

THE GLASS-HOUSE TRUST

ANNUAL REPORT

5 APRIL 2003

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

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THE GLASS-HOUSE TRUST
5 April 2003

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THE GLASS-HOUSE TRUST
5 April 2003

REPORT OF THE TRUSTEES

Legal and Administrative

The Glass-House Trust (No. 1017426) was established under a Trust Deed dated 4 February 1993.

Trustees	Mr A J Sainsbury Mr T J Sainsbury Ms J M Sainsbury Mrs C D Woodward (Retired 27 January 2003) Miss J S Portrait Ms E R Z Sainsbury (Appointed 27 January 2003)	
Registered Office	Allington House (1st Floor), 150 Victoria Street London SW1E 5AE	
Principal Officers	Mr M Pattison CBE Mr P Spokes Miss H Marriott	Director Finance Director Executive
Bankers	Child & Co 1 Fleet Street London EC4Y 1BD	
Solicitors	Portrait Solicitors 1 Chancery Lane London WC2A 1LF	
Auditors	Horwath Clark Whitehill 25 New Street Square London EC4A 3LN	
Investment Advisers	Merrill Lynch Investment Managers 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.

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

Policies

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.

Reserves Policy

It is the policy of the Trustees to approve grants for payment over a period of years, subject to certain conditions over the life of the grant. Those expected to be paid within twelve months of the year end are accrued in the accounts. Those due to be paid later than this are not accrued. 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 available funds is adequate and that the Trust is in a position to meet all its commitments.

The Trustees consider that when possible it is appropriate to hold free funds, both to meet the short-term working capital needs of the Trust and in anticipation of the potential payment of subsequent grant instalments. The deficit on unrestricted reserves at 5 April 2003 was £445,377 (2002: £424,842) and is expected to be met from future income flows. However, 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.

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REPORT OF THE TRUSTEES (continued)

Investment Policy and Performance

Trustees meet with their investment managers regularly to discuss investment strategy and also to 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.

In a year when most UK equities declined significantly in value, the performance of the Trust's portfolio was also below that of the FT All Share Index in terms of capital value. This was due in part to the Trustees retaining shares offering relatively high yields, in order to offset the continuing loss of income as the government phased out compensation following the abolition of advanced corporation tax and the associated recoverable credits. The Trustees normally hold investments for the long term, and expect to continue to diversify their portfolio when market conditions are suitable.

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. The Trustees continue to be vigilant and to keep processes under review.

Review of the Past Year

The net unrestricted income of the Trust for the year after charging support costs and administration was £643,359, up on the previous year's figure of £562,226.

As a result of holding investments with a relatively high yield, the Trust was able to maintain previous levels of grant making. During the year, grants to the value of £515,000 were approved. Certain grants are payable over more than one year and those amounts due to be paid after 5 April 2004 are not accrued in these accounts and amounted to £18,000 at the year end.

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

The asset value of the Trust decreased from £12,901,278 at 5 April 2002 to £10,537,743 at 5 April 2003, a fall of 18.3%. Support costs and administration costs (excluding the investment management fee) represented 6.02% of the unrestricted income.

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REPORT OF THE TRUSTEES (continued)

Review of the Past Year (continued)

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

	Grants Approved	Value £
Parenting, Family Welfare & Child Development	2	20,000
Social Housing/Urban Environment	1	300,000
Art/Architecture	5	185,000
General	1	10,000
	10	515,000

GRANTS PAID

PARENTING, FAMILY WELFARE & CHILD DEVELOPMENT – £163,554

Caldecott Community - £10,000

Final part of a three-year grant towards the cost of play therapy activities.

East London Schools Fund - £7,500

To provide a Home-School Link Worker for the A Space after-school project at Kingsland Secondary School in Hackney.

Home-Start UK - £10,000

Towards core costs.

Institute of Education (London Borough of Hackney) - £30,000

To extend support for core costs for the A Space after-school project.

Royal Free Hospital School of Medicine/Institute of Education, Oxford University - £106,054

Part of a seven-year grant towards the costs of the research programme 'Families, Children & Childcare' which will investigate interactions between aspects of children's relationships with their parents and various childcare experiences, including relationships between parents and carers. This is a joint grant with the Tedworth Charitable Trust, another of the Sainsbury Family Charitable Trusts.

ART/ARCHITECTURE - £222,500

Architecture Foundation - £40,000

Towards core costs.

Camden Arts Centre - £50,000

Towards the major refurbishment programme at the Camden Arts Centre.

Book Works - £5,000

Towards the cost of an educational publication on the work of artist Chad McCail.

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London Institute (The) - £7,500

Towards the publication costs of Afterall - a journal of art, context and enquiry.

Pier Trust - £80,000

Towards administrative and project costs.

Tate Gallery - £30,000

Towards the exhibition entitled 'Days Like These: Tate Triennial Exhibition of Contemporary British Art'.

Whitechapel Art Gallery - £10,000

Towards the re-development appeal.

SOCIAL HOUSING/URBAN ENVIRONMENT – £324,995

Architecture Foundation/National Tenants Resource Centre - £324,995

Part of a two-year grant to allow these two organizations to establish the Glass House Service to provide design advice for social housing tenants.

GENERAL - £46,000

Sustrans (Sustainable Transport) - £21,000

Towards salary costs on the 'Safe Routes to Stations' project.

Transform Drugs Campaign Ltd - £15,000

Towards core costs.

Woodland Trust - £10,000

Towards the 'Plant A Tree For Me' Campaign.

Approved by the Trustees on and signed on their behalf by:

..... TRUSTEE

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STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 5 APRIL 2003

	<i>Notes</i>	Unrestricted Funds £	Expendable Endowment £	Total Funds 2003 £	<i>Total Funds</i> 2002 £
Income and expenditure					
Incoming resources					
Investment income	2	624,086	-	624,086	505,906
Bank deposit interest		14,364	-	14,364	89,195
Interest on short term deposits		46,156	-	46,156	-
Total incoming resources		684,606	-	684,606	595,101
Resources expended					
Cost of generating funds:					
Investment management fee		-	28,530	28,530	14,271
Charitable expenses:					
Grants payable	3	663,893	-	663,893	612,782
Support costs	4	29,028	-	29,028	18,939
Management and administration	5	12,220	612	12,832	13,936
Total resources expended	6	705,141	29,142	734,283	659,928
Net resources expended		(20,535)	(29,142)	(49,677)	(64,827)
Other Recognised Gains and Losses					
(Losses)/Gains on investment assets:					
Realised		-	-	-	458,141
Unrealised		-	(2,313,858)	(2,313,858)	(11,305)
Net movement in funds		(20,535)	(2,343,000)	(2,363,535)	382,009
Balances brought forward at 6 April 2002		(424,842)	13,326,120	12,901,278	12,519,269
Balances carried forward at 5 April 2003		(445,377)	10,983,120	10,537,743	12,901,278

The notes on pages 10 to 14 form part of these accounts

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5 April 2003

BALANCE SHEET

AS AT 5 APRIL 2003

	<i>Notes</i>	2003	2002
		£	£
FIXED ASSETS			
Tangible Fixed Assets	7	8,564	-
Investments	8	10,972,257	13,086,115
		<u>10,980,821</u>	<u>13,086,115</u>
CURRENT ASSETS			
Debtors	9	3,709	-
Cash at bank and in hand		256,212	611,712
		<u>259,921</u>	<u>611,712</u>
CURRENT LIABILITIES			
Creditors - amounts falling due within 1 year	10	<u>(702,999)</u>	<u>(796,549)</u>
NET CURRENT LIABILITIES		(443,078)	<u>(184,837)</u>
NET ASSETS		<u>10,537,743</u>	<u>12,901,278</u>
CAPITAL FUNDS			
Expendable endowment	11	10,983,120	13,326,120
INCOME FUNDS			
Unrestricted funds	11	(445,377)	(424,842)
		<u>10,537,743</u>	<u>12,901,278</u>

Approved by the Trustees on

and signed on their behalf by :

..... TRUSTEE

The notes on pages 10 to 14 form part of these accounts

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CASH FLOW STATEMENT**FOR THE YEAR ENDED 5 APRIL 2003****RECONCILIATION OF CHANGES IN RESOURCES TO NET
CASH OUTFLOW FROM OPERATING ACTIVITIES**

	2003	2002
	£	£
Net outgoing resources	(49,677)	(64,827)
Depreciation charge	612	-
(Increase)/decrease in debtors	(3,709)	28,727
Decrease in creditors	(93,550)	(63,267)
	<u>(146,324)</u>	<u>(99,367)</u>

CASH FLOW STATEMENT

	2003	2002
	£	£
Net cash outflow from operating activities	(146,324)	(99,367)
Capital expenditure and financial investment		
Purchase of fixed assets	(9,176)	-
Purchase of investments	(200,000)	(7,015,558)
Sale of investments	-	7,141,439
	<u>(209,176)</u>	<u>125,881</u>
(Decrease)/Increase in cash	<u>(355,500)</u>	<u>26,514</u>

Analysis of decrease in cash during the year

	2003	2002	Change in year
	£	£	£
Cash at bank and in hand	256,212	611,712	(355,500)

The notes on pages 10 to 14 form part of these accounts

THE GLASS-HOUSE TRUST

5 April 2003

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

These accounts have been prepared under the historical cost convention as modified by the revaluation of investments, and in accordance with applicable accounting standards and the Statement of Recommended Practice 2000 "Accounting and reporting by Charities".

The principal accounting policies adopted are as follows:

a) 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.

b) Grants paid

Grants for which there is a legally binding commitment are accounted for within the Statement of Financial Activities.

Payments that are due within one year of the year-end date are included within grants payable in the Statement of Financial Activities. Other grants are accounted for in the Statement of Financial Activities when conditions attaching to the grant are fulfilled.

Grants approved subject to conditions that have not been met at the year-end are noted as a commitment but not accrued as expenditure (see note 3).

c) 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.

d) Support and administration costs

The Glasshouse Trust is one of the Sainsbury Family Charitable Trusts, which share a common administration. Support and administration costs are shared by those Trusts. The basis for allocation is in proportion to time spent on trust matters and relative income.

e) Depreciation

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

The following rates have been used:

Leasehold Improvements - 10% per annum

2. INCOME ON INVESTMENTS

Income received on investments may be analysed as follows:

	2003		2002	
	£	%	£	%
U.K. Fixed Interest	324,240	52.0	257,391	50.9
U.K. Equities	299,846	48.0	248,515	49.1
	624,086	100.0	505,906	100.0

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NOTES TO THE ACCOUNTS (Continued)

3. GRANTS PAYABLE

	2003	2002
	£	£
Reconciliation of grants payable:		
Commitments at 6 April 2002	773,234	845,538
Grants not accrued at 6 April 2002	166,893	711,937
Grants approved in the year	515,000	126,500
Grants cancelled, refunded or amended	-	(58,762)
Grants not accrued at 5 April 2003	(18,000)	(166,893)
Grants payable for the year	663,893	612,782
Grants paid during the year	(757,051)	(685,086)
Commitments at 5 April 2003	<u>680,076</u>	<u>773,234</u>
Commitments at 5 April 2003 are payable as follows:		
	2002	2001
	£	£
Within one year (note 10)	<u>680,076</u>	<u>773,234</u>

Commitments

In addition to the amounts committed and accrued noted above, the Trustees have also authorised certain grants that are subject to the recipient fulfilling certain conditions. The total amount authorised but not accrued as expenditure at 5 April 2003 was £18,000 (2002: £166,893)

The amount payable in the year included the following:

	£
Achitecture Foundation	300,000
University of Oxford	152,790
Pier Trust	80,000
Camden Arts Centre	50,000
Institute of Education (London Borough of Hackney)	30,000
Tate Gallery	30,000
The London Institute	15,000
Transform Drugs Campaign	15,000
Whitechapel Arts Gallery	10,000
Woodland Trust	10,000
East London Schools Fund	7,500
Coram Family	5,000

Cancelled Grant

Royal Free Hospital School of Medicine	(41,397)
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NOTES TO THE ACCOUNTS (Continued)**4. SUPPORT COSTS**

	Unrestricted Funds	Expendable Endowment	2003 Total	2002 Total
	£	£	£	£
Project research and support	29,028	-	29,028	18,939
	29,028	-	29,028	18,939

5. MANAGEMENT AND ADMINISTRATION

	Unrestricted Funds	Expendable Endowment	2003 Total	2002 Total
	£	£	£	£
Office costs	182	612	794	5,691
Legal and professional fees	9,841	-	9,841	6,306
Auditor's fees	2,197	-	2,197	1,939
	12,220	612	12,832	13,936

Included above is £6,902 payable for legal services to Portrait Solicitors, a firm in which Miss J S Portrait is a partner. No Trustees received remuneration or were reimbursed expenses during the year.

6. ANALYSIS OF TOTAL RESOURCES EXPENDED

	Staff costs	Other costs	Grants payable	Total 2003	Total 2002
	£	£	£	£	£
Direct charitable expenditure					
Support costs	21,573	7,455	-	29,028	18,939
Grants	-	-	663,893	663,893	612,782
	21,573	7,455	663,893	692,921	631,721
Other expenditure					
Administration	(188)	13,020	-	12,832	13,936
Investment management fee	-	28,530	-	28,530	14,271
Total	21,385	49,005	663,893	734,283	659,928

	2003	2002
	£	£
Staff costs:		
Wages and salaries	18,055	16,790
Social security costs	1,677	1,640
Other pension costs	1,653	1,569
	21,385	19,999

As mentioned in Note 1(d), the Trust is one of the Sainsbury Family Charitable Trusts, which share a joint administration at the Registered Office. 1.76% of the total support and administration costs of these trusts have been allocated to The Glass-House Trust, including a proportionate share of the cost of employing the 26 staff serving in the office in 2002/03 (2001/02 - 26).

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NOTES TO THE ACCOUNTS (Continued)**7. TANGIBLE FIXED ASSETS**

	Leasehold Improvements
	£
<u>Cost</u>	
Additions	9,176
Cost at 5 April 2003	<u>9,176</u>
 <u>Depreciation</u>	
Charge for the year	612
Accumulated depreciation at 5 April 2003	<u>612</u>
 Net book value at 5 April 2003	<u>8,564</u>

8. FIXED ASSET INVESTMENTS

	2003	2002
	£	£
Market value 6 April 2002	13,086,115	12,765,160
Less: Disposals	-	(6,683,298)
Add: Acquisitions at cost	200,000	7,015,558
Net losses on revaluation	(2,313,858)	(11,305)
Market value 5 April 2003	<u>10,972,257</u>	<u>13,086,115</u>
 Historical cost 5 April 2003	<u>13,404,095</u>	<u>13,204,095</u>

The investments held as at 5 April 2003 were as follows:

	2003		2002	
	Cost	Market Value	Cost	Market Value
	£	£	£	£
Fixed Interest	5,422,900	5,538,102	5,422,900	5,389,404
U.K. Equities	6,781,195	4,234,155	6,781,195	6,696,711
Short term securities	1,200,000	1,200,000	1,000,000	1,000,000
	<u>13,404,095</u>	<u>10,972,257</u>	<u>13,204,095</u>	<u>13,086,115</u>

9. DEBTORS

Debtors consist of the following:

	2003	2002
	£	£
Other debtors	3,709	-

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NOTES TO THE ACCOUNTS (Continued)**10. CREDITORS**

	2003	2002
	£	£
Grants payable (note 3)	680,076	773,234
Professional charges	8,722	4,946
Investment management fee	14,201	14,059
Other creditors	-	4,310
	<u>702,999</u>	<u>796,549</u>

11. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds	Expendable Endowment	Totals 2003
	£	£	£
Fund balances at 5 April 2003 are represented by :			
Tangible fixed assets	-	8,564	8,564
Investments	-	10,972,257	10,972,257
Current assets	243,421	16,500	259,921
Current liabilities	(688,798)	(14,201)	(702,999)
Total net assets	<u>(445,377)</u>	<u>10,983,120</u>	<u>10,537,743</u>

Unrealised losses included in the above

On investment assets (see note below)	-	(2,431,837)	(2,431,837)
Total unrealised losses at 5 April 2003	<u>-</u>	<u>(2,431,837)</u>	<u>(2,431,837)</u>

Reconciliation of movements in unrealised losses on investment assets

Unrealised losses at 6 April 2002	-	(117,979)	(117,979)
Add in respect of disposals in year	-	-	-
		<u>(117,979)</u>	<u>(117,979)</u>
Add: net losses arising on revaluation in year	-	(2,313,858)	(2,313,858)
Unrealised losses at 5 April 2003, as above	<u>-</u>	<u>(2,431,837)</u>	<u>(2,431,837)</u>

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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.

THE GLASS-HOUSE TRUST
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INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE GLASS-HOUSE TRUST

We have audited the financial statements of The Glass-House Trust for the year ended 5 April 2003 which comprise of the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes set out on pages 10 to 14. These financial statements have been prepared under the historical cost convention and the accounting policies set out on page 10.

This report is made solely to the charity Trustees, as a body, in accordance with Regulation 6(2) of the Charities (Accounts and Reports) Regulations 1995 (SI 1995/2724) as amended by Regulation 4(a) of the Charities (Accounts and Reports) Regulations 2000 (SI 2000/2868). 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 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 15.

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 United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the 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 United Kingdom Auditing Standards 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.

Unqualified opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the charity as at 5 April 2003 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
Chartered Accountants and Registered Auditors
Date

25 New Street Square
London
EC4A 3LN