

THE GLASS-HOUSE TRUST

ANNUAL REPORT

5 APRIL 2005

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

THE GLASS-HOUSE TRUST
5 April 2005

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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 Mrs E R Z Sainsbury Mr T J Sainsbury Ms J M Sainsbury Miss J S Portrait	
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 LLP St Bride's House 10 Salisbury Square London EC4Y 8EH	
Investment Advisers	Berry Asset Management Plc 101 The Chambers, Chelsea Harbour London SW10 0XF	

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 2005 was £315,550 (2004: £383,808) 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 value of the Trust's portfolio rose during the year, although by less than 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 loss of income after 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.

After due consideration, the Trustees appointed Berry Asset Management Plc as the Trust's investment advisors with effect from 6 April 2005.

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 £590,592, which was down on the previous year's figure of £620,774. Support costs and administration costs (excluding the investment management fee) represented 8.0% of the unrestricted income.

During the year, grants to the value of £591,861 were approved. Certain grants are payable over more than one year. Those amounts due to be paid after 5 April 2006 are not accrued in these accounts and amounted to £107,343 at the year end.

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

During the year the asset value of the Trust increased from £11,290,427 at 5 April 2004 to £11,722,676 at 5 April 2005, a rise of 3.8%.

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REPORT OF THE TRUSTEES (continued)

Review of the Past Year (continued)

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

	Grants Paid	Value £
Parenting, Family Welfare & Child Development	2	75,297
Art/Architecture	2	90,000
Social Housing/Urban Environment	2	284,983
General	4	63,306
	10	513,586

GRANTS PAID

PARENTING, FAMILY WELFARE & CHILD DEVELOPMENT – £75,297

Families, Children & Childcare Project - £55,297

Towards further research on how demographic factors and individual mother or child characteristics are related to use of non-maternal care.

Institute of Education - £20,000

Towards the A Space after-school project.

ART/ARCHITECTURE - £90,000

Pier Trust - £75,000

Towards core costs.

London Musicians Collective - £15,000

Towards the costs of Resonance FM.

SOCIAL HOUSING/URBAN ENVIRONMENT – £284,983

Architecture Foundation/National Tenants Resource Centre - £274,583

Joint grant towards continuing The Glass-House, a design advisory service for tenants living in social housing.

Akay Avoko - £10,400

Towards a self-build scheme for care leavers.

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GENERAL - £63,306

Transform Drug Policy Foundation - £30,000

Towards core costs.

Action for Peoples in Conflict £10,000

Towards providing therapeutic support for traumatized refugee children

Ashden Awards for Sustainable Energy - £20,000

Towards the awards scheme in 2004.

Association Les Amis d'Anjavy, Madagascar - £3,306

Towards purchase of a motorised fishing boat as part of an income-generation initiative.

Approved by the Trustees on 27th September 2005 and signed on their behalf by:

..... TRUSTEE

THE GLASS-HOUSE TRUST
5 April 2005

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 5 APRIL 2005

	<i>Notes</i>	Unrestricted Funds	Expendable Endowment	Total Funds 2005	<i>Total Funds 2004</i>
		£	£	£	£
Income and expenditure					
Incoming resources					
Investment income	2	556,243	-	556,243	612,332
Bank deposit interest		18,853	-	18,853	9,991
Interest on short term deposits		66,753	-	66,753	39,732
Total incoming resources		641,849	-	641,849	662,055
Resources expended					
Cost of generating funds:					
Investment management fee	6	-	30,449	30,449	28,674
Charitable expenditure:					
Grants payable	3	514,518	-	514,518	559,205
Direct charitable expenditure	6	7,816	-	7,816	-
Support costs	4	31,738	-	31,738	27,009
Management and administration	5	19,519	-	19,519	13,660
Total resources expended	6	573,591	30,449	604,040	628,548
Net incoming resources/(resources expended)		68,258	(30,449)	37,809	33,507
Other Recognised Gains and Losses					
Gains/(losses) on investment assets:					
Realised		-	(14,110)	(14,110)	-
Unrealised	8	-	408,550	408,550	719,177
Net movement in funds		68,258	363,991	432,249	752,684
Balances brought forward at 6 April 2004		(383,808)	11,674,235	11,290,427	10,537,743
Balances carried forward at 5 April 2005		(315,550)	12,038,226	11,722,676	11,290,427

The notes on pages 9 to 13 form part of these accounts

THE GLASS-HOUSE TRUST
5 April 2005

BALANCE SHEET**AS AT 5 APRIL 2005**

	<i>Notes</i>	2005	2004
		£	£
FIXED ASSETS			
Tangible Fixed Assets	7	6,423	7,341
Investments	8	10,005,538	11,591,434
		<u>10,011,961</u>	<u>11,598,775</u>
CURRENT ASSETS			
Debtors	9	-	2,443
Cash at bank and in hand		<u>2,328,124</u>	<u>282,316</u>
		2,328,124	284,759
CURRENT LIABILITIES			
Creditors - amounts falling due within 1 year	10	<u>(617,409)</u>	<u>(593,107)</u>
NET CURRENT ASSETS/(LIABILITIES)		1,710,715	<u>(308,348)</u>
NET ASSETS		<u>11,722,676</u>	<u>11,290,427</u>
CAPITAL FUNDS			
Expendable endowment	11	12,038,226	11,674,235
INCOME FUNDS			
Unrestricted funds	11	(315,550)	(383,808)
		<u>11,722,676</u>	<u>11,290,427</u>

Approved by the Trustees on 27th September 2005 and signed on their behalf by :

..... TRUSTEE

The notes on pages 9 to 13 form part of these accounts

THE GLASS-HOUSE TRUST

5 April 2005

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" and the Charities Act 1993.

The Charity has taken advantage of the exemptions provided under the SORP 2000 and has not prepared a cash flow statement for the year.

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 payable
- 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 Glass-House 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. During the year the basis for allocation was revised and the comparatives have been restated to reflect this.
- e) Depreciation
- Fixed assets are depreciated at rates which reflect their useful life to the Trust.
- The following rates have been used:
- | | | |
|---|---|---------------|
| Leasehold Improvements (excluding land) | - | 10% per annum |
|---|---|---------------|

2. INCOME ON INVESTMENTS

Income received on investments may be analysed as follows:

	2005		2004	
	£	%	£	%
U.K. Fixed Interest	329,120	59.2	329,120	53.7
U.K. Equities	227,123	40.8	283,212	46.3
	556,243	100.0	612,332	100.0

THE GLASS-HOUSE TRUST
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NOTES TO THE ACCOUNTS (Continued)

3. GRANTS PAYABLE

	2005	2004
	£	£
Reconciliation of grants payable:		
Commitments at 6 April 2004	573,741	680,076
Grants not accrued at 6 April 2004	30,000	18,000
Grants approved in the year	591,861	572,500
Grants cancelled, refunded or amended	-	(1,295)
Grants not accrued at 5 April 2005	(107,343)	(30,000)
Grants payable for the year	514,518	559,205
Grants paid during the year	(513,586)	(665,540)
Commitments at 5 April 2005	<u>574,673</u>	<u>573,741</u>
Commitments at 5 April 2005 are payable as follows:		
	2005	2004
	£	£
Within one year (note 10)	<u>574,673</u>	<u>573,741</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 2005 was £107,343 (2004: £30,000).

The amount payable in the year includes the following:

	£
Architecture Foundation	270,000
Pier Trust	60,000
London Musicians Collective	45,000
National Tenants Resource Centre	30,000
Families, Children & Childcare Project	24,875
Institute of Education	20,000
Transform Drugs Policy Institute (TDPI)	20,000
Akany Avoko	10,400
Action for Peoples in Conflict	10,000
Ashden Awards for Sustainable Energy	10,000
University of Cambridge, Jesus College	10,000
Les Amis d'Anjajavy, Madagascar	3,306
The Sainsbury Archive	937

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NOTES TO THE ACCOUNTS (Continued)**4. SUPPORT COSTS**

	Unrestricted Funds	Expendable Endowment	2005 Total	2004 Total
	£	£	£	£
Project research and support	31,738	-	31,738	27,009
	31,738	-	31,738	27,009

5. MANAGEMENT AND ADMINISTRATION

	Unrestricted Funds	Expendable Endowment	2005 Total	2004 Total
	£	£	£	£
Office costs	10,138	-	10,138	5,329
Legal and professional fees	6,984	-	6,984	6,069
Auditor's fees	2,397	-	2,397	2,262
	19,519	-	19,519	13,660

Included above is £6,984 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 2005	Total 2004
	£	£	£	£	£
Total resources expended					
Grants payable	-	-	514,518	514,518	559,205
Project support	-	7,816	-	7,816	
Support costs	21,879	9,859	-	31,738	27,009
Administration	1,494	18,025	-	19,519	13,660
Investment management fee	-	30,449	-	30,449	28,674
Total	23,373	66,149	514,518	604,040	628,548

	2005	2004
	£	£
Staff costs:		
Wages and salaries	19,467	19,232
Social security costs	2,085	2,097
Other pension costs	1,821	1,838
	23,373	23,167

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. 1.52% 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 2004/05 (2003/04 - 26).

THE GLASS-HOUSE TRUST
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NOTES TO THE ACCOUNTS (Continued)**7. TANGIBLE FIXED ASSETS**

	<u>Leasehold Improvements</u> £
<u>Cost</u>	
At 6 April 2004 and 5 April 2005	9,176
<u>Depreciation</u>	
At 6 April 2004	1,835
Charge for the year	918
Accumulated depreciation at 5 April 2005	2,753
Net book value at 5 April 2005	6,423
Net book value at 5 April 2004	7,341

8. FIXED ASSET INVESTMENTS

	2005	2004
	£	£
Market value 6 April 2004	11,591,434	10,972,257
Less: Disposals	(1,994,446)	(200,000)
Add: Acquisitions at cost	-	100,000
Net gains on revaluation	408,550	719,177
Market value 5 April 2005	10,005,538	11,591,434
Historical cost 5 April 2005	10,838,291	13,304,095

The investments held as at 5 April 2005 were as follows:

	2005	2004
	Cost	Market Value
	£	£
Fixed Interest	5,422,900	5,362,893
U.K. Equities	5,415,391	4,642,645
Short-term securities	-	-
	10,838,291	10,005,538

Fixed interest investments at 5 April 2005 included the following at market value:

	£
Charinco Distribution Units	1,241,130
Charity Funds Fixed Income COIF	2,031,213
M&G Securities Ltd Charibond Income	2,090,550

UK Equities at 5 April 2005 included the following at market value:

	£
Charishare	839,925
M&G Securities Ltd Charifund Income	1,268,720
J Sainsbury plc	2,423,438

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NOTES TO THE ACCOUNTS (Continued)

9. DEBTORS

Debtors consist of the following:

	2005	2004
	£	£
Other debtors	-	2,443

10. CREDITORS

	2005	2004
	£	£
Grants payable (note 3)	574,673	573,741
Professional charges	6,537	5,010
Investment management fee	30,449	14,303
Other creditors	5,750	53
	<u>617,409</u>	<u>593,107</u>

11. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds	Expendable Endowment	Totals 2005
	£	£	£
Fund balances at 5 April 2005 are represented by :			
Tangible fixed assets	-	6,423	6,423
Investments	-	10,005,538	10,005,538
Current assets	271,410	2,056,714	2,328,124
Current liabilities	(586,960)	(30,449)	(617,409)
Total net assets	<u>(315,550)</u>	<u>12,038,226</u>	<u>11,722,676</u>

Unrealised losses included in the above

On investment assets (see note below)	-	(832,753)	(832,753)
Total unrealised losses at 5 April 2005	<u>-</u>	<u>(832,753)</u>	<u>(832,753)</u>

Reconciliation of movements in unrealised losses on investment assets

Unrealised losses at 6 April 2004	-	(1,712,661)	(1,712,661)
Add in respect of disposals in year	-	471,358	471,358
	<u>-</u>	<u>(1,241,303)</u>	<u>(1,241,303)</u>
Add: net gains arising on revaluation in year	-	408,550	408,550
Unrealised losses at 5 April 2005, as above	<u>-</u>	<u>(832,753)</u>	<u>(832,753)</u>

THE GLASS-HOUSE TRUST
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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

5 April 2005

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 2005 which comprise of the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes set out on pages 9 to 13. These financial statements have been prepared under the historical cost convention and the accounting policies set out on page 9.

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 14.

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 2005 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

St Bride's House
10 Salisbury Square
London EC4Y 8EH