



Somerset House Trust

Report and financial statements for the year ended 31 March 2022

Somerset House Trust

Legal and Administration details

For the year ended 31 March 2022

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:

Baroness Gail Rebusk DBE	Chair of the Board of Trustees Chair of the Nominations, Remuneration & Governance Committee Appointed 1 January 2022
Sophie Turner Laing	Deputy Chair of the Board of Trustees Member of the Nominations & Governance Committee Appointed 1 January 2022
Carol Fairweather	Chair of the Audit & Risk Committee
Alix Burge	Member of the Audit & Risk Committee
Melanie Hall QC	Member of the Audit & Risk Committee
Oluwole Kolade	Member of the Nominations & Governance Committee
Monica Monajem	Member of the Audit & Risk Committee
Martine D'Anglejan-Chatillon	
Brian Eno	
Paul Goswell	
Jonathan Newhouse	
Julien Sevaux	
Jennifer Duvalier	Appointed 7 December 2022
Dawid Konotey-Ahulu	Appointed 7 December 2022
Melanie Smith	Appointed 7 December 2022
William Sieghart CBE	Resigned 21 September 2021 Chair of the Board of Trustees Chair of the Nominations & Governance Committee

Somerset House Trust

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Judy Gibbons Resigned 24 September 2022
Deputy Chair of the Board of Trustees
Member of the Nominations & Governance Committee

James Lambert OBE Resigned 17 March 2022
Member of the Audit & Risk Committee

Paul Myners Resigned 16 January 2022
Member of the Audit & Risk Committee
Member of the Nominations & Governance Committee

Executive Team

Jonathan Reekie Director

Diana Spiegelberg Deputy Director

Samantha Gilburd Chief Operating Officer and Company Secretary

Independent Auditor

BDO LLP
55 Baker Street
London
W1U 7EU

Banker

National Westminster Bank PLC
38 Strand
London
WC2N 5JB

Solicitors

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

Charles Russell Speechlys
5 Fleet Place
London
EC4M 7RD

Your Employment Settlement Service
South Wing, Somerset House
Strand
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Bates Wells & Braithwaite London LLP
10 Queens Street Place
London
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CHAIR'S FOREWORD

I joined as Chair of Somerset House in January 2022, and I have witnessed first-hand the remarkable agility, commitment and resilience of Somerset House's staff and creative community as we emerged from the challenges of COVID. In the same month, came the sad news of the passing of our respected colleague Paul Myners, who served on our Trustee board for two years and provided discerning guidance through the pandemic.

In the spirit of encouraging everyone – audiences, residents and staff - to 'step inside, think outside', our programmes have brought people together, providing the opportunity for chance encounters once more and making the best use of our open-air space. Starting the year with ongoing COVID disruption, visitors' first opportunity to re-engage with culture in-person was Es Devlin's magical Forest for Change, as part of the London Design Biennale, in June 2021. This was swiftly followed by Dodge, specially devised as a COVID-secure event, by Somerset House Studios resident artist Anna Meredith with fellow resident Nick Ryan and designer Yinka Ilori. Normality approached towards the end of the year, as friends and families got together after a prolonged separation for Skate with Moët & Chandon. The intergenerational joy of Somerset House's programme was also very much in evidence throughout our riotous winter exhibition Beano: The Art of Breaking The Rules.

Somerset House is dedicated to nurturing creative talent and, in our focus on rebuilding, we have sought to provide support and space in new ways. As the home of cultural innovators, our creative resident community is key to who we are, hence we introduced additional flexibility, revised membership packages and new bursaries to support our community to rebuild. Somerset House Studios, our experimental home for artists, celebrated its fifth birthday in October 2021 and their influence on our programme continues to grow. We signed a new 7-year agreement with Makerversity to continue running their space for start-up maker businesses. Our commitment to innovation and backing new talent saw us launch the Black Business Incubator, in partnership with Mentor Black Business and sponsored by Morgan Stanley, to which we recently welcomed our third cohort. We also relaunched our Upgrade Yourself Industry Placements providing opportunities across our resident community.

Despite the difficulties of reviving our site after enforced closure and returning many staff from furlough, our financial results were better than planned, benefiting from new initiatives and a cautious management and financial approach. This allowed the organisation to regain momentum as the year progressed and to designate funds, which will certainly be needed, to help us navigate through the latest challenges.

The resilience and agility demonstrated through the pandemic will undoubtedly be called on again in the coming period as we face the challenges of spiralling energy costs, the wider inflationary backdrop and resourcing difficulties.

Despite this, I feel immense excitement about the future. Nowhere is this better reflected than our decision to back Studios artists Gareth Pugh and Carson McColl to transform the courtyard into This Bright Land in August 2022. It was a great reminder of what we can achieve with our creative community and how the matchless Edmond J. Safra Fountain Court can continue to surprise and amaze. Another major milestone developed in 2021/22, which has recently come to fruition, is the launch of our new digital platform, the Somerset House Channel, giving audiences everywhere the opportunity to engage with artists, ideas and artistic process beyond in-person experiences at Somerset House.

Gail Rebuck

OUR MISSION AND PURPOSE

The Somerset House Act was passed in 1984 with the intention to develop Somerset House as a home for the arts. Somerset House Trust was established in 1997 as a charitable company. Since then, the Trust has gradually recovered all the spaces of Somerset House covering over 6 acres and over 590,000 sq./ft of Grade 1 listed heritage space across 5 buildings.

Our charitable object is:

To advance the education of the public by the provision of a centre for arts in Somerset House in London, including in particular (but without limitation) promoting and maintaining certain parts of Somerset House for the benefit of the local community and international community as a public building and as an example of English national heritage.

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

- drive artistic and social innovation
- develop the widest possible span of talent
- leverage the power of arts to make change across the whole of society.

We set out the strategic objectives below in 2018 as part of our five-year plan. We address each of them in turn in the subsequent sections.

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

During 2021/22, we revisited our strategic objectives and streamlined them, embedding inclusion and audiences within our updated objectives which are summarised at the end of this report.

PUBLIC BENEFIT

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

In setting the level of ticket prices and concessions, trustees considered the accessibility of the site to all members of the public, whatever their means. It is our policy for many of our spaces and activities to be free.

We focused on reopening the site to the public and reinstating our free access programme as soon as restrictions permitted, including free exhibitions open for 262 days of the financial year and Es Devlin's major free courtyard installation, *Forest for Change*, as part of London Design Biennale.

Chargeable activities included our Beano exhibition, Skate and Dodge. Concessionary, family, and off-peak tickets are available for a number of these activities, including wheelchair user tickets available for all Skate sessions.

A CENTRE FOR CONTEMPORARY CULTURE

Our primary objective for the 2021/22 programme was to deliver as much charitable activity as we could that was financially viable and could be COVID-secure. The London Design Biennale heralded the reawakening of the site in June 2021, with installations from 33 different countries, territories, and cities, making it one of the first major international arts events since the pandemic began. At the centre of the London Design Biennale was Es Devlin's spectacular *Forest for Change* which transformed our courtyard into a green oasis exploring the UN's Sustainable Development Goals.

We took the decision early in the year that it would be too risky to run our Summer Series and Film 4 Summer Screen events. Instead, we were able to animate the courtyard with our specially created, COVID-secure event, Dodge, devised by Somerset House Studios resident artist Anna Meredith with fellow resident Nick Ryan and designer Yinka Ilori. Press coverage of Dodge highlighted the importance of presenting an upbeat, interactive experience in the summer of 2021:

"It is a scene of unrestrained collective joy." Financial Times

"The world is unlocking and we are ready. To. Play." Sunday Telegraph

Having opened our Leila Alaoui exhibition only briefly during 2020/21, we were finally able to restart our exhibitions programme in July 2021. *No Comply: Skate Culture and Community* welcomed visitors across the summer, also spilling out into the newly traffic-free Strand/Aldwych, and *We Are History*, and *Beano: The Art of Breaking the Rules* both opened in October 2021.

Gallery 31 also restarted in July 2021 with exhibition *Create, Capture, Organise, Pluralise*, and we had our first Somerset House Studios AGM event with a live audience in two years in October 2021.

Skate came together very late with continued uncertainties, but despite the emergence of a new COVID variant, was a very successful season for both sponsorship and visitor numbers.

Through COVID we were laying the foundations for Somerset House’s future digital programme, preparing for the launch of our new online platform in September 2022. The establishment of the Creators-in-Residence programme, supported by The Rothschild Foundation, has enabled us to build our production pipeline for creating films and podcasts in-house, often putting the spotlight on artists from within our own creative community and highlighting their creative processes.

Key results were:

	Result	Target / (Pre-COVID)
Total programme visitors	349k	255k (2019/20)
Free days of exhibitions	262 days	301 days (2019/20)
Headline exhibition visitors	55.1k/ 51.6k (paid)	55k (target)
Skate Visitors	134.6k	143.4k (2019/20)
Digital programme views (new content)	259k	191k

Programme Highlights

London Design Biennale

02 Jun 2021 – 27 Jun 2021

Ticketed

Visitors: Forest for Change: 42,000, Ticketed: 21,000,

The third edition of London Design Biennale marked the reopening of the site with the theme of “Resonance”, which 33 countries, cities and territories responded to this in their installations and presentations. At the centre was artistic director Es Devlin’s *Forest for Change*.

DODGE: Drink, Dine & Dodgems

15 Jul 2021 – 22 Aug 2021

Ticketed

Visitors: 149,344, Ticketed: 20,856

Developed as a replacement for Skate in 2020, but finally took place in the summer of 2021. A new open-air experience with an inventive twist on the traditional fairground, Dodge featured *Bumps per Minute*, a commissioned sound installation by Studios residents Anna Meredith and Nick Ryan, and a courtyard installation designed by Yinka Ilori, with accompanying online sound work and podcast.

Somerset House Trust

Report of the Board of Trustees

For the year ended 31 March 2022

No Comply: Skate Culture and Community

19 Jul 2021 - 19 Sep 2021

Free

Visitors: 17,536

This exhibition was curated by Tory Turk and explored the phenomenon of skateboarding and the impact of its culture and communities on the UK over the past 45 years. Through the work of leading photographers, designers, and filmmakers, *No Comply* celebrated the country's vibrant and diverse skateboarding scene, documenting the transformative influence the subculture has played in shaping people, cities, and culture in the UK, and beyond.

Digital highlights include the films *Only in Dev: The Sheffield Skate Scene*, commissioned in partnership with Google Arts & Culture to highlight the vibrancy of skating scenes across the UK and produced by our Creators-in-Residence, and *No Comply* by Dan Emmerson.

Photo London

08 Sep 2021 - 12 Sep 2021

Ticketed

Visitors: 35,000

Our partners Photo London returned to Somerset House for the first time since 2019, with 88 galleries from 15 countries. Despite the uncertain climate, ticket sales were high, reaching pre-pandemic levels.

Somerset House Studios AGM

14 Oct 2021

Ticketed

Visitors: 580

The sold-out Studios annual open house event featuring performance, installation and music from Studios artists and beyond, featured artists: B.O.S.S, DJ N Fox and Saul Nash. We incorporated St Mary Le Strand into our programming as a live performance space for the first time.

1-54 Contemporary African Art Fair

14 Oct 2021 - 17 Oct 2021

Ticketed

Visitors: 8,050

1-54 Contemporary African Art Fair returned for its ninth edition, comprising of 48 leading international galleries and a courtyard commission of 20 large, interactive basketball paintings by, London based artist, Lakwena Maciver.

We Are History

16 Oct 2021 - 6 Feb 2022

Free

Visitors: 22,071

The exhibition, which opened to coincide with 1-54 Contemporary African Art Fair, explored the work of 11 artists with personal connections to countries in the Caribbean, South America and Africa. It foregrounded the perspectives of their communities, as the source of resonant ideas related to social and environmental justice. Curated by Ekow Eshun, and showcasing photography, prints, textile, installation, and video, *We Are History* presented works by artists including Alberta Whittle, Allora & Calzadilla alongside a new commission by multidisciplinary artist Shiraz Bayjoo. Sponsorship from Morgan Stanley helped considerably with delivery of this exhibition.

Beano: The Art of Breaking the Rules

21 Oct 2021 – 6 March 2022

Ticketed

Visitors: 55,071

Curated by artist and life-long Beano fan Andy Holden, **Beano: The Art of Breaking the Rules** brought together today's creative rule breakers including writers, musicians, painters, sculptors, and photographers. Visitors were invited to step into the pages of the comic and explore how this beloved icon of British comics has fired up successive generations of creatives to break the rules. The exhibition featured work by over 50 artists with 9 new commissions by artists including Rene Matic, Simeon Barclay, and Nicola Lane and received numerous positive reviews including 5 stars from Adrian Searle in the Guardian. Artist, Peter Liversidge and our trained signwriters created over 3,000 signs featuring new rules suggested by young Beano readers, which visitors could take away with them. We also ran targeted workshops for young people and their carers.

Visitor attendance was impacted by the Omicron surge but still achieved 94% of target.

Skate

17 Nov 2021 – 16 Jan 2022

Ticketed

Visitors: 134,570

Skate returned for 2021 with a new headline partner, Moët & Chandon, and was remarkably successful on all counts. Despite the planning challenges, the onset of Omicron and a three-day closure due to unseasonably warm weather around New Year, we saw very high visitor numbers, approaching those of 2019, our highest attendance ever.

Grounding Practice

Year-round event series

A rolling programme of workshops, presentations, conversations, and peer-to-peer meetups, as a resource shaped by and for creative practitioners and critical thinkers on themes such as abolitionism, AI and creating music for video games. The 2021/22 programme included Akinola Davies, Imani Robinson and Lola Olufemi.

The Process – podcast series

At the start of 2022 we launched our new podcast series to great acclaim. The Process series has been produced by Alannah Chance and takes listeners behind the scenes with artists on their journey to create new works. Featuring Andy Holden and Mark McGowan, Anna Meredith, Gary Zhexi Zhang, Tyreis Holder, Col Self and Shiraz Bayjoo.

Programming plans for 2022/23

For 2022/23 and beyond, our programme will continue to celebrate the unique interplay between our onsite creative community, our Grade 1 listed heritage site and our position at the meeting point of artistic and social innovation. An exemplar of this new approach is *This Bright Land* which was in development throughout 2021/22 and ran throughout the month of August 2022. Created by the first Somerset House Studios resident artists, Gareth Pugh and Carson McColl, this event transformed the courtyard into a wonderland open to all for a summer celebration of community and culture.

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

INCLUSION AND ENGAGEMENT

Our work to improve representation in the sector moved forward significantly during the year, notably with the re-launch of our young people's programmes in person and the establishment of the Black Business Incubator. We also made progress in improving the diversity of our own workforce, though we have more to do.

Engagement & Skills Programme

Our programme seeks to remove barriers and increase representation in the arts and creative sector. Using our programme and creative community as a unique resource, we offer opportunities to develop skills, access experiences and career progression routes in the creative sector, for under-represented audiences and emerging talent aged 16-30.

Highlights during the year:

- We relaunched our Upgrade Yourself Industry Placement programme, working closely with Westminster City Council to deliver these as part of the government's Kickstart programme. This placed a record number of 8 young people with host organisations across Somerset House, paid the London Living Wage for six months. When the programme ended, three young people had their contracts extended by their host organisations. Acting on lessons from the 2019 evaluation, we introduced more structured mentoring and added resource for pastoral care. Positive feedback from participants included:

"Within Somerset House it's impossible to go a day without encountering someone who is an expert of a different discipline. The eco-system of Somerset House is extremely friendly, with office teams and individuals all feeling part of the family."

- We reviewed both the Upgrade Yourself Industry Placements and Future Producers programmes. This highlighted the unstable job landscape for young people and the need to support young people seeking more secure, permanent roles and others who wish to pursue freelance work or start a business.
- We ran bi-monthly online Upgrade Yourself sessions live from Somerset House between April 2021 and September 2021. Following a pause, we launched monthly hybrid sessions in June 2022. As part of our Beano: The Art of Breaking The Rules exhibition, we worked with Gingerbread Trust to engage single parent families for a weekend of activities and ran a programme of workshops for young people studying at Westminster Kingsway College.

Programme Reach In 2021/22:

- Reached 1,131 people aged 16-30 through online sessions and smaller group sessions with Future Producers
- Delivered 255 hours of engagement through our online Upgrade Yourself sessions and Future Producer workshops
- Reached 80,000 people through our regular newsletter

We enter 2022/23 with a clear programme and structure for Upgrade Yourself, including our first Upgrade Yourself Festival in June 2022. We plan to create more linkages across our inclusive talent development programmes and strengthen relationships with our network of schools, colleges, and other community partners.

Black Business Incubator – a new initiative supporting Black-led creative enterprises to realise their potential

Developed in partnership with Mentor Black Business, founded by Somerset House resident Akil Benjamin, and sponsored by Morgan Stanley, the Black Business Incubator aims to help early-stage Black-led creative enterprises to grow sustainably and realise their potential. The first cohort of 15 entrepreneurs arrived in May 2021 and, with support from STRIDE, the second cohort of 35 Black-led creative businesses joined in January 2022.

The 12-month hybrid programme provides participants with free access to a co-working space, mentoring, masterclasses and digital learning, as well as a variety of community events reflecting our belief that entrepreneurial success is enhanced by being part of a supportive and inclusive creative community.

Assessment of the first 15 businesses in cohort 1, taken halfway into the programme, indicated we had already achieved most of the measures of success set for the full year; 81% of participants felt they have gained new skills, 81% saw an increase in revenue and 69% had access to new opportunities as a result of participating. 100% wanted to remain in Somerset House workspaces after the programme concludes.

“The BBI has further empowered me to feel confidence in my business skills. Being in an office environment gives me a clearer head to think, feel relaxed and work. The opportunity to network with other BBI companies is invaluable and motivationally enriching.”

In 2022/23, our first two cohorts will “graduate”, many of them remaining in the Somerset House creative community and, thanks to continued support from Morgan Stanley, we have a third cohort underway with plans for further recruitment in 2023. We will focus on delivering in-person sessions, increased utilisation of the co-working space, maximising cross community networking and masterclasses will be longer, focussing on practical business application including funding, pitching and investor introductions.

Our Anti-Racism and Inclusion Work

Our Anti-Racism Taskforce continued to inform and drive our thinking throughout the year in our efforts to make Somerset House a more inclusive place. This has highlighted that we need more resource to support this work.

The new historical research commissioned to explore Somerset House’s past has informed the reworking of our Historic Highlights tours and our new self-guided audio tours. Reflecting all aspects of Somerset House’s historical and architectural legacy is something that we will continue to respond to through our cultural programme.

On previous pages, we describe the wide range of inclusive talent programmes we offer, including Upgrade Yourself and the Black Business Incubator. We offer bursaries of up to 75% for our shared workspace, the Exchange, Studios bursaries as well as Makerversity's Makers with a Mission. We continue to develop the many connections and progression routes through these programmes, all designed to make Somerset House and the creative industries more representative.

In terms of our own recruitment and approach to inclusion, we sought advice on how to attract a wider range of candidates, changed our job specs, advertised on new channels and sought input from our Anti-Racism Taskforce on a wide range of areas. We have made progress, seeing an increase in the diversity of hiring across most measures, though we have more to do.

Inclusion and Engagement - Plans and priorities for 2022/23

For the year ahead and beyond we will continue to nurture our creative community and enrich our programme by promoting pathways and programme opportunities which address under-representation within the creative sector and increasing the diversity of our own team, including senior management.

AUDIENCES AND VISITORS

Our objective is to offer audiences excellent, original cultural experiences exploring new formats, providing a world class visitor experience ensuring our site, both physical and digital, is accessible, inspirational, and safe for all.

2021/22 saw us deliver an almost complete year of programming which continued to respond to the changing COVID restrictions throughout the year. We have outlined the year's programme on earlier pages.

While events and exhibitions in our cultural programme received healthy levels of visitors, we observed that casual visitors to the site were slower to return and footfall in the area more broadly was significantly reduced, due to fewer tourists and workers. In 2021/22, almost 1.5 million people came to Somerset House, vs 2.7 million in 2019/20 and 3.2 million in 2018/19 (and less than 0.2m visitors in 2020/21).

We expanded our digital cultural output during the pandemic, and the focus for the Digital team has been building a content pipeline and the development of a new online platform, called *Somerset House Channel*, launched in September 2022.

We continued our work to strengthen and clarify the articulation of Somerset House's unique offer, arriving at a new organisational descriptor and spirit line which we will embed into our public facing programme and internal and external communications over the coming year.

Audience and Visitors – plan and priorities for 2022/23

For next year and beyond, we continue to aspire to be an exemplar in combining management of our historic site with contemporary relevance and an engaging visitor experience. We are planning for increased visitors, returning towards pre-pandemic levels.

HERITAGE, ESTATE & SUSTAINABILITY

At Somerset House we aim to protect, promote, and explain the heritage and history of the site and to restore and maintain the buildings and public realm to the highest standard. We also aim to be a sector leader in sustainability.

Our measures and how we did:

	Result	Target / Pre-COVID
Days site open to public	353	364 (target & pre-Covid)
Up to date with conservation works	Yes	Yes
Number of heritage tours	0	160 (pre-COVID)

Building and estate management

We are custodians of a 590,000 square foot heritage site in central London.

Under the terms of our Head Lease, we commission a condition survey of the external building fabric every four years (the quadrennial survey). The last survey, in November 18, endorsed our approach to conserving and maintaining the estate and continues to inform our maintenance and renovation priorities.

During COVID lockdowns, we ensured that the building was cared for, and that all urgent maintenance was carried out. Due to ongoing uncertainty about COVID resurgence, activity levels and the pace of return of our income, we prioritised key conservation works, replacement of ageing infrastructure and improvements to our resident offer to restore this key income stream. Support from the government's Culture Recovery Fund made a significant difference to much of this activity.

In addition to a rolling programme of planned maintenance, plant replacement and fire protection upgrades, significant projects during the year included:

- Completing the programme of cleaning, repairs and redecoration to the south façade above the River Terrace which was paused during the first lockdown.
- Refurbishment of the Stamp Stair, supported in part by the Headley Trust.
- Repairs and redecoration to the West Wing clock tower.
- Conservation works to the George III statue in the Edmond J Safra Fountain Court, supported by the JP Marland Trust and completed in time for the opening of The Courtauld Gallery in November 2021.
- Commencing the sitewide replacement of our ageing CCTV system, aided by funding from the Foyle Foundation.
- Widening and improving our flexible and hybrid workspace offer for residents.
- Installing data points in the courtyard.
- Installing new banners on Lancaster Place, supported by a generous donor.

At the end of the year, Trustees designated £2m of reserves for projects for heritage, sustainability and visitor experience improvements. These works will be fully costed and prioritised on an ongoing basis.

Heritage & Public Realm

The site re-opened to the public on 12 April 2021, providing access to the Edmond J Safra Fountain Court and other outdoor public areas with reduced opening hours. Cafés operated a takeaway service until indoor public areas were reopened on 17 May 2021. Our first major event of 2021, the London Design Biennale, opened on 1 June with restricted capacities. We continued to offer access to our residents throughout the public access restrictions. Capacity restrictions and indoor face covering requests were in place throughout the year, finally being lifted in April 2022.

Having been forced to pause our in-person Historic Highlights tours at the start of the pandemic, we took the opportunity to refresh these and developed self-guided audio tours for the first time. We worked with a wide range of staff, volunteers, and The Whole Story to reshape the in-person tours and we commissioned Reduced Listening to work with us on the audio tours. The aim has been to bring a more contemporary perspective to our history, including reflecting on our colonial legacy. In both cases, our thinking was informed by new historical research commissioned in 2021 as part of our Anti-Racism Pledge and we are also grateful to The Courtauld's academics for their input.

Both projects launched in July 2022 and have been the result of collective endeavour. Our in-person tours are now delivered by paid tour guides (formerly volunteers) with a shift to a paid, ticketed model. Our new, free audio experience is available remotely via the Bloomberg Connects app, with QR codes at specific locations on site.

Our Neighbours

We have been working closely with Westminster City Council and our neighbours on how we best use and animate the newly pedestrianised Strand/Aldwych, which is due to be completed by the end of 2022, transforming our visitors' arrival at Somerset House. We tested this with a temporary Skate Park on the newly pedestrianised Strand to run concurrently with our *No Comply* exhibition.

The Studios team worked with St Mary Le Strand Aldwych to present their annual open house event AGM beyond the building for the first time, a relationship that's likely to continue.

The Courtauld re-opened to the public in November 2021, following an extensive renovation project. We worked closely with The Courtauld on the plans and during the construction period.

For the first time in our shared history, Somerset House and The Courtauld launched an exciting new Lates series – Morgan Stanley Lates at Somerset House with The Courtauld. Targeting younger audiences, the first event took place just after the end of the financial year in April 2022 offering entertainment and food around Leeroy New's *Arks of Gimokudan* in the courtyard, combined with free entry to The Courtauld's Van Gogh exhibition and Sony World Photography Awards exhibition.

Sustainability

This is an area where we had hoped to make more progress during 2021/22. We have increased capacity in our Estates team to enable a greater focus in 2022/23. In terms of the cultural programme and public engagement with the subject, it felt very positive to be working with Philippines artist Leeroy New on such an ambitious courtyard commission, made of recycled materials, for our Earth Day Season delivered in April 2022.

We completed our Scope 1 and Scope 2 assessments (which cover our direct energy consumption) for 2020 and recently updated for 2021 (though recent years are not representative due to COVID). We have yet to commence Scope 3 assessments (which cover all extended impacts including areas such as purchasing and visitor travel). However, we are focusing on practical, active improvements that we can make which we know will have an immediate and meaningful impact.

During 2021/22, we identified and started to assess options for improving the energy efficiency of our buildings and Trustees have agreed to designate funds to enable us to progress with the most compelling projects. We accelerated this work due to the significant escalation in energy costs prioritising the installation of heating controls to enable localised temperature control and minimise energy wasted in heating unoccupied spaces. Our next project will be localised metering across the site, to enable us to better understand our consumption patterns and drivers.

We will shortly commission an energy future plan to assess longer term sustainable energy options.

Heritage, Estate & Sustainability – plans and priorities for 2022/23

Our objectives remain consistent for 2022/23, opening the site for a full year and continuing to make progress with our conservation plans, including works to the Lancaster Place façade in Spring 2023. We are targeting significant uptake of our new in-person and self-guided heritage tours. We will also continue work on energy conservation projects on our journey to improving our EPC ratings.

OUR COMMUNITY AND THE CREATIVE SECTOR

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

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

Numbers on site each day are growing but at the end of March 2022 were still below 900 per day vs an approximate 2,500 onsite community pre-COVID.

At the end of March 2022, Somerset House was home to over 400 creative organisations and artist collectives:

- 75 Somerset House Studios artists and their teams in over 15,000 sq.ft of studio space
- 261 creative-tech and maker members from 77 different organisations at Makerversity which provides workspaces and specialist workshops in over c16,000 sq ft

- 400 members of the creative co-working space Somerset House Exchange
- 50 Black Business Incubator businesses
- 117 creative enterprises occupying 194 offices across c 89,000 sq. ft of available space

Somerset House Studios

In October 2021, we celebrated the fifth birthday of the Studios. During 2021/22 we continued to build and support our artist community despite the ongoing challenges of the pandemic, maintaining a positive environment supporting 75 artists and their teams; a total of 138 individuals.

Three new artists joined the Studios community including Turner Prize winner Tai Shani, and seven residencies ended their term. For our short-term residencies, we hosted 2 international artists, Juliana Huxtable and Artor Jesus Inkerö, in partnership with Goethe-Institute and the Finnish Institute. Artists Rene Matić, Abbas Zahedi and Ocean Baulcombe-Toppin also joined for a defined period to develop new works for the cultural programme. Continuing our Amplify partnership with the British Council and MUTEK, we devised an online residency for 30 women-identifying artists working in digital art and sound from Canada, Latin America, and the UK. 21 artists received financial support from our rent relief programme with a further 17 artists supported by our One-to-One programme, representing 14% of our overall rent income for the period. Our COVID rent relief programme concluded after a period of two years, having supported 29 artists across 215 requests to the value of £51.5k (all fundraised).

In partnership with King's College London, we supported 6 new collaborations between Studios artists and King's academics, each exploring critical new perspectives on contemporary culture and society.

In partnership with UAL Creative Computing Institute and The Alan Turing Institute, we launched the PATH-AI residency programme for 3 international artists to create new works critically engaging with intercultural ideas of privacy, agency, and trust in relation to artificial intelligence (AI) and other data-driven technologies.

2021/22 saw further accolades for Studios residents, including Lawrence Lek being awarded the Grand Prix VH AWARD, Maeve Brennan and Imran Perretta receiving Paul Hamlyn awards, Ilona Sagar a 2021 Stanley Picker Fellow recipient and Superflux announced as Design Studio of the Year at the Dezeen Awards. Additionally, Tom Scutt was nominated for two Olivier Awards for Cabaret, Sonya Dyer was an Arts Foundation Futures award finalist, and Rhea Storr was a finalist of the Circa x Dazed Class of 2021 filmmakers.

A strategic decision to integrate Studio 48 into the Exchange was initiated over a phased period to complete in April 2023. A 5-year review of Somerset House Studios was concluded with the findings informing a future strategy for the next five years.

Makerversity

In late 2021 we signed a new 7-year agreement for Makerversity to continue to provide a start-up maker space at Somerset House, an exciting and vibrant component of the home of cultural innovators.

By 31 March 2022, membership numbers had almost recovered to pre-pandemic levels with 261 Makerversity members representing 77 companies; an increase of 29% members year-on-year. Within this, several under 25s free residents became paying members.

Sustainability and ethical practice were at the forefront of the Makers with a Mission residencies, including shADe, an anti-greenwashing web plug-in and James Haywood making contemporary furniture from industrial waste.

Makerversity members were involved in a range of showcases and prizes: The Tyre Collective exhibited in Waste Age at The Design Museum, Pattern Project led a Micro Factory Pop up in Brixton, Grace Pappas exhibited at The Stone Space with 'The World in Our Pockets', Amphibio was a finalist of Vogue Italia x Yoox Responsible Fashion Challenge Finalist, CQ Studio won the Mead Fellowship Award, Pete Barr of Soapstone & Enayball won the James Dyson Award, Tone Design won the iF Design Award 2022 for their Orb 360 design in collaboration with alumni members Ordre and Content is Queen celebrated their opening at Makerversity with Audible in the Lancaster Rooms of Somerset House. At the time of writing, members The Tyre Collective and Amphibio have each won one of the prestigious Prince of Wales and Sir Jony Ive Terra Carta Design Lab Awards.

In response to London Fashion Week, Makerversity produced, "Fashioning the Future", a sell-out public event held at Makerversity. Members offered talks and demonstrations alongside a showcase of members and alumni.

In-person business support events re-commenced, providing current funding opportunities and practical advice covering areas such as supply chain and manufacturing challenges and IP protection.

In-person Prince's Trust learning programmes, delivered by Makerversity members and team, resumed in July 2021. A new "Get Started in Graphic Design" programme launched providing work experience with member companies and one employment opportunity.

Creative Enterprises – office residents

The year ended with 117 organisations occupying almost 72,000 sq. ft of office space, increasing the number of resident organisations by 23% and reducing void space from 31% to 17% over the year. During the year, 30 new residents joined the community including Askonas Holt, Belarus Free Theatre, Ellen MacArthur Foundation and Pretty Bird, and 9 organisations left. Two Exchange members moved from our co-working space to dedicated offices, exemplifying the pathways in place to support business progression, and 9 residents increased their footprint.

The community includes 30 charities, 6 B-Corps and 5 not-for-profits. The largest sector within the community is music and the performing and visual arts (19%), followed by creative agencies (15%), and business support services (11%).

Highlights for the year include Factory 42 collaborating with Studios' resident Nick Ryan on *Lost Origins*: a new immersive and interactive world. HEXR won the 2021 3D Pioneers Challenge, an award aimed at creative, innovative minds and trendsetters across all industries who shape the future with Additive Manufacturing and Advanced Technologies. Choose Love raised over £8m as part of their Ukraine Crisis Fundraiser.

During 2021/22, we continued to deliver support to our residents. This included online workshops focussing on mental health and personal development, "random coffee meetups", legal clinics, coaching taster sessions and events aligned with the cultural programme for *Skate* and *Beano: The Art of Breaking the Rules*.

In our annual survey (60% participation):

- 94% would recommend Somerset House as a workspace
- 73% said feeling part of a community was a main benefit of being a Somerset House resident
- 69% said the energy or creative environment was a main benefit

“The Somerset House community has helped us create innovative products that have been integral in our development. Meeting other residents is helping us to continually push boundaries and learn new approaches.”

“We love being at Somerset House - everyone is so happy here - the cultural vibe of the whole building, surroundings, activities and other residents is a sheer joy to be around.”

“Somerset House is where creative people and ideas meet, where projects are discussed and realised. It is a community that inspires new and ambitious thinking in culture and art.”

Although 2021/22 saw easing of COVID restrictions and economic improvements, many resident organisations continued to be affected by the pandemic and support was offered where possible, predominantly through contractual terms flexibility. In June 2021 we introduced the Shared Workspace, a monthly membership that allows teams of up to 18 people to occupy a zone of fixed desks within a shared office, creating an offering that responded to the request for greater flexibility and bridges the gap between the Exchange hot-desking and a dedicated office.

Somerset House Exchange – shared workspace

The Exchange has benefited from increased remote working and organisations reviewing their office space needs. Total members increased significantly from the previous year, ending March 2022 with 400 active members, comprising of 63 organisations, 54 freelancers and including 24 individuals on bursaries for emerging talent and underrepresented groups. The largest activity areas of our members are creative agencies (18%), arts and cultural production (14%) and media (12%).

We revised membership packages in response to escalating demand for hot-desking, flexible hours and adaptable contractual terms, introducing pay-as-you-go membership and removing fixed-desk options.

Accomplishments for 2021/22 include: GoodFind winning the Social Impact Hero category at the Hustle Awards, Lifescaped exhibited the ***Brightest colours ever to have been created*** at Kew Gardens, The Unmistakables were named in the Campaign Best Places to Work 2022 list, Filmmaker SOMAYEH was signed to Ridley Scott & Black Dog films and Bushra Burge studio was accepted as part of a 5G accelerator program in collaboration with Sustainable Finance Data Solutions to develop an online VR space for hosting international multicultural festivals.

Our community and the creative sector - the year ahead

In addition to building representation within our community and across the sector, discussed elsewhere, we aim to strengthen our inspirational workspace offer, build connections and engagement across our community and to fill remaining vacant space.

FINANCIAL REVIEW

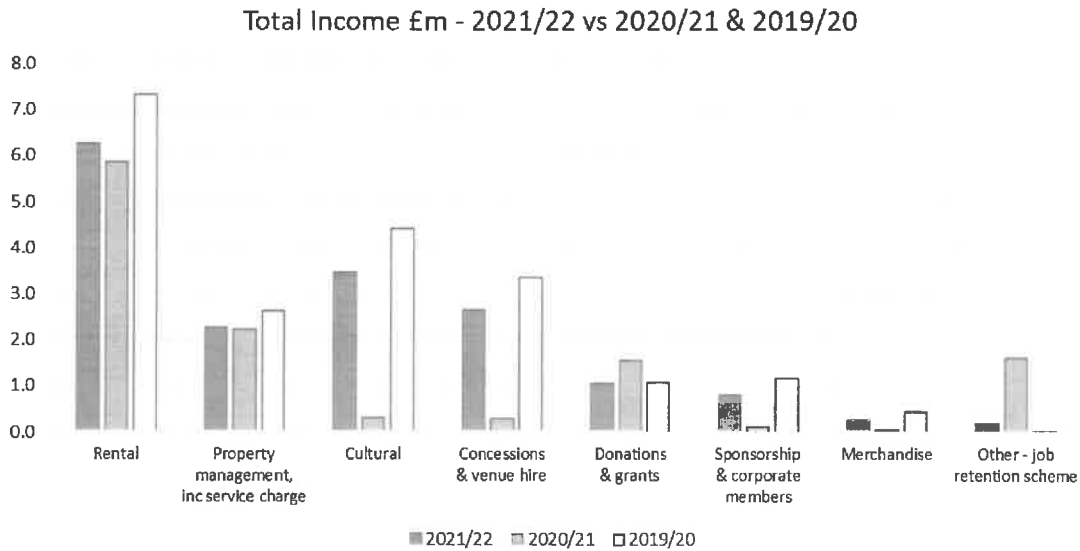
Our objective is to ensure the Trust is financially viable with sufficient funding to optimise the delivery of its charitable impact and purposes over the long term.

Performance against our key financial measures is set out below:

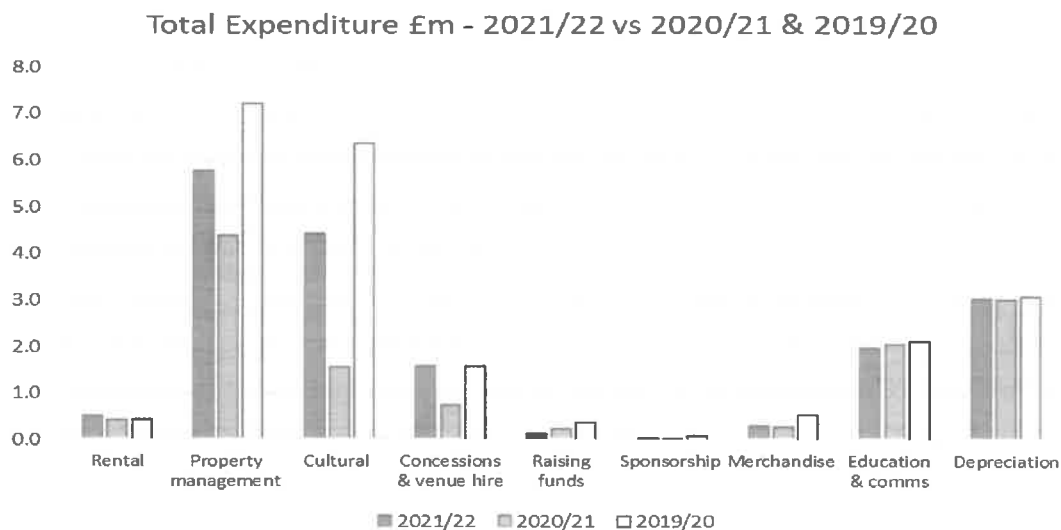
	2021/22	2020/21	
	£000	£000	Change
INCOME:			
Rent & service charges (leases)	7,269	6,902	5%
Cultural and public events	3,458	293	1080%
Concessions and venue hire	2,652	265	901%
Furlough / lockdown grants	290	1,759	(84%)
Other unrestricted	2,150	1,118	92%
Restricted	1,135	1,611	(30%)
Total income	16,954	11,948	42%
SURPLUS (before depreciation)	2,288	2,373	(4%)
FREE RESERVES (excl designation)	3,280	3,037	8%
CASH BALANCE (excl rent deposits)	13,288	11,963	11%
Full Time Equivalent Employees	83	84	(1%)

We ended the year with a flourish due to a successful Skate run and significant success in securing new residents, meaning income rebounded faster than expected. We had budgeted cautiously, being uncertain as to how long COVID effects would continue to impact our operations. We retained this caution throughout the year, and this was almost borne out when the threat of lockdowns reared its head again in December 2021. As a result, we overperformed vs our budget, delivering a surplus before depreciation of £2.3m. At the end of the financial year, Trustees took the decision to designate £2m of reserves for heritage, sustainability, and visitor experience improvements. For 2022/23 we have budgeted a deficit, with expectations that reserves will fall back in line with our target range within two years. This reflects significant investment in people and charitable activity ahead of income fully recovering – with rental voids being 17% at March 2022 and commercial events not planned to fully rebound until 2023/24. The energy crisis, and uncertainty around government support, means we may have to reassess our expenditure plans, including delays on some projects and reallocation of funds.

Total Income and Expenditure (unrestricted & restricted)



Although recovering, rental and service charge income remained below pre-COVID levels, as did venue hire income. Lower cultural programme income reflects the replacement of both Summer Series and Summer Screen with Dodge. Both donations and grants and other income were bolstered during 2020/21 by government COVID support, falling back into line with pre-pandemic levels during 2021/22.



Property management costs climbed back towards pre-COVID levels, with continued caution around committing to major projects until financial outcomes were more certain. As covered earlier, Trustees have designated £2m of funds towards site works. Concessions and venue hire spend returned to pre-COVID levels faster than income, reflecting arrangements with large programme partners to enable them to exhibit during an uncertain period.

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

Funds

Total funds decreased by £0.7m to £80.9m (2020/21: £0.6m decrease to £81.6m). See Reserves section for further detail.

The total funds position will continue to reduce annually by the material depreciation charges relating to fixed assets. The depreciation charge, which relates mainly to the headlease and leasehold improvements, was £3.0m (2020/21: £3.0m). The total value of fixed assets before depreciation is £120.2m, including the property lease from DCMS, which was valued at £65m in 2009 and is depreciated over 116 years, and leasehold improvements of £51.8m which are depreciated over 10 to 25 years. The depreciation cost is charged to the designated fixed asset fund which matches the value of the Trust's fixed assets.

Cash Flow and Liquidity

Total cash in hand increased during the year to £15.6m, with a net inflow of £1.8m. The cash balance includes rental deposits of £2.2m (2020/21: £1.8m). Cash from operating activities was £3.2m (2020/21: £1.2m) which funded capital expenditure of £0.6m (2020/21: £0.2m), finance lease payments of £0.4m (2020/21: £0.3m) and CBILS loan repayments of £0.3m.

Fixed Assets

Capital expenditure for the year to 31 March 2022 was £0.6m (2020/21: £0.2m). Additions for the year included the installation of hostile vehicle mitigation bollards, CCTV replacement, equipment for new flexible workspaces and the digital programme, digital displays and video conferencing equipment.

Reserves

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

Restricted funds totalled £0.4m at 31 March 2022 (2020/21: £0.9m), a decrease of £0.5m, including the utilisation of £0.4m from the first round of the Culture Recovery Fund.

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

- The fixed asset reserve is a designated fund matched to fixed assets, recognising that these assets are largely illiquid, and cannot be readily realised as cash. This reserve totalled £75.2m on 31 March 2022 (2020/21: £77.7m). The reduction of £2.5m reflects the depreciation of the headlease and leasehold improvements, partly offset by additions during the year. This fund includes £0.6m for assets held under finance leases payable over the next 2 years which represents free cash until settled.
- Trustees designated a new £2m site works reserve for heritage, sustainability and visitor experience improvements. The first tranche of sustainability improvements will be completed during financial year 2022/23, with further projects to be developed and delivered in the following 2-3 financial years.
- 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. In 2021/22, free reserves increased by £0.3m to £3.3m (2020/21: £3m). Free reserves are expected to fall back within the target range within two years.

The Trust adopts a risk-based approach to determine an appropriate level of free reserves to act as a safeguard against unforeseen events, while recognising that there is a duty to apply charitable funds to the objects of the charity within a reasonable timeframe. The reserves policy is reviewed annually, with the overall position considered regularly at board meetings.

Trustees reviewed the reserves policy and decided to revise the reserves target to a range of £1m to £2m (2020/21: £0.8m to £1.5m). This decision took into consideration the following factors:

- The current inflationary environment which has increased the Trust's fixed cost base
- It achieves an appropriate balance between not tying up funds unnecessarily and a temporary buffer to overcome financial difficulties, providing 3-6 months of headroom to respond to a financial shock.
- The Trust benefits from the protective effects of a degree of assured rental income through some longer leases, typical 6-month notice periods on leases and rental deposits.
- Operating within a range affords flexibility for the Trust to ensure funds are spent wisely while adopting appropriate caution during times of uncertainty.

This reserves policy is underpinned by the Trust's strong liquidity position. It has a cashflow-positive operating model with rents paid in advance and deposits paid for venue hires. This, together with designating reserves for assets under finance leases and for site works means that cash tends to be consistently ahead of free reserves. The Trust also continues to benefit from a Coronavirus Business Interruption Loan, repayable over 5 years starting December 2021 (£4.7m balance at 31 March 2022).

As described above, free reserves at March 2022 were above target, at £3.3m. This has enabled the Trust to continue its conservation works and invest in rebuilding the cultural programme while rental and other income streams are rebuilt. Trustees are comfortable that excess reserves are appropriate at this time with plans expected to unwind the excess at a pace appropriate to the increasingly risky economic environment.

Going Concern

As indicated above, due to a combination of income rebounding faster than planned and continued caution in expenditure management, the Trust ended the financial year to 31 March 2022 with above-target reserves and strong cash balances. This will enable the Trust to endure a deficit in 2022/23, allowing ambition to return ahead of full restoration of income. Trustees had originally planned for the Trust to also report a small deficit in 2023/24, returning to a small surplus thereafter. Plans continue to be reviewed and adjusted to address the significant increase in energy costs and other inflationary pressures which are unlikely to be matched by income which is expected to have limited potential for growth.

Income for 2022/23 is forecast to be close to pre-pandemic levels, with key uncertainties being the potential impact of recession on most income streams:

- Impact of cost-of-living crisis on demand for our ticketed events

- Pace of filling rental voids (17% at end of March 2022)
- Demand for commercial hires
- Ability to secure sponsorship

Our cost base in 2022/23 is expected to exceed pre-pandemic levels with key drivers being:

- An ambitious new event in August 2022, This Bright Land, replacing our previous films offer
- Restoring, and in some areas increasing, headcount to pre-pandemic levels to address workload and wellbeing issues
- Inflation, with known material impacts on energy and insurance costs. As the year progresses, we are starting to see significant increases in some costs and continued pressure on wages and salaries. Challenges in recruiting in some functions, together with the cost-of-living crisis mean we, once again, brought forward our annual April pay review to October. As a London Living Wage employer and site, the Trust (and its onsite suppliers) is also committed to enacting the recently announced 8.1% increase.
- We continue to regularly review and update our financial forecasts covering multiple years. These forecasts assume that the Trust continues to pay a peppercorn to DCMS in respect of the leasehold, recently re-confirmed for a further 5 years

The Trustees assessed the financial position of the Trust on a regular basis throughout the year. They continue to believe that the Trust has a robust and diversified operating model and that, in time, these income streams will rebuild. However, they recognise that the impact of energy crisis, inflation and the threat of recession means that they must continue to adopt a cautious approach ensuring there is sufficient flexibility in plans to respond to any external shocks.

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

Financial Resilience - Priorities and Targets For 2022/23

In setting our objectives, we have recognised that our resilience depends not only on a sustainable financial model but also a resilient workforce, as we depend so much on our people. We are targeting a return to pre-COVID levels of income, having a clear path to improving our building EPC ratings and improvements related to staff wellbeing and diversity. Cognisant of a rising cost base and workload, we are also seeking to improve our efficiency with improvements in our key processes over the next 2 years.

STRUCTURE AND GOVERNANCE

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,

Somerset House Trust

Report of the Board of Trustees

For the year ended 31 March 2022

managed by The Department for Digital, Culture, Media and Sport (DCMS). This allows the Trust to charge rent for office space, thus creating an on-going revenue stream.

The Trust's commercial activities are undertaken by a wholly owned subsidiary, Somerset House Enterprises Limited, which gifts its taxable profits to the Trust. For financial year 2021/22, Somerset House Enterprises made a profit before tax of £1.9m.

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

The Trustees normally meet formally six times a year to review all the activities of the Trust and provide guidance to the Executive team with one longer meeting to consider and agree longer term strategy and plans, including a 3-year financial plan.

In September 2021, William Sieghart stood down as Chair of Somerset House Trust following two terms of three years. After a thorough search for a successor, Trustees were delighted to appoint Baroness Rebuck DBE as Chair who took up post in January 2022.

The Trustees support the principles of good governance set out in the Charity Governance Code. A desktop governance review and board effectiveness review will be completed by the end of 2022 to ensure that practices and processes remain relevant and appropriate.

The Trustees are supported by two committees:

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

Nominations, Remuneration and Governance Committee - this committee advises the Board of Trustees on overall Trustee membership as well as ensuring adherence to the principles of good governance. New Trustees are selected for their relevant skills and experience, identified through a rolling audit. Ensuring Board diversity is a key consideration when making these appointments. Trustees are recruited using a variety of methods which can include using recruitment consultants. Prospective Trustees meet with both members of the Nominations, Remuneration and Governance Committee and the Chair prior to recommendation to the full Board. The terms of reference of this committee have recently been revised to include recommendations on executive pay policy and remuneration and overall pay policy.

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

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

An induction programme is offered to all new Trustees to ensure that they are briefed on the charity's objectives, strategy, and activities. New Trustees meet with the Executive team and have access to other members of staff as required to gain an understanding of the organisation.

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 2021/22 and is currently in force.

Paul Myners joined Somerset House as a trustee in August 20 and we were very sorry to lose him so suddenly in January 2022 when he passed away. His involvement in Somerset House was much shorter than we could have anticipated, but his contribution was greatly valued.

FUNDRAISING

We are grateful to all the individuals, trusts, foundations, and corporate partners who have supported our activity over the last year and enabled us to continue to deliver our ambitious programme despite the challenges and uncertainty caused by the pandemic. We are particularly grateful to the government and Arts Council England for their second Culture Recovery Fund grant, which played an important role in helping us to kickstart activity over the summer of 2021 and beyond. We are grateful to members of our Development Advisory Board who spearheaded our second Young Talent Fund dinner in November 2021. As a result, we raised over £90k, which is supporting our work with early career artists and our young people's programmes.

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

- Acknowledging donations swiftly and responding to all correspondence in a timely manner.
- Respecting privacy and only releasing details of donations when we have consent or if disclosure is required by law.
- Complying with all domestic and international legislation, including GDPR legislation and the Data Protection Act 2018.
- Responding to any correspondence in a timely manner.
- Communicating with all supporters and potential supporters within the parameters of applicable legislation and our privacy policy.
- Never putting pressure on individuals to donate, and never cold calling or collecting money in the street, which also helps to ensure we are not fundraising from those who would be deemed vulnerable within the Fundraising Regulator's Code.
- Ensuring all donations, when undesignated, will be used for such purposes as Somerset House Trust judges appropriate in support of Somerset House's charitable objects.
- Ensuring where the gift is restricted, Somerset House Trust applies the gift to the purpose originally intended.

Our Board of Trustees has oversight of our Fundraising Strategy and plans. Our Gift Acceptance Policy provides a framework for flagging any potential gifts that should be reviewed by our Board of Trustees before accepting, and our Gift Acceptance Policy will be reviewed as part of our wider Governance Review in 2022.

We received no complaints about our fundraising practices in 2021/22 (2020/21: 0).

VALUING VOLUNTEERS

In 2021/22, 107 volunteers contributed 4,662 hours of time to support Somerset House Trust in visitor facing activity. Despite COVID restrictions, volunteers contributed 1,170 sessions, offering valuable support. This included welcome host support during London Design Biennale in June 2021, when we recruited 37 new volunteers to welcome visitors, and for Skate school sessions in November 2021.

RISK MANAGEMENT

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

The principal risks currently facing the organisation are the combined threats of the energy crisis, the overall inflationary environment and the potential for prolonged recession on the sustainability of the Trust's financial model, compounded by income not yet having returned to pre-COVID levels. The Trust's operating model is largely self-financing with income from residents, commercial hires and the cultural programme funding the running costs of the Trust, continued renovation and upgrading of the site and investment in the cultural programme. Apart from restricted and designated funds, income and surpluses are not ringfenced and may be applied to meet any of the Trust's expenditure requirements.

The Trust hedges its energy requirements as part of a consortium, enabling a degree of certainty on which to plan. The Trust is in a financial position to manage these overall risks in the short to medium term due to available reserves and cash, the ability to schedule and deprioritise some elements of expenditure and the cushioning impacts of lease notice periods, deposits and advance payments on office rental. Plans are regularly updated, together with scenario planning and stress-testing, to inform decision-making on expenditure commitments, with major commitments only made once the source of funding is reasonably certain.

The other key risks and mitigations are listed below.

Staff capacity, resilience, and wellbeing – This remains a significant challenge and was highlighted as a key issue in a recent engagement survey. We have addressed resourcing challenges in several areas and, with the help of funding from Fidelity, are focusing on improving key processes. Staff are encouraged to take adequate annual leave and we have reinstated regular all-staff in-person socials, together with preview events for our cultural programme to help to reconnect our team to what we do. We have mental health champions who provide mental health and wellbeing guidance and an Employee Assistance Programme providing access to confidential support.

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

Cyber security – Training forms the cornerstone of our security strategy with annual data governance and IT security training and regular briefings for all staff. We make use of multiple systems to manage our threat levels. Our systems and processes are externally verified by the independent Cyber Essentials certification and we make use of NCSC early warning vulnerability scanning.

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

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

PAY POLICY FOR KEY MANAGEMENT PERSONNEL

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

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

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

In light of the exceptional contributions by staff and the suspension of pay reviews through COVID, the annual pay review which would normally be effective from April 2022, was brought forward to October 2021. In accordance with the conditions of the Culture Recovery Fund grant, the executive team were not eligible for this increase.

LOOKING AHEAD

We hope we've put the worst of COVID behind us. Our approach of preparing for the worst and hoping for best over the last 2 years has placed us in a strong position. We are rebuilding quickly, and our ambitious and inclusive programming and visitor experiences increasingly reflect the depth of talent we have onsite.

We are working at pace to fully rebuild our programme pipeline, our community, and our income, though are mindful that the current economic climate could impact the pace of our recovery, as could the steep increases in energy costs.

We are redoubling our efforts to improve the sustainability of our site, focusing on physical improvements to address energy efficiency.

Working closely with Trustees and all senior management, we have reviewed and refined our objectives for the coming years. These are summarised below and we will update on progress in future reports.

CREATE A DISTINCTIVE CROSS DISCIPLINARY PROGRAMME



- **Impact** – Purposeful, distinctive, critically successful projects
- **Platform** – Present and produce work that foregrounds the building and our resident community
- **Audience** – Work that actively attracts, engages and diversifies audience through concept, planning and delivery

MAINTAIN THE HERITAGE AND PUBLIC ENJOYMENT OF OUR SITE



- **Conservation** – Protect and renew the site, enhancing its sustainability
- **Welcoming Destination** – Create a welcoming, memorable and safe destination for visitors
- **Heritage** – Bring to life the heritage and history of the site

NURTURE OUR CREATIVE COMMUNITY



- **Offering** – Strengthening our inspirational workspace offer creative enterprises (office space, Somerset House Exchange, BBI), artists (Studios) and Makerversity.
- **Connections & Engagement** – Realise the potential to SH, our community and the sector
- **Representation** – Promote pathways that address under-representation.

REVITALISE OUR SUSTAINABLE MODEL



- **Income** – Grow a reliable and sufficient income stream.
- **Efficiencies** – Reduce wastage, costs, duplication and carbon footprint.
- **People** – Promote the inclusion, wellbeing and resilience of our people, resourced to deliver strategic objectives and priorities.

We are hugely grateful to our staff who have displayed tenacity, creativity, and an ability to go above and beyond throughout the year. We have a strong base to build from and we remain positive about the potential and relevance of the Somerset House model combining a beautiful building, inclusive creative talent, an exciting community, and an ambitious public programme. As the home of cultural innovators, we are confident that we can continue to address together the challenges we collectively face.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, 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.

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

Disclosure of information to the auditor

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

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

Approved by the Board and signed on their behalf on 15 December 2022.


C Fairweather (Dec 15, 2022 13:32 GMT)

Carol Fairweather
Chair of the Audit and Risk Committee

INDEPENDENT AUDITOR'S REPORT TO TRUSTEES OF SOMERSET HOUSE TRUST

Opinion on the financial statements

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 2022 and of the Group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Somerset House Trust ("the Parent Charitable Company") and its subsidiaries ("the Group") for the year ended 31 March 2022 which comprise the consolidated statement of financial activities, the consolidated and charity balance sheets, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and the Parent Charitable Company in accordance with the ethical requirements relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions related to going concern

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

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

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

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The other information comprises the Chairman's foreword and Report of the Board of Trustees. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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.

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

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

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

- We made enquiries of management, and the Board, including:
 - how they have identified, evaluated and complied with laws and regulations and whether they were aware of any instances of non-compliance;
 - their process for detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - which internal controls have been established to mitigate risks related to fraud or non-compliance with laws and regulations.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Charity. These include, but are not limited to, compliance with the Companies Act 2006, UK GAAP, Charities SORP, fundraising regulations and tax legislation.
- In addition, the Charity is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: employment law, data protection and health and safety. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of Those Charged with Governance and other management and inspection of regulatory and legal correspondence if any.
- We considered management's incentives and opportunities for fraudulent manipulation of the financial statements (including revenue recognition and the risk of override of controls) and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates.

Audit response to risks identified

- The Senior Statutory Auditor has assessed and concluded that the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulation;
- We reviewed the financial statement disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- We made enquiries of the Board and management;
- We read minutes of meetings of those charged with governance;
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; considered completeness of related party transactions; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- We challenged assumptions made by management in their significant accounting estimates in particular in relation to the useful economic lives of tangible fixed assets and the allocation of support costs.

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

Somerset House Trust

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

For the year ended 31 March 2022

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.

DocuSigned by:

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Jill Halford (Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor

London

16 December 2022

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

Somerset House Trust

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

For the year ended 31 March 2022

	Notes	Unrestricted funds		Restricted funds	Total	Total
		General	Designated		2021/22	2020/21
		£'000	£'000	£'000	£'000	£'000
Income and endowments from:						
Donations, grants and legacies	2	110	-	935	1,045	1,541
Charitable activities						
<i>Property management and conservation</i>		2,058	-	200	2,258	2,212
<i>Cultural and public events</i>		3,459	-	-	3,459	293
<i>Public education and communication</i>		38	-	-	38	1
<i>Rental income</i>		6,277	-	-	6,277	5,863
Other trading activities						
<i>Concessions and venue hire</i>		2,653	-	-	2,653	265
<i>Merchandise income</i>		241	-	-	241	52
<i>Sponsorship and corporate membership</i>		792	-	-	792	104
Investments		1	-	-	1	3
Other Income		190	-	-	190	1,614
Total income		15,819	-	1,135	16,954	11,948
Expenditure on:						
Raising funds	3	132	-	-	132	215
Charitable activities						
<i>Property management and conservation</i>		5,428	2,415	348	8,191	6,770
<i>Cultural and public events</i>		3,784	64	629	4,477	1,610
<i>Public education and communication</i>		1,694	-	258	1,952	2,039
<i>Rental costs</i>		495	556	11	1,062	965
Other trading activities						
<i>Concessions and venue hire</i>		1,497	-	71	1,568	726
<i>Merchandise costs</i>		273	-	-	273	268
<i>Sponsorship and corporate membership</i>		46	-	-	46	1
Total expenditure	3,4,5,6	13,349	3,035	1,317	17,701	12,594
Tax credit on deficit	7	-	-	-	-	(20)
Net income/ (expenditure)	8	2,470	(3,035)	(182)	(747)	(626)
Transfers between funds	16	(2,227)	2,592	(365)	-	-
Net movement in funds		243	(443)	(547)	(747)	(626)
Fund balances brought forward at 1st April 2021	16	3,037	77,676	939	81,652	82,278
Fund balances carried forward at 31st March 2022	16	3,280	77,233	392	80,905	81,652
<i>Prior period reconciliation of funds</i>						
<i>Fund balances brought forward at 1st April 2020</i>		1,675	80,433	170	82,278	
<i>Net movement in funds</i>		1,362	(2,757)	769	(626)	
<i>Fund balances carried forward at 31st March 2021</i>		3,037	77,676	939	81,652	

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 38-56 form part of these financial statements.

Somerset House Trust

Consolidated and Charity Balance Sheet

For the year ended 31 March 2022

	Notes	Group 2021/22 £'000	Group 2020/21 £'000	Charity 2021/22 £'000	Charity 2020/21 £'000
Fixed assets					
Tangible fixed assets	11	75,233	77,676	75,233	77,676
Current assets					
Stocks		75	77	50	50
Debtors	13	2,968	2,156	4,594	2,007
Cash at bank and in hand		15,509	13,732	12,824	13,416
Total current assets		18,552	15,965	17,468	15,473
Current liabilities					
Creditors: amounts falling due within one year	14	(8,893)	(6,692)	(7,840)	(6,231)
Net current assets		9,659	9,273	9,628	9,242
Total assets less current liabilities		84,892	86,949	84,861	86,918
Creditors: amounts falling due after more than one year	15	(3,987)	(5,297)	(3,987)	(5,297)
Net assets		80,905	81,652	80,874	81,621
Funds					
General funds	16	3,280	3,037	3,249	3,006
Designated fixed asset reserve	16	75,233	77,676	75,233	77,676
Designated site works reserve	16	2,000	-	2,000	-
Restricted reserves	16	392	939	392	939
Total funds		80,905	81,652	80,874	81,621

The charity's income for the year of £15,461k (2020/21: £11,348k) less expenditure of £16,208k (2020/21: £11,887k) led to a deficit of £747k (2020/21: deficit of £539k).

The financial statements on pages 34 to 56 were approved by the Board, and signed on their behalf on 15 December 2022

C Fairweather
C Fairweather (Dec 15, 2022 13:32 GMT)

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

Somerset House Trust

Consolidated statement of cash flows

For the year ended 31 March 2022

	Notes	2021/22 £'000	2020/21 £'000
Net cash provided by operating activities	A	3,150	1,214
Cash flows from investing activities:			
Interest received		1	3
Purchase of tangible fixed assets	11	(592)	(213)
Net cash used in investing activities		(591)	(210)
Cash flows from financing activities:			
Interest paid		(83)	(43)
Increase in loan facility		-	5,000
Loan repayments		(334)	-
Finance lease capital repayments		(365)	(263)
Net cash used in financing activities		(782)	4,694
Change in cash and cash equivalents in the reporting period		1,777	5,697
Cash and cash equivalents at the beginning of the reporting period		13,732	8,035
Cash and cash equivalents at the end of the reporting period	B	15,509	13,732
A Reconciliation of net expenditure to net cash flow from operating activities			
		2021/22	2020/21
		£'000	£'000
Net expenditure for the reporting period (as per the statement of financial activities)		(747)	(626)
Adjustments for:			
Depreciation charges		3,035	2,999
Interest received		(1)	(3)
Interest paid		83	43
Increase / (decrease) in stock		2	(8)
(Increase) / decrease in debtors		(812)	216
Increase / (decrease) in creditors		1,590	(1,407)
Net cash inflow from operating activities		3,150	1,214
B Analysis of cash and cash equivalents			
		2021/22	2020/21
		£'000	£'000
Cash in hand (including rent deposits - see Note 14)		15,509	13,732

Somerset House Trust

Consolidated statement of cash flows

For the year ended 31 March 2022

Net cash / (debt) reconciliation

	At 1st April 2021	Cash flows	At 31st March 2022
	£'000	£'000	£'000
Cash at bank and in hand	13,732	1,777	15,509
Obligations under finance leases (note 20)	(996)	365	(631)
Obligations under bank loans (note 21)	(5,000)	334	(4,666)
Net cash	7,736	2,476	10,212

Obligations under bank loans: In 2020/21 the group entered into a new bank loan with Natwest under the CBILS scheme. There are no restrictions over the use of the cash and cash equivalent balances which comprises cash at bank and in hand.

1 Accounting policies

a) General information

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

b) Summary of significant accounting policies

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

c) Basis of preparation

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

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

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

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

Going Concern

As indicated earlier in this report, due to a combination of income rebounding faster than planned and continued caution in expenditure management, the Trust ended the financial year to 31 March 2022 with above-target reserves and strong cash balances. This will enable the Trust to endure a deficit in 2022/23, allowing ambition to return ahead of full restoration of income. Trustees had originally planned for the Trust to also report a small deficit in the following year, returning to a small surplus thereafter. Plans continue to be reviewed and adjusted to address the significant increase in energy costs and other inflationary pressures which are unlikely to be matched by income which is expected to have limited potential for growth.

Somerset House Trust

Notes to the financial statements

For the year ended 31 March 2022

Income for 2022/23 is forecast to be close to pre-pandemic levels, with key uncertainties being the potential impact of recession on most income streams:

- Impact of cost-of-living crisis on demand for our ticketed events
- Pace of filling rental voids (17% at end of March 2022)
- Demand for commercial hires
- Ability to secure sponsorship

Our cost base in 2022/23 is expected to exceed pre-pandemic levels with key drivers being:

- An ambitious new event in August 2022, This Bright Land, replacing our previous films offer
- Restoring, and in some areas increasing, headcount to pre-pandemic levels to address workload and wellbeing issues
- Inflation, with known material impacts on energy and insurance costs. As the year progresses, we are starting to see significant increases in some costs and continued pressure on wages and salaries. Challenges in recruiting in some functions, together with the cost-of-living crisis mean we, once again, brought forward our annual April pay review to October. As a London Living Wage employer and site, the Trust (and its onsite suppliers) is also committed to enacting the recently announced 8.1% increase.
- We continue to regularly review and update our financial forecasts covering multiple years. These forecasts assume that the Trust continues to pay a peppercorn to DCMS in respect of the leasehold, recently re-confirmed for a further five years.

The Trustees assessed the financial position of the Trust on a regular basis throughout the year. They continue to believe that the Trust has a robust and diversified operating model and that, in time, these income streams will rebuild. However, they recognise that the impact of energy crisis, inflation and the threat of recession means that they must continue to adopt a cautious approach ensuring there is sufficient flexibility in plans to respond to any external shocks.

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

d) Income

Income comprises rental and service charge income from tenants and artists, membership fees from Exchange members, ticket income from the cultural programme, furlough income via the governments job retention scheme, donations, income from the Trust's trading subsidiary in the form of private hire of space, sponsorship and retail activity. It also includes grant income to support capital projects as well as cultural and engagement & skills activity. The largest grant received in the year was £416k of Culture Recovery Funding from the Arts Council England (2020/21 £825k). This year we have also accrued income of £97k in relation to the Museum and Galleries Tax Credit on four exhibitions that occurred during the 2021/22 period (2020/21: £8k, three exhibitions). 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.

During the year the Trust received £190k of furlough income from the government's job retention scheme (2020/21: £1,614k), supporting the retention of both permanent and temporary staff.

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

e) Expenditure

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

f) Taxation

The Charity is a registered charity, and as such is entitled to certain tax exemptions on income and profits from investments, and surpluses on any trading activities carried on in furtherance of the charity's primary objectives, if these profits and surpluses are applied solely for charitable purpose. With the exception of restricted funds, income and surpluses are not ringfenced and may be applied to meet any of the Trust's expenditure requirements.

g) Employee benefits

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

h) Fixed assets and depreciation

Tangible fixed assets costing more than £5k with an expected useful life of more than one year are capitalised at cost, including incidental expenses of acquisition. Where individual asset costs are below £5k but are part of a bigger fixed asset purchase or project, these items are also capitalised. Tangible fixed assets are held at cost less accumulated depreciation, except for the value of the lease of the site from the Department for Digital, Culture, Media and Sport which is held at deemed cost, being the valuation on an 'in use' basis at 31 March 2009 less accumulated depreciation from that date. The property lease is held as a tangible fixed asset rather than an investment property as it is held primarily for social benefit. Depreciation is calculated to write off the cost of the asset on a straight-line basis over the life of the lease. Depreciation for leasehold improvements is charged on a monthly basis starting with the month in which the asset was brought into use. From 2019/20, on all other assets, depreciation is charged on a monthly basis starting with the month in which the asset was brought into use (previously depreciation was charged for a full year in the year of acquisition, and not in the year of disposal). Fixed assets are depreciated as follows:

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

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

i) Fund accounting

Balance sheet reserves have been allocated between two categories:

- Unrestricted reserves are available for use at the discretion of the Trustees in furtherance of the general charitable objectives. Designated reserves are a portion of the unrestricted reserves that have been set aside for a particular purpose by the Trustees. Designated reserves consist of the fixed asset reserve and the site works reserve.
- Restricted reserves consist of amounts subject to specific restrictions imposed by the donor or arising from contractual obligations.

j) Stock

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

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

k) Financial instruments

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

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

l) Leases

- i) Where the Trust enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the Balance Sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included in creditors. Rentals payable are apportioned between the finance element representing a constant proportion of the capital balance outstanding, which is charged to the SOFA, and the capital element which reduces the outstanding obligation for future instalments. All other leases are accounted for as operating leases and the rentals are charged to the SOFA on a straight-line basis over the life of the lease.
- ii) Where income is receivable under lease agreements, the basic element is recognised on a straight-line basis over the period of the lease, and any element based on a percentage of turnover of the lessee is recognised in the period to which that turnover relates. For leases entered into prior to 31 March 2014, lease incentives are

spread over the period to the next break clause. Lease incentives granted on leases entered into from 1 April 2014 are spread over the lease term. The exception to this is COVID-19 related rent concessions, where the concessions are recognised in the period they are intending to compensate.

m) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities. In 2020/21, the Trust applied for and received a loan of £5m, through National Westminster Bank, under the Coronavirus Business Interruption Loan Scheme. The loan is to be repaid over five years, after a one-year deferment.

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.

2 Donations, grants and legacies

	Unrestricted funds £'000	Restricted funds £'000	Total 2021/22 £'000	Total 2020/21 £'000
Donations	110	-	110	199
Grants receivable				
<i>Capital grants receivable</i>	-	204	204	285
<i>Revenue grants receivable</i>	-	731	731	1,057
Total donation, grant and legacy income	110	935	1,045	1,541

Included in grants receivable is Arts Council England funding of £416k from the Government's Culture Recovery Fund, used across a variety of capital and revenue projects, £59k from Westminster City Council for the Upgrade Yourself Kickstart programme and £9k from the Mayor of London's Let's Do London fund for Dodge (2020/21: £850k from the Government's Culture Recovery Fund used across a variety of capital and revenue projects). In addition to income from donations and legacies is £856k (2020/21: £104k) raised through sponsorship of the cultural

programme. This income appears separately on the face of the Statement of Financial Activities under Other trading activities.

Comparative income from donations, grants and legacies.

	Unrestricted funds £'000	Restricted funds £'000	Total 2020/21 £'000
Donations	199	-	199
Grants receivable			
<i>Capital grants receivable</i>	-	285	285
<i>Revenue grants receivable</i>	-	1,057	1,057
Total donation, grant and legacy income	199	1,342	1,541

3 Expenditure

	Direct costs £'000	Support costs £'000	Total 2021/22 £'000	Total 2020/21 £'000
Expenditure on raising funds				
Fundraising costs of grants and donations	110	22	132	215
	110	22	132	215
Expenditure on charitable activities				
Property management and conservation	7,982	209	8,191	6,770
Cultural and public events	4,177	300	4,477	1,610
Public education and communication	1,471	481	1,952	2,039
Rental costs	913	149	1,062	965
	14,543	1,139	15,682	11,384
Other trading expenditure				
Concessions and venue hire	1,341	227	1,568	726
Merchandise costs	253	20	273	268
Sponsorship and corporate membership costs	46	-	46	1
	1,640	247	1,887	995
Total expenditure	16,293	1,408	17,701	12,594

Comparative analysis of expenditure:

	Direct costs £'000	Support costs £'000	2020/21 £'000
Expenditure on raising funds			
Fundraising costs of grants and donations	183	32	215
	183	32	215
Expenditure on charitable activities			
Property management and conservation	6,627	143	6,770
Cultural and public events	1,365	245	1,610
Public education and communication	1,702	337	2,039
Rental costs	864	101	965
	10,558	826	11,384
Other trading expenditure			
Concessions and venue hire	566	160	726
Merchandise costs	228	40	268
Sponsorship and corporate membership costs	1	-	1
	795	200	995
Total expenditure	11,536	1,058	12,594

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 2021/22	Support costs 2020/21
	£'000	£'000	£'000	£'000	£'000
Administration	20	938	228	1,187	864
Governance (note 5)	2	77	19	98	126
Interest paid (note 6)	-	83	-	83	43
Marketing & Communications	-	40	-	40	25
	22	1,139	247	1,408	1,058

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

Comparative allocation of support costs:

	Expenditure on raising funds	Expenditure on charitable activities	Other expenditure	Support costs 2020/21
	£'000	£'000	£'000	£'000
Administration	28	662	174	864
Governance (note 5)	4	96	26	126
Interest paid (note 6)	-	43	-	43
Marketing & Communications	-	25	-	25
	32	826	200	1,058

5 Governance costs

	Expenditure on raising funds	Expenditure on charitable activities	Other expenditure	Support costs 2021/22	Support costs 2020/21
	£'000	£'000	£'000	£'000	£'000
Salary	1	24	6	31	66
Audit fees (note 8)	1	37	9	47	46
Legal and other professional fees	-	2	-	2	4
General office	-	14	4	18	10
	2	77	18	98	126

Higher governance costs in 2020/21 were due to additional board and reporting requirements due to COVID-19.

6 Interest payable and similar charges

	2021/22	2020/21
	£'000	£'000
Interest payable and similar charges	6	4
Finance lease interest	29	39
Bank loan interest	48	-
	83	43

7 Tax charge

	2021/22	2020/21
	£'000	£'000
UK Corporation Tax - current tax charge	-	-
Adjustment in respect of previous periods	-	(20)
Tax on loss on ordinary activities	-	(20)

8 Net expenditure

Net expenditure includes the following:

	2021/22	2020/21
	£'000	£'000
Auditor's fees:		
- for audit of Somerset House Trust	40	39
- for audit of Somerset House Enterprises Limited	7	7
	47	46

In addition to the audit fees listed above, fees for tax compliance services provided were £23k (2020/21: £10k).

	2021/22	2020/21
	£'000	£'000
Depreciation and amortisation:		
- property lease valuation	556	556
- leasehold improvements	2,110	2,101
- fixtures, fittings and equipment (owned)	366	227
- fixtures, fittings and equipment (leased)	3	115
	3,035	2,999

9 Employee details (Charity & Group)Staff Costs

	2021/22	2020/21
	£'000	£'000
Wages and salaries	3,526	3,458
Social security costs	369	352
Other pension costs	315	300
Temporary staff salaries (including social security and other pension costs)	825	540
	5,035	4,650

Staff costs include £1k of redundancy costs in relation to 8 members of staff (2020/21: included £110k of redundancy costs in relation to 27 members of staff of which £107k was funded). The other pension costs above include an accrual of £34k (2020/21: £28k) in respect of amounts due under employees' personal defined contribution schemes.

During the year the Trust received £190k of furlough income from the government's job retention scheme (2020/21: £1,614k), supporting the retention of both permanent and temporary staff.

Emoluments over £60,000

	2021/22	2020/21
	Number	Number
£60,001 - £70,000	2	3
£70,001 - £80,000	2	1
£80,001 - £90,000	-	1
£90,001 - £100,000	1	-
£110,001 - £120,000	-	1
£120,001 - £130,000	-	1
£130,001 - £140,000	1	-
£150,001 - £160,000	1	-

Key management personnel includes the Director, Deputy Director and Chief Operating Officer. Payments in respect of key management personnel employee benefits in year were £472k (2020/21: £406k), including pension costs of £38k (2020/21: £36k).

Staff functions

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

	2021/22	2020/21
	Number	Number
Concessions and venue hire	13	12
Fundraising	1	2
Rental	9	8
Property management and conservation	7	7
Cultural and public events	16	18
Public education, communication and visitor services	24	23
Merchandise	1	3
Governance and support services	12	11
	83	84

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

10 Transactions as an agent

During the year, £1,046k of tickets were sold on behalf of third parties (2020/21 £7k), of which £50k is recognised as processing fee income (2020/21 £0.4k).

11 Tangible fixed assets (Charity & Group)

	Property lease valuation	Leasehold improvements	Assets in the course of construction	Fixtures, fittings & equipment	Total
	£'000	£'000	£'000	£'000	£'000
<u>Cost or deemed cost</u>					
At 1 April 2021	64,541	51,599	171	3,501	119,812
Additions	-	29	78	485	592
Disposals	-	-	-	(192)	(192)
Transfers	-	171	(171)	-	-
At 31 March 2022	64,541	51,799	78	3,794	120,212
<u>Accumulated depreciation</u>					
At 1 April 2021	6,676	32,824	-	2,636	42,136
Charge for the year	556	2,110	-	369	3,035
Disposals	-	-	-	(192)	(192)
At 31 March 2022	7,232	34,934	-	2,813	44,979
<u>Net book value</u>					
At 31 March 2022	57,309	16,865	78	981	75,233
At 31 March 2021	57,865	18,775	171	865	77,676

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 £57,309k at 31 March 2022, £46,498k is in held in a revaluation reserve (see note 16).

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

Additions for the year include the installation of hostile vehicle mitigation bollards, CCTV replacement, equipment for new flexible workspaces and the digital department, digital displays and video conferencing.

Assets in the course of construction are for office ventilation works and our new online digital platform, completed in 2022/23.

Included within fixed assets are assets held under finance leases with a total value of net book value £264k (2020/21: £885k), comprising of the combined cooling, heating and power system.

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

12 Investments

Trust

	Charity 2021/22	Charity 2020/21
	£	£
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, retail, raising sponsorship for events and exhibitions, and merchandising. All activities have been consolidated on a line-by-line basis in the statement of financial activities. A summary of the results of the subsidiary is shown below.

Somerset House Trust

Notes to the financial statements

For the year ended 31 March 2022

Somerset House Enterprises Limited

	2021/22	2020/21
	£'000	£'000
Turnover	3,370	600
Costs of sales	(1,486)	(700)
Gross profit / (loss)	1,884	(100)
Administrative expenses	(7)	(6)
Profit/ (loss) on ordinary activities before taxation and Deed of Covenant	1,877	(106)
Tax on profit / (loss) on ordinary activities	-	20
Profit / (loss) for the financial year	1,877	(86)
Retained earnings at the beginning of the financial year	31	117
Qualifying charitable donation to the Trust	(1,877)	-
Retained earnings at the end of the financial year	31	31

The aggregate of the assets, liabilities and funds was:

	2021/22	2020/21
	£'000	£'000
Assets	2,982	492
Liabilities	(2,951)	(461)
Funds	31	31

The Directors of Somerset House Enterprises Limited intend to pay its available profits to the Trust within nine months of the year end and in accordance with the deed of covenant signed 15 March 2017, have formally declared their intention to do so for the foreseeable future (2020/21: As a loss was made, no amount was payable).

In 2020/21, a formal loan arrangement was put in place between the Trust and SHEL with an expiry dated of 31 March 2022, for the purpose of enabling SHEL to meet its short-term liabilities should it have insufficient cash. SHEL did not need to draw down on this loan during the period of the agreement and a new loan facility is not required.

13 Debtors: due within one year

	Group	Group	Charity	Charity
	2021/22	2020/21	2021/22	2020/21
	£'000	£'000	£'000	£'000
Trade debtors	1,452	833	1,225	722
Amounts owed by group undertakings	-	-	1,899	-
Other debtors	130	223	130	222
Prepayments and accrued income	1,366	1,080	1,340	1,063
Taxation	20	20	-	-
	2,968	2,156	4,594	2,007

14 Creditors: amounts falling due within one year

	Group	Group	Charity	Charity
	2021/22	2020/21	2021/22	2020/21
	£'000	£'000	£'000	£'000
Finance leases (note 20)	310	366	310	366
Bank loans and overdrafts (note 21)	1,000	333	1,000	333
Trade creditors	750	1,070	674	1,067
Taxation and social security	500	407	376	382
Other creditors	2,379	1,821	2,361	1,806
Accruals	936	603	719	578
Deferred income	3,018	2,092	2,400	1,699
	8,893	6,692	7,840	6,231

	Group	Group	Charity	Charity
	2021/22	2020/21	2021/22	2020/21
	£'000	£'000	£'000	£'000
Deferred income brought forward at 1 April	2,092	2,386	1,699	2,102
Deferred income now recognised	(2,092)	(2,386)	(1,699)	(2,102)
Income deferred in year	3,018	2,092	2,400	1,699
Deferred income carried forwards at 31 March	3,018	2,092	2,400	1,699

Other creditors in the charity includes funds held in trust for tenants under Rent Deposit Deeds, £2,220k (2020/21: £1,769k).

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

15 Creditors: amounts falling due after more than one year

	Charity & Group	
	2021/22	2020/21
	£'000	£'000
Bank loans due after more than one year (note 21)	3,666	4,667
Finance leases (note 20)	321	630
	3,987	5,297

In 2020/21, the Trust applied for and received a loan of £5m, through National Westminster Bank, under the Coronavirus Business Interruption Loan Scheme. The loan is to be repaid over five years, after a one-year deferment.

16 Statement of fundsGroup

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

Somerset House Trust

Notes to the financial statements

For the year ended 31 March 2022

Comparative Group

	At 1st April 2020	Income	Expenditure	Transfers	At 31st March 2021
	£'000	£'000	£'000	£'000	£'000
<u>Unrestricted funds</u>					
General funds	1,675	10,337	(8,824)	(151)	3,037
Designated fixed asset reserve					
Original cost/ valuation	33,033	-	(2,548)	242	30,727
Revaluation reserve	47,400	-	(451)	-	46,949
Total unrestricted funds	82,108	10,337	(11,823)	91	80,713
<u>Restricted funds</u>					
Maintenance and service charge fund	(35)	269	(135)	-	99
Projects fund	205	1,057	(616)	-	646
Capital grants fund	-	285	-	(91)	194
Total restricted funds	170	1,611	(751)	(91)	939
Total funds	82,278	11,948	(12,574)	-	81,652

Analysis of Net Assets Between Funds

	Unrestricted funds	Restricted funds	Total 2021/22	Unrestricted funds	Restricted funds	Total 2020/21
	£'000	£'000	£'000	£'000	£'000	£'000
Fixed assets	75,233	-	75,233	77,676	-	77,676
Current assets	18,159	392	18,551	15,026	939	15,965
Current liabilities	(8,893)	-	(8,893)	(6,692)	-	(6,692)
Liabilities due after one year	(3,987)	-	(3,987)	(5,297)	-	(5,297)
Group net assets	80,512	392	80,904	80,713	939	81,652

Notes to funds

Unrestricted funds

General funds

The general funds are available for spending on Somerset House's charitable activities. In 2020/21, with the continued uncertainty caused by the pandemic and the impact on longer term finances, the Trustees took the decision to revise the reserves target to a range of £0.8m to £1.5m (previously a fixed amount of £0.75m). This year, Trustees decided to revise the reserves target to a range of £1m to £2m. See pages 20-21 for more information.

Designated fixed asset reserve

£227k was transferred to the unrestricted designated fixed asset fund from general funds to reflect fixed asset additions funded by the Trust during the year (2020/21: £151k).

£365k 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 (2020/21: £91k).

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

Designated site works reserve

At the end of the year, Trustees designated £2m of reserves for projects for heritage, sustainability and visitor experience improvements. This was transferred to the unrestricted designated site works fund from general funds.

Restricted funds

- i) a Maintenance and service charge fund representing funds received from King's College which can be spent in accordance with the terms of the lease between the Trust and that tenant. The credit balance on this fund relates to service charge income that has not been fully utilised by expenditure incurred on the estate in connection with the tenancy of King's College, where the Trust is fulfilling its obligations under the lease. The long-term objective is for this restricted fund to carry a nil balance and future service charges will be adjusted accordingly.
- ii) a Project fund representing the unspent balance of Grants & Donations received for specific purposes at year end.
- iii) a Capital Grants fund representing the unspent balance of Grants received for specific purposes at year end.

17 Trustee remuneration and related party transactions

No remuneration directly or indirectly out of the funds of the charity was paid to any Trustee or to any related party. There were no expenses incurred by the charity for any trustee during the year (2020/21: nil). Directors & Officers Liability insurance was purchased by the charity during the year at a cost of £15.8k (2020/21: £9.9k)

The Trust's trading subsidiary, Somerset House Enterprises Limited, was recharged staff costs of £637k (2020/21: £612k), being the cost of staff incurred by the Trust for activities undertaken by the company and received £34k in

Somerset House Trust

Notes to the financial statements

For the year ended 31 March 2022

furlough income via the Trust from the government's job retention scheme (2020/21: £289k). At 31 March 2022, amounts due to the Trust from the company included an amount of £1,877k due from the company as a donation of its profits under gift aid for the year ended 31 March 2022, under the deed of covenant with the Trust signed on 15 March 2017 (2020/21: nil). All amounts owed between the Trust and the company are reflected in notes 13 and 14 of the accounts.

Nine trustees made contributions to the Trust during the year, totalling £54k (2020/21: ten trustees, £67k). Gifts were made to the One-to-One Patron scheme, the Young Talent fund and under the Supporters' Court initiative, a membership group established to engage major donors.

Oluwole Kolade has loaned the Trust an architectural drawing on a 10-year loan agreement from February 2022 with a nil value.

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

Paul Goswell (Director) is a Member of Council of King's College which rents space at Somerset House. King's College paid Somerset House Trust £1,655k for rent and service charge and £33k relating to a partnership with Somerset House Studios. Somerset House Trust paid King's College £11k for utility charges (2020/21: King's College paid £1,691k for rent and service charge; £4k was paid to King's College for utility charges).

Monica Monajem (Director) is the Chief Executive of the Adonyeva Foundation, who have donated £54k to Somerset House Trust during 2021/22 (2020/21: £147k), and is a Director of David Koma Ltd, who have paid £5k sponsorship to Somerset House Trust during 2021/22 (2020/21: nil).

Jonathan Reekie (member of the Executive Team) is a Director of Northbank BID Limited which rented office space at Somerset House until the end of October 2021. Northbank BID Limited paid Somerset House Trust £12k for rent and service charges and £8k for miscellaneous charges. Somerset House Trust refunded to Northbank BID Limited the security deposit of £12k (2020/21: £55k received for rent and service charges and £2k miscellaneous charges).

18 Charitable status

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

19 Capital commitments

Contracted and authorised capital commitments not provided for as at the year-end are as follows:

	Charity & Group	
	2021/22	2020/21
	£'000	£'000
Contracted and authorised at 1 April	419	42
Contracted and authorised commitments entered into during the course of the year and outstanding at the year end	261	400
Utilised during the year	(411)	(23)
Commitment no longer required	(8)	-
Contracted and authorised at 31 March	261	419

20 Finance leases

Future minimum payments under finance leases are as follows:

	2021/22	2020/21
	£'000	£'000
<i>Within one year</i>	327	395
<i>In more than one year, but not more than five years</i>	327	654
Total gross payments	654	1,049
Future financing charges	(23)	(53)
Finance lease liability	631	996

21 Bank Loan

Future minimum bank loan payments are as follows:

	2021/22	2020/21
	£'000	£'000
<i>Within one year</i>	1,128	372
<i>In more than one year, but not more than five years</i>	3,876	4,260
<i>After five years</i>	-	673
Total gross payments	5,004	5,305
Future financing charges	(338)	(305)
Bank loan liability	4,666	5,000

22 Operating lessor

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

	2021/22	2020/21
	£'000	£'000
Receipts due	21,541	20,129
<i>Within one year</i>	5,810	4,620
<i>In more than one year, but not more than five years</i>	5,818	5,536
<i>After five years</i>	9,913	9,973

Somerset House Trust

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

For the year ended 31 March 2021

	Notes	Unrestricted funds		Restricted funds	Total
		General	Designated	funds	2020/21
		£000	£000	£000	£000
Income and endowments from:					
Donations and legacies	2	199	-	1,342	1,541
Charitable activities					
<i>Property management and conservation</i>		1,943	-	269	2,212
<i>Cultural and public events</i>		293	-	-	293
<i>Public education and communication</i>		1	-	-	1
<i>Rental income</i>		5,863	-	-	5,863
Other trading activities					
<i>Concessions and venue hire</i>		265	-	-	265
<i>Merchandise income</i>		52	-	-	52
<i>Sponsorship and corporate membership</i>		104	-	-	104
Investments		3	-	-	3
Other Income		1,614	-	-	1,614
Total income		10,337	-	1,611	11,948
Expenditure on:					
Raising funds	3	200		15	215
Charitable activities					
<i>Property management and conservation</i>		4,098	2,379	293	6,770
<i>Cultural and public events</i>		1,358	64	188	1,610
<i>Public education and communication</i>		1,809	-	230	2,039
<i>Rental costs</i>		402	556	7	965
Other trading activities					
<i>Concessions and venue hire</i>		725	-	1	726
<i>Merchandise costs</i>		251	-	17	268
<i>Sponsorship costs</i>		1	-	-	1
				-	
Total expenditure	3,4,5,6	8,844	2,999	751	12,594
Tax (credit) / charge on deficit	7	(20)	-	-	(20)
Net income/ (expenditure)	8	1,513	(2,999)	860	(626)
Transfers between funds	16	(151)	242	(91)	-
Net movement in funds		1,362	(2,757)	769	(626)
Fund balances brought forward at 1 April 2020	16	1,675	80,433	170	82,278
Fund balances carried forward at 31 March 2021		3,037	77,676	939	81,652