



THE *indigo* TRUST

ANNUAL REPORT

5 APRIL 2009

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

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Legal and Administrative

The Indigo Trust (No. 1075920) was established under a Trust Deed dated 27 April 1999.

Trustees	Miss F E Sainsbury Mr D B Flynn Mr B C Fung	
Registered Office	Allington House (1st Floor), 150 Victoria Street London SW1E 5AE	
Principal Officers	Mr A Bookbinder Mr P Spokes Ms V Hornby Mr M Woodruff	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	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.	

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:

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 Glass-House Trust	The Staples Trust
The Headley 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

a) Grant Making

The Trustees are currently in the process refocusing the trust to examine the impact of access to information on social outcomes.

During the course of the year, grant-making was entirely in the field of criminal justice, concentrating on researching parts of the sector where support from the Indigo Trust could have significant impact and create sustained change. As a result of this work, the Trustees have made a small number of strategic grants in the field.

Proposals are generally invited by the Trustees or initiated at their request. Unsolicited applications are not encouraged and are unlikely to be successful. Grants are not normally made to individuals.

b) Reserves and Investment

The performance of the discretionary portfolio was below the Trust's benchmark for the period. Trustees will continue to meet existing and future grant commitments initially from unrestricted income, drawing on expendable endowment as necessary in line with the Trust's commitments.

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. They continue to keep processes under review.

Charity and Public Benefit

Trustees are aware of the Charity Commission guidance on Charity and Public Benefit. They consider the information in this annual report, about the Trust's aims, activities and achievements in the areas of interest that the Trust supports demonstrates the benefit to its beneficiaries and through them to the public, that arise from those activities.

Financial overview of the past year

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

The asset value of the Trust decreased from £8.1 million at 5 April 2008 to £6.7 million at 5 April 2009, a fall of 17.4%. This is mainly due to deteriorating stock markets globally and is reflected in the SOFA by an unrealised loss on investments of £0.9 million (2008, £0.6 million).

Total incoming resources on unrestricted funds for the year were £268,854, a 31.2% decrease on the previous year, due to poor market conditions and a rapid drop in interest rates.

During the year the Trustees approved 8 grants totalling £806,093 (2008 - £40,000). The table below shows an analysis by trust category, grants approved during the year analysed by number, value and by percentage. Payments made relate to grants approved in this and earlier years.

	Grants Approved			Payments Made	
	Number	£	%	£	%
Prisons	5	679,500	84%	276,375	70%
Women's Issues	-	-	0%	6,334	2%
Core Skills	-	-	0%	11,443	3%
Homelessness	-	-	0%	30,000	8%
General	3	126,593	16%	67,946	17%
	8	806,093	100%	392,098	100%

GRANTS APPROVED

Prisons - £679,500

The trustees seek to support programmes in criminal justice that can bring about systematic change in the system. They have focused on organisations and individuals with significant ambition, coupled with a proven track record of success.

Community Links - £50,000

To enable further research and development of the Social Impact Bond.

Impetus Trust - £402,500

Towards the costs of creating a criminal justice fund.

Lemos & Crane - £45,000

Towards research on the role of Prisoners and their Families in causing Desistance from Re-Offending.

Goldsmiths University - Open Book - £132,000

Towards the employment of a co-ordinator to assist the Project Manager.

General - £126,593

My Society - £120,000

Towards the employment of a programmer.

The Sainsbury Archive - £6,593

Towards the running costs.

Approved by the Trustees on 19 December 2009 and signed on their behalf by:

..... TRUSTEE

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 5 APRIL 2009**

	Notes	Unrestricted Funds £	Expendable Endowment £	Total Funds 2009 £	Total Funds 2008 £
Incoming resources					
Investment income	2	115,426	-	115,426	129,294
Bank deposit interest		17,795	-	17,795	75,277
Interest on short term deposits		135,633	-	135,633	186,454
Total incoming resources		268,854	-	268,854	391,025
Resources expended					
Cost of generating funds:					
Investment management fees		-	(3,925)	(3,925)	25,089
Charitable activity					
Grant-making:					
Grant expenditure	3	455,453	-	455,453	30,775
Grant related support costs	4	68,110	-	68,110	62,726
Cost of Grant-making		523,563	-	523,563	93,501
Governance costs	4	5,218	-	5,218	4,965
Total resources expended		528,781	(3,925)	524,856	123,555
Net resources before other recognised gains and losses		(259,927)	3,925	(256,002)	267,470
Other Recognised Gains and Losses					
Losses on investment assets					
Realised		-	(264,650)	(264,650)	(95,133)
Unrealised	7,10	-	(891,226)	(891,226)	(617,910)
Net movement in funds		(259,927)	(1,151,951)	(1,411,878)	(445,573)
Reconciliation of funds					
Total funds brought forward		292,559	7,799,947	8,092,506	8,538,079
Total funds carried forward		32,632	6,647,996	6,680,628	8,092,506

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

There are no gains and losses in either the current or preceding year other than those recognised in the statement of financial activities.

BALANCE SHEET

	<i>Notes</i>	<u>2009</u>	<u>2008</u>
		£	£
FIXED ASSETS			
Tangible fixed assets	6	3,000	4,000
Investments	7	6,646,747	7,620,130
		<u>6,649,747</u>	<u>7,624,130</u>
CURRENT ASSETS			
Debtors	8	20,045	45,999
Cash at bank and in hand		314,937	673,908
		<u>334,982</u>	<u>719,907</u>
CURRENT LIABILITIES			
Creditors - amounts falling due within 1 year	9	<u>304,101</u>	<u>251,531</u>
NET CURRENT ASSETS		30,881	468,376
NET ASSETS		<u><u>6,680,628</u></u>	<u><u>8,092,506</u></u>
CAPITAL FUNDS			
Expendable endowment	10	6,647,996	7,799,947
INCOME FUNDS			
Unrestricted funds	10	32,632	292,559
		<u><u>6,680,628</u></u>	<u><u>8,092,506</u></u>

The financial statements were approved and authorised for issue by the Trustees on 19 December 2009 and were signed on their behalf by :

..... TRUSTEE

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

CASH FLOW STATEMENT

RECONCILIATION OF NET OUTGOING RESOURCES TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2009	2008
	£	£
Net (outgoing)/incoming resources	(256,002)	267,470
Depreciation charge	1,000	1,000
Decrease in debtors	25,954	13,739
Increase/(decrease) in creditors	52,570	(684,472)
Net cash outflow from operating activities	<u>(176,478)</u>	<u>(402,263)</u>

CASH FLOW STATEMENT

	2009	2008
	£	£
Net cash outflow from operating activities	(176,478)	(402,263)
Capital expenditure and financial investment:		
Purchase of investments	(1,221,966)	(1,992,737)
Sale of investments	<u>1,039,473</u>	<u>1,930,392</u>
	(182,493)	(62,345)
Decrease in cash	<u>(358,971)</u>	<u>(464,608)</u>

Analysis of decrease in cash during the year

	2009	2008	Change in year
	£	£	£
Cash at bank and in hand	314,937	673,908	(358,971)
	<u>314,937</u>	<u>673,908</u>	<u>(358,971)</u>

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

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 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 legal obligation, or a valid expectation of receipt by the beneficiary at the year end, and for which conditions attaching to their payment have been fulfilled, are accounted for within the Statement of Financial Activities. Grants approved subject to conditions that have not been met at the year end are noted as a commitment (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 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 activities

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 - 10% per annum

2. INVESTMENT INCOME

Income received on investments may be analysed as follows:

	2009		2008	
	£	%	£	%
Government fixed interest	6,815	6	13,275	10
Other fixed interest	21,694	19	7,200	6
UK equities	84,340	73	107,539	83
Overseas equities	2,577	2	1,280	1
	115,426	100	129,294	100

NOTES TO THE ACCOUNTS

3. GRANTS PAYABLE

	2009		2008	
	£	£	£	£
Reconciliation of grants payable:				
Commitments at 6 April 2008		226,592		908,435
Grants not accrued at 6 April 2008	50,000		69,375	
Grants approved in the year	806,093		40,000	
Grants cancelled or refunded	-		(28,600)	
Grants not accrued at 5 April 2009	(400,640)		(50,000)	
Grants payable for the year		455,453		30,775
Grants paid during the year		(392,098)		(712,618)
Commitments at 5 April 2009		<u>289,947</u>		<u>226,592</u>

Commitments at 5 April 2009 are payable as follows:

	2009	2008
Within one year (note 9)	<u>289,947</u>	<u>226,592</u>

Commitments

In addition to the amounts committed and accrued noted above, the Trustees have also authorised certain grants which are subject to the recipient fulfilling certain conditions. The total amount authorised but not accrued as expenditure at 5 April 2009 was £400,640 (2008: £50,000).

The grants payable in the year consist of the following:

	£
Impetus Trust	100,625
Open Book	86,000
My Society	80,000
Community Links	50,000
Lemos & Crane	45,000
hact (Housing Associations Charitable Trust)	30,000
University of Cambridge, Robinson College	10,000
Other grants	53,828
Total grants payable per Statement of Financial Activities	<u>455,453</u>

NOTES TO THE ACCOUNTS

4. ALLOCATION OF SUPPORT COSTS

	2009		2008		
	Grant- Making	Governance	Total Allocated	Grant- Making	Governance
	£	£	£	£	£
Staff costs	44,051	2,515	46,566	41,573	2,262
Share of joint office costs	15,730	-	15,730	13,629	-
Direct costs including travel	849	-	849	759	-
Legal and professional fees	5,420	-	5,420	5,190	-
Consultancy	1,060	-	1,060	575	-
Depreciation	1,000	-	1,000	1,000	-
Auditors' remuneration	-	2,703	2,703	-	2,703
	68,110	5,218	73,328	62,726	4,965

Included above is £5,420 paid for legal services to Portrait Solicitors, a firm in which Mr D B Flynn is a partner. No Trustee received remuneration or was reimbursed expenses during the year.

5. ANALYSIS OF STAFF COSTS

	2009	2008
	£	£
Wages and salaries	37,906	36,337
Social security costs	4,392	4,234
Other pension costs	4,268	3,264
	46,566	43,835

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. 2.1% of the total support and administration costs of these trusts have been allocated to the Indigo Trust, including a proportionate share of the costs of employing the total number of staff serving in the office in 2008/09. Staff costs equivalent to 0.6 full time employees were charged to the Indigo Trust in 2008/09 (2007/08 - 0.7).

6. TANGIBLE FIXED ASSETS

Leasehold Improvements

	2009	2008
	£	£
Cost		
At 6 April 2008	10,000	10,000
At 5 April 2009	10,000	10,000
Depreciation		
At 6 April 2008	6,000	5,000
Charge for the year	1,000	1,000
At 5 April 2009	7,000	6,000
NET BOOK VALUE		
At 5 April 2009	3,000	4,000
NET BOOK VALUE		
At 5 April 2008	4,000	5,000

NOTES TO THE ACCOUNTS

7. FIXED ASSET INVESTMENTS

	2009	2008
	£	£
Market value 6 April 2008	7,620,130	8,270,828
Less: Disposals at carrying value	(1,304,123)	(2,025,525)
Add: Acquisitions at cost	1,221,966	1,992,737
Net losses on revaluation	(891,226)	(617,910)
Market value 5 April 2009	6,646,747	7,620,130
Historical cost 5 April 2009	7,619,946	7,915,599

The investments held as at 5 April 2009 were as follows:

	2009		2008	
	Cost	Market Value	Cost	Market Value
	£	£	£	£
Direct investment in listed UK and overseas securities				
Government fixed interest	144,831	155,616	294,502	294,910
Other fixed interest	326,586	332,568	363,621	367,471
UK equities	2,744,014	1,820,454	2,736,232	2,479,854
Overseas equities	754,515	688,109	921,244	877,895
Short term deposits	3,650,000	3,650,000	3,600,000	3,600,000
	7,619,946	6,646,747	7,915,599	7,620,130

Investments include the following holdings at market value:

£2,000,000 Barclays Money Market Deposits 0.825 % 30/03/09–27/04/09

£780,000 Lloyds Money Market Deposits 0.35 % 30/03/09–06/04/09

£780,000 Lloyds Money Market Deposits 0.35 % 30/03/09–06/04/09

8. DEBTORS

	2009	2008
	£	£
Income tax recoverable	-	4,225
Loans	-	10,000
Other debtors	20,045	31,774
	20,045	45,999

9. CREDITORS

	2009	2008
	£	£
Grants payable within one year	289,947	226,592
Professional charges	8,122	4,550
Investment management fee	6,032	13,734
Other creditors	-	6,655
	304,101	251,531

NOTES TO THE ACCOUNTS

10. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds		Expendable Endowment	Totals
	£	£	£	2009 £
Fund balances at 5 April 2009 are represented by:				
Tangible fixed assets	-	3,000		3,000
Investments	-	6,646,747		6,646,747
Current assets	330,701	4,281		334,982
Current liabilities	(298,069)	(6,032)		(304,101)
Total net assets	32,632	6,647,996		6,680,628

	Unrestricted Funds		Expendable Endowment	Totals
	£	£	£	2009 £
Unrealised losses				
On investment assets (see note below)	-	(973,199)		(973,199)
Total unrealised losses at 5 April 2009	-	(973,199)		(973,199)

Reconciliation of movements in unrealised losses on investment assets

Unrealised losses at 6 April 2008	-	(295,469)	(295,469)
Add in respect of disposals in year	-	213,496	213,496
	-	(81,973)	(81,973)
Add: net losses arising on revaluation in year	-	(891,226)	(891,226)
Unrealised losses at 5 April 2009, as above	-	(973,199)	(973,199)

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.

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE INDIGO TRUST

We have audited the financial statements of Indigo Trust for the year ended 5 April 2009 which comprise of the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and related notes set out on pages 6 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's trustees, as a body, in accordance with section 44 of the Charities Act 1993. 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 auditors' 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 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.

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 2009 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

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