

Registered charity number 1063640
Company number 03388137

Somerset House Trust

Report and financial statements for the year ended 31 March 2019

Somerset House Trust

Legal and Administration details

For the year ended 31 March 2019

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

Directors (Trustees)

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

Mr William Sieghart CBE	Chair of the Board of Trustees
Ms Judy Gibbons	Deputy Chair of the Board of Trustees
Mr Brian Eno	
Ms Carol Fairweather	Chair of the Audit & Risk Committee
Mr Paul Goswell	
Sir Malcolm Grant	Member of the Nominations & Governance Committee
Mrs Melanie Hall QC	Member of the Audit & Risk Committee
Mr Jonathan Higgins	Member of the Audit & Risk Committee
Mr James Lambert	Member of the Audit & Risk Committee
Mr Julien Sevaux	
Ms Martine D'Anglejan-Chatillon	Appointed 12 June 2019
Mr Oluwole Kolade	Appointed 12 June 2019
Mr Nader Mousavizadeh	Appointed 9 July 2018
Ms Caroline Michel	Resigned 25 September 2019
Mr Marcus Lyon	Member of the Nominations & Governance Committee Resigned 25 September 2019

Executive

Mr Jonathan Reekie CBE	Director
Ms Susan Johnston	Chief Operating Officer and Company Secretary
Mrs Diana Spiegelberg	Deputy Director

Independent auditor	BDO LLP 55 Baker Street, London, W1U 7EU
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Bankers	National Westminster Bank PLC 38 Strand, London, WC2N 5JB
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Solicitors	Farrer & Co LLP 66 Lincoln's Inn Fields, London, WC2A 3LH
	Mishcon de Reya Africa House, 70 Kingsway, London, WC2B 6AH

Somerset House Trust

Report of the Board of Trustees

For the year ended 31 March 2019

Chairman's Foreword

Somerset House Trust had a successful year developing and delivering on the strategy set out in recent years. As well as a vibrant and popular cultural programme, a notable landmark was agreeing a new lease until 2087 with the Courtauld Institute of Art, enabling them to proceed with Courtauld Connects, a two-part redevelopment of their premises in North Wing.

Our cultural programme made a strong impact, with additional financial investment this year. Most visible are our signature courtyard events of Skate, Music and Films, our major exhibitions and courtyard installations, and partnerships including Photo London, London Design Festival and 1:54 Contemporary African Art Fair.

The highlight of our exhibitions programme was Good Grief, Charlie Brown, our exploration of the art and influence of Charles Schulz's Peanuts strip, one of our most popular exhibitions ever. Our Terrace Room series of free events included Print!, looking at independent magazines past and present; an exuberant show of works by South African artist Athi Patra Ruga; English As A Second Language, which featured new work by fashion photographers Hanna Moon and Joyce Ng. Our programme frequently engages with the key issues of our time and once again we presented a very successful programme around World Earth Day.

The pipeline of work from our resident artists continued to expand, most notably with Hannah Perry's exhibition, GUSH and the launch of a new experimental music festival Assembly. Some of the arts organisations based here including Saturday Club Trust, Dance Umbrella and Hofesh Shechter also contributed to our programme. To help us develop our cultural programme and standing we asked a group of distinguished artists and thinkers to form a new group of Cultural Ambassadors, chaired by Brian Eno with Femi Adeyemi, Laurie Anderson, Es Devlin, Ruth Daniel, Imogen Heap, Marcus Lyon, Fotini Markopoulou, Simon McBurney and Wayne McGregor.

I'm particularly proud of how our Creative Careers Academy has developed, an important initiative to diversify the workforce of the arts and creative industries, and an important plank of commitment to equality and inclusion. A less visible part of Somerset House is that we are home to the UK's largest creative community. This year we opened more creative workspace and we welcomed many new resident artists and creative enterprises, demonstrating the breadth and dynamism of the arts and creative industries in London.

Around the estate we began building a new shared workspace for the creative industries, partly funded by the Mayor's Good Growth Fund, which will complete the refurbishment of the whole site, something that has taken nearly 20 years. We also ensured the continued maintenance of the historic fabric including the cleaning and restoration of the South Wing courtyard façade and continued to invest in the site's technology infrastructure.

We established a new Development Advisory Board to help us seek more support from the private sector. This is vital if we are to continue to thrive with our business model that has no regular public sector support. Lastly, the continued success of Somerset House is entirely dependent on all the Trustees, staff and volunteers whose hard work means that Somerset House remains one of London's most vibrant cultural institutions.

A NEW BLUEPRINT FOR ARTS & CULTURE

Built on historic foundations, we have a footprint bigger than our floor plan

Our building

Over
590,000
sq ft of Grade 1 listed
architecture

Our visitors

Over
3.1 MILLION
visitors

Our people

80 STAFF
100+ VOLUNTEERS
for Somerset House Trust

We are home to the UK's largest creative community, dedicated to powering the creative industries

527 resident organisations
With **2,578** people

Somerset House Studios

73 Artists and their teams
177 People

Creative Enterprise

153 Companies
194 Micro-businesses
2,079 People

Makerversity

322 Members

Our Neighbours

The Courtauld Gallery and Institute and King's College London

Somerset House Trust

Report of the Board of Trustees

For the year ended 31 March 2019

Somerset House is London's working arts centre and home to the UK's largest creative community. Built on historic foundations, we are situated in the very heart of the capital.

Dedicated to backing progress, championing openness, nurturing creativity and empowering ideas, our cultural programme is ambitious in scope. We insist on relevance, but aren't afraid of irreverence, and are as keen on entertainment as enrichment. We embrace the biggest issues of our times but are equally committed to the delicate task of oxygenating new work by emerging artists.

It is this creative tension—the way we harness our heritage, put the too-often overlooked on our central stage and use our neo-classical backdrop to showcase ground-breaking contemporary culture—that inspires our programme. Old and new, history and disruption, art and entertainment, high-tech and homemade, combined with the fact that we are home to a constantly shape-shifting working creative community: this is our point of difference. It is what we are proud of. And it is what makes the experience of visiting or working in Somerset House inspiring and energizing, urgent and exciting.

Heritage and History

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

The Somerset House Act was passed in 1984 with the intention to develop Somerset House as a home for the arts. Somerset House Trust was established in 1997 as a charitable company. Since 1997 the Trust has gradually recovered all the spaces of Somerset House covering over 6 acres and over 590,000 sq/ft of Grade 1 listed heritage space across 5 buildings. In October 2019, when we launch our new shared workspace in New Wing, we will have completed the refurbishment of the whole site.

Charitable Objects, Structure and Governance

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

The Trust was incorporated as Somerset House Limited, a private company limited by guarantee, in 1997 and registered as a charity under the same name. The name was officially changed to Somerset House Trust in 1998. The charity is governed by its Memorandum and Articles of Association. The Trust has been granted a 128-year lease of Somerset House (from 29 September 1997 to 24 December 2125) by The Secretary of State for the Environment, through The Department for Digital, Culture, Media and Sport (DCMS), 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 of Somerset House Trust, who are also Directors of the Company for the purpose of Company Law have overall responsibility for the Trust. They are not remunerated for their services and have delegated management of Somerset House Trust's operational affairs to the Director, Deputy Director and Chief Operating Officer who attend Trust 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, key policies and any variation to the governing documents.

Somerset House Trust

Report of the Board of Trustees

For the year ended 31 March 2019

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

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

The Trustees are supported by the following two 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 and internal controls, as well as formally reviewing in detail the risk register twice a year.

Nominations and Governance Committee – this committee advises the Board of Trustees on overall trustee membership as well as ensuring the principles of good governance are adhered to. New Trustees are appointed at the discretion of the existing Board of Trustees and are selected for their relevant skills and experience. Ensuring board diversity is a key consideration when making these appointments.

Trustees are also supported by advisory committees covering Property, IT, as well as by two new advisory groups that include external experts, the Development Advisory Board and a group of Creative Ambassadors. These were set up during 2018.

An induction programme is offered to all new Trustees to ensure that they are briefed on the charity's objectives, strategy and activities. Trustees are initially appointed for a period of 3 years and may be reappointed for 2 further 3-year terms (the 3rd term is by exception).

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 2019

Strategic Report

Objectives and Impact

Somerset House Trust has 6 key strategic objectives:

A centre for contemporary culture

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

Inclusion and participation

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

Somerset House Trust

Report of the Board of Trustees

For the year ended 31 March 2019

For the year to 31 March 2019 the following targets were set and successfully delivered.

		Target	Actual	Comment
1	Number of visitors to the Trust's own produced cultural programme which includes free and ticketed exhibitions and events	431,000	445,000	The higher result was principally due to higher visitors to Skate
2	Number of days per year with free exhibitions open to the public	265 days	265 days	
3	Annual sustainable income levels (a proportion of reliable rent and venue hire income)	£10.4m	£11.4m	It was a successful year across both categories
4	Actual free reserve level vs target reserve level	£750k	£2.8m	This is due to a very strong year for income and also timing differences due to delays to capital improvement works for the mid-basement shared workspace, which is around 4 months behind and now due to open in October 2019

IN 2018/19 WE ACHIEVED...

3.16 million visitors . 445k audiences for events. 33 exhibitions , 26 of which were free. 265 days of free exhibitions on site. 11 nights of live music , 14 nights of outdoor cinema, including 2 premieres and one new artist film commission . 9 weeks of ice skating  with over 131,000 visitors. 4,626 visitors attended Somerset House tours . 17 new businesses joined our creative community , with 56 networking and skill-sharing events  organised for residents. Somerset House Studios welcomed 18 new artists , took part in 3 international showcases  and produced over 70 projects and events, including 22 new commissions. 157 Learning talks  and events for 5,777 people, including 52 gallery-based talks and tours , 16 Creative Careers events reaching 838 young people . 100+ volunteers . 2,578 people working as residents across the site .

Somerset House Trust

Report of the Board of Trustees

For the year ended 31 March 2019

Achievements and performance for the year to 31 March 2019

Cultural programme

Somerset House's programme is known for its ambition and its combination of entertainment and enrichment, as well as supporting the creation of new work. This year's programme addressed some of the key issues of our time, from mental health, identity and belonging to sustainability, as well as responding to the specific context of the building and its histories, incorporating contributions from many artists and creative organisations based onsite as part of our resident community.

In total we staged 33 exhibitions and installations across the site, 26 of which were free. We continued to build on how we animate the breath-taking Edmond J Safra Foundation Court through popular programmes, including Skate with Fortnum & Mason, as well as number of new initiatives. Much of our programme has included new commissions, collaborations and premieres.

Exhibitions

A key highlight of the year was the success of **Good Grief, Charlie Brown**, which ran in our Embankment Galleries from October 2018 until early March 2019. This was the first time that we had developed and presented an exhibition of that scale in the Embankment Galleries since 2016/17 and the exhibition was seen by over 89,000 people, our second highest ever visitor figure for a ticketed exhibition. Working closely with the Charles M Schulz Research Institute in California, we celebrated the work of cartoonist Schulz and highlighted his enduring influence on artists and creatives working today. The exhibition appealed both to loyal fans and introduced the Peanuts cartoon strip to a new generation. As is common with much of our activity, the exhibition included new work by two Somerset House Studios artists. The exhibition was widely acclaimed, with positive reviews from The Guardian citing it as "*One of the most talked about exhibitions in the UK*" and Time Out who gave it 5 stars "*Touching, iconic and reminds you of what it means to be human*".

Artist Marcus Coates' reimagining of Lucy's Psychiatrist's Booth provided an interactive focal point at the end of the exhibition, encouraging members of the public to ask the questions that mattered most to them. The wider programme linked to Good Grief, Charlie Brown included an exhibition by Californian collective Friends With You in the Great Arch Hall and a new flag commission by Ryan Gander.

2018/19 also saw the second year of our Charles Russell Speechlys Terrace Rooms Series with three different free exhibitions across 256 days of the year. The series included **Print!**, which put the spotlight on Britain's extraordinary independent magazine tradition and the resurgence of new printed titles today, even in our digital age. To coincide with 1:54 Contemporary African Art Fair, we presented the first UK exhibition by South African artist **Athi Patra Ruga**. Finally, **English As A Second Language**, which featured new work by fashion photographers Hanna Moon and Joyce Ng, was commissioned to respond to Somerset House's history and to reflect our visitors today.

Somerset House's Exhibitions team also worked closely with Somerset House Studios resident **Hannah Perry** to develop and present her first major UK exhibition, **GUSH**, which we staged in the River Rooms in October 2018. GUSH went on to tour to the Towner Art Gallery in Eastbourne.

Courtyard Programme

We engaged a broad audience through our courtyard programming which included Summer Series with American Express, Film4 Summer Screen and Skate with Fortnum & Mason. Free events included **Michael Pinsky's Pollution Pods**, which we presented as part of our Earth Day Season and, following an extensive research and development process, in June we hosted Anglo-Korean artists **Kimchi and Chips's Halo** installation, connecting nature and technology, powered by the sun.

Summer Series with **American Express** attracted over 36,000 visitors with a line up reflecting Somerset House's commitment to showcasing diverse world-class talent, including **Jorja Smith, The Roots, De La Soul, David Rodigan, Don Letts** and **Sigrid**. It was accompanied by an exhibition, the Influence Project, featuring never-seen-before photographic portraits of pioneers of R&B, Funk, Soul, Afrobeat and Hip Hop.

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For the year ended 31 March 2019

Our annual fourteen-night **Film4 Summer Screen** brought the best of classic, cult and contemporary cinema to Somerset House's courtyard in August 2018, including red-carpet premieres of **The Wife** and **American Animals**, shown on London's largest state-of-the-art outdoor screen with full surround sound. We also initiated a new short film commission, which we screened before the main film each night as part of Film4 Summer Screen Festival. **For Sooth** was made by Somerset House Studios artists **Mel Brimfield** and **Ewan Jones Morris**, working together for the first time. We intend to build on producing innovative, mass participation and engagement projects for the courtyard in 2019/20.

Skate with Fortnum & Mason was a particular success in 2018/19 with a reordered timetable enabling us to host more skaters each day. We also continued to connect Skate with our wider creative programme with a critically acclaimed Skate Lates programme and a new commission by Ruth Procter.

Other Programming Strands and Themes

Coinciding with the London Games Festival, our independent games festival **Now Play This** continued to go from strength to strength. Linked to this, we worked with Somerset House Studios residents **Werkflow** to present their new video game, which had been developed with input from young people as part of our learning and skills programme.

Our **Earth Day Season** continued to grow in reach, reputation and public engagement. In addition to Michael Pinsky's Pollution Pods in the courtyard, we commissioned former resident **The UNSEEN** to produce a new flag, **Choropleth**, which highlighted the impact of pollution and climate change using innovative inks that change colour according to levels of air pollution.

Partnership Projects

We continued to strengthen how we work collaboratively with our partners. This is exemplified through **Es Devlin's Mask**, which we co-commissioned with **Photo London** and which was presented in the Great Arch Hall until the end of September 2018. We hosted the second London Design Biennale, welcoming designers from 35 countries to what is already an important landmark in the international design calendar. Two of the installations were led by Somerset House residents, including **Studio INI's** spectacular **Disobedience** in the courtyard for Greece.

Brave New Worlds – International Fashion Showcase was a partnership between the British Council, British Fashion Council, London College of Fashion, University of the Arts London and Somerset House, which resulted in an exhibition in our West Wing Galleries featuring new work by 16 emerging, international fashion designers. This was the result of a residency programme at the London College of Fashion and Somerset House in August 2018, supported by an online learning portal.

We were also pleased to be able to host exhibitions by a range of Somerset House resident organisations, including the **Association of Illustrators' World Illustration Awards** and the **Saturday Club Trust's Summer Exhibition**.

Outside we worked with **Crying Out Loud** to mark Circus250 with two weekends of free contemporary circus performances in the courtyard.

Dance highlights included macabre new work by **Hofesh Shechter's Shechter II**, the award-winning, apprentice company. **Shechter Underground** was a new site specific, promenade performance using the atmospheric Deadhouse and lightwells beneath the courtyard. We also worked with **Dance Umbrella** to stage **Everything That Rises Must Dance**, devised with composer Lucy Railton, which also inspired new photographic work by Joyce Ng that was exhibited as part of English As A Second Language.

Learning and Skills

Harnessing the unique communities on site, the purpose of the learning and skills programme at Somerset House is to inspire, engage and equip an increasingly diverse range of participants with practical skills, creative insight and fresh perspectives. Over 2018/19, the learning and skills programme engaged directly with over 5,777 people through 157 learning talks and events, including 52 gallery-based talks and tours, and 16 Creative Careers programme events and workshops.

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For the year ended 31 March 2019

The programme focussed on three main areas:

- **Creative Careers** - In June 2018 the Creative Careers Academy launched, offering five London Living Wage work placements to people aged 25 or under, who are under-represented and seeking their first significant employment opportunity in the creative and cultural sector. The wider Creative Careers programme also provided early professional development and facilitated networking through monthly Creative Job Studios. This strand of work directly engaged over 800 participants and reached an extended network of active followers.
- **Public Learning** - interpretation of the cultural programme through deeper engagement and access to authentic artistic voices for young adult participants and intergenerational audiences - this included talks, workshops, gallery 'Lates' and participatory projects.
- **Learner-artist Collaborations** - working with Somerset House Studios artists to support new voices to express creative responses to the issues of our time.

Notable partnerships included careers and creative activity for Westminster City Council's City Lions initiative targeting young people aged 13-16 in the areas of highest socio-economic deprivation in the city, a collaboration with Central St Martins leading to a week-long public display, and 3-day residencies with Accumul8 and London South East Colleges.

Highlights of 2018/19 public programme include the Process festival staged with Somerset House Studios artists OOMK in conjunction with the Print! exhibition, offering 100 independent artists the chance to exhibit and exchange publications including zines.

Supported by City Bridge Trust, the creative food growing and sustainability project Edible Utopia, completed its first year, teaching cultivation skills to people affected by homelessness through a partnership with St Mungo's, providing workshops for the public and for resident organisations.

In 2018/19 we focussed on developing a unique and high-quality approach to public, community and formal learning by working with our networks and strengthening our processes. This included convening a sector-wide Safeguarding Forum, engaging with international educators through a summit hosted with Adobe Europe and commissioning independent peer reviewers to support the evaluation of our Creative Careers Academy.

Somerset House Studios

In 2018/19 Somerset House Studios continued to develop its strand of the public programme with larger scale projects and over 20 newly commissioned works, supported by a number of funding partners.

As well as working with the King's Cultural Institute for a second year on Arts In Society to support five R&D collaborations between artists and academics, Somerset House Studios again collaborated with Mutek in Montreal on the first season of a new international three year partnership. Supported by the British Council, Amplify is a platform for dialogue on access, inclusion and gender equality between local and international industry professionals across Canada, Argentina, Peru and the UK. A cohort of digital artists and electronic producers are selected each year to present their work at the Mutek festivals, with Somerset House hosting an annual residency up until 2021. Somerset House Studios partnered with British Council Peru for a second time, with resident Jayisha Patel undertaking a residency in Lima, hosting workshops with local artists on VR storytelling. In addition, we presented at Internet Age Media in Barcelona, as part of Sonar+Ds annual London launch, and at the Mutek festivals in Argentina and Spain.

With the support of the PRS Foundation's Open Fund, Somerset House Studios hosted two composers in residence as part of the inaugural Assembly experimental music season. Vessel and Lucy Railton both created new works for the programme, which included two other commissions supported by the Case Foundation - Jennifer Walshe and Memo Akten's ULTRACHUNK and a new collaboration between residents Imran Perretta and Paul Purgas. Many Studios artists including Hannah Perry, Matthew Plummer Fernandez and Gaika also undertook major commissions presented across the site during the year.

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For the year ended 31 March 2019

Highlights of the Somerset House Studios' cultural programme included:

- **Complex Values\$** - A series of new works from Studio resident artists Alan Warburton, Album Corp and FRAUD, commissioned with support from the London Community Foundation and Cockayne - Grants for the Arts.
- **AGM** - The inaugural event saw artists take over the Grade I listed former Admiralty HQ; giving the public a rare opportunity to access three floors of private underground spaces for performance, music, pop-up bars and an after-hours party like no other. Featuring performances from Kode9 and Beatrice Dillon.
- **ASSEMBLY** - Five days of sound and performance extolling the best in contemporary electronic and experimental music and the makers behind it. A multi-disciplinary programme presented newly commissioned works alongside several first performances and UK premieres, with artists including Lotic and Roderick George, Vessel, Lucy Railton, Klein, Lafawndah, NSDOS and NAKED.
- **The Listening Party** – Series delving into the influences of British-South Asian artists. Curated and hosted by Imran Perretta, it featured contributions from Nabihah Iqbal and Kindness.
- **Gaika's System** - Gaika marked the 70th anniversary of Windrush with a month-long installation exploring sound systems and Notting Hill Carnival's heritage beyond West London, in collaboration with Boiler Room.
- **The Mother of All Demos** - A day of talks, performances and workshops marking the 50th anniversary of internet pioneer Douglas Engelbart's original 1968 presentation of the key elements that would shape modern computing.

Somerset House conducted the first Studios resident survey, which identifies installation, artist film and video, digital, music and sound and multimedia as being the top five practices. 98% of residents felt their residency rent represented good value, 91% felt the facilities were excellent and 88% of residents have attended events in the community programme. Creative environment, location and collaboration opportunities were cited as the top reasons for joining Somerset House Studios, with help with funding applications, critical project development and marketing and press cited as top areas where further support is needed.

At the end of 2018, the Studios team also launched its new artist development programme. This structured, free support scheme includes fortnightly funding and project development surgeries, 1-1 mentoring sessions with guest external partners like Arts Admin and Art Quest, Arts Council England hosted application workshops and a bi-monthly practice-based presentation session, with an invited audience of external curators, producers and programmers. In addition, Somerset House Studios now offers subsidised coaching with a professional career coach.

Makerversity

Makerversity, resident at Somerset House, celebrated its 5th birthday in October 2018. As well as supporting many maker members across different creative practices, teams are awarded free places as part of the free Under 25 and Makers with a Mission residencies.

Makerversity membership is curated across the entire making spectrum, from product and fashion design, experimental architecture, materials innovation, IoT, VR, AI, gaming, sustainability and coding plus newly emerging disciplines we don't yet know exist. A large number of teams work at the interface of the physical and digital worlds and where creativity, science and technology overlap. The number of members in March 2019 had reached 322.

2018/19 saw a number of significant plaudits and milestones for Makerversity members and alumni. Nassia Inglessis and Studio Ini participated in the London Design Biennale representing Greece, with the installation "Disobedience". Maker with a Mission Natsai Audrey Chieza of Faber Futures was an honouree of OkayAfrica's 100 Women 2018 for her work in STEM. Alumni Unmade were listed in Fast Company's "Top 50 most innovative companies in the world".

Makerversity contributed to Somerset House Trust's public programme with a very successful Air Pollution Hack.

A number of projects were undertaken to help improve the Makerversity and broader Somerset House community experience. The Paint Room Cafe was launched for both Makerversity members and Somerset House Studios residents and a substantial number of workshop improvements were put into place responding to member needs.

Somerset House Trust

Report of the Board of Trustees

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Creative Enterprise

In March 2019 we signed a new lease with the Courtauld Institute of Art. This new lease runs through to 2087 and crucially enables the Courtauld to proceed with their Courtauld Connects project. This project will include an ambitious five-year transformation of the North Wing of Somerset House and will greatly enhance the quality of experience for visitors, students and staff, and improve access for all. Teaching and learning spaces will be upgraded and new galleries, as well as a dedicated Learning Centre, will be added to their facilities. The multi-million-pound development is the most significant since the Courtauld moved to its home in Somerset House in 1989.

Somerset House is one of the largest communities of arts and creative enterprise in the UK, consisting of 153 resident organisations (including affiliated companies), with around 1,885 people working out of Somerset House. Most of the resident organisations actively contribute to the creative industries, either working directly in or providing support to the creative sector. 85% of creative enterprise residents are creative SMEs and 23% are charities or social enterprises. Areas of work range from Design; products, graphic and fashion (eg: Ananas Anam, The British Fashion Council), Emerging Technologies and Digital Development (eg: Pimloc, Acute Art, Imaginarium Productions), Music (eg: YCAT, Music for Youth, Earth Music Agency), Performing Arts (eg: Shobana Jeyasingh Dance, Improbable, Fuel Theatre), Media and Communications (eg: Sutton PR, Bridge Consultancy, Fourth Day), Publishing (eg: Maria B Campbell, Royal Society of Literature), Sustainability (eg: Julie's Bicycle, Volans) and Support Services (eg: JWSS Law, YESS Law, Twist Recruitment).

The last 12 months have seen a deliberate increase of multi-disciplinary organisations, who work across different segments of the creative industries and arts, such as Acute Art, Volans, Calvert 22 and Imaginarium, resulting in a higher percentage of residents working within creative tech and immersive arts.

Our resident community offers an environment that stimulates creative projects and tangible business opportunities through collaboration and engagement. We encourage organisations to work together, either on a direct business-to-business basis or through events and connections initiated by Somerset House Trust. Last year we hosted 56 events with over 1,500 participants, exclusive to residents and free of charge, covering topics such as legal advice sessions, digital workshops, exhibition breakfast networking opportunities, coaching sessions, social media skills sharing, sustainability talks, socials and Creative AI meet up.

The World Earth season in April 2018 saw eight resident organisations directly contribute to our public programme, hosting talks, screenings and events that showcased how residents of Somerset House are pioneering green initiatives. Other cultural programme highlights across the year by Somerset House residents included Candlestar's Photo London, 1:54 Contemporary African Art Fair and Crying Out Loud's Circus Sampler as part of Summer Series, MOBO and Music for Youth contributed to the programme for free lunchtime music performances as part of the East Wing Edit.

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.

During the year we completed the restoration of our courtyard-facing South Wing facades, fitted new wired technology across the entire estate and began work on the last significant area of Somerset House that has not been restored. Work has begun on a £2.5m project to restore 6,559 sq/ft of disused space in New Wing which is scheduled to complete in October 2019. This space was originally back of house HMRC space and will become our new shared workspace 'Somerset House Exchange' supported by the Mayor of London's Good Growth Fund (see images on page 23).

We continued to deliver on our commitment to reducing our environmental impact. During the year we successfully trialled re-use cups for Film4 Summer Screen and improved food waste collection management and recycling at our large-scale courtyard events. We worked with Transport for London and the Northbank BID team to review our delivery and servicing options with the aim to reduce the environmental impact of vehicle deliveries within London, successfully consolidating deliveries and reducing personal deliveries on site.

We achieved a 4-star rating in the Creative Green Awards. In 2018/19 we generated over 2,098,047kWh of electricity on site with our Combined Cooling Heat and Power plant (CCHP), 52% of the site use.

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For the year ended 31 March 2019

We had a net reduction of 987 tonnes of CO₂e for the financial year 2018/19 compared to 2017/18. Last year we reported the switch to a renewable electricity tariff on 1st April 2018.

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 2019 SHEL contributed £2.8m (2017/18: £2.5m) to the Trust, with the increase in income attributable to additional location filming income. 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

The Trust and the trading subsidiary both had a strong year financially, delivering net income before depreciation of £3.3m (2017/18: £2m) along with higher restricted income of £1m (2017/18: £663k). The depreciation charge was £3.1m (2017/18: £3.2m).

Total income in the year to 31 March 2019 was £19.7m (2017/18: £15.9m), comprising rental and service charge income from residents (£9.4m), ticket income from the cultural programme (£4.4m), income in the form of private hire of space, sponsorship and retail activity (£5m) and donations and grants income of £794k. Approximately £475k of restricted capital funding was received to support completion of the Studio's space, restoration of the Lancaster Rooms and the creation of the new shared workspace, all in the New Wing. £319k was revenue funding supporting our cultural and learning activity.

Total expenditure excluding depreciation increased to £16.4m this year (2017/18: £14m) reflecting new investment in the cultural programme, together with and including higher staff costs reflecting investment in the Creative Careers programme and in-house ticketing capability. Expenditure on the cultural programme was £5.5m in 2018/19 (2017/18: £4.6m). The Trust pays a peppercorn rent to DCMS in respect of the leasehold.

Total funds increased to £184k (2017/18: -£1.3m), reflecting the strong financial result. The designated fixed asset fund reduced by £1.9m due to the high level of depreciation we incur on our headlease annually. Restricted funds increased by £70k, due to the level of grant funding we have received towards our capital programme, which will be spent in 2019/20.

Our total funds position will continue to reduce annually by the material depreciation charges relating to our fixed assets. The total value of our fixed assets before depreciation is £123m, including the property lease from DCMS which was valued at £65m in 2009 and is depreciated over 116 years, and leasehold improvements of £53.6m which are depreciated over 10 to 25 years. The depreciation cost is charged to the designated fixed asset fund which matches the value of the Trust's fixed assets (see Reserves).

Somerset House Trust

Report of the Board of Trustees

For the year ended 31 March 2019

Summary consolidated statement of financial activities

	Total 2018/19 £	Total 2017/18 £
Total income	19,657,604	15,903,563
Total expenditure	<u>(16,381,855)</u>	<u>(13,952,610)</u>
Net income before depreciation	<u>3,275,749</u>	<u>1,950,953</u>
Depreciation	<u>(3,091,671)</u>	<u>(3,236,591)</u>
Net expenditure before taxation	<u>184,078</u>	<u>(1,285,638)</u>
Tax on profit on ordinary activities	<u>-</u>	<u>9,631</u>
Net expenditure	<u>184,078</u>	<u>(1,276,007)</u>

Summary consolidated aggregate of assets, liabilities and funds

	Total 2018/19 £	Total 2017/18 £
Assets	92,373,778	92,230,899
Liabilities	<u>(8,735,967)</u>	<u>(8,777,166)</u>
Funds	<u>83,637,811</u>	<u>83,453,733</u>

Fixed assets

Capital expenditure for the year to 31 March 2019 was £1.2m (2017/18: £983k). Key investment included installation of a new wired IT network across the estate as well as work to start restoring the mid-basement of New Wing (£2.5m project to complete October 2019).

Cash flow and liquidity

Cash in hand increased during the year to £9.1m, with a net inflow of £2.7m. This includes rental deposits of £1.9m (2017/18: £1.4m). Cash from operating activities of £3.9m (2017/18: £3.2m) reflects the strong in year result. This was offset by cash outflows for capital expenditure of £574k and finance lease repayments plus interest of £688k. The Trust initially expected to complete the shared workspace in New Wing a few months earlier than the current October 2019 deadline and therefore did not incur as much of the capital costs as was expected by March 2019.

Reserves

The charity's reserves fall into two main categories: restricted funds which may be legally used only for specified purposes and unrestricted funds which are free for use for any of the Trust's charitable purposes. Restricted funds totalled £203,000 at 31 March 2019 (2017/18: £138,000).

Somerset House Trust

Report of the Board of Trustees

For the year ended 31 March 2019

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. Designated funds totalled £80.6m at 31 March 2019 (2017/18: £82.5m).
- 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 a duty to apply charitable funds to the objects of the charity within a reasonable timeframe. The target level for free reserves is considered annually having regard to the nature of current and future income streams and expenditure, as well as the level of operating contingency carried within the annual budget. Trustees have set the target at £750k, which equates to approximately 5% of annual unrestricted income in an average year.

As at 31 March 2019 unrestricted free reserves amounted to £2.8m (2017/18 £774k). This significantly higher actual free reserve figure reflects both the higher surplus delivered in year and timing differences resulting from slower than anticipated capital expenditure in the year for the mid-basement capital project which has now been committed. The additional funds generated during the year to 31 March 2019 have been earmarked for investment in 2019/20 to enhance the cultural programme and our fundraising capability.

Risk management

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

The major risks identified recognise that Somerset House maintains and operates out of a large, architecturally significant Grade 1 listed estate, right in the heart of London. Risks associated with the security, health and safety of the millions of people who visit us every year and the mitigation measures are monitored carefully. Major disaster causing significant infrastructure damage and loss of business, along with financial resilience in an uncertain economic environment remain the most significant risks we manage.

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 265 days in the year and also invested in more installations in our courtyard, which are also free and open to the public.

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

Fundraising

Somerset House is grateful to all the individuals, trusts, foundations and statutory bodies who have supported our activities over the year and helped us to achieve our objectives and to maximise our public benefit. We are particularly grateful to the Rothschild Foundation and Westminster City Council for their continuing support, which has enabled us to complete the final phase of the capital work for Somerset House Studios and the final three studios spaces with a new gallery that will open in autumn 2019. The launch of the Creative Careers Academy and the first full year of

Somerset House Trust

Report of the Board of Trustees

For the year ended 31 March 2019

Somerset House's Creative Careers programme has only been possible as a result of funding secured from a range of partners, including the Blavatnik Family Foundation. Good Growth Funding from the Mayor of London is enabling us to transform over 6,000 sq/ft in the New Wing into Somerset House Exchange, which will enable around 400 creative freelancers and creative start-ups to work out of Somerset House, with a sizeable number of bursaries available.

Over the course of the year we have also established a new advisory group, the Development Advisory Board, whose ideas and networks we hope will enhance our ability to generate future support for our programme.

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.

We received no complaints about our fundraising practices in 2018/19 (2017/18: 0).

Valuing Volunteers

Between 1 April 2018 and 31 March 2019, **120 volunteers** contributed **9,544 hours** of their time to support Somerset House Trust in visitor facing activity. This is an 11% increase in volunteering hours since 2017/18. Volunteers supported staff at most events throughout the year and volunteer involvement significantly increased for Open House 2018 from 144 to 308 hours.

Our guides led 324 tours for 4,626 visitors, receiving consistently positive feedback such as:

"Fascinating! The tour guide was excellent"

"I have heard it is a very special tour- they were right"

Apart from Christmas Day and Boxing Day we enjoy the support of volunteers **every** day. On average this equates to around six volunteers each giving an average of 4 hours each day.

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 Trustees at the annual budget approval meeting in March of each year.

Strategic priorities for the year ahead include:

- Maintain our place as home to the UK's largest and most exciting creative community by opening a new shared workspace, forecast to build to over 400 members including bursaries for those underrepresented across the creative industries.
- Develop our exhibition programme, investing in a summer exhibition, *Get Up, Stand Up, Now* and a winter Embankment Gallery exhibition *24/7 – A Wake-up Call To Our Non-Stop World*. Both exhibitions explore important issues of our time, will feature resident artists amongst many others and will open up Somerset House to new audiences and artists.
- Following the successful pilot of the Creative Careers programme in 2018/19, further investment to establish an ongoing sustainable model.
- Undertake a full feasibility study for our West Street plan to create a new auditorium and public space that foregrounds lost historical connections on the site.
- Invest in new audience research, brand strategy, wayfinding and communication initiatives to help us develop audiences and communicate our purpose more effectively.
- Support the Courtauld Institute of Art with their ambitious 'Courtauld Connects' project, which will bring significant improvements to their galleries and public areas, including restoration of the Fine Rooms and the former Great Room.

Somerset House Trust

Report of the Board of Trustees

For the year ended 31 March 2019

Statement of Trustees' responsibilities

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

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, 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 judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. 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 auditor is unaware; and
- (b) they have taken all the steps that they ought to have taken as a Trustee in order to make themselves aware of any relevant audit information and to establish that the group and charitable company's auditor is aware of that information.

Approved by the Board and signed on their behalf on 8 October 2019.



Carol Fairweather

Chair of the Audit and Risk Committee

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF SOMERSET HOUSE TRUST

Opinion

We have audited the financial statements of Somerset House Trust ("the Parent Charitable Company") and its subsidiaries ("the Group") for the year ended 31 March 2019 which comprise the consolidated statement of financial activities, the consolidated and charity balance sheets, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Charitable Company's affairs as at 31 March 2019 and of the Group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions related to going concern

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

- 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 or the 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.

Other information

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

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

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

Somerset House Trust

Report of the Board of Trustees

For the year ended 31 March 2019

financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and

Somerset House Trust

Report of the Board of Trustees

For the year ended 31 March 2019

are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Charitable Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Charitable Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charitable Company and the Charitable Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Jill Halford

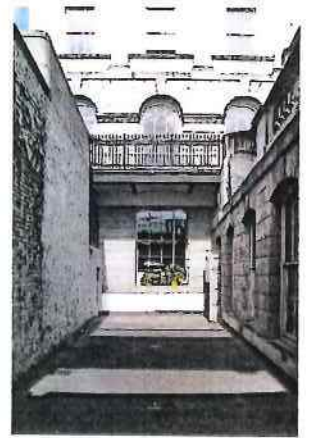
Jill Halford (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London
Date: 14 October 2019

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

Somerset House Trust

Report of the Board of Trustees

For the year ended 31 March 2019



Disused space in New Wing which will become our new shared workspace 'Somerset House Exchange' supported by the Mayor of London's Good Growth Fund scheduled to open in October 2019.

Somerset House Trust

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

For the year ended 31 March 2019

	Notes	Unrestricted funds		Restricted funds	Total	Total
		General	Designated		2018/19	2017/18
		£	£	£	£	£
Income and endowments from:						
Donations and legacies	2	37,136	-	757,282	794,418	463,973
Charitable activities						
<i>Property management and conservation</i>		1,974,571	-	252,966	2,227,537	1,975,343
<i>Cultural and public events</i>		4,408,287	-	-	4,408,287	3,171,701
<i>Public education and communication</i>		39,028	-	-	39,028	11,708
<i>Rental income</i>		7,169,332	-	-	7,169,332	6,116,781
Other trading activities						
<i>Concessions and venue hire</i>		3,348,160	-	-	3,348,160	2,992,555
<i>Merchandise income</i>		893,134	-	-	893,134	373,712
<i>Sponsorship and corporate membership</i>		767,437	-	-	767,437	794,733
Investments		10,271	-	-	10,271	3,057
Total income		18,647,356	-	1,010,248	19,657,604	15,903,563
Expenditure on:						
Raising funds	3	216,326	-	-	216,326	167,850
Charitable activities						
<i>Property management and conservation</i>		5,759,623	2,535,280	249,476	8,544,379	8,205,719
<i>Cultural and public events</i>		5,323,915	-	207,794	5,531,709	4,596,240
<i>Public education and communication</i>		1,819,394	-	113,521	1,932,915	1,624,043
<i>Rental costs</i>		473,652	556,391	-	1,030,043	924,053
Other trading activities						
<i>Concessions and venue hire</i>		1,433,735	-	-	1,433,735	1,178,796
<i>Merchandise costs</i>		761,218	-	-	761,218	453,349
<i>Sponsorship costs</i>		23,201	-	-	23,201	39,151
Total expenditure	3,4,5	15,811,064	3,091,671	570,791	19,473,526	17,189,201
Tax (credit) / charge on deficit	6	-	-	-	-	(9,631)
Net income/ (expenditure)	7	2,836,292	(3,091,671)	439,457	184,078	(1,276,007)
Transfers between funds	13	(815,186)	1,189,771	(374,585)	-	-
Net movement in funds		2,021,106	(1,901,900)	64,872	184,078	(1,276,007)
Fund balances brought forward at 1 April 2018	13	774,109	82,541,415	138,209	83,453,733	84,729,740
Fund balances carried forward at 31 March 2019		2,795,215	80,639,515	203,081	83,637,811	83,453,733
<u>Prior period reconciliation of funds</u>						
<i>Fund balances brought forward at 1 April 2017</i>		<u>3,640</u>	<u>84,795,009</u>	<u>(68,909)</u>	<u>84,729,740</u>	
<i>Net movement in funds</i>		770,469	(2,253,594)	207,118	(1,276,007)	
<i>Fund balances carried forward at 31 March 2018</i>		<u>774,109</u>	<u>82,541,415</u>	<u>138,209</u>	<u>83,453,733</u>	

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

The notes on pages 28 to 39 form part of these financial statements.

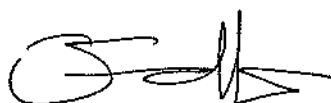
Somerset House Trust

Consolidated balance sheet

As at 31 March 2019

	Notes	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Fixed assets					
Tangible fixed assets	8	80,639,515	-	80,639,515	82,541,415
Current assets					
Stocks		34,117	-	34,117	21,619
Debtors	10	2,606,107	-	2,606,107	3,248,258
Cash at bank and in hand		8,765,543	328,496	9,094,039	6,419,607
Total current assets		11,405,767	328,496	11,734,263	9,689,484
Current liabilities					
Creditors: amounts falling due within one year	11	(7,360,122)	(125,415)	(7,485,537)	(7,278,512)
Net current assets		4,045,645	203,081	4,248,726	2,410,972
Total assets less current liabilities		84,685,160	203,081	84,888,241	84,952,387
Creditors: amounts falling due after more than one year	12	(1,250,430)	-	(1,250,430)	(1,498,654)
Net assets		83,434,730	203,081	83,637,811	83,453,733
The funds of the group:					
General funds	13	2,795,215	-	2,795,215	774,109
Designated fixed asset reserve	13	80,639,515	-	80,639,515	82,541,415
Restricted reserves	13	-	203,081	203,081	138,209
Total funds		83,434,730	203,081	83,637,811	83,453,733

The financial statements on pages 24 to 41 were approved by the Board and signed on their behalf on 8 October 2019.



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

Somerset House Trust

Charity balance sheet

As at 31 March 2019

	Notes	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Fixed assets					
Tangible fixed assets	8	80,639,515	-	80,639,515	82,541,415
Investments	9	1	-	1	1
		<u>80,639,516</u>	<u>-</u>	<u>80,639,516</u>	<u>82,541,416</u>
Current assets					
Debtors	10	5,681,080	-	5,681,080	5,655,481
Cash at bank and in hand		4,999,244	328,496	5,327,740	3,482,616
Total current assets		<u>10,680,324</u>	<u>328,496</u>	<u>11,008,820</u>	<u>9,138,097</u>
Current liabilities					
Creditors: amounts falling due within one year	11	(6,644,681)	(125,415)	(6,770,096)	(6,737,127)
Net current assets		4,035,643	203,081	4,238,724	2,400,970
Total assets less current liabilities		<u>84,675,159</u>	<u>203,081</u>	<u>84,878,240</u>	<u>84,942,386</u>
Creditors: amounts falling due after more than one year	12	(1,250,430)	-	(1,250,430)	(1,498,654)
Net assets		<u>83,424,729</u>	<u>203,081</u>	<u>83,627,810</u>	<u>83,443,732</u>
The funds of the charity:					
General funds	13	2,785,214	-	2,785,214	764,108
Designated fixed asset reserve	13	80,639,515	-	80,639,515	82,541,415
Restricted reserves	13	-	203,081	203,081	138,209
Total charity funds		<u>83,424,729</u>	<u>203,081</u>	<u>83,627,810</u>	<u>83,443,732</u>

The charity's income for the year of £17,699,726 (2017/18: £14,489,765) less expenditure of £17,515,648 (2017/18: £15,765,773) led to a surplus of £184,078 (2017/18: deficit of £1,276,008).

The financial statements on pages 24 to 41 were approved by the Board and signed on their behalf on 8 October 2019.



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

Somerset House Trust

Consolidated statement of cash flows

For the year ended 31 March 2019

	Notes	2018/19 £	2017/18 £
Net cash provided by operating activities	A	3,925,857	3,155,630
Cash flows from investing activities:			
Interest received		10,271	3,057
Sale of tangible fixed assets		301	-
Purchase of tangible fixed assets		(574,455)	(779,991)
Net cash used in investing activities		(563,883)	(776,934)
Cash flows from financing activities:			
Interest paid		(76,930)	(81,993)
Repayments of loans and capital element of finance lease liabilities		(610,612)	(420,898)
Net cash used in financing activities		(687,542)	(502,891)
Change in cash and cash equivalents in the reporting period		2,674,432	1,875,805
Cash and cash equivalents at the beginning of the reporting period		6,419,607	4,543,802
Cash and cash equivalents at the end of the reporting period	B	9,094,039	6,419,607
A Reconciliation of net income/expenditure to net cash flow from operating activities			
		2018/19 £	2017/18 £
Net income/expenditure for the reporting period (as per the statement of financial activities)		184,078	(1,276,007)
Adjustments for:			
Depreciation charges		3,091,671	3,236,591
Interest received		(10,271)	(3,057)
Interest paid		76,930	81,993
Profit on disposal of fixed assets		(301)	-
Increase in stock		(12,498)	(3,251)
Decrease/ (increase) in debtors		642,151	(841,937)
(Decrease)/ increase in creditors		(45,903)	1,961,298
Net cash inflow from operating activities		3,925,857	3,155,630
B Analysis of cash and cash equivalents			
		2018/19 £	2017/18 £
Cash in hand		9,094,039	6,419,607

1 Accounting policies

a) General

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

b) Summary of significant accounting policies

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

c) Basis of preparation

The consolidated financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice comprising the Statement of Recommended Practice: Accounting and Reporting by Charities 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 on a line by line basis. A separate statement of financial activities has not been presented for the charity alone in accordance with s408 of the Companies Act 2006. Uniform accounting policies are used across the group, and intra-group transactions are eliminated on consolidation. All profits generated by the subsidiary are paid to the Trust by means of a gift aid transfer.

In the current year, merchandise income and expenditure has been presented as other trading activities (2018: charitable activities) to better reflect the nature of this activity. This change in presentation has had no impact on the prior year reported net expenditure.

d) Income

Income comprises rental and service charge income from tenants and artists, ticket income from the cultural programme, donations, income from the Trust's trading subsidiary in the form of private hire of space, sponsorship and retail activity. It also includes grant income to support capital projects as well as cultural and learning activity. This year we have also accrued income of £70,465 in relation to the Museum and Galleries Tax Credit on nine exhibitions that occurred during the 2018/19 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.

Somerset House Trust

Notes to the financial statements

For the year ended 31 March 2019

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

From 2018/19, tangible fixed assets costing more than £5,000 with an expected useful life of more than one year are capitalised at cost, including any incidental expenses of acquisition (previously £1,000). Tangible fixed assets are held at cost less accumulated depreciation, except for the value of the headlease over the site from DCMS which is held at deemed cost, being the valuation on an 'in use' basis at 31 March 2009 less accumulated depreciation from that date. 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
- Restricted reserves consist of amounts subject to specific restrictions imposed by the donor or arising from contractual obligations.

j) Stock

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

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

k) Financial instruments

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

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

f) 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 2019

2 Donations and legacies

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

Included in capital grants receivable is government funding of £125,000 received from Westminster City Council for the Lancaster Room refurbishment and £250,000 from the GLA Good Growth Fund for the new Shared Workspace (2017/18: nil). In addition to income from donations and legacies is £767,437 (2017/18: £794,733) raised through sponsorship of the cultural programme. This income appears separately on the face of the Statement of financial activities under Other trading activities.

<u>Comparative income from donations and legacies</u>	Unrestricted funds £	Restricted funds £	Total 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
Total income from donations and legacies	30,254	433,719	463,973	171,146

3 Expenditure

	Direct costs £	Support costs £	Total 2018/19 £	Total 2017/18 £
Expenditure on raising funds				
Fundraising costs of grants and donations	199,076	17,250	216,326	167,850
	199,076	17,250	216,326	167,850
Expenditure on charitable activities				
Property management and conservation	8,380,677	163,702	8,544,379	8,205,719
Cultural and public events	5,205,324	326,385	5,531,709	4,596,240
Public education and communication	1,295,184	637,731	1,932,915	1,624,043
Rental costs	952,414	77,629	1,030,043	924,053
	15,833,599	1,205,447	17,039,046	15,350,055
Other trading expenditure				
Concessions and venue hire	1,257,604	176,131	1,433,735	1,178,796
Merchandise costs	709,466	51,752	761,218	453,349
Sponsorship costs	23,201	-	23,201	39,151
	1,990,271	227,883	2,218,154	1,671,296
Total expenditure	18,022,946	1,450,580	19,473,526	17,189,201

Somerset House Trust

Notes to the financial statements

For the year ended 31 March 2019

Comparative analysis of expenditure:

	Direct costs £	Support costs £	2017/18 £
Expenditure on raising funds			
Fundraising costs of grants and donations	143,079	24,771	167,850
	<u>143,079</u>	<u>24,771</u>	<u>167,850</u>
Expenditure on charitable activities			
Property management and conservation	8,036,005	169,714	8,205,719
Cultural and public events	4,290,984	305,256	4,596,240
Public education and communication	1,086,794	537,249	1,624,043
Rental costs	858,495	65,558	924,053
	<u>14,272,278</u>	<u>1,077,777</u>	<u>15,350,055</u>
Other trading expenditure			
Concessions and venue hire	992,365	186,431	1,178,796
Merchandise costs	397,475	55,874	453,349
Sponsorship costs	39,151	-	39,151
	<u>1,428,991</u>	<u>242,305</u>	<u>1,671,296</u>
Total expenditure	<u>15,844,348</u>	<u>1,344,853</u>	<u>17,189,201</u>

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 2018/19 £	Support costs 2017/18 £
Governance and administration	17,250	946,207	227,883	1,191,340	1,126,597
Interest paid	-	76,930	-	76,930	81,993
Marketing & Communications	-	182,310	-	182,310	136,263
	<u>17,250</u>	<u>1,205,447</u>	<u>227,883</u>	<u>1,450,580</u>	<u>1,344,853</u>

Governance and administration 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 2017/18 £
Governance	24,771	859,521	242,305	1,126,597
Interest paid	0	81,993	-	81,993
Marketing & Communications	-	136,263	-	136,263
	<u>24,771</u>	<u>1,077,777</u>	<u>242,305</u>	<u>1,344,853</u>

5 Interest payable and similar charges

	2018/19 £	2017/18 £
Interest payable and similar charges	9,186	7,869
Finance lease interest	67,744	74,124
	<u>76,930</u>	<u>81,993</u>

Somerset House Trust

Notes to the financial statements

For the year ended 31 March 2019

6 Tax (credit) / charge on deficit

	2018/19	2017/18
	£	£
UK Corporation Tax - current tax charge	-	-
Adjustment in respect of previous periods	-	(9,631)
Tax on surplus on ordinary activities	-	(9,631)

7 Net expenditure

Net expenditure is stated after charging the following:

	2018/19	2017/18
	£	£
Auditor's fees:		
- for audit of Somerset House Trust	32,200	41,110
- for audit of Somerset House Enterprises Limited	6,300	7,180
	38,500	48,290
Depreciation and amortisation:		
- property lease valuation	556,391	556,391
- leasehold improvements	2,055,143	2,115,774
- fixtures, fittings and equipment (owned)	325,496	376,322
- fixtures, fittings and equipment (leased)	154,641	188,104
	3,091,671	3,236,591

In addition to the audit fees listed above, fees for tax compliance services provided were £14,655 (2017/18: £2,700).

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 2018	64,541,408	53,635,225	-	4,049,459	122,226,092
Additions	-	123,629	598,605	467,537	1,189,771
Disposals	-	-	-	(143,962)	(143,962)
At 31 March 2019	64,541,408	53,758,854	598,605	4,373,034	123,271,901
<u>Accumulated depreciation</u>					
At 1 April 2018	5,007,521	31,485,660	-	3,191,496	39,684,677
Charge for the year	556,391	2,055,143	-	480,137	3,091,671
Disposals	-	-	-	(143,962)	(143,962)
At 31 March 2019	5,563,912	33,540,803	-	3,527,671	42,632,386
<u>Net book value</u>					
At 31 March 2019	58,977,496	20,218,051	598,605	845,363	80,639,515
At 31 March 2018	59,533,887	22,149,565	-	857,963	82,541,415

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 £58,977,496 at 31 March 2019, £47,850,538 is in held in a revaluation reserve (see note 13).

Somerset House Trust

Notes to the financial statements

For the year ended 31 March 2019

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.

Assets in the course of construction are for Leasehold improvements relating to the refurbishment of the Lancaster Room and works for the Somerset House Exchange, due to open in October 2019.

Included within fixed assets are assets held under finance leases with a total value of £1,648,152. The leases comprise of the telephone and wifi infrastructure installed in tenants offices through the South, West and New Wings and the Trust offices.

Also included within fixed assets is an amount of £16,912 relating to the website, an intangible fixed asset (2017/18: £66,869). The website is being depreciated on a straight line basis over 3 years.

9 Investments

	Charity 2019 £	Charity 2018 £
Trust		
At 1 April and at 31 March	<u>1</u>	<u>1</u>

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.

	2019 £	2018 £
<u>Somerset House Enterprises Limited</u>		
Turnover	4,720,952	3,953,413
Costs of sales	(1,951,578)	(1,414,678)
Gross profit	<u>2,769,374</u>	<u>2,538,735</u>
Administrative expenses	(6,300)	(8,751)
Profit on ordinary activities before taxation and Deed of Covenant	<u>2,763,074</u>	<u>2,529,984</u>
Payment under Deed of Covenant to the Trust	(2,763,074)	(2,539,615)
Profit on ordinary activities before taxation	<u>-</u>	<u>(9,631)</u>
Tax on profit on ordinary activities	-	9,631
Profit for the financial year	<u>-</u>	<u>-</u>

The aggregate of the assets, liabilities and funds was:

	2019 £	2018 £
Assets	4,102,968	3,580,903
Liabilities	(4,092,967)	(3,570,902)
Funds	<u>10,001</u>	<u>10,001</u>

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

Somerset House Trust

Notes to the financial statements

For the year ended 31 March 2019

10 Debtors: due within one year

	Group 2019 £	Group 2018 £	Charity 2019 £	Charity 2018 £
Trade debtors	1,420,863	1,981,795	1,157,537	1,396,210
Amounts owed by group undertakings	-	-	3,377,527	3,029,516
Other debtors	244,966	443,236	241,595	442,240
Prepayments and accrued income	940,278	823,227	904,421	787,515
	2,606,107	3,248,258	5,681,080	5,655,481

11 Creditors: amounts falling due within one year

	Group 2019 £	Group 2018 £	Charity 2019 £	Charity 2018 £
Finance leases (note 18)	546,929	441,780	546,929	441,780
Trade creditors	751,087	767,767	726,563	732,934
Taxation and social security	462,475	527,264	266,945	396,157
Other creditors	2,002,426	1,521,595	1,927,426	1,469,903
Accruals	795,306	831,672	673,766	775,620
Deferred income	2,927,314	3,188,434	2,628,467	2,920,733
	7,485,537	7,278,512	6,770,096	6,737,127

Other creditors in the charity includes funds held in trust for tenants under Rent Deposit Deeds, £1,885,000 (2017/18: £1,440,000).

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

12 Creditors: amounts falling due after more than one year

	Charity & Group	
	2019 £	2018 £
Finance leases (note 18)	1,250,430	1,498,654
	1,250,430	1,498,654

Somerset House Trust

Notes to the financial statements

For the year ended 31 March 2019

13 Statement of funds

Group

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

Comparative Group

	At 1 April 2017 £	Income £	Expenditure £	Transfers £	At 31 March 2018 £
<u>Unrestricted funds</u>					
General funds	3,640	15,240,380	(13,696,914)	(772,997)	774,109
Designated fixed asset reserve					
Original cost/ valuation	36,041,631	-	(2,785,171)	982,997	34,239,457
Revaluation reserve	48,753,378	-	(451,420)	-	48,301,958
Total unrestricted funds	84,798,649	15,240,380	(16,933,505)	210,000	83,315,524
<u>Restricted funds</u>					
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)	-
Total restricted funds	(68,909)	663,183	(246,065)	(210,000)	138,209
Total funds	84,729,740	15,903,563	(17,179,570)	-	83,453,733

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.

Somerset House Trust

Notes to the financial statements

For the year ended 31 March 2019

Designated fixed asset reserve

£815,186 was transferred to the unrestricted designated fixed asset fund from general funds to reflect fixed asset additions funded by the Trust during the year (2017/18: £772,997).

£374,585 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 (2017/18: £210,000).

The opening value of the revaluation reserve has decreased by £4,062,780 compared to that shown in the 31 March 2018 financial statements, with a corresponding increase in the original cost/ valuation reserve. The Board consider it appropriate to allocate an element of the annual depreciation charge on Somerset House to the revaluation reserve each year, so that the reserve reduces to zero on a straight line basis over the length of the lease. This adjustment has had no impact on the net assets as 31 March 2017 or 31 March 2018, nor the net movement in funds for the year ended 31 March 2018.

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.

14 Employee details (Charity & Group)

<u>Staff costs</u>	2018/19	2017/18
	£	£
Wages and salaries	3,250,311	2,958,237
Social security costs	345,918	312,054
Other pension costs	284,953	238,307
Temporary staff salaries (including social security costs)	724,397	645,519
	<u>4,605,579</u>	<u>4,154,117</u>

The other pension costs above include an accrual of £58,644 (2017/18: £28,420) in respect of amounts due under employees' personal defined contribution schemes. The prior year figures stated above for temporary staff costs have been restated (originally £574,671) as some costs had been incorrectly omitted in the prior year financial statements.

<u>Emoluments over £60,000</u>	2018/19	2017/18
	Number	Number
£60,001 - £70,000	2	4
£70,001 - £80,000	1	-
£80,001 - £90,000	-	1
£90,001 - £100,000	1	-
£120,001 - £130,000	-	1
£130,001 - £140,000	1	1
£160,001 - £170,000	-	-
£170,001 - £180,000	1	1

Total employee benefits received by key management personnel in year were £511,031 (2017/18: £617,652).

Somerset House Trust

Notes to the financial statements

For the year ended 31 March 2019

<u>Staff functions</u>	<u>2018/19 Number</u>	<u>2017/18 Number</u>
The monthly average full time equivalent employees during the year, analysed by function, were:		
Concessions and venue hire	10	10
Fundraising	1	1
Rental	5	4
Property management and conservation	5	5
Cultural and public events	19	16
Public education, communication and visitor services	26	22
Merchandise	3	3
Governance	11	10
	<u>80</u>	<u>71</u>

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

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 (2017/18: £nil). Trustee indemnity insurance was purchased by the charity during the year at a cost of £6,801 (2017/18: £6,801).

The Trust's trading subsidiary, Somerset House Enterprises Limited, was recharged the staff costs £765,335 (2017/18: £693,760), being the cost of staff incurred by the Trust for activities undertaken by the company. At 31 March 2019, amounts due to the Trust from the company included an amount of £2,763,074 due from the company as a donation of its profits under gift aid for the year ending 31 March 2019, under the deed of covenant with the Trust signed on 15 March 2017 (2017/18: £2,539,615). All amounts owed between the Trust and the company are reflected in notes 10 and 11 to the accounts.

Six Trustees made donations to the Trust during the year. Gifts amounting to £9,000 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 Somerset House Trust £108 for meeting room hire (2017/18: £108).

Paul Goswell (Director) is a Member of Council of Kings College which rents office space at Somerset House. Kings College paid Somerset House Trust £1,515,084 for rent and service charge, £47,853 relating to a partnership with Somerset House Studios and £4,181 for miscellaneous charges. Somerset House Trust paid Kings College £14,937 for utility charges and £1,282 for miscellaneous charges (2017/18 from July 2017: Kings College paid £1,109,685 for rent and service charge, £6,258 relating to a partnership with Somerset House Studios and £1,644 for miscellaneous; paid to Kings College £12,613 for utility charges). At 31 March 19, Kings College owed Somerset House Trust £3,779 (2017/18: £326). Paul Goswell is closely connected to a partner at Knight Frank. Somerset House Trust paid Knight Frank £50,555 for advice in relation to the Courtauld lease.

Caroline Michel (Director) is Chair of BFI Trust ("BFI"). During 2018/19, the Trust paid £1,225 to BFI for film hire (2017/18: £1,225).

Jonathan Reekie (member of the Executive Team) is a Director of Northbank Bid Limited ("Northbank") which rents office space at Somerset House. Northbank Bid Limited paid Somerset House Trust £52,134 for rent and service charges, £954 for room hire and £6,861 for miscellaneous charges (2017/18: £42,778 received for rent and services charges, £156 for room hire and £7,557 miscellaneous). At 31 March 19, Northbank Bid Limited owed Somerset House Trust £432 (2017/18: £13,034).

Somerset House Trust

Notes to the financial statements

For the year ended 31 March 2019

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.

17 Capital commitments

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

	Charity & Group	
	2018/19	2017/18
	£	£
Contracted for at 1 April	-	-
Commitments entered into during the course of the year and outstanding at the year end	1,895,526	-
Utilised during the year	-	-
Contracted at 31 March	<u>1,895,526</u>	<u>-</u>

18 Finance leases

	2018/19	2017/18
	£	£
Future minimum payments under finance leases are as follows:		
<i>Within one year</i>	592,332	502,089
<i>In more than one year, but not more than five years</i>	1,318,735	1,451,812
<i>After five years</i>	-	160,550
Total gross payments	1,911,067	2,114,451
Future financing charges	(113,710)	(174,018)
Finance lease liability	<u>1,797,357</u>	<u>1,940,433</u>

19 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:

	2018/19	2017/18
	£	£
Receipts due	20,598,784	14,412,699
<i>Within one year</i>	5,076,463	4,488,971
<i>In more than one year, but not more than five years</i>	4,999,966	4,323,856
<i>After five years</i>	<u>10,522,355</u>	<u>5,599,872</u>

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 £			
Income and endowments from:						
<i>Grants, donations and gifts</i>		30,254	-	433,719	463,973	712,890
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>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>Merchandise income</i>		373,712	-	-	373,712	383,156
<i>Sponsorship</i>		794,733	-	-	794,733	700,571
Bank interest receivable		3,057	-	-	3,057	8,273
Investments		3,057	-	-	3,057	7,134
Total income		15,240,380	-	663,183	15,903,563	14,837,792
Expenditure on:						
<i>Fundraising costs of grants and donations</i>		167,850	-	-	167,850	120,888
<i>Interest payable and similar charges</i>	3	-	-	-	-	-
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
Governance costs						
Total expenditure	3,4,5	13,706,545	3,236,591	246,065	17,189,201	16,506,098
Tax (credit) / charge on deficit	6	(9,631)	-	-	(9,631)	1,434
Net income/ (expenditure)	7	1,543,466	(3,236,591)	417,118	(1,276,007)	(1,669,740)
Transfers between funds	13	(772,997)	982,996	(210,000)	-	-
Net movement in funds		770,469	(2,253,594)	207,118	(1,276,007)	(1,669,740)
Fund balances brought forward at 1 April 2017	13	3,640	84,795,009	(68,909)	84,729,740	86,399,480
Fund balances carried forward at 31 March 2018		774,109	82,541,415	138,209	83,453,733	84,729,740
<u>Prior period reconciliation of funds</u>						
<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.

Somerset House Trust

Consolidated balance sheet

As at 31 March 2018

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Tangible fixed assets	82,541,415	-	82,541,415	84,795,008
Net current assets	2,272,763	138,209	2,410,972	1,717,271
Creditors: amounts falling due after more than one year	(1,498,654)	-	(1,498,654)	(1,782,539)
Net assets	83,315,524	138,209	83,453,733	84,729,740
The funds of the group:				
General funds	774,109	-	774,109	3,640
Designated fixed asset reserve	82,541,415	-	82,541,415	84,795,009
Restricted reserves	-	138,209	138,209	(68,909)
Total funds	83,315,524	138,209	83,453,733	84,729,740

Charity balance sheet

As at 31 March 2018

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Tangible fixed assets	82,541,415	-	82,541,415	84,795,008
Investments	1	-	1	1
Net current assets	2,262,761	138,209	2,400,970	1,707,270
Creditors: amounts falling due after more than one year	(1,498,654)	-	(1,498,654)	(1,782,539)
Net assets	83,305,523	138,209	83,443,732	84,719,740
The funds of the charity:				
General funds	764,108	-	764,108	(6,360)
Designated fixed asset reserve	82,541,415	-	82,541,415	84,795,009
Restricted reserves	-	138,209	138,209	(68,909)
Total charity funds	83,305,523	138,209	83,443,732	84,719,740