

**THE GLASS-HOUSE TRUST**

ANNUAL REPORT

5 APRIL 2007

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

**THE GLASS-HOUSE TRUST**  
**5 April 2007**

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**THE GLASS-HOUSE TRUST**  
**5 April 2007**

**REPORT OF THE TRUSTEES**

**Legal and Administrative**

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

<b>Trustees</b>	Mr A J Sainsbury Mrs E R Z Sainsbury Mr T J Sainsbury Ms J M Sainsbury Miss J S Portrait	
<b>Registered Office</b>	Allington House (1st Floor) 150 Victoria Street London SW1E 5AE	
<b>Principal Officers</b>	Mr A Bookbinder Mr P Spokes Mr Matthew Williams Miss H Marriott	Director Finance Director Executive Executive
<b>Bankers</b>	Child & Co 1 Fleet Street, London EC4Y 1BD	
<b>Solicitors</b>	Portrait Solicitors 1 Chancery Lane London WC2A 1LF	
<b>Auditors</b>	Horwath Clark Whitehill LLP St Bride's House, 10 Salisbury Square London EC4Y 8EH	
<b>Investment Advisers</b>	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. The Trustees' objective for the current year is for the Trust to continue its grant-making as described above.

**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, whilst those due to be paid later than this are not accrued. These are referred to in note 3 to the accounts and amount to £323,769. 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 reserves 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 2007 was £246,172 (2006: £281,300) 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**  
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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, above that of the FT All Share Index in terms of capital value. 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**

During the year the asset value of the Trust increased from £12,852,042 at 5 April 2006 to £13,710,131 at 5 April 2007, a rise of 6.7%. The net unrestricted income of the Trust for the year after charging support and governance costs was £485,436, up on the previous year's figure of £476,270.

Because of possible fluctuations in income from year to year and Trustees' decision to draw on expendable endowment as necessary to fund any grant payments in excess of available income, Trustees have decided that the best way of benchmarking the costs incurred in running the charity is to measure them relative to its day to day activity of grant-making, as income alone is not a valid benchmark for charitable activity. On that basis, support costs and governance costs represented 6.8% and 0.7% respectively of the value of grants paid, which amounted to £612,595.

The Trustees met twice during the year to make grants and a twice more to review investment activity. During the year, grants to the value of £97,671 were approved.

**THE GLASS-HOUSE TRUST**  
**5 April 2007**

**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;

	<b>Grants Paid</b>	<b>Value £</b>
Built Environment	2	465,000
Child Development	2	48,721
Social Policy	2	30,000
Art	3	65,000
General	2	3,874
	<b>11</b>	<b>612,595</b>

**GRANTS PAID**

**BUILT ENVIRONMENT – £465,000**

Glass-House Community-led Design - £450,000

To continue to support this project which provides design advice to residents of social housing.

University of Oxford - £15,000

Towards the building of a new residential block.

**CHILD DEVELOPMENT – £48,721**

Families, Children & Childcare Project - £8,721

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

A Space - £40,000

Towards running costs.

**SOCIAL POLICY – £30,000**

Housing Associations Charitable Trust (HACT) - £10,000

Towards a mapping exercise to draw together ideas and examples of inter-generational work.

Transform Drug Policy Foundation - £20,000

Towards core costs.

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**ART - £65,000**

London Musicians Collective - £30,000  
 Towards the costs of Resonance FM.

Pier Trust - £30,000  
 Towards core costs.

Studio Voltaire – £5,000  
 Towards the salary of the Administration Manager.

**GENERAL - £3,874**

Save the Children UK - £2,000  
 To support immediate relief work in Yogyakarta and adjacent coastal areas of Java after the Indonesian earthquake.

The Sainsbury Archive - £1,874  
 Towards running costs.

Approved by the Trustees on 9 October 2007 and signed on their behalf by:

..... TRUSTEE

**THE GLASS-HOUSE TRUST**  
**5 April 2007**

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**STATEMENT OF FINANCIAL ACTIVITIES**

**FOR THE YEAR ENDED 5 APRIL 2007**

	<i>Notes</i>	Unrestricted Funds	Expendable Endowment	Total Funds 2007	<i>Total Funds 2006</i>
		£	£	£	£
<b>Income and expenditure</b>					
<b>Incoming resources</b>					
Investment income	2	488,727	-	488,727	446,853
Bank deposit interest		42,788	-	42,788	77,708
Total incoming resources		<u>531,515</u>	<u>-</u>	<u>531,515</u>	<u>524,561</u>
<b>Resources expended</b>					
Cost of generating funds:					
Investment management fee		-	27,010	27,010	34,522
Charitable activity:					
Grant-making	3	450,308	-	450,308	442,020
Grant related support costs	4	41,737	-	41,737	44,060
Cost of grant-making		492,045	-	492,045	486,080
Governance costs	4	4,342	-	4,342	4,231
Total resources expended		<u>496,387</u>	<u>27,010</u>	<u>523,397</u>	<u>524,833</u>
<b>Net incoming resources/(resources expended)</b>		35,128	(27,010)	8,118	(272)
<b>Other Recognised Gains and Losses</b>					
Gains on investment assets:					
Realised		-	114,945	114,945	393,696
Unrealised	7	-	735,026	735,026	735,942
<b>Net movement in funds</b>		<u>35,128</u>	<u>822,961</u>	<u>858,089</u>	<u>1,129,366</u>
Balances brought forward at 6 April 2006		(281,300)	13,133,342	12,852,042	11,722,676
<b>Balances carried forward at 5 April 2007</b>		<u>(246,172)</u>	<u>13,956,303</u>	<u>13,710,131</u>	<u>12,852,042</u>

The notes on pages 9 to 14 form part of these accounts



**THE GLASS-HOUSE TRUST**  
**5 April 2007**

**BALANCE SHEET****AS AT 5 APRIL 2007**

	<i>Notes</i>	2007	2006
		£	£
<b>FIXED ASSETS</b>			
Tangible Fixed Assets	<b>6</b>	4,588	5,505
Investments	<b>7</b>	13,529,103	12,005,085
		<u>13,533,691</u>	<u>12,010,590</u>
<b>CURRENT ASSETS</b>			
Debtors	<b>8</b>	23,292	13,382
Cash at bank and in hand		444,405	1,281,531
		<u>467,697</u>	<u>1,294,913</u>
<b>CURRENT LIABILITIES</b>			
<b>Creditors</b> - amounts falling due within 1 year	<b>9</b>	<u>(291,257)</u>	<u>(453,461)</u>
<b>NET CURRENT ASSETS</b>		176,440	841,452
<b>NET ASSETS</b>		<u>13,710,131</u>	<u>12,852,042</u>
<b>CAPITAL FUNDS</b>			
Expendable endowment	<b>10</b>	13,956,303	13,133,342
<b>INCOME FUNDS</b>			
Unrestricted funds	<b>10</b>	(246,172)	(281,300)
		<u>13,710,131</u>	<u>12,852,042</u>

Approved by the Trustees on 9 October 2007 and signed on their behalf by :

..... TRUSTEE

The notes on pages 9 to 14 form part of these accounts

# THE GLASS-HOUSE TRUST

## 5 April 2007

### 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 Charity has taken advantage of the exemptions provided under the SORP 2005 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) Grant expenditure
 

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 grant expenditure 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 in shares are shown at mid market value, whilst investments in managed funds are shown at bid value.

Partial disposals are accounted for using average book value.
  
- d) 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.
  
- e) Charitable activity
 

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

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

The following rate has been used:

Leasehold Improvements (excluding land)	-	10% per annum
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**THE GLASS-HOUSE TRUST**  
**5 April 2007**

**NOTES TO THE ACCOUNTS (Continued)**

**2. INVESTMENT INCOME**

Income received on investments may be analysed as follows:

	2007		2006	
	£	%	£	%
U.K. Fixed Interest	265,219	54.3	275,597	61.7
U.K. Equities	172,207	35.2	168,819	37.8
Overseas Equities	51,301	10.5	2,437	0.5
	<u>488,727</u>	<u>100.0</u>	<u>446,853</u>	<u>100.0</u>

**3. GRANTS PAYABLE**

	2007		2006	
	£	£	£	£
<b>Reconciliation of grants payable:</b>				
Commitments at 6 April 2006		448,273		574,673
Grants not accrued at 6 April 2006	676,406		107,343	
Grants approved in the year	97,671		1,036,500	
Grants cancelled, refunded or amended	-		(25,417)	
Grants not accrued at 5 April 2007	<u>(323,769)</u>		<u>(676,406)</u>	
<b>Grants payable for the year</b>		<b>450,308</b>		<b>442,020</b>
Grants paid during the year		(612,595)		(568,420)
Commitments at 5 April 2007		<u>285,986</u>		<u>448,273</u>

**Commitments at 5 April 2007 are payable as follows:**

	2007	2006
	£	£
Within one year (note 9)	<u>285,986</u>	<u>448,273</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 2007 was £323,769 (2006: £676,406).

**THE GLASS-HOUSE TRUST**  
**5 April 2007**

**NOTES TO THE ACCOUNTS (Continued)**

**3. GRANTS PAYABLE (Continued)**

The amount payable in the year includes the following: £

**Built Environment**

Glass-House Community-led Design	300,000
University of Oxford	15,000

**Child Development**

A Space	40,000
Families, Children & Childcare Project	1,221

**Social Policy**

Transform Drug Policy Foundation	15,000
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**Art**

London Musicians Collective	40,000
Pier Trust	30,000
Studio Voltaire	5,000

**General**

Save the Children UK	2,000
The Sainsbury Archive	2,087

450,308

**4. ALLOCATION OF SUPPORT COSTS**

	Charitable Activity	Governance	2007 Total	2006 Total
	£	£	£	£
Direct charitable expenditure	-	-	-	10,284
Staff costs	24,214	1,798	26,012	21,468
Office costs	10,163	-	10,163	2,941
Depreciation	917	-	917	918
	<u>35,294</u>	<u>1,798</u>	<u>37,092</u>	<u>35,611</u>
Legal fees	6,443	-	6,443	10,165
Auditor's fees	-	2,544	2,544	2,515
	<u>41,737</u>	<u>4,342</u>	<u>46,079</u>	<u>48,291</u>

Included above is £6,443 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.

**THE GLASS-HOUSE TRUST**  
**5 April 2007**

**NOTES TO THE ACCOUNTS (Continued)**

**5. ANALYSIS OF STAFF COSTS**

	2007	2006
	£	£
Wages and salaries	21,620	17,880
Social security costs	2,506	1,915
Other pension costs	1,886	1,673
	<u>26,012</u>	<u>21,468</u>

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. 1.3% 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 total number of staff serving in the office in 2006/07. Staff costs equivalent to 0.5 full time employees were charged to The Glass-House Trust, the same figure as for 2005/06. Included in staff costs are contributions to money purchase pension schemes.

**6. TANGIBLE FIXED ASSETS**

	<u>Leasehold Improvements</u>
	£
<u>Cost</u>	
<b>At 6 April 2006 and 5 April 2007</b>	<u>9,176</u>
<u>Depreciation</u>	
At 6 April 2006	3,671
Charge for the year	917
<b>Accumulated depreciation at 5 April 2007</b>	<u>4,588</u>
<b>Net book value at 5 April 2007</b>	<u>4,588</u>
Net book value at 5 April 2006	<u>5,505</u>

**THE GLASS-HOUSE TRUST**  
**5 April 2007**

**NOTES TO THE ACCOUNTS (Continued)**

**7. FIXED ASSET INVESTMENTS**

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Market value 6 April 2006	12,005,085	10,005,538
Less: Disposals	(1,010,250)	(4,084,150)
Add: Acquisitions at cost	1,799,242	5,347,755
Net gains on revaluation	735,026	735,942
<b>Market value 5 April 2007</b>	<b>13,529,103</b>	<b>12,005,085</b>
Historical cost 5 April 2007	12,615,120	12,091,982

The investments held as at 5 April 2007 were as follows:

	<b>2007</b>		<b>2006</b>	
	<b>Cost</b>	<b>Market Value</b>	<b>Cost</b>	<b>Market Value</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Fixed Interest	5,095,703	4,845,467	4,795,702	4,762,744
U.K. Equities	5,831,080	6,942,502	5,799,131	5,663,064
Overseas Equities	1,688,337	1,741,134	1,497,149	1,579,277
	<b>12,615,120</b>	<b>13,529,103</b>	<b>12,091,982</b>	<b>12,005,085</b>

Fixed interest investments at 5 April 2007 included the following at market value:

	£
Charity Funds Fixed Income COIF	1,953,277
M&G Securities Ltd Charibond Income	1,996,500

UK Equities at 5 April 2007 included the following at market value:

Invista Property Portfolio B	642,085
J Sainsbury plc	1,542,750

**8. DEBTORS**

Debtors consist of the following:

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Income tax recoverable	6,532	-
Other debtors	16,760	13,382
	<b>23,292</b>	<b>13,382</b>

**9. CREDITORS**

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Grants payable (note 3)	285,986	448,273
Professional charges	5,271	5,188
	<b>291,257</b>	<b>453,461</b>

**THE GLASS-HOUSE TRUST**  
**5 April 2007**

**NOTES TO THE ACCOUNTS (Continued)**

**10. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	<b>Unrestricted Funds</b>	<b>Expendable Endowment</b>	<b>Totals 2007</b>
	£	£	£
Fund balances at 5 April 2007 are represented by :			
Tangible fixed assets	-	4,588	4,588
Investments	-	13,529,103	13,529,103
Current assets	45,085	422,612	467,697
Current liabilities	(291,257)	-	(291,257)
<b>Total net assets</b>	<b>(246,172)</b>	<b>13,956,303</b>	<b>13,710,131</b>
<b>Unrealised gains included in the above</b>			
On investment assets (see note below)	-	913,983	913,983
Total unrealised losses at 5 April 2007	-	913,983	913,983
<b>Reconciliation of movements in unrealised gains on investment assets</b>			
Unrealised losses at 6 April 2006	-	(86,897)	(86,897)
Add in respect of disposals in year	-	265,854	265,854
	-	178,957	178,957
Add: net gains arising on revaluation in year	-	735,026	735,026
Unrealised gains at 5 April 2007, as above	-	913,983	913,983

**THE GLASS-HOUSE TRUST**  
**5 April 2007**

**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 2007**

**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 2007 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes set out on pages 7 to 14. 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 7(2) of the Charities (Accounts and Reports) Regulations 2005 (SI 2005/572). 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 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.

**Unqualified 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 5 April 2007 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