

Registered charity number 1063640  
Company number 03388137

# **Somerset House Trust**

**Report and financial statements for the year ended 31 March 2018**

## Somerset House Trust

### Legal and Administration details

For the year ended 31 March 2018

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<b>Registered office</b>	Somerset House Strand London WC2R 1LA
<b>Registered charity number</b>	1063640
<b>Company number</b>	03388137 incorporated in England and Wales

#### Directors

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

Mr Brian Eno	Ms Carol Fairweather*	(appointed 4 December 2017)
Ms Judy Gibbons	Mr Paul Goswell	(appointed 3 July 2017)
Sir Malcolm Grant	Mr Tony Elliott	(resigned 4 December 2017)
Mrs Melanie Hall QC*	Mr Laurence Green	(resigned 4 December 2017)
Mr Jonathan Higgins*	Mr Mark Pain	(resigned 31 December 2017)
Mr James Lambert*	Mr Nitin Sawhney	(resigned 10 May 2017)
Mr Marcus Lyon		
Ms Caroline Michel		
Mr Julien Sevaux		
Mr William Sieghart CBE	Chair	

\* Member of the Audit and Risk Committee as at 31 March 2018

#### Executive

Mr Jonathan Reekie CBE	Director	
Ms Susan Johnston	Chief Operating Officer and Company Secretary	
Mrs Diana Spiegelberg	Deputy Director	
Mr Jonathan Dean	Property Director	(resigned 16 January 2018)

**Independent auditors** PricewaterhouseCoopers LLP  
1 Embankment Place, London WC2N 6RH

**Bankers** National Westminster Bank Plc  
38 Strand, London WC2N 5JB

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

2017 / 2018

SNAPSHOT

# SOMERSET HOUSE AT A GLANCE

## Our building

**500,000**

sq ft of Grade I listed  
architecture

## Our visitors

Over  
**3.1 MILLION**

visitors

## Our people

**71 STAFF**  
**100+ VOLUNTEERS**

for Somerset House Trust

## A CREATIVE COMMUNITY LIKE NO OTHER

Over **400** resident organisations

With over **2,800** people

### CREATIVE & ARTS ENTERPRISE

**127** COMPANIES  
**94** MICRO-BUSINESSES  
**2,374** PEOPLE

### SOMERSET HOUSE STUDIOS

**87** ARTISTS AND THEIR TEAMS  
**98** TEAMS IN MAKERVERSITY  
**435** PEOPLE

## OUR NEIGHBOURS

THE COURTAULD  
GALLERY AND INSTITUTE

KING'S COLLEGE  
LONDON

## Somerset House Trust

### Report of the board of trustees

#### For the year ended 31 March 2018

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Somerset House seeks to be an inspirational creative community where contemporary culture is imagined, created and experienced.

We aim to become the UK's preeminent centre for creativity, with unexpected ideas and experiences emerging from the intersection of the three groups that constitute our unique cultural ecosystem – artists and makers, audiences and the wider creative community.

Somerset House Trust is committed to and strives to encourage the following values:

**Excellence** – *everything we do is of the highest quality – our work, our people, our site, our visitor experience. We generate and present the best work in an exceptional setting.*

**Creative and New Ways of Thinking** – *we encourage bold and ambitious ideas and creative thinking in all aspects of our work. We seek to inspire, to challenge perceptions and to push boundaries.*

**Public and Social Benefit** – *we honour our responsibility to the public, both our 3million + annual visitors and our wider society. We strive for new ways to engage and share our work and measure our success in terms of benefit to the public.*

**Community** – *we foster a creative community in which the most vibrant creative talent can thrive, promoting the exchange of ideas and the sharing of practice among artists, residents, our staff and volunteers. We ensure everything we do is inclusive and inspiring for this community.*

**Sustainability** – *our work is underpinned by a commitment to financial and environmental sustainability. We make pragmatic decisions to enable us to best realise our vision and serve our various stakeholders.*

#### Chairman's Foreword

Somerset House Trust had another strong year, building on the foundations laid down in recent years.

The impact of the cultural programme continued to grow as we remained focussed on our strategy of offering an inter-disciplinary calendar of events, increasingly fed by the creative community based here. As well as our regular events – Skate, Summer Series, Film 4 Summer Screen and partnerships including Photo London, London Design Festival and 1:54 Contemporary African Art Fair – we offered a wide-ranging exhibition programme, highlights included the multi-sensory *Perfume*, Mat Collishaw's VR piece *Thresholds*, John Gerrard's installation in the Edmond J. Safra Fountain Court and as part of our new Charles Russell Speechlys Terrace Room series Hassan Hajjaj's *La Caravane* and one of our Somerset House Studio artists Eloise Hawser's *By the deep, by the mark*. The programme was significantly enhanced by the first full year of Somerset House Studios events.

We also introduced an important new focus on creative skills, with the launch of our Creative Careers Academy, designed to be a long-term commitment to broaden the range of people working in the arts and creative industries. This links to our determination to put equality and inclusion at the heart of the organisation, establishing a new Diversity Action Group to ensure a wide group of voices help us develop more ways to reach a wider community and ensure everyone feels welcome at Somerset House.

We are proud to host probably the UK's largest creative community. This year we were able to open 5,593 sq ft more space across the site and we welcomed 11 new residents to our creative community including Ananas Anam, Twist Recruitment and Outset Contemporary Art Fund, as well as 23 new artists and artist collectives in Somerset House Studios, taking us to 87 in total, which is full capacity.

Around the estate we secured funding from the Mayor of London to build a new co-working space, which will complete the nearly 20 year refurbishment of the whole site. We worked closely with the Courtauld Gallery and Institute to help them secure Heritage Lottery Funding for a major upgrade of the North Wing. We also continued to ensure the historic fabric is properly maintained, built a new music studio for Studios artists and invested heavily in new technology, in part financed through savings made by relocating our own offices and letting out our previous space.

## **Somerset House Trust**

### **Report of the board of trustees**

#### **For the year ended 31 March 2018**

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All of the above is achieved with no regular public revenue funding and we are very grateful for the generosity of our sponsors and individual supporters. We see more risk going forward in an increasingly uncertain economic environment, but we're confident we're making good progress in securing our financial model for the future.

Finally, I'd like to thank all the trustees, staff and volunteers for their hard work and skill in ensuring that Somerset House remains one of the most vibrant cultural institutions in the capital.

### **History and background**

Somerset House is a spectacular neo-classical building in the heart of London, sitting between the Strand and the River Thames. The building today, built on the site of a Tudor royal palace, is one of London's architectural gems. It was designed by Sir William Chambers and constructed between 1785 and 1803 to accommodate government offices, including the Navy Board and the learned societies. An adjacent wing (the New Wing designed by James Pennethorne) was added in 1856. The use of the building as offices for civil servants meant that it was essentially closed to the public for its first 200 years. A spirited campaign was mounted in the late twentieth century to bring the building back into public use and as a result Somerset House, a Grade 1 listed building, is now a vibrant public space, recognised as a unique part of London's cultural scene, brought to life with surprising and original artistic events.

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 charity to enhance the education of the general public by the provision of a centre for arts and culture and to maintain the buildings for the benefit of the local and international community as an example of English national heritage. Since 1997 the Trust has gradually recovered all the spaces of Somerset House, reclaiming the final part, New Wing in March 2013.

In 1989, the Courtauld Institute of Art moved into North Wing. In the period 1999-2003 two major grants from the Heritage Lottery Fund enabled the creation of new cultural and public spaces in South Wing, and, with the installation of the Fountain Court, Chambers' great courtyard was transformed into one of the most beautiful public spaces in London. This was followed in 2008 and 2009 with the other floors of South Wing being refurbished and let to emerging, innovative and socially aware businesses from the creative community.

More exhibition and public space was opened up in East Wing in October 2011 and the remainder of East Wing was sub-let to King's College, London for use by their Law Faculty and the King's College Cultural Institute.

With effect from 1 April 2011, the Trust recovered West Wing from HM Revenue and Customs (HMRC) and the redevelopment was completed in January 2014. West Wing has replicated the successful business model established for South and East Wings, whereby the tenancing of the upper floors by creative businesses, on a commercial basis, provides revenue streams to fund the upkeep of the estate, and the ground floor is devoted to public realm.

In March 2013, New Wing, the sole remaining wing not under the control of the Trust, was recovered from HMRC and refurbishment work started immediately. This brought to a close a relationship between Somerset House and HMRC which had existed since the building's construction in the 18th century: an Act of Parliament passed in 1775 which led to the construction of the current Somerset House envisaged its use as Public Offices for the Salt Office, the Stamp Office, the Tax Office and the Public Lottery Office. The refurbishment of the upper floors was completed in October 2013 and they are fully tenanted. Refurbishment of the ground floor began, and the Spring restaurant and Pennethorne's Café opened to the public in November 2014. In 2015 we began work on the remainder of the ground floor and the lower floors, home to Somerset House Studios, which opened in October 2016. Somerset House Studios is an experimental workspace within Somerset House connecting over 400 artists, makers and thinkers with audiences. In 2019 we will have completed the refurbishment of the whole site, when we launch our new co-working space in New Wing.

## Somerset House Trust

### Report of the board of trustees

For the year ended 31 March 2018

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#### Structure, Governance and Management

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

The Trustees support the principles of good governance set out in the new Charity Governance Code published in 2017 for larger charities. During 2017 a working group of Trustees plus Executive Directors reviewed the current practices which included consideration of the Charity Governance Code and recognised the need to keep under regular review our compliance and also to seek opportunities to further improve in the future.

The changes implemented following this review were:

- Establishing a Nominations and Governance Committee with a remit as set out below.
- Replace the Finance and Audit Committee with an Audit and Risk Committee with an amended remit as set out below.
- New Terms of Reference for the Trustee Board and its committees.
- Creating a Deputy Chair role and appointing Judy Gibbons to this new role.
- Revising the term a Trustee may serve such that Trustees are now appointed for an initial three years and may be re-appointed for second period of 3 years. A 3<sup>rd</sup> term of 3 years may be approved by exception.
- Revised reporting to Trustees with the objective of freeing up time in meetings for more strategic agenda items and forward planning.

The board of trustees meets 6 times a year and otherwise as required. The Trustee meetings cover strategic direction, performance management, governance, financial management and risk management. The trustees are supported by the following committees:

**Audit and Risk Committee** – this committee regularly reports to and advises the board of trustees on matters related to financial reporting and external audit, internal controls and risk management systems.

**Nominations and Governance Committee** – this committee advises the board of trustees on overall trustee membership as well as ensuring the principles of good governance are adhered to. Recruitment of new Trustees includes a review of existing skills and uses a variety of search methods in order to identify the widest pool of candidates for the skills being sought.

We are also in the process of establishing a Development Advisory Group and a group of Creative Ambassadors. Both are advisory groups including Trustee representation as well as independent members with relevant expertise. Both groups will help facilitate a broader voice inputting and advising on our future development and cultural plans.

The Trustees are not remunerated for their services and have delegated management of Somerset House Trust's operational affairs to the Director, Deputy Director and COO 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, staff remuneration, major projects/items of spend and any variation to the governing documents.

An induction programme is offered to all new Trustees to ensure that they are briefed on the charity's objectives, strategy and activities.

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

## **Somerset House Trust**

### **Report of the board of trustees**

**For the year ended 31 March 2018**

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#### **Strategic Report**

##### **Objectives and Impact**

Somerset House Trust has 6 key strategic objectives:

###### **A centre for contemporary culture**

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

###### **Inclusion and participation**

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

###### **Audiences and visitors**

- Offer audiences excellent, original cultural experiences exploring new formats, access to the site ensuring it is accessible, inspirational, safe and provides an excellent visitor experience.

###### **Heritage, estate and sustainability**

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

###### **Our community and the Creative Sector**

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

###### **Financial resilience**

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

## IN 2017/18 WE ACHIEVED...

**3.1 million** visitors.  **17 exhibitions**   
10 of which were free. **11 nights of live music**  **and 14 nights of outdoor cinema**  
including 3 UK premieres . **9 weeks of ice skating**  with **over 116,000 visitors**.  
**32 new businesses** joined our creative community, with **54 networking and skill sharing events**  organised for residents.  
**Somerset House Studios** welcomed **23 new artists** , created **7 public commissions**,  
took part in **3 international showcases** and opened up **5,878 sq ft** of previously disused space.  
**53 Learning talks**  and events for **3,971 people**, including **50 Spotlight Tours**,  
**10 Creative Careers** events reaching **923 young people** . **4,582 visitors** attended Historical Highlights Tours. **2 new cafes and restaurants** . Our South Wing facades were restored .



## Somerset House Trust

### Report of the board of trustees

#### For the year ended 31 March 2018

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### Achievements and performance for the year to 31 March 2018

#### Cultural programme

This year's programme reflected our ongoing commitment to Somerset House being a leader in producing and presenting contemporary cultural work that interrogates the ideas of our time, including a wide range of work made by Somerset House residents,

We staged 17 exhibitions across the site, including a total of 263 days of free exhibitions across the year and worked with a wide range of partners. We presented an extensive programme of events in the Courtyard including Skate, Summer Series, Film 4 Summer Screen and John Gerrard's installation Western Flag.

#### Exhibitions included

- **Game Changers**, which targeted and developed audiences for our gaming festival **Now Play This** (Exhibition 23,086 visitors; festival 2,639 visitors)
- **Learned Society of Extra Ordinary Objects**, was an original and surprising reflection on the history of the site and featured 30 contemporary designers, artists and makers (32,247 visitors)
- **Perfume, A Sensory Journey Through Contemporary Scent**, curated by in house Curator Claire Catterall and Somerset House resident Lizzie Ostrom, this multi-sensory exhibition featured ten extraordinary perfumes which have radically changed our perceptions of fragrance over the last 20 years (32,233 visitors)
- **Hassan Hajjaj: La Caravane**, staged the first major UK exhibition of this British Moroccan artist incorporating photography, sculpture and music. (71,230 visitors)
- **Eloise Hawser: By the deep, by the mark**, Somerset House Studios based artist Eloise Hawser responded to the history and context of Somerset House to chart the relationships between extraordinary feats of civil engineering and the intricate inner workings of the human body (16,581 visitors)
- **North: Fashioning Identity**, An exhibition examining representations of the north of England in photography, fashion and art featuring over 100 photographs, fashion garments and artworks from a host of renowned photographers, designers and artists. (19,492 visitors)
- **Summer Screen Prints**, The film poster exhibition with Print Club London was back for its fifth and final year (4,102 visitors).
- **Show Room: Chloe Lamford**, created a dynamic theatrical back-stage to Somerset House itself that welcomed visitors entering via Victoria Embankment and hosted our Creative Job Studio sessions.

#### Partnership Exhibitions and Screenings included

- **World Photography Awards**, Site Wide, 21 April – 7 May (18,765 visitors)
- **Photo London**, site wide, 18-21 May 2017 (30,000 visitors)
- **Mat Collishaw: Thresholds** (with Photo London), a VR and AR installation inspired by the history of photography (5,106 visitors)
- **Isaac Julien's Looking for Langston** (with Photo London) (578 visitors)
- **London Tomorrow**, exhibited works and proposals by the first graduating students of the London School of Architecture (842 visitors)
- **World Illustration Awards**, presented by resident Association of Illustrators (9,858 visitors).
- **Design Frontiers**, Site Wide, included a new commission from Somerset House Studios residents Superflux and Strange Telemetry, who with Wesley Goatley created new ways of sensing and understanding London's air pollution crisis (13,206 visitors)
- **1:54 Contemporary African Art Fair**, the 5th edition with over 40 galleries presenting the latest in African contemporary art (17,000 visitors)

## Somerset House Trust

### Report of the board of trustees

For the year ended 31 March 2018

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#### The Edmond J. Safra Fountain Court

- **John Gerrard: Western Flag**, A collaboration with Channel4 for World Earth Day a large-scale art installation showcasing a computer generated flag, made from streams of black smoke and located on the site of the world's first major oil discovery (34,016 visitors and online)
- Summer Series at Somerset House with American Express 6 – 16 July 2017 Summer Series at Somerset House (sponsored by American Express) ran for eleven nights over July with eight selling out. Highlights were Damien Marley, Songhoy Blues, Mashrou'Leila, Goldfrapp and Warpaint.

There was extensive coverage across national summer round ups & festival guides, and received previews for acts performing across the series resulting in £1m value attributed to the press campaign. 29,851 tickets

- **Film4 Summer Screen at Somerset House 10 – 23 August 2017** ran for a thirteenth year, with three UK premieres, star introductions, film- inspired DJ sets all inside the beautiful courtyard. Summer Screen Prints and Behind the Screen continued to complement the season with an enhanced programme of diverse events. Eight films sold out with over 23,600 tickets sold which was an improvement on 2016.

The opening night UK premiere was the sequel to the Oscar winning film *An Inconvenient Truth*, and we welcomed Former Vice President Mr Gore to Somerset House to introduce his film and attend the launch party, which was attended by 500 key stakeholders and VIPs. Our centrepiece premiere, *The Square*, won the Palme d'Or for best film in 2017 and the director and lead actor attended on the night.

A new three-year sponsorship deal was negotiated with Channel 4 and bar sponsorship was agreed with Peroni Ambra.

**Behind the Screen 12 – 22 August 2017**, continued to offer the public a chance to enhance their visit, with talks from industry insiders, free film screenings, family activities and workshops.

- **SKATE**

Fortnum & Mason and Somerset House presented Skate, including Fortnum's Christmas Arcade, firmly established as a stand-out event in London's festive season. We developed the cultural component further with 'Skate Lates' working with highly regarded DJs, record labels and musicians. We also commissioned Anna Meredith and Music Hackspace, Somerset House Studios residents, to create a sound piece for the ice machine, **Sarabande For Zamboni**, Over 116,000 ticket holders attended and 94% of attendees surveyed rated the quality of the event Very Good/ Good (90% in 2016)

Before standard sessions start, Saturday and Sunday mornings offer a chance for children and adults to learn how to skate from trained coaches. In addition to paid sessions, we offered 30 schools, with a high free school meal percentage, the option to come and skate for free on weekday morning off-peak sessions.

#### Somerset House Studios

In 2017 the Studios completed its first full year of programming which explored artist led projects, technology and culture, and building long time partnerships. As well as working with the King's Cultural Institute to support six R&D collaborations between artists and academics on the theme of arts in society, Studios also worked with Google Arts and Culture to produce n-Dimensions, a residency for an artist working with machine learning, undertaken by Berlin based Finnish artist Jenna Sutela under the mentorship of Studios resident Memo Akten. Studios also presented and showcased artists at Sonar + D, Barcelona, Mutek, Montreal and Espacio Telefonía, Lima with partners including the British Council.

## Somerset House Trust

### Report of the board of trustees

#### For the year ended 31 March 2018

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Studios artists Eloise Hawser, Anna Meredith, Larry Achiampong and Chloe Lamford also undertook major commissions presented across the site.

Other highlights of the Studios cultural programme included:

- **Moneylab**, Arts, Culture and Financial Activism - a day-long programme of workshops, discussions and artistic experimentation exploring the relationship between financial technologies, artistic practice and contemporary culture. This sold out event was co-curated by the Studios and Anglia Ruskin University in partnership with Furtherfield the Institute of Networked Cultures.
- Conclusion of the **Nocturnal City series** - music, panel discussions and installations exploring the state of nightlife in London and beyond. The Studios made a number of promoter collectives Associate Artists as a pledge to supporting nightlife culture longer term.
- **Hyper Functional, Super Health** - a dynamic six-day series of artist-led approaches to the concept and practice of wellness co-curated by the Studios and Exhibitions team, featuring several new commissions from Studio artists. Artists featured include Marija Bosinowska Jones, Zarina Muhammed, Bad Vibes Club and Inner U. The series was sold out and may be revisited again next January.
- **Defrag** - a new monthly event series exploring the role technology plays in the development, production and consumption of art and culture. Each event explores a different theme and format, which has so far included commercial technologies, feminist internet and reality / fake news.
- Launch of an ongoing **artist talks** including Gareth Pugh with Charles Jeffrey's, Chloe Lamford with Tom Scutt and Erica Scourti plus guests, and the conclusion of Jennifer Walshe's sound salon.

### Learning and Skills

In 2017, after a strategic review we began to refocus our work in Learning shifting emphasis from events to skills development projects with three new priorities as follows

- Participation opportunities connected to our cultural programme, aimed at young people and diverse community audiences
- A programme of creative opportunities for 16-21 year olds connected to the Somerset House Studios artist and maker community
- A new skills development programme to widen the talent pipeline of young people starting out in the cultural sector and creative industries, with an emphasis on tackling the poor diversity of the sector workforce.

Highlights have included the launch of the Creative Careers Programme (including the Creative Careers Academy and Creative Job Studio), a vibrant cultural learning programme to support audiences to engage with exhibition content and pioneering learner collaborations with Somerset House Studios artists including Hannah Perry and Workflow. We've also delivered workshops with Accumul8, a charity supporting young people who are vulnerably housed, providing engagement opportunities with resident studio artists such as OOMK (One Of My Kind).

In 2017-18, we aimed for a more sustained and impactful programme that directly tackles diversity and under-representation in the cultural and creative landscape of the UK. This has been achieved through a pilot; Creative Job Studios with Somerset House residents The Creative Society, that has enabled young people to meet regularly with employers from across the creative sector.

As part of work to diversify audiences at Somerset House and to provide creative experiences for learners who may face barriers to accessing culture, a range of new partnerships have been developed with community groups through outreach and on-site delivery.

Funding was secured to support a three-year creative sustainability project, Edible Utopia, from City Bridge Trust. Developed with academics and artists, the project explores sustainability through food growing, making use of hidden and overlooked locations around the building. The project was launched on the first day of spring in March 2018, engaging homeless charity St Mungo's, the resident community at Somerset House and members of the public.

## Somerset House Trust

### Report of the board of trustees

#### For the year ended 31 March 2018

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Collaborations with Studios artists added another new dimension to the Learning and Skills portfolio, providing exciting opportunities to engage participants more deeply in the creative practices and processes of our creative community. Artists involved included Eloise Hawser, Hannah Perry and Workflow.

Across the year the focus has been on depth and quality of experience, and evaluation techniques are being introduced to support our assessment of the quality of what we offer. In total in 2017-18 we engaged directly with over 6,478 people.

#### Creative Community

Somerset House is one of the largest communities of arts and creative enterprise in the UK, consisting of 127 resident companies, 94 micro businesses, 435 members of Somerset House Studios (87 artists with their teams & Makerversity, a workspace for 98 teams of emergent maker businesses), totalling over 2,800 people. Most of the resident organisations actively contribute to the creative industries, either working directly in or providing support to companies within the sector and around 7% are charities and social enterprises. Areas of work range from Design; products, graphic & fashion (eg: PB Creative, The British Fashion Council), Emerging Technologies and Digital Development (eg: Tengio, Acute Art, Doteveryone), Music (eg: MOBO, Music for Youth, Earth Music Agency), Performing Arts (eg: Shobana Jeyasingh Dance, Dance Umbrella, Crying Out Loud), Media & Communications (eg: Sutton PR, CBA London), Publishing (eg: Maria B Campbell, Royal Society of Literature), Sustainability (eg: Julie's Bicycle) and Support Services (eg: JWSS Law).

With 230 semi-serviced offices across 88,000 sq ft of space, individual offices range from 178 sq ft to 966 sq ft and accommodate organisations varying from a 2 person operations up to a 75 employee enterprise occupying multiple rooms. This year we were able to make available an additional 5,593 sq ft across the site and welcome 11 new residents to our creative community including Ananas Anam, Twist Recruitment and Outset Contemporary Arts Fund.

Our resident community offers an environment that stimulates creative projects and tangible business opportunities through collaboration and engagement. We encourage organisations to work together, either on a direct business-to-business basis or through events and connections organised by Somerset House Trust. We host a year-round programme of events exclusive to residents and free of charge including networking, skills sharing schemes, talks, screenings and social gatherings. Highlights from the 54 events hosted this year include 1:1 business support clinics (legal, HR & finance), lunchtime professional talks *The power of Storytelling*, *Who's Afraid of GDPR*, networking event *Earth Day; Sustainability Breakfast* and 4 *Quiz evenings hosted by resident Mighty Productions*. Resident's who have contributed to our cultural programme this year included Candlestar who produce *Photo London*, Dartmouth Films presented *Unorthodox* and The Sorrell Foundation presented *The National Saturday Club Summer Show*. Key community collaborations included The Courtauld Institute of Art commissioning a Somerset House resident Pimloc, to digitise a significant proportion of their library using their new archiving software.

During 2018/19 we are developing a new affordable co-working space that will act as an incubator for creative start-ups, micro-businesses and SMEs, accommodating over 200 desks and 400 members. A creative workspace offering below market rate memberships and bursaries with the objective of supporting creative entrepreneurs from socio-economically diverse backgrounds will further grow the creative community at Somerset House and is anticipated to open in autumn 2019.

Since its inception in 2016, Somerset House Studios has grown to 87 artists and groups across visual art, music, literature, dance, digital and internet based work, architecture and much more, plus over 200 Makerversity members. For the last 18 months, the resident artists have fuelled a new strand of programming at Somerset House, and are increasingly commissioned to undertake major commissions and projects, published throughout the site. As of autumn 2018, Somerset House Studios will offer artists a structured development programme.

## Somerset House Trust

### Report of the board of trustees

#### For the year ended 31 March 2018

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#### Restoration, Conservation and Sustainability

The Trust is responsible for the maintenance and conservation of the historic Somerset House estate and operates a four-year rolling programme of works that is regularly reviewed by external surveyors and informed by the Quadrennial report, a condition of the Trust's lease from DCMS. The next expert review is scheduled for September 2018.

During 2017 we restored our South Wing facades, fitted WIFI technology across the entire estate including provisioning free WIFI for all visitors, finished restoring 1,388 sq/ft of previously disused space and fitted more disabled access ramps. We moved the Trust into new office space in the Revenue Rooms transforming a further 5,878sq ft of unused space and releasing 5,593sq ft of space to rent to new residents.

We have started planning and design work for the new co-working space, which will occupy 6,559 sq/ft of disused space in New Wing which is scheduled to complete in early autumn 2019. This space was originally back of house HMRC space.

We continued to deliver on our commitment to reducing our environmental impact. During 2017 we installed 4 drinking water fountains for public use, banned plastic straws and improved our recycling options. During 2018 we will introduce re-use cups for Summer Screen and trial new options for food waste collection. We also worked with TfL and Northbank BID to review our delivery and servicing options with the aim to reduce the environmental impact of vehicle deliveries within London. During 2018 we will aim to reduce deliveries through consolidation, streamlined supplier use, and encouraging a reduction in personal deliveries from everyone based at Somerset House.

In 2017/18, we generated over 1,700,000kWh of electricity on site with the Combined Cooling Heat and Power plant (CCHP), 42% of the site use. On 1<sup>st</sup> April 2018 we switched to renewable electricity for our remaining power consumption. To reduce our energy use, the River Terrace façade lights are in the process of being swapped out for energy efficient LED lighting, saving 50% of the energy to light the Terrace.

#### Development

Somerset House has continued to build its pool of support from a range of individuals, trusts, foundations and corporate partners as a way extending our programme and helping to realise our aspirations for the organisation. Funding and expertise from corporate sponsors for *Perfume* contributed significantly to the success of the exhibition, whilst a new partnership with law firm Charles Russell Speechlys is enabling us to present a well-regarded, rolling programme of free exhibitions in the Terrace Rooms. We are also especially grateful for grants and donations to new areas of our work, including the Creative Careers programme and Somerset House Studios commissions. Looking ahead, funding from the Mayor of London's Good Growth Fund marks a significant milestone in the further transformation of Somerset House.

#### Financial Review

The financial statements have been prepared in accordance with FRS 102 and the Charity SORP.

Somerset House Trust owns 100% of the share capital of Somerset House Enterprises Limited (SHEL), which carries out trading and commercial operations on behalf of the Trust. For the year ended 31 March 2018, SHEL contributed £2.5m (2016/17: £2.2m) to the Trust, with the increase in income attributable to additional sponsorship. SHEL will pay its profits to the Trust as a payment under Gift Aid.

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

#### Results for the year

Net income before depreciation amounted to £2m (2016/17: £1.4m). Unrestricted income increased from £14.4m to £15.2m, along with higher restricted income at £663k (2016/17: £416k). Depreciation amounted to £3.2m (2016/17: £3.1m).

## Somerset House Trust

### Report of the board of trustees

#### For the year ended 31 March 2018

Total income in the year to 31 March 2018 was £15.9m (2016/17: £14.8m), comprising rental and service charge income from residents (£8.1m), ticket income from the cultural programme (£3.2m), income from the Trust's trading subsidiary in the form of private hire of space, sponsorship and retail activity (£4.2m) and donations and grants income of £464k. Approximately £210k was capital grant funding from a number of organisations toward completing the Studios project and £224k was revenue funding supporting our cultural and learning activity. Half way through the year Trust employees relocated to open plan, previously dis-used space, freeing up the previously occupied space to generate additional rent and service charge income.

Total expenditure excluding depreciation increased to £14m this year (2016/17: £13.4m) reflecting the increased costs of running the estate along with significant investment in the cultural programme. Expenditure on the cultural programme was £4.6m in 2017/18 (2016/17: £4.9m), with no Embankment Galleries exhibition over the Christmas period this year. The Trust pays a peppercorn rent to DCMS in respect of the leasehold.

Total funds reduced in line with expectations by £1.3m (2016/17: £1.7m). The designated fixed asset fund reduced by £2.3m reflecting the high level of annual depreciation we incur on our Headlease annually, and restricted funds increased by £207k, due to the level of grant funding we have received towards our cultural programming, which will be spent in 2018/19.

Our total funds position will continue to reduce annually due to the material depreciation charges relating to our fixed assets. The total value of our fixed assets before depreciation is £121m, including the property lease from DCMS which was valued at £65m in 2009 and is depreciated over 116 years, and leasehold improvements of £53m which are depreciated over 10 to 25 years. The depreciation cost is charged to the designated fixed asset fund which matches the value of the Trust's fixed assets (see Reserves).

## Somerset House Trust

### Report of the board of trustees

For the year ended 31 March 2018

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<b>Summary consolidated statement of financial activities</b>	<b>Total 2017/18</b>	<b>Total 2016/17</b>
	<b>£</b>	<b>£</b>
Total income	15,903,563	14,837,792
Total expenditure excluding depreciation	(13,952,610)	(13,416,141)
<b>Net income before depreciation</b>	<b>1,950,953</b>	<b>1,421,651</b>
Depreciation	(3,236,591)	(3,089,957)
<b>Net expenditure before taxation</b>	<b>(1,285,638)</b>	<b>(1,668,306)</b>
Tax on profit on ordinary activities	9,631	(1,434)
<b>Net expenditure</b>	<b>(1,276,007)</b>	<b>(1,669,740)</b>
 <b>Summary consolidated aggregate of assets, liabilities and funds</b>		
Assets	92,230,899	91,763,499
Liabilities	(8,777,166)	(7,033,759)
<b>Funds</b>	<b>83,453,733</b>	<b>84,729,740</b>

#### Fixed assets

Capital expenditure for the year to 31 March 2018 was £983k (2016/17: £1.3m). Key investment included installation of public WIFI across the Estate as well as further work on the Studios.

#### Cash flow and liquidity

Cash in hand increased during the year to £6.4m, with a net inflow of £1.9m. This includes rental deposits of £1.440m. Cash from operating activities of £3.2m was offset by cash outflows including capital expenditure of £780k and finance lease repayments plus interest of £503k.

#### Reserves

The charity's reserves fall into two main categories: restricted funds which may be legally used only for specified purposes and unrestricted funds which are free for use for any of the Trust's charitable purposes.

## Somerset House Trust

### Report of the board of trustees

#### For the year ended 31 March 2018

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

- The fixed asset reserve is a permanent designated fund matched to fixed assets, recognising that they cannot be quickly liquidated to realise cash in the event this is required.
- Free reserves are that part of unrestricted funds that are not held as fixed assets or designated for other purposes and can be used at the trustees' discretion for any of the Charity's purposes.

The Trust 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 duty to apply charitable funds to the objects of the charity within a reasonable timeframe. The target level for free reserves is reviewed annually having regard to the nature of current and future income streams and expenditure, as well as the level of operating contingency carried within the annual budget. Following the annual review we have increased the target level from £500k to £750k recognising the increasingly uncertain economic environment we operate in. This equates to approximately 5% of annual unrestricted income. As at 31 March 2018 unrestricted free reserves amounted to £774k (2016/17 £4k), in line with the revised target and significantly higher compared with prior years.

#### Risk management

Somerset House Trust maintains and reviews a risk register, which focuses on the major strategic and operational risks the charity faces, including mitigating actions to reduce each risk to a level the trustees consider acceptable. The risk register is reviewed and maintained by the executive and wider management team and reviewed in detail by the trustees annually.

The major risks faced by the Trust are:

**Financial sustainability:** The Trust receives no direct financial support from the government. A portfolio of income including rent from tenants, private hire income, ticket sales, sponsorship income and income from other commercial activity plus fundraising is used to fund the Trust's operations including the maintenance and upkeep of the estate, along with a growing artistic and cultural programme. The Trust is conscious that changes in the economic environment could have a significant impact and has been focused on further diversifying the income base as well as reviewing existing income streams and costs, with staged commitment to significant investments.

**Security and health and safety of visitors, staff and tenants:** The Trust operates in iconic historical buildings on a very busy public site in the heart of London. Risks and mitigation measures are monitored carefully and evaluated with the assistance of specialist expertise.

**Recruiting and retaining appropriate staff and trustees:** Our staff and trustees are a significant asset and make an enormous contribution to the success of the Trust. Accessing, maintaining and developing the necessary skills is a key part of our efforts and focus.

#### Public benefit

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

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

We run a varied programme of free exhibitions, open to the public 263 days in the last financial year and have delivered more installations in our Courtyard, which are free and open to the public.



## Somerset House Trust

### Report of the board of trustees

#### For the year ended 31 March 2018

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Chargeable activities include some of our exhibitions, talks, the summer programme of films, gigs and the winter ice skating rink. Concessionary, family, and off-peak tickets are available for a number of these activities.

#### Fundraising

At Somerset House, we rely on the support from individuals, trusts and foundations, public bodies and corporate partners to maintain and renew our historic building, produce an extensive and diverse cultural programme, nurture artistic excellence and provide opportunities for the next generation of young people with creative potential.

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

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

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

No third party or professional fundraisers are fundraising from individuals, trusts and foundations or public bodies on behalf of the Trust.

We received no complaints about our fundraising practices in 2017/2018.

#### Valuing Volunteers

Over the last financial year 150 volunteers contributed 8,543 hours across 2,082 volunteer sessions, making a significant positive difference to the experience of our visitors. This equates to 6 volunteers giving an average of just over 4 hours each day of the year.

Although the previous financial year saw a greater contribution of hours because of the involvement of volunteers in the *Bjork Digital* exhibition, this year saw the refinement of roles and new opportunities to make the experience more enriching for volunteers and visitors alike. New initiatives have included the Summer Welcome, with small teams of volunteer on site at weekends during the summer months to assist visitors, and expanded access to the site thanks to volunteers across Open House weekend. Over this two-day period, volunteers contributed 144 hours in 24 sessions helping 12,000 visitors to explore Somerset House at various locations and on tours created especially for this event.

This year also saw an increase in volunteers for Summer Series and Film4 Summer Screen, assisting with both queue management and with the experience of audiences using the disabled access platform.

## **Somerset House Trust**

### **Report of the board of trustees**

#### **For the year ended 31 March 2018**

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#### **Pay policy for key management personnel**

Benchmarking is undertaken from time to time to ensure that pay rates and benefits remain competitive. The pay for all staff is considered annually taking into account inflation along with any changes following the benchmarking review and a recommendation is made to Trustee's at the annual budget approval meeting in March of each year.

#### **Strategic priorities for the year ahead include:**

- Enhance our offer of free cultural activity, in particular animating our courtyard with thought-provoking installations.
- Completion of capital projects on time and on budget.
- Continue to strengthen our creative community providing support for our large community of creative enterprises and additional support for artists.
- Develop the Creative Careers Programme, creating an ongoing sustainable model for the key strands, as part of our commitment to building tomorrow's creative workforce.
- Continue to build our financial resilience in an increasingly uncertain economic environment and manage our operations within an acceptable level of risk.
- Collaborate and lead on new initiatives with our neighbours to enhance the Northbank area for future generations, including the Aldwych project and help secure the Courtauld's future with their Heritage Lottery Funded capital development.

## Somerset House Trust

### Report of the board of trustees

For the year ended 31 March 2018

#### Statement of trustees' responsibilities

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

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), 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 Statement of Recommended Practice: Accounting and Reporting by Charities (2015);
- make judgments 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. 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.

The trustees are responsible for the maintenance and integrity of the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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 auditors are 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 auditors are aware of that information.

Approved by the board and signed on their behalf on 11 September 2018



Carol Fairweather

Chair of the Audit and Risk Committee

# ***Independent auditors' report to the members of Somerset House Trust***

## **Report on the audit of the financial statements**

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### **Opinion**

In our opinion, Somerset House Trust's group financial statements and parent charitable company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 March 2018 and of the group's incoming resources and application of resources, including its income and expenditure, and of the group's cash flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and financial statements (the "Annual Report"), which comprise: the consolidated balance sheet as at 31 March 2018; the charity balance sheet as at 31 March 2018; the consolidated statement of financial activities (incorporating an income and expenditure account) and the consolidated statement of cash flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' 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 remained independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and parent charitable company's ability to continue as a going concern.

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### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

## *Strategic Report and Report of the Board of Trustees*

In our opinion, based on the work undertaken in the course of the audit the information given in the Report of the Board of Trustees, including the Strategic Report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and the Strategic Report and the Report of the Board of Trustees have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the group and parent charitable company and their environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and Report of the Board of Trustees. We have nothing to report in this respect.

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## **Responsibilities for the financial statements and the audit**

### *Responsibilities of the trustees for the financial statements*

As explained more fully in the Statement of trustees' responsibilities set out on page 19, the trustees are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The trustees are also responsible for such internal control as they 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 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 and parent charitable company or to cease operations, or have no realistic alternative but to do so.

### *Auditors' responsibilities for the audit of the financial statements*

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### *Use of this report*

This report, including the opinions, has been prepared for and only for the charity's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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## **Other required reporting**

### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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
- certain disclosures of trustees' remuneration specified by law are not made; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Jill Halford (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
11 September 2018

**Somerset House Trust**

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

**For the year ended 31 March 2018**

	Notes	Unrestricted funds		Restricted funds	Total 2017/18	Total 2016/17
		General	Designated			
		£	£	£	£	£
<b>Income and endowments from:</b>						
Donations and legacies	2	30,254	-	433,719	463,973	171,146
Charitable activities						
<i>Property management and conservation</i>		1,745,879	-	229,464	1,975,343	1,901,314
<i>Cultural and public events</i>		3,171,701	-	-	3,171,701	3,272,736
<i>Public education and communication</i>		11,708	-	-	11,708	27,712
<i>Merchandise income</i>		373,712	-	-	373,712	383,156
<i>Rental income</i>		6,116,781	-	-	6,116,781	5,722,896
Other trading activities						
<i>Concessions and venue hire</i>		2,992,555	-	-	2,992,555	2,651,127
<i>Sponsorship</i>		794,733	-	-	794,733	700,571
Investments		3,057	-	-	3,057	7,134
<b>Total income</b>		<b>15,240,380</b>	<b>-</b>	<b>663,183</b>	<b>15,903,563</b>	<b>14,837,792</b>
<b>Expenditure on:</b>						
Raising funds	3	167,850	-	-	167,850	146,707
Charitable activities						
<i>Property management and conservation</i>		5,333,924	2,680,199	191,596	8,205,719	7,584,974
<i>Cultural and public events</i>		4,541,771	-	54,469	4,596,240	4,910,649
<i>Public education and communication</i>		1,624,043	-	-	1,624,043	1,476,791
<i>Merchandise costs</i>		453,349	-	-	453,349	432,995
<i>Rental costs</i>		367,661	556,392	-	924,053	750,743
Other trading activities						
<i>Concessions and venue hire</i>		1,178,796	-	-	1,178,796	1,193,562
<i>Sponsorship costs</i>		39,151	-	-	39,151	9,677
<b>Total expenditure</b>	3,4,5	<b>13,706,545</b>	<b>3,236,591</b>	<b>246,065</b>	<b>17,189,201</b>	<b>16,506,098</b>
<b>Tax (credit) / charge on deficit</b>	6	<b>(9,631)</b>	<b>-</b>	<b>-</b>	<b>(9,631)</b>	<b>1,434</b>
<b>Net income/ (expenditure)</b>	7	<b>1,543,466</b>	<b>(3,236,591)</b>	<b>417,118</b>	<b>(1,276,007)</b>	<b>(1,669,740)</b>
Transfers between funds	13	(772,997)	982,997	(210,000)	-	-
<b>Net movement in funds</b>		<b>770,469</b>	<b>(2,253,594)</b>	<b>207,118</b>	<b>(1,276,007)</b>	<b>(1,669,740)</b>
Fund balances brought forward at 1 April 2017	13	3,640	84,795,009	(68,909)	84,729,740	86,399,480
<b>Fund balances carried forward at 31 March 2018</b>		<b>774,109</b>	<b>82,541,415</b>	<b>138,209</b>	<b>83,453,733</b>	<b>84,729,740</b>
<b><u>Prior period reconciliation of funds</u></b>						
<i>Fund balances brought forward at 1 April 2016</i>		<i>(373,572)</i>	<i>86,582,282</i>	<i>190,770</i>	<i>86,399,480</i>	
<i>Net movement in funds</i>		<i>377,212</i>	<i>(1,787,273)</i>	<i>(259,679)</i>	<i>(1,669,740)</i>	
<i>Fund balances carried forward at 31 March 2017</i>		<i>3,640</i>	<i>84,795,009</i>	<i>(68,909)</i>	<i>84,729,740</i>	

All of the above results are derived from continuing activities and there are no other gains or losses other than those stated above.

A comparative statement of financial activities is presented on page 40.

**Somerset House Trust**

**Consolidated balance sheet**

**As at 31 March 2018**

	Notes	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
<b>Fixed assets</b>					
Tangible fixed assets	8	82,541,415	-	82,541,415	84,795,008
<b>Current assets</b>					
Stocks		21,619	-	21,619	18,368
Debtors	10	3,248,258	-	3,248,258	2,406,321
Cash at bank and in hand		6,281,398	138,209	6,419,607	4,543,802
<b>Total current assets</b>		<b>9,551,275</b>	<b>138,209</b>	<b>9,689,484</b>	<b>6,968,491</b>
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	11	(7,278,512)	-	(7,278,512)	(5,251,220)
<b>Net current assets</b>		<b>2,272,763</b>	<b>138,209</b>	<b>2,410,972</b>	<b>1,717,271</b>
<b>Total assets less current liabilities</b>		<b>84,814,178</b>	<b>138,209</b>	<b>84,952,387</b>	<b>86,512,279</b>
Bank loans due after more than one year	12	-	-	-	-
Finance leases	12	(1,498,654)	-	(1,498,654)	(1,782,539)
Creditors: amounts falling due after more than one year	12	(1,498,654)	-	(1,498,654)	(1,782,539)
<b>Net assets</b>		<b>83,315,524</b>	<b>138,209</b>	<b>83,453,733</b>	<b>84,729,740</b>
<b>The funds of the group:</b>					
General funds	13	774,109	-	774,109	3,640
Designated fixed asset reserve	13	82,541,415	-	82,541,415	84,795,009
Restricted reserves	13	-	138,209	138,209	(68,909)
<b>Total funds</b>		<b>83,315,524</b>	<b>138,209</b>	<b>83,453,733</b>	<b>84,729,740</b>

The financial statements on pages 22 to 40 were approved by the board and signed on their behalf on 11 September 2018.



Carol Fairweather  
Chair of the Audit & Risk Committee  
Company number 03388137

Somerset House Trust

Charity balance sheet

As at 31 March 2018

	Notes	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
<b>Fixed assets</b>					
Tangible fixed assets	8	82,541,415	-	82,541,415	84,795,008
Investments	9	1	-	1	1
		<u>82,541,416</u>	<u>-</u>	<u>82,541,416</u>	<u>84,795,009</u>
<b>Current assets</b>					
Debtors	10	5,655,481	-	5,655,481	3,301,657
Cash at bank and in hand		3,344,407	138,209	3,482,616	3,070,403
<b>Total current assets</b>		<u>8,999,888</u>	<u>138,209</u>	<u>9,138,097</u>	<u>6,372,060</u>
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	11	(6,737,127)	-	(6,737,127)	(4,664,790)
<b>Net current assets</b>		<u>2,262,761</u>	<u>138,209</u>	<u>2,400,970</u>	<u>1,707,270</u>
<b>Total assets less current liabilities</b>		<u>84,804,177</u>	<u>138,209</u>	<u>84,942,386</u>	<u>86,502,279</u>
<b>Current liabilities</b>					
Bank loans due after more than one year	12	-	-	-	-
Finance leases	12	(1,498,654)	-	(1,498,654)	(1,782,539)
Creditors: amounts falling due after more than one year	12	(1,498,654)	-	(1,498,654)	(1,782,539)
<b>Net assets</b>		<u>83,305,523</u>	<u>138,209</u>	<u>83,443,732</u>	<u>84,719,740</u>
<b>The funds of the charity:</b>					
General funds	13	764,108	-	764,108	(6,360)
Designated fixed asset reserve	13	82,541,415	-	82,541,415	84,795,009
Restricted reserves	13	-	138,209	138,209	(68,909)
<b>Total charity funds</b>		<u>83,305,523</u>	<u>138,209</u>	<u>83,443,732</u>	<u>84,719,740</u>

The charity's income for the year of £14,489,765 (2016/17: £15,157,914) less expenditure of £15,765,773 (2016/17: £15,047,645) led to a deficit of £1,276,008 (2016/17: deficit of £110,269).

The financial statements on pages 22 to 40 were approved by the board and signed on their behalf on 11 September 2018.



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 2018**

	Notes	2017/18 £	2016/17 £
<b>Net cash provided by operating activities</b>	<b>A</b>	<b>3,155,630</b>	2,446,162
<b>Cash flows from investing activities:</b>			
Interest received		3,057	7,134
Purchase of tangible fixed assets		(779,991)	(1,231,510)
<b>Net cash used in investing activities</b>		<b>(776,934)</b>	<b>(1,224,376)</b>
<b>Cash flows from financing activities:</b>			
Interest paid		(81,993)	(114,987)
Repayments of loans and capital element of finance lease liabilities		(420,898)	(285,676)
<b>Net cash used in financing activities</b>		<b>(502,891)</b>	<b>(400,663)</b>
<b>Change in cash and cash equivalents in the reporting period</b>		<b>1,875,805</b>	<b>821,123</b>
Cash and cash equivalents at the beginning of the reporting period		4,543,802	3,722,680
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>B</b>	<b>6,419,607</b>	<b>4,543,802</b>
<b>A Reconciliation of net expenditure to net cash flow from operating activities</b>			
		2017/18 £	2016/17 £
<b>Net expenditure for the reporting period (as per the statement of financial activities)</b>		<b>(1,276,007)</b>	(1,669,740)
<b>Adjustments for:</b>			
Depreciation charges		3,236,591	3,089,957
Interest received		(3,057)	(7,134)
Interest paid		81,993	114,987
Loss on disposal of fixed assets		-	-
(Increase)/ Decrease in stocks		(3,251)	2,007
Decrease/ (increase) in debtors		(841,937)	232,318
Increase/ (decrease) in creditors		1,961,298	683,765
<b>Net cash inflow / (outflow) from operating activities</b>		<b>3,155,630</b>	<b>2,446,162</b>
<b>B Analysis of cash and cash equivalents</b>			
		2017/18 £	2016/17 £
Cash in hand		6,419,607	4,543,802

## Somerset House Trust

### Notes to the financial statements

For the year ended 31 March 2018

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#### 1 Accounting policies

##### a) General information

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

##### b) Summary of significant accounting policies

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

##### c) Basis of preparation

The consolidated financial statements have been prepared in accordance with UK Generally Accepted Practice comprising the Statement of Recommended Practice: Accounting and Reporting by Charities 2015 preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 14 July 2014, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011 and the Companies Act 2006.

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

On transition to FRS 102 in the year ended 31 March 2016 the Trust took advantage of transition exemptions to permit the use of deemed cost for assets, and not to revise the accounting for lease incentives for leases entered into before 31 March 2014.

The accounts have been prepared on the going concern basis. The Trust assumes that a peppercorn rent will be payable to DCMS in respect of the leasehold. There are no material uncertainties which may create significant doubt over Somerset House's ability to continue as a going concern.

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

##### d) Income

Income comprises rental and service charge income from tenants and artists, ticket income from the cultural programme, donations, income from the Trust's trading subsidiary in the form of private hire of space, sponsorship and retail activity. It also includes grant income to support capital projects as well as cultural and learning activity. This year we have also accrued income in relation to the new Museum and Galleries Tax Credit on four exhibitions that occurred during the 2017/18 period. All income is recognised once Somerset House has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably. Where income is received in advance of providing goods and/or services it is deferred until Somerset House becomes entitled to that income. Where entitlement occurs before income is received, the income is accrued. Grants (including Government grants) are recognised when the entitlement to the grant is established and confirmed by both parties.

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

##### e) Expenditure

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

**f) Taxation**

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

**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 accrual basis.

**h) Fixed assets and depreciation**

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

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

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

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

**i) Fund accounting**

Balance sheet reserves have been allocated between two categories:

- Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general charitable objectives. Designated funds are a portion of the unrestricted funds that have been set aside for a particular purpose by the trustees.
- Restricted reserves consist of amounts subject to specific restrictions imposed by the donor or arising from contractual obligations, notably in connection with service charge funds established to comply with the terms of the lease between the Trust and King's College London.

**j) Stock**

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

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

**k) Financial instruments**

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

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

**l) Leases**

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

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

**m) Cash and cash equivalents**

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

**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 2018

2 Donations and legacies

	Unrestricted funds £	Restricted funds £	Total 2017/18 £	Total 2016/17 £
Donations	30,254	-	30,254	16,246
Grants receivable				
<i>Capital grants receivable</i>	-	210,000	210,000	50,000
<i>Revenue grants receivable</i>	-	223,719	223,719	104,900
<b>Total income from donations and legacies</b>	<b>30,254</b>	<b>433,719</b>	<b>463,973</b>	<b>171,146</b>

In addition to income from donations and legacies is £794,733 (2016/17: £700,571) 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 £	Support costs £	2017/18 £	2016/17 £
<b>Expenditure on raising funds</b>				
Fundraising costs of grants and donations	143,079	24,771	167,850	146,707
	<b>143,079</b>	<b>24,771</b>	<b>167,850</b>	<b>146,707</b>
<b>Expenditure on charitable activities</b>				
Property management and conservation	8,036,005	169,714	8,205,719	7,584,974
Cultural and public events	4,290,984	305,256	4,596,240	4,910,649
Public education and communication	1,086,794	537,249	1,624,043	1,476,791
Merchandise costs	397,475	55,874	453,349	432,995
Rental costs	858,495	65,558	924,053	750,743
	<b>14,669,753</b>	<b>1,133,651</b>	<b>15,803,404</b>	<b>15,156,152</b>
<b>Other expenditure</b>				
Concessions and venue hire	992,365	186,431	1,178,796	1,193,562
Sponsorship costs	39,151	-	39,151	9,677
	<b>1,031,516</b>	<b>186,431</b>	<b>1,217,947</b>	<b>1,203,239</b>
<b>Total expenditure</b>	<b>15,844,348</b>	<b>1,344,853</b>	<b>17,189,201</b>	<b>16,506,098</b>

Comparative analysis of expenditure:

	Direct costs £	Support costs £	2016/17 £
Expenditure on raising funds			
Fundraising costs of grants and donations	130,238	16,469	146,707
	<b>130,238</b>	<b>16,469</b>	<b>146,707</b>
Expenditure on charitable activities			
Property management and conservation	7,420,577	164,397	7,584,974
Cultural and public events	4,717,133	193,516	4,910,649
Public education and communication	1,050,932	425,859	1,476,791
Merchandise costs	391,821	41,174	432,995
Rental costs	693,759	56,984	750,743
	<b>14,274,222</b>	<b>881,930</b>	<b>15,156,152</b>
Other expenditure			
Concessions and venue hire	991,153	202,409	1,193,562
Sponsorship costs	9,677	-	9,677
	<b>1,000,830</b>	<b>202,409</b>	<b>1,203,239</b>
<b>Total expenditure</b>	<b>15,405,290</b>	<b>1,100,808</b>	<b>16,506,098</b>

**Somerset House Trust**

**Notes to the financial statements**

**For the year ended 31 March 2018**

**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 2017/18 £	Support costs 2016/17 £
Governance	24,771	915,395	186,431	<b>1,126,597</b>	862,668
Interest paid	-	81,993	-	<b>81,993</b>	114,989
Marketing & Communications	-	136,263	-	<b>136,263</b>	123,151
	<b>24,771</b>	<b>1,133,651</b>	<b>186,431</b>	<b>1,344,853</b>	<b>1,100,808</b>

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

Comparative allocation of support costs:

	Expenditure on raising funds £	Expenditure on charitable activities £	Other expenditure £	Support costs 2016/17 £
Governance	16,469	643,790	202,409	862,668
Interest paid	-	114,989	-	114,989
Marketing & Communications	-	123,151	-	123,151
	<b>16,469</b>	<b>881,930</b>	<b>202,409</b>	<b>1,100,808</b>

**5 Interest payable and similar charges**

	2017/18 £	2016/17 £
Interest payable and similar charges	7,869	8,977
Finance lease interest	74,124	106,012
	<b>81,993</b>	<b>114,989</b>

## Somerset House Trust

### Notes to the financial statements

For the year ended 31 March 2018

#### 6 Tax (credit) / charge on deficit

	2017/18 £	2016/17 £
UK Corporation Tax - current tax charge	-	9,631
Adjustment in respect of previous periods	(9,631)	(8,197)
<b>Tax (credit) / charge on deficit</b>	<b>(9,631)</b>	<b>1,434</b>

No tax is payable by Somerset House Trust therefore the charge for the year is reconciled to the profit before tax of Somerset House Enterprises Limited as per note 9 as follows:

	2017/18 £	2016/17 £
Profit on ordinary activities before taxation and Deed of Covenant	2,529,984	2,202,865
Tax on surplus at UK corporation tax rate of 19% / 20%	480,697	440,573
Effects of:		
<i>Expenses not deductible for tax purposes</i>	2,436	1,147
<i>Adjustment in respect of previous periods</i>	(9,631)	(8,197)
<i>Accrued qualifying charitable donation</i>	(483,133)	(432,089)
<i>Expected qualifying charitable donation (note 1)</i>	-	-
Total tax charge for the period	<b>(9,631)</b>	<b>1,434</b>

A deed of covenant is in place which sets out the Directors' intention to transfer to the Trust, in the form of a Gift Aid payment, all profits of the company for the foreseeable future.

#### 7 Net expenditure

Net expenditure is stated after charging the following:

	2017/18 £	2016/17 £
Auditors' fees:		
- for audit of Somerset House Trust	41,110	32,590
- for audit of Somerset House Enterprises Limited	7,180	6,910
	<b>48,290</b>	<b>39,500</b>
Depreciation and amortisation:		
- property lease valuation	556,391	556,391
- leasehold improvements	2,115,774	2,007,816
- fixtures, fittings and equipment (owned)	376,322	300,504
- fixtures, fittings and equipment (leased)	188,104	225,246
	<b>3,236,591</b>	<b>3,089,957</b>

In addition to the audit fees listed above, fees for tax compliance services provided were £2,700 (2016/17: £1,170).

Somerset House Trust

Notes to the financial statements

For the year ended 31 March 2018

8 Tangible fixed assets (Charity & Group)

	Property lease valuation	Leasehold improvements	Assets in the course of construction	Fixtures, fittings & equipment	Total
	£	£	£	£	£
<u>Cost or deemed cost</u>					
At 1 April 2017	64,541,408	53,436,391	5,118	3,260,178	121,243,095
Additions	-	343,590	-	639,407	982,997
Disposals	-	-	-	-	-
Transfers	-	(144,756)	(5,118)	149,874	-
<b>At 31 March 2018</b>	<b>64,541,408</b>	<b>53,635,225</b>	<b>-</b>	<b>4,049,459</b>	<b>122,226,092</b>
<u>Accumulated depreciation</u>					
At 1 April 2017	4,451,130	29,386,797	-	2,610,159	36,448,086
Charge for the year	556,391	2,115,774	-	564,426	3,236,591
Disposals	-	-	-	-	-
Transfers	-	(16,911)	-	16,911	-
<b>At 31 March 2018</b>	<b>5,007,521</b>	<b>31,485,660</b>	<b>-</b>	<b>3,191,496</b>	<b>39,684,677</b>
<u>Net book value</u>					
<b>At 31 March 2018</b>	<b>59,533,887</b>	<b>22,149,565</b>	<b>-</b>	<b>857,963</b>	<b>82,541,415</b>
At 31 March 2017	60,090,278	24,049,594	5,118	650,019	84,795,009

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 £59,533,887 at 31 March 2018, £52,364,738 is in held in a revaluation reserve (see note 13).

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.

The transfer from Assets in the course of construction to Leasehold improvements relates to Comms Room Cooling which was brought into use during 2017/18. Depreciation on a straight line basis over 15 years.

Included within fixed assets is an amount of £66,869 relating to the new website, an intangible fixed asset. The website is being depreciated on a straight line basis over 3 years.



## Somerset House Trust

### Notes to the financial statements

For the year ended 31 March 2018

#### 9 Investments

	Charity 2018 £	Charity 2017 £
<b>Trust</b>		
At 1 April and at 31 March	1	1

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

	2018 £	2017 £
<u>Somerset House Enterprises Limited</u>		
Turnover	3,953,413	3,661,318
Costs of sales	(1,414,678)	(1,450,803)
<b>Gross profit</b>	<b>2,538,735</b>	<b>2,210,515</b>
Administrative expenses	(8,751)	(7,650)
<b>Profit on ordinary activities before taxation and Deed of Covenant</b>	<b>2,529,984</b>	<b>2,202,865</b>
Payment under Deed of Covenant to the Trust	(2,539,615)	-
<b>(Loss) / profit on ordinary activities before taxation</b>	<b>(9,631)</b>	<b>2,202,865</b>
Tax on (loss)/ profit on ordinary activities	9,631	(1,434)
<b>Result / profit for the financial year</b>	<b>-</b>	<b>2,201,431</b>

The aggregate of the assets, liabilities and funds was:

	2018 £	2017 £
Assets	3,580,903	2,092,553
Liabilities	(3,570,902)	(2,082,552)
<b>Funds</b>	<b>10,001</b>	<b>10,001</b>

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.

#### 10 Debtors

	Charity 2018 £	Charity 2017 £	Group 2018 £	Group 2017 £
Trade debtors	1,396,210	881,491	1,981,795	1,416,050
Amounts owed by group undertakings	3,029,516	1,495,960	-	-
Other debtors	442,240	12,293	443,236	12,131
Prepayments and accrued income	787,515	911,913	823,227	978,140
	<b>5,655,481</b>	<b>3,301,657</b>	<b>3,248,258</b>	<b>2,406,321</b>

**Somerset House Trust**

**Notes to the financial statements**

**For the year ended 31 March 2018**

**11 Creditors: amounts falling due within one year**

	<b>Charity 2018 £</b>	Charity 2017 £	<b>Group 2018 £</b>	Group 2017 £
Finance leases (note 19)	441,780	375,786	441,780	375,786
Trade creditors	732,934	776,136	767,767	855,503
Amounts owed to group undertakings	-	-	-	-
Taxation and social security	396,157	484,891	527,264	546,058
Other creditors	1,469,903	913,914	1,521,595	970,914
Accruals	775,620	360,875	831,672	407,421
Deferred income	2,920,733	1,753,188	3,188,434	2,095,538
	<b>6,737,127</b>	<b>4,664,790</b>	<b>7,278,512</b>	<b>5,251,220</b>

Other creditors in the charity includes funds held in trust for tenants under Rent Deposit Deeds, £1,440,000 (2016/17: £913,000).

Deferred income includes rental and service charge income and deposits for venue hire invoiced in advance. New to this financial year is advance ticket income (£875,000) collected through our own ticketing system. Ticketing was previously outsourced. Income is deferred to the accounting period to which the service relates. All deferred income is utilised in the year following deferral.

**12 Creditors: amounts falling due after more than one year**

	<b>Charity &amp; Group</b>	
	<b>2018 £</b>	2017 £
Finance leases (note 19)	1,498,654	1,782,539
	<b>1,498,654</b>	<b>1,782,539</b>

Somerset House Trust

Notes to the financial statements

For the year ended 31 March 2018

13 Statement of funds

**Charity**

	At 1 April 2017 £	Income £	Expenditure £	Transfers £	At 31 March 2018 £
<b>Unrestricted funds</b>					
General funds	(6,360)	13,826,582	(12,283,117)	(772,997)	764,108
Designated fixed asset reserve					
Original cost/ valuation	32,430,271	-	(3,236,591)	982,997	30,176,677
Revaluation reserve	52,364,738	-	-	-	52,364,738
<b>Total unrestricted funds</b>	<b>84,788,649</b>	<b>13,826,582</b>	<b>(15,519,708)</b>	<b>210,000</b>	<b>83,305,523</b>
<b>Restricted funds</b>					
Maintenance and service charge fund	(68,909)	229,464	(191,596)	-	(31,041)
Projects fund	-	223,719	(54,469)	-	169,250
Capital grants fund	-	210,000	-	(210,000)	-
<b>Total restricted funds</b>	<b>(68,909)</b>	<b>663,183</b>	<b>(246,065)</b>	<b>(210,000)</b>	<b>138,209</b>
<b>Total funds</b>	<b>84,719,740</b>	<b>14,489,765</b>	<b>(15,765,773)</b>	<b>-</b>	<b>83,443,732</b>

**Group**

	At 1 April 2017 £	Income £	Expenditure £	Transfers £	At 31 March 2018 £
<b>Unrestricted funds</b>					
General funds	3,640	15,240,380	(13,696,914)	(772,997)	774,109
Designated fixed asset reserve					
Original cost/ valuation	32,430,271	-	(3,236,591)	982,997	30,176,677
Revaluation reserve	52,364,738	-	-	-	52,364,738
<b>Total unrestricted funds</b>	<b>84,798,649</b>	<b>15,240,380</b>	<b>(16,933,505)</b>	<b>210,000</b>	<b>83,315,524</b>
<b>Restricted funds</b>					
Maintenance and service charge fund	(68,909)	229,464	(191,596)	-	(31,041)
Projects fund	-	223,719	(54,469)	-	169,250
Capital grants fund	-	210,000	-	(210,000)	-
<b>Total restricted funds</b>	<b>(68,909)</b>	<b>663,183</b>	<b>(246,065)</b>	<b>(210,000)</b>	<b>138,209</b>
<b>Total funds</b>	<b>84,729,740</b>	<b>15,903,563</b>	<b>(17,179,570)</b>	<b>-</b>	<b>83,453,733</b>

## Somerset House Trust

### Notes to the financial statements

For the year ended 31 March 2018

#### Comparative Group

	At 1 April 2016 £	Income £	Expenditure £	Transfers £	At 31 March 2017 £
<b>Unrestricted funds</b>					
General funds	(373,572)	14,421,748	(13,098,709)	(945,827)	3,640
Designated fixed asset reserve					
Original cost/ valuation	34,217,544	-	(3,089,957)	1,302,684	32,430,271
Revaluation reserve	52,364,738	-	-	-	52,364,738
<b>Total unrestricted funds</b>	<b>86,208,710</b>	<b>14,421,748</b>	<b>(16,188,666)</b>	<b>356,857</b>	<b>84,798,649</b>
<b>Restricted funds</b>					
Maintenance and service charge fund	(116,087)	261,144	(213,966)	-	(68,909)
Projects fund	-	104,900	(104,900)	-	-
Capital grants fund	306,857	50,000	-	(356,857)	-
<b>Total restricted funds</b>	<b>190,770</b>	<b>416,044</b>	<b>(318,866)</b>	<b>(356,857)</b>	<b>(68,909)</b>
<b>Total funds</b>	<b>86,399,480</b>	<b>14,837,792</b>	<b>(16,507,532)</b>	<b>-</b>	<b>84,729,740</b>

#### Notes to funds

##### Unrestricted funds

###### General funds

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

##### Designated fixed asset reserve

£772,997 was transferred to the unrestricted designated fixed asset fund from general funds to reflect fixed asset additions funded by the Trust during the year (2016/17: £945,827).

£210,000 was transferred to the unrestricted designated fixed asset fund from the restricted capital grants fund to reflect fixed asset additions funded by the capital grants during the year (2016/17: £356,857).

##### Restricted funds

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

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

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

## Somerset House Trust

### Notes to the financial statements

For the year ended 31 March 2018

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#### 14 Employee details (Charity & Group)

<u>Staff costs</u>	<b>2017/18</b>	2016/17
	<b>£</b>	<b>£</b>
Wages and salaries	2,958,237	2,613,387
Social security costs	312,054	284,319
Other pension costs	238,307	223,671
Temporary staff salaries (including social security costs)	574,671	648,496
	<b>4,083,269</b>	<b>3,769,873</b>

The other pension costs above include an accrual of £16,300 (2016/17: £16,740) in respect of amounts due under employees' personal defined contribution schemes.

<u>Emoluments over £60,000</u>	<b>2017/18</b>	2016/17
	<b>Number</b>	<b>Number</b>
£60,001 - £70,000	4	3
£70,001 - £80,000	-	-
£80,001 - £90,000	1	2
£90,001 - £100,000	-	-
£120,001 - £130,000	1	1
£130,001 - £140,000	1	-
£160,001 - £170,000	-	1
£170,001 - £180,000	1	-

Total employee benefits received by key management personnel in year were £617,652 (2016/17: £510,854).

<u>Staff functions</u>	<b>2017/18</b>	2016/17
	<b>Number</b>	<b>Number</b>
The monthly average full time equivalent employees during the year, analysed by function, were:		
Concessions and venue hire	10	12
Fundraising	1	1
Rental	4	3
Property management and conservation	5	3
Cultural and public events	16	12
Public education, communication and visitor services	22	18
Merchandise	3	3
Governance	10	10
	<b>71</b>	<b>62</b>

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 2018

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#### 15 Trustee remuneration and related party transactions

No remuneration directly or indirectly out of the funds of the charity was paid to any Trustee or to any related party. Expenses incurred by the charity for trustees during the year totalled £nil (2016/17: £nil). Trustee indemnity insurance was purchased by the charity during the year at a cost of £6,801 (2016/17: £6,680).

The Trust's trading subsidiary, Somerset House Enterprises Limited, was recharged the staff costs £622,192 (2016/17: £681,297), being the cost of staff incurred by the Trust for activities undertaken by the company. At 31 March 2018, amounts due to the Trust from the company included an amount of £2,539,615 due from the company as a donation of its profits under gift aid for the year ending 31 March 2018, under the deed of covenant with the Trust signed on 15 March 2017 (2016/17: £2,201,431). All amounts owed between the Trust and the company are reflected in notes 10 and 11 to the accounts.

Eleven trustees made donations to the Trust during the year. Gifts amounted to £14,500 were made under the Supporters' Court initiative, a membership group established to engage major donors.

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

William Sieghart (director) is Trustee of the charity Forward Arts Foundation which paid the company £108 (inclusive of VAT) for meeting room hire (2016/17: £108) and Trustee of the charity Docs Society Foundation which paid the company £720 for meeting room hire (2016/17: nil).

Tony Elliott (trustee, resigned 4 December 2017) is a Director of Time Out Group Limited. In 2017/18, no payments were made directly to by the Trust to Time Out (2016/17: £2,400 for advertising services in relation to the cultural programme). Additional costs of £5,500 were incurred indirectly with Time Out, via third parties engaged to deliver cultural programme marketing (2016/17: £11,000).

Judy Gibbons (trustee) was a Director of Guardian Media Group Plc ("the Guardian"). During the year, the Trust entered into a contra agreement with the Guardian whereby the Guardian provided advertising for Skate At Somerset House and the Trust provided the Guardian with access to Skate At Somerset House, Summer Series and Film 4 Summer Screen. The gross value of the services provided by both entities was estimated to be £6,235 (2016/17: £34,834), which has been recognised in the financial statements. An additional amount of £1,360 was paid to Guardian News & Media for the provision of advertising services (2016/17: £4,000).

Laurence Green (trustee of Somerset House Trust, resigned 4 December 2017) is a Director of 101 Projects Limited ("101") which rents office space at Somerset House.

Paul Goswell (trustee) is a Member of Council of Kings College which rents office space at Somerset House.

Caroline Michel (trustee) is Chair of BFI Trust ("BFI"). During 2017/18, the Trust paid £1,225 to BFI for film hire (2016/17: £1,225).

Brian Eno (Director) is Director of Opal Music Holdings Ltd which paid the company £774 (inclusive of VAT) for meeting room hire (2016/17: nil)

Jonathan Reekie (Director) is a Director of Northbank Bid Limited ("Northbank") which rents office space at Somerset House. Somerset House Enterprises Limited paid Northbank £156 for meeting room hire and sessional workers (2016/17: £141 for meeting room hire and sessional workers).

Jenny Freestone (member of Senior Management Team) was a Member of the Committee of Unique Venues of London Limited ("UVL") during the year. Somerset House Enterprises Limited paid UVL membership fees of £2,983 in 2017/18 (2016/17 £2,896).

#### 16 Charitable status

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

## Somerset House Trust

### Notes to the financial statements

#### For the year ended 31 March 2018

#### 17 Capital commitments

There were no capital commitments as at 31 March 18 (31 March 17: nil)

#### 18 Assets held under finance leases and capitalised in fixtures, fittings and equipment

	Fixtures, fittings & equipment £	2017/18 £	2016/17 £
<u>Cost</u>			
At 1 April	3,155,394	3,155,394	3,084,220
Additions	203,006	203,006	71,174
At 31 March	3,358,400	3,358,400	3,155,394
<u>Accumulated depreciation</u>			
At 1 April	(1,307,610)	(1,307,610)	(818,650)
Charge for the year	(451,818)	(451,818)	(488,960)
At 31 March	(1,759,428)	(1,759,428)	(1,307,610)
Net book value	<b>1,598,972</b>	<b>1,598,972</b>	1,847,784

Fixtures, fittings and equipment held under finance leases comprise the telephone and wifi infrastructure installed in tenants' offices throughout South, West and New Wings, as well as the telephone and wifi infrastructure and photocopier used by the Trust in its offices in South Wing.

#### 19 Finance leases

	2017/18 £	2016/17 £
Future minimum payments under finance leases are as follows:		
<i>Within one year</i>	502,089	456,494
<i>In more than one year, but not more than five years</i>	1,451,812	1,474,906
<i>After five years</i>	160,550	481,651
Total gross payments	2,114,451	2,413,051
Future financing charges	(174,018)	(254,726)
<b>Finance lease liability</b>	<b>1,940,433</b>	2,158,325

#### 20 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:

	2017/18 £	2016/17 £
Receipts due	<b>14,412,699</b>	14,840,282
<i>Within one year</i>	4,488,971	3,883,237
<i>In more than one year, but not more than five years</i>	4,323,856	5,039,754
<i>After five years</i>	5,599,872	5,917,291

**Somerset House Trust**

**Comparative consolidated statement of financial activities** (incorporating an income and expenditure account)

**For the year ended 31 March 2017**

	Notes	Unrestricted funds		Restricted funds	Total
		General	Designated	funds	2016/17
		£	£	£	£
<b>Income and endowments from:</b>					
Donations and legacies	2	16,246	-	154,900	171,146
Charitable activities					
<i>Property management and conservation</i>		1,640,170	-	261,144	1,901,314
<i>Cultural and public events</i>		3,272,736	-	-	3,272,736
<i>Public education and communication</i>		27,712	-	-	27,712
<i>Merchandise income</i>		383,156	-	-	383,156
<i>Rental income</i>		5,722,896	-	-	5,722,896
Other trading activities					
<i>Concessions and venue hire</i>		2,651,127	-	-	2,651,127
<i>Sponsorship</i>		700,571	-	-	700,571
<i>Bank interest receivable</i>		7,134	-	-	7,134
<b>Total income</b>		<b>14,421,748</b>	<b>-</b>	<b>416,044</b>	<b>14,837,792</b>
<b>Expenditure on:</b>					
Raising funds	3	146,707	-	-	146,707
Charitable activities					
<i>Property management and conservation</i>		4,837,442	2,533,566	213,966	7,584,974
<i>Cultural and public events</i>		4,805,749	-	104,900	4,910,649
<i>Public education and communication</i>		1,476,791	-	-	1,476,791
<i>Merchandise costs</i>		432,995	-	-	432,995
<i>Rental costs</i>		194,352	556,391	-	750,743
Other trading activities					
<i>Concessions and venue hire</i>		1,193,562	-	-	1,193,562
<i>Sponsorship costs</i>		9,677	-	-	9,677
<b>Total expenditure</b>	3,4,5	<b>13,097,275</b>	<b>3,089,957</b>	<b>318,866</b>	<b>16,506,098</b>
<b>Tax on profit on ordinary activities</b>	6	1,434	-	-	1,434
<b>Net income/ expenditure</b>	7	<b>1,323,039</b>	<b>(3,089,957)</b>	<b>97,178</b>	<b>(1,669,740)</b>
Transfers between funds	14	(945,827)	1,302,684	(356,857)	-
<b>Net movement in funds</b>		<b>377,212</b>	<b>(1,787,273)</b>	<b>(259,679)</b>	<b>(1,669,740)</b>
Fund balances brought forward at 1 April 2016	14	(373,572)	86,582,282	190,770	86,399,480
<b>Fund balances carried forward at 31 March 2017</b>		<b>3,640</b>	<b>84,795,009</b>	<b>(68,909)</b>	<b>84,729,740</b>

All of the above results are derived from continuing activities. There are no other gains or losses other than those stated above.