



**The Sainsbury Centre  
for Mental Health**

**ANNUAL REPORT  
OF THE  
TRUSTEES**

**5<sup>th</sup> APRIL 2004**



134-138 Borough High Street London SE1 1LB  
Telephone 020 7403 8790 Fax 020 7403 9482

[www.scmh.org.uk](http://www.scmh.org.uk)

A charitable company limited by guarantee registered in England and Wales

Company No. 4373019 Charity Reg. No. 1091156

# **SAINSBURY CENTRE FOR MENTAL HEALTH**

## **REPORT OF THE TRUSTEES – 5<sup>th</sup> April 2004**

---

### CONTENTS

		Page
1	Legal & Administrative Information	1-2
2	The Trustees' Report	3-6
3	Statement of Financial Activities	7
4	Balance Sheet	8
5	Cash Flow Statement	9
6	Notes to the Accounts	10-13
7	Statement of Directors' Responsibilities	14
8	Independent Auditors' Report	15

**LEGAL & ADMINISTRATIVE INFORMATION**

---

**Constitution:**

The Sainsbury Centre for Mental Health (Registered Charity No. 291308) was originally established as a charitable trust under a Deed of Appointment dated 1<sup>st</sup> March 1985.

The Sainsbury Centre for Mental Health (Registered Charity No. 1091156) was incorporated as a charitable company limited by guarantee on 13 February 2002. The Sainsbury Centre for Mental Health is affiliated to The Institute of Psychiatry, a school of King's College, London.

**Trustees:**

Mr C. T. S. Stone - *Chairman*  
Miss J. S. Portrait  
Mr T. Cook OBE – resigned 4 November 2003  
Dame Ruth Runciman – resigned 10 November 2003  
Mr M. P. Green.

**Appointment of Trustees:**

The Charity may appoint additional trustees by ordinary resolution of the members.

**Expert Advisor:**

Baroness Neuberger DBE

**Audit Committee:**

Mr C. T. S. Stone - *Chairman of the Trustees*  
Miss J. S. Portrait - *Trustee*  
Mr P. McNee - *independent advisor*

**Registered Offices:**

134-138 Borough High Street  
London SE1 1LB

**LEGAL & ADMINISTRATIVE INFORMATION**

---

**Principal Officers:**

*Acting Chief Executive* – Ms A Greatley BSc Soc  
*Director of Communications* - Mr A Bell BA MA  
*Director of Primary Care*- Dr A Cohen FRCGP  
*Director of Policy* – Ms A Greatley BSc Soc  
*Director of Practice Dev. & Training* - Mr P. Lindley  
*Director of Business and Finance* - Mr N. Maude ACA BSc Soc Sci  
*Director of Employment*- Dr R. Grove PhD, BA PGCE  
*Director of Service Development* - Mr D. Seward BA (Hons), DipSW (CQSW), DMS

**Bankers:** National Westminster Bank plc  
Dean Street Branch  
20 Dean Street  
London W1A 1SX

**Solicitors:** Denton Wilde Sapte  
5 Chancery Lane  
Clifford's Inn  
London EC4A 1BU

Portrait Solicitors  
1 Chancery Lane  
London WC2A 1LF

**Auditors:** Horwath Clark Whitehill  
25 New Street Square  
London EC4A 3LN

---

**REPORT OF THE TRUSTEES – 5<sup>th</sup> April 2004**

---

**Objects:**

The objects of the charity are:

- a) advancing education and learning in the science and practice of mental health care;
- b) promoting research therein and the publication of the useful results of such research and
- c) providing or assisting in the provision of mental health care for those in need of such care.

**Mission:**

The Sainsbury Centre for Mental Health (SCMH) is an independent charity which aims to improve the quality of life for people with mental health problems by enabling the development of excellent mental health services which are valued by users, carers, professionals and communities. It seeks to achieve this by influencing policy and practice through a co-ordinated programme of research, training and development actively disseminated to our audiences. The Gatsby Charitable Foundation, through its continued support for core costs, ensures that SCMH can meet its objectives.

**Structure & Management:**

SCMH is run by a Board of Trustees who are also Directors of the Charitable Company. The Board of Trustees meet quarterly to manage and control the affairs of the SCMH and delegate the day-to-day management issues to an Executive Committee. This Committee is headed by a Chief Executive and comprises the professional management team. The Audit Sub-Committee of the Trustees has a special responsibility for financial control issues and risk management.

**Review of Activities 2003/04**

The past year has seen some major changes at SCMH alongside some highly influential and well-received contributions to mental health policy and practice. The chief executive, Dr Matt Muijen, moved on to take up a new post leading the World Health Organisation's work on mental health across Europe. Matt had led the organisation for some 12 years, during which it has grown hugely, both in size and stature. His leadership and vision made SCMH what it is today, among the most influential and effective bodies in mental health policy and practice. He will be a very hard act to follow.

The year also saw the establishment of a new management team, led in the interim by acting chief executive Angela Greatley. In addition, SCMH has also gained from the appointment of Baroness Julia Neuberger as a senior adviser to the Trustees. Baroness Neuberger, who was appointed to the House of Lords in 2004, had previously been chief executive of the King's Fund as well as the chair of a London mental health trust and a member of the General Medical Council.

The staff and trustees of SCMH alike would like to express their thanks to Dame Ruth Runciman and Tim Cook, who both resigned as SCMH trustees during the past year. Ruth and Tim brought with them a huge amount of expertise and experience, as well as a real dedication to the work of SCMH. Their advice and support was extremely valuable and will be missed by everyone at SCMH.

Links with the Institute of Psychiatry were strengthened in the year with the signing of an affiliation agreement providing for closer working. The combination of the Institute's work in research and

**REPORT OF THE TRUSTEES – 5<sup>th</sup> April 2004**

---

development in psychiatry with SCMH's work in mental health will help to further our common goal of improved mental health services.

The work of SCMH is increasingly geared towards three priority areas:

- Empowerment and inclusion: to ensure mental health service users have a bigger say in how they are treated and get equal opportunities to pursue an ordinary life.
- Workforce and leadership: to equip mental health workers with the skills and knowledge they need to respond better to users' needs.
- Service redesign: to work with mental health services to reshape provision to meet local needs and implement national policy.

In 2003/04, SCMH produced two major reports on the financial issues underlying mental health care. In April, we published *The Economic and Social Costs of Mental Illness*. It was the first report to place a monetary value (totalling £77.4bn) on the real costs of mental illness in England, encompassing the costs of care, of lost economic activity and of human suffering.

In November, we published *Money for Mental Health*, a national survey of public funding for mental health services. It found that the funding available to mental health services was increasing far more slowly than for other areas of health and social care, placing great pressure on services trying to expand their provision in line with government policy.

Both reports have had a major effect on mental health policy debate, raising awareness of the importance of investing in better mental health services and the gap that current exists between aspirations and reality.

SCMH works to influence a wide range of policies that have an impact on the lives of people with mental health problems. In 2003/04 we have worked with government departments, mental health trust leaders and other voluntary bodies on issues as varied as the creation of NHS Foundation Trusts and the Social Exclusion Unit's inquiry into discrimination against people with mental health problems.

On 1 April 2003, SCMH appointed its first director of employment support, Dr Bob Grove. His work aims to increase the opportunities for people with mental health problems to get or to stay in work through projects such as *Unlocking Potential*, which worked with black men in East London to offer expert advice and assistance in getting employment, training or voluntary work. A video on this issue was produced by SCMH and our local partner in this work, the Mellow Campaign.

An increasingly important area of SCMH's work is around early intervention in psychosis – offering young people tailored support during their first five years of a severe mental illness. In 2003/04 we ran two pilot 10-day training courses in early intervention from which we developed a postgraduate certificate, validated by Middlesex University. In addition, we produced *A Window of Opportunity*, a practical guide to setting up early intervention services, and a number of journal articles to support it. We intend to develop further work in this area over the coming year.

Our two major development projects, *Acute Solutions* and *Breaking the Circles of Fear*, have made important progress during the year. *Acute Solutions* is working in four mental health hospitals in England to deliver training and service development support to help staff, managers and service

**REPORT OF THE TRUSTEES – 5<sup>th</sup> April 2004**

---

users to improve the quality of care they provide. The baseline survey of service users' experiences was completed in 2003/04; the project is due to end in 2005 after which a second evaluation will take place.

Breaking the Circles of Fear, which aims to improve mental health services for African and Caribbean people in Britain, has been establishing itself during its first full year of operation. After a series of eight regional launch events, a national network of community and service user organisations is being established and plans have been developed to create better training for staff and to build the capacity of black community groups to act as advocates with local services. The publication of the inquiry report into the death of David Bennett provided an important opportunity for us to raise awareness of this issue and put it higher up the political agenda.

A major new project established at the end of the year was the Workforce Support Unit, a joint initiative with the National Institute for Mental Health in England. The unit was set up to offer expert advice and research information to support efforts to create a capable workforce to implement the government's NHS Plan. The unit's first project is to produce a set of essential capabilities that should be common to all mental health workers.

One of the most intractable issues for mental health services is how to work with people who have a dual diagnosis of substance misuse and mental illness. SCMH provides specialist training in dual diagnosis and last year ran a popular conference in Northern Ireland on the topic. We have also been working with services in Kent and in Leeds to develop better systems of care for people in this client group.

As part of our ongoing work to improve primary mental health care, SCMH this year produced a new Primary Care Guide to Severe Mental Illness to reflect changes to the national contract for general practitioners. The guide emphasised the importance of offering physical health checks to people with severe mental health problems.

**Financial Review 2003/04**

The income for the year amounted to £4,330,172 (2002/03 - £4,374,390) whilst expenditure amounted to £4,544,116 (2002/03 - £4,319,908), giving rise to a deficit for the year of £213,944 as shown on the Statement of Financial Activities. Reserves brought forward from the previous year of £1,008,008 resulted in £794,064 being carried forward at 5<sup>th</sup> April 2004. This represents an increase of £184,555 from that shown in the last year's accounts.

The Gatsby Charitable Foundation, through its continued support for core costs, ensures that SCMH can meet its objectives. Gatsby grants amounted to £2,425,000, accounting for 56% of the total year's income and representing a maintained level of core funding year on year. The other major sources of income are set out in note 2 of the accounts.

**Prior year adjustment**

A prior year adjustment has been made in the accounts in order to reflect the change in accounting policy on grants received. Under the old policy, grants were accounted for in the period they were received, they are now accounted for in the period to which they relate. The effect of this is to increase prior year net assets by £398,499 and decrease incoming resources by £76,184. Full details are given in note 11.

**REPORT OF THE TRUSTEES – 5<sup>th</sup> April 2004**

---

**Reserves Policy**

The Gatsby Charitable Foundation, of which Mr C T S Stone and Miss J Portrait are two of the Trustees, supports the Sainsbury Centre for Mental Health financially through core funding on a rolling three-year cycle.

The Trustees have established a reserves policy such that the charity's free reserves should not fall below a sum equivalent to six months' expenditure, excluding that funded by Gatsby. At 5<sup>th</sup> April 2004 total reserves were £794,064, but free reserves, which comprise the charity's net current assets and long term debtors, were £444,704. This equates to around two months' expenditure, excluding that funded by Gatsby. The reserves policy will be reviewed over the course of the next year as part of a review of the role of the Trustees. The budget has been set on the basis that the reserves target will be met over the medium term.

**Grants**

Grants totalling £12,850 (2002/03-£57,694) were made this year in the furtherance of the primary objectives of SCMh. The Trustees only make grants to meet the primary objectives of SCMh and do not respond to unsolicited applications for funding.

**Risk Management**

The Trustees are responsible for the management of the risks faced by the charity. Detailed considerations of risk are delegated to the Audit Committee, who are assisted by senior charity staff and external experts. Risks are identified, assessed and controls established throughout the year. A formal review of the charity's risk management processes is undertaken on an annual basis.

The key controls used by the charity include:-

- Formal reporting of risk management processes to Trustees meetings
- Detailed terms of reference for all sub-committees
- Comprehensive strategic planning, budgeting and management accounting
- Established organisational and governance structure and lines of reporting
- Formal written policies
- Hierarchical authorisation and approval levels

Through the risk management processes established by the charity, the Trustees are satisfied that the major risks identified have been adequately mitigated where necessary. It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

**Approved by the Trustees  
and signed on their behalf:**

..... C T S Stone ..... **Date:** 23/7/04 .....



STATEMENT OF FINANCIAL ACTIVITIES

5<sup>th</sup> APRIL 2004

Income and expenditure account	Notes	Unrestricted Funds	Restricted Funds	Total Funds 2004	(Restated) Total Funds 2003
		£	£	£	£
<b>Incoming Resources</b>					
<b>Voluntary Income</b>					
Grants Received					
The Gatsby Charitable Foundation		2,200,000	225,000	2,425,000	2,290,753
<b>Income in furtherance of the Charity's objects</b>					
Fees, publications and other income	2	1,882,877	-	1,882,877	2,056,064
<b>Investment Income</b>					
Interest received		22,295	-	22,295	27,573
<b>Total incoming resources</b>		<b>4,105,172</b>	<b>225,000</b>	<b>4,330,172</b>	<b>4,374,390</b>
<b>Resources Expended</b>					
<b>Charitable expenditure</b>					
Research, practice development and dissemination		3,455,011	225,000	3,680,011	3,341,755
Grants payable		12,850	-	12,850	57,694
Support Costs	3	364,698	-	364,698	424,347
Management and administration	4	393,736	-	393,736	360,972
Irrecoverable VAT		92,821	-	92,821	135,140
<b>Total resources expended</b>		<b>4,319,116</b>	<b>225,000</b>	<b>4,544,116</b>	<b>4,319,908</b>
<b>Net movement in funds for the year</b>		<b>(213,944)</b>	<b>-</b>	<b>(213,944)</b>	<b>54,482</b>
Balance brought forward at 6 April 2003		1,008,008	-	1,008,008	953,526
<b>Balance carried forward at 5 April 2004</b>		<b>794,064</b>	<b>-</b>	<b>794,064</b>	<b>1,008,008</b>

The notes on pages 10 to 13 form part of these accounts

# THE SAINSBURY CENTRE FOR MENTAL HEALTH

8

## BALANCE SHEET

5<sup>th</sup> APRIL 2004

	Notes	2004 £	(Restated) 2003 £
<b>Fixed Assets</b>	5	349,360	450,696
<b>Long term debtors</b>	6	-	187,963
<b>Current Assets</b>			
Debtors	6	660,478	1,382,301
Cash at bank and in hand		761,762	305,841
		1,422,240	1,688,142
<b>Current Liabilities</b>			
Creditors - amounts falling due within one year	7	977,536	1,318,793
<b>Net Current Assets</b>		444,704	369,349
		<u>794,064</u>	<u>1,008,008</u>
<b>Financed By</b>			
<b>Unrestricted Funds</b>		794,064	1,008,008
		<u>794,064</u>	<u>1,008,008</u>

Approved by the Board of Trustees on 28/2/04 and signed on their behalf by

C. T. S. Stone

)  
) Trustee  
)

The notes on pages 10 to 13 form part of these accounts

**CASH FLOW STATEMENT**

**5<sup>th</sup> APRIL 2004**

**Reconciliation of changes in resources to net cash inflow from operating activities**

	Notes	<u>2004</u>	<u>(Restated)</u>
		£	2003
			£
Net incoming / (outgoing) resources		(213,944)	54,482
Depreciation charges		112,478	131,536
Increase/ (Decrease) in creditors		(341,257)	(555,204)
(Increase) / Decrease in debtors		909,786	(269,172)
		<u>467,063</u>	<u>(638,358)</u>

**Cash Flow Statement**

Net cash inflow from Operating Activities	467,063	(638,358)
Capital Expenditure and Financial Investment		
Purchase of tangible fixed assets	(11,142)	(36,859)
<b>Change in cash balances</b>	<u>455,921</u>	<u>(675,217)</u>

**Analysis of increase in cash during the year**

	<u>2004</u>	<u>2003</u>	<u>Change in</u>
	£	£	year
			£
Cash at bank and in hand	761,762	305,841	455,921
	<u>761,762</u>	<u>305,841</u>	<u>455,921</u>

The notes on pages 10 to 13 form part of these accounts

## NOTES TO THE ACCOUNTS

5<sup>th</sup> APRIL 2004

## 1. ACCOUNTING POLICIES

These accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards and the Statement of Recommended Practice "Accounting and Reporting by Charities".

The principal accounting policies adopted are as follows:

## a) Depreciation

Fixed assets are capitalised if their value exceeds £1000.

Fixed assets are depreciated at rates which reflect their useful lives to the Trust. The following rates have been used:

Leasehold buildings	remaining period of lease
Fixtures and fittings	15% of written down value
Computer equipment	over 3 years

A full year's depreciation is charged in the year of acquisition and none in the year of disposal.

## b) Income

- (i) Grants awarded by The Gatsby Foundation in respect of the charity's activities for the year, which either had not been claimed at the year-end or had not been received, are included in the Statement of Financial Activities as part of the charities' income for the year.
- (ii) All other grants, where the donor specifies the period to which the grant relates, are allocated over that period.
- (iii) Grants for which there is no legally binding commitment by the donor (and no indication from the donor of the period to which the grant relates) are included in the Statement of Financial Activities only when they are received.
- (iv) Fees are included in the Statement of Financial Activities in the period to which they relate.
- (v) Interest is recorded only when it has been received.
- (vi) All other income is spread evenly over the life of the project, thereby creating a deferred income account on those projects that extend beyond the balance sheet date.

## c) Restricted Funds

Income which is subject to certain restrictions as to its use is included as part of the restricted funds of the Trust.

Where the costs allocated to a project exceed available income, a transfer is made from unrestricted funds to meet the deficit.

## d) Grants payable for which there is a binding commitment, are accounted for in the Statement of Financial Activities.

## e) Pensions

Contributions to defined contribution schemes are written off as incurred.

## 2. FEES, PUBLICATIONS AND OTHER INCOME

	2004	2003
	£	£
Training	695,594	831,585
Service Development	217,238	378,734
Conferences & Publications	264,610	326,336
Research	190,843	358,836
Directorate	50,935	32,274
IT	38,163	3,907
Finance	65,195	89,548
Policy	31,566	6,613
Primary Care	58,608	4,166
Employment Support Programme	269,625	-
Marketing	500	26,035
Establishment	-	(1,970)
	<u>1,882,877</u>	<u>2,056,064</u>

## NOTES TO THE ACCOUNTS (Continued)

5TH APRIL 2004

## 3. SUPPORT COSTS

	2004	2003
	£	£
Secretarial assistance	73,819	88,956
Publication production	46,939	42,680
Conference organisation	208,770	186,669
Professional Fees	35,170	106,042
	<u>364,698</u>	<u>424,347</u>

These costs directly support the research and development activities of the organisation.

Included within Professional Fees is £8,340 paid for legal services to Portrait Solicitors, a firm in which Miss J S Portrait is a partner.

Also included within Professional Fees is £20,150 for Audit fees

## 4. ADMINISTRATION EXPENSES

	2004	2003
	£	£
Salaries and related costs	315,765	189,432
Depreciation	39,627	46,918
Premises and administration	35,475	88,567
Consultancy	2,869	36,055
	<u>393,736</u>	<u>360,972</u>

None of the trustees received remuneration or were reimbursed expenses during the year.

## 5. FIXED ASSETS

	Leasehold Improvements	Computer Equipment	Fixtures/ Fittings	Total
	£	£	£	£
<b>Cost</b>				
Balance at 6 April 2003	347,349	243,390	346,047	936,786
Additions	-	9,336	1,806	11,142
Disposals	-	(47,035)	-	(47,035)
Balance at 5 April 2004	<u>347,349</u>	<u>205,691</u>	<u>347,853</u>	<u>900,893</u>
<b>Depreciation</b>				
Balance at 6 April 2003	128,939	185,679	171,472	486,090
Charge for year	35,350	50,672	26,456	112,478
Disposals	-	(47,035)	-	(47,035)
Balance at 5 April 2004	<u>164,289</u>	<u>189,316</u>	<u>197,928</u>	<u>551,533</u>
<b>Net Book Value</b>				
At 5 April 2004	<u>183,060</u>	<u>16,375</u>	<u>149,925</u>	<u>349,360</u>
At 5 April 2003	<u>218,410</u>	<u>57,711</u>	<u>174,575</u>	<u>450,696</u>

## 6. DEBTORS

	2004	(Restated) 2003
	£	£
Debtors consist of the following:		
Prepayments	93,806	76,202
Fees and charges	471,358	784,798
Accrued income	61,402	445,173
Other Debtors including Long Term Debtors	33,912	264,091
	<u>660,478</u>	<u>1,570,264</u>

## NOTES TO THE ACCOUNTS (Continued)

5<sup>th</sup> APRIL 2004

## 7. CURRENT LIABILITIES - amounts falling due within one year

	2004	(Restated) 2003
	£	£
Creditors consist of the following:		
Goods and services	80,887	583,243
Salaries and related costs	155,889	158,591
Deferred income	376,973	386,029
Accruals	363,787	182,766
Other		8,164
	<u>977,536</u>	<u>1,318,793</u>

## 8. SALARY COSTS

	2004	2003
	No.      £	No.      £
Directly employed staff	5	8
Wages and salaries	81,600	153,356
Social Security	7,680	15,041
Pension costs	6,720	11,835
	<u>5      96,000</u>	<u>8      180,232</u>
Affiliated to King's College	46      1,921,060	47      1,791,274
Affiliated to South London & Maudsley NHS Trust	2      93,052	2      74,588
Total salary costs	<u>48      2,014,112</u>	<u>49      1,865,862</u>

Total number of staff by function, was

Research, practice development and dissemination	44	45
Administration	9	10
	<u>53</u>	<u>55</u>

The number of employees earning over £50,000 p.a., excluding pension contributions, was

	2004	2003
	No.	No.
£50,001 - £60,000	3	1
£60,001 - £70,000	2	2
£90,001 - £100,000	1	1

The pension contributions relating to the above 6 people were £39,877.95 (2003 - £25,186 for 4 people)

## NOTES TO THE ACCOUNTS (Continued)

5<sup>th</sup> APRIL 2004

## 9. COMMITMENTS UNDER OPERATING LEASE

	Land and Buildings	Other £	2004 Total £
Payable within 1 year	-	-	-
Payable between 2 to 5 years	-	21,960	21,960
Payable in more than 5 years	169,980	-	169,980
	<u>169,980</u>	<u>21,960</u>	<u>191,940</u>

	Land and Buildings	Other £	2003 Total £
Payable within 1 year	-	-	-
Payable between 2 to 5 years	-	21,960	21,960
Payable in more than 5 years	169,980	-	169,980
	<u>169,980</u>	<u>21,960</u>	<u>191,940</u>

## 10. MOVEMENTS IN DEFERRED INCOME

	2004 £	2003 £
Balance brought forward	386,029	695,283
Deferred during year	1,014,392	704,272
Less allocated during year	(1,023,448)	(1,013,526)
Balance carried forward	<u>376,973</u>	<u>386,029</u>

## 11. PRIOR YEAR ADJUSTMENT

A prior year adjustment has been made in order to take account of the new accounting policy set out on page 10. Grants are now included on a receivable basis instead of a cash received basis as in the past.

## Effect of net incoming resources

	2003 £
As previously stated	130,666
Grant income restated (£2,290,753 less £2,366,937 as originally stated)	(76,184)
As restated	<u>54,482</u>

## Effect on unrestricted funds balance brought forward at 6 April 2002

	£
As previously stated	478,843
As improved by inclusion of deferred income	474,683
As restated	<u>953,526</u>

## Effect on net assets

	2003 £
As previously stated	609,509
Accrued grant income brought into account	398,499
As restated	<u>1,008,008</u>

**REPORT OF THE TRUSTEES – 5<sup>th</sup> April 2004**

---

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE ACCOUNTS

Company Law applicable to charities in England and Wales requires the Directors 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 Directors 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 Directors 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 MEMBERS OF THE  
SAINSBURY CENTRE FOR MENTAL HEALTH**

We have audited the financial statements of the Sainsbury Centre for Mental Health for the year ended 5 April 2004 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members 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 company and the company's members as a body, for our audit work, for this report, or for the opinion we have formed.

**Respective responsibilities of the directors and auditors**

The responsibilities of the directors, who are also the charity trustees for the purposes of charity law, for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

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 Companies Act 1985. We also report to you if, in our opinion, the Trustees Annual Report is not consistent with the financial statements, if the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the charitable company is not disclosed.

We read other information contained in the Trustees' Annual 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.

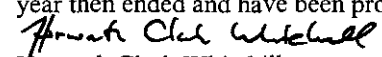
**Basis of opinion**

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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company'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 charitable company as at 5 April 2004 and of their incoming resources and application of resources, including its income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
Horwath Clark Whitehill  
Chartered Accountants and Registered Auditors  
25 New Street Square  
London EC4A 3LN

Date .....  .....