



Somerset House Trust

Report and financial statements for the year ended 31 March 2023

Somerset House Trust

Legal and Administration details

For the year ended 31 March 2023

Registered Office	Somerset House Strand London WC2R 1LA
Registered Charity number	1063640
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:	
Gail Rebuck	Chair of the Board of Trustees Chair of the Nominations & member of the Remuneration Committee
Sophie Turner Laing	Deputy Chair of the Board of Trustees Member of the Nominations & Remuneration Committee
Alix Burge	Member of the Audit & Risk Committee
Martine D'Anglejan-Chatillon	
Jennifer Duvalier	Chair of Remuneration Committee and member of the Nominations Committee Appointed 7 December 2022
Brian Eno	
Carol Fairweather	Chair of the Audit & Risk Committee
Judy Gibbons	Resigned 24 September 2022 Deputy Chair of the Board of Trustees Member of the Nominations & Remuneration Committee
Paul Goswell	
Melanie Hall	Member of the Audit & Risk Committee
Oluwole Kolade	Member of the Nominations & Remuneration Committee Resigned 15 March 2023
Dawid Konotey-Ahulu	Member of Nominations & Remuneration Committee Appointed 7 December 2022
Monica Monajem Isfahani	Member of the Audit & Risk Committee
Jonathan Newhouse	
Julien Sevaux	Resigned 18 December 2022
Melanie Smith	Member of Audit & Risk Committee Appointed 7 December 2022 Resigned 25 June 2023 due to new external executive appointment

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Jessica Tamsedge

Appointed 27 September 2023

Peter Williams

Member of the Audit and Risk Committee, Appointed 27 September 2023

Executive Team

Jonathan Reekie

Director

Diana Spiegelberg

Deputy Director

Samantha Gilburd

Chief Operating Officer and Company Secretary

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

Charles Russell Speechlys
5 Fleet Place
London
EC4M 7RD

YESS Law (Your Employment Settlement Service Limited)
South Wing, Somerset House
Strand
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WC2R 1LA

Bates Wells & Braithwaite London LLP
10 Queens Street Place
London
EC4R 1BE

Foot Anstey
Senate Court
Southernhay Gardens
Exeter
EX1 1NT

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Report of the Board of Trustees

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CHAIR'S FOREWORD

Somerset House enjoyed a buoyant year, with the site refilling with our creative community, the public and commercial activity, quicker than we would have dared hope. As a result, we were able to accelerate our charitable spend on the building and to rebuild our cultural programme in its first full year since 2019/20. As the home of cultural innovators, Somerset House connects creativity and the arts with wider society and throughout the year the site was bursting with the energy of our creative residents which reflected in many aspects of our cultural activity.

We are proud to be custodians of this historic building at the heart of London, with its long history of public service and counter perspective. We use this today, to provide a home to the UK's largest creative community working globally across art, technology, business and social enterprise. In doing so, Somerset House draws in fresh ideas and new talent, enabling surprising alliances, convergences and chance encounters, which motivate and inspire.

The exchange between artists, creatives and wider society is the most vital and inspiring element of Somerset House. This is felt most strongly when our programme is driven by our residents. Most notably, we bravely backed two of our artists, Gareth Pugh and Carson McColl to present *This Bright Land*, a month-long celebration of community and culture, in the Edmond J. Safra Fountain Court, attracting 200,000 visitors with the highlights undoubtedly being the weekly Vogue Balls and the daily spectacle of children playing in the fountains and enjoying free movies.

Although the rest of our cultural programme was slightly slimmer, there were some notable successes, such as *Eternally Yours*, exploring the culture of repair; *The Horror Show!* curated in-house with two of our resident artists and *O Barco/The Boat*, a major courtyard installation that marked the 10th anniversary of another Somerset House resident organisation, the 1:54 African art fair. In the courtyard, we started the year with Leeroy New's futuristic *Arks of Gimokudan* installation and ended with Jitish Kallat's *Whorled* which fittingly placed Somerset House at the centre of the universe. Over 32,000 people delighted in the return of the Summer Series and we had our most successful Skate season ever with more than 170,000 people taking to the ice against the backdrop of our beautiful building.

As you might expect from a community packed with creative talent, the bounce back was fast, with many new creative individuals and businesses choosing to base themselves at Somerset House across our workspace offering. They were joined by new and emerging talent, most notably through our Inclusive Talent Programmes and the Black Business Incubator, which welcomed its third cohort. The creative industries remain one of the UK's fastest growing sectors and its resilience and fleet footedness in a rapidly changing world is supported and exemplified by Somerset House.

Our combination of community and programme harnesses the power of the arts to make change across the whole of society. It brings much needed fresh thinking to some of our most critical systems including education, work, technology and the climate emergency, stimulating and fuelling artists and creatives by worlds beyond themselves.

Somerset House invites everyone to 'step inside, think outside'. It's a place to escape the comfort zone in the safest way. It creates brave experiments in, and for, the world and places the power of creativity at the heart of our lives.

We are very grateful to the Department of Digital, Culture, Media and Sport for their continued support. Without this, we would not be able to do what we do.

What happens here happens nowhere else. This results from our unique combination of people, place and programme and is thanks to the unceasing dedication and hard work of the Somerset House team. I am grateful to them, to my fellow trustees and to all Somerset House's supporters and partners.

Gail Rebuck

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OUR MISSION AND PURPOSE

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 then, 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.

Our charitable object is:

To advance the education of the public by the provision of a centre for 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.

In pursuit of this we have turned Somerset House into the home of cultural innovators, connecting creativity and the arts with wider society. We host a collision of worlds and harness the power of our people, programme and place to:

- Drive artistic and social innovation.
- Develop the widest possible span of talent.
- Leverage the power of arts to make change across the whole of society

To achieve this our strategic objectives, focus on:

- Creating a distinctive cross disciplinary programme
- Maintaining the heritage and public enjoyment of our site
- Nurturing our creative community
- Revitalising our sustainable business model

PUBLIC BENEFIT

Somerset House 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.

It is our policy for our site and many of our spaces and activities to be free or pay-what-you-can. Where we charge, in setting ticket prices and concessions, trustees considered the accessibility of the site to all members of the public, whatever their means.

The site was open with free access to the public every day except Christmas day, with free exhibitions and displays open for 353 days of the financial year, including three major free courtyard installations. In August 2022, we mounted a festival, **This Bright Land**, with many free activities throughout the month.

The launch of **Channel**, providing free access to digital content, enabled audiences anywhere to access our programme and gain insights into artistic process, including many artists based at Somerset House Studios.

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Our Inclusive Talent Engagement programme gave free learning and career opportunities to 3,284 young people in person, ranging from attendance at events providing access to practitioners to year-long London Living Wage paid placements with the Trust and other resident organisations based at Somerset House.

DISTINCTIVE CROSS DISCIPLINARY PROGRAMME

As the home of cultural innovators, our cultural programme celebrates the unique interplay between our onsite creative community, our Grade 1 listed heritage site and our position at the meeting point of artistic and social innovation.

The launch of our new digital platform Somerset House Channel was an important step forward in offering new creative possibilities and building our reach both nationally and internationally.

Our programming objectives focus on:

Impact Producing distinctive, cross disciplinary and critically successful cultural projects.

Platform Work that foregrounds the building, our creative community or less familiar voices

Audience Work that actively attracts, engages and diversifies audience through concept, planning & delivery

This was our first full year of programming since Covid, with an ambitious new headline event for August, **This Bright Land**, a summer celebration of community and culture.

Key results were:

Measure	Result	Target	Comment
Total programme visitors (exhibitions and events)	420k	400k	+20% vs previous year
Free days of exhibitions / installations	353	350	
Headline exhibition visitors	42k	40k	
Online cultural programme audience	562k	675k	Below target due to temporary team changes and capacity during the launch phase of Channel

Our overall in-person programme attendance (at ticketed events and exhibitions) of 420,000 was above our target of 400,000, largely driven by record Skate attendance.

As discussed earlier, the public could visit and see an exhibition or installation almost every day of the year for free.

Our home-grown programme continues to develop. We presented 22 site-specific projects throughout the year, covering a range of commissions, installations and performances with over 80 residents featured in our programme. Our focus on representation continues with almost 50 key creative decision-makers on projects throughout the year from communities typically under-represented in the arts.

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Programme Highlights

Critically-acclaimed **The Horror Show!** examined how ideas rooted in horror have informed the last 50 years of creative rebellion in Britain. Co-curated by artist residents Iain and Jane Forsyth with Senior Curator, Claire Catterall, the exhibition included eight new commissions and featured work by five other artist residents. According to *The Wire*, the exhibition “*demonstrates how artists working outside the norms cast the most delicious underground spells. Go. See.*”

Eternally Yours, a free Terrace Room exhibition explored diverse ideas around care, repair and healing from across the globe including 19 artists, one of which is a Somerset House resident. It also featured live ‘repair shop’ which ran throughout the run of the show, and included guest artists, designers, and makers. According to *The Guardian*, **Eternally Yours** “*felt like a fitting cultural moment to explore individual and collective healing*”.

Installation **We can no longer deny ourselves** by Serafine1369 was a solo commission of scale from a Studios artist. Curated by Rahila Haque, the work explored systems which shape our perception of time, and included event *The Long Night*, an opportunity to experience the work at 2am coinciding with the end of daylight saving time.

The return of the yearly access all areas party **AGM** marked six years of Somerset House Studios, with the building taken over by DJs, art installations and live performances. Offering rare public access to off-limits areas where the Studios’ artists-in-residence make their work, the event featured RP Boo, Nazar, Born Free and Nadeem Din-Gabisi.

Gallery 31 concluded its model of guest curated group shows with exhibitions by Harlesden High Street, Taylor Le Melle and Anne Duffau.

The **Summer Series** returned for the first time since the pandemic, showcasing a wealth of contemporary music talent including globally renowned artist John Legend. The event was very positively received, bringing over 32,000 people to the courtyard to come together after a period of social isolation and providing with an unparalleled gig going experience in the Edmond J Safra Fountain Court.

SKATE was a particular success reuniting people and enabling them to come together with family and friends to enjoy our most widely recognised signature event with the backdrop of a beautifully lit Somerset house. This year saw a record number of visitors due to an expanded rink and high demand for tickets, as well as an enhanced accessibility offering including our mobiloo and chilled out sessions for people with sensory differences.

The Edmond J Safra Fountain Court was animated by three major installations, responding to Somerset House’s architecture and to the site’s maritime history. Philippine artist **Leeroy New’s** *The Arks of Gimokudan*, coinciding with Earth Day 2022, transformed waste into a fleet of ships docked in the courtyard to highlight use of single plastic in the UK. **Grada Kilomba** presented the UK premiere of *O Barco / The Boat*, which was a major highlight of the contemporary African art fair 1-54. A striking 32-meter-long installation outlining the ‘hold’ of a European slave ship directly addressed the history of European maritime expansion and colonisation. The work included profound live performances, and was front page of *The Art Newspaper*. Mumbai-based **Jitish Kallat’s** interlocking spiral *Whorled (Here After Here After Here), 2023* encouraged everyone to participate in a walking journey of reflection, understanding their immediate location and place in relation to others across the planet and distant universe. Closing just after Earth Day 2023, the commission was made to be fully recycled and reusable.

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Thanks to Morgan Stanley, we commissioned **Amba Sayal-Bennett's *Geometries of Difference***, which continued her interest in British colonial imagination. This resulted in nine new geometrical works, reflecting on Sir William Chambers' 18th-century drawings for Somerset House.

Throughout the year, we continued to prioritise young, new and diverse audiences, through programming and ticketing initiatives. Morgan Stanley Lates offered free tickets for under-25s for exhibitions at Somerset House and the Courtauld Institute of Art and included three specially programmed evening events centred on the courtyard.

For August 2022 we worked with Somerset House Studios residents Gareth Pugh and Carson McColl to develop and present the very ambitious **This Bright Land**. A celebration of community and culture created with community partners at its heart, *This Bright Land* transformed the courtyard into a welcoming wonderland for Londoners of all kinds to come together. *This Bright Land* was largely free to access and required significant investment from Somerset House Trust and sponsors, including Estée Lauder Companies. This Bright Land created opportunities for a wide range of diverse audiences, especially through our weekly Vogue Balls in partnership with Vogue Rites, which were a dazzling spectacle against the backdrop of Somerset House. Audience feedback included: "*great to see Somerset House embracing the subcultures of different communities*" and "*being part of a diverse crowd - diverse in race, age and gender. It felt different to being at other arts institutions. I felt engaged with the future.*" *This Bright Land* embodies the essence of Somerset House's "*step inside, think outside*" ethos and the experience and lessons learnt are informing future plans to animate the courtyard.

Launching in September 2022, our new digital platform **Channel** presented two new, site-responsive commissions, the first from Turner Prize nominee Sin Wai Kin, and the second from digital collective Keiken. In partnership with The Alan Turing Institute, three international artists were also supported to develop new film works critically responding to the themes of privacy, agency and trust in human-AI ecosystems. These new works are underpinned by a growing bank of film and audio content exploring ideas and artistic process from those involved in the programme and based in the building.

Other Programme Highlights

Our programme included a number of other highlights developed with and by regular partners. In 2022/23, these included the annual games festival Now Play This, which explored the relationship between game design and democracy.

The Crafts Council's Collect Fair of contemporary crafts also returned, whilst the contemporary African art fair 1-54 celebrated its tenth anniversary, hosting 50 international exhibitors across 21 countries, the largest number of countries to date.

In terms of showcasing young people's creativity, a real highlight was the National Saturday Club's Summer Exhibition which platformed the creative talents of 1,500 13-16-year-old from their national network of clubs.

Programming plans for 2023-24

Our programme for 2023-24 steps up our ambitions with two major ticketed exhibitions, *The Missing Thread*, the untold stories of Black British fashion, in September 2023 and *Cute*, exploring the phenomenon of Cuteness in contemporary culture, opening in January 2024. We will continue to prioritise opportunities to platform artists and

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creative practitioners from within Somerset House's resident community, as well as showcasing under-represented voices. This will include working with Makerversity on an important free exhibition to celebrate ten years of Makerversity and to bring the public closer to the process of making and prototyping today. As well as a bigger programme with increased impact, we will work hard to develop other future projects, to complete the refilling of our programme pipeline, which remains depleted after the disruption of Covid.

HERITAGE AND PUBLIC ENJOYMENT OF OUR SITE

Somerset House as a public building is at the heart of our charitable objectives. We aspire to be an exemplar in how we combine management of our historic site with contemporary relevance and an engaging visitor experience.

Focus areas:

Conservation – Protect and renew the site, enhancing its sustainability.

Welcoming Destination – Create a welcoming, memorable and safe destination for visitors.

Heritage – Bring to life the heritage and history of the site.

Key results were:

Measure	Result	Target	Comment
Total site visitors	2.4m	2.5m	Slightly below target but 63% above 21/22 and only 17% below 2019, a relatively strong Covid recovery among London cultural institutions.
In-person & self-guided tour participants	3,392	3,300	Over 1,800 in-person participants and 1,500 listens to Sonic Histories on the Bloomberg Connects App
Major structural or internal fabric failures	0	0	
RIDDOR reportable accidents	1	0	Regrettably, 1 reportable accident occurred in January 2023 during deinstall of Skate. This resulted in 7 days absence for the contractor involved but thankfully no lasting injury. Improvement actions have been identified and the local authority has satisfactorily closed its investigation.

Conservation

The 4-yearly condition survey of the building took place during the year. The surveyor endorsed our programme of conservation of works and confirmed that completed works had been carried out on schedule and to a high standard.

We carried out cyclical conservation works to the dome on the roof of South Wing and, towards the end of the year, started exterior conservation works on New Wing, which includes all windows and façade cleaning.

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We completed our sitewide CCTV upgrade this year, an important part of our security and protection capability – for both the site and its many visitors.

Welcoming destination

This year saw the opening of the newly pedestrianised Strand Aldwych, outside our front door, which combines with our courtyard to provide a large and welcoming public space in this part of London. The opening featured the Voice Line, a sound installation by Somerset House Studios resident Nick Ryan marking one hundred years since the BBC's first radio broadcast from the neighbouring Marconi House. Thanks to pedestrianisation, arrival to Somerset House has been transformed.

We have introduced a new Access Action Group, to focus our attention more closely on the needs of visitors and residents with disabilities. The group is developing an action plan underpinned by an independent audit which will include recommendations for future improvements. We installed a new ramp enabling easier wheelchair access to the West Wing and introduced a Mobiloo toilet to Skate for one weekend to help visitors with complex needs to visit our site and to enjoy our winter programme. To support our diverse audiences during This Bright Land, all Trust staff and event security participated in Gendered Intelligence training. In addition, we trained 30 programming and producing staff members on Accessible Event and Inclusive Programming and trained over 80 members of our Visitor Experience team on Promoting Disability Confidence.

Heritage

In July we launched our new Historic Highlights tours, following a complete redesign with a wider range of perspectives of Somerset House's history. The new tours are led by paid tour guides for the first time and have been received very positively, with 1,800 visitors since July 2022 and 4.5-star reviews on TripAdvisor.

For the first time we have also introduced self-guided audio tours, thanks to support from Bloomberg. These *Sonic Histories* audio tours are signposted across Somerset House and can be listened to via the Bloomberg Connects app. We commissioned writers Laura Lomas, Rex Obano, Ava Wong Davies and Sabrina Mahfouz to produce imaginative new work in response to specific elements of Somerset House's history and architecture.

OUR CREATIVE COMMUNITY

As the home of cultural innovators, we are home to a large community of artists, makers, technologists, inventors, change-makers and start-ups, including charities, social enterprises, B Corps and established businesses operating in and supporting the creative industries.

This community both contributes to and reflects our creative purpose. It is also a key component of Somerset House's funding model, providing a regular income stream in the form of rental, service charges, membership and other payments which support the Trust in delivering its charitable objectives. See below for further insights into the make-up of this community.

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Our objectives in this area focus on:

- Offering:** Strengthen our inspirational creative workspace offer
- Connections & Engagement:** Realise the potential of our creative community and the sector.
- Representation:** Promote pathways that address under-representation

This year saw a huge amount of activity focused on rebuilding our creative community which started the year with significant gaps following the loss of many residents during Covid, including one almost third of our office residents. Our flexible offer enables residents to move within the community, supporting them as they grow or, in times of difficulty, where they may need to downsize. One of this year's successes has been the progression of several residents from Studios, Exchange, Makerversity and shared workspace into leasing their own offices.

Our Inclusive Talent programmes, aimed at tackling under-representation, are supporting the next generation of creative talent with access to advice and opportunities. Our onsite community is a key part of this programme, multiplying our impact by providing expertise and opportunities that Somerset House alone could not, with at least 30 residents involved in supporting our programme. We've provided over 150 durational opportunities for talented individuals including bursaries and residencies, the Black Business Incubator and our young people's programmes.

Key results were:

Measure	Result	Target	Comment
Occupancy	92%	90%	Achieved target in first half of year with 20 new office residents and 22 new Studios artists
Bursaries and residencies provided:			See Studios community overview for further details on artist bursaries and residencies As at end of March 2023
- Exchange	66	50	
- Studios	12	-	
Black Business Incubator participants	65	100	Reduced cohort size to increase level of one-to-one support and maximise overall programme impact
Young people with durational talent opportunities...	15	15	Future Producers and Creative Industry Placements
...% reporting skills / confidence development	75%	75%	After all programmes, 75% felt more confident to embark on a creative career
Inclusive talent programme participants working in sector	80%	75%	Includes securing work at Somerset House and in the wider sector

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Offering

Perhaps the best measure of the value of our onsite community is the pace at which it has rebuilt, with only 8% of our space vacant at the end of the year, having started the year with 17% of our office space empty. During the year, we were joined by 25 new office residents and 22 new artists.

We continued to adapt our space and facilities supporting different hybrid and flexible working patterns. This included a new fixed desk offer to provide a bridge between hotdesking in The Exchange and a full leased office.

We refined our Resident Support Programme in response to changes in working patterns and resident requests with over 1,800 attendees across a range of events including business advice clinics, targeted discipline-led networking events, special interest groups, community wide socials and cultural programme led engagements.

We relaunched our Somerset House Studios artist development programme, offering funding support, legal advice and focused sessions led by external experts covering topics ranging from preparing for studio visits through to writing about your creative practice. We also launched Maximum Alumni, a low-cost paid offer to past Studios residents wanting to maintain a presence onsite.

Connections & Engagement

Members of our onsite creative community have made positive contributions across all our Inclusive Talent Engagement programmes including working with our Future Producers and contributing to This Bright Land.

We have been able to extend our creative community through residency programmes developed in partnerships including The Alan Turing Institute, UAL Creative Computing Institute and Goethe-Institut London, providing unique opportunities for local and international artists.

We worked with 7 residents (and one Somerset House team) to host 8 young people on our Kickstart-supported Creative Industries Placements. Our residents also worked with us to provide training and mentoring sessions and to provide talks and workshops as part of our Upgrade Yourself Programme

Representation

Addressing under-representation in the arts and creative industries workforce is a key priority. Highlights in 2022/23 included:

- The further refinement of our Black Business Incubator programme, delivered in partnership with Mentor Black Business and sponsored by Morgan Stanley with 65 participants across 3 cohorts during FY 2022/23 and 19 graduates moving onto an Exchange bursary.
- In addition to mentoring, masterclasses and free workspace, Black Business Incubator members participated in a wide range of Somerset House activity. This included Jason Baron Photography taking part in the Upgrade Yourself Festival, On Da Beat hosting an Upgrade Yourself Industry Placement, Fore products being sold in The Horror Show! Exhibition shop and Tatale catering at 1-54 Contemporary African Art Fair.

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- Somerset House Exchange offers bursary placements at discounts of up to 75% to individuals who have been historically marginalised and may face barriers in terms of access and opportunity in the creative and cultural sector.
- Somerset House Studios offered our largest number of bursary opportunities to-date, with focused residencies funded by Jerwood Arts and through funds raised at our Young Talent Fund fundraiser supporting early-career visual artists and artists experimenting across music and sound. Given increasing cost of living challenges, being able to offer bursaries over this period has met a real need within the artistic community, particularly for those at early career stages of their practice.
- 80% of Inclusive Talent Participants continued career pathways within the sector including employment opportunities and further training.

Our Anti-Racism and Inclusion Work

Our Anti-Racism Taskforce continued to inform our thinking in our focus on making Somerset House a more inclusive place. Progress against our original pledge points is interwoven throughout the different strategic objectives in this annual report.

Particular highlights include:

- Revising and relaunching our Historic Highlights tours informed by research commissioned into our past.
- Improving diversity in our hiring and programming.
- Securing further funding for our Black Business Incubator programme, recruiting our third cohort and evolving the programme considerably in response to participant feedback

Overview of our Community of Cultural Innovators

Resident, members and staff numbers working from Somerset House continue to rebuild post COVID, with Tuesday, Wednesday and Thursday's being busier, a pattern reflected across the country.

At 31 March 2023, Somerset House was home to almost 600 creative organisations and artist collectives:

- 72 Somerset House Studios artists and their teams in almost 17,000sq ft of studio space
- 300 creative-tech and maker members from 96 different organisations at Makerversity which provides workspaces and specialist workshops across c16,000 sq. ft
- 583 members from 288 small businesses in our creative co-working space Somerset House Exchange, of whom 50 were Black Business Incubator businesses.
- 135 creative enterprises occupying 211 offices across c87,000 sq. ft of available space.

Somerset House Studios

Across 2022/23 Somerset House Studios supported 142 individuals, welcoming 22 new artists to the community. Resourced by the Young Talent Fund, 3 artists are supported through a new Music & Sound residency to develop a new work for Assembly, with 6 further supported through Bursaries. The Jerwood Somerset House Studios residency was awarded to 3 early-career visual artists who will develop a new work to be presented in 2024. Thirteen artists

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were supported through the one-to-one programme over this period, a programme which pairs individual donors and artists to directly support their work.

Through the PATH-AI remote residency programme, 3 artists interested in exploring the international landscape for AI ethics, governance, and regulation were commissioned to create new online works critically engaging with intercultural ideas of privacy, agency, and trust in relation to artificial intelligence (AI) and other data-driven technologies, in partnership with UAL and The Alan Turing Institute. Other short-term residencies included our final Gallery 31 residency supported by Foyle Foundation and a new Experimental Technology Fellowship in collaboration with UAL Creative Computing Institute. Berlin-based American sound artist Christine Sun Kim joined for a 3-month residency in collaboration with Goethe-Institut London, developing a new body of work that was presented in Gallery 31.

The Somerset House Studios public programme welcomed an audience of almost 45,000 to the building and featured four new exhibitions in Gallery 31, with a new large-scale work in the River Rooms by SERAFINE1369 (Jamila Johnson-Small) exploring systems that shape our perceptions of time. The Studios celebrated six years during Frieze London with AGM, our annual access-all-areas celebration. The *Hyper Functional*, *Ultra Healthy* series returned to consider health and wellbeing and *Grounding Practice* continued as a rolling programme shaped by and for creative practitioners and critical thinkers.

Makerversity

Makerversity is a pioneering community of entrepreneurs, creators and innovators. At the end of the year, there were 300 individual members across 96 organisations, with more female than male members for the first time. Member companies work at the intersection of design, engineering and digital practice, developing ground-breaking solutions for the world's biggest societal challenges, including climate change, health and inequality. Makerversity supports these early-stage teams with specialist prototyping facilities, affordable workspace, and a business support platform.

Members successes during the year included:

- Three were awarded the £50,000 'Women in Innovation' award from Innovate UK: Natalie Kerres of [SCALED](#), Claire Trant of [Untap](#) and Sara Berkai of [Ambessa Play](#).
- Jun Kamei of [Amphico](#), Cassie Quinn of [C.Q Studio](#) and Hanson Cheng of [The Tyre Collective](#) featured in Wallpaper*'s [Change Makers series](#), highlighting their innovative contributions.
- [Materra](#), [Tone Design](#) and [Mesmerise VR](#) expanded into dedicated offices within Somerset House

Makerversity's social impact activity included:

- free residencies for nine "[Makers with a Mission](#)" and eleven "[Under 25s](#)", including Kayva Jain, founder of [Sensei](#), creating safe and inclusive public spaces for visually impaired people, and [Richard Aina](#), who's exploring an afro-revivalist style of architecture, drawing inspiration from his West African heritage.
- A partnership between Makerversity and Crisis providing 6 individuals who have experienced homelessness with free access to Makerversity for 6 months and a grant from Crisis to help establish their businesses.

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- Outreach activity including visits to six universities and ongoing collaboration with The Prince's Trust including "[Get started in](#)" weeks for 18-25 year olds interested in Graphic Design, Sustainability and Product Design.

Creative Enterprises – office residents

On 31 March 2023, we had 125 organisations occupying almost 79,000 sq. ft of dedicated office space, with a further 10 organisations sharing almost 3,000 sq. ft of office space. 74% are commercial businesses, 26% are charities or not for profit and 6% are B Corps certified. The largest category of residents work in Social Impact & Change (15%) with Creative Agencies second at 13%. With a focus on rebuilding the community, we welcomed 25 new residents and supported 8 organisations by moving them internally between workspaces.

Resident success stories include Hofesh Shechter's film *Political Mother* winning Cannes Film Festival Award for Best Dance Film, Prettybird's directing duo, Daniels, winning an Oscar for *Everyone Everywhere All at Once* and Ananas Anam launching a new low impact yarn to help brands reduce their environmental impact.

Somerset House Exchange including Black Business Incubator – shared workspace

Across the year, Somerset House Exchange saw an unprecedented 342 new joiners, resulting in an increase of 46% by year-end. Our 583 members comprised 209 individual organisations and 79 freelancers, with 66 being bursary recipients. New joiners included existing public and resident programme collaborators, Now Play This, Minute Shorts and Ward Williams Creatives.

Our creative community - the year ahead

Our priority is to continue to rebuild our community of cultural innovators, aiming to restore occupancy levels close to pre-Covid levels, with a focus on promoting pathways to address under-representation and building connections across the community.

REVITALISE OUR SUSTAINABLE BUSINESS MODEL

We are largely self-funded, reliant on generating income to enable delivery of our charitable purpose including our heritage site and cultural programme.

This objective focuses not only on the sustainability of our financial model but also on our ensuring that our operations are sustainable, both in terms of the environment and our people.

Our focus areas are:

Income	Grow a reliable and sufficient income stream.
Efficiency & Sustainability	Reduce wastage, costs, duplication and carbon footprint.
People	Promote the inclusion, wellbeing & resilience of our people.

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For the year ended 31 March 2023

We budgeted cautiously for 2022-23, uncertain as to the pace of recovery post-Covid. Our income rebounded much faster than expected and ultimately exceeded pre-Covid levels. Utilising reserves designated in 2021-22, we also made pleasing progress on improving our environmental impact with the implementation of heating controls across the site which will reduce energy wasted in heating vacant spaces. As in many organisations, this was a year of significant staff churn. This created challenges for the remaining team while we rebuilt, however it did enable us to improve the diversity of our team with our new hires.

Key results were:

Measure	Result	Target	Comment
Total unrestricted income	£20.5m	£18.6m	Achieved pre-Covid levels of income (excluding inflation).
Major process and system improvements (by 2024)	0	5 by 2024	Delayed due to recruitment challenges, now underway.
Improve building efficiency	Underway	EPC B by 2030	New smart heating controls to reduce boiler gas consumption by up to 30%.
Staff turnover	27%	20%	Impacted by “great resignation” and a competitive labour market.
Increase racial diversity of core staff	40% of 22/23 hires	26% of total by 2024	We can measure progress in attracting a broader range of applicants to our roles. We will update our baseline data for <i>all</i> staff during 2023/24 to enable full comparison against our target.

Income

Demand from both visitors and businesses exceeded our cautious expectations, resulting in a significant out-performance against budget.

Skate was a particular highlight with our highest ever attendance and record sales. We increased the capacity of the rink creating over 21,000 additional opportunities for skaters over the run. Demand was high with 18% of Skate sessions selling out and peak pre-Christmas slots selling out within days of launch.

Demand from our business customers and partners also exceeded expectations.

- We had our most successful year ever for commercial events with six major events contributing to our public programme, 103 smaller private events across the year and two location filming shoots including a new film by Ridley Scott.
- Demand for office space was buoyant, enabling us to achieve our full year occupancy target in the first half of the year

We had a strong year for partnerships and fundraising with significant levels of sponsorship achieved for both Skate and This Bright Land, a multi-year gift from a new individual donor towards Somerset House Studios and four gifts secured towards Jitish Kallat’s *Whorled* in the courtyard.

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Efficiency & Sustainability

Having onboarded a new Business Systems Analyst, supported by funding from the Fidelity UK Foundation, we are now driving the implementation and upgrade of systems and processes many of which were put in place when we were a much smaller organisation. We have soft-launched a new recruitment system, with full deployment of features planned for the coming months, and a new Exhibition management system is at final selection stage. We have identified key process improvement needs and are seeking to deliver both quick wins and longer-term projects.

During 2022-23, we installed radiator smart controls combined with room thermostats and occupancy sensors targeted at reducing our gas consumption. Heat and Power for the estate is generated onsite through a gas fuelled plant which we will seek to replace in future years. All additional electricity purchased from the grid is from non-carbon sources. The Trust purchases energy in advance through a consortium. This has enabled us to avoid some of the most extreme energy prices witnessed over the last year and has the effect of delaying their impact to 2023-24.

People

In common with many organisations, the year to March 2023, was one of significant staff churn during a time when activity levels rapidly returned to normal. In addition to 27% staff turnover, our teams experienced further instability due to ongoing churn with many roles covered on a temporary basis while we recruited to fill vacancies and covering the 13% of our people on maternity leave during the year. Thankfully, by the end of the year, the majority of roles had been filled.

The Cost-of-Living crisis has been a particular area of concern for our people this year. We implemented the 8% increase in the London Living Wage for our hourly-paid teams early, in January 2023. The annual pay review for salaried staff was once again brought forward from April to October, one year after the previous review which was also accelerated due to the economic climate. At this review, staff were awarded the higher of £1,400 or 3%, meaning our lower paid staff received a higher percentage increase (up to 6%). The next pay review is scheduled for April 2024. To bridge this gap, and to support our teams during a challenging time, two non-consolidated cost of living allowances of £500 (pro-rata) for all staff are being made during 2023/24.

As indicated in the previous section, since the end of the year, we have introduced an Applicant Tracking System. This has streamlined the recruitment process, benefiting both the Trust and candidates. Ultimately it will enable us to continue to improve the pace and quality of recruitment, enabling us to retain strong candidates, improve hiring diversity and build our talent pool.

Although we've seen an increase in hiring diversity in the last year, we recognise that we have more to do to advance diversity and inclusion and will continue to progress this.

Our sustainable business model – the year ahead

We continue on the journey outlined above for the year ahead, seeking to protect and grow our income in a sustainable way. We are investing in additional resource to enable this.

We will complete our planning to achieve EPC B, and make further progress towards this, aided by funds set aside in our designated reserve. During 2023-24, we will be working with energy specialists to map out our longer-term decarbonisation plans including a review of longer-term options for the site's energy supply.

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We will be implementing a number of system and process improvements for the year which will support our people in doing their best work.

The implementation of a new software solution will significantly improve our recruitment processes, candidate experience and support our diversity goals. Key people focus areas for the year are improving staff development, diversity and retention, including a review of our overall employee value proposition.

Financial Review

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

Performance against our key financial measures is set out below:

	2022/23	2021/22	
	£000	£000	Change
INCOME:			
Rent & service charges (leases)	10,073	7,269	39%
Cultural and public events	4,736	3,458	37%
Concessions and venue hire	3,853	2,652	45%
Furlough / lockdown grants	-	290	(100%)
Other unrestricted	1,835	2,150	(15%)
Restricted	689	1,135	(39%)
Total income	21,187	16,954	25%
SURPLUS (before depreciation)	1,621	2,288	(29%)
FREE RESERVES (excl designation)	3,476	3,280	6%
CASH BALANCE (excl rent deposits)	14,303	13,288	8%
Full Time Equivalent Employees	108	83	30%

The organisation has recovered well from the Covid pandemic with income exceeding pre-Covid levels (£20.1m in 2019/20). We set what we believed to be a realistic budget for the year, with a £1.2m deficit. This reflected significant investment in people and charitable activity ahead of income fully recovering. However, income rebounded faster than planned, and in some cases exceed previous peaks. This, combined with cautious expenditure management and slippage on some estates projects, resulted in a surplus before depreciation of £1.6m. Key areas of outperformance included rental income, commercial events and Skate. Income was also bolstered by significant levels of sponsorship and donations in respect of This Bright Land

Trustees designated £1.1m of funds towards future site works. This will enable us to continue a programme of heritage, sustainability and visitor experience improvements.

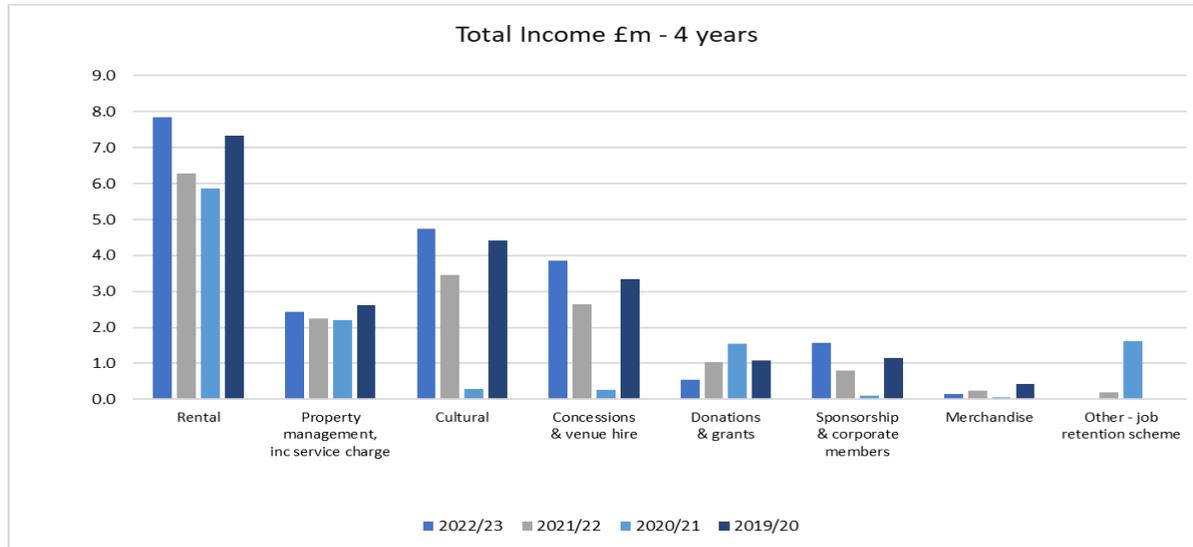
For 2023/24, we have set a deficit budget of £0.9m, reflecting ongoing conservation and building improvement works, an enhanced exhibitions programme, strengthening our team and inflationary pressures on salaries, energy and other organisational costs. Overall income is budgeted to increase with the key contributor being reducing rental voids.

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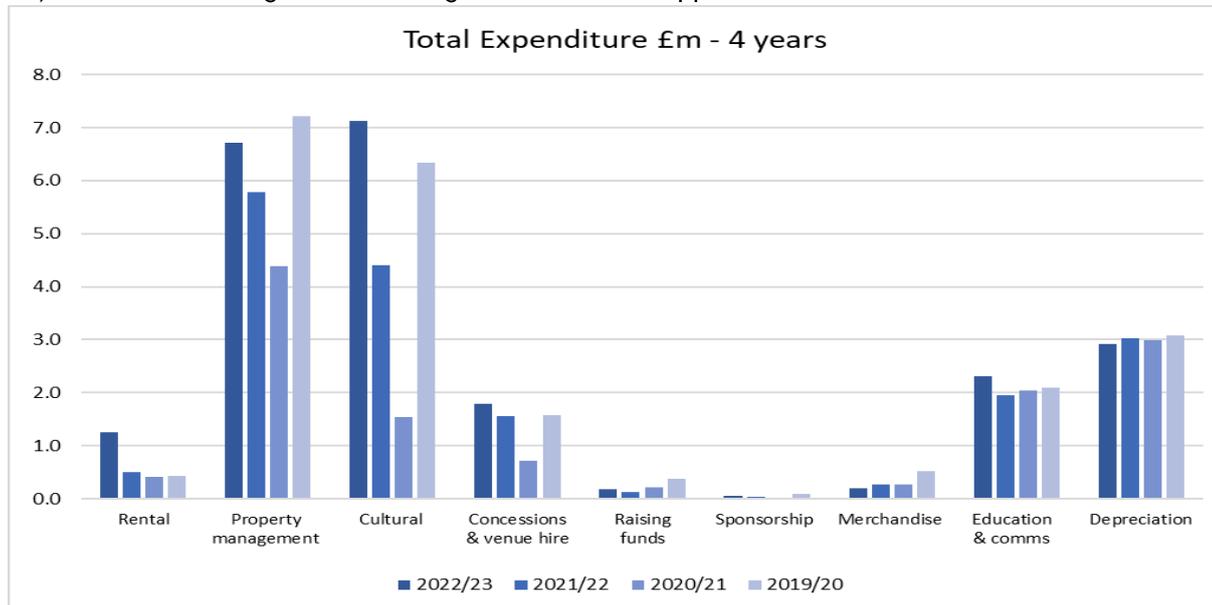
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Total Income and Expenditure (unrestricted & restricted)



We are pleased that most of our income has recovered to pre-Covid (2019/20) levels particularly on our cultural programme where we are engaging diverse audiences, although significant levels of sponsorship for This Bright Land will not recur in 2023/24. Void levels on property rental ended the year at 8% against a budget of 10%. A future objective is to further grow fundraising and commercial opportunities.



As activities have increased post-Covid, so has our cost base. Staffing costs increased during the year as we rebuilt and alleviated pressures felt in many teams and totalled £6.2m in the year (2021/22 - £5m). We spent £6.7m on property management & conservation including £0.4m on new heating controls to improve efficiency and commencing conservation works on New Wing including façade cleaning.

We continued to take a cautious approach to expenditure commitments as much of our income performance is not clear until the second half of the year. This meant that £0.2m of expenditure was delayed into 2023/24. Expenditure on the cultural programme surpassed our pre-Covid benchmark reflecting the higher cost of presenting This Bright Land.

The Trust continues to pay a peppercorn rent to DCMS in respect of the leasehold.

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Funds

Total funds decreased by £1.4m to £79.5m (2021/2: £0.7m decrease to £80.9m). See Reserves section for further detail.

The total funds position will continue to reduce annually by the material depreciation charges relating to fixed assets. The depreciation charge, which relates to the headlease and leasehold improvements was £3.0m (2021/22: £3.0m). The total value of fixed assets before depreciation is £121.2m, including the property lease from DCMS, which was valued at £65m in 2009 and is depreciated over 116 years, and leasehold improvements of £51.8m 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.

Cash Flow and Liquidity

Total cash increased during the year to £16.4m, with a net inflow of £0.9m. The cash balance includes rental deposits of £2.4m (2021/22: £2.2m). Cash from operating activities was £3.4m (2021/22: £3.2m) which funded capital expenditure of £1.0m (2021/22: £0.6m), finance lease payments of £0.3m (2021/22: £0.4m) and Coronavirus Business Interruption Loan Scheme (CBILS) loan repayments of £1m (2021/22 £0.3m). After the end of the financial year, the CBILS loan balance of £3.7m was repaid in full, given adequate forecast future cash balances and rising interest rates.

Fixed Assets

Capital expenditure for the year to 31 March 2023 was £1m (2021/22: £0.6m). Additions for the year included a heating management system, CCTV and IT equipment.

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 may be used for any of the Trust's charitable purposes.

Restricted funds totalled £0.2m on 31 March 23 (2021/22: £0.4m), a decrease of £0.2m.

Unrestricted funds are separated between a designated fixed asset reserve, a designated site works reserve and general funds (the latter representing free reserves):

- The fixed asset reserve is a permanent designated fund matched to fixed assets, recognising that these assets are largely illiquid and cannot be readily realised as cash. This reserve totalled £73.3m on 31 March 2023 (2021/2 £75.2m). The reduction of £1.9m reflects the depreciation of the headlease and leasehold improvements, offset by additions during the year. This fund includes £0.3m for assets held under finance leases payable over the next year which represents free cash until settled.
- The designated site works reserve, for heritage, sustainability and visitor experience improvements, was £2.6m at the end of the year. During the year, £0.5m was spent on façade cleaning works and new heating controls and Trustees designated a further £1.1m.
- 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. At the end of 2022/23,

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free reserves were £3.5m (2021/22 £3.3m). Free reserves were budgeted to fall back within the target range during 2023/24 with a budgeted loss reflecting continuing conservation works, investment in our programme, building improvements and in strengthening our team together with capital spending plans, including ongoing plant replacement and a new website. However, an improved opening position and slippage on capital plans mean this is now expected in 2024/25. Trustees continue to be comfortable with this elevated level of reserves due to the current uncertainty in the economic environment, balanced with our need to invest.

The Trust adopts 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 reserves policy is reviewed annually, with the overall position considered regularly at board meetings.

Trustees reviewed the reserves policy and decided to maintain the reserves target range at £1m to £2m in line with the previous year. This decision took into consideration the following factors:

- The current inflationary environment which has increased the Trust's fixed cost base.
- To achieve an appropriate balance between not tying up funds unnecessarily and a temporary buffer to overcome financial difficulties, providing 3-6 months of headroom to respond to a financial shock.
- The Trust benefits from the protective effects of a degree of assured rental income through some longer leases, typical 6-month notice periods on leases and rental deposits.
- Operating within a range affords flexibility for the Trust to ensure funds are spent wisely while adopting appropriate caution during times of uncertainty.
- Annual budgets include contingencies which provide a further buffer if required
- The Trust has a cashflow-positive operating model with rents paid in advance and deposits paid for both rentals and venue hires. This, together with the recently designated site works reserve, means that cash tends to be consistently ahead of free reserves, offering a further liquidity buffer.

As described above, free reserves at March 2023 were above target, at £3.5m. Trustees are comfortable that excess reserves are appropriate at this time with plans expected to unwind the excess at a pace appropriate to the economic environment, balancing this with our need to invest. This enables the Trust to endure losses in 2023/24 and 2024/25 so we can continue our conservation work, invest in the programme and building improvements, strengthen the team and continue to meet the rising costs of running a Grade 1 listed site.

Going Concern

As indicated above, due to income recovering faster than planned and some slippage on estates projects over year-end, the Trust ended the financial year to 31 March 2023 with above-target reserves and strong cash balances. This will enable the Trust to endure deficits in 2023/24 and 2024/25 as we move forward as an organisation.

Externally, we are facing continuing high inflation and the threat of recession.

Income for 2023/24 is forecast to be in line with 2022/23 at £21.2m with key uncertainties being the potential impact of recession on most income streams:

- Pace of filling rental voids (8% at end of March 2023)
- Impact of cost-of-living crisis on demand for our ticketed events

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- Demand for commercial hires
- Ability to secure sponsorship

Our cost base in 2023/24, at £22m will exceed that of 2022/23 with key drivers being:

- Conservation and building improvement spend
- An expanded exhibition programme
- Inflation, with material increases on energy, estates costs and insurance
- Staff costs with the impact of the London Living Wage, cost of living and investment in strengthening our teams

If we were not able to achieve our income target, we would be able to reduce our discretionary cost base to offset all or part of the deficit vs plan to ensure our model remains sustainable in the short term.

Trustees assessed the financial position of the Trust throughout the year with regular reviews of forecasts covering multiple years. These forecasts assume that the Trust continues to pay a peppercorn rent to DCMS in respect of the leasehold, which was re-confirmed last year for a further five years. Trustees continue to believe that the Trust has a robust and diversified operating model with opportunities to build income. However, with the current economic environment, they recognise the need to adopt a cautious approach ensuring there is sufficient flexibility in plans to respond to any external shocks.

Trustees have re-assessed the financial position at the date of this report and concluded that existing cash reserves 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 the duration of the next financial year. As such, they were satisfied that Somerset House Trust can continue operating for the foreseeable future and that there are no material uncertainties to this going concern position and therefore accounts have been prepared on the basis that it is a financially viable organisation.

STRUCTURE AND GOVERNANCE

Somerset House Trust was established in 1997. It is a private company limited by guarantee without share capital and is also a registered charity. The Trust 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 (now Department for Levelling Up, Housing & Communities), managed by the Department for Digital, Culture, Media and Sport. Under the terms of the lease, the Trust may rent out offices and studio space, creating an on-going revenue stream.

Commercial activities are undertaken by the Trust's wholly owned subsidiary, Somerset House Enterprises Limited, which gifts its profit for the year to the Trust. For financial year 2022/23, the total profits of the subsidiary amounted to £3.5m.

The Trustees of Somerset House Trust, who are also its Members and Directors, have overall responsibility for the Trust. They are unpaid. Trustees have delegated operational management to an executive team, consisting of the Director, 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, with delegations contained in a regularly reviewed Schedule of Delegation

Trustees normally meet six times a year to review Trust activities and provide guidance to the Executive team with one longer meeting to consider and agree longer term strategy and plans.

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Trustees have adopted the Charity Governance Code. Governance and board effectiveness reviews were completed during the year with agreed recommendations to maintain high governance standards.

The Trustees are supported by two committees:

Audit and Risk Committee – this committee regularly reports to and advises the Board of Trustees on matters related to financial reporting, external audit, internal controls, policies and reviewing, in detail, the Trust’s risk register twice a year. The remit of this committee evolved during the year to include oversight of governance processes.

Nominations and Remuneration Committee – this committee advises the Board of Trustees on Trustee membership, board effectiveness and on matters of remuneration, with oversight of both executive pay and overall Trust remuneration policy.

The Board is also supported by working parties made up of Trustees with skills in specific areas as required.

Trustees are appointed based on relevant skills and experience, identified through regular reviews of the Board’s skills matrix.

Trustees are initially appointed for a period of three years with the potential for a second term. In exceptional circumstances and when the Board of Trustees are satisfied that it is in the Trust’s best interests to do so, they may be re-appointed for a third consecutive term of up to three years.

An induction programme is provided for new Trustees to ensure that they are briefed on the Trust’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.

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 place throughout 2022/23 and continues to apply.

FUNDRAISING

We are grateful to all the individuals, trusts, foundations, and corporate partners who have supported our activity over the last year, enabling us to continue to deliver our ambitious programme in support of our charitable objects. We are particularly grateful to our major partner Morgan Stanley, which generously supported the Black Business Incubator, a series of free Lates events in the courtyard and a site-specific commission by artist Amba Sayal-Bennett. Morgan Stanley’s support will continue into 2023/24. This Bright Land was only made possible on the scale it was thanks to sponsorship from Estée Lauder Companies.

We were able to give targeted support to Studios artists through the One-to-One scheme, a new generous multi-year gift and, thanks to a new Jerwood Arts residency programme, early-stage visual artists were supported to join Somerset House Studios. We are also grateful to many others, including the Warburg Pincus Foundation for their support of our creative careers programme, to the Rothschild Foundation for their support of our Digital Creators programme and to Fidelity UK Foundation for supporting crucial systems improvements, all of which relate directly to our strategic priorities.

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

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- 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 2018.
- Responding to any correspondence in a timely manner.
- Communicating with all supporters and potential supporters within the parameters of applicable legislation and our privacy policy.
- Never putting pressure on individuals to donate, and never cold calling or collecting 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.
- Ensuring all donations, when undesignated, will be used for such purposes as Somerset House Trust judges appropriate in support of Somerset House's charitable objects.
- Ensuring where the gift is restricted, Somerset House Trust applies the gift to the purpose originally intended.

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 acceptance, and it was updated in December 2022.

We received no complaints about our fundraising practices in 2022/23 (2021/22: 0).

VALUING VOLUNTEERS

In 2022/23, 72 volunteers contributed almost 4,000 hours of their time, contributing an average of 56 hours each, to support Somerset House Trust in visitor facing activity such as being the first point of contact in Seamen's Hall and supporting our tour guides on the relaunched Historical Highlights tours. We have focused on working with volunteers in a more meaningful way and were pleased to be able to hold our first in person thank you event for volunteers since before Covid.

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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 Board considers acceptable. The risk register is maintained by the Executive and senior management team and reviewed in detail by the Audit and Risk Committee twice a year and at least annually wider Board of Trustees. In addition, risk is always considered by the board when setting annual budgets and longer term plans.

The principal risks currently facing the organisation are the overall inflationary environment and the potential for a prolonged recession combined with changes to office demand and supply.

The Trust's operating model is self-financing. Income from residents, commercial hires and the cultural programme funds the running costs of the Trust, continued renovation and upgrading of the site and investment in the cultural programme. Apart from restricted and designated funds, income and surpluses are not ringfenced and may be applied to meet any of the Trust's expenditure requirements.

Mindful of inflationary pressures and recession risks in a competitive market, the Trust's financial focus has been on protecting and growing income while maintaining appropriate levels of reserves and cash and holding contingencies within budgets. Most income lines have built back faster than expected, exceeding pre-pandemic in many cases. However, many cost lines also exceed pre-Covid levels, particularly in our estates function which is impacted by inflation in energy, insurance, building materials and the London Living Wage.

Energy cost inflation is managed by hedging energy requirements as part of a consortium. This enables a degree of certainty on which to plan by deferring and smoothing the impact of price changes.

The Trust is in financial position to manage these overall risks in the short to medium term due to available reserves and cash, and the ability to schedule and deprioritise some elements of expenditure combined with the cushioning impact of lease notice periods, deposits and advance payments of office rental. Designation of reserves enable the Trust to plan expenditure, with regular reviews to ensure plans remain appropriate. Longer term plans are regularly updated, together with scenario planning and stress-testing, to inform decision making on expenditure commitments, with major commitments only made once the source of funding is reasonably certain.

The other key risks and mitigations are listed below:

Staffing capacity, resilience and wellbeing: People risks have eased slightly during the year with the filling of vacancies and an increase in headcount to address resourcing challenges, improved staff pay and cost of living support. In addition, the gradual refilling of the programme pipeline and the recruitment of a permanent People Director is easing pressures supporting improved planning and the building of more experienced teams. However, we remain mindful that people's expectations of work and their employer continue to change. Priorities for the year include supporting development and addressing those changing needs.

Knowledge management: Recent staff churn has highlighted our challenges in knowledge management. Resource is in place to support with a programme of system and process improvements outlined for the next 2-3 years.

Cyber security: During the year we again achieved Cyber Essentials certification and used penetration testing and multiple security reviews to identify areas for improvement on an ongoing basis. Staff training forms the cornerstone of our cyber security strategy with regular testing and updates to ensure awareness of threats remains high.

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

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against major plant failure. Long term work is required to fully assess the impact of climate change on the site, but current preventative actions are helping to reduce the risk of rainfall flooding.

Security, Health and Safety: The security, health and safety of the millions of people who visit us every year, and those 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.

Terrorism remains an elevated threat in the UK and we must be vigilant and prepared at all times. 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. During 2022/23 we completed installation of a new CCTV system to support us in keeping the site safe and secure. We are working with our partners to ensure readiness for the implementation of the new Protect Duty (Martyn's Law).

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. Accident and Incident reports, together with any recommended or resulting actions, are reviewed by the Board of Trustees at least once a year.

Impact of activism: An increased risk of activism, with the potential to affect the Trust's reputation, is mitigated by sponsor and donor diligence and regular environmental sustainability reviews and actions to reduce our impact.

PAY POLICY FOR KEY MANAGEMENT PERSONNEL

The Trust's policies for executive pay are aligned with those for all staff.

The pay for all staff, including key management personnel, is reviewed annually considering inflation, the Trust's financial performance and benchmarking information to ensure that packages and benefits remain competitive and affordable.

The Nominations and Remuneration Committee reviews the pay arrangements for the individuals in the executive team (currently the Director, Deputy Director and Chief Operating Officer) and makes recommendations on executive pay to the Board.

In October 2022, all salaried staff were awarded the higher of £1,400 and a 3% increase.

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LOOKING AHEAD

Our approach of preparing for the worst and hoping for the best over nearly three years has placed us in a strong position. We have built back towards pre-Covid levels quickly, and our ambitious and inclusive programming and visitor experiences increasingly reflect the depth of talent we have onsite.

We are working at pace to refill our programme pipeline and our community, to grow our income and strengthen our teams. We are mindful that the current economic climate could impact the achievement of these objectives.

Working closely with Trustees and all senior management, our strategic objectives for the coming years remain unchanged and we will update on progress in future reports.

We are continuing our efforts to improve the sustainability of our site, with our immediate focus being physical improvements to address energy efficiency.

As the home of cultural innovators, we feel confident about the future and inspired by the creativity and innovation which is embedded across Somerset House's resident community of artists, makers and creative enterprises. Artistic and social innovation is at the heart of many of their practices and is central to our public programme, offering solutions and fresh perspectives on some of the biggest issues of our time. Realising the full potential of our creative community and delivering the most impactful public programme based on our underlying "*step inside, think outside*" ethos requires additional resource, so fundraising and additional commercial income, alongside planned efficiency improvements are key to realising this.

We are hugely grateful to our staff who, once again, have displayed tenacity, creativity, and an ability to go above and beyond throughout the year. We have a strong base to build from and we remain positive about the potential and relevance of the Somerset House model combining an inspirational building, inclusive creative talent, an exciting community, and an ambitious public programme. As the home of cultural innovators, we are confident that, together, we can continue to build this exciting new model. What happens here, happens nowhere else.

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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 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;
- observe the methods and principles in the applicable Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 102, 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, Charities Act 2011, the Charities (Accounts and Reports) Regulations 2018 and the Trust Deed. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

Disclosure of information to the auditor

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 29 September 2023

Carol Fairweather

Chair of the Audit and Risk Committee

Somerset House Trust

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

For the year ended 31 March 2023

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Parent Charitable Company's affairs as at 31 March 2023 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.

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 2023 which comprise the consolidated statement of financial activities, the consolidated and charity balance sheets, 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).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and the Parent Charitable Company in accordance with the ethical requirements that are 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.

Conclusions related to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent Charitable Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Somerset House Trust

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

For the year ended 31 March 2023

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Other Companies Act 2006 reporting

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

- the information given in the Trustees' Report, 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 Trustees' Report, have been prepared in accordance with applicable legal requirements.

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 Trustees' report.

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

Somerset House Trust

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

For the year ended 31 March 2023

- 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 the Trustees determine 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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on:

- Our understanding of the Group and the sector in which it operates;
- Discussion with management and those charged with governance (including the Audit & Risk Committee); and
- Obtaining and understanding of the Group's policies and procedures regarding compliance with laws and regulations

Somerset House Trust

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

For the year ended 31 March 2023

we considered the significant laws and regulations to be the applicable accounting framework, Companies Act 2006, Charities Act 2011, Fundraising Regulations and UK tax legislation.

The Group and the Charitable Company is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified the following areas as those most likely to have such an effect: employment law, data protection and health and safety legislation.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance (including the Audit & Risk Committee and the internal auditors) regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
 - Detecting and responding to the risks of fraud; and
 - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override through accounting estimates and inappropriate journal entries.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation; and
- Challenging assumptions made by management in their significant accounting estimates, in particular the useful economic lives of tangible fixed assets and recoverability of debtors.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Somerset House Trust

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

For the year ended 31 March 2023

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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 and Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the 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.

DocuSigned by:


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Jill Halford (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Office Location, UK

Date 29 September 2023

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

Somerset House Trust

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

For the year ended 31 March 2023

		Unrestricted funds		Restricted funds	Total	Total
	Notes	General	Designated		2022/23	2021/22
		£'000	£'000	£'000	£'000	£'000
Income from:						
Donations, grants and legacies	2	75	-	465	540	1,045
Charitable activities						
<i>Property management and conservation</i>		2,235	-	203	2,438	2,258
<i>Cultural and public events</i>		4,736	-	6	4,742	3,459
<i>Public education and communication</i>		-	-	-	-	38
<i>Rental income</i>		7,838	-	-	7,838	6,277
Other trading activities						
<i>Concessions and venue hire</i>		3,853	-	-	3,853	2,653
<i>Merchandise income</i>		149	-	-	149	241
<i>Sponsorship and corporate membership</i>		1,562	-	15	1,577	792
Investments		50	-	-	50	1
Other Income		-	-	-	-	190
Total income		20,498	-	689	21,187	16,954
Expenditure on:						
Raising funds	3	180	-	-	180	132
Charitable activities						
<i>Property management and conservation</i>		6,769	2,542	321	9,632	8,191
<i>Cultural and public events</i>		6,740	-	390	7,130	4,477
<i>Public education and communication</i>		2,167	-	148	2,315	1,952
<i>Rental costs</i>		705	556	-	1,261	1,062
Other trading activities						
<i>Concessions and venue hire</i>		1,786	-	-	1,786	1,568
<i>Merchandise costs</i>		197	-	-	197	273
<i>Sponsorship and corporate membership</i>		39	-	15	54	46
Total expenditure	3,4,5,6	18,583	3,098	874	22,555	17,701
Tax charge	7	-	-	-	-	-
Net income/ (expenditure)	8	1,915	(3,098)	(185)	(1,368)	(747)
Transfers between funds	16	(1,719)	1,719	-	-	-
Net movement in funds		196	(1,379)	(185)	(1,368)	(747)
Fund balances brought forward at 1st April 2022	16	3,280	77,233	392	80,905	81,652
Fund balances carried forward at 31st March 2023	16	3,476	75,854	207	79,537	80,905
<u>Prior period reconciliation of funds</u>						
<i>Fund balances brought forward at 1st April 2021</i>		3,037	77,676	939	81,652	
<i>Net movement in funds</i>		243	(443)	(547)	(747)	
<i>Fund balances carried forward at 31st March 2022</i>		<u>3,280</u>	<u>77,233</u>	<u>392</u>	<u>80,905</u>	

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 37-54 form part of these financial statements.

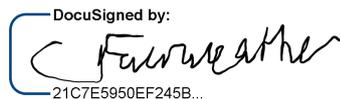
Somerset House Trust

Consolidated and Charity Balance Sheet

For the year ended 31 March 2023

	Notes	Group 2022/23 £'000	Group 2021/22 £'000	Charity 2022/23 £'000	Charity 2021/22 £'000
Fixed assets					
Tangible fixed assets	11	73,284	75,233	73,284	75,233
Current assets					
Stocks		49	75	49	50
Debtors	13	3,298	2,968	6,810	4,594
Cash at bank and in hand		16,404	15,509	11,482	12,824
Total current assets		19,751	18,552	18,341	17,468
Current liabilities					
Creditors: amounts falling due within one year	14	(10,832)	(8,893)	(9,486)	(7,840)
Net current assets					
		8,919	9,659	8,855	9,628
Total assets less current liabilities					
		82,203	84,892	82,139	84,861
Creditors: amounts falling due after more than one year	15	(2,666)	(3,987)	(2,666)	(3,987)
Net assets					
		79,537	80,905	79,473	80,874
Funds					
General funds	16	3,476	3,280	3,412	3,249
Designated fixed asset reserve	16	73,284	75,233	73,284	75,233
Designated site works reserve	16	2,570	2,000	2,570	2,000
Restricted reserves	16	207	392	207	392
Total funds		79,537	80,905	79,473	80,874

The charity's income for the year of £19.6m (2021/22: £15.5m) less expenditure of £21.0m (2021/22: £16.2m) led to a deficit of £1.4m (2021/22: £0.7m). The financial statements on pages 33 to 54 were approved by the Board and signed on their behalf on 29 September 2023.

DocuSigned by:

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Carol Fairweather

Chair of the Audit & Risk Committee

Company Number: 03388137

Somerset House Trust

Consolidated statement of cash flows

For the year ended 31 March 2023

	Notes	2022/23 £'000	2021/22 £'000
Net cash provided by operating activities	A	<u>3,418</u>	<u>3,150</u>
Cash flows from investing activities:			
Interest received		50	1
Purchase of tangible fixed assets	11	<u>(1,040)</u>	<u>(592)</u>
Net cash used in investing activities		<u>(990)</u>	<u>(591)</u>
Cash flows from financing activities:			
Interest paid		(212)	(83)
Increase in loan facility		-	-
Loan repayments		(1,000)	(334)
Finance lease capital repayments		<u>(320)</u>	<u>(365)</u>
Net cash used in financing activities		<u>(1,532)</u>	<u>(782)</u>
Change in cash and cash equivalents in the reporting period		896	1,777
Cash and cash equivalents at the beginning of the reporting period		<u>15,509</u>	<u>13,732</u>
Cash and cash equivalents at the end of the reporting period	B	<u>16,405</u>	<u>15,509</u>
A Reconciliation of net expenditure to net cash flow from operating activities			
		2022/23 £'000	2021/22 £'000
Net expenditure for the reporting period (as per the statement of financial activities)		<u>(1,368)</u>	<u>(747)</u>
Adjustments for:			
Depreciation charges		2,989	3,035
Interest received		(50)	(1)
Interest paid		212	83
Decrease in stock		26	2
(Increase) in debtors		(330)	(812)
Increase in creditors		<u>1,939</u>	<u>1,590</u>
Net cash inflow from operating activities		<u>3,418</u>	<u>3,150</u>
B Analysis of cash and cash equivalents			
		2022/23 £'000	2021/22 £'000
Cash in hand (including rent deposits - see Note 14)		<u>16,404</u>	<u>15,509</u>

Somerset House Trust

Consolidated statement of cash flows

For the year ended 31 March 2023

Net cash / (debt) reconciliation

	As at 1st April 2022	Cash Flows	As at 31st March 2023
Cash at bank and in hand	15,509	895	16,404
Obligations under finance lease (note 20)	(631)	311	(320)
Obligations under bank loans (note 21)	(4,666)	1,000	(3,666)
	<u>10,212</u>	<u>2,206</u>	<u>12,418</u>

Obligations under bank loans: In 2020/21 the group entered into a bank loan with NatWest under the Coronavirus Business Interruption Loan Scheme – CBILS. There are no restrictions over the use of the cash and cash equivalent balances which comprises cash at bank and in hand. After the end of the financial year, the CBILS loan balance of £3.7m was repaid in full, given adequate forecast future cash balances and rising interest rates.

Somerset House Trust

Notes to the financial statements

For the year ended 31 March 2023

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. The company operates GBP as its reporting and functional currency.

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 Principles comprising the Statement of Recommended Practice: Accounting and Reporting by Charities 2019, preparing the accounts in accordance with the Financial Reporting Standard applicable in the UK 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. Profits generated by the subsidiary are paid to the Trust by means of a gift aid transfer, under a Deed of Covenant with the Trust.

Going Concern

As indicated above, due to income recovering faster than planned coupled and some slippage on estates projects over year-end, the Trust ended the financial year to 31 March 2023 with above-target reserves and strong cash balances. This will enable the Trust to endure deficits in 2023/24 and 2024/25 as we move forward as an organisation.

Externally, we are facing continuing high inflation and the threat of recession.

Income for 2023/24 is forecast to be in line with 2022/23 at £21.2m with key uncertainties being the potential impact of recession on most income streams:

- Pace of filling rental voids (8% at end of March 2023)

Somerset House Trust

Notes to the financial statements

For the year ended 31 March 2023

-
- Impact of cost-of-living crisis on demand for our ticketed events
 - Demand for commercial hires
 - Ability to secure sponsorship

Our cost base in 2023/24, at £22m will exceed that of 22/23 with key drivers being:

- Conservation and building improvement spend
- An expanded exhibition programme
- Inflation, with material increases on energy, estates costs and insurance
- Staff costs with the impact of the London Living Wage, cost of living and investment in strengthening our teams

If we were not able to achieve our income target, we would be able to reduce our discretionary cost base to offset all or part of the deficit vs plan to ensure our model remains sustainable in the short term.

Trustees assessed the financial position of the Trust throughout the year with regular reviews of forecasts covering multiple years. These forecasts assume that the Trust continues to pay a peppercorn rent to DCMS in respect of the leasehold, which was re-confirmed last year for a further five years. They continue to believe that the Trust has a robust and diversified operating model with opportunities to build income. However, with the current economic environment, they recognise the need to adopt a cautious approach ensuring there is sufficient flexibility in plans to respond to any external shocks.

Trustees have re-assessed the financial position at the date of this report and concluded that existing cash reserves 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 the duration of the next financial year. As such, they were satisfied that Somerset House Trust can continue operating for the foreseeable future and that there are no material uncertainties to this going concern position and therefore accounts have been prepared on the basis that it is a financially viable organisation.

d) Income

Income comprises rental and service charge income from tenants and artists, membership fees from Exchange members, ticket income from the cultural programme, furlough income via the governments job retention scheme, 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 engagement & skills activity. All income is recognised once Somerset House is entitled 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.

e) Expenditure

Expenditure is recognised as incurred in the financial year of the 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

Somerset House Trust

Notes to the financial statements

For the year ended 31 March 2023

charity's activities have been allocated to those activities on a headcount basis. Expenditure also includes irrecoverable VAT.

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. With the exception of restricted funds, income and surpluses are not ringfenced and may be applied to meet any of the Trust's expenditure requirements.

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 employee's personal pension plans and these are charged to the Statement of Financial Activities on an accruals basis.

h) Fixed assets and depreciation

Tangible fixed assets costing more than £5k with an expected useful life of more than one year are capitalised at cost, including incidental expenses of acquisition. Where individual asset costs are below £5k but are part of a bigger fixed asset purchase or project, these items are also capitalised. Tangible fixed assets are held at cost less accumulated depreciation, except for the value of the lease of the site from the Department for Digital, Culture, Media and Sport which is held at deemed cost, being the valuation on an 'in use' basis at 31 March 2009 less accumulated depreciation from that date. 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 life of the lease. 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, on 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 between 10 and 25 years
- Fixtures, fittings and equipment between 3 and 7 years
- Intangible assets 3 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.

i) Fund accounting

Balance sheet reserves have been allocated between two categories:

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

Somerset House Trust**Notes to the financial statements****For the year ended 31 March 2023**

- 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

- 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. Any asset purchased with a lease is recorded in the Balance Sheet as a tangible fixed asset and depreciated over its estimated useful life. 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.
- 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. The exception to this is COVID-19 related rent concessions, where the concessions are recognised in the period they are intending to compensate.

Somerset House Trust

Notes to the financial statements

For the year ended 31 March 2023

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. In 2020/21, the Trust applied for and received a loan of £5m, through National Westminster Bank, under the Coronavirus Business Interruption Loan Scheme (CBILS). The loan was intended to be repaid by late 2026, however after the end of the financial year, the CBILS loan balance of £3.7m was repaid in full, given adequate forecast future cash balances and rising interest rates.

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.

Somerset House Trust

Notes to the financial statements

For the year ended 31 March 2023

2 Donations, grants and legacies

	Unrestricted funds £'000	Restricted funds £'000	Total 2022/23 £'000	Unrestricted funds £'000	Restricted funds £'000	Total 2021/22 £'000
Donations	75	293	368	110	-	110
Grants receivable						
<i>Capital grants receivable</i>	-	-	-	-	204	204
<i>Revenue grants receivable</i>	-	172	172	-	731	731
Total donation, grant and legacy income	75	465	540	110	935	1,045

Included in revenue grants is funding of £75k from Fidelity UK Foundation to support our Process Optimisation Programme. Last year we received funding from other sources, the most significant being £0.4m from the Arts Council from the Government's Culture Recovery Fund following the Covid pandemic.

In addition to income from donations and legacies is £1.6m (2021/22: £0.9m) raised through sponsorship of the cultural programme. This income appears separately on the face of the Statement of Financial Activities under Other Trading activities.

3 Expenditure

	Direct costs £'000	Support costs £'000	Total 2022/23 £'000	Direct costs £'000	Support costs £'000	Total 2021/22 £'000
Expenditure on raising funds						
Fundraising costs of grants and donations	160	20	180	110	22	132
	160	20	180	110	22	132
Expenditure on charitable activities						
Property management and conservation	9,240	392	9,632	7,982	209	8,191
Cultural and public events	6,810	320	7,130	4,177	300	4,477
Public education and communication	1,579	736	2,315	1,471	481	1,952
Rental costs	981	280	1,261	913	149	1,062
	18,610	1,728	20,338	14,543	1,139	15,682
Other trading expenditure						
Concessions and venue hire	1,466	320	1,786	1,341	227	1,568
Merchandise costs	197	-	197	253	20	273
Sponsorship and corporate membership costs	54	-	54	46	-	46
	1,717	320	2,037	1,640	247	1,887
Total expenditure	20,487	2,068	22,555	16,293	1,408	17,701

Somerset House Trust

Notes to the financial statements

For the year ended 31 March 2023

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	
				2022/23	2021/22
	£'000	£'000	£'000	£'000	£'000
Administration	18	1,340	290	1,648	1,187
Governance (note 5)	2	140	29	171	98
Interest paid (note 6)	-	212	-	212	83
Marketing & Communications	-	37	-	37	40
	20	1,729	319	2,068	1,408

Comparative allocation of support costs:

	Expenditure on raising funds	Expenditure on charitable activities	Other expenditure	Support costs	
				2021/22	
	£'000	£'000	£'000	£'000	
Administration	20	939	228	1,187	
Governance (note 5)	2	77	19	98	
Interest paid (note 6)	-	83	-	83	
Marketing & Communications	-	40	-	40	
	22	1,139	247	1,408	

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

5 Governance costs

	Expenditure on raising funds	Expenditure on charitable activities	Other expenditure	Support costs	
				2022/23	2021/22
	£'000	£'000	£'000	£'000	£'000
Salary	1	48	10	59	31
Audit fees (note 8)	1	101	21	123	47
Legal and other professional fees	-	2	-	2	2
General office	-	13	3	16	18
	2	164	34	200	98

Governance costs have increased in the year due to increased staffing within the Governance and Finance functions. Audit fees have increased due to an overrun from last financial year which have been recognised this year and commencement of an internal audit programme which incurred fees of £14k.

Somerset House Trust

Notes to the financial statements

For the year ended 31 March 2023

6 Interest payable and similar charges

	2022/23	2021/22
	£'000	£'000
Interest payable and similar charges	7	6
Finance lease interest	16	29
Bank loan interest	189	48
	212	83

7 Tax charge

	2022/23	2021/22
	£'000	£'000
UK Corporation Tax - current tax charge	-	-
Adjustment in respect of previous periods	-	-
Tax on loss on ordinary activities	-	-

8 Net expenditure

Net expenditure is stated after charging the following:

	2022/23	2021/22
	£'000	£'000
Auditors Remuneration		
This Year		
- for audit of Somerset House Trust	48	40
- for audit of Somerset House Enterprises Limited	20	7
Previous Year - Audit Overrun		
- for audit of Somerset House Trust -	18	-
- for audit of Somerset House Enterprises Limited	7	-
	93	47

In addition to the audit fees listed above, fees for tax compliance services provided were £17k (2021/22: £23k). and we commenced an internal audit programme with Crowe LLP incurring fees of £14k

	2022/23	2021/22
	£'000	£'000
Depreciation and amortisation:		
- property lease valuation	556	556
- leasehold improvements	2,104	2,110
- fixtures, fittings and equipment (owned)	312	366
- fixtures, fittings and equipment (leased)	17	3
	2,989	3,035

Somerset House Trust

Notes to the financial statements

For the year ended 31 March 2023

9 Employee details (Charity & Group)Staff costs

	2022/23	2021/22
	£'000	£'000
Wages and salaries	4,636	3,526
Social security costs	515	369
Other pension costs	417	315
Temporary staff salaries (including social security and other pension costs)	681	825
	6,249	5,035

Staff costs include £nil of redundancy costs (2021/22: £1k, 8 members of staff).

Emoluments over £60,000

	2022/23	2021/22
	Number	Number
£60,001 - £70,000	4	2
£70,001 - £80,000	3	2
£80,001 - £90,000	-	-
£90,001 - £100,000	-	1
£100,000 - £110,000	1	-
£110,001 - £120,000	-	-
£120,001 - £130,000	-	-
£130,001 - £140,000	-	1
£140,000- £150,000	1	-
£150,001 - £160,000	-	1
£160,001 - £170,000	-	-
£170,001 - £180,000	1	-

Key management personnel include the Director, Deputy Director and Chief Operating Officer.

Payments in respect of key management personnel in the year were £505k (2021/22: £472k) including pension costs of £38.7k (2021/2:£38.2k)

Staff functions

The monthly average full time equivalent employees during the year, analysed by function, were:

	2022/23	2021/22
	Number	Number
Concessions and venue hire	16	13
Fundraising	1	1
Rental	14	9
Property management and conservation	9	7
Cultural and public events	16	16
Public education, communication and visitor services	35	24
Merchandise	1	1
Governance and support services	16	12
	108	83

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

Somerset House Trust

Notes to the financial statements

For the year ended 31 March 2023

10 Transactions as an agent

During the year £591k of tickets were sold on behalf of third parties (2021/22: £1,046k), of which £28k is recognised as processing fee income (2021/22: £50k).

11 Tangible fixed assets (Charity & Group)

	Property lease valuation	Leasehold improvements	Assets in the course of construction	Fixtures, fittings & equipment	Total
	£'000	£'000	£'000	£'000	£'000
<u>Cost or deemed cost</u>					
At 1 April 2022	64,541	51,799	78	3,794	120,212
Additions	-	33	53	954	1,040
Disposals	-	-	-	(33)	(33)
Transfers	-	-	(78)	78	-
At 31 March 2023	64,541	51,832	53	4,793	121,219
<u>Accumulated depreciation</u>					
At 1 April 2022	7,232	34,934	-	2,813	44,979
Charge for the year	556	2,104	-	329	2,989
Disposals	-	-	-	(33)	(33)
At 31 March 2023	7,788	37,038	-	3,109	47,935
<u>Net book value</u>					
At 31 March 2023	56,753	14,794	53	1,684	73,284
At 31 March 2022	57,309	16,865	78	981	75,233

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.

Of the above Property lease valuation net book value of £56.7m at 31 March 2023, £46m 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 installation of automated heating controls, replacement of CCTV, office ventilation and the online digital platform, Channel. At the year end, assets in course of construction included an upgrade to security and evacuation systems.

Disposals reflect the removal of fully depreciated assets on the register at nil net book value that have been replaced during the year.

Somerset House Trust

Notes to the financial statements

For the year ended 31 March 2023

12 Investments**Trust**

	Charity 2022/23 £	Charity 2021/22 £
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, retail, 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.

Somerset House Enterprises Limited

	2022/23 £'000	2021/22 £'000
Turnover	5,085	3,370
Costs of sales	(1,561)	(1,486)
Gross profit	3,524	1,884
Administrative expenses	(29)	(7)
Profit on ordinary activities before taxation and Deed of Covenant	3,495	1,877
Tax on profit on ordinary activities	-	-
Profit for the financial year	3,495	1,877
Retained earnings at the beginning of the financial year	31	31
Qualifying charitable donation to the Trust	(3,495)	(1,877)
Retained earnings at the end of the financial year	31	31

The aggregate of the assets, liabilities and funds was:

	2022/23 £'000	2021/22 £'000
Assets	5,340	2,982
Liabilities	(5,309)	(2,951)
Funds	31	31

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.

Somerset House Trust

Notes to the financial statements

For the year ended 31 March 2023

13 Debtors: due within one year

	Group	Group	Charity	Charity
	2022/23	2021/22	2022/23	2021/22
	£'000	£'000	£'000	£'000
Trade debtors	1,682	1,452	1,429	1,225
Amounts owed by group undertakings	-	-	3,923	1,899
Other debtors	289	130	297	130
Prepayments and accrued income	1,327	1,365	1,161	1,340
Taxation	-	20	-	-
	3,298	2,968	6,810	4,594

14 Creditors: amounts falling due within one year

	Group	Group	Charity	Charity
	2022/23	2021/22	2022/23	2021/22
	£'000	£'000	£'000	£'000
Finance leases (note 20)	320	310	320	310
Bank loans and overdrafts (note 21)	1,000	1,000	1,000	1,000
Trade creditors	1,391	750	1,217	674
Amounts owed to group undertakings	-	-	-	-
Taxation and social security	679	500	554	376
Tenant Deposits	2,405	2,219	2,405	2,219
Other creditors	155	160	135	142
Accruals	1,008	937	880	719
Deferred income	3,874	3,018	2,975	2,400
	10,832	8,893	9,486	7,840

	Group	Group	Charity	Charity
	2022/23	2021/22	2022/23	2021/22
	£'000	£'000	£'000	£'000
Deferred income brought forward at 1 April	3,018	2,092	2,400	1,699
Deferred income now recognised	(3,018)	(2,092)	(2,400)	(1,699)
Income deferred in year	3,874	3,018	2,975	2,400
Deferred income carried forwards at 31 March	3,874	3,018	2,975	2,400

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.

Somerset House Trust

Notes to the financial statements

For the year ended 31 March 2023

15 Creditors: amounts falling due after more than one year

	Charity & Group	
	2022/23	2021/22
	£'000	£'000
Bank loans due after more than one year (note 21)	2,666	3,666
Finance leases (note 20)	-	321
	2,666	3,987

In 2020/21 the Trust borrowed £5m, through National Westminster Bank, under the Coronavirus Business Interruption Loan Scheme (CBILS). The loan was due to be repaid over five years after a one-year deferment. After the end of the financial year, the CBILS loan balance of £3.7m was repaid in full, given adequate forecast future cash balances and rising interest rates.

16 Statement of funds**Group Funds Movements**

	At 1st April 2022	Income	Expenditure	Transfers	At 31st March 2023
	£'000	£'000	£'000	£'000	£'000
<u>Unrestricted funds</u>					
General funds	3,280	20,498	(18,583)	(1,719)	3,476
Designated fixed asset reserve					
Original cost/ valuation	28,735	-	(2,538)	1,040	27,237
Revaluation reserve	46,498	-	(451)	-	46,047
Designated site works reserve	2,000	-	(109)	679	2,570
Total unrestricted funds	80,513	20,498	(21,681)	-	79,330
<u>Restricted funds</u>					
Maintenance and service charge fund	52	202	(218)	-	36
Projects fund	307	487	(623)	-	171
Capital grants fund	33	-	(33)	-	-
Total restricted funds	392	689	(874)	-	207
Total funds	80,905	21,187	(22,555)	-	79,537

Somerset House Trust

Notes to the financial statements

For the year ended 31 March 2023

Comparative Group Funds Movements

	At 1st April 2021 £'000	Income £'000	Expenditure £'000	Transfers £'000	At 31st March 2022 £'000
Unrestricted funds					
General funds	3,037	15,819	(13,349)	(2,227)	3,280
Designated fixed asset reserve					
Original cost/ valuation	30,727	-	(2,584)	592	28,735
Revaluation reserve	46,949	-	(451)	-	46,498
Designated site works reserve	-	-	-	2,000	2,000
Total unrestricted funds	80,713	15,819	(16,384)	365	80,513
Restricted funds					
Maintenance and service charge fund	99	199	(246)	-	52
Projects fund	646	732	(1,071)	-	307
Capital grants fund	194	204	-	(365)	33
Total restricted funds	939	1,135	(1,317)	(365)	392
Total funds	81,652	16,954	(17,701)	-	80,905

Analysis of Net Assets Between Funds

	Unrestricted funds £'000	Restricted funds £'000	Total 2022/23 £'000	Unrestricted funds £'000	Restricted funds £'000	Total 2021/22 £'000
Fixed assets	73,284	-	73,284	75,233	-	75,233
Current assets	19,440	312	19,752	18,160	392	18,552
Current liabilities	(10,832)	-	(10,832)	(8,893)	-	(8,893)
Liabilities due after one year	(2,667)	-	(2,667)	(3,987)	-	(3,987)
Group net assets	79,225	312	79,537	80,513	392	80,905

Notes to funds*Unrestricted funds**General funds*

The general funds are available for spending on Somerset House's charitable activities. Trustees reviewed the reserves target and decided to maintain the target range at £1m to £2m. See pages 19-20 for more information.

Designated fixed asset reserve

£1.0m was transferred to the unrestricted designated fixed asset fund from general funds and the designated site works reserve to reflect fixed asset additions funded by the Trust during the year (2021/22: £0.2m).

Each year, an element of the annual depreciation charge on Somerset House is allocated to the revaluation reserve so that the reserve reduces to zero on a straight-line basis over the length of the lease.

Somerset House Trust

Notes to the financial statements

For the year ended 31 March 2023

Designated site works reserve

We established a new designated site works reserve in 2021/22 with a £2m transfer from general funds. This reserve funds projects for heritage, sustainability and visitor experience improvements. During 2022/23, we spent £0.1m on façade cleaning works to enhance our New Wing conservation work and £0.4m of capital spend for the installation of new heating controls. Trustees designated a further £1.1m during the year, from general funds. The balance on this reserve at 31 March 2023 was £2.6m.

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 credit balance on this fund relates to service charge income that has not been fully utilised by expenditure incurred on the estate in connection with the tenancy of King's College, where the Trust is fulfilling its obligations under the lease. The long-term objective is for this restricted fund to carry a nil balance and future service charges will be adjusted accordingly.
- ii) a Project fund representing the unspent balance of Grants & Donations 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 related party.

There were no expenses incurred by the charity for any Trustees during the year (2021/22: nil). Directors and Officers Liability insurance was purchased by the charity during the year at a cost of £16.9k (2021/22: £15.8k).

The Trust's trading subsidiary, Somerset House Enterprises Limited, was recharged staff costs of £589k, (2021/22: £637k). This being the cost of staff incurred by the Trust for activities undertaken by the company.

At 31st March 2023, amounts due to the Trust from the company included an amount of £3.5m (2021/22: £1.9m) as a donation of its profits under gift aid for the year ended 31 March 2023, under the deed of covenant with the Trust signed on 15 March 2017. All amounts owed between the Trust and the company are reflected in notes 13 and 14 of the financial statements.

Seven trustees made contributions to the Trust during the year, totalling £54k (2021/22: £54k from nine Trustees).

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

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 £1.7m in rent and service charges and £33k relating to a partnership with Somerset House Studios (2021/22: £33k). Somerset House Trust paid King's College £19k for utility charges. (2021/22: King's College paid £1.7m for rent and service charge; £11k was paid for utility charges).

Somerset House Trust

Notes to the financial statements

For the year ended 31 March 2023

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 Corporations Taxes Act 1988.

19 Capital commitments

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

	Charity & Group	
	2022/23	2021/22
	£'000	£'000
Contracted and authorised at 1 April	261	419
Contracted and authorised commitments entered into during the course of the year and outstanding at the year end	61	261
Utilised during the year	(261)	(411)
Commitment no longer required	-	(8)
Contracted and authorised at 31 March	61	261

20 Finance leases

Future minimum payments under finance leases are as follows:

	2022/23	2021/22
	£'000	£'000
<i>Within one year</i>	327	327
<i>In more than one year, but not more than five years</i>	-	327
Total gross payments	327	654
Future financing charges	(7)	(23)
Finance lease liability	320	631

21 Bank Loan

Future minimum bank loan payments are as follows:

	2022/23	2021/22
	£'000	£'000
<i>Within one year</i>	1,227	1,128
<i>In more than one year, but not more than five years</i>	2,944	3,876
<i>After five years</i>	-	-
Total gross payments	4,171	5,004
Future financing charges	(504)	(338)
Bank loan liability	3,667	4,666

This loan was a under the Coronavirus Business Interruption Loan Scheme (CBILS). After the end of the financial year, the CBILS loan balance of £3.7m was repaid in full, given adequate forecast cash balances and rising interest rates.

Somerset House Trust

Notes to the financial statements

For the year ended 31 March 2023

22 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:

	2022/23	2021/22
	£'000	£'000
Receipts due	22,969	21,541
<i>Within one year</i>	7,631	5,810
<i>In more than one year, but not more than five years</i>	5,931	5,818
<i>After five years</i>	9,407	9,913

Somerset House Trust

Consolidated Statement of Financial Activity (incorporating and income and expenditure account)
Notes to the financial statements

For the year ended 31 March 2022

		Unrestricted funds		Restricted funds	Total
		General	Designated		2021/22
	Notes	£'000	£'000	£'000	£'000
Income and endowments from:					
Donations, grants and legacies	2	110	-	935	1,045
Charitable activities					
<i>Property management and conservation</i>		2,058	-	200	2,258
<i>Cultural and public events</i>		3,459	-	-	3,459
<i>Public education and communication</i>		38	-	-	38
<i>Rental income</i>		6,277	-	-	6,277
Other trading activities					
<i>Concessions and venue hire</i>		2,653	-	-	2,653
<i>Merchandise income</i>		241	-	-	241
<i>Sponsorship and corporate membership</i>		792	-	-	792
Investments		1	-	-	1
Other Income		190	-	-	190
Total income		15,819	-	1,135	16,954
Expenditure on:					
Raising funds	3	132	-	-	132
Charitable activities					
<i>Property management and conservation</i>		5,428	2,415	348	8,191
<i>Cultural and public events</i>		3,784	64	629	4,477
<i>Public education and communication</i>		1,694	-	258	1,952
<i>Rental costs</i>		495	556	11	1,062
Other trading activities					
<i>Concessions and venue hire</i>		1,497	-	71	1,568
<i>Merchandise costs</i>		273	-	-	273
<i>Sponsorship and corporate membership</i>		46	-	-	46
Total expenditure	3,4,5,6	13,349	3,035	1,317	17,701
Tax credit on deficit	7		-	-	-
Net income/ (expenditure)	8	2,470	(3,035)	(182)	(747)
Transfers between funds	16	(2,227)	2,592	(365)	-
Net movement in funds		243	(443)	(547)	(747)
Fund balances brought forward at 1st April 2021	16	3,037	77,676	939	81,652
Fund balances carried forward at 31st March 2022	16	3,280	77,233	392	80,905

***** END OF REPORT*****