

Paul Hamlyn Foundation

Trustees' Report and
Financial Statements 2015/16



Cover:
Young people taking part in the design and construction
of an ephemeral art installation as part of the Great Fire 350
festival organised by Artichoke Trust.
Photo: Matthew Andrews 2016.

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Paul Hamlyn Foundation Trustees' and Directors' Report

for the year ended 31 March 2016

Chair's statement

The past year has been one of significant change for Paul Hamlyn Foundation (PHF). It is just over a year since we launched our new strategy. This gave us an opportunity to revisit our mission and values, reflect on the achievements of the first 25 years of the Foundation and sharpen our priorities in response to some of the many challenges of our time.

As we anticipated, when we re-opened for applications last autumn, there was very considerable interest in the Foundation's future direction of travel as well as in our commitment to a more sustained and open exchange of ideas with potential and active grantees. Increasingly, we are not just supporting individuals and organisations; we are also working with them, and learning together with them.

This places an additional onus on everyone working at the Foundation. We restructured and grew the grants and communications teams to better reflect our priorities and in recognition of an anticipated significant increase in grants spend in 2016/17. We have greatly benefited from the leadership of Moira Sinclair and the commitment of her colleagues to keep changing and learning.

Sadly, the Foundation lost one of its closest friends last year. Claus Moser was a much-loved and always active member of the Board, as well as a close personal friend to my father and myself. Over many years, Claus played an invaluable role in influencing the Foundation's work in the field of education and the arts, and most particularly in passionately advocating for the central role of music in the lives of people of all ages and backgrounds. Unfailingly progressive, always persuasive, sometimes irreverent, we miss him greatly.

We also said goodbye to two trustees, Estelle Morris and Peter Wilson-Smith, both of whom have made significant contributions to our work, particularly in education and young people's programmes, and we said farewell to staff members Dorothee Irving, Abi Knipe and Dan Watson. We wish them all well for the future.

In this annual report, we reflect on our year of change, and I would like to thank my fellow trustees, past and present, our advisors and our exceptional team at the Foundation for their hard work and enthusiasm in helping us to get to this point.

Jane Hamlyn

Chair

Chief Executive's statement

This time last year, I had just joined the Foundation and was busy finalising the details of a new strategy, which trustees and staff had spent considerable time and effort developing prior to my arrival. I wanted to make sure that in producing it, we were able to honour the Foundation's history and our previous grant-making successes, to articulate the way in which we wanted to work in the future and to take account of the rapidly changing world in which we operate. We have used its publication to spark a series of conversations and visits to partners, grantees and potential applicants, and the feedback has been very positive – in particular, our reaffirmation of the centrality of social justice to everything we do, the strategy's clarity and our emphasis on a shared endeavour were welcomed.

We said that we aim to be more than a grant-maker in that, as well as providing funding, we wanted to develop excellent relationships to work with and alongside those that we support. It is early days, but I would point to the way in which we recognise our building as an asset and make it available to grantees and for knowledge-sharing as an example of this approach. The New Beginnings Fund, described in greater detail in the report, demonstrates our belief that it is often more effective to work with others, especially when trying to find innovative ways to address long-standing social issues. The commitment we have made to support grantees to collect and use evidence to enable them to understand and increase their impact, rather than to fulfil a funding requirement for us, has been greeted as long overdue.

The shift our strategy articulates is one of degrees rather than wholesale change, and as our grantees and the wider voluntary sector grapple to respond to this period of austerity, the approach feels entirely right. With ever scarcer public resources, we (and foundations like us) can represent some form of stability, as well as enabling and encouraging risk and innovation, and this is a balance we seek to maintain.

We have started to make longer-term grants. We are continuing to fund in areas which have long been important to us, such as widening access to and participation in the arts, and we have strengthened our commitment to support work in others, such as migration and integration, where we have seen the need demonstrated so dramatically in the last year. The launch of the Ideas and Pioneers Fund, which will support people to develop ideas of unusual promise in responding to our mission, is an example of a newer approach as we recognise just how hard it is for people outside of established organisations to access financing at the earliest stages of development for pioneering work to improve the life chances of individuals and communities. Our Youth Fund focuses on developing resilience, recognising just how hard this sector has been hit.

The launch of our new website was a signal of our intent to use all our expertise and resources to collaborate with and strengthen the sectors we work in. Deployed strategically and judiciously, advocacy can be one of the most important tools for achieving impact, ranked alongside the more traditional grant-based interventions philanthropy is best known for, and we are doing more to support organisations to have a louder voice, to amplify the impact of our grants and to use our ability to convene to advance our strategic priorities. We will work to explore just how to do this best in the next year.

I have asked a great deal of everyone at the Foundation, and I would echo Jane's thanks for the commitment and the trust that everyone has shown me. Our mission is to help people overcome disadvantage and lack of opportunity so that they can realise their potential and enjoy creative and fulfilling lives. What could be more important? We are all pleased to be making grants again and enormously proud of those whose work that we support.

Moira Sinclair
Chief Executive

Trustees' and Directors' Report

Objectives and activities

Paul Hamlyn Foundation was established for general charitable purposes in 1987 by Paul Hamlyn, an entrepreneurial publisher and philanthropist committed to offering new opportunities and experiences for less fortunate members of society. During his lifetime, and because of his experiences, he had a particular interest in social justice, challenging prejudice and opening up the arts and education to everyone, but particularly to young people.

Paul died in August 2001, but his bequest enables us to be independent and bold in honouring his beliefs and aims. Paul Hamlyn Foundation, in its current form, was incorporated in February 2004 and the Objects of the Charity are to further such charitable purposes and to benefit such institutions as the trustees think fit. We do this primarily through grant-making and by supporting research and related charitable activities, all for public benefit.

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 here are in alignment with the public benefit requirements of the 2011 Charities Act. The Trustees' Report demonstrates the activities of the Foundation and how they meet the principles as defined in the Act.

Our first formal plan was produced for the three years from 2003 to 2006. The next ran for eight years to 2014, during which we celebrated 25 years as a grant-maker. And in June 2015, the trustees adopted a new strategy, informed by feedback from a consultation exercise, learning from our past approaches and with a clear understanding of the environment in which we are now operating.

Our mission is to help people overcome disadvantage and lack of opportunity so that they can realise their potential and enjoy fulfilling and creative lives. We have a particular interest in supporting young people and a strong belief in the importance of the arts.

Our enduring values draw on the beliefs and instincts of our founder, Paul Hamlyn, and social justice is the golden thread that links all our work. We hope, therefore, that our work will help to improve and enrich the lives of those who are experiencing disadvantage or are in some way excluded. We seek to reflect these values throughout the areas of activity we support and the ways in which we work.

As an independent, endowed foundation, we have been able, and have chosen, to support work which others found challenging, or which required long-term solutions. This continues to be important to us.

We have identified six strategic priorities, relating to changes we wish to see in the UK. Each builds on our previous experience but has been identified because of current need, perhaps because, in economically challenging times, it has been hard to attract funding to their cause or because the context is a complex one that requires a long-term approach to have real effect. And it might simply be that talented individuals are finding it increasingly difficult to attract funding for an unproven but great idea to deliver much wider public benefit.

These strategic priorities are to:

1. Support the creation of exciting ideas by helping imaginative people to nurture them.

There are limited opportunities in the UK for individuals with bold ideas for achieving social impact, but operating outside of an established organisational context, to access financial support. It is particularly difficult for people with new ideas to secure funding to support the earliest stages of ideas development – to enable scoping and exploratory work, ideas generation and the necessary development work prior to launch and testing of a new approach or venture. For over 20 years, we have supported individuals whose ideas and pioneering work have often been transformative and delivered real public benefit.

Our work under this strategic priority includes:

Ideas and Pioneers Fund: This fund supports people to develop ideas that are of unusual promise in responding to our mission – ideas that could deliver social change and improve the life chances and opportunities of individuals and communities.

Awards for Artists: We set up an Awards scheme in 1993 to support artists by providing them with financial assistance at critical points in their careers. The aim of the Awards is to give artists the freedom to develop their creative ideas and to contribute to their personal and professional growth. Many of those in receipt of our Awards have gone on to much greater public recognition.

Breakthrough Fund: The Breakthrough Fund was set up in 2008 to respond to the drive, talent, vision and determination of exceptional individuals in the role of ‘cultural entrepreneur’ – a role not previously the focus of a funding initiative of this kind – and to offer backing for what they are trying to do. Through committed, responsive and flexible support, we hope to enable significant developments that would not otherwise come about, and in doing so see transformational impacts for these individuals and the organisations they run.

2. Widen access and participation in the arts.

We believe in the enduring power of the arts as a force for change, enriching people’s lives and communities. Our objective is to support organisations that have ambitious plans to widen access to and deepen participation in the arts. It will not be enough simply to increase numbers; our emphasis is on addressing inequalities of opportunity.

Our work under this strategic priority includes:

Arts Access and Participation Fund: Grants will enable organisations to research, test and pilot different approaches to widening access and deepening participation and to extend their reach and impact. We want to create an environment in which learning about these approaches can be shared with others who may benefit, and we expect that some projects that we support will demonstrate the potential to be developed further.

ArtWorks: Artists, arts organisations, policymakers, funders, employers, commissioners and training providers across the UK are part of a rich and thriving tradition of participatory arts. ArtWorks was set up to build on this tradition by strengthening support for artists.

Our Museum: We are supporting seven museums and galleries through a process of organisational change, in which they place collaborative work at the heart of their organisations, building sustainable partnerships with communities and involving them in decision-making. Our focus is on facilitating organisational change so that participatory work becomes core, embedded, sustainable and less at risk of being marginalised when specific funding streams run out.

Circuit: Launched in December 2013 and running until 2017, Circuit is a programme designed with and for young people that aims to reach 80,000 young people aged 15–25 and to create a national youth network for the visual arts. It is led by Tate and funded by £5m given as part of our 25th anniversary gift series. Circuit provides opportunities for young people to steer their own learning and cultural activity across art disciplines. The network spans Cambridgeshire (Wysing Arts Centre and Kettle’s Yard), Colchester (firstsite), Liverpool (Tate Liverpool), Llandudno (MOSTYN), London (Tate Britain and Tate Modern), Manchester (Whitworth Art Gallery), Nottingham (Nottingham Contemporary) and St Ives (Tate St Ives).

Paul Hamlyn Clubs: As part of our 25th anniversary celebrations, five theatres and concert halls, in Truro, Cardiff, Glasgow, Leeds and Liverpool, were each given £500,000 over five years to widen audiences, with a particular focus on building sustainable relationships with community partners in their local areas. Through the awards, which run until 2018, the venues will develop models that have a long-term impact on diversifying audiences and sustaining involvement and interest.

Reading Hack: As a 25th anniversary gift, The Reading Agency was awarded £1m over five years in 2013 to develop its Reading Hack programme. The programme aims to use reading and libraries as a springboard for community activism, engaging with young people to develop inspiring reading, writing and volunteering opportunities in deprived communities, whilst helping them to develop their skills, confidence and employability.

3. Improve people’s education and learning through the arts.

The arts play an important role in enriching young people’s learning and educational experiences. Learning through the arts can engage and inspire young people, support key educational outcomes and develop skills that prepare young people for life beyond school. For many young people, particularly those experiencing the most disadvantage, the only opportunity to gain access to arts education is at school.

We are responding to teachers’ interest in increased opportunities to develop their skills and professional practice in arts teaching. We are building on our

experience of supporting work to address different educational issues affecting young people. In our strategic plan, we have sharpened our focus to have a stronger impact. Our funding supports the arts in educational settings, to enhance the lives and achievements of young people.

Our work under this strategic priority includes:

Arts-based Learning Fund: This new fund encourages the development, use and sustainability of effective arts-based activities in education, supporting arts organisations to work with schools, colleges and teachers. We are interested in pilots, in projects that evaluate and improve approaches, and in exploring innovation. We are also interested in helping cultural organisations and schools to build lasting and effective partnership-working that has a growing impact on young people's learning and development.

Teacher Development Fund: This fund, to be launched in late 2016, will help teachers to develop their skills to deliver arts in schools and to maximise the potential impact of the arts for young people. We will support school-based projects to develop and spread good practice in teaching and learning in the arts.

Inspiring Music: The opportunity for young people to enjoy a range of music-making activities and to attend performances was an early focus for Paul Hamlyn. In early 2014, we published Inspiring Music for All, a review of music in schools, and agreed to adopt a key recommendation, to produce practical guidance on how to improve schools-based music teaching and provision.

4. Show that the arts make a difference to people's lives.

Over the years, the Foundation has provided millions of pounds of funding to arts and cultural organisations. We have a firm belief that the experiences the arts provide can be a force for change in individuals, encouraging creativity, reducing exclusion and assisting social and personal development. We want to help to build the evidence base so that others, including government, can understand the difference they make to people's lives and communities. Over time, we hope to widen our focus on impact evidence into other social policy fields.

Our work under this strategic priority will include: supporting grantees to capture and use better evidence; filling some evidence gaps and collating existing evidence in areas where we think we can most add value; and disseminating evidence that helps people to understand the value of the arts.

5. Support and strengthen the work of organisations working with young people experiencing disadvantage.

Much of our work aims to benefit young people, but it is those who work directly with them who often make a difference to their lives, especially if they are vulnerable or face complex transitions to adulthood. We want to help organisations at different stages of development to improve, consolidate and spread those good practices which are endeavouring to make young lives better. Our aim is to improve the quality and quantity of support available for the most vulnerable young people, by allowing promising innovative approaches to be sustained and grown and/or replicated. We prioritise work with young people that starts by recognising and building on their strengths and concentrate our support on those in the most precarious positions.

Our work under this strategic priority includes:

Youth Fund: This fund helps organisations to become better prepared for achieving more by providing funding to cover some core operating costs. This is a direct response to feedback – that in order to have the greatest positive impact in the lives of young people, organisations need to achieve a balance of stability, continuity and flexibility.

Growth Fund: This new fund provides non-monetary expert support and longer-term funding to help organisations within the youth sector and outside to identify and implement practical steps to growth. This might involve, for example, replicating a programme or service, or widening the reach of an idea or innovation, perhaps using new technologies to advance policy or enhance implementation. This fund is by invitation only.

6. Improve support for young people who migrate and for receiving communities to support better integration.

Migration is a global phenomenon, generating opportunities for social, economic and cultural enrichment. It also creates challenges for those who have moved or been displaced, and those experiencing changes in their communities. We have long experience of grant-making, research and collaborations around migration – mainly focused on help for young people for whom migration has brought vulnerability and hardship.

Our view is that societies are more likely to live well together if exclusion is addressed and connections deepened. We want to use our funding to help build ‘shared ground’ with the aim of a more socially equal society.

Our work under this strategic priority includes:

Shared Ground Fund: This fund helps to explore new approaches to supporting young migrants in greatest need and/or communities experiencing high levels of migration, particularly in response to new challenges and opportunities arising as a result of policy and practice changes.

Supported Options: This work was launched in 2010 and is delivered in partnership with US-based funder Unbound Philanthropy. The programme encourages and supports practice innovation by grant-funding a small number of charities and law centres to design and operate new approaches to support young undocumented migrants. It also seed-funds new ideas and commissions research on knowledge gaps. It shares learning through reports, online blogs and web resources, and supports a practitioner network.

India

Paul Hamlyn Foundation has been funding development work in India since 1992. It is the only place we work outside the UK, and we seek to be a small but significant donor organisation in India. We give grants to local NGOs for health, education, support for people with disabilities, shelter and other social development activities. The grant assessments and relationships are managed by a small and expert team based in India, and trustees visit annually to meet advisors and see the work being supported.

Our mission in India is closely aligned to the Foundation’s overarching strategy and is “to improve the lives of the poorest and most vulnerable communities in India in a manner that assists them to make efforts to improve their own conditions, by ensuring that they have access to their entitlements, by creating and providing appropriate opportunities and also by helping influence change in the context within which they live”.

In December 2012 we published a new strategy that set out to achieve three key aims for the programme over the five years from 2013 to 2018. These are:

- to enable vulnerable communities living in priority geographic areas to improve their lives;
- to enable especially vulnerable people living anywhere in India to improve their lives; and
- to develop the capacity of organisations and people who facilitate the first two aims.

Of course, the Foundation does not, in itself, deliver change. Our most important partners are the organisations and individuals whom we fund and whose work results in a better quality of life for those they serve. Our role is not to manage their programmes or stand in their way, but we can, when appropriate, offer support and advice alongside our grant-making, and to do so, we value the contribution of the people who work for the Foundation – staff, advisors and trustees – all of whom bring experience and skills to our activities.

We champion transparency across the philanthropic sector and have taken the 360-degree giving pledge to publish information on all our grants in an accessible format. And we recognise that we need to do much more than that – to become truly reflective and communicative about the work we support, why we support it and its impact on individuals and communities. So we have made a commitment to learn from the work we support, and to share our knowledge and understanding more widely and effectively. More detail about our programmes, our impact and current recipients can be found at www.phf.org.uk

Trustees' and Directors' Report

Strategic Report

Achievements and performance in 2015/16

A year of change

The year was one of change for Paul Hamlyn Foundation, led by the new Chief Executive, who joined in February 2015, and fully endorsed by the Board of Trustees. We launched our new strategy in June 2015, one designed to give applicants and other stakeholders a clear strategic framework for our grant-making and decision processes and to set out a series of underpinning values for our work and its public benefit. Some 3,000 hard copies were printed and distributed; on the newly designed website, the strategy page was viewed 41,161 times by 3,793 users. Of these users, 55% were new (i.e. viewing for the first time), and 45% were returning users. The staff team embarked on an ongoing programme of regional and national visits to ensure that our reach was as wide as possible and included new potential applicants and beneficiaries as well as those with whom we had existing relationships.

In order to realise the strategy's ambition, the grants team was restructured to encourage better sharing of expertise and knowledge and to develop a proactive 'grants plus' approach (to include knowledge exchange mechanisms, organisational development and evaluation support) in order to provide an improved service and support for applicants and grantees. Our application processes were also redesigned to deliver a tailor-made approach, and our grant-making IT system was updated at the same time, responding to the needs expressed in our consultation for applicants to use their time more efficiently. There were one-off costs associated with this work, as well as an increased annual revenue cost – trustees examined and were content with these proposals, recognising the need to build in-house capacity and capabilities, as the Foundation's grant spend increases and the requirements of grantees change.

Feedback to these changes was positive. Media coverage was significant; one commentator noted "I think that it is refreshing to see that a funder has adapted its way of thinking to take into consideration the lived experience of organisations trying to continue to deliver services in what is becoming an increasingly difficult climate. The move to longer-term funding is

great. This is one of the biggest complaints we get from the young people that we work with; they often ask 'why is it that as soon as they get a project/activity that we like and benefit from, it gets taken away?'".

In some ways, the success of the strategy, the communications approach and its launch created challenges for the Foundation – the team was inundated with applications as soon as the funds opened in August/September, and the success rate and time to reply fell as a result. It took the rest of the year to manage the demand and the workload, which put strain on our small team, but we are in a place now where we feel more confident in realising our intentions to be a good grant-maker.

We will do a more formal review when we undertake a grantee perception report in 2017, once the new systems have had time to bed in.

Grant-making 2015/16

There was a staged approach to opening our funds for application from August 2015. This is reflected in the levels of grant spend we achieved in 2015/16 at £12.7m; we expect that in a full year of operation this figure will be closer to £23m.

In the UK, we have:

- five funds that are open by application (Ideas and Pioneers, Arts Access and Participation, Arts-based Learning, Shared Ground and the Youth Fund);
- two funds that are open by invitation (Teacher Development Fund, Strategic Interventions Fund); and
- one fund that will open in 2016/17, again by invitation (Growth Fund).

There are also the two Awards programmes: Awards for Artists and the Breakthrough Fund, which are managed through a peer nomination and panel process.

For our open grants, 'explore and test' grants are made across three funds (Arts Access and Participation, Arts-based Learning and Shared Ground) and follow a one-stage process. This is a light-touch, quick-turnaround programme, which responds to the feedback from grantees, and supports organisations to test, pilot and evaluate new approaches, hopefully building strong foundations for ambitious plans.

These grants are also aimed, in some cases, at building stronger evidence about what works (and what does not). They can therefore be about something new or, if it is something the applicant has been working on for a while, to gather evidence about its potential to make a difference.

'More and better' grants (Arts Access and Participation, Arts-based Learning, Shared Ground and the Youth and Growth Funds) follow a two-stage process. This type of grant is designed to extend and influence good practice, improve sectorial knowledge and build a better body of evidence to support future work. These will be substantial grants and the assumption is of long-term relationships in many cases. We may invest in the organisational development and capacity of grantees in these funds.

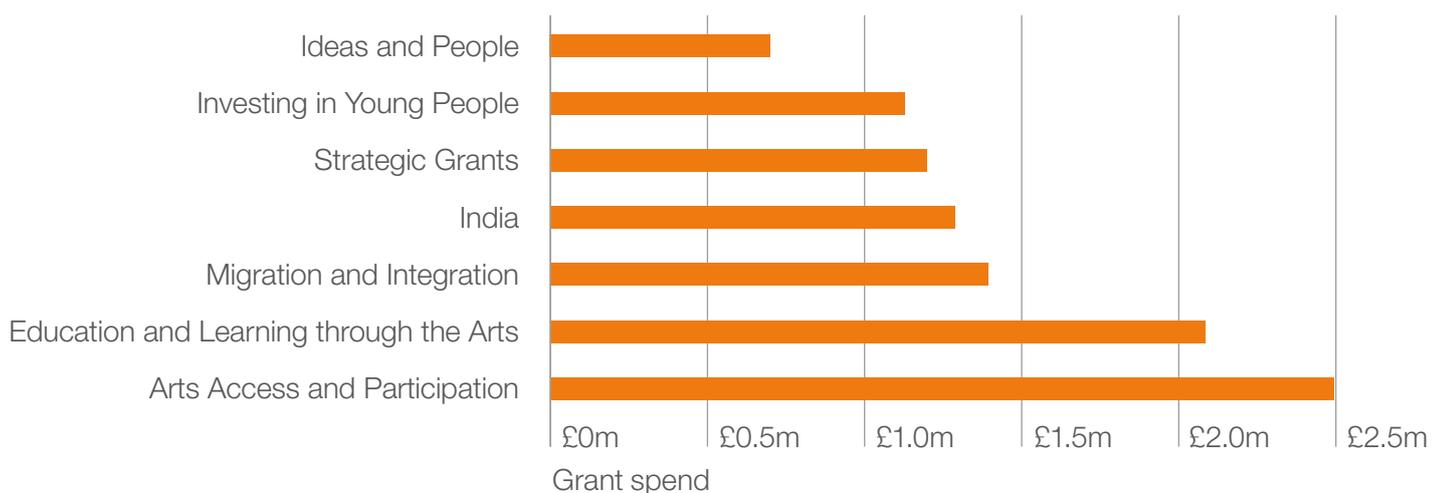
In total, across all our grant programmes, we received 1,588 applications requesting £103m in six months, an unprecedented level of demand, which, as described, placed enormous demands on the team.

On reflection, we believe that the combination of the coverage for and clarity of the new strategy, the push to reach out to applicants, the new relationships brought to the Foundation by an influx of staff and the backlog created by the closure of programmes for the first half of the year all contributed to the demand. We recognised that a success rate of 11% was not good for applicants or for the Foundation, tying up too much resource on both sides for a poor outcome and, as a result, we have provided more clarity in the criteria for 2016/17 and started to put case studies onto the website to give applicants a better sense of what we are looking for. We also, as we had always intended, reviewed our new Ideas and Pioneers Fund after three rounds of applications. The findings from that review and feedback from assessors and trustees have enabled us to refine the fund offer for 2016/17.

In 2015/16 we made 175 grants, and the table below shows the split between our different strategic priorities. The full list of grants is detailed at page 24.

Grant Spend by Strategic Theme 2015/16

(excludes miscellaneous grants)



We had reaffirmed our commitment to making sure our support benefits communities across the UK and in areas that are least well connected or able to access resources. Because of this, we said in the new strategy that we would actively seek to support work outside London, as well as recognising the role that London-based organisations play nationally and locally. Only 2% of grants were made to organisations based in Wales and 2% to organisations in Northern Ireland. This is not representative of the UK population, and our research tells us that there are particular barriers to accessing some of the services that we fund, so we are being proactive in addressing this issue, with visits by individual staff members and workshops delivered in collaboration with other funders, to both build our knowledge of the field in those countries and support good applications from them.

‘Grants plus’ activity

We would describe ‘grants plus’ as the additional support we provide, in addition to grant money. Within this bracket we would consider:

- the use of our London building;
- the connections we can make to other organisations that we fund or to other funders;
- tailored expert advice, support and training to help individuals and organisations at a difficult or opportune moment, delivered either by our staff or by consultants that we know and trust; and
- training, networking and learning events to which we invite those that we fund.

We have not captured this support in any formal way previously, so this information for 2015/16 represents the start of a benchmark that we can use in the future. We will also seek to understand more fully the value that grantees place on this ‘grants plus’ support when we conduct a grantee perception report in 2017.

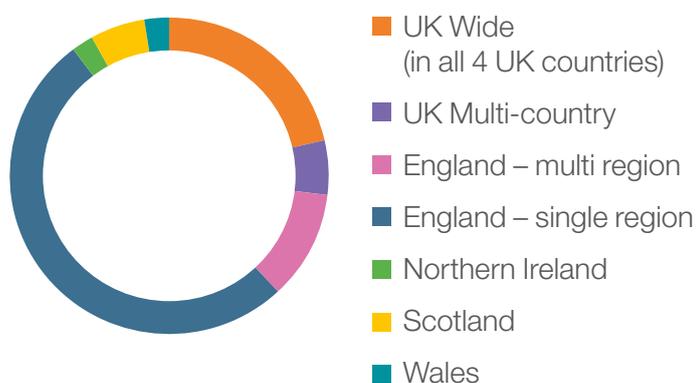
Apart from the many day-to-day internal meetings, as well as meetings with grantees and potential applicants, there were almost 30 Working, Steering and Advisory Group meetings, relating to our Special Initiative work – such as Our Museum, ArtWorks and Breakthrough – and during second half of the year, our new funding programmes.

We hosted a number of events, meetings and delegations to facilitate knowledge exchange and networks. For example, 75 people attended an Alliance magazine breakfast to explore the connection between philanthropy and the arts, and 30 people attended a Scale Accelerator event, organised by the Big Lottery Fund. 25 people from Philanthropy Australia met with UK funders in December, and the Our Museum programme hosted a Dutch Grant Funders Network meeting of 100 people.

In addition, we were able to offer our building, free of charge, to approximately 25 grantees, who made use of the space for everything from small team meetings to Board and trustees' meetings, steering groups, seminars, away days and workshops.

UK grants awarded 2015/16

(by geographical area served)



And we convened a number of evaluation events, including a workshop to share learning from our 'Fitter for Purpose' programme with other funders and an event in partnership with grantee Ministry of Stories to share the results of their evaluation.

In total, we estimated that there have been 1,530 attendees for 70 events in the last year.

2015/16 highlights and learning from grantees

Situations: A Bristol-based arts commissioning organisation that became independent in 2012 as a result of a PHF Breakthrough Fund grant announced in April 2015 that it was to become an Arts Council England National Portfolio Organisation. The organisation was founded by Claire Doherty at the University of the West of England in 2002. It has become an international producing company specialising in realising extraordinary ideas outside of traditional arts settings.

ArtWorks: In 2015, we published findings from four years' research to show how, together, we can give artists the support they need and bring new benefits for everyone with an interest in arts in participatory settings. This work was launched at a reception at the Foundation in March 2016, supported by a co-ordinated series of 100 ArtWorks Conversations and the launch of a development fund to support projects that apply and embed the learning from ArtWorks. Through these various channels, ArtWorks' findings and recommendations reached well over 1,500 arts and cultural representatives. It received extensive online and social media coverage, and key themes are now being picked up by funders, partners and the wider sector. Three legacy grants to Creative Scotland, Welsh National Opera and Barbican Guildhall will run until March 2017.

ArtWorks Alliance was founded in June 2015, a swift response to the recommendation from ArtWorks that the participatory arts sector should "share and learn from one another's experience" to better represent the interests of everyone working in this field. Seed-funding of £75,000 for 2015–17 was provided by Paul Hamlyn Foundation to founding members of ArtWorks Alliance, the leading strategic and development art-form organisations for professional

artists working in participatory settings: a-n, Artquest, engage (for visual artists), National Association of Writers in Education (NAWE), People Dancing (formerly the Foundation for Community Dance) and Sound Sense (music) – who between them represent some 24,000 participatory artists – together with former 'Pathfinders' of the ArtWorks Initiative (ArtWorks Cymru, ArtWorks London, ArtWorks Scotland, ArtWorks North-East). They will be joined by others covering arts and health, arts and criminal justice, music and older people, local government and arts for early years.

Our Museum: This programme has been running since early 2012 and was scheduled to finish in March 2016, with a longer-term evaluation plan that will report in 2018. In 2015/16, a 'travel survival kit' was produced, which brought together much of the learning from the programme to date, with the intention of providing a practical approach for museums professionals that could be used and shared widely for the benefit of community participation and engagement. The website received 2,338 users, with 1,200 returning visitors, and 454 returning visitors who took part in 3,541 sessions, initiating 340 document downloads. Alongside this, learning was shared at 15 presentations, including one at the Museums Association, with an (estimated) total of 990 attendees.

'Future Play' by Fevered Sleep: In 2010, a group of artists working across art forms and age ranges (alongside a group of funders, programmers and producers) came together to 'reimagine what art for children could be'. Together they identified a number of assumed barriers to touring great work: that children's work is constantly relegated to weekends and holidays, that only recognised titles can drive sales, and the limits on the technical sophistication of productions in order to accommodate concurrent adult programming.

As a result of these discussions, in 2011, Fevered Sleep launched, and Paul Hamlyn Foundation funded an action-research project, Future Play, to challenge these long-standing assumptions and to test new models of touring performance for children with 10 partner venues. The aim was to share learning and create a resource at the end of the project for artists and arts organisations to use when designing and

programming work for children, and for the findings to be used to raise the profile of theatre for children and drive ambition for making and presenting high-quality work.

Three productions toured to 10 different venues in eight UK regions, and Future Play resulted in a helpful, practical guide summarising the innovative approaches Fevered Sleep and the venues had developed, including the results of testing different times for performances and ticket pricing, tips to help venues programme an art form that is new to their audiences and advice on building strong connections with local schools and community groups.

The learning was very valuable as were the questions that the programme raised. The research identified the value of local ambassadors and just how important it is to have trailblazers and trusted advocates. It noted that programmers, marketeers and makers would take the learning on as they moved employment but asked how to retain the culture in the organisations they left and how to share the learning to make sure that the places they go to will be open to their transformational approach. The value of really knowing your audiences lay at the heart of Future Play; data- and intelligence-sharing is critical as is a genuinely open door for local communities and true partnerships between the receiving venues and the touring companies.
www.feveredsleep.co.uk/wp-content/uploads/delightful-downloads/2015/12/Future_Play_FeveredSleep.pdf

Musical Futures: This movement to reshape music education driven by teachers has been supported by the Foundation to become an independent entity. In its first full year of operation, approximately 141,350 students in the UK have benefited from their work, and they now have 2,383 active website users, accessing classroom resources, case studies of effective practice, networking, equipment discounts and reports. Musical Futures has reported challenges in establishing a viable income generation model and that it took longer than anticipated to establish the organisation's profile and optimal staffing structure.

A conference was very successful in raising the profile and reputation and provided a national platform to launch new programmes but put some strains on the organisation too. The next year will involve scaling up what works, whilst testing their new income generation strategy.

The All Party Parliamentary Group (APPG) on Arts, Health and Wellbeing: An inquiry was launched in February 2016 to develop policy recommendations and inform a vision for future leadership in the field of arts, health and wellbeing. The inquiry is being delivered in collaboration with King's College London and in partnership with the Royal Society for Public Health's Special Interest Group on Arts, Health and Wellbeing and Guy's and St Thomas's Charity. At a series of round tables on themes such as Dementia and the Arts, the Arts and Post-traumatic Stress, Young People's Mental Health and the Arts, and Museums and Health, practitioners, academics and people with lived experience will come together to share perspectives on the benefits of the arts for health and wellbeing, and the challenges we face in making more good practice happen. This process is underpinned by the work of the inquiry researcher, Dr Rebecca Gordon-Nesbitt, who is based at King's College London under the supervision of Katherine Bond, Director of the Cultural Institute, and Anne Marie Rafferty, Professor of Nursing. The inquiry is led by one of the Co-Chairs of the APPG, Lord Howarth of Newport, and Alex Coulter, Director of Arts & Health South West, who provides the secretariat for the APPG on behalf of the National Alliance for Arts, Health and Wellbeing, and it is funded by Paul Hamlyn Foundation and the Wellcome Trust.

Policy proposals will be formulated by the early autumn, informed by an Advisory Group of representatives from a wide range of professional organisations, health and social care providers and charities, statutory bodies, artists and cultural organisations. The policy proposals will then be considered by a panel of parliamentarians in a series of inquiry meetings, where they will discuss them with key witnesses. Policy recommendations will be agreed

and a final report published in 2017. The report will be launched in parliament and then at the Culture, Health and Wellbeing International Conference in Bristol in June 2017. In the autumn of 2017 there will be further dissemination of the report and findings in regional seminars delivered by the National Alliance for Arts, Health and Wellbeing.

New Beginnings Fund: In February 2016, we joined forces with Comic Relief, Barrow Cadbury, Pears, Lloyds Bank Foundation and the Rayne Foundation to work with UK Community Foundations to establish a pooled fund of £525,000 to support refugees joining UK communities. This was one of the first times that UK trusts and foundations have worked together in this way – something we will continue to consider when a shared approach is viable and can deliver better impact.

The year had seen a dramatic increase in refugees and asylum seekers moving across Europe, with an estimated one million arriving by sea and land in 2015 and a further 69,000 arriving in Greece since the start of 2016.

Many community organisations that work with refugees had seen a sharp increase in the number of people offering to volunteer. However, when PHF convened and hosted a meeting of organisations working in this sector earlier in the year, we heard that many do not have the capacity to process and manage such a large increase, and it was in response to this that discussions about a pooled fund started. One of the aims of the New Beginnings Fund is to support organisations to help support local people who want to volunteer, in the belief that early integration helps dispel tensions and prevent misconceptions on both sides.

The Human Trafficking and Exploitation (Scotland) Bill: Historic legislation to protect children at risk of trafficking and exploitation was passed in the Scottish Parliament on 1 October 2015. It now ensures that all children who arrive in Scotland alone and separated from their families have the right to an independent ‘Guardian’ to advise and assist them.

The Scottish Guardianship Service, delivered in partnership by Scottish Refugee Council and Aberlour Child Care Trust, provides refugee children who have been separated from their parents with essential independent advice and advocacy. Many of these children are survivors of trafficking. The Guardians make sure that each of these young people receives all the help they need to rebuild their lives in Scotland. The Guardians act as independent advocates for each child, helping them with everything from their health and wellbeing to housing issues, dealing with lawyers and helping them to build social networks and feel less alone in Scotland. The new Scottish legislation places a duty on Scottish Ministers to provide guardianship to children and young people who are survivors or potential survivors of trafficking.

The Scottish Guardianship Service has helped more than 200 young people in Scotland over the last five years. Guardianship was piloted by Scottish Refugee Council and Aberlour in 2010 with the support of Big Lottery Fund Scotland, Paul Hamlyn Foundation and the Scottish Government. Since the successful completion of the pilot in March 2013, the Scottish Guardianship Service has been funded by the Scottish Government. The model was commended by the Joint Committee on Human Rights in 2013, and it has directly influenced the development of similar provisions for independent guardianship in both the Modern Slavery Act 2015 for England and Wales and the Human Trafficking and Exploitation (Criminal Justice and Support for Victims) Act (Northern Ireland) 2015.

Languages Futures: In December 2015, Paul Hamlyn Foundation announced transfer of ownership of the Language Futures initiative to the Association for Language Learning (ALL). Language Futures is a highly personalised approach to language learning in schools. Students choose to learn a language that is meaningful to them and are supported to develop the skills and motivation to manage their own learning process.

Language Futures was developed by Linton Village College in Cambridgeshire as part of Paul Hamlyn Foundation's Learning Futures initiative. It had been supported since its inception by the Foundation. In March 2015, PHF awarded a three-year transition grant to the Association for Language Learning, and its partners Whole Education and the British Council, to underpin the spread and longer-term support of Language Futures approaches. To ensure the initiative and its resources offered a lasting source of support for the wider language-learning community, PHF then transferred ownership of Language Futures to ALL.

ALL and its partners will support schools who wish to adopt Language Futures approaches in curriculum time or as an after-school model, by sharing new resources, case studies and best-practice guidance; developing an online teachers' forum for discussion and idea sharing; and supporting UK schools to foster deeper links with partner schools overseas.

A rigorous evaluation, led by researcher and educationalist Rachel Hawkes, will explore the impact of the Language Futures approach on learners, teachers and the wider school community, particularly parents and mentors.

Right Here: A series of articles about new approaches to young people's mental health was released in August 2015, drawing on the evaluation and experiences of the pioneering five-year Right Here project funded by Mental Health Foundation and Paul Hamlyn Foundation.

Adolescence and early adulthood are peak risk times for the onset of mental health problems. At any one time, one in six young adults aged 16–24 will have a common mental disorder, such as anxiety and depression, that meets the threshold for a clinical diagnosis. Serious mental health problems affect around one person in a hundred, and the average age of onset of psychotic symptoms is 22. However, there is a range of barriers to accessing effective and early care. Transitions between services for children and adults tend to be poorly co-ordinated, and there is a lack of age-appropriate mental health care.

The articles, co-written by Susan Blishen, Project Lead for Right Here, and Mark Brown, Development

Director of Social Spider, provided fresh insights into what works and what does not in the youth mental health field and made a strong case for mental-health-informed youth work as an approach that can complement and supplement more traditional medically based services.

Working in four pilot areas of the UK – Brighton and Hove, Newham, Sheffield and Fermanagh – the projects were jointly designed and delivered by young people, youth workers and mental health professionals. Paul Hamlyn Foundation supported the initiative, as part of our continued dedication to improve the quality and quantity of support available for the most vulnerable young people.

Learning Away: An initiative of Paul Hamlyn Foundation, Learning Away released a report calling for greater use of residential learning to boost young people's educational outcomes. The report, *Brilliant residential and their impact on children, young people and schools*, drew on three years of independent research with nearly 60 UK schools. The report offered teachers, school leaders and other providers of residential experiences clear guidance about how to achieve greater impact from the overnight educational visits that they offer. It was underpinned by a substantial independent evaluation conducted by York Consulting LLP, which confirmed that schools working in this way can achieve significant breakthroughs in learner engagement and progress and achieve positive outcomes for teachers and the school as a whole. During 2015/16, a consortium of organisations interested in taking forward the legacy of the Learning Away initiative came together in a formalised alliance led by the Council for Learning Outside the Classroom which PHF has supported with a grant of £215,000.

Helen Hamlyn Trust: Trustees have again been pleased to support the Helen Hamlyn Trust, an independent grant-making trust focusing on the initiation of medium- and long-term projects linked to the shared interests of Lady Hamlyn and her late husband Lord Hamlyn. The Trust's grant-making is centred on medicine, arts and culture, education and welfare, healthy ageing, international humanitarian affairs, heritage and conservation in India.

Plans for the future

Because our strategy was so recently adopted and takes account of feedback from grantees and stakeholders and an assessment of the current environment in which we operate, it will guide our work in 2016/17, and our priorities will remain as outlined above. New activities, planned in furtherance of the aims and objectives expressed in the strategy, will include:

The piloting of the Teacher Development Fund:

We will support five consortia to start work in the academic year from September 2016, which will enable us to support, learn and gather evidence from organisations who already have a track record in delivering effective continuing professional development and learning for primary school teachers of arts subjects.

The commissioning of an independent evaluation of the Youth Fund:

Noting that there are key features of this fund which are new to the Foundation, for example the provision of core funding and support for organisations to grow their impact, the evaluation should provide analysis of how the Youth Fund is working to enable us to make informed decisions about our approach and whether it needs to be refined or changed in any way.

Inspiring Music: An expert working group of practitioners is taking this work forward, and by the summer of 2016, we intend to publish a set of clear, practical and inspirational guidelines and tools.

A mid-term review of the India programme: We will commission an independent consultant to work with us and interview trustees, advisers and grantees to understand progress so far towards the strategic aims for the India programme, to explore the reasons for this and to decide whether changes to the strategy and ways of working should be made for the remaining term of the strategy. Trustees will consider the review at their meeting in September 2016.

Participation in and support for an inquiry on the future of the voluntary sector: Recognising that the environment has changed significantly since the Deakin Commission in 1995, that the financial context is providing challenge to existing business models

and that a series of public questions has been raised about the voluntary sector, in particular with regard to governance and fundraising, we will work with a group of independent funders to support an inquiry to launch in 2016. We hope that this will provide a clear vision for the role of the voluntary sector in England over the next decade and make recommendations on how to develop the distinctive contribution of the voluntary sector, its place in society and the promotion of constructive relationships with the public and private sectors; describe ways to enhance the quality of the performance and governance of voluntary organisations (operational management, accountability and involvement of users); and present the case for new fiscal, legal and regulatory arrangements for the sector.

The development of an advocacy and influencing strategy for the Foundation: We seek to achieve the greatest possible impact with our resources. Deployed strategically, influence can be one of the most important tools for achieving impact, ranked alongside the more traditional grant-based interventions philanthropy is best known for. The two work hand in hand: a strategy for influence, particularly when applied judiciously, allows foundations to both magnify and amplify the impact of their grants and to use other assets (such as the expertise of staff or their power to convene) to advance programme goals. In responses to our strategy development, a clear set of themes emerged connected to the Foundation using its expertise, leverage and resources to collaborate with and strengthen the sectors it works in. This included either the Foundation doing more to support organisations working in those sectors to have a louder voice, or to be more involved in influencing and shaping policy thinking and responses to the sort of social and sectoral challenges we are engaged in. Trustees will consider the most effective way the Foundation might use its expertise and networks to support change, for example to use our positive name and reputation to share and advocate for the benefits of the work we support with other organisations and influential stakeholders and/or do more to participate in societal and sector debates through issue-based publications and/or dissemination of our work.

Financial Review

Overview

The Foundation's operational model is to use the return from its endowment to support grant-making and charitable activities.

In previous years, the Foundation has prepared financial statements on a combined basis for the Foundation and Paul Hamlyn (1987) Foundation (the Trust). During 2015/16 the Foundation obtained Charity Commission approval to delink the Trust from the Foundation, and funds to a value of £11.1m were disaggregated in March 2016. The Foundation's prior year figures were adjusted to reflect this separation, and this is explained in detail in note 16. The Trust now operates as an independent and separate body from the Foundation. The financial statements presented in this document are for the Foundation only.

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. The trustees have stated their intention to preserve the real purchasing power of the gifts from Paul Hamlyn's Estate.

The unrestricted fund is used to finance the Foundation's tangible fixed assets and working capital. It is financed by returns on investments, including investment income and transfers from the endowment fund – in 2015/16 the trustees agreed to transfer £403,099.

The restricted fund comprises grant income from partners jointly funding some of the Foundation's initiatives.

The Foundation reports on a combined basis, and details of movements in fund are provided in note 16.

Investment Review

The fiscal year 2015/16 was volatile in terms of market movements. Bond yields continued to drop around the world. By our year end, short-term yields were, in absolute terms, actually negative in much of Europe and Japan. We recognise that this is a most unusual situation and reflects the considerable efforts by policymakers the world over to engender growth by the injection of massive liquidity stimulus. Equity markets seesawed for much of the year with commodity prices weak, especially oil. Investment markets in general reached their near term lows in mid-February 2016 before rallying up to the time of our year end.

In an uncertain environment like this, we continued to think hard about how much risk we were prepared to take in the portfolio. Building on the more cautious posture we have adopted in recent quarters, we continued to reduce risk. In order to reach our investment objective in real terms, we recognise we will have to commit to growth assets. That said, there are times, especially towards the end of an economic expansion, when running with a less fulsome weighting to such assets is appropriate. To the Investment Committee, who under specific terms of reference are charged by the trustees with managing the Paul Hamlyn endowment portfolio, it seems such a time.

Overall, in a difficult year the Foundation made gains of £5.7m from a portfolio exhibiting a low level of risk in both absolute and relative terms, as measured by our market Beta and in comparison to the other endowment and charitable funds universe as measured by Cambridge Associates. The total size of the PHF endowment fund was £666m at 31 March 2016.

The Foundation has wide investment powers which are specified in its Memorandum of Association, and it regularly updates its Investment Policy Statement, which lays out the guidelines employed, as recommended by the Charity Commission in its circular CC14. All trustees are involved in setting investment policy, but authority to decide strategy is delegated to the Investment Committee. The Finance and Investment Committee, with input from senior staff, consultants and Paul Hamlyn Foundation's own Investment Director, Richard Robinson, sets asset

allocation and engages professional managers running its multi-asset, multi-manager portfolio. Most of the managers have discretionary mandates although use of advisory and passive strategies is made for reasons of efficiency and cost saving.

Review and scrutiny of the governance of the operation of the investment function, both within and outside of Paul Hamlyn Foundation, is ongoing. At the September Trustees' Board meeting, both governance and performance are formally reviewed by the trustees.

The Foundation's stated investment objective 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; and
- manage volatility as far as possible, whilst accepting that a degree of volatility is concomitant with seeking high returns.

After considerable review and research in 2011, trustees accepted the recommendation of the Investment Committee that real spending at 3.5% to 4% pa would be reasonable in the medium term, although demanding in an era of low nominal returns. Ongoing review of this work is being undertaken, particularly as the outlook for markets may prove to be unrewarding over a period of future 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. As stated, 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. But at Paul Hamlyn Foundation, we also focus on absolute return funds for periods when market returns are low or negative, as well as structuring the portfolio in a way that takes into account that there are periods of both inflation and deflation. The intention is to attempt to build a conservative asset mix, not overly dependent on any single economic scenario or asset class.

Furthermore, we recognise the growing importance and prominence of Environmental, Social and Corporate Governance issues in the selection and management of investments within our portfolio. During the year under review, the Investment Committee took the proactive approach of researching a number of the best-regarded partner organisations with which to work in coming years as we upskill in this area. In June 2015 we became signatories to the United Nations 'Principles for Responsible Investment' as well as the Carbon Disclosure Project. We will be making steps in coming years to reflect more of these values within our investment portfolio, although the Investment Committee are of the view that this is a direction of travel, not a destination in itself. In November 2015 we signed up with the organisation 'ShareAction' specifically the 'Charities Responsible Investment Network', which lends weight and energy to certain of the campaigns to reach the Sustainable Development Goals as laid out in the Sustainable Development Summit in New York in September 2015.

The modified guidance from the Charity Commission for England and Wales, our regulator, 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, and we have not developed a specific social investment programme.

Notwithstanding what has been said thus far in this report about the way we have reduced investment risk over the last 12 months, it is axiomatic to state that over time good investment is, as often as not, about resisting the temptation to meddle with a well-constructed portfolio. Other than reducing our long-only equity exposure by diversifying into some funds that will benefit from a period of market turmoil, we have made few changes:

- We have reduced our overall long-only equity exposure by c.10% versus this time last year, although we have maintained our bias towards the largest capitalisation companies.
- We moved some of this exposure to 'risk assets' to more defensive strategies that have in the past provided a measure of protection in periods of investment dislocation, both in credit and macro investments.

- We continue to bank with C. Hoare & Co., who offer high levels of both service and security.
- We continued to fund our commitment to private equity, in particular to both US and Asian venture.
- In property, our core holding in the sector remains the specialist Charity Property 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, and we are pleased with the outcome from most funds.
- We favoured the US dollar all year. As we are cautious as to how 2017 is likely to turn out, we had expected the US to do well. As it turned out, in the year to March 2016, it helped being underweighted to sterling, which suffered from growing Brexit worries, but the euro and yen were surprisingly robust. We run our currency exposures on a roughly 50% sterling/50% non-sterling neutral position and can move to 70/30 or 30/70 when felt appropriate. We are aware that currency plays a key role in investment returns and monitor our positions and decision-making carefully.

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

- Overall exposure to direct long-only equities was 43%. This includes shares listed on stock exchanges both in the developed and emerging markets. We regard this equity-focused part of the portfolio as the major return driver for the Foundation over the long term.
- Alternative investments currently stand at around 40% of the portfolio. This includes hedge funds, private equity and venture funds as well as some absolute return strategies, together with some strategies that benefit from tough investment markets. The Foundation receives expert guidance on these asset classes from Cambridge Associates as it continues to build out its long-term programme of diversification.

- Because we fear inflation and the ravages of its effects on the real value of our portfolio, we have about 10% of the portfolio in investments which are usually good performers in such times, property and index-linked bonds.
- Conventional bond exposure is low at 4% and with cash of 3% totals – a total of 7% in the most secure investments.

The Foundation's endowment investment portfolio rose by +2.4% for the financial year to 31 March 2016, making an overall advance over the last three years of approximately +21.9%. At the end of the year, on a three-year perspective, the value of the endowment was in advance of the trustees' target of preserving the real value of its purchasing power. This calculation is made by adjusting Paul Hamlyn's bequests over time for retail price index (RPI), net of grants.

Grant-making and other expenditure

Grant and other direct charitable expenditure has reduced by 30% when compared with 2014/15 as only a partial year of grant-making has taken place in 2015/16 as we completed the strategic review. The Foundation was closed to applicants until the launch of the new strategy in June 2015, and grants were awarded from September 2015 onwards only. In preparing for implementation of the new strategy, the trustees agreed to invest in new staffing and infrastructure, including a new grants database – as a result, payroll and office costs have increased compared with last year. Overall support costs excluding governance increased by 9% year on year. The trustees are expecting the first full year of implementation of the new strategy in 2016/17 to result in a significant increase in expenditure on grants and other charitable expenditure.

Risk management

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 introduction of a revised strategy in 2015/16 which clarifies objectives and focuses on measuring impact is the principal approach to managing this, although trustees recognise that as the Foundation is in the early days of implementing the strategy some degree of residual risk in this area remains. The new strategy also requires new governance arrangements, and the trustees have also acknowledged that although the needs of the Foundation and new arrangements have been considered in some depth, risks remain around their success until a full year of operation has been followed through and reviewed.

The trustees consider strategic risk at least annually and delegate detailed consideration of the risk register to the Finance Committee. The senior management team are responsible for reviewing the operational risk register on a regular basis and ensuring the approaches identified to manage risk are effectively implemented.

Reserves policy

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 2015/16, investment holdings in cash and other liquid deposits were approximately £12.8m, and six months of commitments are estimated at approx. £12.3m.

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 Generally Accepted Accounting Practice (GAAP) (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 Statement of Recommended Practice (SORP);
- make judgements 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 UK 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.

Reference and administrative details

Paul Hamlyn Foundation (the Foundation) is a charitable company limited by guarantee and does not have share capital. The company was formed on 12 February 2004 – company number 5042279 (registered in England and Wales) and registered charity number 1102927.

The principal offices of the Foundation are 5–11 Leeke Street, London WC1X 9HY, which is also the registered office of the company.

At 31 March 2016, the trustees of the Foundation were:

- Jane Hamlyn (Chair)
- Michael Hamlyn
- Tim Bunting
- Sir Anthony Salz
- James Lingwood
- Lord Hall of Birkenhead
- Tom Wylie

The following trustees served until December 2015:

- Baroness Beeban Kidron
- Peter Wilson-Smith
- Baroness Estelle Morris

In addition, Claus Moser was a trustee of the Foundation until his death in September 2015. Claus was a much-loved and very active member of the Board who, over the 25-year life of the Foundation, played a significant role in influencing its direction and shaping its values, and his wisdom and humour will be missed.

We expect to appoint three new trustees in 2016/17.

Structure, governance and management

The Foundation's governing documents are its Memorandum and Articles of Association.

The Board of Trustees comprises not less than three and not more than 11 members. It meets at least four times a year and agrees the broad strategy and areas of activity of the foundation and considers policy and performance around grant-making and other charitable activity, investment, reserves and risk management. In 2015/16 the Board also considered significant (above £250,000) or strategic grant applications.

The Board keeps the skills requirements for trustees under review, and this informs trustee recruitment. Trustees are appointed initially by the Appointer as set out in the Articles of Association (currently the Chair of the Foundation). The appointment is subject to a resolution at the next Annual General Meeting of the Foundation. The maximum term of office for a trustee is three years. Renewals of appointments are considered at AGMs and voted on by all trustees acting as members of the company. A comprehensive induction is designed for each new trustee by the Chair and Chief Executive – the contents depend on the trustee's skills, experience and background but will include at a minimum:

- Briefing on Charity Commission and Companies House guidance and requirements;
- Meetings with fellow trustees and senior staff to discuss strategy, policies and procedures, and current priorities; and
- A comprehensive briefing pack including relevant information such as Memorandum and Articles of Association, strategy documents, financial statements, etc.

During 2015/16, whilst the Foundation introduced a new strategy, an interim governance structure was developed for UK grant-making activity. Decisions on grant applications below £250,000 were delegated by the Board of Trustees to a grants panel comprising at least two trustees and two members of senior management team, with external advisers as required. A separate panel was also constituted to consider applications under the Ideas and Pioneers programme; this also comprised at least two trustees, two members of senior management team and advisers as required. A revised governance structure for grant-making was agreed at a full Board meeting in March 2016 and will be introduced in the 2016/17 financial year.

In addition to the UK grant-making panels, the principal committees of the Foundation are:

- India Programme Committee: comprising three trustees and up to four external advisory members. Meets twice per year.
- Finance and Investment Committee: comprising between three and five trustees and advisers as considered appropriate. The Committee meets up to five times a year to consider investment strategy, manager appointments and performance and three times a year to consider financial and resource management issues.
- HR Committee: comprising the Chair, the Chair of the Finance and Investment Committee and at least one other trustee. Meets at least once per year.

The day-to-day management of the Foundation is delegated by the Board of Trustees to the Chief Executive, who works with a senior management team comprising the Director of Finance and Resources, Director of Grants and Programmes, Director of Impact and Evaluation, Director of Strategy and Investment Director. The organisational structure of the Foundation is that each director leads a team focusing on the relevant functional area. The Grants and Programme team is organised to reflect the strategic priority areas of the Foundation.

Key Management Personnel and remuneration arrangements

The Foundation defines its Key Management Personnel as the senior management team. The following post-holders were in place during 2015/16:

- Chief Executive – Moira Sinclair
- Director of Finance and Resources – Lucy Palfreyman
- Investment Director – Richard Robinson
- Director of Impact and Evaluation – Jane Steele
- Director of Grants and Programmes – Régis Cochefert
- Director of Strategy – Rob Bell

Remuneration arrangements for all staff, including Key Management Personnel, are decided by the Foundation's HR Committee, which is a sub-committee of the Board of Trustees. The HR Committee meets on an annual basis. It considers performance, benchmarks with comparator organisations, inflation levels and changes in responsibility levels as well as affordability of any pay awards to the Foundation. Any annual pay awards are at the discretion of the HR Committee and usually apply with effect from 1 April each year. The award of an increase in one year does not create an entitlement in any subsequent years. The Foundation is a London Living Wage employer.

The Foundation draws in expert advice to supplement the expertise held by staff and trustees. In 2015/16 independent advisers were used to provide support to the main committees and panels of the Foundation (as set out above). In addition, the Foundation has called on professional advice from lawyers, its auditors and investment consultants, the details of which are provided on page 48.

Independent Auditors' Report to the members of Paul Hamlyn Foundation

Report on the financial statements

Our opinion

In our opinion, Paul Hamlyn Foundation's financial statements (the "financial statements"):

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2016 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.

What we have audited

The financial statements, included within the Trustee Report and Financial Statements (the "Annual Report"), comprise:

- the Balance Sheet as at 31 March 2016;
- the Statement of Financial Activities and 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 the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (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.

Opinion on other matter 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 19, 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 International Standards on Auditing (UK and Ireland) ("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.

What an audit of financial statements involves

We conducted our audit in accordance with 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.

We primarily focus our work in these areas by assessing the trustees' judgements against available evidence, forming our own judgements and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual 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.

Clive Everest (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

1 Embankment Place
London WC2N 6RH

11 July 2016

Grants awarded and direct charitable expenditure in 2015/16

Arts Access and Participation

Open grants

Explore and Test

ActionSpace London Events Limited To develop a programme of workshops in London, facilitated by people with learning difficulties.	£59,009	People Around Here A programme of arts participation Ely/Caerau with people experiencing employment difficulties.	£58,240
Autograph ABP A programme to increase access to the National Gallery for young refugees.	£59,824	Plymouth & District Mind Association A programme of arts participation with people with physical and mental challenges in Plymouth.	£54,318
Cove Park Funding for a series of artist residencies on the remote island communities of Argyll and Bute.	£60,000	Restoke Support for arts and dance performances with BAME (Black, Asian, Minority Ethnic) migrants in disused spaces in Staffordshire.	£11,445
Create London Development of artists' residencies and a public programme in a listed building in Becontree that has been converted into a communal public space.	£55,253	Royal Exchange Theatre Company Limited To pilot a mobile theatre and engagement programme with young and older people.	£57,275
Daily Life Ltd To develop a Roving Diagnostic Unit to explore mental health and psychiatric diagnosis.	£60,000	Seacourt Print Workshop Ltd To explore whether print-making can help people with a range of disabilities develop positive identities as artists, using the New Economics Foundation's Wellbeing model.	£25,986
Dance Base Limited Piloting weekly dance activities for people living with or affected by Parkinson's disease.	£59,183	Sound and Music Support for a scheme to address inequality of opportunity for composers.	£56,000
De La Warr Pavilion Charitable Trust To develop a new programme of specialised interventions with a variety of disadvantaged groups.	£55,917	South Yorkshire Housing Association To test Brighton University's 'We Value' methodology with tenants in Yorkshire.	£59,999
Essex Book Festival To pilot a new engagement programme with people aged 14–25 from marginalised groups.	£30,000	Stopgap Dance Company Support to trial a dance syllabus with disabled children and young people.	£60,000
Fabrica Supporting an exhibition and engagement with people with severe intellectual disabilities.	£29,300	Talking Birds Theatre Company Limited To develop a mobile access tool that will improve theatre experience for audiences with disabilities.	£51,175
Friends of the Williamson Art Gallery and Wirral Museums To develop a programme of participatory art workshops with pre-school children.	£30,333	The Northamptonshire Music and Performing Arts Trust To develop music instruments for children with special needs and disabilities.	£27,280
Heads On To pilot seven arts courses with people recovering from mental health issues.	£59,259	The OHMI Trust To pilot specially adapted musical instruments for 7–11-year-olds and 18–24-year-olds with only one arm or hand.	£60,000
Hull Truck Theatre To provide activities to reach people who do not usually attend theatre performances.	£60,000	The Tetley To support a programme of arts participation for young people in South Leeds.	£35,000
Operasonic Support for the Newport Legends Programme of small-scale opera performances.	£50,000	Wild Rumpus To support the extension of their family arts experience programme, focusing on improving accessibility.	£55,000
Oswestry Community Action A programme of participatory art activities in a rural setting.	£35,570	Writing East Midlands To support the 'Write Here' programme, which encourages refugees to tell their stories through writing.	£38,803
Peckham Platform A programme of arts participation with disadvantaged young people in Southwark.	£60,000		£1,414,169

More and Better

Artichoke Trust Support for public engagement work for a public event marking the anniversary of the Great Fire of London.	£150,000
Fevered Sleep A programme to present three participatory arts projects at 20 venues across England over four years.	£233,000
Intoart Support for 'Design by Intoart': a design studio run by people with learning disabilities.	£170,000
PRS Foundation Support to develop composer residencies and a listening scheme as part of the New Music Biennial 2017.	£255,000
Tyneside Cinema Support for the Young Tyneside Project to increase access to the film sector for 8,500 children in the North East.	£100,000
University of Sunderland Support to develop Massive Open Online Course content for artists, students and others working in participatory settings.	£54,000
	£962,000
Open grants to organisations total	£2,376,169

ArtWorks: Developing Practice in Participatory Settings

Creative Learning	£3,500
FEAST	£3,500
Geraldine Pilgrim Company	£3,200
SNAP Network c/o Site Gallery	£3,500
TDA	£3,500
The Stove Network Ltd	£3,500
Support costs	£45,352
	£66,052

Our Museum – Communities and Museums and Active Partners

Belfast Exposed	£20,000
Glasgow Museums	£20,000
National Museum Wales	£19,925
The Lightbox	£20,000
Tyne & Wear Archives & Museums	£13,850
Support costs	£387,498
	£481,273

Paul Hamlyn Clubs

Support costs	£19,750
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Arts Access and Participation total **£2,943,244**

Education and Learning through the Arts

Open grants

Explore and Test

Attenborough Arts Centre To explore new ways of delivering the arts curriculum with two SEN (special educational needs) schools.	£60,000
Attik Dance Ltd To support the LEAP Programme: a whole-class approach to dance teaching in primary schools.	£29,847
Beaford Arts Children from eight rural primary schools will work with older people to creating a walking trail of their local area.	£44,996
Collar and TIE Ltd To test the pedagogic potential of its online theatre education platform, Prospero, in secondary schools in Worcester.	£35,100
Creativity, Culture and Education To create an arts-based curriculum aimed to improve the brain functions of children from disadvantaged backgrounds.	£36,972
Grimm & Co To trial a new creative writing approach, developed by Ministry of Stories, in eight primary and one secondary school in Rotherham.	£59,300
Hackney Music Development Trust To assist staff at Queen Eleanor Primary Academy to develop arts-based learning activities.	£59,712
Live Music Now To deliver a Special Educational Needs and Disability Music Fellowship Programme.	£60,000
Luxi Ltd A programme to engage young people with issues surrounding online behaviour.	£23,500
Made By Katie Green Develop and test an approach to teaching history through dance with two primary schools in Surrey.	£16,214
Odd Arts Support for the development of a young ambassadors programme in partnership with Rathbone.	£55,984
Partners in Creative Learning CIC To test the impact of creative arts-based approaches to Literacy in seven schools in disadvantaged areas around Stoke-on-Trent.	£59,706
Signals Media Arts Centre To support a programme of engagement with Mathematics through film and digital media in three schools in Essex.	£38,000
Theatre Centre Limited A programme of creative writing and interactive theatre with Years 5 and 6 pupils in five schools.	£41,801

Complicite To evaluate a drama-based, whole-class approach to Mathematics, previously piloted, to see if it improves children's attainment.	£60,000
Valley and Vale Community Arts To offer drama-based learning workshops for girls with late diagnosed ASD (autism spectrum disorder), many of whom attend an Alternative Provision Centre.	£60,000
Writing on the Wall To create a programme of creative writing and illustration workshops with a superhero theme.	£59,930
	£801,062

More and Better

A New Direction Support for My Creative School Project: a three-year curriculum-relevant creative activity programme in schools.	£300,000
Big Brum Theatre in Education To support delivery and evaluation of 'The End of Reason' Programme.	£242,000
Hampshire Cultural Trust Support for the Horizon 20:20 Programme to bring a culture of arts-based learning to PRUs (pupil referral units) in Hampshire.	£350,000
Kids' Own Publishing Partnership CLG Support for the Virtually There Programme, which places a virtual artist-in-residence in schools in Northern Ireland.	£388,000
	£1,280,000
Open grants to organisations total	£2,081,062

Inspire Music

Support costs	£115,042
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Teacher Development

Support costs	£32,126
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Education and Learning through the Arts total

£2,228,230

Investing in Young People

Open grants

Youth Fund

Action For Kids To work with schools across North London focusing on young people with learning disabilities – support for senior staff salaries.	£47,540
British Youth Council Support to develop the BYC's income generation capability and training for frontline staff.	£60,000
Clan Childlaw Ltd To develop and extend legal representation for children and young adults in Scotland into new areas.	£60,000
Fenham Association of Residents Support for the salary of a Children and Young People's Lead Worker.	£60,000
Fitzrovia Youth in Action Core support for the organisation as it takes on new premises and implements a plan to generate income.	£60,000
Generation Change To pilot a shared approach to evaluation and learning across six diverse member organisations.	£60,000
Getaway Girls Funding for key posts as the organisation expands its services to reach new young women in Leeds.	£47,416
Key Fund Support for the salary of the CEO and two new posts as it changes to a new charging model.	£53,153
MyBnk Funding for the salary of the Quality and Training Director as MyBnk expands operations into the South West.	£60,000
Reclaim Project Ltd Support to develop an alumni network and to continue to support young people to campaign for social change.	£60,000
Redthread Youth Limited Funding to recruit an Operations Assistant, which would allow the organisation to continue to grow its outreach.	£60,000
Silent Secret Ltd Funding to recruit an in-house App Developer to add new functions to their online app services.	£60,000
Startup and Startup Now Projects Funding to scale up their peer-mentoring training and work with young women at risk of offending.	£54,676
Step by Step Funding to recruit a Business Service Manager and a Head of Income Generation, as the organisation becomes more focused on commercial and individual donor income.	£60,000

Street Teams Core funding to increase the hours of the currently part-time Head of Service post for two years, allowing the organisation to strengthen fundraising strategies and develop new programmes.	£33,202
The Albert Kennedy Trust Core funding to support the salaries of senior staff, as the organisation expands its e-mentoring scheme.	£21,250
The Foyer Federation To support the development of a new model for the 100-member-strong UK-wide foyer network.	£60,000
The Jericho Foundation Funding for the salary of the Social Enterprise Manager, as the organisation expands the Reusers business into a second and potentially third site.	£40,000
UR Potential Part-funding for the Co-Director's salary and increased hours for a Junior Manager as the organisation seeks larger contracts and a national voice.	£60,000
YoungMinds Trust Part-funding for the salary of the Youth Engagement Manager, a core post under the new strategy.	£60,000
Zahid Mubarek Trust Funding to recruit two qualified facilitators as the organisation prepares to launch a new programme of workshops in ten prisons.	£50,000
Open grants to organisations total	£1,127,237
Investing in Young People total	£1,127,237

Migration and Integration

Open grants

Shared Ground Explore and Test

Asylos To trial the Asylos model of supporting NGOs and lawyers to help asylum seekers process their claims in the UK. It has previously been used in France, Belgium and Greece.	£60,000
Asylum Aid To support the Project for the Registration of Children as British Citizens (PRCBC) to seek policy changes surrounding the registration of undocumented young people.	£60,000
Citizens UK Charity To fund a partnership that will support individuals trapped in the 'Jungle' in Calais.	£60,000
Focus on Labour Exploitation FLEX To research why and how migrant workers are exploited in three UK labour sectors and change public perceptions of migrant labour.	£59,891
Fuse Art Space CIC A series of film screenings aimed at engagement with asylum-seeking people in Bradford.	£8,696
HOPE not Hate Educational Ltd To deliver a leadership development programme with young migrants.	£60,000
Joint Council for the Welfare of Immigrants To test a new internal structure and model of delivery to maximise their resources and increase their impact.	£60,000
Migrants' Rights Network To work with 100 migrant organisations to collate evidence of discriminatory practice/policy targeted against migrant communities.	£59,317
Mind in Camden To set up a network of support groups for migrants/asylum seekers experiencing mental health problems.	£60,000
Overseas Development Institute To produce a comic to tell the stories of migrants making dangerous journeys to reach Europe.	£20,000
QED Foundation Ltd To support the My Journey Project, which will create dialogues between young migrants and settled communities.	£51,585
UK Community Foundations New Beginnings Fund: to support local groups working with refugees/asylum seekers. This is a pooled fund with other foundations.	£100,000
	£659,489

Shared Ground More and Better

Citizens UK Charity For CUK to expand their New Communities work campaigning on migrant, asylum and integration related issues.	£240,000
Central England Law Centre Support the KIND UK project, which aims to help young people to regularise their immigration status through developing a network of pro bono legal support.	£330,000
	£570,000
Open grants to organisations total	£1,229,489

Supported Options Fund

Centre on Migration, Policy and Society (COMPAS) University of Oxford	£24,359
Citizens UK Charity	£15,000
Coram Children's Legal Centre Ltd	£9,550
Just for Kids Law	£100,000
Praxis Community Projects	£4,605
Refugee Support Network	£7,638
Support costs	£74,246
Supported Options total	£235,398
Migration and Integration total	£1,464,887

Ideas and People

Ideas and Pioneers

AJP Dreams To pilot an empathy training programme for staff working with people with learning difficulties.	£29,632
Bristol Braille Technology Support for the Canute Project, which seeks to develop the first full page Braille e-book reader.	£30,000
Circles South West To trial a therapeutic service, previously trialled in Germany, for un-convicted men who have a sexual attraction to children.	£25,721
Friends of the Flyover Core support for an organisation that wants to turn Liverpool's Churchill Way Flyover into a community hub and tourist attraction.	£29,700
Garage Sale Trail Foundation UK Support for the continued development of a large-scale garage sale network.	£20,000
Hartlepool Art Studio Limited Funding to pay for artists' fees and costs for an activities programme for people with mental health issues and learning difficulties.	£30,000
Jessica Turtle – Museum of Homelessness To set up the Museum of Homelessness. Funding will pay for the salary of the Project Manager and a creative learning programme.	£22,760
Mental Snapp To prototype and test a mobile platform that lets users (people with mental health issues) upload video to a secure digital area.	£27,300
The Children's Sleep Charity Support to cover staff and costs for a series of sleep-health workshops and drop-in sessions with young people.	£25,000
Woodpecker Court Youth Activities Funding for salary costs for the organisation that offers alternative education for young people no longer in mainstream education.	£30,000
Louis Bonney Support for salary costs for the New Forest Bike Project which will provide training for people with mental health issues and learning disabilities.	£30,000
Ideas and Pioneers total	£300,113

Awards for Artists

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

Composers: Adem Ilhan, Brian Irvine and Peter Wareham	£150,000
Visual arts: Emma Hart, Will Holder, Tina Keane, Karen Mirza and Brad Butler, and Patrick Staff	£250,000
Support costs	£65,584
	£465,584

Breakthrough Fund

Support costs	£27,294
	£27,294

Ideas and People total **£792,991**

Strategic grants

Aurora Orchestra To support the Claus Moser series of performances.	£150,000
Battersea Arts Centre Support to allow the organisation to continue to provide services in the aftermath of a fire that destroyed their Grand Hall.	£250,000
Foundation Years Trust To underpin the Read It Together Programme offering parent-and-child reading groups with space for unique adult-only reading time in Birkenhead.	£97,894
Global Dialogue Support to establish a Communications Hub.	£200,000
Hull UK City of Culture 2017 Ltd Support to underpin public engagement throughout 2017, with a particular focus on the lead-up to the year of culture and creating a lasting legacy.	£350,000
The Baring Foundation Support for Commission on the Future of the Voluntary Sector.	£50,000
The Robertson Trust To develop two Women Centres in Scotland (Fort William and Cumnock) to meet the needs and aspirations of vulnerable women and girls.	£100,000
Strategic grants total	£1,197,894

India programme

Open grants

Aakanksha Lions School for Mentally Handicapped To grow beyond institutional rehabilitation to develop a model for a rural community-based rehabilitation service for people with special needs.	£50,945
Aamhi Aamachya Arogya Sathi Employability and Skill Enhancement (EASE) of People with Disabilities.	£53,185
Arthik Anusandhan Kendra Community development by building capacities of Dalit communities.	£53,092
Bhoomika Vihar "Utsaah" – Inspire to Empower Others – from Learners to Activists: Intervention aiming to create a protective and positive zone for girls/children, where the vulnerable girls will be influencing others being Role Models, Ambassadors and Change Makers.	£106,184
Community Development Centre Promotion of Sustainable Livelihood in Protected Areas.	£85,208
Grameen And Samajik Vikas Sanstha The project aims to establish labour centres in Beawar and Bhilwara, towns of central Rajasthan. The purpose is to support the labour, train them on legal aspects, undertake Chaukati management, work on health issues of migrants and form union/collectives.	£48,341
Jan Daksha Trust To work with tribal women working in the unorganised sector in Udaipur to help them access services and legal support and earn a dignified livelihood by setting up three women labour collectives.	£40,310
Jubayer Masud Educational and Charitable Trust Promotion of banana cultivation for migration mitigation.	£29,269
Kotra Adivasi Sansthan Supporting the migrant labour in small towns of western Rajasthan in leading a life of dignity.	£49,989
MAHAN Trust, Melghat Reduction of blindness amongst the tribal population of Melghat region.	£52,652
Pararth Samiti Nutrition Security of Particularly Vulnerable Tribe, 10 villages in Patakot region.	£45,618
Paryavaran Evam Prodyogiki Utthan Samiti (PEPUS) Integrated Development of Brick Kiln Workers and their families.	£48,974
Pravah Strengthening Youth Centric Civil Society Organisations in India.	£72,776

Prayas Ensuring Social Security to Seasonal Migrant Construction Workers.	£56,231
Professional Assistance for Development Action (PRADAN) Livelihood support extension to strengthening Women's Collectives for Gender Justice.	£75,111
Sahyogi To address the issue of gender-based violence (GBV) in a peri-urban area of Patna.	£27,539
Sanchal Foundation Research on Life World and Agency of Children in Contact with Railways.	£59,487
Sense International India Developing deafblind services in Eastern India.	£70,716
Society for Promotion of Youth and Masses (SPYM) De-addiction Model for Children in Contact with Railways.	£116,440
Society for Rural and Urban Joint Activities Nagpur (SRUJAN) Capacitating Tribal Adolescents to Reduce Abuse and Violence.	£44,331
South Orissa Voluntary Action (SOVA) Assimilation of dam-displaced communities with their host communities.	£48,061
Tomorrow's Foundation Educational and economic rehabilitation of children of Bastar.	£52,362
	£1,286,819
Exchange rate differences	£56,486
India programme total	£1,343,306

Evidence and Learning

APPG Arts & Health support costs	£20,000
Evidence and Learning support costs	£10,170
Evidence and Learning total	£30,170

Other grants

(Including 'legacy' grants awarded under previous strategy)

Development Fund

Almeida Theatre Company Ltd Support for the production of the play 'Boy' by Leo Butler.	£15,000
Create London Core support towards a season of music, film, art and debate discussing inequality in the cultural sector in the UK.	£5,000
The Michael Sieff Foundation Support to continue its existing work on policy and practice concerning vulnerable children and young people.	£10,000
The Real David Cameron Ltd To bring together a gathering of teachers from across the UK to discuss the effects of devolution of educational approaches.	£15,000
Development Fund total	£45,000

Legacy grants

Council for Learning Outside the Classroom Support towards a consortium of organisations that have come together to carry out the learning from the Learning Away initiative.	£215,000
Musical Futures Support to enable the transition to an independent organisation.	£63,303
Openstorytellers Storysharing in Schools – extra support for widening access to the project.	£22,411
Legacy grants total	£300,714

Legacy support costs

Supplementary schools	£5,756
Language Futures	£4,111
General support	£58
Fitter for Purpose	£14,009
Right Here	£25,295
Learning Away	£87,234
What Works?	£6,618
Legacy grants support work total	£143,081

Other grants

The Helen Hamlyn Trust Support for the Helen Hamlyn Trust 2015/16	£2,000,000
Disasters Emergency Committee Nepal Earthquake Appeal	£100,000
Institute for Voluntary Action Research Contribution to an evaluation round table	£5,000
Exchange rate adjustments on grants awarded in previous years	£1,691
Other grants total	£2,106,691

Other and legacy grants total **£595,486**

Total grants awarded and direct charitable expenditure **£13,723,445**

Organisations receiving more than one grant included in the listing above:

Citizens UK – Awarded a total of £315,000 in 2015/16 (£300,000 from the Shared Ground Fund and £15,000 from the Supported Options initiative)

Create London – Awarded a total of £60,253 in 2015/16 (£55,253 from the Access and Participation Fund and £5,000 from the Development Fund)

Statement of Financial Activities

for the year ended 31 March 2016
(including Income and Expenditure Account)

		2016	2015
	Notes	Total funds (i) £m	Prior year total funds (i) £m
Income and endowments from:			
Donations	2	0.040	0.090
Investments	3	19.672	16.201
Other	4	0.064	0.032
Total		19.776	16.323
Expenditure on:			
Investment management costs	5	4.154	4.395
Charitable activities	6	16.021	21.816
Total		20.175	26.211
Net ingoing (outgoing) resources before investment gains/losses		(0.399)	(9.888)
Net gains/(losses) on investments	10, 17	5.690	69.610
Net income (expenditure)	17	5.291	59.722
Net movements in funds		5.291	59.722
Reconciliation of funds:			
Total funds brought forward	16	648.745	589.023
Total funds carried forward		654.036	648.745

(i) All restricted, unrestricted and endowment funds. In line with Charities SORP, para 4.11, PHF has adopted a single combined funds column. This total is made up of endowment funds £654.032m (prior year £648.745m) and restricted funds £0.004m (prior year nil). A summary of fund movements is included in note 16(b).

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 35 to 47 form part of these financial statements.

Balance Sheet

at 31 March 2016

		2016	2015
	Notes	Total funds (i) £m	Prior year total funds (i) £m
Fixed assets			
Tangible assets	9	5.885	5.996
Investments	10, 16	660.674	661.821
Total fixed assets		666.559	667.817
Current assets			
Debtors	11	0.472	0.721
Investments	12	3.995	0.401
Cash at bank and in hand		1.588	3.738
Total current assets		6.055	4.860
Liabilities			
Creditors: Amount falling due within one year	13	(13.386)	(14.601)
Net current assets		(7.331)	(9.741)
Total assets less current liabilities		659.228	658.076
Creditors: Amount falling due after more than one year	14	(5.192)	(9.331)
Total net assets		654.036	648.745
The funds of the charity	16		
Represented by:			
Restricted income funds		0.004	–
Endowment funds			
– Investment valuation reserve		179.147	183.740
– Other endowment funds		474.885	465.005
Total Charity Funds		654.036	648.745

(i) All restricted, unrestricted and endowment funds.

The notes on pages 35 to 47 form part of these financial statements. The financial statements on pages 32 to 47 were approved by the trustees on 5 July 2016 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

Statement of Cash Flows

for the year ended 31 March 2016

	2016	2015
	Total funds (i) £m	Prior year total funds (i) £m
Cash flows from operating activities:		
Net cash provided by (used in) operating activities	(20.622)	(19.668)
Cash flows from investing activities:		
Investment income received	19.463	16.173
Purchase of tangible fixed assets	(0.080)	(0.091)
Sale of tangible fixed assets	–	–
Purchase of fixed asset and other investments	(133.523)	(83.307)
Sale of fixed asset and other investments	140.360	93.318
Investment management charges paid	(4.154)	(4.456)
Net cash provided by investing activities	22.066	21.637
Change in cash and cash equivalents in the year	1.444	1.969
Cash and cash equivalents at the beginning of the year	4.139	2.170
Cash and cash equivalents at the end of the year	5.583	4.139
Reconciliation of net income/(expenditure) to net cash flow from operating activities		
Net income/(expenditure) for the reporting period (as per the Statement of Financial Activities)	5.291	59.722
Adjustments for:		
Depreciation charges	0.191	0.186
Gains on investments	(5.292)	(69.610)
Investment income	(19.672)	(16.201)
(Increase)/decrease in debtors	0.061	(0.016)
Increase/(decrease) in creditors	(5.355)	1.619
Investment management charges	4.154	4.395
Decrease in PRI debtor	–	0.237
Net cash used in operating activities	(20.622)	(19.668)
Analysis of cash and cash equivalents		
Cash in hand	1.588	3.738
Notice deposits (less than 3 months)	3.995	0.401
Total cash and cash equivalents	5.583	4.139

(i) All restricted, unrestricted and endowment funds

Notes to the financial statements

for the year ended 31 March 2016

1. Principal accounting policies

Basis of preparation

The financial statements are prepared for the first time in accordance with the Charities SORP (FRS 102) (Accounting and Reporting by Charities: Statement of Recommended Practice applicable for charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015)), FRS 102, the Companies Act 2006 and the Charities Act 2011.

There are no material uncertainties about the charity's ability to continue, and the financial statements are prepared on a going-concern basis.

The charity is a public benefit entity.

A summary of accounting policies which affect material items is provided below. In 2015/16 a number of new or revised policies were introduced to reflect the requirements of FRS 102. The impact of these is explained in note 17.

In June 2005, the Charity Commission issued a uniting direction for Paul Hamlyn Foundation (Charity No: 1102927) and Paul Hamlyn (1987) Foundation (Charity No: 327474) made under s96(6) of the Charities Act 1993. In previous years the financial statements were therefore prepared on a combined basis for both entities. In June 2015 the Charity Commission issued a reversal of this uniting direction, and Paul Hamlyn (1987) Foundation was re-established as a separate and independent body with Paul Hamlyn Foundation disaggregating assets of £11.1m which had been held on its behalf. The financial statements presented in this document are for Paul Hamlyn Foundation only.

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 while also generating sufficient return to fund grant-making and other charitable activities. In 2015/16 the trustees agreed to transfer a proportion of endowment funds to fund in-year expenditure, and details of this are provided in note 16.

i. Transition arrangements

The financial statements for 2015/16 represent the first prepared under FRS 102 and the 2015 Charities SORP FRS 102. The trustees have considered if a restatement of comparative items was required and determined this is not necessary as any changes are not material to current or prior year accounts. However, a reconciliation of opening balances and net income is provided within note 17.

ii. Incoming resources

All incoming resources are included in the Statement of Financial Activities when the Foundation is legally entitled to the funding; it is more likely than not that the economic benefit associated with the transaction will come to the Foundation and the amount can be quantified with reasonable certainty.

iii. Resources expended

Resources expended are the cost of generating funds and charitable expenditure including governance costs.

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the Foundation to that expenditure; it is probable that the settlement will be required and the amount of the obligation can be measured reliably.

iv. Cost of generating funds

Investment management fees, including fees to advisers, and internal investment management costs, including staff costs, are the only costs of generating funds.

v. Charitable expenditure

The Foundation's charitable expenditure comprises grant-making and direct charitable activities. Grants are recognised at their full value at the point at which the Foundation has a clear obligation to make a payment to a third party and the recipient has been informed. Where the payment is planned to be more than 12 months after the reporting date of the Foundation's accounts, the Foundation reviews the present value of future payments and considers whether the effective financing cost is material to the Foundation's reporting. If so, the financing charge is

disclosed in the SOFA. Otherwise, the unadjusted value of the grant awarded is shown as a long- or short-term creditor as appropriate. In 2015/16 the Foundation does not consider the effective financing cost of future payments as material, and no adjustment has been made.

vi. Allocation of support costs

Where possible, support costs are attributed directly to the activity, or activities, to which they related. These include support costs that relate to grant-making activity and include assessment and monitoring costs. However, some support costs, such as governance, personnel costs, finance department costs and property-related expenditure, support more than one area of activity. These costs are apportioned across the activities they support on the basis of direct expenditure incurred by these activities as a percentage of total direct expenditure.

vii. Accounting for staff costs

The Foundation's normal staff costs comprise salaries and social security contributions, contributions to the Foundation's defined contribution pension scheme, and benefits schemes including group health and life insurance. Any annual leave which an employee has accrued but not yet taken at 31 March is calculated at the pro-rata cost of these days. This figure is included within the Statement of Financial Activities with a corresponding liability shown as falling due within one year if material. At the date of transition to FRS 102, and at 31 March 2015 and 31 March 2016, the combined cost of accrued untaken leave was not considered material, and no entry is included within the financial statements.

The Foundation defines its Key Management Personnel as its senior management team comprising the Chief Executive, Director of Finance and Resources, Director of Grants and Programmes, Director of Impact and Evaluation, Investment Director and Director of Strategy.

Termination benefits may occur where the Foundation has agreed to terminate the employment of an employee and are included within the financial statements when the payment has been formally

agreed or a detailed formal plan for the termination to which the Foundation is realistically unable to withdrawal exists. The amount of termination benefit shown shall be either the amount agreed or paid, or the Foundation's best estimate of the expenditure required to settle the obligation.

viii. Tangible fixed assets

All tangible fixed assets are held for charitable use.

The cost of tangible fixed assets is their purchase price including associated costs such as taxes and legal fees, together with any costs directly attributable to bringing the asset into working condition for its intended use.

The Foundation has adopted the cost model as defined in FRS 102 whereby the value of fixed assets is measured as the original cost less any accumulated depreciation and accumulated impairment losses. Impairment reviews take place on an annual basis. Only tangible fixed assets, or interrelated groups of tangible fixed assets, with a cost exceeding £500 are capitalised.

Depreciation is calculated to write off the cost of the tangible fixed asset on a straight line basis over the expected useful economic life of the assets concerned. The principal economic life for tangible fixed assets shown in these financial statements is as follows:

	No. of years
Furniture and fittings	4
Computer equipment	4
Freehold building	50

Land is not depreciated but is subject to an impairment review.

ix. Intangible fixed assets

Occasionally, the Foundation holds intangible fixed assets. These are defined as non-monetary assets without physical substance where the costs associated with the asset can be measured reliably and the Foundation can expect to receive future economic benefits from the asset.

The cost of intangible fixed assets is identified as their purchase cost including any taxes and any directly attributable costs of preparing the asset for its use. The Foundation has adopted the cost model as defined in FRS 102 whereby the value of intangible fixed assets is measured as the original cost less any accumulated amortisation and accumulated impairment. Amortisation is calculated to write off the cost of the intangible fixed asset on a straight line basis over its useful economic life which the Foundation's policy is to take as four years.

x. Fixed asset investments

a) Investments valuations: PHF's policy is to value its investment assets on a fair value basis following FRS 102. If an active market exists for the asset, PHF will value the asset using the quoted price, which is usually the current bid price. Where there is not an active market for the asset, PHF will use a valuation technique with the aim of estimating transaction price in arm's-length, normal business situations. Realised and unrealised gains and losses are recognised through the SOFA. Assets are reviewed for impairment on at least an annual basis.

b) Forward currency contracts: Foreign currency forward contracts are initially measured at their contract value, re-measured at the balance sheet date and subsequently measured at their settlement value. Realised gains or losses on forward currency contracts are reported in the SOFA and the carrying value of cash balances adjusted for any gain or loss. Unrealised gains or losses are also reported in the SOFA with the corresponding entry recognised as a debtor or creditor until the settlement date.

xi. Debtors

Debtors include amounts owed to the Foundation for goods or services for which the Foundation has paid in advance; other amounts owed to the Foundation at the balance sheet including accrued investment income; and external funding to which the Foundation is entitled. Amounts expected to be recovered within a year are shown at their anticipated receipt value. Any material amounts expected to be recovered after more than a year are shown at the present value at the balance sheet date and an adjustment made for the time value of money.

xii. Current asset investments and cash at bank and in hand

Current asset investments comprise cash or cash equivalents held for a short time (up to one year) in order to provide readily accessible funding for ongoing operations whilst maintaining an investment return if possible. These investments are measured at carrying value in the most recent bank or valuation statements. The Foundation reviews and identifies the best investment vehicles for balancing liquidity and return for these short-term holdings on a regular basis.

Cash at bank and in hand comprises short-term highly liquid investments and cash held to meet commitments as they become due, and little or no return is anticipated on these holdings. Cash is measured at carrying value in the most recent statement.

xiii. Foreign currencies

Income in foreign currencies is recorded at the rate of exchange ruling on the date of receipt. Foreign current 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.

xiv. 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.

xv. Taxation

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

xvi. Provision and contingent liabilities policy

Provisions are recognised where there is a present obligation as a result of a past event, if 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.

xvii. Accounting for material and extraordinary items

Any material items of income or expenditure will be disclosed where this is relevant to an understanding of the Foundation's financial performance. The disclosure will be made either in the notes to the accounts or on the face of the SOFA. The Foundation will consider materiality as part of its process for preparation of the financial statements.

Extraordinary items are material events which fall outside the Foundation's normal activities, are unusual in their nature and not expected to recur. The Foundation will consider if any extraordinary events have occurred as part of its process for preparation of the financial statements. If such events have occurred, the item will be disclosed on the SOFA and a full note provided.

xviii. Operating leases

Operating leases exist where a lease arrangement is in place but the risks and rewards of ownership are not transferred to the Foundation. Costs of operating leases are included within the Statement of Financial Activities on the basis of actual payments made and a note provided to show the total of future minimum lease payments due within one year and from two to five years. In 2015/16 the Foundation had one operating lease in place for photocopier provision.

2. Donations

	2016 £m	2015 £m
Grant funding	0.040	0.090
Total	0.040	0.090

3. Investment income

	2016 £m	2015 £m
UK equities	2.316	2.567
Overseas equities	3.119	4.331
Fixed interest securities	0.574	0.731
Investment property	1.615	1.639
Term deposits/cash	0.059	0.082
Unlisted investments	11.989	6.851
Total	19.672	16.201

4. Other income

	2016 £m	2015 £m
Miscellaneous income	0.064	0.032

Other income in both 2016 and 2015 includes a refund for PHF's investment in a fund that was written off in a previous year, when it went into liquidation.

5. Investment management costs

	2016 £m	2015 £m
Investment management fees and consultancy	4.051	4.294
Internal investment management costs	0.103	0.101
Total	4.154	4.395

With respect to 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 for the funds' assets and are reflected in the net asset values reported. Internal investment management costs include a part-time Investment Director.

6. Charitable activities

During the year ended 31 March 2016, the following charitable donations were awarded by the Foundation and charitable activity undertaken:

	Grants awarded to organisations £m	Grants awarded to individuals £m	Direct charitable activity £m	Support costs £m	Total costs £m	Prior year total costs £m
Arts Access and Participation	2.491	–	0.453	0.593	3.537	
Education and Learning through the Arts	2.081	–	0.147	0.422	2.650	
Investing in Young People	1.127	–	–	0.312	1.439	
Migration and Integration	1.391	–	0.074	0.327	1.792	
Ideas and People	0.270	0.430	0.093	0.108	0.901	
Evidence and Learning	–	–	0.030	0.012	0.042	
India	1.343	–	–	0.355	1.698	
Strategic grants	1.198	–	–	0.162	1.360	
Other	2.452	–	0.143	0.352	2.947	
Total	12.353	0.430	0.940	2.643	16.366	21.952

Adjustments:

Returned grants/adjustments to previous years awards	(0.420)	–	–	–	(0.420)	(0.397)
Exchange rate adjustments for awards in previous years	0.075	–	–	–	0.075	0.071
Write-off of programme-related loan	–	–	–	–	–	0.190
	12.008	0.430	0.940	2.643	16.021	21.816

During 2015/16 the Foundation adopted a new strategy with revised areas of focus. It is therefore not practical to provide comparative figures with expenditure in 2014/15 and total expenditure figures only are provided.

Numbers of grants awarded

	2016 £m	2015 £m
Total	166	198
includes grants to individuals	9	8

A schedule of the grants awarded in each programme area is given on pages 24 to 31.

7. Support costs

	2016 £m	2015 £m
Payroll and related costs	1.637	1.487
Operations support	0.333	0.314
Property expenses	0.066	0.072
Communications	0.033	0.050
Office expenses	0.340	0.282
Depreciation and loss on disposals	0.192	0.186
Governance	0.042	0.030
Total	2.643	2.421

Support costs reflect the management structure of the organisation. Operations support includes the cost of temporary staff and recruitment. Where possible, support costs are directly attributed to the activity they support. Those that cannot be directly attributed are allocated to the major charitable activities of the Foundation on the basis of expenditure incurred.

	Payroll & related costs £m	Operations support £m	Property £m	Comms £m	Office £m	DPN £m	Governance £m	Total £m
Arts Access and Participation	0.416	0.033	0.014	0.007	0.073	0.041	0.009	0.593
Education and Learning through the Arts	0.289	0.025	0.011	0.005	0.055	0.031	0.007	0.423
Investing in Young People	0.244	0.012	0.005	0.003	0.028	0.016	0.003	0.311
Migration and Integration	0.239	0.016	0.007	0.004	0.036	0.021	0.005	0.328
Ideas and People	0.06	0.009	0.004	0.002	0.020	0.011	0.002	0.108
Evidence and Learning	0.002	0.008	–	–	0.001	–	–	0.011
India	0.101	0.188	0.007	0.003	0.033	0.019	0.004	0.355
Strategic grants	0.090	0.013	0.006	0.003	0.030	0.017	0.004	0.163
Other	0.196	0.029	0.012	0.006	0.064	0.036	0.008	0.351
Total	1.637	0.333	0.066	0.033	0.340	0.192	0.042	2.643

During 2015/16 the Foundation adopted a new strategy with revised areas of focus. It is therefore not practical to provide comparative figures with support cost expenditure by theme in 2014/15. Total support costs in 2014/15 were £2.421m.

Governance costs include the costs of the audit by PricewaterhouseCoopers, which was £27,673 excluding VAT (2014/15: £24,678 ex VAT).

8. Staff costs and trustee expenses

Trustee expenses

No trustee has been paid any remuneration in 2015/16.

A total of £7,521 has been paid for expenses on behalf of six trustees (2015: £489 on behalf of four trustees).

These costs related to travel, subsistence and accommodation incurred by trustees in fulfilling their role as trustees of the Foundation, including a visit by three trustees to the Foundation's programme in India.

Staff costs

	2016 £m	2015 £m
Wages and salaries	1.303	1.257
Social security costs	0.138	0.132
Employer's pension contribution to defined contribution schemes	0.165	0.141
Other benefit schemes	0.134	0.058
Total	1.740	1.588

The number of employees whose employee benefits (ex-employer pension costs) exceeded £60,000 during the year were as follows:

	2016	2015
£60,000 to £70,000	1	3
£70,001 to £80,000	4	2
£110,001 to £120,000	1	–
£160,000 to £170,000	–	1

The Foundation considers its Key Management Personnel comprise the trustees and the senior management team. The trustees are unpaid.

Total employee benefits (including employer pension contributions) of £564,037 (2015: £636,394) were paid to six (2015: eight) staff representing the senior management team of the Foundation.

Staff numbers

During the financial year 2015/16 the average headcount of the foundation was 36 split between full-time (24) and part-time staff (12). The average full-time equivalent number of staff employed was 32.1 (2015 average number of persons employed – 33).

Following the restructure of the Foundation during 2015/16, redundancy payments were made or commitments were in place to pay at 31 March 2016 for two staff.

Total payments or obligations to pay of £34,934 are included within the salary figures above.

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.

9. Fixed assets

	Freehold building & land £m	Furniture & fittings £m	Computer equipment £m	Total £m
Cost				
As at 1 April 2015	6.120	0.220	0.284	6.624
Acquisitions	0.027	0.022	0.031	0.080
Revaluations	–	–	(0.040)	(0.040)
As at 31 March 2016	6.147	0.242	0.275	6.664
Depreciation				
As at 1 April 2015	0.284	0.149	0.195	0.628
Charge for the period	0.093	0.048	0.050	0.191
Adjustment on disposal	–	–	(0.040)	(0.040)
As at 31 March 2016	0.377	0.197	0.205	0.779
Net Book Value				
Carrying amount as at 31 March 2016	5.770	0.045	0.070	5.885
Net Book Value at 1 April 2015	5.836	0.071	0.089	5.996

Intangible fixed assets

The Foundation has intangible fixed assets of £22,800 at 31 March 2016 (£34,200 2015). These relate to the development costs of its new website. Depreciation is over four years and is charged to the SOFA depreciation line.

10. Investments

	2016 £m	2015 £m
Market value at 1 April	661.821	602.222
Purchases	133.523	83.307
Sales	(140.360)	(93.318)
Net realised and unrealised gains	5.690	69.610
Market value at 31 March	660.674	661.821

Investments at market value comprised:

	2016 £m	2015 £m
UK equities	66.917	81.474
Overseas equities	194.413	238.159
Fixed interest securities	73.076	84.073
Investment property funds	30.466	28.923
Alternative securities	184.560	136.039
Term deposits	7.196	7.372
Unlisted investments	104.046	85.781
Total (including cash held by investment managers)	660.674	661.821

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 asset is £481.527m. The historical cost of the assets held by the Foundation in 2014/15 was £478.007m.

The Foundation has committed, where contractual terms are made, to undertake a further £56,346,789 of fixed asset investment acquisitions in private equity funds in future years.

Included within the purchase and sales figures above are transfers between PHF accounts – purchases £88.21m (2015: £48.53m) sales £88.22m (2015: £27.60m).

Investments representing over 5% by value of the portfolio comprise:

	2016 £m
Heronbridge	34.450
Jupiter UK Special Situations	32.467
GMO International Core Equity	38.457
GMO Quality	55.325
Cazenove Global Titans	37.958
Charities Property Fund	29.877
Lansdowne Developed Markets	38.332
Trustbridge IV and V	39.153
	306.019

11. Debtors

	2016 £m	2015 £m
Prepayments	0.086	0.146
Accrued investment income	0.386	0.575
Total	0.472	0.721

12. Current assets investments

	2016 £m	2015 £m
Cash equivalents on deposit	3.995	0.401
Total	3.995	0.401

13. Creditors – amount falling due within one year

	2016 £m	2015 £m
Grants payable	12.044	13.569
Accruals and deferred income	0.539	0.256
Taxation and social security	0.068	0.041
Other creditors	0.735	0.735
Total	13.386	14.601

14. Creditors – amount falling due after more than one year

	2016 £m	2015 £m
Grants payable	5.192	9.331
Total	5.192	9.331

15. Operating leases

The Foundation has an operating lease for its photocopier provision which commenced in February 2016. Costs of £2,158 are included within support costs above and commitments for future years are:

	£m
Due within 1 year	0.014
Due 2–5 years	0.040

16. Funds of the charity

a) Description of funds

The funds of the charity comprise the endowment fund and a small element of restricted funds.

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. It is used to finance all the Foundation's major activities including grant-making.

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.

Restricted funds have restrictions imposed by donors and can only be applied for the particular purposes specified by donors. In 2016 the only restricted funds received were from Unbound Philanthropy, who are a partner in the Supported Options Fund.

The Foundation does not consider the three funds as independently material and reports on a combined funds basis in its main financial statements.

b) Summary of fund movements

	Fund balances brought forward £m	Income £m	Expenditure £m	Transfers £m	Gains & losses £m	Fund balances carried forward £m
Unrestricted fund	0.000	19.736	(20.139)	0.403	–	–
Restricted fund	0.000	0.040	(0.036)	–	–	0.004
Endowment fund	648.745	–	–	(0.403)	5.690	654.032
Total fund	648.745	19.776	(20.175)	–	5.690	654.036

c) Transfer from endowment fund to unrestricted fund

The trustees agreed to the allocation of £403,099 from the endowment fund to the unrestricted fund to meet the cost of ongoing operations.

d) Disaggregation of funds to delinked charity

In previous years, the financial statements of Paul Hamlyn Foundation have been prepared on a combined basis with the financial statements of Paul Hamlyn (1987) Foundation, which was a linked charity. During 2015/16 the Charity Commission approved the delinking of Paul Hamlyn (1987) Foundation from Paul Hamlyn Foundation, and Paul Hamlyn (1987) Foundation was re-established as an independent charity and the assets held on its behalf by Paul Hamlyn Foundation disaggregated (£11,123,224.66).

There is no material difference between the value of the 1987 Foundation assets as at 1 April 2014 and 31 March 2015; therefore, no reconciliation has been included for the 2014/15 SOFA. Similarly, there is no material impact on the current or prior year cash flow; therefore, balances have not been represented and a reconciliation is not required.

Prior year figures have been restated to reflect this separation of assets:

SOFA	£000
Funds originally brought forward at 1.4.14	600,146
Adjustment for delinking of 1987 Foundation funds	(11,123)
Revised funds brought forward at 1.4.14	589,023
Revised funds carried forward at 31.3.15	648.745

Balance sheet

Prior year investment funds as previously stated at 31.3.15	672,944
Adjustment for delinking of 1987 Foundation funds	(11,123)
Prior year investment funds restated at 31.3.15	661,821
Revised total net assets at 31.3.15	648,745

Investment revaluation reserve

Prior year investment revaluation fund as previously stated	183,837
Adjustment for delinking of 1987 Foundation funds	(97)
Revised investment revaluation fund at 31.3.15	183,740

Investments (note 10)

Prior year value – fixed interest	95,196
Adjustment for delinking of 1987 Foundation funds	(11,123)
Revised value of fixed interest at 31.3.15	84,073

Prior year – market value at 1 April 2014	613,345
Adjustment for delinking of 1987 Foundation funds	(11,123)
Revised marked value at 1.4.14	602,222

e) 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 2015/16 this was calculated as £179.1m (2014/15: £183.8m).

17. Reconciliation with previous Generally Accepted Accounting Practice

The 2015/16 financial statements represent the first prepared under FRS 102 and the 2015 Charities SORP FRS 102, and in preparing these statements, the Foundation has considered if a restatement of comparative items was required. No restatement was needed. In accordance with the requirements of FRS 102, a reconciliation of opening balances and net income for the year is provided with the net income under previous GAAP adjusted for the presentation of the investments gains as a component of reported income.

Reconciliation of reported net income

	£m
Net expenditure as previously stated	(9.888)
Adjustment for gains on investments now treated as a component of net income	69.610
2015 net income as restated	59.722

The Statement of Cash Flows has been prepared in accordance with FRS 102, section 7, and consequently the categorisation of cash flows from the sale of fixed asset and other investments for 2015 has been restated to reflect only fixed asset investments.

Reconciliation of 2015 cash flow figure for sale of fixed assets and other investments

	£m
Cash flow as previously stated	93.952
Adjustment to remove current asset cash flow	(0.634)
Restated cash flow from sale of fixed assets	93.318

18. 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 payments 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 (current or serving during 2015/16)

Awards made in year

Tony Hall – Trustee of the Foundation Years Trust, which was awarded a grant of £97,894 in March 2016. No payments have been made yet.

Tom Wylie – Trustee of ASDAN, which was awarded a grant of £147,450 in March 2015 and paid £42,715 in 2016.

Payments made in year relating to awards in earlier years

Estelle Morris – Chair of Council of Goldsmiths College, which was awarded £149,230 in March 2015 and paid £75,609 in 2016.

Other

The Foundation made a £2m grant and a payment of this amount to the Helen Hamlyn Trust (2015: Grant awarded and paid £2m). Helen Hamlyn is the widow of Paul Hamlyn, the father of Jane and Michael Hamlyn.

Michael and Jane Hamlyn are the trustees of Paul Hamlyn (1987) Foundation (now renamed the 1987 Foundation). During 2015/16 Paul Hamlyn (1987) Foundation was delinked from Paul Hamlyn Foundation and assets of £11,123,225.66 disaggregated.

Anthony Salz is the executor of Paul Hamlyn's Estate of which Paul Hamlyn Foundation is a significant beneficiary.

Staff

Payments made in year relating to awards in earlier years

Régis Cochefert was appointed Chair of Ministry of Stories in July 2015. Ministry of Stories was awarded a grant of £96,000 in March 2015 and paid £60,547 in 2016 (2015: nil).

Lucy Palfreyman is a trustee of the Association of Charitable Foundations (ACF) and was its treasurer until November 2015. ACF was awarded a grant of £45,000 in March 2013 and paid £15,000 in 2016 (2015: £15,000).

Alex Sutton is a trustee and interim Chair of South London Refugee Association. It was awarded £77,980 in February 2014 and paid £23,860 in 2016 (2015: £26,444).

Investment funds

Tim Bunting is a Director of Kobalt Music Group Ltd. The Foundation has an investment of £3.6m in Kobalt Music Royalties SICAV Luxembourg (2015: £3.6m).

Richard Robinson is an advisory board member of the Charities Property Fund, in which the Foundation has an investment of c.£30m (2015: £25m).

Trustees, staff and advisors

as at 31 March 2016

Trustees

Jane Hamlyn (Chair)
Lord Hall of Birkenhead
Michael Hamlyn
James Lingwood
Tim Bunting
Sir Anthony Salz
Tom Wylie

UK Staff

Ushi Bagga
Helen Bayer

Sarah Beckett
Rob Bell
Emma Bell
Yemisi Blake
Régis Cochefert
Eve Dallas-Childs
Tony Davey

Sarah-Jane Dooley
Susan D'Sylva
Susie Dye
Maria Evans
Noelle Gilbert
Kirsty Gillan-Thomas
Will Hapgood
Ellie Iles
Amanda Jessop
Maria Karska
Tara LaComber
Hanif Leylabi
Katia Martinini
Bhakti Mistry
Marcello Moro
Lucy Palfreyman
Kay Patel
Ruth Pryce
Richard Robinson
Caroline Rogers
Liz Scott
Moiria Sinclair
Jane Steele
Alex Sutton
Catherine Sutton

Rachel Taggart-Ryan

Tomas Thornton
Penny Yewers

Position

Senior Grants Manager
Communications and
Policy Assistant
Grants Manager
Director of Strategy
Executive Assistant
Grants Assistant
Director Grants and Programmes
Grants Manager
Information and
Resources Officer
Senior Grants Manager
Finance Officer
Grants Manager
Senior Grants Manager
Grants Manager
Research and Data Analyst
Grants Assistant
Grants Assistant
Investment Administrator
Administration Officer
Grants Manager
Communications Officer
Chef/Catering Co-ordinator
Grants Assistant
Finance and Resources Assistant
Director of Finance and Resources
HR and Administration Assistant
Senior Grants Manager
Director of Investment
Chair and Chief Executive Assistant
Accounts and IT Officer
Chief Executive
Director of Impact and Evaluation
Senior Grants Manager
Senior Grants Manager
(Maternity cover)
Communications and Policy
Assistant (Maternity cover)
Grants Manager
Research and Policy Officer

India Staff

Sachin Sachdeva
Skalzang Youdon
Director, India
Administrator, India

Advisors

Kate Brindley
Neera Burra
Fiona Dawe
Simon Gillis
Ruth Ibegbuna
Sushma Iyengar
Rod Jack
Dr Donald Peck
Shankar Venkateswaran
Paul Woolley

Projects

Our Museum
India
Supported Options Initiative
Investments
Ideas and Pioneers
India
Investments
India
Investments

Independent Auditors

PricewaterhouseCoopers LLP, 1 Embankment Place,
London WC2N 6RH

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 Advisers

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

