

THE HEADLEY TRUST

ANNUAL REPORT

31 DECEMBER 2008

Allington House (1st Floor)
150 Victoria Street
London SW1E 5AE

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REPORT OF THE TRUSTEES

Legal and Administrative

The Headley Trust (No. 266620) was established under a Trust Deed dated 4 July 1973 and became a registered charity on 20 February 1974.

Trustees	Sir Timothy Sainsbury Lady Susan Sainsbury Mr T J Sainsbury Mr J R Benson Miss J S Portrait
Registered Office	Allington House (First Floor), 150 Victoria Street London SW1E 5AE
Principal Officers	Mr A Bookbinder Director Mr P Spokes Finance Director Mrs B Cass Executive Mrs K Hooper Executive Miss H Marriott Executive Dr P R Morison Executive Miss J Temple Executive
Bankers	Child & Co 1 Fleet Street London EC4Y 1BD
Solicitors	Portrait Solicitors 1 Chancery Lane London WC2A 1LF
Auditors	Horwath Clark Whitehill LLP St Bride's House, 10 Salisbury Square London EC4Y 8EH
Investment Advisers	BlackRock Investment Managers (UK) Ltd 33 King William Street London EC4R 9AS

Investment Powers

The Trust Deed empowers the Trustees to appoint investment advisers who have discretion to invest the funds of the Trust within guidelines established by the Trustees.

Objects

The objects of the Trust as given in the Trust Deed are for general charitable purposes.

REPORT OF THE TRUSTEES (continued)

Organisation

The Trust is one of the Sainsbury Family Charitable Trusts which share a common administration.

The other Sainsbury Family Charitable Trusts which are administered from the Registered Office are as follows:

The Alan & Babette Sainsbury Charitable Fund	The Linbury Trust
The Ashden Trust	The Mark Leonard Trust
The Elizabeth Clark Charitable Trust	The Monument Trust
The Gatsby Charitable Foundation	The Monument Historic Buildings Trust
The Glass-House Trust	The Staples Trust
The Indigo Trust	The Tedworth Trust
The Jerusalem Trust	The Three Guineas Trust
The J J Charitable Trust	The True Colours Trust
The Kay Kendall Leukaemia Fund	The Woodward Charitable Trust

Policies

During the year the Trustees considered proposals under the following categories:

- Arts and Heritage - UK
- Arts and Heritage - Overseas
- Developing Countries
- Education
- Health and Social Welfare

The Trustees are advised by consultants with appropriate expertise.

Proposals are generally invited by the Trustees or initiated at their request. The Trustees prefer to support innovative schemes that can be successfully replicated or become self-sustaining.

Grants are not normally made to individuals.

There have been no significant changes in the grant-making policies of the Trust over the year under review.

Trustees and staff are committed to reducing the Trust's carbon footprint. An environmental audit was commissioned in 2007 and an environmental policy drawn up.

REPORT OF THE TRUSTEES (continued)

Reserves Policy

It is the policy of the Trustees to hold reserves of unrestricted income in addition to their expendable endowment.

The Trustees make some grants for payment over a period of years. Those which are expected to be paid within twelve months of the year end are accrued in the accounts, whilst those due to be paid later than this are referred to in note 3 to the accounts and amount to £578,000. They represent funds earmarked for continued support to certain existing beneficiaries, although formal commitments have not yet been made. Cash flow projections for income and expenditure are regularly reviewed to ensure that the level of free unrestricted reserves is adequate and that the Trust is in a position to meet all its commitments. The free unrestricted reserves of the charity at 31 December 2008 amounted to £1,104,000.

In the unlikely event that the Trustees find themselves unable to meet current commitments from unrestricted reserves, they would be willing to draw on expendable endowment in order to meet those commitments as they see fit.

Investment policy and performance

Trustees meet with their investment managers regularly to discuss investment strategy and also seek to ensure that the Trust's income requirements are met and that long term capital growth is in line with relevant indices. The Trust's investments are held as expendable endowment, and to that extent may be utilised in the Trust's grant making should income in any year be insufficient.

The value of the Trust's portfolio fell in value by about 24% during the year, the investment managers underperforming their benchmark by 2.9%. However, the Trustees normally hold investments for the long term and look to income for their grant making rather than the use of capital.

Risk Assessment

The Trustees have examined the major strategic, business and operational risks to which the Trust may be exposed. Through the joint office of the Sainsbury Family Charitable Trusts, systems are in place adequate to meet such potential risks as the Trustees have identified. They continue to keep processes under review.

Statement on Public Benefit

Trustees had regard to the Charity Commission's guidance on Charity and Public Benefit. They consider that the full information about the Trust's aims, activities and achievements, in the many areas of interest that the Trust supports, which follows in this annual report, demonstrates the benefit to its beneficiaries, and through them to the Public that arise from carrying out those aims.

REPORT OF THE TRUSTEES (continued)

Review of the Past Year

The Trustees met 5 times during the year to make grants and review investments.

During the year, the asset value of the Trust decreased from £78.9 million at 31 December 2007 to £61.4 million at 31 December 2008, a fall of 22% resulting principally from the fall in value of global markets. The net unrestricted income of the Trust for the year after charging support and governance costs was £2.75 million, an increase of 16% on the previous year's figure of £2.37 million. Income from equities was 43% ahead of 2007 as a result of a number of abnormal but significant income distributions from certain investments.

The Trust brought forward reserves of £0.73 million, giving a total of £3.48 million available for distribution by the Trustees. During the year grants to the value of £2.44 million were approved. Certain grants are payable over more than one year and those due to be paid after 31 December 2009 are not accrued in these accounts and amounted to £0.58 million at the year end.

Because of possible fluctuations in income from year to year, Trustees have decided that the most appropriate way of benchmarking costs incurred in running the charity, is to measure these costs relative to its day to day activity of grant-making, as income alone is an unsuitable benchmark for charitable activity. On that basis, support and governance costs represented 4.6% and 0.3% respectively of the value of grants paid and totalled £0.25 million.

Grants approved during the year may be analysed by number and by value in the categories set out below;

	Grants Approved	Value £	Average Grant £
Arts and Heritage - UK	32	884,899	27,653
- Cathedrals Programme	7	180,000	25,714
- Parish Churches Programme	57	165,500	2,904
- Museums Archaeological Acquisition Fund	9	14,920	1,658
Arts and Heritage - Overseas	5	116,500	23,300
Developing Countries	18	242,306	13,461
Education	11	262,876	23,898
Health and Social Welfare	35	548,725	15,678
- Aids for Disabled	44	25,320	575
	218	2,441,046	11,197

Arts and Heritage – UK – £1,245,319

The Trustees respond to a wide and eclectic variety of projects to conserve buildings and important aspects of Britain's cultural heritage. They may also support:

- Regional museums with revenue costs or the purchase of exceptionally important artefacts;
- Educational access to museums and galleries particularly for the disabled and disadvantaged;
- Projects to conserve the industrial and maritime heritage of the UK;
- Work to encourage arts outreach and musical opportunities for young people and the elderly;
- Notable archaeological projects in the UK;
- Projects to encourage rural crafts and heritage maintenance skills;
- Applied arts and crafts.

Association for the Study & Preservation of Roman Mosaics (ASPROM) - £10,000

Towards the publication of volume IV of the Roman Mosaics series.

British Museum Development Trust - £144,000

To fund 12 Headley internships for young archaeologists to train with the Portable Antiquities Scheme.

Camden Arts Centre - £38,488

Towards the new ceramics programme for disadvantaged young people and their families.

Chatham Historic Dockyard Trust - £100,000

Towards the redevelopment of No 1 Smithery.

Council for British Archaeology - £85,000

Towards salary and website costs to support the new post of community archaeology hub manager and improved website.

Hampshire Museums Trust - £10,000

Towards the costs of the EDGE project to encourage more young people into Hampshire's museums.

Harris Museum & Art Gallery - £20,000

Towards the purchase of Joseph Wright of Derby's portrait of Richard Arkwright.

Hepworth Wakefield Trust - £150,000

Towards the appeal for the new museum.

Liverpool John Moores University - £30,000

Towards the development of haptics technology for use in museums and galleries.

Newbury Spring Festival - £10,000

Towards the costs of the Newbury Spring Festival's Young Artist Platform, masterclass and free ticket scheme in 2008.

North Pennines Heritage Trust - £10,000

Towards the restoration of Dilston Castle.

Northumberland National Park Authority - £90,000

Towards the five-year programme to train professional dry-stone wallers.

Prince's Foundation for Children & the Arts - £20,000

Towards the Start programme to develop sustained relationships between schools and arts organisations.

Royal British Society of Sculptors - £30,000

Towards the capital redevelopment appeal.

The Sainsbury Archive - £20,000

Towards the Sainsbury Archive's costs.

University of Oxford - £50,000

For showcases in the Ceramics Gallery of the Ashmolean Museum.

Victoria & Albert Museum - £26,811

Towards the purchase of the Hector Plate.

Worcester Porcelain Museum - £10,000

Towards the endowment appeal.

Grants of £5,000 or under amounting to £30,600 were also made to:

Castleton Water Wheel Museum
Christ Church, Ironville
Classic Boat Centre Trust
Deal Maritime & Local History Museum
Ely Cathedral Trust
Friends of Music at Winchester
Guggenheim UK Charitable Trust
Jewish Museum, Camden
Lincoln Cathedral Fabric Fund
Living Paintings Trust
Museums Sheffield
Royal Opera House Foundation
St Petrock's Church, West Anstey
Watermill Theatre Trust

From the Cathedrals Programme

The Trustees allocate a substantial sum each year for repair work to the fabric of cathedrals and large ecclesiastical buildings of exceptional architectural merit (pre-18th century). Modern amenities, organ repair/restoration and choral scholarships are not normally eligible.

Binham Priory Trust - £25,000

Towards the cost of conservation work to the north aisle.

Bristol Cathedral Trust - £50,000

Towards the restoration of the Norman Chapter House roof.

Carlisle Cathedral Development Trust - £20,000

Towards the restoration of stained glass windows.

Coventry Cathedral Development Trust - £15,000

Towards the cost of investigative work into water ingress in the Chapel of the Cross and the Wyley Chapel.

Hereford Cathedral - £25,000

Towards the restoration of the Cathedral Close.

Liverpool Cathedral - £20,000

Towards the re-roofing of the nave and choir.

St George the Martyr's Church, Ramsgate - £25,000

Towards the restoration of the roof, parapets, stonework and internal plasterwork.

From the Headley Museums Archaeological Acquisition Fund

This scheme was established in 2004 to help regional and local museums purchase treasure. In 2008 it was extended to include other UK archaeological items which are more than 300 years old. It is delivered in partnership with the Museums, Libraries and Archives Council/Victoria & Albert Museum Purchase Grant Fund. Nine grants were awarded this year (making a total of 86 since the scheme began.)

Grants of £5,000 or under, amounting to £14,920 were made to the following museums:

Bassetlaw Museum, Retford
Buckinghamshire County Museum, Aylesbury
Chelmsford Museum
Dorset County Museum, Dorchester
Littlehampton Museum
Royal Cornwall Museum, Truro
Salisbury and South Wiltshire Museum
Wiltshire Heritage Museum, Devizes
Yorkshire Museum, York

From the Parish Churches Programme

Funding for fabric repair and restoration is considered for medieval parish churches (or pre-16th-century churches of exceptional architectural merit) in rural, sparsely populated, less prosperous villages, through a process of review, diocese by diocese. Urban churches are not eligible, and funding is available for fabric only (including windows), not refurbishment or construction of church halls nor other modern amenities.

Grants amounting to £20,000 were made in the Diocese of Lichfield

All Saints Church, Alrewas
All Saints Church, Forton
St Michael & All Angels Church, Hamstall Ridware PCC
St Mary the Virgin's Church, High Offley
St Mary's Church, Rolleston-on-Dove
St Mary's Church, Swynnerton
St Bartholomew's Church, Tong

Grants amounting to £16,000 were made in the Diocese of St Edmundsbury & Ipswich

St Michael & All Angels Church, Boulge
St Mary's Church, Chediston
All Saints Church, Easton
St Mary's Church, Monewden
St Mary of the Assumption's Church, Ufford
St Andrew's Church, Westhall

Grants amounting to £17,000 were made in the Diocese of Sheffield

St Mary Magdalene's Church, Campsall
St Cuthbert's Church, Fishlake
All Hallows Church, Harthill
All Saints Church, Laughton en le Morthen
All Saints Church, Owston
St Laurence Priory, Snaith

Grants amounting to £23,000 were made in the Diocese of Monmouth

St Nicholas' Church, Grosmont
St John's Church, Llandenny
St Jerome's Church, Llangwm Uchaf
St Teilo's Church, Llantilio Crossenny
St Peter, St Paul & St John's Church, Llantrissant
St Bridget's Church, Skenfrith

Grants amounting to £32,000 were made in the Diocese of Worcester

St Peter's Church, Astley
St Gregory's Church, Castlemorton
St Nicholas' Church, Earl's Croome
St Martin's Church, Holt
St James' Church, Huddington
St Michael & All Angel's Church, Knighton-on-Teme
St John the Baptist's Church, Mamble
St Peter & St Paul's Church, Rock
St John the Baptist's Church, Wickhamford

A grant of £1,000 was made in the Diocese of Winchester

All Saints Church, Hinton Ampner

A grant of £5,000 was made in the Diocese of Gloucester

St Nicholas' Church, Hatherop

Grants amounting to £28,000 were made in the Diocese of Exeter

St Michael de Rupe's Church, Brentor
St Mary the Virgin's Church, Combpyne-Rousdon
St Peter's Church, Cornworthy
All Saints Church, Dunterton
St Andrew's Church, Harberton
All Saints Church, Langtree
St Thomas a Becket's Church, Newton Tracey
St Mary the Virgin's Church, Offwell
St Swithun's Church, Shobrooke
St Thomas a Becket's Church, Sourton
St Peter's Church, Thornbury

Grants amounting to £23,500 were made in the Diocese of Truro

St Cubert's Church, Cubert
St Cuby's Church, Duloe
St Sampson's Church, Golant
St Elwyn the Martyr's Church, Hayle
St Gluvias Church, Penryn
St Mabena's Church, St Mabyrn
St Newlyna's Church, St Newlyn East
St Stythian's Church, Stithians
St Symphorian's Church, Veryan
St Winnow's Church, St Winnow

Arts and Heritage - Overseas - £116,500

Trustees support conservation projects of outstanding artistic or architectural importance; particularly the restoration of buildings, statuary or paintings, primarily in the countries of Central and Eastern Europe. They seek out reputable local non-governmental organisations as partners in these countries. They are also willing to consider archaeological projects in the region. Trustees hope to raise local community awareness of heritage issues and increase the culture of philanthropy by setting an example. They wish to support the infrastructure and capacity of newly formed heritage NGOs in the region, and to train the next generation of conservation and heritage management professionals.

Association for Banská Štiavnica '91 - £35,000

Towards training courses in stone and blacksmith restoration skills at the Calvary Complex.

Association Vocations Patrimoine - £49,000

To fund a World Heritage Site Management Fellowship.

International Trust for Croatian Monuments - £10,000

To cover a post-graduate diploma course in traditional stone/wood carving at the City and Guilds of London Art School.

Mihai Eminescu Trust - £17,500

Towards the costs of the Whole Village project in rural Romania.

A further grant of £5,000 was also made to:

Europa Nostra

Developing Countries - £242,306

The Trustees' primary geographical areas of interest are sub-Saharan anglophone Africa and Ethiopia. Priority project areas are:

- Water and sanitation – providing access to safe, potable water for disadvantaged communities, preserving areas of culturally or ecologically important swampland or marshland, improving urban or rural sanitary conditions and promoting the better use of water.
- Environment – preserving natural woodland, promoting better use of wood stocks for fuel or construction, and sustainable farming and livelihood development.
- Education and literacy – improving the quality of education and levels of literacy for underprivileged adults or children through support for training and for the introduction of innovative teaching materials.
- Healthcare – improving standards of reproductive health, assisting people with disabilities to lead a more fulfilled life, and treatment and prevention of trachoma in Ethiopia.
- Emergency appeals – primarily reserved to provide support for communities seeking to rebuild their lives in the period after a disaster or emergency.

Action on Disability & Development - £30,000

To develop disabled people's organisations in the coastal region of Tanzania.

British Consultancy Charitable Trust - £45,000

Towards the livelihoods training programme in northern Uganda.

Moorfields Eye Hospital - £25,000

Towards the revenue costs of the training facility at Korle Bu Hospital, Ghana to improve the provision of eye care across West Africa.

Motivation Charitable Trust - £59,256

To train therapists and technicians in Africa to respond to the needs of children with complex disabilities.

Pump Aid - £15,000

To invest in the ethical toilet tissue product developed by Ethical Goods.

Rural Urban Resources, Counselling & Outreach Network - £10,000

Towards core and training costs in development issues for Christian organisations and churches in Kenya and Uganda.

Tropical Health & Education Trust - £30,000

Towards training for nurses and midwives at Hwassa University College, Southern Ethiopia carried out by nurse specialists from Gwent NHS Trust.

Grants of £5,000 or under amounting to £28,050 were also made to:

Anglo-Israel Association
British Red Cross
Eemunah
Five Talents
Home-Start International
Hope & Homes for Children
Integrated Holistic Approach Urban Development Project
MicroLoan Foundation
United Jewish Israel Appeal
Weizmann UK
Zimbabwe Exiles Forum

Education - £262,876

The Trust's main focus is on providing bursaries for higher education courses and vocational training in the arts, conservation and skilled crafts. Support is rarely available for secondary education, except for support for the most talented young performing artists at specialist schools. Trustees also support projects which extend opportunities to participate in the performing and creative arts to disadvantaged or disabled young people.

Anglo-Israel Association - £15,000

Towards core costs.

British Horse Loggers Charitable Trust - £32,850

Towards the second and third year of the horse loggers' apprenticeship scheme.

Community Service Volunteers - £10,000

Towards the core costs of the Cathedral Camps summer residential programmes.

International Musicians Seminar - £45,000

For bursaries for British students.

Lincoln Cathedral Fabric Fund - £23,026

Towards the cost of a stonemason apprenticeship.

National Historic Ships - £50,000

Towards the cost of training initiatives and website development.

Shackleton Foundation - £25,000

To support a Shackleton Leadership Award.

University of York - £50,000

Towards a scholarship fund for candidates on the new MA in stained glass conservation and heritage management.

Grants of £5,000 or under amounting to £12,000 were made to:

Brecknock Sinfonia
Glyndebourne Productions Ltd
Shakespeare Schools Festival

Health & Social Welfare - £574,045

Trustees are interested in tackling the causes and effects of social exclusion. Priority areas are:

- Providing support for older carers of an ill or disabled relative;
- Supporting elderly people of limited means to maintain their independence and provide housing support;
- Parenting education and support programmes and promotion of the wellbeing of the family;
- Educational and psychological support for pre-school children;
- Homelessness projects, particularly for older people;
- Access for disabled people;
- Occasional research projects on medical conditions of particular interest to trustees.

Dyspraxia Foundation - £87,000

Towards the salary costs of a development worker.

Explore - £10,000

Towards the costs of recruiting and supporting volunteers.

Family Links - £59,375

Towards the cost of developing the 'Nurturing Programme for Young People and Parents'.

Home-Start - £60,000

Towards the costs of employing a researcher to assess Home-Start's family support schemes.

IntoUniversity - £57,000

Towards the salary costs of a member of staff responsible for establishing new centres in London.

Lizard Outreach Trust - £22,000

Towards the salary costs of a volunteer co-ordinator.

Migraine Trust - £75,000

Towards core costs.

Princess Royal Trust for Carers - £60,000

Towards the research costs associated with benchmarking and spreading good practice on carers' emergency schemes with a view to influencing locally commissioned services.

Shadwell Basin Outdoor Activity Centre - £10,000

Towards the costs of the training development programme.

Thrive - £45,000

Towards the staff costs of the emergency gardening scheme for older people on discharge from hospital.

Voices Foundation - £40,000

Towards the costs of revising its teaching materials for schools.

Grants of £5,000 or under totalling £23,350 were also made to:

Age Concern
Andover Young Carers Project
Best Beginnings
Cancer Research UK
Charlie Waller Memorial Trust
Contact a Family
Crisis
Dyslexia Action
Explore
Fair Finance
Fortune Centre of Riding Therapy
Help for Heroes
Jewish Marriage Council
Jo's Trust
Juvenile Diabetes Research Foundation
Nordoff-Robbins Music Therapy Centre
Pancreatic Cancer Research Fund
Queen Mary's London Clothing Guild
Royal British Legion
Samaritans
Smile4Rich Appeal
St Giles Trust
St Michael's Hospice
Trinity Centre Winchester

Aids for Disabled Fund

The Trustees make a number of small grants towards aids for people with varying disabilities, channelled through appropriate charities, agencies and local authorities. These are awarded for a range of equipment, including, but not limited to, the following:

- Specially adapted computer systems;
- Communication aids;
- Wheelchairs;
- Electric scooters;
- Stair-lifts.

Grants totalling £25,320 were made for these purposes during the year.

Grants Cancelled

Grants totalling £79,818 were cancelled, refunded or amended during the year.

Approved by the Board of Trustees on and signed on their behalf by

.....TRUSTEE

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 DECEMBER 2008

	<i>Notes</i>	Unrestricted Funds	Expendable Endowment	Total Funds 2008	Total Funds 2007
		£'000	£'000	£'000	£'000
INCOMING RESOURCES					
Donations and gifts		-	-	-	167
Investment income	2	2,716	-	2,716	2,086
Bank deposit interest		118	-	118	190
Interest on short term deposits		154	-	154	141
Total incoming resources		2,988	-	2,988	2,584
RESOURCES EXPENDED					
Costs of generating funds					
Investment management fee		-	78	78	45
Charitable activity					
Grant expenditure	3	2,402	500	2,902	4,382
Grant-related support costs	5	220	-	220	201
Costs of grant-making		2,622	500	3,122	4,583
Governance costs	5	14	-	14	14
Total resources expended		2,636	578	3,214	4,642
Net incoming/(outgoing) resources		352	(578)	(226)	(2,058)
Other Recognised Gains and Losses					
Gains/(losses) on investment assets					
Realised		-	(3,034)	(3,034)	1,677
Unrealised	7	16	(14,206)	(14,190)	2,507
Foreign exchange gain		2	-	2	-
Net movement in funds		370	(17,818)	(17,448)	2,126
Balances brought forward at 1 January 2008		734	78,175	78,909	76,783
Balances carried forward at 31 December 2008		1,104	60,357	61,461	78,909

The notes on pages 19 to 24 form part of these accounts.

There are no gains and losses in either the current or preceding year other than those recognised in the statement of financial activities.

BALANCE SHEET

	Notes	2008	2007
		£'000	£'000
FIXED ASSETS			
Tangible fixed assets	4	10	14
Investments	7	60,590	79,824
		<u>60,600</u>	<u>79,838</u>
CURRENT ASSETS			
Debtors	8	49	139
Cash at bank and in hand		2,785	2,734
		<u>2,834</u>	<u>2,873</u>
Creditors - amounts falling due within 1 year	9	<u>1,973</u>	<u>3,802</u>
NET CURRENT ASSETS/(LIABILITIES)		861	(929)
NET ASSETS	10	<u><u>61,461</u></u>	<u><u>78,909</u></u>
CAPITAL FUNDS			
Expendable endowment	10	60,357	78,175
INCOME FUNDS			
Unrestricted funds	10	1,104	734
		<u><u>61,461</u></u>	<u><u>78,909</u></u>

The financial statements were approved and authorised for issue by the Board of Trustees on and were signed on their behalf by

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.....) TRUSTEE
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The notes on pages 19 to 24 form part of these accounts.

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2008

RECONCILIATION OF NET OUTGOING RESOURCES TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	<u>2008</u>	<u>2007</u>
	<u>£'000</u>	<u>£'000</u>
Net outgoing resources	(226)	(2,058)
Depreciation charges	4	4
Decrease in debtors	90	307
(Decrease)/increase in creditors	(1,829)	1,475
Net cash outflow from operating activities	<u>(1,961)</u>	<u>(272)</u>

CASH FLOW STATEMENT

	<u>2008</u>	<u>2007</u>
	<u>£'000</u>	<u>£'000</u>
Net cash outflow from operating activities	(1,961)	(272)
Capital Expenditure and financial investment		
Purchase of investments	(28,113)	(19,463)
Sale of investments	30,123	18,105
Effect of foreign exchange gain	<u>2</u>	-
	2,012	(1,358)
Increase/(decrease) in cash	<u>51</u>	<u>(1,630)</u>

Analysis of increase in cash during the year

	<u>2008</u>	<u>2007</u>	<u>Change in</u> <u>year</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Cash at bank and in hand	2,785	2,734	51
	<u>2,785</u>	<u>2,734</u>	<u>51</u>

The notes on pages 19 to 24 form part of these accounts.

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice (SORP 2005) "Accounting and Reporting by Charities", applicable accounting standards and the Charities Act 1993, and comply with the Charities (Accounts and Reports) Regulations 2005 issued under the Charities Act 1993.

The principal accounting policies adopted are as follows:

a) Depreciation

Fixed assets are depreciated at rates which reflect their useful lives to the Trust.

The following rate has been used:

Leasehold Improvements	10% per annum
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A full year's depreciation is charged in the year of acquisition and none in the year of disposal.

b) Income

(i) Income is shown gross which includes the associated tax credit unless the tax so deducted is considered irrecoverable.

(ii) Dividends are included by reference to their due dates.

(iii) Interest is recorded only when it has been received.

c) Grants payable

Grants for which there is a legal obligation, or a valid expectation of receipt by the beneficiary at the year end, and for which conditions attaching to their payment have been fulfilled, are accounted for within the Statement of Financial Activities. Grants approved subject to conditions that have not been met at the year end are not accrued (see note 3).

d) Investments

Net realised and unrealised gains and losses are reflected in the Statement of Financial Activities. Investments are shown at mid market value. Partial disposals are accounted for using average book value.

e) Support costs

Most of these costs support the grant-making activity of the Trust and are so allocated.

They comprise in the main a share of the staff and office costs of the joint office of the Sainsbury Family Charitable Trusts, which are allocated in proportion to time spent on Trust matters and grants paid.

f) Governance costs

Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice. These costs include fees for statutory audit, legal fees where relevant, together with an allocation of support costs.

g) Fund accounting

Details of the nature and purpose of each fund is set out in note 11.

h) Charitable activity

The Trustees consider that grant-making is the Trust's sole charitable activity.

NOTES TO THE ACCOUNTS (continued)

2. INVESTMENT INCOME

Income received on investments may be analysed as follows:

	2008		2007	
	£'000	%	£'000	%
Quoted				
Fixed interest	498	18.3	538	25.8
U.K. Equities	2,031	74.8	1,415	67.8
Overseas Equities	187	6.9	133	6.4
	<u>2,716</u>	<u>100.0</u>	<u>2,086</u>	<u>100.0</u>

3. GRANTS PAYABLE

	2008		2007	
	£'000	£'000	£'000	£'000
Reconciliation of grants payable:				
Commitments at 1 January 2008		3,791		2,314
Grants not accrued at 1 January 2008	1,119		3,438	
Grants approved in the year	2,441		2,186	
Grants cancelled, refunded or amended	(80)		(123)	
Grants not accrued at 31 December 2008	<u>(578)</u>		<u>(1,119)</u>	
Grants payable for the year		2,902		4,382
Grants paid during the year		<u>(4,765)</u>		<u>(2,905)</u>
Commitments at 31 December 2008		<u>1,928</u>		<u>3,791</u>

Commitments at 31 December 2008 are payable as follows:

	2008		2007	
	£'000		£'000	
Within one year (note 9)	<u>1,928</u>		<u>3,791</u>	

Commitments

In addition to the amounts committed and accrued noted above, the Trustees have also authorised certain grants which are subject to the recipient fulfilling certain conditions. The total amount authorised but not accrued as expenditure at 31 December 2008 was £577,850 (2007: £1,119,000).

The amount payable in the year includes the following:

	£
<u>Arts and Heritage - UK</u>	
Victoria & Albert Museum	726,811
Hepworth Wakefield Trust	150,000
Chatham Historic Dockyard Trust	100,000
Northumberland National Park Authority	90,000
Council for British Archaeology	60,000
University of Oxford	50,000
Bristol Cathedral Trust	50,000
British Museum Development Trust	48,000
Camden Arts Centre	38,488
Hove Museum	35,000
Liverpool John Moores University	30,000

NOTES TO THE ACCOUNTS (continued)

3. GRANTS PAYABLE (continued)	£
<u>Arts and Heritage - UK (continued)</u>	
Royal British Society of Sculptors	30,000
Binham Priory Trust	25,000
Hereford Cathedral	25,000
St George the Martyr's Church, Ramsgate	25,000
Carlisle Cathedral Development Trust	20,000
Liverpool Cathedral	20,000
Harris Museum & Arts Gallery	20,000
Prince's Foundation for Children & the Arts	20,000
<u>Arts and Heritage - Overseas</u>	
Association for Banska Stiavnica '91	35,000
Association Vocations Patrimoine	34,300
Academia Istropolitana Nova	20,000
Holley Martlew Archaeological Foundation	20,000
International Trust for Croatian Monuments	10,000
<u>Developing Countries</u>	
Motivation Charitable Trust	59,256
British Consultancy Charitable Trust	45,000
Action on Disability & Development	30,000
Café Africa Trust, UK	27,000
Moorfields Eye Hospital	25,000
Pump Aid	15,000
Tropical Health & Education Trust	10,000
<u>Health and Social Welfare</u>	
Family Links	59,375
Dyspraxia Foundation	58,000
Migraine Trust	50,000
The Passage, Victoria	40,000
Home-Start	40,000
Voices Foundation	40,000
Into University	38,000
Princess Royal Trust for Carers	30,000
Thrive	30,000
PSS	15,000
Lizard Outreach Trust	11,000
Explore	10,000
<u>Education</u>	
Rambert School of Ballet & Contemporary Dance	30,000
National Historic Ships	25,000
Shackleton Foundation	25,000
University of York	25,000
Lincoln Cathedral Fabric Fund	23,026
Courtauld Institute of Art	22,000
International Musicians Seminar	15,000

NOTES TO THE ACCOUNTS (continued)

4. TANGIBLE FIXED ASSETS

Tangible fixed assets consist of the Trust's share of the cost to 31 December 2008 of refurbishment of leasehold premises at Allington House (1st Floor), 150 Victoria Street, London SW1.

	Leasehold Improvements	Total
	£'000	£'000
COST		
Balance at 1 January 2008	37	37
Additions	-	-
Balance at 31 December 2008	<u>37</u>	<u>37</u>
DEPRECIATION		
Balance at 1 January 2008	23	23
Charge for the year	4	4
Balance at 31 December 2008	<u>27</u>	<u>27</u>
NET BOOK VALUE		
At 31 December 2008	<u>10</u>	<u>10</u>
NET BOOK VALUE		
At 31 December 2007	<u>14</u>	<u>14</u>

5. ALLOCATION OF SUPPORT COSTS

	Grant-making Governance		2008 Total	2007 Total
	£'000	£'000	£'000	£'000
Staff costs	140	5	145	129
Office costs	50	-	50	49
Legal and professional fees	11	-	11	10
Advisory charges	15	-	15	14
Depreciation	4	-	4	4
	<u>220</u>	<u>5</u>	<u>225</u>	<u>206</u>
Auditor's remuneration	-	9	9	9
	<u>220</u>	<u>14</u>	<u>234</u>	<u>215</u>

Included above is £10,495 paid for legal services to Portrait Solicitors, a firm in which Miss J S Portrait is a partner. During the year no Trustee received remuneration (2007: £nil) and one Trustee was reimbursed expenses of £189 (2007: £343).

NOTES TO THE ACCOUNTS (continued)

6. ANALYSIS OF STAFF COSTS

	2008	2007
	£'000	£'000
Staff costs:		
Wages and salaries	121	107
Social security costs	14	13
Other pension costs	10	9
	<u>145</u>	<u>129</u>

As mentioned in note 1(e), the Trust is one of the Sainsbury Family Charitable Trusts which share the joint administration at the Registered Office. 6.3% of the total support and administration costs of these Trusts have been allocated to the Headley Trust, including a proportionate share of the costs of employing the total number of staff serving in the office in 2008. Staff costs equivalent to 2.3 full time employees were charged to the Headley Trust (2007 - 2).

7. FIXED ASSET INVESTMENTS

	2008	2007
	£'000	£'000
Market value 1 January 2008	79,824	74,282
Less: Disposals at book value	(33,157)	(16,428)
Add: Acquisitions at cost	28,113	19,463
Net (loss)/gain on revaluation	(14,190)	2,507
Market value at 31 December 2008	<u>60,590</u>	<u>79,824</u>
Historical cost at 31 December 2008	<u>55,772</u>	<u>58,602</u>

The investments held as at 31 December 2008 were as follows:

	2008		2007	
	Cost	Market Value	Cost	Market Value
	£'000	£'000	£'000	£'000
Direct investment in listed U.K. and overseas securities				
Fixed interest	7,844	7,997	10,572	10,401
U.K. Equities	35,116	38,712	34,155	51,715
Overseas Equities	10,341	11,410	11,068	14,901
Short Term Securities	2,471	2,471	2,807	2,807
	<u>55,772</u>	<u>60,590</u>	<u>58,602</u>	<u>79,824</u>

Fixed interest includes investment in Charinco Distribution Units and U.K. Equities includes investment in J Sainsbury plc which at 31 December 2008 had market values of £5,853,580 and £15,157,174 respectively.

NOTES TO THE ACCOUNTS (continued)

8. DEBTORS

	2008	2007
	£'000	£'000
Income tax recoverable	48	23
Other debtors	1	116
	<u>49</u>	<u>139</u>

9. CREDITORS

	2008	2007
	£'000	£'000
Grant Commitments (note 3)	1,928	3,791
Other creditors	33	0
Professional charges	12	11
	<u>1,973</u>	<u>3,802</u>

10. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Expendable		Total
	Funds Endowment		2008
	£'000	£'000	£'000
Fund balances at 31 December 2008 are represented by:			
Tangible fixed assets	-	10	10
Investments	421	60,169	60,590
Current assets	2,145	689	2,834
Current liabilities	(1,462)	(511)	(1,973)
Total net assets	<u>1,104</u>	<u>60,357</u>	<u>61,461</u>

Unrealised gains/(losses) included in the above

On investment assets (see note below)	(12)	4,830	4,818
Total unrealised gains/(losses) at 31 December 2008	<u>(12)</u>	<u>4,830</u>	<u>4,818</u>

Reconciliation of movements in unrealised gains on investment assets

Unrealised gains/(losses) at 1 January 2008	(28)	21,250	21,222
Deduct in respect of disposals in year	-	(2,214)	(2,214)
	<u>(28)</u>	<u>19,036</u>	<u>19,008</u>
Add: gains/(losses) arising on revaluation in year	16	(14,206)	(14,190)
Unrealised gains/(losses) at 31 December 2008, as above	<u>(12)</u>	<u>4,830</u>	<u>4,818</u>

11. Funds

Unrestricted Funds comprise those funds which the Trustees are free to use in accordance with the charitable objects.

Expendable Endowment represents those assets held by the Trustees principally as investments. Income arising on the expendable endowment fund can be used in accordance with the objects of the charity and is included as unrestricted income. Investment management charges are charged against the fund. The fund is available to meet grant commitments as the Trustees may see fit.

STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE ACCOUNTS

Law applicable to charities in England and Wales requires the Trustees to prepare financial statements for each financial year, which give a true and fair view of the charity's financial activities during the year and of its financial position at the end of the year. In preparing financial statements giving a true and fair view, the Trustees should follow best practice and:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any 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 charity will continue in operation.

The Trustees are responsible for keeping accounting records which disclose with reasonable accuracy the financial position of the charity and which enable them to ascertain the financial position of the charity and which enable them to ensure that the financial statements comply with applicable law. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud.

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF HEADLEY TRUST

We have audited the financial statements of Headley Trust for the year ended 31 December 2008 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes set out on pages 16 to 24. These financial statements have been prepared under the historical cost convention and the accounting policies set out on page 19.

This report is made solely to the charity Trustees, as a body, in accordance with section 44 of the Charities Act 1993. Our audit work has been undertaken so that we might state to the charity Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its Trustees as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of trustees and auditors

The Trustees' responsibilities for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Trustees' Responsibilities on page 25.

We have been appointed as auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that Act. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Charities Act 1993. We also report to you if, in our opinion, the Trustees' Report is not consistent with the financial statements, if the charity has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the Trustees' Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

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

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

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the charity as at 31 December 2008 and of its incoming resources and application of resources for the year then ended; and
- have been properly prepared in accordance with the Charities Act 1993.

Horwath Clark Whitehill LLP
Chartered Accountants and Registered Auditors
Date

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