

Registered charity number 1063640
Company number 03388137



Somerset House Trust

Report and financial statements for the year ended 31 March 2020

Legal and Administration details

For the year ended 31 March 2020

Registered Office
Somerset House
Strand
London
WC2R 1LA
1063640

Registered Charity number

Company Number 03388137 incorporated in England and Wales

Directors (Trustees):

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

Mr William Sieghart CBE	Chair of the Board of Trustees
Ms Judy Gibbons	Deputy Chair of the Board of Trustees
Mr Jonathan Higgins	Resigned 18 March 2020
Sir Malcolm Grant	Resigned 9 December 2019
Mr Marcus Lyon	Resigned 25 September 2019
Ms Caroline Michel	Resigned 25 September 2019
Mr James Lambert OBE	Member of the Audit & Risk Committee
Mr Brian Eno	Chair of Creative Ambassadors Group
Mr Julien Sevaux	
Mrs Melanie Hall QC	Member of the Audit & Risk Committee
Mr Paul Goswell	
Ms Carol Fairweather	Chair of the Audit & Risk Committee
Mr Nader Mousavizadeh	Resigned 31 January 2020
Mr Oluwole Kolade	Appointed 12 June 2019
	Member of the Nominations & Governance Committee
Ms Martine D'Anglejan-Chatillon	Appointed 12 June 2019
Mr Jonathan Newhouse	Appointed 18 March 2020
Ms Alix Burge	Appointed 18 March 2020
	Member of the Audit & Risk Committee
Ms Monica Monajem	Appointed 18 March 2020
	Chair of the Development Advisory Board
Lord Paul Myners	Appointed 25 August 2020
	Member of the Audit & Risk Committee
	Member of the Nominations & Governance Committee

Executive Team

Jonathan Reekie	Director
Ms Susan Johnston	Chief Operating Officer and Company Secretary
	Resigned 22 October 2019
Ms Samantha Gilburd	Chief Operating Officer and Company Secretary
	Appointed 20 January 2020
Ms Diana Spiegelberg	Deputy Director

Legal and Administration details

For the year ended 31 March 2020

Independent Auditor

BDO LLP
55 Baker Street
London
W1U 7EU

Banker

National Westminster Bank Plc
38 Strand
London
WC2N 5JB

Solicitors

Farrer & Co LLP
66 Lincoln's Inn Fields
London
WC2A 3LH

Mishcon de Reya
Africa House
70 Kingsway
London
WC2B 6AH

Charles Russell Speechlys
5 Fleet Place
London
EC4M 7RD

Report of the Board of Trustees

For the year ended 31 March 2020

CHAIRMAN'S FOREWORD

Somerset House is 20 years old, a relatively young organisation in a historic setting with a mission to interrogate what a 21st century arts institution should be, establishing a blueprint for today's changing world. We have developed a radical new approach to being an arts centre, turning the traditional programming model on its head and establishing Somerset House as a place of production and presentation.

In 2019/20 we crossed an important milestone as we completed the refurbishment and animation of the final part of our site. In October 2019 we opened Somerset House Exchange, a new shared workspace for freelancers and small businesses working across the creative sector and already have more than 200 members, including 44 through our bursary programme. Our Exchange members have added a further dimension to our creative community of 66 artists and over 400 resident organisations. Together, these represent our creative engine, driving and shaping our programme and fueling interdisciplinary, intergenerational collaboration. We had an exceptional year of strong programming with particular praise for our exhibitions: *Get Up Stand Up Now: Generations of Black Creative Pioneers*; *Kaleidoscope: Immigration and Modern Britain: 24/7, A Wake-up Call for our non-stop world*; and *Mushrooms: The Art, Design and Future of Fungi*.

We also began work on the feasibility and concept development for an ambitious new capital project, West Street, with the aim of providing an auditorium for Somerset House, a new public space and of helping to reveal some more of the rich history of the site. We have developed a large reach and in order to have a better understanding of our audiences we undertook a research and mapping project, to help inform future decision-making and strategies.

As we approached the financial year-end, the landscape rapidly changed with the arrival of COVID-19. The months since then have been very different as we have grappled with site closure, a gradual reopening, a second lockdown and the impact of the pandemic on every aspect of our operations and finances. This has meant that many of the plans and strategies that were underway have been delayed, altered or cancelled. This includes the completion of our signage and wayfinding upgrades, the further development of our cultural programme, and moving forward with our capital project West Street.

Despite the extreme challenge, there have been some upsides, especially in relation to the pace and efficacy with which the Trust adapted to remote-working and the expansion of our digital programme. The latter has enabled us to extend our audience reach and it will now become a more significant, permanent pillar within our programming. We can at least be grateful that we find ourselves in this situation after a couple of particularly strong years, when we had built up sufficient reserves in accordance with our policy and invested in vital infrastructure such as IT.

Looking ahead to the next twelve months and beyond, our focus will be on protecting what we have created, reworking our business model and rebuilding our financial resilience for the world post-pandemic.

Above all we have had to rely heavily on our staff and trustees, so I am hugely grateful for the great contributions made to a highly successful 2019/20 and how well everyone has dealt with the more recent unprecedented challenges.

William Sieghart, CBE
Chair of the Board of Trustees

Report of the Board of Trustees

For the year ended 31 March 2020

STRATEGIC OBJECTIVES

Somerset House is London's working arts centre and home to the UK's largest creative community. We seek to create a new blueprint for arts and culture, backing progress, championing openness, nurturing creativity and empowering ideas.

We welcome approximately three million visitors annually to our historic site to enjoy our ambitious cultural programme. We insist on relevance but aren't afraid of irreverence. It is this creative tension - the way we harness our heritage, put the often-overlooked on our central stage and use our neo-classical backdrop to showcase ground-breaking contemporary culture - that inspires our programme.

Somerset House Trust has 6 key strategic objectives:

A centre for contemporary culture

- To be a dynamic and relevant space for the arts and culture in the 21st century, providing a centre for debate and exploration of contemporary practice and the creative process.

Inclusion and participation

- To have a cultural and learning programme that fully reflects our society, integrating development and learning as part of the programme.

Audiences and visitors

- Offer audiences excellent, original cultural experiences exploring new formats, ensuring the site is accessible, inspirational, safe and provides a high quality visitor experience.

Heritage, estate and sustainability

- To protect and promote the architectural heritage and history of the site and to restore and maintain the buildings and public realm to a high standard.

Our community and the creative sector

- To offer a nurturing and accessible environment that inspires and supports the brightest creative talents of all generations in today's changing creative landscape and digital age, promoting the arts and creative industries as a vital and central part of our society and playing an active role in our neighbourhood.

Financial resilience

- To ensure the Trust is financially viable with sufficient funding to optimise the delivery of its charitable impact and purposes over the long term.

These objectives remain relevant and important in the wake of COVID-19 and its impact on Somerset House's operations and finances. However, in the short to medium term, financial viability becomes a primary focus. Within this, we must prioritise matching our limited resources with what is most fundamental to our core purpose, ensuring that we can rebuild after this crisis.

Report of the Board of Trustees

For the year ended 31 March 2020

HERITAGE AND HISTORY

Somerset House is a spectacular neo-classical building in the heart of London, sitting between the Strand and the River Thames. The building today, built on the site of a Tudor royal palace, is one of London's architectural gems. It was designed by Sir William Chambers and constructed between 1785 and 1803 to accommodate government offices, including the Navy Board and the learned societies. An adjacent wing (the New Wing designed by James Pennethorne) was added in 1856. The use of the building as offices for civil servants meant that it was essentially closed to the public for its first 200 years. Part of this history included 134 years when Somerset House was home to the General Registrar of Births, Marriages and Deaths, the first comprehensive record of life events for the whole of the population. We marked this in 2020/21, albeit in a more modest way than originally intended. A spirited campaign was mounted in the late twentieth century to bring the building back into public use and as a result Somerset House, a Grade 1 listed estate, is now a vibrant public space, recognised as a unique part of London's cultural scene, brought to life with surprising and original artistic events, and the UK's largest creative community.

The Somerset House Act was passed in 1984 with the intention to develop Somerset House as a home for the arts. Somerset House Trust was established in 1997 as a charitable company. Since 1997 the Trust has gradually recovered all the spaces of Somerset House covering over 6 acres and over 590,000 sq/ft of Grade 1 listed heritage space across 5 buildings. In October 2019 we completed the refurbishment of the whole site with the launch of the new shared workspace, Somerset House Exchange, supported by the Mayor of London's Good Growth Fund.

We have recently pledged to work with an historian to update our history to ensure that we are recognising more perspectives, including exploring the site in the context of Britain's colonial legacy.

CHARITABLE OBJECTS, STRUCTURE AND GOVERNANCE

Somerset House Trust was established with a charitable object "to advance the education of the public by the provision of a centre for the arts in Somerset House in London including in particular (but without limitation) promoting and maintaining certain parts of Somerset House for the benefit of the local community and international community as a public building and as an example of English national heritage".

The Trust was incorporated as Somerset House Limited, a private company limited by guarantee, in 1997 and registered as a charity under the same name. The name was officially changed to Somerset House Trust in 1998. The charity is governed by its Memorandum and Articles of Association. The Trust has been granted a 128-year lease of Somerset House (from 29 September 1997 to 24 December 2125) by The Secretary of State for the Environment, through The Department for Digital, Culture, Media and Sport (DCMS). This allows the Trust to charge rent for office space, thus creating an on-going revenue stream.

The Trust's commercial activities are undertaken by a wholly owned subsidiary, Somerset House Enterprises Limited, which gifts its taxable profits to the Trust. For financial year 2019/20, Somerset House Enterprises made a profit before tax of £2.8m and gifted £2.7m to the Trust.

The Trustees of Somerset House Trust, who are also Directors of the Company for the purpose of Company Law, have overall responsibility for the Trust. They are not remunerated for their services and have delegated management of Somerset House Trust's operational affairs to the Executive Team, comprising the Director,

Report of the Board of Trustees

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Deputy Director and Chief Operating Officer, who attend Trustee Board meetings but are not entitled to vote. Trustees retain decision-making over the approval of strategic plans and the annual budget, funding decisions, staff remuneration, major projects and contracts, key policies and any variation to the governing documents.

The Trustees normally meet formally six times a year. Four of these meetings review all the activities of the Trust and provide guidance to the Executive team. In addition, in January each year, an offsite meeting is held to consider and agree longer term strategy and plans, including a 3-year financial plan. Trustees also have one other extended meeting during the year to cover other pertinent items. Most recently, this meeting included external training on the key principles of board effectiveness and good governance, along with considering areas for improvement in the future.

Trustees have responded to COVID-19 by meeting on a much more frequent basis than the usual six times per year. A sub-group of Trustees was formed after the first post-outbreak board meeting to support the Executive team in dealing with the immediate crisis. This group met weekly at first, then fortnightly. More recently, Trustees have continued to respond very flexibly with full board meetings on an approximately monthly cycle to address specific situations as they arise.

The Trustees support the principles of good governance set out in the new Charity Governance Code and, in 2018, following a review of current practices, implemented a number of changes including revising the structure and focus of the committees and revising the Terms of Reference for the Trustee Board and its committees.

The Trustees are supported by the following 2 committees:

Audit and Risk Committee - this committee regularly reports to and advises the Board of Trustees on matters related to financial reporting, external audit and internal controls, as well as formally reviewing, in detail, the risk register twice a year.

Nominations and Governance Committee – this committee advises the Board of Trustees on overall Trustee membership as well as ensuring the principles of good governance are adhered to. New Trustees are selected for their relevant skills and experience, identified through a rolling audit. Ensuring Board diversity is a key consideration when making these appointments. Trustees are recruited using a variety of methods which can include using recruitment consultants. For the first time this year candidates with IT and digital transformation skills were identified and directly targeted on LinkedIn to ensure a balanced shortlist was achieved. Prospective Trustees meet with both members of the Nominations Committee and the Chair prior to recommendation to the full board.

The board is also supported by working parties made up of Trustees with skills in specific areas covering property, capital fundraising and IT. Somerset House also has two external advisory groups with no governance responsibilities, the Development Advisory Board and a group of Creative Ambassadors, both of which include Trustee representation.

Trustees are initially appointed for a period of 3 years with the potential for a second term. In exceptional circumstances they may be re-appointed for a third three-year term.

An induction programme is offered to all new Trustees to ensure that they are briefed on the charity's objectives, strategy and activities. New Trustees meet with the executive team and have access to other members of staff as required to gain an understanding of the organisation. We have implemented a buddying scheme where a new board member is paired with an existing one.

Report of the Board of Trustees

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We recently carried out anti-racism training for all Trust staff, with Trustees and senior managers participating in the same sessions. We are developing further opportunities for Trustees to engage with staff on a more regular basis and will review opportunities to incorporate this into our induction process.

As permitted by the Articles of Association, the Trustees have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force.

STRATEGIC REPORT

Impact

For the year to 31 March 2020 the following targets were set and were mostly successfully delivered with one measure falling slightly short due to the impact of COVID-19 on year-end visitor numbers.

		Target	Actual	Comment
1	Number of visitors to the Trust's produced cultural programme which includes free and ticketed exhibitions and events	405,400	393,910	The target was not met due to the impact of COVID-19 during March which resulted in a sharp drop in visitor numbers and the early closure of the Mushrooms exhibition and Gallery 31.
2	Overall size of social media following	580,000	617,025	An appealing cultural programme, successful organic and paid social media strategies and focused efforts from a newly created Social Media Manager role contributed to exceeding target.
3	Number of days per year with free exhibitions open to the public	250 days	301 days	Despite closing our exhibitions during March as a result of COVID-19 our new Gallery 31 enabled us to exceed this target
4	Annual sustainable income levels (a proportion of reliable rent and venue hire income)	£11.4m	£11.4m	On target. 2019/20 was a successful year.
5	Actual free reserve level vs target reserve level	£750k	£1.7m	Above target due to net income generation ahead of plan combined with above-target brought forward free reserves from 2018/19. The high reserves level helped to mitigate some of the impacts of COVID-19 in financial year 2020/21.

Report of the Board of Trustees

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ACHIEVEMENTS AND PERFORMANCE FOR THE YEAR TO 31 MARCH 2020

CULTURAL PROGRAMME

This year exemplified the breadth and diversity of Somerset House's cultural programme, significantly enriched by the completion of our resident community of artists and creative practitioners. This resulted in **17 free and 8 paid exhibitions and installations, 69 new commissions** and over **200 events** across the site. The impact of our resident artists' voices continued to be felt across every aspect of our programme, providing us with unprecedented opportunities to deepen engagement with new and diverse audiences.

Highlights have included:

Exhibitions and Installations

- **REDUCE SPEED NOW** – courtyard installation by American artist Justin Brice Guariglia as the centrepiece of our 2019 Earth Day Season, which also included new work by young poet laureate Selina Nwulu. The Evening Standard's Art Critic commented, *'If the last week represents a paradigm shift in climate-change awareness in the UK thanks to Extinction Rebellion, then its artistic heart in London is Somerset House, which is hosting an Earth Day season'*.
- **Get Up, Stand Up Now!** – A landmark exhibition celebrating fifty years of Black creative pioneers, curated by artist Zak Ové and inspired by his father, the first Black British filmmaker Horace Ové. It was designed by Yinka Ilori. Comments from visitors to this exhibition were consistently positive, and included; *'What distinguishes Zak's show from others on black artists is how he unifies the artists' disparate messages without watering them down and, in turn, gives them their own agency'* gal-dem
- **Kaleidoscope: Immigration & Modern Britain**, curated by Ekow Eshun and Darrell Vydellingum, ran over the summer and gave ten very different perspectives on what it means and how it feels to be an immigrant or descendent of immigrants in Britain today. *'(The exhibition) reflects not just a breadth of cultures but the creative possibilities of photography and video'* Evening Standard
- **Mary Sibande: I Came Apart At The Seams**, the first UK solo exhibition by South African artist Mary Sibande, timed to coincide with 1-54, the contemporary African Art Fair at Somerset House *'A short, sharp shock from one of South Africa's most talented contemporary artists'* City AM
- **Aida Muluneh: Water Life**, was shown in the Great Arch Hall alongside 1-54 and featured a new series of work by the Ethiopian artist and photographer Aida Muluneh. Commissioned by WaterAid, these photographs addressed themes around environmental crisis and the representation of women.
- **24/7: A Wake Up Call For Our Non-Stop World**, featuring work by over 50 multi-disciplinary artists (eleven from Somerset House Studios), this exhibition was co-curated by Sarah Cook and invited visitors to step outside their day-to-day routine, to engage, reflect and reset *"This clever, thought-provoking show is a little like the phenomenon it describes: dauntingly busy, sending us stimuli from all sides that we don't (we think) have time to absorb properly. But it is important. Make time to see it."* Financial Times
- **Mushrooms: The Art, Design & Future of Fungi** – The third of this year's free exhibitions as part of the Charles Russell Speechlys Terrace Room Series was curated by Francesca Gavin and was applauded by press and audiences alike. *'The highlight of my London culture cram was a small and mushroom-shaped exhibition at Somerset House...It is simply fantastic'* The Times

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In addition we continued our support of **The Saturday Club** hosting their annual show in the Embankment Galleries in summer 2019, and worked with students from the Courtauld's MA Curating the Art Museum course to develop **Generations: Connections Across Time and Place** which featured works from the Arts Council Collection and drew inspiration from the themes of **Get Up Stand Up Now!**

Events, Performance and Festivals

- **Now Play This**, our largest annual games festival to date, welcoming visitors to interact with both indoor and outdoor games and according to The Times it *"proves how bonding games can be."*
- **Generation Get Up!** and **Wadadli Days & Nights** weekends as part of *Get Up, Stand Up Now* were attended by 9,799 visitors with 1,225 participating in workshops.
- **Summer Series with American Express** – a stellar line-up that included the much hyped Rosalia and a blistering performance by Sons of Kemet. *"For the 2019 edition there's a distinct soul flavour to proceedings, with a collection of artists who are striving to push the genre forwards. That's not all, though – garage rock, jazz, disco and more weaves it way throughout 11 nights of music."* Evening Standard
- **Film4 Summer Screen** – which opened with the UK premiere of Pedro Almodovar's *Pain & Glory*, the third occasion that the director chose to host his UK premiere at Somerset House. According to Conde Nast Traveller, this remains *"the most anticipated outdoor cinema in London every year."*
- **Skate with Fortnum & Mason** – 721 Skate sessions attended by an audience of more than 143,000. The Skate season include 51 Skate Lates events with a diverse programme of talented DJs and a new audio-visual commission by Studios resident Gaika. New additions for 2019/20 included the introduction of a family ticket offer, an expansion of our engagement programme and our first Relaxed Skate Session for the neurodiverse. *'Somerset House holds the standard for dreamy winter nights that are straight out of a wonderland fantasy'* Daily Telegraph.

2019/20 saw us continue to build threads across different areas of the programme, underlining Somerset House's cross-disciplinary leaning and drawing on a wider range of our creative residents. For example, one of our autumn/winter highlights was a 24-hour Skate event that we programmed in conjunction with our **24/7** exhibition. The Studios' series **Hyper Functional**, **Ultra Healthy** series also tied in with **24/7**.

Other highlights or firsts included turning the Courtauld Institute's scaffolding on our Strand façade into an opportunity for presenting new work. Thanks to the Adonyeva Foundation we were able to commission two monumental new multigraphs by Iain Forsyth and Jane Pollard of fellow Somerset House residents Larry Achiampong and 1-54 founder, Touria el Glaoui, as well as showing **I Want My Time Back** by Douglas Coupland, linking to the **24/7** exhibition. The aim of these hoarding presentations was to signal the creative mission of Somerset House to passers-by.

ENGAGEMENT & SKILLS

Over 2019/20, the Engagement and Skills programme engaged directly directly with 14,866 people through 176 talks and events, including 95 gallery-based talks and introductions, and 15 Creative Careers Programme events and workshops.

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The programme focussed on three main areas:

- **Creative Careers Programme** – Creative Careers Academy had a second successful year, working with other Somerset House residents as hosts to offer five London Living Wage work placements to people aged 25 or under, who are under-represented in and seeking their first significant employment opportunity in the creative and cultural sector. The Creative Job Studio and Upgrade Yourself (formally Open Skills) sessions also provided early professional development and facilitated networking. This strand of work directly engaged with 975 participants and reached an extended network of active followers. We commissioned an independent evaluation and will be producing a sector guide of recommendations based on our experience for colleagues and peers across the cultural sector. *“I really just felt like there was a place where you could be heard and they were about developing your own opinions which was really amazing.”* Creative Careers Academy member.
- **Public Engagement** - Interpretation of the cultural programme through deeper engagement and access to authentic artistic voices for young adult participants and intergenerational audiences, including talks, workshops, gallery 'Lates' and participatory projects.

Highlights included the extensive programme around **Get Up, Stand Up Now!** ranging from career insights events to artists talks with the likes of CCH Pounder and John Akomfrah and school visits. Of the Windrush Day schools event that we organised, one primary school teacher wrote, *“Thank you so much for inviting us to such an incredible event, we were truly inspired and felt overwhelmed with how kind you were to us all. The day was really well organised and the children enjoyed every minute of it.”*

- **Audience-artist Collaborations** - working with Somerset House Studios artists to support new voices to express creative responses to the issues of our time.

The latter part of 2019/20 was focused on youth participation and planning for the formation of the Somerset House Youth Collective, aimed at opening further entry routes into the creative sector whilst also bringing young voices further into the centre of Somerset House’s thinking and content development.

RESIDENT COMMUNITY

Somerset House is home to a community of over 450 creative organisations and artist collectives, comprising over 2,500 individuals. Within this there are:

- 66 Somerset House Studios artists and their teams occupying 25 studios over 15,000 sq ft
- Over 300 creative-tech and maker members at Makerversity which provides dedicated and shared workspaces and specialist workshops
- Over 200 members of the new creative co-working space Somerset House Exchange
- Over 130 creative enterprises occupying 233 offices over 88,000 sq ft, 80% are creative SMEs and 25% are charities or social enterprises

Collectively, this unique creative ecology brings together all forms of artistic enterprise and disciplines in a complementary and collaborative environment that encourages engagement and facilitates creative exchange. Collaboration is encouraged between all residents, connecting creative enterprises, artists, and makers with each other, with our audiences and with our cultural content and supporting Somerset House’s mission and

Report of the Board of Trustees

For the year ended 31 March 2020

charitable objects. Highlights in our calendar last year again included work by resident organisations, including Photo London's site takeover in May 2019 and the contemporary African art fair 1-54 in October 2019.

Creative Enterprises

We worked with several of our resident organisations during the year. Doteveryone and Doppel collaborated on our 24/7 exhibition, Earth Music Agency worked with Somerset House on booking talent for *Skate Lates* and the Planning Lab consulted on planning applications for the launch of the Exchange. Many of our residents generously contributed their time and ideas to workshops linked to our brand strategy work and also to the architect's brief for the proposed West Street capital development.

Our resident community offers an environment that stimulates creative projects and tangible business opportunities through collaboration and engagement. We encourage organisations to work together, either on a direct business- to-business basis or through events and connections initiated by Somerset House. Last year we hosted over 60 free events exclusively for residents covering a wide range of topics including business support and mental health awareness, and providing opportunities to work together on sustainability, share best practice, socialise and network.

Somerset House Studios

The third anniversary of Somerset House Studios saw a gear-change in the impact of resident artists on our wider resident community and cultural programme. In 2019/20, Somerset House Studios welcomed 18 new residents to the building and continued to expand its public programme with 35 events across talks, launches, performances, installations, workshops, music events and mixed bill line ups, featuring 19 newly commissioned works from resident artists supported by a number of funding partners.

2019/20 also saw resident artists featured across the Exhibitions and Live Events programme, such as *Get Up, Stand Up Now* and 24/7 as well as a central work for *Skate*. With support from the Rothschild Foundation and Westminster City Council, we were able to open the final three studios, bringing the total number of studios to 25. By the end of March 2020 Somerset House Studios was home to 66 artists and their teams, made up of 153 individuals altogether. Despite the increase in the number of studios, this is less than the previous year due to bursary recruitment that was put on hold in early March as a result of the pandemic.

Significantly, in September 2019 Somerset House also opened Gallery 31, a new permanent exhibition space in the New Wing dedicated to profiling the Studios community and work developed through our residencies. The first exhibition, *Bonds* featured Laura Grace Ford, Anna Mikkola, Imran Perretta, Hannah Perry, Nick Ryan and Flora Yin-Wong, while the second season, *I Should Be Doing Something Else Right Now*, featured Maeve Brennan, Vivienne Griffin, rkss, Rhea Storr and a new commission from Sam Williams and Roly Porter.

Highlights of the Somerset House Studios' cultural programme included:

- **Get Up, Stand Up Now inspired programme:** Supported by Arts Council England, highlights include Black Obsidian Sound System club night from a collective including associate artist Evan Ifekoya, *Dreaming Diasporas* curated by Tabitha Thorlu-Bangura, *deep end*, an evening of poetry, performance and live music featuring Nadeem Din-Gabisi, Zhawi, James Massiah and Lord Tusk and a free programme of films running throughout the summer.

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- **AGM:** Somerset House Studios celebrated its third birthday in October 2019 with a sold-out AGM, our annual celebration of the Studios, featuring artists including Mykki Blanco, Chicks on Speed, Sam Williams and Roly Porter.
- **ASSEMBLY: Christian Marclay:** For the second edition of ASSEMBLY, resident artist Christian Marclay curated a sell-out series of intimate musical performances in the Lancaster Rooms. Haroon Mirza, Karen Gwyer, Beatrice Dillon, Lawrence Lek and John Butcher with Lasse Marhaug all created new work in response to Christian Marclay's highly site-specific concept.

It has been rewarding to see so much new work being created on site by Studios residents and to witness new collaborations developing between residents. For example, Anna Meredith's album *FIBS* was written and recorded at Somerset House. Her video for *Paramour* was also shot at Somerset House by fellow resident Ewan Jones Morris. We also hosted a live showcase of Beatrice Dillon's much anticipated debut album *Workaround* to a sold-out audience in early March, the final Studios event before the first lockdown. Described by the Guardian as 'the most thrilling new artist in electronic music', *Workaround*, released on acclaimed Berlin-based record label PAN, has been received to critical acclaim and glowing five star reviews.

The second Somerset House Studios survey identified that 100% of artists said their residency has had an impact on their practice and development with 81% saying the impact on their practice and development was significant, 97% of artists said their studio residency represented good value in terms of the rent they pay and 90% of artists feel sufficiently connected with the wider Somerset House team and programme.

The reach of Somerset House Studios was felt well beyond the Somerset House site. We hosted 10 female identifying international artists working with electronic music and digital art in residence as part of Amplify, our partnership with Mutek festivals and the British Council, focused on creating a platform for dialogue on access, inclusion and gender equality between local and international industry professionals. Closer to home, our Studios team also co-curated Wysing Polyphonic in Cambridgeshire, which was shortlisted for Best Boutique Festival by DJ Mag in their Best Of British 2019 roundup.

New podcasts from Somerset House Studios included Nadeem Din-Gabisi's *How to be Free*, Glory to Sound featuring Wolfgang Tillmans, and *Re:cognition*, a four-part ontological adventure into voice recognition, language, semiotics, sensory experience, immersive sound and imagination from Studios resident Nick Ryan. The Studios podcasts won a Silver Award at the British Podcast Awards.

Makerversity

Makerversity, resident at Somerset House, is a creative-tech and making membership community with 302 members as of March 2020. Makerversity is home to pioneering teams and practitioners, working across diverse areas, from experimental product, fashion design and architecture, materials innovation, internet of things, virtual reality, artificial intelligence, gaming, sustainability, research and coding. Makerversity is also constantly seeking out newly emerging disciplines that the world doesn't yet know exist, in order to ensure a cutting-edge atmosphere, which is energising for members, many of whom collaborate.

Makerversity runs two free programmes, *Under 25s*, democratising access to the next generation of talent; and *Makers With A Mission*, designed to support those who are working to solve enormous global challenges. These programmes form 20% of members at Makerversity.

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March saw one of the most significant achievements of 2019/2020, the start of Makerversity members' response to the pandemic. Led by distributed manufacturing expert Nate Petre, Makerversity members organised themselves virtually on Makerversity Slack channels to debate and define their response. They decided on a 3D-printed face-shield, iterated through various versions for comfort, durability and sustainability. It was manufactured in Makerversity's spaces, made from bio-plastic filament and reclaimed ocean plastic. The face shield was recently granted a CE marking from the BSI, an incredibly rapid milestone. Other highlights saw Makerversity members Humanising Autonomy expand rapidly, raising over \$5m to graduate from Makerversity to an office space in Somerset House. They have received numerous plaudits for their algorithm which predicts vulnerable road user movement across different cultures. Their algorithm has recently been deployed to identify the impact of social distancing in Manchester.

The Shellworks who are part of the Makers With A Mission initiative, make compostable materials from seafood waste, in a process which is undergoing patent. They have made a huge contribution to Makerversity, including leading part of Makerversity's February Learning programme on materials and pigmentation with the Prince's Trust, one of the most successful programmes to date.

Somerset House Exchange

Thanks to support from the Mayor of London's Good Growth Fund, in October 2019 we were able to open Somerset House Exchange, a new shared workspace for freelancers and small creative enterprises in what was the final part of Somerset House to be restored and given a new creative purpose. This is a workspace for creatives who work in the arts or creative industries, incorporate and embrace innovation, have a collaborative approach to their work, and strive to increase diversity across the sector.

By the end of March 2020 we had 213 active members. The top five sectors our members work within are art production, art consultancy, marketing and advertising, film and TV, and creative technologies. We have committed to building an inclusive community reflecting the diversity of our society by offering bursary placements for emerging talent and underrepresented groups. We gave 44 bursary placements in January 2020, with membership prices at an 80% discount, allowing many individuals the ability to work away from their home and in central London.

Before the first lockdown we began to establish a regular rhythm for events and engagement, including weekly Thursday morning Speaker's Corner events where a member of the Exchange or wider Somerset House community can share insights into their work or practice. Between January and March 2020 we hosted 25 community events for our members. With the closure of the space during the first lockdown, we continued to host virtual community events and peer groups, including three organised by Exchange members for the whole community. We maintained COVID-secure access where required by members through the second lockdown.

AUDIENCE & WIDER REACH

Our commitment to relevance and a bottom-up, artist-informed curatorial model enables us to attract a young and diverse audience consistently. This was especially pronounced with *Get Up, Stand Up Now*, when 26% of survey respondents were first time visitors and 65% were from ethnically diverse backgrounds, something which we wish to build on going forwards so this is not a one-off engagement with Somerset House. More broadly 32% of all visitors are aged 35 and under, highlighting how our programme resonates with young audiences.

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Whilst for many the experience of visiting Somerset House can be unforgettable, we seek to have an impact beyond the site itself. Increasingly we have transformed our cultural programme and the work-in-progress of Somerset House Studios into artist-led digital content, bringing a wider audience closer to the creative practice on-site.

Over the last year we have sought further insights about our audiences in order to better inform our future planning. We commissioned audience segmentation research from Morris Hargreaves McIntyre, the results of which were shared in mid-March 2020. Further work is required to develop this and fully incorporate into our programming and wider audience engagement activity.

RESTORATION, CONSERVATION AND SUSTAINABILITY

The Trust is responsible for the maintenance and conservation of the historic Somerset House estate and operates a four-year rolling programme of works that is regularly reviewed by external surveyors and informed by the Quadrennial report, a condition of the Trust's lease from DCMS.

The focus of our Estate programme was the completion of Somerset House Exchange, which involved the transformation of 7,580 sq/ft of disused space in New Wing. This marked a major milestone in bringing into use the last area of disused space on the site.

We also began work on the stone cleaning and restoration of the South Wing's river-facing façade and were grateful to receive a grant from Heritage of London towards part of this.

We continue to deliver on our commitment to reducing our environmental impact and aim to be a cultural leader on environmental sustainability. In 2019 we achieved a 4-star rating in the Creative Green Awards. Having trialled reusable cups in 2018, we rolled this out across Summer Series and Summer Screen in 2019, with audiences of over 52,000. We innovated across the install and running of our ice rink for our Winter Skate event. This included providing a dedicated carpentry workshop onsite and redesigning all the carpentry to be reusable across both the winter and summer programmes.

Meanwhile, we generated over 2.2million kWh of electricity from our Combined Cooling, Heat & Power Plant, 55.1% of total site use, with the heat used from producing this power being reused as heating across the estate. The rest of our energy came from renewable sources.

FINANCIAL REVIEW

The financial statements have been prepared in accordance with FRS 102 and the Charity SORP. Somerset House Trust owns 100% of the share capital of Somerset House Enterprises Limited (SHEL), which carries out trading and commercial operations on behalf of the Trust. For the year ended 31 March 2020 SHEL contributed £2.7m (2018/19: £2.8m) to the Trust. SHEL will pay its profits to the Trust as a payment under gift aid.

The accounts consolidate the results of the Trust with those of SHEL.

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Results for the year

The Trust and the trading subsidiary both had a strong year financially, although COVID-19 did impact revenues in March 2020. Net income before depreciation was £1.8m (2018/19: £3.3m) including restricted income of £1.3m (2018/19: £1.0m). The depreciation charge was £3.1m (2018/19: £3.1m).

Total income in the year to 31 March 2020 was £20.1m (2018/19: £19.7m), comprising rental and service charge income from residents (£9.7m), ticket income from the cultural programme (£4.4m), income in the form of private hire of space, sponsorship and retail activity (£4.9m) and donations and grants income of £1.1m. Donations and grants included restricted capital funding of £0.4m to support completion of Somerset House Studios space, restoration of the Lancaster Rooms and the creation of the new shared workspace, Somerset House Exchange, all in the New Wing, and a further £0.6m was revenue funding supporting our cultural and learning activity.

Total expenditure excluding depreciation increased to £18.4m this year (2018/19: £16.4m) reflecting investment in the cultural programme, the opening of Somerset House Exchange, increased insurance costs and timing of maintenance spend. Expenditure on the cultural programme was £6.6m in 2019/20 (2018/19: £5.5m). The Trust pays a peppercorn rent to DCMS in respect of the leasehold.

Total funds decreased by £1.4m (2018/19: £0.2m increase), reflecting increased expenditure, partly utilising the above-target opening free reserves balance. The designated fixed asset fund reduced by £0.2m, with capital spend largely offsetting depreciation on the headlease, and restricted funds were broadly in line.

Our total funds position will continue to reduce annually by the material depreciation charges relating to our fixed assets. The total value of our fixed assets before depreciation is £119.8m, including the property lease from DCMS, which was valued at £65m in 2009 and is depreciated over 116 years, and leasehold improvements of £51.6m which are depreciated over 10 to 25 years. The depreciation cost is charged to the designated fixed asset fund which matches the value of the Trust's fixed assets (see Reserves).

Report of the Board of Trustees

For the year ended 31 March 2020

Summary consolidated statement of financial activities

	Total 2019/20 £	Total 2018/19 £
Total income	20,129,920	19,657,604
Total expenditure	<u>(18,371,013)</u>	<u>(16,381,855)</u>
Net income before depreciation	<u>1,758,907</u>	<u>3,275,749</u>
Depreciation	<u>(3,079,497)</u>	<u>(3,091,671)</u>
Net expenditure before taxation	<u>(1,320,590)</u>	<u>184,078</u>
Tax on profit on ordinary activities	<u>(39,080)</u>	<u>-</u>
Net (expenditure) / income	<u>(1,359,670)</u>	<u>184,078</u>

Summary consolidated aggregate of assets, liabilities and funds

	Total 2019/20 £	Total 2018/19 £
Assets	90,908,676	92,373,778
Liabilities	<u>(8,630,535)</u>	<u>(8,735,967)</u>
Funds	<u>82,278,141</u>	<u>83,637,811</u>

Fixed Assets

Capital expenditure for the year to 31 March 2020 was £2.9m (2018/19: £1.2m). Key investments included completing the restoration of the mid-basement of New Wing to create Somerset House Exchange, upgrade of telephony and acquisition of the ice rink.

Cash Flow and Liquidity

Cash in hand decreased during the year to £8.0m, with a net outflow of £1.1m. The cash balance includes rental deposits of £2.2m (2018/19: £1.9m). Cash from operating activities of £2.2m (2018/19: £3.9m) reflects the strong in-year result. This was offset by cash outflows for capital expenditure of £2.7m and finance lease repayments plus interest of £0.6m.

Cash is being reviewed closely in light of the impact of COVID-19 on our income streams.

Reserves

The charity's reserves fall into two main categories: restricted funds which may be legally used only for specified purposes and unrestricted funds which are free for use for any of the Trust's charitable purposes. Restricted funds totalled £170,000 at 31 March 2020 (2018/19: £203,000).

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Unrestricted funds are separated between a designated fixed asset reserve and general funds (representing free reserves);

- The fixed asset reserve is a permanent designated fund matched to fixed assets, recognising that these assets are largely illiquid, and they cannot be readily realised as cash in the event this is required. Designated funds totalled £80.4m at 31 March 2020 (2018/19: £80.6m). This fund includes £1.2m for assets held under finance leases which are payable over the next 4 years (c£0.4m due in 2020/21), and therefore they represent free cash until settled.
- Free reserves are that part of unrestricted funds that are not held as fixed assets or designated for other purposes and can be used at the Trustees' discretion for any of the Charity's purposes.

The Trust has, thus far, adopted a risk-based approach to determine an appropriate level of free reserves to act as a safeguard against unforeseen events, while recognising that there is a duty to apply charitable funds to the objects of the charity within a reasonable timeframe. The target level for free reserves was considered annually having regard to the nature of current and future income streams and expenditure, as well as the level of operating contingency carried within the annual budget.

COVID-19 is the very type of challenge for which reserves are held and during 2020/21 and the following year, we will be utilising those reserves in order to continue to look after our heritage site and to deliver public benefit.

The current reserves policy is underpinned by the Trust's strong liquidity position. It has a cashflow-positive operating model in which rental income is due quarterly in advance. This, together with designating reserves for assets under long finance leases, means that cash tends to be consistently ahead of free reserves. Further, the Trust holds rental deposits which can legally be drawn upon in the event of non-payment of rent and provides a degree of short-term certainty of income. In addition, the Trust has secured funding in the form of a loan under the Coronavirus Business Interruption Loan Scheme.

At the time of writing, free reserves are projected to remain within the current policy at the end March 2021.

With the continuing uncertainty caused by the pandemic, and the impact on business models and finances yet to be fully revealed, Trustees have agreed that:

- The reserves target will be held at £750k. This equates to approximately 3 months of basic running costs offset by rents due for that quarter (which as noted above are paid in advance and / or largely covered by deposits)
- Whilst higher levels of free reserves could be justified, using different calculation methods, the unique challenges presented by the COVID-19, coupled with any additional requirement to build reserves to higher levels could seriously constrain the Trust's ability to provide cultural public benefit and maintenance of the Grade 1 listed building.
- The target will be reviewed regularly, and will become a standing item for the Audit and Risk Committee, as we understand more fully the impacts of COVID-19 on our operating model and how this should be reflected in our reserves policy
- Consideration will be given to how to better reflect the contribution of our cash-positive model in our reserves target and to targeting a range rather than a specific value in the future.

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GOING CONCERN AND THE IMPACT OF COVID-19

As indicated above, the Trust ended the financial year to 31 March 2020 with above-target reserves and strong cash balances.

Trustees reviewed the financial plans of the Trust in both January and March 2020 and were satisfied at that time that the annual report and accounts should be prepared on a going concern basis.

In March 2020, the country went into lockdown and we closed the site to the public. We remained open for residents to allow essential business access. We reopened to the public on 16 July. On 4 November, we closed our doors to the public for a second time and plan to re-open when national restrictions are lifted.

Impact on income

COVID-19 has impacted all sources of income for the Trust. Income for 20/21 is forecast to be less than half that of 2019/20. Some recovery is anticipated for 2021/22, but is highly dependent on loosening of restrictions or successful national mitigation strategies. Key impacts are:

- Many of our resident creative businesses have also suffered falls in income and, together with the impact of ongoing government advice to work from home, this has resulted in some residents deciding to leave, creating temporary rental voids, and the renegotiation of some lease terms.
- All diarised commercial events were cancelled for a 6-month period, with the contemporary African art fair 1-54 in October being a major milestone as the first event to have gone ahead since the advent of COVID-19. Both corporate clients and event organisers remain cautious in committing to bookings.
- Our public programme was similarly impacted with both Summer Series and Summer Screen cancelled. Skate will also not go ahead in 2020, due to the loss of a key sponsor and the risk resulting from the high fixed costs of the event. For similar reasons, we also cancelled the major exhibition planned for the winter season.

Actions taken to respond to loss of income

As the country locked down in March and we closed the site to the public, immediate action was taken to stop all non-essential expenditure. The Trust's single largest expense is staff wages. The majority of staff, including our casual staff, were placed on furlough. Pay was reduced by 5% for all staff, with larger reductions volunteered by the executive team. Employees of our key delivery partners for facilities and security services were also furloughed, reducing contractual costs for the Trust.

With the Job Retention Scheme originally expected to end in October, and income-generating opportunities continuing to be severely restricted by COVID-19, in September we commenced discussions with our staff on volunteering for reduced hours, sabbaticals or redundancy. Many of these proposals were accepted. Regrettably, with so little activity across the site, a shift in priorities and new ways of working, additional roles were identified as being at risk of redundancy and a consultation process commenced in October. At the time of writing, this process is ongoing and, even with the extension of the Job Retention Scheme, we anticipate completing this process in the New Year.

We have secured loan funding under the Government Coronavirus Business Interruption Loan Scheme. This loan is for a term of 6 years. These funds are expected to provide the necessary headroom to enable us to continue to fund our operation while we rebuild our income streams over the next 1-2 years.

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We have also recently secured a grant of £850k via Arts Council England from the Cultural Recovery Fund. This grant must be used in the period to March 2021 and further on details on its use is detailed in the section below.

Impact on charitable delivery and how we continue to deliver through COVID-19 & financial restrictions

With an inability to deliver a physical programme during lockdown, we prioritised discretionary spending in support of developing a digital programme. This enabled us to broaden our reach while showcasing the work of our resident artists. We adapted some of our Creative Careers programme to deliver online, providing opportunities for young people interested in a career in the arts. We put in place a development programme for our staff which has enabled us to build our in-house digital content and production capabilities as a core skill for the future. We also received some support towards expanding our digital infrastructure from the London Community Response Fund.

Existing support via our Young Talent Fund and other generous supporters enabled us to waive Studios rent for the first three months of lockdown and we have since secured additional rent-relief support from the Creative Land Trust towards our artist community.

Somerset House was reopened to the public on 16 July 2020 after the first lockdown. We maintained a limited exhibitions programme until the second lockdown and anticipate re-opening as soon as we are able.

The Cultural Recovery Fund grant will enable the Trust to work with artists in providing a COVID-secure winter event, to scale up our online programming, to complete urgent repairs to our heritage building, to evolve our business model with new workspaces for creative businesses and to maintain our Engagement & Skills work to create pathways into the creative sector for young people.

Impact on overall financial position of Trust

We have prepared financial forecasts covering multiple years and a number of scenarios. All scenarios modelled assume that the Trust will continue to pay a peppercorn to DCMS in respect of the leasehold.

Our base case is that the Trust is forecast to incur a loss in the year ending March 2021, however we are doing all we can to minimise this by actioning cost savings early and through tight financial management including daily cashflow management. The receipt of funding will further support the costs for some activities where expenditure had been approved since applications were made.

The Trust is expected to remain within its current reserves target at the end of the financial year 2020/21 due to the level of above-target reserves at the start of the year.

A further loss is anticipated in the following financial year as income is not forecast to recover to previous levels during that time. Running and maintaining a Grade 1 listed site of over 590,000 sq ft that is open to the public and serves hundreds of residents remains an expensive operation and next year we expect to be operating without the benefit of government wage and rates support. We continue to scrutinise the cost base to identify further savings as well explore all avenues for new sources of funding. Alternative expenditure plans have been developed should recovery not proceed as expected.

Our current assumption is that income levels will continue to rebuild over subsequent financial years with the Trust returning to a surplus position over time.

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Conclusion on Going Concern

The Trustees have assessed the financial position of the Trust on a regular basis throughout the year. They continue to believe that the Trust has a robust and diversified operating model and that, in time, these income streams will rebuild.

Trustees have re-assessed the financial position at the date of this report including reverse stress test scenarios and concluded that existing cash reserves combined with additional loan funding are likely to be sufficient to enable the Trust to continue to trade as a going concern for the remainder of the current financial year and also the duration of the next financial year. As such, they were satisfied that Somerset House Trust can continue operating for the foreseeable future and accounts have been prepared on the basis that it is a financially viable organisation.

However, Trustees have determined that the nature of the pandemic and continuing uncertainty over its duration and impact mean that there is material uncertainty in predicting future levels of income which could result in a set of circumstances more extreme than the reverse stress test scenario undertaken. The duration of the pandemic, repeated or prolonged lockdowns, deep recession or changes in the demand for or use of office space could all have a material impact on the Trust's income resulting in losses beyond those envisaged in the scenarios modelled. If the Trust were to lose the majority of its tenants across all parts of the estate, or tenants were unable to meet their obligations, and there was no recovery in the commercial events business, the Trust could have little to no income. This, in turn, would have a material impact on the Trust's ability to continue to operate. The Trustees continue to work closely with management to ensure that contingency plans are in place should recovery be further delayed.

RISK MANAGEMENT

Somerset House Trustees regularly examine the major strategic and operational risks the Charity faces, including mitigating actions to reduce each risk to a level the Trustees consider acceptable. The risk register is maintained by the Executive and senior management team and reviewed in detail by the Audit and Risk Committee and wider Board of Trustees twice a year.

The principal risk currently facing the organisation is the impact of the ongoing global COVID-19 outbreak. While the global pandemic, and the inter-related and wide-ranging significant impacts from this, was not identified as a specific risk within the register, many of the related risks were recognised as significant risks in the risk register, such as recession, health and safety of staff, residents and visitors and the need for robust IT solutions.

The Trustees and Executive team continue to monitor the impact of the outbreak on the Trust, including UK Government advice, and acknowledge that the organisation faces a prolonged period of uncertainty. While the evolving nature of the situation means it is not possible to accurately quantify the financial impact, as noted in the Going Concern section above, regular forecasting of potential scenarios and stress testing of financial models is taking place and the Trust is currently in a financial position to manage this risk. Steps are being taken, on an ongoing basis, to minimise the impact on the Charity's activities and the effect this may have on the organisation's stakeholders and beneficiaries. Infrastructure is in place to enable staff to work remotely and measures are in place to protect the health of our staff, residents and visitors. As far as possible we have

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endeavoured to continue to fulfil our public benefit obligations, albeit in adapted ways. The key risks and mitigations are listed below, including those specifically related to COVID-19.

Recession and financial sustainability - The Trust has sought to mitigate these risks through a number of measures – regular forecasting and financial modelling, a mixed income model avoiding reliance on a single stream, notice periods, deposits and advance payments on office rental, and a cautious approach to staging and committing expenditure only once delivery of financial targets is largely assured. With the impact of COVID-19, as outlined in the Going Concern section, the Trust has secured a CBILS loan to provide further access to liquidity during this uncertain time.

Major disaster or infrastructure damage - As a large, architecturally significant Grade 1 listed estate, right in the heart of London, major disaster causing significant infrastructure damage and loss of business is another key risk faced by the Trust. The Trust insures against material damage to the building, and resulting loss of business, and also against major plant failure.

Cyber security – Training forms the cornerstone of our security strategy with annual data governance and IT security training and regular briefings for all staff. We make use of multiple systems to manage our threat levels. Our systems and processes are externally verified by the independent Cyber Essentials Plus certification and Met Police Cyber Crime Unit vulnerability scanning. COVID-19 highlighted the resilience of the Trust's IT and business solutions as we were able to rapidly shift to a remote working model with no loss in performance or control.

Security, health and safety - The security, health and safety of the millions of people who visit us every year, and the thousands who work onsite, is a key priority and risk focus for the Trust. We employ a professional security firm who occupy the site 24/7, monitoring CCTV, fire alarms, intruder alarms, access control systems and are a central point of contact for anyone working at or visiting Somerset House, as well as the first response for any site emergencies. We maintain regular contact with key local and national bodies and have a dedicated Counter Terrorism Security Advisor to ensure we are aware of and responding to risks as they arise.

All events are risk-assessed and we work with external experts where required to ensure all necessary health and safety precautions are taken. We carry out regular inspections and maintenance of key building elements, plant and facilities to ensure statutory compliance and that we are providing a safe environment. Incident reports, together with any recommended or resulting actions, are regularly shared with the Board of Trustees.

Health and safety related to COVID-19 - We are continually updating our processes and procedures to make sure our site is COVID-secure and that we meet or exceed government guidelines and that we are sharing and learning from best practice with peer organisations.

We have developed a risk assessment in conjunction with our Health & Safety consultancy through which we have implemented a robust series of control and mitigation measures to assist with minimising the chances of transmission for those working in or visiting Somerset House. These measures include the addition of handwashing stations in our outdoor areas, deployment of hand sanitiser throughout the Estate, an enhanced cleaning regime (including anti-viral coating on surfaces), mandatory face coverings in public and private areas of the building where occupiers and visitors will encounter others. Social distancing is stipulated for everyone coming to site, with one-way systems in place, reduced capacity guidance for both public and shared spaces and revised procedures for back of house operations.

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Our mitigation measures are communicated on our website, on signage around the site and in guidance for residents. Residents are asked to declare their offices are COVID-secure by sending us a copy of their COVID-secure notice.

We have achieved Visit England's Good To Go accreditation, which recognises the measures we've put in place to protect visitor safety.

COVID-19 impact on staff - A further issue highlighted by COVID-19 has been the impact on our staff. This takes a number of forms with two key focus areas. The first is the resilience of a small number of staff who have worked continuously and tirelessly throughout the pandemic to respond to lockdowns and subsequent unlocking, the financial consequences of the crisis, the impact on our staff and our resident community, to build a new digital programme and develop our anti-racism agenda. We introduced "non-working Fridays" to ensure staff have the opportunity to unwind with a long weekend every second week and, as we move into "crisis as usual" we are seeking to ensure that everyone is taking annual leave on a regular basis. The second key impact has been on those staff who have been furloughed for long periods of time. We chose to protect the income of furloughed staff, paying them the same as their working colleagues, though we did reduce pay for all staff by 5%. We have sought to minimise uncertainty and maintain connectedness with daily meetings for working staff and weekly meetings for all staff and also for all senior staff. We have provided as much transparency as possible about how the pandemic is impacting the Trust now and potentially in the future. Teams also hold regular meetings to keep people connected with what is going on. In the early months of the pandemic, there was an extensive programme of informal, online social activities organised by the staff themselves. We have an Employee Assistance Programme, which all staff are regularly reminded of, which provides access to confidential support.

PUBLIC BENEFIT

Somerset House Trust is a Public Benefit Entity. In shaping the objectives for the year and planning the Trust's activities, the Trustees have considered the Charity Commission's guidance on public benefit.

In setting the level of ticket prices and concessions, the Trustees have given careful consideration to the accessibility of the site to all members of the public, whatever their means. It is our policy for many of our spaces, events and exhibitions to be free.

We run a varied programme of free exhibitions, open to the public 301 days in the last financial year and also invested in more installations in our courtyard, which are also free and open the public.

Chargeable activities include some of our exhibitions, talks, the summer programme of films and gigs and the winter ice skating rink. Concessionary, family, and off-peak tickets are available for a number of these activities and new additions included making wheelchair user tickets available for all Skate sessions and introducing our first Relaxed Skate event.

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FUNDRAISING

Somerset House is grateful to all the individuals, trusts, foundations and statutory bodies who have supported our activities over the last year and helped us to achieve our objectives and to maximise our public benefit. This has especially been in relation to our stated priorities for 2019/20 around developing our exhibition programme, further investing in our Creative Careers Programme and strengthening our place as home to a vibrant creative community.

This was the first year that we received support from the Adonyeva Foundation, which made a significant difference to the scale and range of new commissions that we were able to present by Somerset House Studios artists across our programme. We are also very grateful to our major corporate partners, American Express, Fortnum & Mason and Charles Russell Speechlys and to all our corporate members and individual programme sponsors.

Of particular note are the individuals who came forward as Exhibition Catalysts to support our ambitions for *Get Up, Stand Up Now!* and the funding bodies who supported our extended activity programme around this exhibition. These included Art Fund and Arts Council England, neither of whom had supported Somerset House previously.

We would also like to acknowledge the encouragement and support of our Development Advisory Board members who worked with us to establish the Young Talent Fund. Over £100,000 was raised which was reallocated to respond at speed to the needs of Studios artists during lockdown by enabling us to waive rents, and the remaining funds have been ringfenced for the third edition of our Creative Careers Academy.

We have not engaged any third parties to fundraise on our behalf, but have worked with two consultants to advise us on fundraising strategies in relation to two specific priority areas, the early stages of our new capital project and the *Get Up, Stand Up Now* exhibition. Costs of fundraising increased considerably as a result of beginning the feasibility study on our West Street project.

Somerset House works within the guidelines outlined within the Fundraising Regulator's Code of Fundraising Practice and is a member of the Institute of Fundraising. We are committed to treating our donors with the highest level of care and respect. This includes:

- Acknowledging donations swiftly and responding to all correspondence in a timely manner.
- Respecting privacy and only releasing details of donations when we have consent or if disclosure is required by law.
- Complying with all domestic and international legislation, including GDPR legislation and the Data Protection Act 1998.
- Responding to any correspondence in a timely manner.
- We communicate with all supporters and potential supporters within the parameters of our GDPR policy.
- We never put pressure on individuals to donate and do not cold call or collect money in the street, which also helps to ensure we are not fundraising from those who would be deemed vulnerable within the Fundraising Regulator's Code.
- All donations, when undesignated, will be used for such purposes as Somerset House Trust judges appropriate in support of Somerset House's charitable objects.
- Where the gift is restricted, Somerset House Trust will apply the gift to the purpose originally intended.

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Our Board of Trustees has oversight of our Fundraising Strategy and plans. Our Gift Acceptance Policy provides a framework for flagging any potential gifts that should be reviewed by our Board of Trustees before accepting.

We received no complaints about our fundraising practices in 2019/20 (2018/19: 0).

VALUING VOLUNTEERS

Between 1 April 2019 and 17 March 2020, volunteers contributed 9,124 hours of their time to support Somerset House Trust. This slight decrease (4.4%) on last year's total is partly attributable to the site being forced to close from 18 March and, also because volunteers ceased to host an information point in the New Wing from March 2019.

Volunteer hours contributed to roles such as Events Support, Audience Surveying and Welcome and volunteers were involved in most major events including Now Play This, Sony World Photography Awards and Photo London, Summer Series and Summer Screen as well as the Open House weekend in September and Skate.

Volunteer guides led 287 tours around the site for 3,438 participants, sharing their knowledge and passion about the history and architecture of Somerset House. We also introduced a new volunteer-led film location tour, From Setting To Screen, which we introduced as part of Film 4 Summer Screen before making this a regular monthly event. Overall, an average of 6 volunteers each gave 4 hours of their time, enthusiasm and support every single day of the year except Christmas and Boxing Day when we are closed.

PAY POLICY FOR KEY MANAGEMENT PERSONNEL

Benchmarking is undertaken from time to time to ensure that pay rates and benefits remain competitive. The pay for all staff, including key management personnel, is considered annually taking into account inflation along with any changes following the benchmarking review and a recommendation is made to Trustees at the annual budget approval meeting in March of each year. The Nominations and Governance Committee reviews and makes recommendations on executive pay to the Board. The onset of COVID-19 meant that pay reviews were suspended. From April 1 2020, all the staff had a 5% temporary pay cut and the executive team volunteered larger reductions.

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PRIORITIES FOR THE YEAR AHEAD INCLUDE:

In light of the impact of COVID-19 on our finances and operations, our enforced periods of closure and the changing landscape into which we are all emerging, our priorities for the year ahead are different to those we had anticipated. We will be prioritising the following:

- Ensuring we emerge from the current crisis with a strong and sustainable financial model
- Assessing how we can adapt our workspace and support offering to creative businesses post-COVID, to help rebuild our incomes streams and help the sector to recover.
- Identifying how we can make best use of our diminished resources in terms of public benefit and fulfilling our charitable objects. This will include continuing to extend the reach and impact of our cultural programme and engagement and skills activities via digital platforms
- Streamlining our processes and embedding new ways of working, learning from the positives of remote-working
- Delivering and building on our Anti-Racism Pledge
- Continuing to support key strategic projects including the Courtauld Institute of Art with their ambitious “Courtauld Connects” project, especially in relation to the reopening of the Courtauld Gallery in 2021 and the Strand Aldwych Project with Westminster City Council.

STATEMENT OF TRUSTEES’ RESPONSIBILITIES

The Trustees (who are also directors of Somerset House Trust for the purposes of company law) are responsible for preparing the report of the Board of Trustees (including the strategic report) and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material 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 charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company’s transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group including taking reasonable steps for the prevention and detection of fraud and other irregularities.

Report of the Board of Trustees

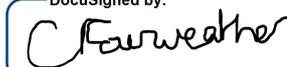
For the year ended 31 March 2020

Financial statements are published on the charitable company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the charitable company's website is the responsibility of the Trustees. The Trustees' responsibility also extends to the ongoing integrity of the financial statements contained therein.

In the case of each Trustee in office at the date the report of the Board of Trustees is approved:

- a) so far as the Trustee is aware, there is no relevant audit information of which the group and charitable company's auditor is unaware; and
- b) they have taken all the steps that they ought to have taken as a Trustee in order to make themselves aware of any relevant audit information and to establish that the group and charitable company's auditor is aware of that information.

Approved by the Board, and signed on their behalf on 16 November 2020.

DocuSigned by:

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Carol Fairweather

Chair of the Audit and Risk Committee

Independent Auditor's report to the Trustees of Somerset House Trust

For the year ended 31 March 2020

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF SOMERSET HOUSE TRUST

Opinion

We have audited the financial statements of Somerset House Trust ("the Parent Charitable Company") and its subsidiaries ("the Group") for the year ended 31 March 2020 which comprise the consolidated statement of financial activities, the consolidated balance sheet, the charity balance sheet, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Charitable Company's affairs as at 31 March 2020 and of the Group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Charitable Company in accordance with the ethical requirements relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 1c to the financial statements which indicates that, as a result of the coronavirus pandemic, there is uncertainty in predicting future levels of income, particularly with a second, prolonged lockdown or enforced restrictions on office working. As stated in note 1c these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Charitable Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The other information comprises the Chairman's foreword and Report of the Board of Trustees. The Trustees are responsible for the other information.

Independent Auditor's report to the Trustees of Somerset House Trust

For the year ended 31 March 2020

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Board of Trustees, which includes the Directors' Report and the Strategic report prepared for the purposes of Company Law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' Report, which are included in the Report of the Board of Trustees, have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatement in the Strategic report or the Report of the Board of Trustees.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

- adequate accounting records have not been kept by the Parent Charitable Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Charitable Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as

Independent Auditor's report to the Trustees of Somerset House Trust

For the year ended 31 March 2020

the Trustees determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Group's and the Parent Charitable Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Group or the Parent Charitable Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under the Companies Act 2006 and report in accordance with the Act and relevant regulations made or having effect thereunder.

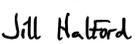
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Charitable Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Charitable 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 Charitable Company and the Charitable Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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Jill Halford (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London, UK
Date 16/11/2020 | 8:40:43 PM GMT

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated Statement of Financial Activities (incorporating an income and expenditure account)

For the year ended 31 March 2020

	Notes	Unrestricted Funds		Restricted Funds	Total 2019/20	Total 2018/19
		General £	Designated £	£	£	£
Income and endowments from:						
Donations and legacies	2	51,104	-	1,021,902	1,073,006	794,418
Charitable activities						
<i>Property management and conservation</i>		2,084,634	-	256,128	2,340,762	2,227,537
<i>Cultural and public events</i>		4,406,014	-	-	4,406,014	4,408,287
<i>Public education and communication</i>		26,605	-	-	26,605	39,028
<i>Rental income</i>		7,328,760	-	-	7,328,760	7,169,332
Other trading activities						
<i>Concessions and venue hire</i>		3,353,647	-	-	3,353,647	3,348,160
<i>Merchandise income</i>		418,723	-	-	418,723	893,134
<i>Sponsorship and corporate membership</i>		1,156,322	-	-	1,156,322	767,437
Investments		17,710	-	-	17,710	10,271
Other Income		8,371	-	-	8,371	-
Total income		18,851,890	-	1,278,030	20,129,920	19,657,604
Expenditure on:						
Raising funds	3	362,390	-	5,848	368,238	216,326
Charitable activities						
<i>Property management and conservation</i>		6,436,940	2,459,530	358,632	9,255,102	8,544,379
<i>Cultural and public events</i>		6,158,381	63,576	355,767	6,577,724	5,531,709
<i>Public education and communication</i>		2,023,559	-	114,438	2,137,997	1,932,915
<i>Rental costs</i>		405,247	556,391	-	961,638	1,030,043
Other trading activities						
<i>Concessions and venue hire</i>		1,541,423	-	-	1,541,423	1,433,735
<i>Merchandise costs</i>		510,771	-	-	510,771	761,218
<i>Sponsorship costs</i>		97,617	-	-	97,617	23,201
Total expenditure	3,4,5,6	17,536,328	3,079,497	834,685	21,450,510	19,473,526
Tax charge	7	39,080	-	-	39,080	-
Net income/ (expenditure)	8	1,276,482	(3,079,497)	443,345	(1,359,670)	184,078
Transfers between funds	16	(2,396,039)	2,872,454	(476,415)	-	-
Net movement in funds		(1,119,557)	(207,043)	(33,070)	(1,359,670)	184,078
Fund balances brought forward at 1 April 2019	16	2,795,215	80,639,515	203,081	83,637,811	83,453,733
Fund balances carried forward at 31 March 2020		1,675,658	80,432,472	170,011	82,278,141	83,637,811
<u>Prior period reconciliation of funds</u>						
<i>Fund balances brought forward at 1 April 2018</i>		774,109	82,541,415	138,209	83,453,733	
<i>Net movement in funds</i>		2,021,106	(1,901,900)	64,872	184,078	
<i>Fund balances carried forward at 31 March 2019</i>		2,795,215	80,639,515	203,081	83,637,811	

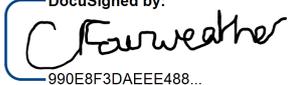
All of the above results are derived from continuing activities and there are no other gains or losses other than those stated above.
The notes on pages 34 to 49 form part of these financial statements.

Consolidated balance sheet

For the year ended 31 March 2020

	Notes	Unrestricted funds £	Restricted funds £	Total 2019/20 £	Total 2018/19 £
Fixed assets					
Tangible fixed assets	11	80,432,472	-	80,432,472	80,639,515
Current assets					
Stocks		68,556	-	68,556	34,117
Debtors	13	2,372,497	-	2,372,497	2,606,107
Cash at bank and in hand		7,865,140	170,011	8,035,151	9,094,039
Total current assets		10,306,193	170,011	10,476,204	11,734,263
Current liabilities					
Creditors: amounts falling due within one year	14	(7,859,984)	-	(7,859,984)	(7,485,537)
Net current assets		2,446,209	170,011	2,616,220	4,248,726
Total assets less current liabilities		82,878,681	170,011	83,048,692	84,888,241
Creditors: amounts falling due after more than one year	15	(770,551)	-	(770,551)	(1,250,430)
Net assets		82,108,130	170,011	82,278,141	83,637,811
The funds of the group:					
General funds	16	1,675,658	-	1,675,658	2,795,215
Designated fixed asset reserve	16	80,432,472	-	80,432,472	80,639,515
Restricted reserves	16	-	170,011	170,011	203,081
Total funds		82,108,130	170,011	82,278,141	83,637,811

The financial statements on pages 30 to 51 were approved by the Board, and signed on their behalf on 16 November 2020.

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Carol Fairweather

Chairman of the Audit & Risk Committee
 Company number 03388137

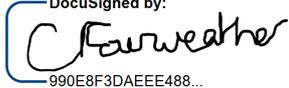
Charity balance sheet

For the year ended 31 March 2020

	Notes	Unrestricted funds £	Restricted funds £	Total 2019/20 £	Total 2018/19 £
Fixed assets					
Tangible fixed assets	11	80,432,472	-	80,432,472	80,639,515
Investments	12	1	-	1	1
		80,432,473	-	80,432,473	80,639,516
Current assets					
Stock		2,599	-	2,599	-
Debtors	13	6,812,181	-	6,812,181	5,681,080
Cash at bank and in hand		2,504,487	170,011	2,674,498	5,327,740
Total current assets		9,319,267	170,011	9,489,278	11,008,820
Current liabilities					
Creditors: amounts falling due within one year	14	(6,990,414)	-	(6,990,414)	(6,770,096)
Net current assets		2,328,853	170,011	2,498,864	2,438,724
Total assets less current liabilities		82,761,326	170,011	82,931,337	84,878,240
Creditors: amounts falling due after more than one year	15	(770,551)	-	(770,551)	(1,250,430)
Net assets		81,990,775	170,011	82,160,786	83,627,810
The funds of the charity:					
General funds		1,558,303	-	1,558,303	2,785,214
Designated fixed asset reserve	16	80,432,472	-	80,432,472	80,639,515
Restricted reserves	16	-	170,011	170,011	203,081
Total charity funds		81,990,775	170,011	82,160,786	83,627,810

The charity's income for the year of £18,188,916 (2018/19: £17,699,725) less expenditure of £19,655,941 (2018/19: £17,515,648) led to a deficit of £1,467,025 (2018/19: surplus of £184,077).

The financial statements on pages 30 to 51 were approved by the Board, and signed on their behalf on 16 November 2020.

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Carol Fairweather

Chairman of the Audit & Risk Committee

Company number 03388137

Consolidated statement of cash flows

As at 31 March 2020

	Notes	2019/20 £	2018/19 £
Net cash provided by operating activities	A	2,213,870	3,925,857
Cash flows from investing activities:			
Interest received		17,710	10,271
Sale of tangible fixed assets		-	301
Purchase of tangible fixed assets	11	(2,686,302)	(574,455)
Net cash used in investing activities		(2,668,592)	(563,883)
Cash flows from financing activities:			
Interest paid		(54,995)	(76,930)
Repayments of loans and capital element of finance lease liabilities		(549,171)	(610,612)
Net cash used in financing activities		(604,166)	(687,542)
Change in cash and cash equivalents in the reporting period		(1,058,888)	2,674,432
Cash and cash equivalents at the beginning of the reporting period		9,094,039	6,419,607
Cash and cash equivalents at the end of the reporting period	B	8,035,151	9,094,039

A Reconciliation of net income/expenditure to net cash flow from operating activities

	2019/20 £	2018/19 £
Net income/expenditure for the reporting period (as per the statement of financial activities)	(1,359,670)	184,078
Adjustments for:		
Depreciation charges	3,079,497	3,091,671
Interest received	(17,710)	(10,271)
Interest paid	54,995	76,930
Profit on disposal of fixed assets	-	(301)
Increase in stock	(34,439)	(12,498)
Decrease in debtors	233,610	642,151
(Decrease)/ increase in creditors	257,587	(45,903)
Net cash inflow from operating activities	2,213,870	3,925,857

B Analysis of cash and cash equivalents

	2019/20 £	2018/19 £
Cash in hand (including rent deposits – see Note 14)	8,035,151	9,094,039

Notes to the financial statements

For the year ended 31 March 2020

1 Accounting policies

a) General information

Somerset House Trust is a registered charity (Registered Charity No. 1063640) and is incorporated in England and Wales as a private company limited by guarantee (Company No. 03388137). The address of its registered office is Somerset House, Strand, London WC2R 1LA.

b) Summary of significant accounting policies

The principal accounting policies have been applied consistently in dealing with items which are considered material in relation to Somerset House's Financial Statements and are as follows.

c) Basis of preparation

The consolidated financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice comprising the Statement of Recommended Practice: Accounting and Reporting by Charities 2019 preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 14 July 2014, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011 and the Companies Act 2006.

Somerset House constitutes a public benefit entity as defined by FRS 102.

On transition to FRS 102 in the year ended 31 March 2016 the Trust took advantage of transition exemptions to permit the use of deemed cost for assets, and not to revise the accounting for lease incentives for leases entered into before 31 March 2014. The Trust assumes that a peppercorn rent will be payable to DCMS in respect of the leasehold.

The consolidated financial statements consolidate Somerset House Trust and its wholly owned subsidiary undertaking, Somerset House Enterprises Limited on a line by line basis. A separate statement of financial activities has not been presented for the charity alone in accordance with s408 of the Companies Act 2006. Uniform accounting policies are used across the group, and intra-group transactions are eliminated on consolidation. All profits generated by the subsidiary are paid to the Trust by means of a gift aid transfer.

Going Concern and the Impact of COVID-19

See pages 18 to 20 for a more detailed analysis of the impact of COVID-19 on Going Concern.

The Trustees have assessed the financial position of the Trust on a regular basis throughout the year, with financial modelling and scenario planning covering the period to 31 March 2022, including downside risk analysis and reverse stress testing. COVID-19 has had a significant impact on income with cancellation of events due to government restrictions and prolonged homeworking affecting rental income.

As the country locked down in March, immediate action was taken to stop all non-essential expenditure. The Trust's single largest expense is staff wages. The majority of staff were placed on furlough and pay was reduced by 5% for all staff, with larger reductions volunteered by the executive team. Employees of our key delivery partners for facilities and security services were also furloughed, reducing contractual costs for the Trust. With the Job Retention Scheme originally expected to end in October, and income-generating opportunities continuing to be severely restricted by COVID-19, we commenced discussions with our staff on volunteering for reduced hours, sabbaticals or redundancy. Regrettably, with so little activity across the site,

Notes to the financial statements

For the year ended 31 March 2020

a shift in priorities and new ways of working, additional roles were identified as being at risk of redundancy and a consultation process has commenced. At the time of writing, this process is ongoing.

Additional funding has been secured, in particular, loan funding under the Government Coronavirus Business Interruption Loan Scheme (CBILS) and £0.85m grant funding has recently been awarded from the Culture Recovery Fund through Arts Council England.

A limited programme of exhibitions has continued onsite, with the Trust's digital programme significantly developed and enhanced. This has enabled us to broaden our reach whilst showcasing the work of our resident artists and to move some of our Creative Careers programme online.

Trustees re-assessed the financial position at the date of this report. They continue to believe that the Trust has a robust and diversified operating model and that, in time, income streams will rebuild. As a result of actions taken, Trustees concluded that existing cash reserves combined with additional CBILS loan funding and grant funding from the Culture Recovery Fund are likely to be sufficient to enable the Trust to continue to trade as a going concern for the remainder of the current financial year and also the duration of the next financial year. As such, they were satisfied that Somerset House Trust can continue operating for the foreseeable future and accounts have been prepared on the basis that it is a financially viable organisation.

However, Trustees have determined that the nature of the pandemic and continuing uncertainty over its duration and impact mean that there is material uncertainty in predicting future levels of income which could result in a set of circumstances more extreme than the reverse stress test scenario undertaken. The duration of the pandemic, repeated or prolonged lockdowns, deep recession or changes in the demand for or use of office space could all have a material impact on the Trust's income resulting in further losses beyond those envisaged in scenarios modelled. If the Trust were to lose the majority of its tenants across all parts of the estate, or tenants were unable to meet their obligations, and there was no recovery in the commercial events business, the Trust could have little to no income. This, in turn, would have a material impact on the Trust's ability to continue to operate. The Trustees continue to work closely with management to ensure that contingency plans are in place should recovery be further delayed.

d) Income

Income comprises rental and service charge income from tenants and artists, ticket income from the cultural programme, donations, income from the Trust's trading subsidiary in the form of private hire of space, sponsorship and retail activity. It also includes grant income to support capital projects as well as cultural and learning activity. This year we have also accrued income of £161,053 in relation to the Museum and Galleries Tax Credit on seven exhibitions that occurred during the 2019/20 period. All income is recognised once Somerset House has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably. Where income is received in advance of providing goods and/or services it is deferred until Somerset House becomes entitled to that income. Where entitlement occurs before income is received, the income is accrued. Grants (including Government grants) are recognised when the entitlement to the grant is established and confirmed by both parties.

Donated services are included at the value to Somerset House where this can be reliably quantified. Donated services from our volunteers are not included within the financial statements.

Notes to the financial statements

For the year ended 31 March 2020

e) Expenditure

Expenditure is recognised as incurred in the financial year of the particular activity to which it relates. Expenditure is included in the Statement of Financial Activities on an accruals basis, and is classified under headings that aggregate all costs related to that category. The costs of those activities which support one or more of the charity's activities have been allocated to those activities on a headcount basis.

f) Taxation

The Charity is a registered charity, and as such is entitled to certain tax exemptions on income and profits from investments, and surpluses on any trading activities carried on in furtherance of the charity's primary objectives, if these profits and surpluses are applied solely for charitable purpose.

g) Employee benefits

The Group provides benefits to employees including holiday pay, pension contributions, season ticket loans, a life assurance policy and an employee assistance programme. Pension payments are made to employees' personal pension plans and these are charged to the Statement of Financial Activities on an accrual basis.

h) Fixed assets and depreciation

From 2018/19, tangible fixed assets costing more than £5,000 with an expected useful life of more than one year are capitalised at cost, including any incidental expenses of acquisition (previously £1,000). Tangible fixed assets are held at cost less accumulated depreciation, except for the value of the headlease over the site from DCMS which is held at deemed cost, being the valuation on an 'in use' basis at 31 March 2009 less accumulated depreciation from that date. A revaluation exercise was undertaken as at 31 March 2020 and an impairment to valuation was not required. The property lease is held as a tangible fixed asset rather than an investment property as it is held primarily for social benefit. Depreciation is calculated to write off the cost of the asset on a straight-line basis over the estimated useful life of the asset. Depreciation for leasehold improvements is charged on a monthly basis starting with the month in which the asset was brought into use. From 2019/20 all other assets depreciation is charged on a monthly basis starting with the month in which the asset was brought into use (previously depreciation was charged for a full year in the year of acquisition, and not in the year of disposal). Fixed assets are depreciated as follows:

- | | |
|------------------------------------|-----------------------|
| • Property lease valuation | 116 years |
| • Leasehold improvements | 10 and 25 years |
| • Fixtures, fittings and equipment | between 3 and 7 years |

The carrying value of tangible fixed assets is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. There have been no such events during the year and therefore no impairment.

Intangible fixed assets are depreciated on a straight-line basis over 3 years.

i) Fund accounting

Balance sheet reserves have been allocated between two categories:

- Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general charitable objectives. Designated funds are a portion of the unrestricted funds that have been set aside for a particular purpose by the Trustees. Designated funds consist entirely of the fixed asset fund.

Notes to the financial statements

For the year ended 31 March 2020

- Restricted reserves consist of amounts subject to specific restrictions imposed by the donor or arising from contractual obligations.

j) Stock

Stocks are stated at the lower of cost and fair value. Cost is determined on a weighted average basis. A provision is made for slow moving, obsolete or defective stock to the extent that the cost price is estimated to exceed the fair value.

There is no material difference between the value of stock as stated and the replacement cost of this stock.

k) Financial instruments

Financial assets and financial liabilities are recognised when the Trust becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at transaction price (including transaction costs). The Trust only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost.

Trade and other debtors are recognised at the settlement amount due. Creditors are recognised where there is a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

l) Leases

i) Where the Trust enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the Balance Sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included in creditors. Rentals payable are apportioned between the finance element representing a constant proportion of the capital balance outstanding, which is charged to the SOFA, and the capital element which reduces the outstanding obligation for future instalments. All other leases are accounted for as operating leases and the rentals are charged to the SOFA on a straight-line basis over the life of the lease.

ii) Where income is receivable under lease agreements, the basic element is recognised on a straight line basis over the period of the lease, and any element based on a percentage of turnover of the lessee is recognised in the period to which that turnover relates. For leases entered into prior to 31 March 2014, lease incentives are spread over the period to the next break clause. Lease incentives granted on leases entered into from 1 April 2014 are spread over the lease term.

m) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

Notes to the financial statements

For the year ended 31 March 2020

n) Critical accounting judgements and key source of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances.

Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical judgements in applying the entity's accounting policies:

(i) Exemptions on transition to FRS 102

On transition to FRS 102 in 2015/16, the Trust has elected to use the previous UK GAAP valuation at 31 March 2009 for the DCMS property lease, less amortisation to the transition date, as the deemed cost.

(ii) Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

Notes to the financial statements

As at 31 March 2020

2 Donations and legacies

	Unrestricted funds £	Restricted funds £	Total 2019/20 £	Total 2018/19 £
Donations	51,104	-	51,104	37,136
Grants receivable				
<i>Capital grants receivable</i>	-	376,415	376,415	474,585
<i>Revenue grants receivable</i>	-	645,487	645,487	282,697
Total income from donations and legacies	51,104	1,021,902	1,073,006	794,418

Included in capital grants receivable is government funding of £62,915 received from Westminster City Council for the Lancaster Room refurbishment (2018/19: £125,000), £62,500 from Westminster City Council for the Studios project, creating new studios space (2018/19: nil) and £251,000 from the GLA Good Growth Fund for the new Shared Workspace, Somerset House Exchange (2018/19: £250,000). In addition to income from donations and legacies is £1,156,322 (2018/19: £767,437) raised through sponsorship of the cultural programme. This income appears separately on the face of the Statement of financial activities under Other trading activities.

<u>Comparative income from donations and legacies</u>	Unrestricted funds £	Restricted funds £	Total 2018/19 £	Total 2017/18 £
Donations	37,136	-	37,136	30,254
Grants receivable				
<i>Capital grants receivable</i>	-	474,585	474,585	210,000
<i>Revenue grants receivable</i>	-	282,697	282,697	223,719
Total income from donations and legacies	37,136	757,282	794,418	463,973

3 Expenditure

	Direct costs £	Support costs £	Total 2019/20 £	Total 2018/19 £
Expenditure on raising funds				
Fundraising costs of grants and donations	341,256	26,982	368,238	216,326
	341,256	26,982	368,238	216,326
Expenditure on charitable activities				
Property management and conservation	9,085,146	169,956	9,255,102	8,544,379
Cultural and public events	6,247,559	330,165	6,577,724	5,531,709
Public education and communication	1,432,580	705,417	2,137,997	1,932,915
Rental costs	861,068	100,570	961,638	1,030,043
	17,626,353	1,306,108	18,932,461	17,039,046
Other trading expenditure				
Concessions and venue hire	1,364,975	176,448	1,541,423	1,433,735
Merchandise costs	461,712	49,059	510,771	761,218
Sponsorship costs	97,617	-	97,617	23,201
	1,924,304	225,507	2,149,811	2,218,154
Total expenditure	19,891,913	1,558,597	21,450,510	19,473,526

Notes to the financial statements

For the year ended 31 March 2020

Comparative analysis of expenditure:

	Direct costs £	Support costs £	2018/19 £
Expenditure on raising funds:			
Fundraising costs of grants and donations	199,076	17,250	216,326
	199,076	17,250	216,326
Expenditure on charitable activities:			
Property management and conservation	8,380,677	163,702	8,544,379
Cultural and public events	5,205,324	326,385	5,531,709
Public education and communication	1,295,184	637,731	1,932,915
Rental costs	952,414	77,629	1,030,043
	15,833,599	1,205,447	17,039,046
Other trading expenditure:			
Concessions and venue hire	1,257,604	176,131	1,433,735
Merchandise costs	709,466	51,752	761,218
Sponsorship costs	23,201	-	23,201
	1,990,271	227,883	2,218,154
Total expenditure	18,022,946	1,450,580	19,473,526

4 Allocation of support costs

The Trust allocates its support costs as shown below:

	Expenditure on raising funds £	Expenditure on charitable activities £	Other expenditure £	Support costs 2019/20 £	Support costs 2018/19 £
Administration	25,293	958,069	211,389	1,194,751	1,121,533
Governance (note 5)	1,689	63,987	14,118	79,794	69,807
Interest paid	-	54,995	-	54,995	76,930
Marketing & Communications	-	229,057	-	229,057	182,310
	26,982	1,306,108	225,507	1,558,597	1,450,580

Administration costs are allocated on a headcount basis and include the costs of the Directorate, Finance function, and HR function. Governance costs are also allocated on a headcount basis, whilst Financing and Marketing & Communications costs are allocated based on the direct spend on those activities.

Comparative allocation of support costs:

	Expenditure on raising funds £	Expenditure on charitable activities £	Other expenditure £	Support costs 2018/19 £
Administration	16,240	890,763	214,530	1,121,533
Governance (note 5)	1,010	55,444	13,353	69,807
Interest paid	-	76,930	-	76,930
Marketing & Communications	-	182,310	-	182,310
	17,250	1,205,447	227,883	1,450,580

Notes to the financial statements

For the year ended 31 March 2020

5 Governance costs

	Expenditure on raising funds £	Expenditure on charitable activities £	Other expenditure £	Support costs 2019/20 £	Support costs 2018/19 £
Salary	648	24,554	5,417	30,619	29,589
Audit fees	801	30,352	6,697	37,850	38,500
Legal and other professional fees	147	5,546	1,224	6,917	-
General office	93	3,535	780	4,408	1,718
	1,689	63,987	14,118	79,794	69,807

6 Interest payable and similar charges

	2019/20 £	2018/19 £
Interest payable and similar charges	9,592	9,186
Finance lease interest	45,403	67,744
	54,995	76,930

7 Tax charge

	2019/20 £	2018/19 £
UK Corporation Tax - current tax charge	39,080	-
Adjustment in respect of previous periods	-	-
Tax on surplus on ordinary activities	39,080	-

8 Net expenditure

Net expenditure is stated after charging the following:

	2019/20 £	2018/19 £
Auditor's fees:		
- for audit of Somerset House Trust	31,400	32,200
- for audit of Somerset House Enterprises Limited	6,450	6,300
	37,850	38,500
Depreciation and amortisation:		
- property lease valuation	556,391	556,391
- leasehold improvements	2,070,686	2,055,143
- fixtures, fittings and equipment (owned)	321,076	325,496
- fixtures, fittings and equipment (leased)	131,344	154,641
	3,079,497	3,091,671

In addition to the audit fees listed above, fees for tax compliance services provided were £5,993 (2018/19: £14,655).

Notes to the financial statements

As at 31 March 2020

9 Employee details (Charity & Group)

<u>Staff costs</u>	2019/20	2018/19
	£	£
Wages and salaries	3,691,518	3,250,311
Social security costs	402,407	345,918
Other pension costs	331,503	284,953
Temporary staff salaries (including social security costs)	830,292	724,397
	5,255,720	4,605,579

During the year 5 members of staff were paid discretionary, one off payments for exceptional levels of work totalling £3,953. The other pension costs above include an accrual of £36,179 (2018/19: £58,644) in respect of amounts due under employees' personal defined contribution schemes.

<u>Emoluments excluding pension costs over £60,000</u>	2019/20	2018/19
	Number	Number
£60,001 - £70,000	1	2
£70,001 - £80,000	3	1
£80,001 - £90,000	1	-
£90,001 - £100,000	1	1
£130,001 - £140,000	-	1
£170,001 - £180,000	1	1

Key management personnel includes the Director, Deputy Director and Chief Operating Officer. Total employee benefits received by key management personnel in year were £467,157 (2018/19: £511,031), including pension costs of £35,462 (2018/19: £83,842). The charge in year relates to 4 employees (2018/19: 3 employees), due to a change of Chief Operating Officer. The role was covered via an agency for 3 months at a cost of £29,823.

<u>Staff functions</u>	2019/20	2018/19
	Number	Number
The monthly average full-time equivalent employees during the year, analysed by function, were:		
Concessions and venue hire	11	10
Fundraising	2	1
Rental	6	5
Property management and conservation	7	5
Cultural and public events	20	19
Public education, communication and visitor services	29	26
Merchandise	3	3
Governance and support services	11	11
	89	80

During the year, the permanent staff is supplemented by temporary workers and contractors as required by business needs.

10 Transactions as an agent

During the year, £919,463 of tickets were sold on behalf of third parties (2018/19 £584,607), of which £54,704 is recognised as processing fee income (2018/19: £34,183).

Somerset House Trust

Notes to the financial statements

For the year ended 31 March 2020

11 Tangible fixed assets (Charity & Group)

	Property lease valuation £	Leasehold improvements £	Assets in the course of construction £	Fixtures, fittings & equipment £	Total £
<u>Cost or deemed cost</u>					
At 1 April 2019	64,541,408	53,758,854	598,605	4,373,034	123,271,901
Additions	-	2,102,267	148,338	621,849	2,872,454
Disposals	-	(4,888,161)	-	(1,461,985)	(6,350,146)
Transfers	-	598,606	(598,606)	-	-
At 31 March 2020	64,541,408	51,571,566	148,337	3,532,898	119,794,209
<u>Accumulated depreciation</u>					
At 1 April 2019	5,563,912	33,540,803	-	3,527,671	42,632,386
Charge for the year	556,391	2,070,686	-	452,420	3,079,497
Disposals	-	(4,888,161)	-	(1,461,985)	(6,350,146)
At 31 March 2020	6,120,303	33,723,328	-	2,518,106	39,361,737
<u>Net book value</u>					
At 31 March 2020	58,421,105	20,848,238	148,337	1,014,792	80,432,472
At 31 March 2019	58,977,496	20,218,051	598,605	845,363	80,639,515

All tangible fixed assets belong to the Charity and are held for continuing use by the Trust in furthering its objects.

In 2015/16, as a first-time adopter of FRS102, the charity took advantage of a transition exemption relating to the valuation of the property lease from DCMS to use a deemed cost valuation under previous GAAP. The property lease is being amortised on a straight-line basis over 116 years. A revaluation exercise was undertaken as at 31 March 2020 and an impairment to valuation was not required. Of the above Property lease valuation net book value of £58,421,105 at 31 March 2020, £47,399,118 is held in a revaluation reserve (see note 16).

A peppercorn rent is payable to DCMS under a deed of variation between the Trust and The Secretary of State for Communities and Local Government dated 22 December 2009. Variation of the terms of the property lease in respect of the yearly rent payable are by agreement. The Trust assumes a peppercorn rent will be payable over the remaining life of the lease.

Additions for the year include the completion of Somerset House Exchange (the new co-working space), Lancaster Rooms refurbishment and Studios spaces.

Assets in the course of construction are for leasehold improvements relating to the hostile vehicle mitigation bollards, due to complete in 2020/21.

Included within fixed assets are assets held under finance leases with a total value of £1,263,854. The leases comprise of the telephone and Wi-Fi infrastructure installed in tenants offices through the South, West and New Wings and the Trust offices.

Disposals reflect the removal of fully depreciated assets on the register at nil net book value that can no longer be identified.

Somerset House Trust

Notes to the financial statements

For the year ended 31 March 2020

12 Investments

Trust	Charity 2019/20 £	Charity 2018/19 £
At 1 April and at 31 March	1	1

The Trust owns the whole of the issued ordinary share capital of Somerset House Enterprises Limited, a company registered in England at Somerset House, Strand, London WC2R 1LA (Company No. 03920330). The subsidiary carries out non-primary-purpose trading and taxable activities, including venue hire, renting retail and office space, raising sponsorship for events and exhibitions, and merchandising. All activities have been consolidated on a line-by-line basis in the statement of financial activities. A summary of the results of the subsidiary is shown below.

<u>Somerset House Enterprises Limited</u>	2019/20 £	2018/19 £
Turnover	4,613,817	4,720,952
Costs of sales	(1,787,624)	(1,951,578)
Gross profit	2,826,193	2,769,374
Administrative expenses	(6,945)	(6,300)
Profit on ordinary activities before taxation and Deed of Covenant	2,819,248	2,763,074
Payment under Deed of Covenant to the Trust	(2,672,813)	(2,763,074)
Profit on ordinary activities before taxation	146,435	-
Tax on profit on ordinary activities	(39,080)	-
Profit for the financial year	107,355	-
The aggregate of the assets, liabilities and funds was:	2019/20 £	2018/19 £
Assets	5,586,405	4,102,968
Liabilities	(5,469,049)	(4,092,967)
Funds	117,356	10,001

The Directors of Somerset House Enterprises Limited intend to pay its available profits to the Trust within nine months of the year end and in accordance with the deed of covenant signed 15 March 2017, have formally declared their intention to do so for the foreseeable future.

Notes to the financial statements

For the year ended 31 March 2020

13 Debtors: due within one year

	Charity 2019/20	Charity 2018/19	Group 2019/20	Group 2018/19
	£	£	£	£
Trade debtors	1,164,168	1,157,537	1,303,452	1,420,863
Amounts owed by group undertakings	4,559,478	3,377,527	-	
Other debtors	337,187	241,595	337,364	244,966
Prepayments and accrued income	711,348	904,421	731,681	940,278
	6,812,181	5,681,080	2,372,497	2,606,107

14 Creditors: amounts falling due within one year

	Charity 2019/20	Charity 2018/19	Group 2019/20	Group 2018/19
	£	£	£	£
Finance leases (note 20)	488,396	546,929	488,396	546,929
Trade creditors	1,369,371	726,563	1,783,522	751,087
Taxation and social security	148,447	266,945	209,180	462,475
Other creditors	2,229,467	1,927,426	2,241,966	2,002,426
Accruals	653,229	673,766	751,098	795,306
Deferred income	2,101,504	2,628,467	2,385,822	2,927,314
	6,990,414	6,770,096	7,859,984	7,485,537

Other creditors in the charity includes funds held in trust for tenants under Rent Deposit Deeds, £2,174,000 (2018/19: £1,885,000).

Deferred income includes rental and service charge income, deposits for venue hire invoiced in advance and advance ticket income collected through our own ticketing system. Income is deferred to the accounting period to which the service relates. All deferred income is utilised in the year following deferral.

15 Creditors: amounts falling due after more than one year

	Charity & Group	
	2019/20	2018/19
	£	£
Finance leases (note 20)	770,551	1,250,430
	770,551	1,250,430

Somerset House Trust

Notes to the financial statements

For the year ended 31 March 2020

16 Statement of funds**Group**

	At 1 April 2019	Income	Expenditure	Transfers	At 31 March 2020
	£	£	£	£	£
Unrestricted funds					
General funds	2,795,215	18,851,890	(17,575,408)	(2,396,039)	1,675,658
Designated fixed asset reserve					
Original cost/ valuation	32,788,977	-	(2,628,077)	2,872,454	33,033,354
Revaluation reserve	47,850,538	-	(451,420)	-	47,399,118
Total unrestricted funds	83,434,730	18,851,890	(20,654,905)	476,415	82,108,130
Restricted funds					
Maintenance and service charge fund	(27,551)	256,128	(263,632)	-	(35,055)
Projects fund	130,632	645,487	(571,053)	-	205,066
Capital grants fund	100,000	376,415	-	(476,415)	-
Total restricted funds	203,081	1,278,030	(834,685)	(476,415)	170,011
Total funds	83,637,811	20,129,920	(21,489,590)	-	82,278,141

Comparative Group

	At 1 April 2018	Income	Expenditure	Transfers	At 31 March 2019
	£	£	£	£	£
Unrestricted funds					
General funds	774,109	18,647,356	(15,811,064)	(815,186)	2,795,215
Designated fixed asset reserve					
Original cost/ valuation	34,239,457	-	(2,640,251)	1,189,771	32,788,977
Revaluation reserve	48,301,958	-	(451,420)	-	47,850,538
Total unrestricted funds	83,315,524	18,647,356	(18,902,735)	374,585	83,434,730
Restricted funds					
Maintenance and service charge fund	(31,041)	252,966	(249,476)	-	(27,551)
Projects fund	169,250	282,697	(321,315)	-	130,632
Capital grants fund	-	474,585	-	(374,585)	100,000
Total restricted funds	138,209	1,010,248	(570,791)	(374,585)	203,081
Total funds	83,453,733	19,657,604	(19,473,526)	-	83,637,811

Notes to funds*Unrestricted funds**General funds*

The general funds are available for spending on Somerset House's charitable activities. The Trust's target free reserves level is £750,000.

Designated fixed asset reserve

£2,396,039 was transferred to the unrestricted designated fixed asset fund from general funds to reflect fixed asset additions funded by the Trust during the year (2018/19: £815,186).

£476,415 was transferred to the unrestricted designated fixed asset fund from the restricted capital grants fund to reflect fixed asset additions funded by the capital grants during the year (2018/19: £374,585).

The Board consider it appropriate to allocate an element of the annual depreciation charge on Somerset House to the revaluation reserve each year, so that the reserve reduces to zero on a straight line basis over the length of the lease.

Restricted funds

i) a Maintenance and service charge fund representing funds received from King's College which can be spent in accordance with the terms of the lease between the Trust and that tenant. The debit balance on this fund relates to expenditure incurred on the estate in connection with the tenancy of King's College, where the expenditure incurred to date by the Trust in fulfilling its obligations under the lease has exceeded service charge income. Expenditure will be reimbursed by service charge income in future years and the longer-term objective is for this restricted fund to carry a nil balance.

ii) a Projects fund representing the unspent balance of Grants & Donations received for specific purposes at year end.

iii) a Capital Grants fund representing the unspent balance of Grants received for specific purposes at year end.

17 Trustee remuneration and related party transactions

No remuneration directly or indirectly out of the funds of the charity was paid to any Trustee or to any related party. Travel expenses incurred by the charity for one trustee during the year totalled £101 (2018/19: £nil). Trustee indemnity insurance was purchased by the charity during the year at a cost of £6,801 (2018/19: £6,801).

The Trust's trading subsidiary, Somerset House Enterprises Limited, was recharged the staff costs £765,199 (2018/19: £765,335), being the cost of staff incurred by the Trust for activities undertaken by the company. At 31 March 2020, amounts due to the Trust from the company included an amount of £2,672,813 due from the company as a donation of its profits under gift aid for the year ending 31 March 2020, under the deed of covenant with the Trust signed on 15 March 2017 (2018/19: £2,763,074). All amounts owed between the Trust and the company are reflected in notes 13 and 14 to the accounts.

Eleven trustees made donations to the Trust during the year, totalling £24,850. Gifts were made to the Young Talent Fund and under the Supporters' Court initiative, a membership group established to engage major donors.

The following related party expenditure transactions are stated inclusive of VAT.

William Sieghart (Director) is Trustee of the charity Forward Arts Foundation which paid Somerset House Trust £294 for meeting room hire (2018/19: £108).

Somerset House Trust

Notes to the financial statements

For the year ended 31 March 2020

Paul Goswell (Director) is a Member of Council of King's College which rents space at Somerset House. King's College paid Somerset House Trust £1,601,088 for rent and service charge. Somerset House Trust paid King's College £23,201 for utility charges (2018/19: King's College paid £1,515,084 for rent and service charge, £47,853 relating to a partnership with Somerset House Studios and £4,181 for miscellaneous; paid to King's College £14,937 for utility charges and £1,282 for miscellaneous charges).

Monica Monajem (Director) is a Patron of the Adonyeva Foundation, who have donated £239,570 during 2019/20 (2018/19: nil).

Caroline Michel (Director) is Chair of BFI Trust ("BFI"). During 2019/20, the Trust paid £480 to BFI for film hire (2018/19: £1,225).

Jonathan Reekie (member of the Executive Team) is a Director of Northbank BID Limited ("Northbank") which rents office space at Somerset House. Northbank BID Limited paid Somerset House Trust £53,437 for rent and service charges, £2,262 for room hire and £5,621 for miscellaneous charges (2018/19: £52,134 received for rent and service charges, £954 for room hire and £6,861 miscellaneous).

18 Charitable status

Somerset House Trust is a charity registered under the Charities Act 2011 (number 1063640). As such, the charity is entitled to take advantage of the exemptions granted by s.505 of the Income and Corporation Taxes Act 1988.

19 Capital commitments

Capital commitments not provided for as at the year-end are as follows:

	Charity & Group	
	2019/20	2018/19
	£	£
Contracted for at 1 April	1,895,526	-
Commitments entered into during the course of the year and outstanding at the year end	41,839	1,895,526
Utilised during the year	(1,895,526)	-
Contracted at 31 March	41,839	1,895,526

20 Finance leases

	2019/20	2018/19
	£	£
Future minimum payments under finance leases are as follows:		
<i>Within one year</i>	521,363	592,332
<i>In more than one year, but not more than five years</i>	805,890	1,318,735
<i>After five years</i>	-	-
Total gross payments	1,327,253	1,911,067
Future financing charges	(68,307)	(113,710)
Finance lease liability	1,258,946	1,797,357

Somerset House Trust

Notes to the financial statements

For the year ended 31 March 2020

21 Operating lessor

The Trust has future minimum lease receivables under non-cancellable operating leases and operating leases with break clauses less than or equal to one year, as a lessor, as follows:

	2019/20	2018/19
	£	£
Receipts due	21,843,019	20,989,381
<i>Within one year</i>	5,979,936	5,068,963
<i>In more than one year, but not more than five years</i>	5,437,268	4,993,813
<i>After five years</i>	10,425,815	10,926,605

Post 31 March 2020 and as a result of COVID-19, a number of concessions have been granted to Somerset House tenants including revisions to lease terms, payment plans and ability to draw down on deposits in order to pay outstanding rental charges.

22 Net cash / (debt) reconciliation

	At 1 April 2019	Cash flows 2019/20	New finance leases	At 31 March 2020
	£	£	£	£
Cash at bank and in hand	9,094,039	(1,058,888)	-	8,035,151
Obligations under finance leases	(1,797,357)	549,171	(10,760)	(1,258,946)
	7,296,682	(509,717)	(10,760)	6,776,205

Obligations under finance leases: during the year the group entered into new finance leases in respect of assets with a total capital value at the inception of the lease of £10,760. There are no restrictions over the use of the cash and cash equivalents balances which comprises cash at bank and in hand.

Somerset House Trust

Consolidated statement of financial activities (incorporating an income and expenditure account)

As at 31 March 2019

	Notes	Unrestricted funds		Restricted funds	Total 2018/19	Total 2017/18
		General	Designated		£	£
		£	£	£	£	£
Income and endowments from:						
<i>Grants, donations and gifts</i>						
Donations and legacies	2	37,136	-	757,282	794,418	463,973
Charitable activities						
<i>Property management and conservation</i>		1,974,571	-	252,966	2,227,537	1,975,343
<i>Cultural and public events</i>		4,408,287	-	-	4,408,287	3,171,701
<i>Public education and communication</i>		39,028	-	-	39,028	11,708
<i>Rental income</i>		7,169,332	-	-	7,169,332	6,116,781
Other trading activities						
<i>Concessions and venue hire</i>		3,348,160	-	-	3,348,160	2,992,555
<i>Merchandise income</i>		893,134	-	-	893,134	373,712
<i>Sponsorship</i>		767,437	-	-	767,437	794,733
Investments		10,271	-	-	10,271	3,057
Other Income		-	-	-	-	-
Total income		18,647,356	-	1,010,248	19,657,604	15,903,563
Expenditure on:						
Raising funds	3	216,326	-	-	216,326	167,850
Charitable activities						
<i>Property management and conservation</i>		5,759,623	2,535,280	249,476	8,544,379	8,205,719
<i>Cultural and public events</i>		5,323,915	-	207,794	5,531,709	4,596,240
<i>Public education and communication</i>		1,819,394	-	113,521	1,932,915	1,624,043
<i>Rental costs</i>		473,652	556,391	-	1,030,043	924,053
Other trading activities						
<i>Concessions and venue hire</i>		1,433,735	-	-	1,433,735	1,178,796
<i>Merchandise costs</i>		761,218	-	-	761,218	453,349
<i>Sponsorship costs</i>		23,201	-	-	23,201	39,151
Total expenditure	4,5,6	15,811,064	3,091,671	570,791	19,473,526	17,189,201
Tax (credit) / charge	7	-	-	-	-	(9,631)
Net income/ (expenditure)	8	2,836,292	(3,091,671)	439,457	184,078	(1,276,007)
Transfers between funds	14	(815,186)	1,189,771	(374,585)	-	-
Net movement in funds		2,021,106	(1,901,900)	64,872	184,078	(1,276,007)
Fund balances brought forward at 1 April 2018	14	774,109	82,541,415	138,209	83,453,733	84,729,740
Fund balances carried forward at 31 March 2019		2,795,215	80,639,515	203,081	83,637,811	83,453,733
<i>Prior period reconciliation of funds</i>						
<i>Fund balances brought forward at 1 April 2017</i>		3,640	84,795,009	(68,909)	84,729,740	
<i>Net movement in funds</i>		770,469	(2,253,594)	207,118	(1,276,007)	
<i>Fund balances carried forward at 31 March 2018</i>		774,109	82,541,415	138,209	83,453,733	

Somerset House Trust

Consolidated and charity balance sheet

For the year ended 31 March 2019

Consolidated balance sheet for the year ended 31 March 2019

	Unrestricted funds £	Restricted funds £	Total 2018/19 £	Total 2017/18 £
Tangible fixed assets	80,639,515	-	80,639,515	82,541,415
Net current assets	4,045,645	203,081	4,248,726	2,410,972
Creditors: amounts falling due after more than one year	(1,250,430)	-	(1,250,430)	(1,498,654)
Net assets	83,434,730	203,081	83,637,811	83,453,733

The funds of the group:

General funds	2,795,215	-	2,795,215	774,109
Designated fixed asset reserve	80,639,515	-	80,639,515	82,541,415
Restricted reserves	-	203,081	203,081	138,209
Total funds	83,434,730	203,081	83,637,811	83,453,733

Charity balance sheet for the year ended 31 March 2019

	Unrestricted funds £	Restricted funds £	Total 2018/19 £	Total 2017/18 £
Tangible fixed assets	80,639,515	-	80,639,515	82,541,415
Investments	1	-	1	1
Net current assets	4,035,643	203,081	4,238,724	2,400,970
Creditors: amounts falling due after more than one year	(1,250,430)	-	(1,250,430)	(1,498,654)
Net assets	83,424,729	203,081	83,627,810	83,443,732

The funds of the charity:

General funds	2,785,214	-	2,785,214	764,108
Designated fixed asset reserve	80,639,515	-	80,639,515	82,541,415
Restricted reserves	-	203,081	203,081	138,209
Total charity funds	83,424,729	203,081	83,627,810	83,443,732