

THE GLASS-HOUSE TRUST

ANNUAL REPORT

5 APRIL 2008

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

THE GLASS-HOUSE TRUST
5 April 2008

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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 A Bookbinder Mr P Spokes Mr Matthew Williams Miss H Marriott	Director Finance Director Executive 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. 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 £542,375. 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 2008 was £97,606 (2007: £246,172) 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 fell during the year in terms of capital value, due to market conditions. The Trustees normally hold investments for the long term.

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 decreased from £13,710,131 at 5 April 2007 to £12,160,042 at 5 April 2008, a fall of 11.3%. The net unrestricted income of the Trust for the year after charging support and governance costs was £562,524, up on the previous year's figure of £485,436.

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.

The Trustees met twice during the year to make grants and twice more to review investment activity. During the year, grants to the value of £632,575 were approved.

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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 £
Built Environment	1	175,875
Child Development	2	79,825
Social Policy	2	23,750
Overseas	1	15,150
Art	5	62,500
General	1	1,211
	12	358,311

GRANTS PAID

BUILT ENVIRONMENT – £175,875

Glass-House Community-led Design - £175,875

A further grant towards this project's core costs. This project was established by Trustees in 2000 and provides design advice to residents participating in the regeneration of social housing.

CHILD DEVELOPMENT – £79,825

A Space - £70,000

Towards the director's salary for A Space in the London Borough of Hackney, an innovative project providing emotional support for children within a number of the Borough's primary and secondary schools.

Families, Children & Childcare Project - £9,825

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

SOCIAL POLICY – £23,750

London School of Economics & Political Science - £3,750

Towards a second community-led seminar on the alternatives to demolition of low demand housing stock.

Transform Drug Policy Foundation - £20,000

Towards core costs.

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OVERSEAS - £15,150

Akany Avoko, Madagascar - £15,150
Towards the salary of a development manager.

ART - £62,500

Arts Educational School Trust, Tring Park School - £5,000
Towards the Robert Cohan project, a collaboration with the Rambert School of Ballet and Contemporary Dance to document Cohan's dance and choreographic methods in association.

Intoart Projects - £5,000
Towards provision of a free studio space and materials for a learning disability arts project.

London Musicians Collective - £40,000
Towards the costs of Resonance FM.

Paintings in Hospitals - £2,500
Towards running costs.

Tate Millbank - £10,000
Towards the major retrospective of the paintings of Peter Doig.

GENERAL - £1,211

The Sainsbury Archive - £1,211
Towards running costs.

Approved by the Trustees on 23 September 2008 and signed on their behalf by:

..... TRUSTEE

THE GLASS-HOUSE TRUST
5 April 2008

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STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 5 APRIL 2008

	<i>Notes</i>	Unrestricted Funds	Expendable Endowment	Total Funds 2008	<i>Total Funds 2007</i>
		£	£	£	£
Income and expenditure					
Incoming resources					
Investment income	2	571,102	-	571,102	488,727
Bank deposit interest		29,406	-	29,406	42,788
Total incoming resources		600,508	-	600,508	531,515
Resources expended					
Cost of generating funds:					
Investment management fee		-	22,537	22,537	27,010
Charitable activity:					
Grant-making	3	413,958	-	413,958	450,308
Grant related support costs	4	33,376	-	33,376	41,737
Cost of grant-making		447,334	-	447,334	492,045
Governance costs	4	4,608	-	4,608	4,342
Total resources expended		451,942	22,537	474,479	523,397
Net incoming resources/(resources expended)		148,566	(22,537)	126,029	8,118
Other Recognised Gains and Losses					
(Losses)/gains on investment assets:					
Realised		-	(43,437)	(43,437)	114,945
Unrealised	7	-	(1,632,681)	(1,632,681)	735,026
Net movement in funds		148,566	(1,698,655)	(1,550,089)	858,089
Balances brought forward at 6 April 2007		(246,172)	13,956,303	13,710,131	12,852,042
Balances carried forward at 5 April 2008		(97,606)	12,257,648	12,160,042	13,710,131

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

THE GLASS-HOUSE TRUST
5 April 2008

BALANCE SHEET**AS AT 5 APRIL 2008**

	<i>Notes</i>	2008	2007
		£	£
FIXED ASSETS			
Tangible Fixed Assets	6	3,670	4,588
Investments	7	11,844,986	13,529,103
		<u>11,848,656</u>	<u>13,533,691</u>
CURRENT ASSETS			
Debtors	8	40,497	23,292
Cash at bank and in hand		617,913	444,405
		<u>658,410</u>	<u>467,697</u>
CURRENT LIABILITIES			
Creditors - amounts falling due within 1 year	9	<u>(347,024)</u>	<u>(291,257)</u>
NET CURRENT ASSETS		311,386	176,440
NET ASSETS		<u>12,160,042</u>	<u>13,710,131</u>
CAPITAL FUNDS			
Expendable endowment	10	12,257,648	13,956,303
INCOME FUNDS			
Unrestricted funds	10	(97,606)	(246,172)
		<u>12,160,042</u>	<u>13,710,131</u>

Approved by the Trustees on 23 September 2008 and signed on their behalf by :

..... TRUSTEE

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

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5 April 2008

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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NOTES TO THE ACCOUNTS (Continued)

2. INVESTMENT INCOME

Income received on investments may be analysed as follows:

	2008		2007	
	£	%	£	%
U.K. Fixed Interest	293,239	51.3	265,219	54.3
U.K. Equities	200,941	35.2	172,207	35.2
Overseas Equities	76,922	13.5	51,301	10.5
	<u>571,102</u>	<u>100.0</u>	<u>488,727</u>	<u>100.0</u>

3. GRANTS PAYABLE

	2008		2007	
	£	£	£	£
Reconciliation of grants payable:				
Commitments at 6 April 2007		285,986		448,273
Grants not accrued at 6 April 2007	323,769		676,406	
Grants approved in the year	632,575		97,671	
Grants cancelled, refunded or amended	(11)		-	
Grants not accrued at 5 April 2008	<u>(542,375)</u>		<u>(323,769)</u>	
Grants payable for the year		413,958		450,308
Grants paid during the year		(358,311)		(612,595)
Commitments at 5 April 2008		<u>341,633</u>		<u>285,986</u>

Commitments at 5 April 2008 are payable as follows:

	2008		2007	
	£		£	
Within one year (note 9)	<u>341,633</u>		<u>285,986</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 2008 was £542,375 (2007: £323,769).

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NOTES TO THE ACCOUNTS (Continued)

3. GRANTS PAYABLE (Continued)

The amount payable in the year comprises the following: £

Built Environment

Glass-House Community-led Design	275,875
Golden Lane School	5,000

Child Development

A Space	40,000
Beginnings	5,000

Social Policy

London School of Economics & Political Science	3,750
Transform Drug Policy Foundation	25,000

Overseas

Money for Madagascar	30,300
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Art

Arts Educational School Trust	5,000
Intoart Projects	10,000
Paintings in Hospitals	2,500
Tate Millbank	10,000

General

The Sainsbury Archive	1,544
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Cancelled Grants

(11)

413,958

4. ALLOCATION OF SUPPORT COSTS

	Charitable Activity	Governance	2008 Total	2007 Total
	£	£	£	£
Staff costs	19,432	1,905	21,337	26,012
Office costs	7,702	-	7,702	10,163
Depreciation	918	-	918	917
	<u>28,052</u>	<u>1,905</u>	<u>29,957</u>	<u>37,092</u>
Legal fees	5,324	-	5,324	6,443
Auditor's fees	-	2,703	2,703	2,544
	<u>33,376</u>	<u>4,608</u>	<u>37,984</u>	<u>46,079</u>

Included above is £5,324 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.

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NOTES TO THE ACCOUNTS (Continued)

5. ANALYSIS OF STAFF COSTS

	2008	2007
	£	£
Wages and salaries	17,687	21,620
Social security costs	2,061	2,506
Other pension costs	1,589	1,886
	<u>21,337</u>	<u>26,012</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. 0.74% 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 2007/08. Staff costs equivalent to 0.3 full time employees were charged to The Glass-House Trust, compared to 0.5 for 2006/07. Included in staff costs are contributions to money purchase pension schemes.

6. TANGIBLE FIXED ASSETS

	<u>Leasehold</u> <u>Improvements</u>
	£
<u>Cost</u>	
At 6 April 2007 and 5 April 2008	<u>9,176</u>
<u>Depreciation</u>	
At 6 April 2007	4,588
Charge for the year	918
Accumulated depreciation at 5 April 2008	<u>5,506</u>
Net book value at 5 April 2008	<u>3,670</u>
Net book value at 5 April 2007	<u>4,588</u>

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NOTES TO THE ACCOUNTS (Continued)**7. FIXED ASSET INVESTMENTS**

	2008	2007
	£	£
Market value 6 April 2007	13,529,103	12,005,085
Less: Disposals	(351,436)	(1,010,250)
Add: Acquisitions at cost	300,000	1,799,242
Net gains on revaluation	(1,632,681)	735,026
Market value 5 April 2008	11,844,986	13,529,103
Historical cost 5 April 2008	12,616,855	12,615,120

The investments held as at 5 April 2008 were as follows:

	2008	2007
	Cost	Cost
	Market Value	Market Value
	£	£
Fixed Interest	5,095,703	4,703,170
U.K. Equities	5,832,815	5,639,016
Overseas Equities	1,688,337	1,502,800
	12,616,855	11,844,986
	12,615,120	13,529,103

Fixed interest investments at 5 April 2008 included the following at market value:

	£
Charity Funds Fixed Income COIF	1,959,537
M&G Securities Ltd Charibond Income	1,953,600

UK Equities at 5 April 2008 included the following at market value:

J Sainsbury plc	957,688
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8. DEBTORS

	2008	2007
	£	£
Income tax recoverable	3,808	6,532
Other debtors	36,689	16,760
	40,497	23,292

9. CREDITORS

	2008	2007
	£	£
Grants payable (note 3)	341,633	285,986
Professional charges	5,391	5,271
	347,024	291,257

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

10. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds	Expendable Endowment	Totals 2008
	£	£	£
Fund balances at 5 April 2008 are represented by :			
Tangible fixed assets	-	3,670	3,670
Investments	-	11,844,986	11,844,986
Current assets	249,418	408,992	658,410
Current liabilities	(347,024)	-	(347,024)
Total net assets	(97,606)	12,257,648	12,160,042
Unrealised losses included in the above			
On investment assets (see note below)	-	(771,869)	(771,869)
Total unrealised losses at 5 April 2008	-	(771,869)	(771,869)
Reconciliation of movements in unrealised losses on investment assets			
Unrealised gains at 6 April 2007	-	913,983	913,983
Deduct in respect of disposals in year	-	(53,171)	(53,171)
	-	860,812	860,812
Deduct: net losses arising on revaluation in year	-	(1,632,681)	(1,632,681)
Unrealised losses at 5 April 2008, as above	-	(771,869)	(771,869)

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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 2008

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 2008 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 2008 and of its incoming resources and application of resources for the year then ended; and
- have been properly prepared in accordance with the Charities Act 1993.

Horwath Clark Whitehill LLP
Chartered Accountants and Registered Auditors
Date

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