

THE GLASS-HOUSE TRUST

ANNUAL REPORT

5 APRIL 2003

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

Printed Monday, 04/02/13 12:06 PM

THE GLASS-HOUSE TRUST
5 April 2003

| CONTENTS | | PAGE |
|-----------------|---|-------------|
| 1 | The Trustees' Report | 2-6 |
| 2 | Statement of Financial Activities | 7 |
| 3 | Balance Sheet | 8 |
| 4 | Cash Flow Statement | 9 |
| 5 | Notes to the Accounts | 10-14 |
| 6 | Statement of Trustees' Responsibilities | 15 |
| 7 | Report of the Auditors | 16 |

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.

THE GLASS-HOUSE TRUST
5 April 2003

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.

THE GLASS-HOUSE TRUST
5 April 2003

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.

THE GLASS-HOUSE TRUST
5 April 2003

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.

THE GLASS-HOUSE TRUST
5 April 2003

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

THE GLASS-HOUSE TRUST
5 April 2003

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

THE GLASS-HOUSE TRUST
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

THE GLASS-HOUSE TRUST
5 April 2003

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 |
| | <u>624,086</u> | <u>100.0</u> | <u>505,906</u> | <u>100.0</u> |

THE GLASS-HOUSE TRUST
5 April 2003

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) |
|--|----------|

THE GLASS-HOUSE TRUST
5 April 2003

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).

THE GLASS-HOUSE TRUST
5 April 2003

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 | - |

THE GLASS-HOUSE TRUST
5 April 2003

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> |

THE GLASS-HOUSE TRUST
5 April 2003

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
5 April 2003

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