of grants awarded			2015	2014	
Arts			74	65	
Education and Learning			36	31	
Social Justice			55	31	
India			31	26	
Other Grants			2	8	
			198	161	

A schedule of the grants awarded in each programme area is given elsewhere in this report. All grants were awarded to organisations with the exception of £0.40 million (2014: £0.40 million) awarded to 8 (2014: 14) individuals.

£0.143m of these costs relate to activity funded by restricted funds (see note 16).

5. Support costs

	2015 £m	2014 £m
Payroll and related costs	1.487	1.540
Operations support	0.315	0.298
Property expenses	0.072	0.073
Communications	0.050	0.043
Office expenses	0.282	0.265
Depreciation and loss on disposals	0.186	0.170
	2.392	2.389

Support costs reflect the management structure of the organisation. Operations support includes the costs of temporary staff and recruitment. Where they cannot be directly derived, support costs are allocated between grant-making activities on the basis of the value of grants awarded.

6. Total staff costs

	2015 £m	2014 £m
Wages and salaries	1.257	1.263
Social security costs	0.132	0.132
Other pension costs	0.141	0.159
Other employment costs	0.058	0.085
Total payroll and related costs	1.588	1.639

The above figures include (a) a provision of £0.004m for costs relating to the end of employment for one member of staff which the Foundation has committed to pay by the end of April 2015; (b) a prepayment of £0.007m in relation to the Foundation's pension scheme.

The monthly average number of persons employed by the Foundation during the year was 33 (2014: 32).

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

	2015 Number	2014 Number
£60,000 to £70,000	3	2
£70,001 to £80,000	2	1
£80,001 to £90,000	-	1
£90,001 to £100,000	-	1
£110,001 to £120,000	-	1
£160,000 to £170,000	1	-

During the year the Foundation made contributions of £56,552 (2014: £78,278) to the personal pension plans of these employees.

7. Governance costs

	2015 £m	2014 £m
Audit fees	0.020	0.020
Legal and professional fees	0.004	0.004
Office and travel expenses	0.005	0.017
	0.029	0.041

The trustees are not employed by the Foundation and do not receive any emoluments in respect of their services. Travel and subsistence expenses of £489 (2014: £8,795) were reimbursed to four (2014: six) trustees during the year.

The trustees are the directors of the Company. During the year and up to the date of approval of the financial statements, there was a qualifying third party indemnity in place for directors as allowed by Section 234 of the Companies Act 2006.

8. Tangible fixed assets

	Freehold building & land £m	Furniture and fittings £m	Computer equipment £m	Total £m
Cost				
As at 1 April 2014	6.119	0.199	0.233	6.551
Additions	0.000	0.022	0.023	0.045
Disposals	-	-	(0.018)	(0.018)
As at 31 March 2015	6.119	0.221	0.238	6.578
Depreciation				
As at 1 April 2014	0.191	0.105	0.165	0.461
Charge for the year	0.093	0.045	0.036	0.174
Disposals	-	-	(0.018)	(0.018)
As at 31 March 2015	0.284	0.150	0.183	0.617
Net Book Value				
As at 31 March 2015	5.835	0.071	0.055	5.961
As at 31st March 2014	5.928	0.094	0.068	6.090

9. Fixed asset investments	2015 £m	2014 £m
Market value at 1 April 2014	613.345	611.881
Purchases	83.307	160.921
Sales	(93.318)	(167.838)
Net realised and unrealised gains	69.610	8.381
Market Value as at 31 March 2015	672.944	613.345

Investments at market value comprised:	2015 £m	2014 £m
UK equities	81.474	76.986
Overseas equities	238.159	214.279
Fixed interest securities	95.196	93.315
UK investment property	28.923	26.866
Alternative securities	136.039	115.408
Term deposits	7.372	30.342
Unlisted investments	85.781	56.149
Total (including cash held for investment by managers)	672.944	613.345

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 trustees believe that the carrying value of the investments is supported by their underlying net assets.

The historical cost of the above assets is £489.107m. The historical costs of the assets held by the Foundation in 2014 was £497.045m. The Foundation has committed, where contractual terms are made, to undertake a further £36m of fixed asset investment acquisitions in private equity funds in future years.

At 31st March 2015, the Foundation had an open forward exchange contract to sell some exposure to the Japanese Yen by buying Sterling which was valued at (£0.033m). The settlement date for this contract was 29 May 2015. The contract was entered into to reduce the Foundation's currency risk following the greater global diversification of its investment holdings. Investments representing over 5% by value of the portfolio comprise:

	2015 £m	2014 £m
Heronbridge	36.867	35.154
Jupiter Special Situations	44.607	41.832
GMO International Core Equity Fund	49.286	48.762
GMO Quality Fund	57.327	51.431
Schroders Global Titans Fund	37.017	31.968
Pimco Unconstrained Bond Fund	38.646	42.812
Landsdowne Developed Markets Fund	35.088	31.849
	298.838	283.808

10. Programme related investment

	Market Value 1.4.14 £m	Drawn £m	Repaid £m	Written Off £m	Market Value 31.3.15 £m
Loans	0.238	-	0.047	0.191	-
Totals	0.238	-	0.047	0.191	-

The Foundation loaned £250,000 to Beat Bullying Group in 2013/14. £59,523 was repaid in the period to July 2014. In October 2014 Beat Bullying appointed administrators and following their initial report, the Foundation decided to write off the outstanding loan as there was no reasonable chance of further repayment.

11. Debtors

	2015 Unrestricted Fund £m	2015 Restricted fund £m	2015 Endowments Fund £m	2015 Total £m	2014 Total £m
Prepayments and other debtors	0.146	-	-	0.146	0.130
Accrued investment income	0.575	-	-	0.575	0.547
	0.721	0.000	0.000	0.721	0.677

12. Other investments

	2015 Unrestricted fund £m	2015 Restricted fund £m	2015 Endowments fund £m	2015 Total £m	2014 Total £m
Cash deposits	0.401	-	-	0.401	1.035
	0.401	-	0.000	0.401	1.035

13. Creditors amounts falling due within one year

	2015 Unrestricted fund £m	2015 Restricted fund £m	2015 Endowments fund £m	2015 Total £m	2014 Total £m
Grants payable	13.569	-	-	13.569	10.881
Investment management fees accrual	0.105	-	-	0.105	0.165
Accruals and creditors	0.151	-	-	0.151	0.267
Taxation and social security	0.041	-	-	0.041	0.042
Investment funds payable	-	0.735	-	0.735	0.773
	13.866	0.735	-	14.601	12.128

14. Creditors amounts falling due after more than one year

	2015 Unrestricted fund £m	2015 Restricted fund £m	2015 Endowments fund £m	2015 Total £m	2014 Total £m
Grants payable in one to two years	7.312	-	-	7.312	5.752
Grants payable after two years	2.019	-	-	2.019	4.493
	9.331	-	-	9.331	10.245

	Earlier years £m	This year £m	Future years £m	Total £m
All Special Initiatives	33.534	2.688	4.982	41.204

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 2015 all restricted funds except the Diana Fund, have been received for contributions to special initiatives. The Arts and Humanities Research Council and Creativity, Culture and Education are contributing to the Artworks special initiative. Unbound Philanthropy are a partner on the Support Options Fund. We received funding from the Diana Fund on their closure to enable the continuation of work of joint interest in the social justice programme.

	Balance at 1 April 2014 £m	Incoming Resources £m	Expenditure £m	Balance at 31 March 2015 £m
b) Movement in restricted funds				
Arts and Humanities Research Council	(0.004)	-	0.004	-
Creativity, Culture and Education	(0.049)	(0.050)	0.099	-
Unbound Philanthropy	0.004	(0.040)	0.040	0.004
Diana Fund	(0.002)	-	-	(0.002)
Transfer from the Endowment Fund	-	(0.002)	-	(0.002)
	(0.051)	(0.092)	0.143	(0.000)

c) Transfer between funds

The Trustees agreed to the transfer of £9.835m from the endowment fund to the unrestricted fund and £0.002m to the restricted fund to meet the costs of ongoing operations in 2014/15.

d) Investment revaluation reserve

The investment revaluation reserve is calculated as the difference between the market valuation and the historic cost of the Foundation's investments. In 2014/15 a transfer of £183.8m was made (2013/14: £116.3m).

17. Other incoming resources

Other incoming resources comprises donations and miscellaneous income. In both 2014/15 and 2013/14 this includes a refund for investment funds written off in a previous year following the liquidation of the fund.

18. Contingent liability

The Foundation is aware of the possibility of a claim against the outstanding Estate of Lord Hamlyn. As the residuary beneficiary of the funds from the Estate, the Foundation would be required to meet the costs of a successful claim but the likelihood of success of any claim and its possible level are not possible to estimate with any certainty and no provision has been made in these financial statements.

Paul Hamlyn Foundation Trustee Report and Financial Statements 2014/15

19. Related Parties

The following staff and trustees have a controlling involvement with the organisations listed below which The Foundation has awarded funding to in the year or made payment following awards in earlier years. In all cases the individuals were not involved in decision to make the award or in the direct management of the award

19. Related Parties

The following staff and trustees have a controlling involvement with the organisations listed below which The Foundation has awarded funding to in the year or made payment following awards in earlier years. In all cases the individuals were not involved in decisions to make the award or in the direct management of the award

Trustees

Awards made in year

Estelle Morris - Governor and Chair of Council of Goldsmith's College which was awarded a grant of £149,230 in March 2015
Tom Wylie - Trustee of ASDAN which was awarded a grant of £147,450 in March 2015

Payments made in year relating to awards in earlier years

Claus Moser - trustee of National Numeracy which was paid £29,431 in 2014/15 following an award of £149,430 in 2013/14

In addition, the Foundation made a £2m grant and made a payment of this amount to the Helen Hamlyn Trust.
Helen Hamlyn is the widow of Paul Hamlyn, the father of Jane and Michael Hamlyn.

Staff

Payments made in year relating to awards in earlier years

Lucy Paffreyman is a trustee of the Association of Charitable Foundation which was paid £15,000 in 2014/15 following an award of £45,000 in 2012/13

Investment Funds

Tim Bunting is a Non Executive Director of Kobalt Music Group Ltd. The Foundation has an investment of £3.6m in Kobalt Music Royalties SICAV.
Richard Robinson is an advisory board member of the Charity Property Fund in which the Foundation has an investment of £25million.

Payments to trustees

During the year Tom Wylie acted as interim Director for six months following the departure of Martin Brookes and before Moira Sinclair took up her post. The Charity Commission confirmed their agreement to this arrangement. Payments totalling £30,000 were made to Tom Wylie for his services. No pension payments were made.

Trustees, staff and advisors as of 31st March 2015

Trustees

Jane Hamlyn (Chair)	Baroness Morris of Yardley
Tim Bunting	Lord Claus Moser
Lord Hall of Birkenhead	Sir Anthony Salz
Michael Hamlyn	Peter Wilson Smith
Baroness Kidron of Angel	Tom Wylie
James Lingwood	

UK Staff

Ushi Bagga	Grants Officer, Arts
Sarah Banks	Grants Officer, Social Justice
Rob Bell	Head of Social Justice
Charlotte Bunnett	Office Assistant
Régis Cochefert	Head of Arts and Acting Head of Education and Learning
Eve Dallas-Childs	Grants Officer, Social Justice
Tony Davey	Information and Resources Officer
Sarah-Jane Dooley	Grants Officer, Arts
Susan D'Sylva	Finance Officer
Susie Dye	Grants Officer, Social Justice
Noelle Gilbert	Grants Officer, Education & Learning
Kirsty Gillan-Thomas	Research & Data Analyst
Kate Harding	S.I Administrative Assistant,
Sarah Harrison	Grants Assistant, Education & Learning
Dorothee Irving	Grants Officer, Arts
Amanda Jessop	Investments Administrator
Maria Karska	Administration Officer
Abigail Knipe	Grants Officer, Education & Learning
Tara LaComber	Project Coordinator, Arts Special Initiatives
Nora Loewenberg	Grants Assistant/ Officer Education & Learning
Angela Melis	Catering Co-ordinator
Bhakti Mistry	Grants Assistant, Social Justice
Marcello Moro	Finance & Resources Assistant
Lucy Palfreyman	Finance & Resources Director, Company Secretary
Louise Palomino	Grants Officer, Education & Learning
Kay Patel	HR & Administration Assistant
Richard Robinson	Investment Director

Caroline Rogers	Chair and Director's Assistant
Liz Scott	Accounts and IT Officer
Moiria Sinclair	Director
Jane Steele	Head of Impact & Evaluation
Dan Watson	Communications Manager

India Staff	Position
Sachin Sachdeva	Director, India
Skalzang Youdon	Administrator, India

Advisors	Subject
Bridgette Anderson	Social Justice
Neera Burra	India
Sir Tim Brighouse	Education & Learning
Fiona Dawe	Social Justice
Simon Gillis	Investments
Sushma Iyengar	India
Rod Jack	Investments
Anita Kerwin-Nye	Education & Learning
Alasdair Macdonald	Education & Learning
Maureen McGinn	Social Justice
John McGrath	Arts
Dr Donald Peck	India
Benita Refson OBE	Education and Learning
Shankar Venkateswaran	India
Claire Whitaker	Arts
Paul Woolley	Investments

Independent Auditors

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

Solicitors

Withers LLP, 16 Old Bailey, London EC4M 7EG

Farrer & Co, 66 Lincoln's Inn Fields, London WC2A 3LH

Bankers

NatWest PLC, 3rd Floor, Cavell House, 2a Charing Cross Road, London WC2H 0NN

Investment Advisors

Cambridge Associates Limited, 80 Victoria Street, 4th Floor Cardinal Place, London SW1E 5JL

A company limited by guarantee registered in England and Wales (number 5042279) and a registered charity (number 1102927)