



# SOMERSET HOUSE

Annual Report and Accounts for the year ended 31 March 2009  
Registered Company Number: 3388137  
Registered Charity Number: 1063640

Somerset House Trust  
Annual Report and Financial Statements  
For the year ended 31 March 2009

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Somerset House Trust  
Trustees' Report  
For the year ended 31 March 2009

The Board presents the report and financial statements of Somerset House Trust for the year ended 31 March 2009. The statements appear in the format required by the Statement of Recommended Practice for Accounting and Reporting by Charities 2005 (revised May 2008). The report and statements also comply with the Companies Act 1985.

**ADMINISTRATIVE DETAILS**

Charity Number: 1063640

Company Number: 3388137

Registered Address: Somerset House, Strand, London WC2R 1LA

Auditors: PricewaterhouseCoopers LLP, 80 Strand, London WC2R 0AF

Bankers: National Westminster Bank Plc, Cavell House, 2a Charing Cross Road, London WC2

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

Herbert Smith LLP, Exchange House, London EC2A 2HS

During the year the Trustees, who are also the directors and members of the company, were:

Professor Richard Burdett

\* Mr Tony Elliott

\* Mr Robert Gillespie (Chairman)

\* Mr Jeremy Hardie

Lady Irvine of Lairg

Sir Simon Jenkins

Sir Mark Potter

\* Mr James Strachan (resigned 16 May 2008)

Ms Joanna Pitman (appointed 18 March 2009)

\* = Member of the Finance and Audit Committee

Company Secretary: Joe Gandhi

Chief Executive: Gwyn Miles

Somerset House Trust  
Trustees Report (continued)  
For the year ended 31 March 2009

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**History and background**

Somerset House is built on the site of a Tudor royal palace on the north bank of the Thames. It was designed by Sir William Chambers and constructed between 1785 and 1803 to accommodate government offices, including the Navy Board and the learned societies. An adjacent wing (the new wing designed by James Pennethorne) was added in 1856.

The use of the building as offices for civil servants meant that it was essentially closed to the public during the twentieth century, with the courtyard used as a government car park. A spirited campaign was mounted in the late twentieth century to bring the building back into public use. In 1990 the Courtauld Institute of Art moved into the north wing. The advent of the national lottery in 1995 provided the impetus to re-open the courtyard and south wing to the public in 2000.

Somerset House Trust was established in 1997 as a charity to enhance the education of the general public by the provision of a centre for arts and culture and to maintain the buildings for the benefit of the local and international community as an example of English national heritage. Two major grants from the Heritage Lottery Fund enabled the restoration of three of the six floors of the south wing and the installation of the fountain court within the courtyard. The Secretary of State for the Environment via The Department for Culture, Media and Sport ("DCMS") granted a 128-year lease to SHT which allows the Trust to charge rent for office space, thus guaranteeing an ongoing revenue stream. HMRC occupy two thirds of the building and pay an annual rent and a service charge. The Courtauld Institute of Art occupies the north wing. The Trust also rents small office suites in the south wing to cultural organisations such as the Clore Leadership Programme, the Sorrell Foundation and the Royal Society of Literature.

Somerset House Trust has built up a distinctive public programme, with an ice rink in the winter, pop concerts and an open-air film season in the summer and a craft fair in the autumn. The exhibitions presented at Somerset House were mounted by its cultural tenants; either the Courtauld Institute of Art in the north wing (alongside their galleries of permanent displays of Renaissance and Impressionist art) with a separate suite of rooms for special displays from the State Hermitage Museum in St Petersburg, or the Gilbert Collection, which opened to the public in 2000. Although attracting large visitor numbers when they opened, both the Gilbert Collection and the Hermitage Rooms struggled to keep their audiences. The Gilbert Collection has now moved to the Victoria and Albert Museum where it will be displayed alongside the national collection of silver and jewellery and should attract more visitors as part of a classic collection of decorative arts. The funding for exhibitions in the Hermitage Rooms has been exhausted and they closed in November 2006. The Trust is now using these galleries to mount exhibitions and displays on contemporary design, fashion, architecture and photography.

# Somerset House Trust

## Trustees Report (continued)

For the year ended 31 March 2009

### **Governing Document**

The Trust was incorporated as Somerset House Limited, a private company limited by guarantee, in 1997 and registered as a charity under the same name. Its name was officially changed to Somerset House Trust in 1998. The charity is governed by its Memorandum and Articles of Association. The Somerset House Act 1984, although preceding the creation of the Trust, indicates the intentions of Parliament and the Government for the future development of Somerset House as a home for culture and the arts. Members of the Board of Trustees are also the directors of the company. The Trust's commercial activities are undertaken by a wholly-owned subsidiary, Somerset House Enterprises Limited, which gifts its net income to the Trust.

### **Appointment of Trustees**

Trustees are appointed following a review by the Chairman and existing Board members of the relevant skills and experience required by the Trust. Current Trustees have experience and knowledge of the Trust's wide range of activities, including architecture and heritage, the visual arts and contemporary culture as well as finance and law.

### **Trustee induction and training**

New Trustees receive extensive background material to familiarise themselves with the history and activities of the Trust as well as Charity Commission documentation to inform them of their responsibilities and obligations under charity law. In addition, they are briefed by the Chief Executive on the key policy and operational issues facing the Trust.

### **Organisation**

The Trustees meet every two months. At each meeting they consider a full report from the management team including the latest management accounts and progress reports on current projects, as well as policy papers and design presentations as appropriate. As part of the Trust's planning processes the Board will henceforth carry out an annual review of its strategy.

In addition to the meetings of the main Board, the Finance and Audit Committee meets every two months, with the usual range of responsibilities. The main Board receives reports from the Finance and Audit Committee, and all major issues are reserved for main Board decision.

### **Risk Management**

The Trust is landlord to a number of tenants, many of whom are themselves charities. The Trust's primary tenant is Her Majesty's Revenue and Customs (HMRC) who occupy the new wing, the west wing and the east wing of Somerset House. The Trust does not currently receive any financial support from the Government and relies upon the rent paid by HMRC to fund the conservation of the buildings and the Trust's

Somerset House Trust  
Trustees Report (continued)  
For the year ended 31 March 2009

operations. The Trust supports its public programme through donations, gifts, sponsorship and ticket income and income-generating activities such as letting of space for corporate events, catering and filming.

The Trustees have identified and examined the major risks to which the Trust is exposed and have, through the preparation and review of a risk register, established a system for monitoring these risks. The key risk identified is the Trust's ability to remain viable once its major tenant (HMRC) vacates the site. A strategic review has been undertaken to consider the options for moving forward, taking into account the risk factors for each. At this time HMRC have exercised their right to vacate the east wing in September 2009. However, the Trust has not released HMRC from their lease on the west or new wings which runs until 2022.

In addition, issues related to business continuity, emergency reaction planning and health and safety have been carefully considered. Systems are in place to control and mitigate these risks in order to reduce them to an acceptable level and these systems are regularly monitored for effectiveness.

Somerset House Trust  
Trustees Report (continued)  
For the year ended 31 March 2009

**AIMS, OBJECTIVES AND STRATEGIES**

Somerset House is developing into a new creative centre housed in an architectural masterpiece open for the enjoyment of the public.

The Trust aims to:

- conserve and restore Somerset House to a high standard;
- provide a range of arts and cultural activities;
- ensure that the site is presented to the public as a world class heritage site used for modern cultural purposes.

Key objectives and activities in support of these aims currently are:

- To maintain and improve the buildings and bring all areas under the Trust's control into use  
The Trust is responsible for the maintenance, security and cleanliness of the site. Currently HMRC occupy the east, west and new wings, while the Courtauld Institute of Art occupies the north wing on a full repairing lease. The south wing is available to the public with an information hall, restaurants and public facilities, galleries and a learning centre. It also houses the offices of the Trust and those let to tenants in the arts and creative industries.
- To run a vibrant public events programme  
The Trust runs a wide-ranging programme of events in order to attract new audiences to the building, to build its reputation for innovative commissions, and to provide recreation of a high quality, combining the historic elegance of the building with the contemporary appeal of the events. An open-air film season, concerts, a craft fair and the ice rink are examples of events that make extensive use of the Edmond J. Safra fountain court and bring the public to the site. This year temporary exhibitions were introduced as a new strand of programming. A pilot period of three years is intended to test the cohesiveness of the proposed programme, the critical and intellectual success of individual exhibitions, as well as audience appetite. The objectives of the programme are that it should be distinctive, bold and imaginative and appeal to a young, culturally aware audience.
- To host world-class displays at Somerset House  
The Courtauld gallery houses one of the most important collections of art in Britain, including world-famous old master and impressionist and post-impressionist paintings, sculpture, applied art, prints and drawings. In addition to the permanent displays of the collection, temporary exhibitions highlighting research into specific aspects of the collection are regularly mounted.

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Trustees Report (continued)  
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- To make the visitor experience enjoyable and memorable  
Improving the visitor experience at Somerset House is a major focus for the work of the Trust. Refreshments are provided for visitors in a range of cafés and bars operated by the contracted caterers, Leith's. An information desk situated in the Seamen's hall is hosted by volunteers. A new suite of rooms, the terrace rooms off the Seamen's hall, were opened to the public with a variety of free displays over the year.
- To develop an innovative learning programme  
The Trust operates a family education programme alongside the learning programme run by the Courtauld Institute of Art whose focus is on education provision for schools, particularly secondary and adult education. The Sorrell Foundation is now based at Somerset House and the Young Design Centre is now well established, with the exhibition entitled "What's Next for Schools?" installed near the Embankment Entrance. The centre draws attention to what young people expect from the designers of their schools, and aims to encourage local authorities to make use of the significant body of practical evidence that the Sorrell Foundation has gathered over seven years through the *joinedupdesignforschools* programme.

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, including the guidance on public benefit and fee charging. The Trust relies on donations, sponsorship, gifts, grants and the income from fees and charges to cover its operating costs. In setting the level of fees, charges and concessions, the Trustees give careful consideration to the accessibility of the site for those on low incomes.

The strategies employed to achieve the Trust's aims and objectives are to:

- present a broad range of public programmes, exhibitions and learning activities for the enjoyment and education of the general public;
- offer opportunities for a broad range of people to get involved in arts activity exploring their own creative ability;
- provide facilities for individuals and organisations to develop and participate in cultural exchange;
- involve families and young people, of varying ages, in the arts;
- celebrate the diversity of cultures in our society by working with and programming by artists of different cultural backgrounds.

## **ACHIEVEMENTS AND PERFORMANCE**

### **Building and Conservation**

The provision of facilities management has been streamlined, with the appointment of a single contractor to cover cleaning, building and service maintenance. This has allowed the Trust to provide a more efficient service and act as a responsive landlord to its tenants. The Trust has undertaken improvements in the south wing to refurbish the upper, attic floor so that it can be let to tenants in the cultural industries.

### **Galleries and Exhibitions**

#### *Courtauld Galleries*

The number of visitors to the Courtauld Galleries was 196,281, an increase of 24.5% from the previous year. Temporary exhibitions highlighting aspects of research into the permanent collections contributed to this success: *Renoir at the Theatre: Looking at La Loge* (21 Feb - 26 May 2008), *The Courtauld Cézannes* (26 Jun - 5 Oct 2008), *Paths to Fame: Turner watercolours from the Courtauld* (30 Oct 2008 - 25 Jan 2009) and *Love and Marriage in Renaissance Florence: the Courtauld Wedding Chests* (18 Sept 2008 – 17 May 2009).

#### *Displays in the South Wing*

In the Embankment Galleries: *Skin and Bones: parallel practices in architecture and fashion* (24 April – 10 Aug 2008) and *Wouldn't it be nice: wishful thinking in art and design* (17 Sept – 21 Dec 2008).

#### *Displays in the Terrace Rooms*

*London: Open City* (6 Mar – 20 Jun 2008) and *Greater London: Richard Bryant's Photographic Celebration of a City* (11 Nov 2008 – 19 Jul 2009).

### **Public Events Programme**

#### *Skate*

The Somerset House ice rink, this year sponsored by Tiffany & Co, was again a highlight of London's winter season. The ice rink was open for ten weeks from the end of November until the end of January and attracted over 129,000 skaters of all ages.

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Trustees Report (continued)  
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Other spectacular events held in the Edmond J Safra Fountain Court included:

*Summer Series*

The eleven nights of concerts attracted a total audience of 31,601. In addition nine of the concerts were streamed to a new website, "Channelbee". The line up consisted of the following acts: The Fratellis, Justice, Unkle, Blue Nile, Lupe Fiasco, We Are Scientists, The Zutons, The Feeling, Duffy, Adele and Joanna Newsome.

*Film4 Summer Screen*

Working in partnership with Film4 the series of outdoor cinema screenings attracted a total audience of 19,809. The programme featured the following: Hellboy II, Pan's Labyrinth and The Exorcist (double bill) with Peter and the Wolf (C4 Oscar-winning short), Brokeback Mountain, O Brother Where Art Thou, Leon, 8 1/2, Dr Strangelove, Singin' in the Rain, The Elephant Man and Wild at Heart (double bill) and Scarface.

The *Behind the Screen* programme featured Mike Figgis's *Piazza di Spagna* in the terrace rooms. It also included a family screening and workshop of *Peter and the Wolf*, a set of Channel4 Shorts with Paddy Considine; a talk by Mike Figgis, an interview with Betsy Blair (first wife of Gene Kelly) and a panel discussion on Dr Strangelove with Lord David Owen and John Pilger that coincided with the anniversary of Hiroshima.

*Origin*

The Trust again hosted *Origin – the London Craft Fair* in conjunction with the Crafts Council. It attracted 18,678 visitors. A link was made between the pavilion and the interior of Somerset House by a trail of curated artworks.

**Education and Learning**

The Learning Programme focused on activities that closely reflected the programme of public events in Autumn/ Winter 2008. It included workshops for families and young people reflecting the themes of *Wouldn't It be Nice* and *Paths to Fame: Turner watercolours from the Courtauld*, and holiday drop-ins complementing *Skate*. A programme of activities for adults and children during *Origin* included talks, workshops, handling sessions and demonstrations by makers. Activities responding to *Open House* weekend and *Open Rehearsal*, and a holiday drop-in celebrating *The Big Draw* were also provided. A fashion illustration studio day for 13-18 year olds, and 'creative catwalk' family workshops took place during *London Fashion Week*; all were fully subscribed. Overall attendance was double that of the comparable period for 2007, with a significant percentage of new visitors to Somerset House.

# Somerset House Trust

## Trustees Report (continued)

For the year ended 31 March 2009

*Free Time* moved to August and attracted over 25,500 visitors. Activities were developed around a circus theme and programmed for an audience of young children and families. The programme had a good mix of participatory activities and performance. For the first time this year the education department at the Courtauld delivered events as part of Free Time, whilst workshop activities in the learning centre attracted nearly 3,000 participants.

*Skate* was the focus of all-day holiday drop-in workshops which presented winter-themed art activities for families. *Skate School* introduced a large number of children to skating and allowed 3,000 schoolchildren from London to skate for free. Further daytime sessions were made available exclusively to wheelchair users, enabling a total of 60 wheelchair users to skate for free, with additional ice marshals providing one-to-one support. *Skate School* included a skills training element for the ice marshals allowing them to increase their skills base and future career paths.

### **Writer in Residence**

Ruth Padel, our first writer in residence, spent a year at Somerset House during which time she wrote a book *Darwin: a life in poems*, invited poets to participate in lunchtime poetry readings and also invited six eminent writers to give a series of exclusive talks about their favourite painting in the Courtauld Gallery. The writers were Philip Pullman on *Manet*, Hisham Matar on *Cranach*, Julia Neuberger on *Pissaro*, Colm Toibin on *Cézanne*, Jackie Kay on *Degas* and Gillian Beer on *Vanessa Bell*. All the talks were published and pod cast through "The Guardian". Ruth also led three workshops for schoolchildren. The residency ended with a lecture about Charles Darwin organised jointly with the Royal Society of Literature and the Royal Society.

### **Valuing Volunteers**

The Trust has an active volunteer programme. The information desk located in the Seamen's hall is staffed throughout the year by volunteers who provide information to visitors. A programme of guided tours around areas of Somerset House is provided by the volunteers, with some 1,969 visitors taking part. Volunteers contribute in other areas, such as assisting at outdoor events and working on the historical research programme. The Trust continues to offer work placements, mostly for young people as part of their education. During the financial year, the Trust's volunteers collectively contributed time equivalent to some 10,200 working hours with an estimated value of approximately £120,000. The Trustees greatly appreciate this contribution made by those who volunteer at Somerset House and thank them for their continuing support.

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Trustees Report (continued)  
For the year ended 31 March 2009

**FINANCIAL REVIEW AND PRICING POLICY**

The following commentary relates to the consolidated financial statements of Somerset House Trust and its sole subsidiary, Somerset House Enterprises Limited.

**Incoming Resources**

Total income from all sources amounted to £10,247,343 (2007/08: £8,075,551), which is composed principally of rental income and service charge contributions from the Trust's tenants, grants, donations & gifts and income from the cultural programme. Income from activities in the furtherance of the Trust's objectives comprised service charge contributions from tenants which can only be applied towards the cost of running and maintaining the estate. Additional income included ticket income from the Trust's summer events and from the ice rink. Other income was earned by Somerset House Enterprises Limited from the letting of space for catering, corporate events and filming.

The growth in net income was due to RPI increases to rental income and increased spaces available for corporate entertaining activity. Rents and service charges payable by tenants constitute the Trust's main source of ongoing income and these increased in line with the retail price index. Rents due under the head lease have been waived by DCMS amounting to £1,662,000. This has been recognised as a gift in kind.

**Resources Expended**

The total sum expended on the Trust's operations and management and in generating funds was £11,662,595 (2007/08: £9,473,097). The main area of expenditure was the management and conservation of the estate, which is open to the public throughout the year. This is consistent with one of the Trust's primary objectives to conserve Somerset House as a public building. The other significant area of expenditure was on the public events programme.

Other expenditure arose on the Trust's diverse activities in support of its aim to increase public enjoyment of the building, including visitor services, the education programme and the marketing of Somerset House as a major cultural destination.

**Assets and liabilities**

The value of the Trust's fixed assets declined during the year, with the cost of additional building works being offset by the amortisation and depreciation charges for the year.

Creditors payable within one year include amounts due to purchase creditors and accruals for work completed prior to the year end. Also included within creditors is deferred rental income which was received from tenants prior to the year-end but which relates to the period April to June 2009.

# Somerset House Trust

## Trustees Report (continued)

For the year ended 31 March 2009

Designated funds at the year end represent the net book value of building works and the amounts outstanding on loans taken out to fund those works. Restricted funds at the year end include the Maintenance and Service Charge Fund which is used to finance certain estate costs borne by the Trust on behalf of its tenants. Other restricted funds arose from fundraising activities to support the costs of the Trust's public events programme in 2008-09 and donations and costs for the development of the Edmond J Safra fountain court.

### **Results of the subsidiary company**

Commercial activities during the year included corporate and private events, the hire of space for photography or filming and sponsorship activities. These activities are undertaken through the Trust's wholly-owned trading subsidiary, Somerset House Enterprises Limited. The slowdown in the general economic climate has had a negative impact on corporate entertainment in the last quarter of the 2008-09 financial year. However for the year as a whole net income has grown, primarily due to the opening of additional entertaining venues for hospitality events resulting in an increase in the net contribution to the Trust from £ 720,762 to £ 759,534.

### **Reserves Policy**

The majority of the Trust's assets are held as fixed assets and it is the Trust's policy to maintain a low level of net current assets, applying any surplus funds to the repayment of loan borrowings when possible. At 31 March 2009 unrestricted general reserves were £1,609,492 (31 March 2008 £1,341,707). The Board regularly reviews the level of reserves held as well as cash flow forecasts to ensure that these are sufficient to meet the ongoing needs of the Trust. Given the regular and reliable nature of rental income, the Trustees are satisfied that the Trust has sufficient funds and financing in place to continue operating for the foreseeable future and to meet its obligations as they fall due.

### **Pricing Policy**

The Trust's pricing policy reflects its strategy of enabling all members of the public, whatever their means, to take part in a number of activities of the Trust.

Free of Charge Activities:

- Installations and displays
- Site guided tours
- Access to the site, south wing, river terrace and the Edmond J Safra fountain court
- Family workshops

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Trustees Report (continued)  
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Chargeable Activities:

- Exhibitions & Exhibition talks
- Summer Screen & Summer Series concerts
- Skating programme
- Learning workshops

Concessionary, family and off-peak tickets are available for a number of the activities above. Please refer to our website at [www.somersethouse.org.uk](http://www.somersethouse.org.uk) for full details of specific pricing.

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Trustees Report (continued)  
For the year ended 31 March 2009

**PLANS FOR FUTURE PERIODS**

Somerset House Trust's vision is to complete the restoration of the estate, create a sustainable cultural community to occupy it and provide a new cultural legacy for future generations.

To achieve this vision the Trust plans to:

- Complete the restoration of the eighteenth century buildings surrounding the Edmond J Safra fountain court and provide public access for the first time to all the wings at ground level;
- Open up the spectacular light wells, creating new pedestrian routes through and around the building and re-establishing the link from Covent Garden to the River Thames;
- Convert existing offices into high quality rentable spaces for the creative industries, to act as the engine of the creative economy within Somerset House;
- Colonise the vaults around the courtyard as studio spaces for artists, makers, designers, photographers, etc to stimulate creativity on the site;
- Strengthen the existing cultural programmes at Somerset House with a new temporary exhibitions programme and regular art installations alongside different manifestations of the performing arts and literature;
- Stimulate life-long-learning through participation with practitioners in the creative economy;
- Engage the imagination of the public with this outstanding example of our English national heritage.

In formulating this plan the trust has given regard to the nature of the buildings and the appropriate activities to house within them. The ground floor (Strand level) will be devoted to public access in the wings surrounding the courtyard with the upper floors used as offices to teaching spaces and the lower levels used as studios for artists, designers and makers. HMRC have given notice that they will vacate the east wing (20% of the space they occupy) in September 2009. The Trust is currently finalising negotiations to lease this wing to King's College, whose educational objectives complement those of the Trust and who already occupy an extensive estate to the east of Somerset House. The ground floor will be leased back to Somerset House Trust as part of the public realm on the site. The redevelopment of this wing is expected to take around two years with it open and accessible to the public by 2012.

Somerset House Trust  
Trustees Report (continued)  
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**TRUSTEES' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS**

Company law legislation requires the Trustees to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the charitable company and the group and of the surplus or deficit of the charitable company and the group for that period. In preparing those financial statements the Trustees are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The Trustees are responsible for keeping proper accounting records which 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 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps toward the prevention and detection of fraud and other irregularities.

In accordance with company law, as the company's directors, we certify that:

- as far as we are aware, there is no relevant audit information of which the company's auditors are unaware; and
- as directors of the company we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

**AUDITORS**

The Board has taken a decision to re-appoint PricewaterhouseCoopers LLP as auditors for the coming year.

By order of the Trustees

**Robert Gillespie, Chairman**  
**15th July 2009**

# Independent Auditors' Report to the Members of Somerset House Trust

We have audited the group and parent charity financial statements ("the financial statements") of Somerset House Trust for the year ended 31 March 2009, which comprise the Group Statement of Financial Activities, the Group and Charity Balance Sheets, the Group Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

## **Respective responsibilities of trustees and auditors**

The responsibilities of the trustees (who are also the directors of Somerset House Trust for the purposes of company law) for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the charitable company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Trustees' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Trustees' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

## **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group and charitable company's circumstances, consistently applied and adequately disclosed.

## Independent Auditors' Report to the Members of Somerset House Trust

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent charitable company's affairs as at 31 March 2009 and of the group's incoming resources and application of resources, including the group's income and expenditure and cash flows, for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Trustees' Report is consistent with the financial statements.

**PricewaterhouseCoopers LLP**

**Chartered Accountants and Registered Auditors, London**

Date

# Consolidated Statement of Financial Activities

For the year ended 31 March 2009 (including income and expenditure account)

	Notes	Unrestricted				2008/2009	2007/2008
		General	Designated	Restricted	Endowment	Total	Total
		£	£	£	£	£	
<b>INCOMING RESOURCES</b>							
<i>Incoming resources from generated funds</i>							
Concessions and venue hire		798,434	-	-	-	<b>798,434</b>	986,813
Sponsorship		334,500	-	-	-	<b>334,500</b>	175,000
Grants, donations and gifts		1,662,800	-	272,002	-	<b>1,934,802</b>	207,000
Rental income		3,549,485	-	-	-	<b>3,549,485</b>	3,324,064
Bank interest receivable		58,890	-	-	-	<b>58,890</b>	68,285
		<u>6,404,109</u>	<u>-</u>	<u>272,002</u>	<u>-</u>	<b><u>6,676,111</u></b>	<b><u>4,761,162</u></b>
<i>Incoming resources from charitable activities</i>							
Property management and conservation		38,118	-	1,407,320	-	<b>1,445,438</b>	1,532,740
Cultural and public events		2,054,754	-	-	-	<b>2,054,754</b>	1,690,032
Other income		71,040	-	-	-	<b>71,040</b>	91,617
		<u>2,163,912</u>	<u>-</u>	<u>1,407,320</u>	<u>-</u>	<b><u>3,571,232</u></b>	<b><u>3,314,389</u></b>
<b>Total incoming resources</b>		<b><u>8,568,021</u></b>	<b><u>-</u></b>	<b><u>1,679,322</u></b>	<b><u>-</u></b>	<b><u>10,247,343</u></b>	<b><u>8,075,551</u></b>
<b>RESOURCES EXPENDED</b>							
<i>Costs of generating funds</i>							
Concessions and venue hire	2	(452,703)	-	-	-	<b>(452,703)</b>	(479,871)
Sponsorship costs	2	(49,608)	-	-	-	<b>(49,608)</b>	(55,093)
Fundraising costs of grants and donations	2	(189,805)	-	-	-	<b>(189,805)</b>	(140,183)
Bank interest payable	2		(83,934)	-	-	<b>(83,934)</b>	(127,201)
		<u>(692,116)</u>	<u>(83,934)</u>	<u>-</u>	<u>-</u>	<b><u>(776,050)</u></b>	<b><u>(802,348)</u></b>
<i>Cost of charitable activities</i>							
Property management and conservation	2	(2,625,367)	(1,814,074)	(1,147,030)	(549,055)	<b>(6,135,526)</b>	(4,390,712)
Cultural and public events	2	(3,396,625)	-	(25,750)	-	<b>(3,422,375)</b>	(3,108,107)
Public education, communication and visitor services	2	(880,907)	-	-	-	<b>(880,907)</b>	(953,389)
Other	2	(31,131)	-	-	-	<b>(31,131)</b>	-
		<u>(6,934,030)</u>	<u>(1,814,074)</u>	<u>(1,172,780)</u>	<u>(549,055)</u>	<b><u>(10,469,939)</u></b>	<b><u>(8,452,208)</u></b>
<i>Governance costs</i>	2	(416,606)	-	-	-	<b>(416,606)</b>	<b>(218,541)</b>
<b>Total Resources Expended</b>		<b><u>(8,042,752)</u></b>	<b><u>(1,898,008)</u></b>	<b><u>(1,172,780)</u></b>	<b><u>(549,055)</u></b>	<b><u>(11,662,595)</u></b>	<b><u>(9,473,097)</u></b>
<i>Transfers between funds</i>							
Financing		262,932	(262,932)	-	-	-	-
Other		(520,416)	840,006	(319,590)	-	-	-
	11	<u>(257,484)</u>	<u>577,074</u>	<u>(319,590)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net movement in funds for the year</b>		<b><u>267,785</u></b>	<b><u>(1,320,934)</u></b>	<b><u>186,952</u></b>	<b><u>(549,055)</u></b>	<b><u>(1,415,252)</u></b>	<b><u>(1,397,546)</u></b>
<b>Total funds brought forward at 1 April 2008</b>		<u>1,341,707</u>	<u>21,344,709</u>	<u>131,344</u>	<u>10,788,677</u>	<b><u>33,606,437</u></b>	<b><u>35,003,983</u></b>
<b>Total funds carried forward at 31 March 2009</b>		<b><u>1,609,492</u></b>	<b><u>20,023,775</u></b>	<b><u>318,296</u></b>	<b><u>10,239,622</u></b>	<b><u>32,191,185</u></b>	<b><u>33,606,437</u></b>

The accompanying notes form an integral part of these financial statements. All of the above income and expenditure derives from continuing activities. There were no other realised gains or losses during the year.

Consolidated Balance Sheet  
As at 31 March 2009

Notes	Unrestricted				2009 Total £	2008 Total £	
	General £	Designated £	Restricted £	Endowment £			
<b>FIXED ASSETS</b>							
Tangible fixed assets	4	804,537	21,970,641	-	10,239,622	33,014,800	34,516,893
		804,537	21,970,641	-	10,239,622	33,014,800	34,516,893
<b>CURRENT ASSETS</b>							
Debtors	6	929,887	-	-	-	929,887	597,082
Short term deposits		2,000,000	-	-	-	2,000,000	2,300,000
Cash at bank and in hand		510,475	-	318,296	-	828,771	351,494
		3,440,362	-	318,296	-	3,758,658	3,248,576
<b>CURRENT LIABILITIES</b>							
Creditors: amounts falling due within one year	7	(2,322,225)	(800,000)	-	-	(3,122,225)	(2,763,005)
<b>NET CURRENT ASSETS / (LIABILITIES)</b>							
		1,118,137	(800,000)	318,296	-	636,433	485,571
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>							
		1,922,674	21,170,641	318,296	10,239,622	33,651,233	35,002,464
Creditors: amounts falling due after more than one year	8	(253,134)	(1,146,866)	-	-	(1,400,000)	(1,275,000)
Provision for liabilities and charges	10	(60,048)				(60,048)	(121,027)
<b>NET ASSETS</b>							
		<b>1,609,492</b>	<b>20,023,775</b>	<b>318,296</b>	<b>10,239,622</b>	<b>32,191,185</b>	<b>33,606,437</b>
<b>FUNDS</b>							
Unrestricted funds							
General funds	11	1,609,492	-	-	-	1,609,492	1,341,707
Designated funds	11	-	20,023,775	-	-	20,023,775	21,344,709
Restricted funds	11	-	-	318,296		318,296	131,344
Endowment fund	11	-	-	-	10,239,622	10,239,622	10,788,677
		<b>1,609,492</b>	<b>20,023,775</b>	<b>318,296</b>	<b>10,239,622</b>	<b>32,191,185</b>	<b>33,606,437</b>

The accompanying notes form an integral part of these financial statements.

These financial statements were approved and authorised for issue by the Board of Trustees on 15<sup>th</sup> July 2009

Signed on behalf of the Board of Trustees

**Robert Gillespie**  
Chairman

Charity Balance Sheet  
As at 31 March 2009

	Notes	Unrestricted				2009 Total	2008 Total
		General	Designated	Restricted	Endowment		
		£	£	£	£	£	£
<b>FIXED ASSETS</b>							
Tangible fixed assets	4	804,537	21,970,641	-	10,239,622	<b>33,014,800</b>	34,516,893
Investments	5	1	-	-	-	<b>1</b>	1
		804,538	21,970,641	-	10,239,622	<b>33,014,801</b>	34,516,894
<b>CURRENT ASSETS</b>							
Debtors	6	1,373,830	-	-	-	<b>1,373,830</b>	820,945
Short term deposits		2,000,000	-	-	-	<b>2,000,000</b>	2,300,000
Cash at bank and in hand		(79,755)	-	318,296	-	<b>238,541</b>	(109,334)
		3,294,075	-	318,296	-	<b>3,612,371</b>	3,011,611
<b>CURRENT LIABILITIES</b>							
Creditors: amounts falling due within one year	7	(2,192,338)	(800,000)	-	-	<b>(2,992,338)</b>	(2,542,440)
<b>NET CURRENT ASSETS / (LIABILITIES)</b>							
		1,101,737	(800,000)	318,296	-	<b>620,033</b>	<b>469,171</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>							
		1,906,275	21,170,641	318,296	10,239,622	<b>33,634,834</b>	34,986,065
Creditors: amounts falling due after more than one year	8	(253,134)	(1,146,866)	-	-	<b>(1,400,000)</b>	(1,275,000)
Provision for liabilities and charges	10	(60,048)				<b>(60,048)</b>	(121,027)
<b>NET ASSETS</b>							
		<b>1,593,093</b>	<b>20,023,775</b>	<b>318,296</b>	<b>10,239,622</b>	<b>32,174,786</b>	<b>33,590,038</b>
<b>FUNDS</b>							
Unrestricted funds							
General funds	11	1,593,094	-	-	-	<b>1,593,094</b>	1,325,308
Designated funds	11	-	20,023,775	-	-	<b>20,023,775</b>	21,344,709
Restricted funds	11	-	-	318,296		<b>318,296</b>	131,344
Endowment fund	11	-	-	-	10,239,622	<b>10,239,622</b>	10,788,677
		<b>1,593,094</b>	<b>20,023,775</b>	<b>318,296</b>	<b>10,239,622</b>	<b>32,174,787</b>	<b>33,590,038</b>

The accompanying notes form an integral part of these financial statements.

These financial statements were approved and authorised for issue by the Board of Trustees on 15<sup>th</sup> July 2009

Signed on behalf of the Board of Trustees

**Robert Gillespie**  
Chairman

Consolidated Cash Flow Statement  
For the year ended 31 March 2009

	Notes	2008/2009 Total £	2007/2008 Total £
Net cash inflow from operating activities	A	566,040	2,481,631
<u>Returns on investments and servicing of finance</u>			
Interest received		58,890	68,285
Interest paid		(83,934)	(127,201)
<u>Capital expenditure</u>			
Payments to acquire tangible fixed assets		(963,719)	(302,659)
<u>Management of liquid resources</u>			
Sale / (Purchase) of short-term deposits	B	300,000	(2,050,000)
<u>Financing</u>			
Increase / (Decrease) in loans	B	600,000	(450,000)
<b>Increase/ (Decrease) in cash</b>	<b>C</b>	<b>477,277</b>	<b>(379,944)</b>

# Notes to the Cash Flow Statement

## For the year ended 31 March 2009

### NOTE A

#### Reconciliation of net incoming resources to net cash inflow from operating activities

	<b>2008/2009</b>	<b>2007/2008</b>
	<b>£</b>	<b>£</b>
Net (Outgoing)/Incoming Resources before interest	(1,390,208)	(1,338,630)
Depreciation and amortisation	2,465,812	2,734,379
(Increase)/Decrease in Debtors	(332,805)	1,001,597
(Decrease)/Increase in Creditors	(115,780)	(36,742)
(Decrease)/Increase in Provisions	(60,979)	121,027
	<hr/>	<hr/>
Net cash inflow from operating activities	<b><u>566,040</u></b>	<b><u>2,481,631</u></b>

### NOTE B

#### Reconciliation of net cash flow to changes in net debt

	<b>2008/2009</b>	<b>2007/2008</b>
	<b>£</b>	<b>£</b>
Increase/(Decrease) in cash in the period	477,277	(379,944)
(Sale)/Purchase of short-term deposits	(300,000)	2,050,000
(New Loans) / Loans repaid	(600,000)	450,000
	<hr/>	<hr/>
Change in net debt	(422,723)	2,120,056
Net debt at 1 April	1,051,494	(1,068,562)
	<hr/>	<hr/>
Net debt at 31 March	<b><u>628,771</u></b>	<b><u>1,051,494</u></b>

### NOTE C

#### Analysis of changes in net debt

	<b>At 1 April 2008</b>	<b>Cash Flows</b>	<b>At 31 March 2009</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Cash at bank and in hand	351,494	477,277	828,771
Short term deposits	2,300,000	(300,000)	2,000,000
Bank loans repayable within one year	(325,000)	(475,000)	(800,000)
Bank loans repayable after more than one year	(1,275,000)	(125,000)	(1,400,000)
	<hr/>	<hr/>	<hr/>
Net debt	<b><u>1,051,494</u></b>	<b><u>(422,723)</u></b>	<b><u>628,771</u></b>

# Notes to the Accounts

## For the year ended 31 March 2009

### **1 ACCOUNTING POLICIES**

#### **a) Basis of preparation of accounts**

These financial statements have been prepared under the historical cost convention and in accordance with the reporting requirements of the Companies Act 1985, applicable accounting standards and the Statement of Recommended Practice for Accounting and Reporting by Charities 2005 (revised May 2008). Comparative figures have been restated where appropriate.

The consolidated statement of financial activities (SOFA) and the consolidated balance sheet consolidate the financial statements of the Trust and of its subsidiary undertaking, Somerset House Enterprises Limited. The results of the subsidiary are consolidated on a line-by-line basis.

The Trust has availed itself of Paragraph 3(3) of Schedule 4 of the Companies Act and adapted the Companies Act formats to reflect the special nature of the Trust's activities. No separate SOFA has been presented for the Trust alone as permitted by section 230 of the Companies Act 1985 and by paragraph 304 of the SORP.

#### **b) Incoming Resources**

Income is recognised in the financial statements when the Trust or its subsidiary is legally entitled to the income and the amount can be quantified with reasonable accuracy. Grants received are recognised when the conditions for receipt have been met. Where grants are specially restricted to future accounting periods, they are deferred and recognised in the relevant accounting period. Grants for immediate financial support and assistance, or to reimburse costs previously incurred, are recognised immediately. Donated items and facilities, in as much as they are material and quantifiable, are recognised as income when receivable, on the basis of their estimated value to the charity. The waiver of head lease rental costs payable to DCMS is recognised as a gift in kind. The cost of these head lease rentals are recorded within property management and conservation costs. No amounts have been included within the financial statements for services donated by volunteers.

#### **c) Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost, including any incidental expenses of acquisition or at valuation. Depreciation is calculated to write off the cost of the asset on a straight line basis over the estimated useful life of the asset. Depreciation is charged for a full year in the year of acquisition, and not in the year of disposal, if applicable.

#### *Valuation and Amortisation of Leases*

No value has been attributed to the head lease dated 11 December 1997, for 128 years, between Somerset House Trust and the Secretary of State for the Environment, Transport and the Regions.

## Notes to the Accounts

### For the year ended 31 March 2009

The value attributed to the under lease between Somerset House Trust and Her Majesty's Revenue and Customs ("HMRC") represents the net present value of the rental income due to the Trust over the term of the lease, using a discount rate of 6%. The HMRC under lease is for the new, west and east wings and has a twenty-five year term ending in 2022. A break clause on the east wing lease is exercisable by the tenant only in 2009. Rent due by the Trust to the government under the head lease, representing 25% of gross revenue after five years and 50% after ten, has been deducted in arriving at the net present value.

The difference between the current valuation of the under lease and its valuation at the previous year end is taken to the financial statements as the amortisation charge for the year.

#### *Capital building works*

The costs of significant building works to the south and embankment buildings, the courtyard and the river terrace which were undertaken between 1998 and 2000 are capitalised and depreciated over 25 years, based on the Trustees' view of their average expected useful working life. Although there is no expectation of earning a full commercial return, these parts of the building work are capitalised to represent the Trust's investment in its charitable objects.

Building works to parts of the estate occupied and used solely by tenants which have been carried out by the Trust as part of the expenditure on the Service Charge fund are written off over a period of 10 years.

#### *Depreciation, amortisation and impairment*

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is charged on a straight-line basis over the estimated useful life of the assets, as follows:

Capitalised building works (public areas)	25 years
Capitalised building works (tenants' areas)	10 years
Fixtures, fittings and equipment	3 years

The under lease is amortised as set out above, under Valuation and Amortisation of Leases. An impairment review is undertaken on an annual basis.

#### **d) Resources Expended**

Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs relating to specific areas of activity undertaken by the Trust and its subsidiary. Where costs cannot be directly attributed, they have been allocated to an activity on a basis consistent with use of those resources.

## Notes to the Accounts

For the year ended 31 March 2009

- Costs of generating funds are those costs incurred in attracting voluntary income and sponsorship as well as costs incurred in trading activities that raise funds and bank interest payable on loans which have been used to finance the Trust's capital projects.
- Charitable activities include expenditure on property management and conservation, costs associated with cultural and public events and educational and visitor services costs. Both direct and support costs relating to these activities are included.
- Governance costs include those incurred in the governance of the charity and its assets. Senior management time spent on supporting the Governance function is also allocated to Governance costs.
- Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of the resources.

### **e) Fund accounting**

Unrestricted General Funds comprise accumulated surpluses and deficits on general funds and are available for use at the Trustees' discretion in furtherance of the general charitable objectives. Designated funds are unrestricted funds which have been set aside by the Trustees for a particular purpose, as explained in Note 11.

Restricted funds consist of amounts subject to specific restrictions, within the objects of the charity, imposed by the donor or arising from contractual obligations. The Maintenance and Service Charge Fund was set up to comply with the terms of the under lease between Somerset House Trust and its tenants. Other Restricted Funds reflect restricted income and expenditure in other areas of activity other than those included in the Maintenance and Service Charge Fund.

The Endowment Fund represents the value attributed to the under lease as explained in accounting policy 1(c).

### **f) Pension costs**

Contributions are made to employees' personal pension plans and these are accounted for on an accruals basis. There is no company pension plan.

### **g) Deferred Income**

Deferred income relates to rental and service charge income received from tenants in advance and deposits for future corporate event bookings. Income is deferred to the accounting period in which the service is provided.

Notes to the Accounts  
For the year ended 31 March 2009

**2 ANALYSIS OF RESOURCES EXPENDED**

	<b>2008/2009</b>	<b>2007/2008</b>
	<b>Total</b>	<b>Total</b>
	<b>£</b>	<b>£</b>
<u>Costs of generating funds</u>		
Fundraising costs	189,805	140,183
Concessions and venue hire	452,703	479,871
Sponsorship	49,608	55,093
Bank Interest payable	83,934	127,201
	<hr/> 776,050	<hr/> 802,348
<u>Charitable expenditure</u>		
<i>Costs of activities in furtherance of the charity's objects:</i>		
Property management and conservation	6,135,526	4,390,712
Cultural and public events	3,422,375	3,108,107
Public education, communication and visitor services	880,907	953,389
Other costs	31,131	-
	<hr/> 10,469,939	<hr/> 8,452,208
Governance costs	416,606	218,541
	<hr/>	<hr/>
<b>Total Resources Expended</b>	<b><hr/>11,662,595</b>	<b><hr/>9,473,097</b>

Property management and conservation costs includes an amount of £1,662,000 for rent payable to DCMS representing 50% of the annual tenant rentals received by Somerset House Trust.

**3 NET INCOMING RESOURCES**

	<b>2008/2009</b>	<b>2007/2008</b>
	<b>£</b>	<b>£</b>
Net incoming resources are stated after charging the following:		
Auditors' Fees:		
- for audit work	34,023	15,800
- for non-audit work	-	1,750
Depreciation:		
- land and buildings	2,396,509	2,688,113
- other	69,303	46,266
	<hr/> <hr/>	<hr/> <hr/>

Notes to the Accounts  
For the year ended 31 March 2009

**4 TANGIBLE FIXED ASSETS**

	<i>Charity and Group</i>			<b>Total</b>
	<b>HMRC Lease</b>	<b>Building Works</b>	<b>Fixtures, fittings &amp; equipment</b>	
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<u>Cost</u>				
At 1 April 2008	21,160,710	37,328,681	233,710	58,723,101
Additions	-	840,006	123,713	963,719
Disposals	-	-	-	-
At 31 March 2009	<u>21,160,710</u>	<u>38,168,687</u>	<u>357,423</u>	<u>59,686,820</u>
<u>Accumulated depreciation</u>				
At 1 April 2008	10,372,033	13,649,615	184,560	24,206,208
Charge for the year	549,055	1,847,454	69,303	2,465,812
Disposals	-	-	-	-
At 31 March 2009	<u>10,921,088</u>	<u>15,497,069</u>	<u>253,863</u>	<u>26,672,020</u>
<u>Net book value</u>				
<b>At 31 March 2009</b>	<b><u>10,239,622</u></b>	<b><u>22,671,618</u></b>	<b><u>103,560</u></b>	<b><u>33,014,800</u></b>
At 31 March 2008	<u>10,788,677</u>	<u>23,679,066</u>	<u>49,150</u>	<u>34,516,893</u>

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

In accordance with the accounting policy, the HMRC leases valuation is based on discounted rental income up until the end of the term of each lease or exercised break clause which ranges between September 2009 and September 2022. Historically HMRC has occupied the majority of the rented space at Somerset House and in line with our policy this has been held as an endowment reserve.

During the year ended 31 March 2010 the Trust will undertake a buildings valuation policy review to identify the most appropriate method of valuation taking into consideration both the exit of HMRC from the east wing in September 2009 and the increase in non-HMRC tenants at Somerset House. The will also encompass a policy review of the most appropriate reserves to hold both the buildings valuation and leasehold improvements of £22.7M currently held within unrestricted reserves.

As an indication, the buildings valuation can be calculated on discounted potential site rental income up until the end of the head lease agreement with the Secretary of State for the Environment (via DCMS) in December 2125. As at 31 March 2009 this would give a valuation of £69,076,131. This is based on reasonable assumptions for occupancy rates, void periods and rental values similar to current lease rentals. The impact of this adjustment on the amortisation charge would be an additional £42,603 per annum charged to the SOFA.

Notes to the Accounts  
For the year ended 31 March 2009

**5 INVESTMENTS**

*Charity*

£

At 1 April 2008 and at 31 March 2009

1

The Trust owns the whole of the issued ordinary share capital of Somerset House Enterprises Limited, a company registered in England. The subsidiary carries out non-primary purpose trading activities, managing corporate events and non-tax exempt activities including corporate sponsorships. All activities of the subsidiary 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.

	<b>2008/2009</b>	<b>2007/2008</b>
<u>Somerset House Enterprises Limited</u>	<b>£</b>	<b>£</b>
Turnover	1,416,996	1,344,096
Cost of Sales	(567,852)	(551,067)
Gross Profit	849,144	793,029
Administrative Expenses	(89,610)	(72,267)
Operating Profit	759,534	720,762
Gift aid donation to charity	(759,534)	(720,762)
<b>Result for the year</b>	-	-
Retained profit brought forward	16,400	16,400
<b>Retained profit carried forward</b>	<b>16,400</b>	<b>16,400</b>
The aggregate of the assets, liabilities and funds was:	<b>31 March 2009</b>	<b>31 March 2008</b>
	<b>£</b>	<b>£</b>
Assets	938,458	632,932
Liabilities	(922,057)	(616,531)
<b>Funds</b>	<b>16,401</b>	<b>16,401</b>

**6 DEBTORS**

	<i>Charity</i>	<i>Charity</i>	<i>Group</i>	<i>Group</i>
	<b>31 March 2009</b>	<b>31 March 2008</b>	<b>31 March 2009</b>	<b>31 March 2008</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade debtors	446,947	340,027	764,435	443,461
Other debtors	12,873	7,820	12,873	76,489
Amounts due from subsidiary company	792,172	395,966	-	-
Prepayments and accrued income	121,838	77,132	152,579	77,132
	<b>1,373,830</b>	<b>820,945</b>	<b>929,887</b>	<b>597,082</b>

Notes to the Accounts  
For the year ended 31 March 2009

**7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<i>Charity</i> 31 March 2009	<i>Charity</i> 31 March 2008	<i>Group</i> 31 March 2009	<i>Group</i> 31 March 2008
	£	£	£	£
Bank overdrafts	-	-	-	-
Bank loans repayable within one year	800,000	325,000	800,000	325,000
Trade Creditors	435,601	745,567	461,702	807,617
Other creditors, including taxation and social security	197,254	83,833	215,544	93,077
Accruals	461,518	340,533	478,607	353,354
Deferred income	1,097,965	1,047,507	1,166,372	1,183,957
	<b>2,992,338</b>	<b>2,542,440</b>	<b>3,122,225</b>	<b>2,763,005</b>

Comparatives for bank loans repayable within one year have been restated after reallocation of amounts to creditor amounts falling due after more than one year at note 9 as a result of loan facilities renegotiations during the year. Comparatives have also been restated to reallocate certain creditors to provisions within note 10.

**8 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<i>Charity and Group</i>	
	31 March 2009	31 March 2008
	£	£
Bank loans repayable after more than one year	1,400,000	1,275,000
Other creditors repayable after more than one year	-	-
	<b>1,400,000</b>	<b>1,275,000</b>

**9 BANK LOANS**

	<i>Charity and Group</i>	
	31 March 2009	31 March 2008
	£	£
Amounts repayable:		
- within one year	800,000	325,000
- between one and two years	950,000	325,000
- between two and five years	450,000	950,000
	<b>2,200,000</b>	<b>1,600,000</b>

**10 PROVISION FOR LIABILITIES AND CHARGES**

<i>Charity and Group</i>	<i>Estate Fees</i>	<i>VAT</i>	<i>Utilities</i>	<i>Repairs</i>	<i>Total</i>
	£	£	£	£	£
At 1 April 2008	79,879	-	31,000	10,148	121,027
Charged to the statement of financial activities	5,000	20,000		25,600	50,600
Utilised in the year	(79,879)		(31,000)	(700)	(111,579)
At 31 March 2009	<b>5,000</b>	<b>20,000</b>	<b>-</b>	<b>35,048</b>	<b>60,048</b>

Estate fees relate to provision for professional fees incurred in respect of potential Somerset House development projects.

## Notes to the Accounts

### For the year ended 31 March 2009

A VAT provision was created during the year to account for the effect of the change in VAT rate on 1 December 2008 on ice rink ticket sales. The utilities provision relates to potential costs for ice rink power which are no longer required.

The repairs provision relates to costs to make good parts of the estate arising from accident damage.

#### 11 STATEMENT OF FUNDS

	1 April 2008	Incoming Resources	Resources Expended	Fund Transfers	31 March 2009
	£	£	£	£	£
<u>Unrestricted funds</u>					
General funds	1,341,707	8,568,021	(8,042,752)	(257,484)	1,609,492
Designated funds	21,344,709	-	(1,898,008)	577,074	20,023,775
Total unrestricted funds	22,686,416	8,568,021	(9,940,760)	319,590	21,633,267
<u>Restricted funds</u>					
Maintenance and service charge fund	131,344	1,407,320	(1,147,030)	(73,338)	318,296
Other restricted funds	-	272,002	(25,750)	(246,252)	-
Total restricted funds	131,344	1,679,322	(1,172,780)	(319,590)	318,296
Endowment Fund	10,788,677	-	(549,055)	-	10,239,622
<b>Total funds</b>	<b>33,606,437</b>	<b>10,247,343</b>	<b>(11,662,595)</b>	<b>-</b>	<b>32,191,185</b>

Designated funds represent the net book value of building works and the amounts outstanding on the bank loans taken out to fund those works. The fund has been established to identify those unrestricted funds held by the Trust which are not free funds. The fund balance increases to reflect the value of further building works undertaken during the year and repayments of the bank loans. The depreciation on the building works and interest payable on the bank loans are charges to this fund.

The Maintenance and Service Charge fund represents service charge payments received from tenants which can only be applied in accordance with the terms of their leases with the Trust, and the costs of the provision of shared services such as security and cleaning as well as maintenance and other works to the buildings occupied by the tenants.

Other restricted funds incorporate donations for the ice rink and the free time public programme, and a specific donation for development of the Edmond J Safra fountain court.

It is the Trust's policy to use surpluses generated on unrestricted funds to prepay loans and cover the cost of servicing the loans.

During the year a transfer was made from both the General fund and the Restricted funds to the Designated fund to fund fixed asset additions.

Notes to the Accounts  
For the year ended 31 March 2009

**12 EMPLOYEE DETAILS**

	<b>2008/2009</b>	<b>2007/2008</b>
	<b>£</b>	<b>£</b>
<u>Staff Costs</u>		
Wages and salaries	1,186,318	859,099
Social security costs	128,562	88,161
Pension costs	76,665	37,108
Temporary staff salaries	133,976	126,629
	<b>1,525,521</b>	<b>1,110,997</b>

Emoluments over £60,000

	<b>Number</b>	<b>Number</b>
Three employees were paid emoluments of more than £60,000 in the year:		
£ 60,000 - £ 70,000	1	-
£ 90,000 - £100,000	1	1
£ 120,000 - £130,000	1	-

The three employees earning over £60,000 received pension benefits accruing under the defined contribution scheme. The total contribution to the defined contribution scheme for those employees was £25,434.

Staff Functions

	<b>2008/2009</b>	<b>2007/2008</b>
	<b>Number</b>	<b>Number</b>
The average number of employees during the year, analysed by function, was:		
Fundraising	2	1
Cultural and public events	3	2
Property management and conservation	4	4
Public education, communication and visitor services	9	7
Concessions and venue hire	5	6
Governance	5	4
	<b>28</b>	<b>24</b>

In order to achieve operational efficiencies and cost savings, certain staff employed by the Trust also spend some of their time working on behalf of other organisations at Somerset House, particularly the Courtauld Institute of Art. £53,500 was charged to other organisations during the year in respect of staff costs (2008: £103,280), and this sum is not included in the above figures. The staff involved in delivering the Trust's education programme are employed by the Courtauld Institute of Art and are not included in the above figures.

Notes to the Accounts  
For the year ended 31 March 2009

**13 ALLOCATION OF SUPPORT**

The Trust allocates its support costs as shown in the two tables below. Support costs are allocated to each activity as uplift on the activity management costs as this is a basis consistent with the use of resources.

**(a) Support Costs**

	<b>2008/2009</b>	<b>2007/2008</b>
	<b>£</b>	<b>£</b>
Legal costs	78,182	15,862
Professional fees	49,670	111,625
IT equipment and maintenance	84,811	43,432
General management - staff costs	388,177	252,396
General management - office costs	122,925	145,233
	<b>723,765</b>	<b>568,548</b>

**(b)**

<b>Departmental allocation of support costs</b>	<b>Costs of generating funds</b>	<b>Costs in furtherance of objects</b>	<b>Governance</b>	<b>2008/2009 Total</b>	<b>2007/2008 Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Fundraising costs	63,541			63,541	44,946
Concession and venue hire	132,034			132,034	24,202
Property management and conservation		123,537		123,537	169,028
Cultural and public events		122,254		122,254	107,563
Public education, communication and visitor services		215,444		215,444	222,809
Governance			66,955	66,955	-
	<b>195,575</b>	<b>461,235</b>	<b>66,955</b>	<b>723,765</b>	<b>568,548</b>

**14 TRUSTEE REMUNERATION AND RELATED PARTY TRANSACTIONS**

No remuneration directly or indirectly out of the funds of the charity was paid to any trustee or to any related party. Expenses incurred by the charity for Trustees during the year totalled £ Nil (2007/2008: £ 229). Trustee indemnity insurance was purchased by the charity during the year at a cost of £ 2,100 (2007/2008: £2,173).

During the year £8,372 (2007/2008: £11,644) was paid to the Time Out Group for the promotion of public events at Somerset House. The Time Out Group is chaired and owned by Mr Tony Elliott a Trustee of Somerset House Trust and a director of Somerset House Enterprises Limited. Also during the year £ 7,636 (2007/2008: £ 3,502) was paid to Mr Joshua Cutler who is the son of Ms Linda Bernhardt, Director of Public Programmes, for work done on the public programme.

Notes to the Accounts  
For the year ended 31 March 2009

**15 CHARITABLE STATUS**

Somerset House Trust is a charity registered under the Charities Act 1993 (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.

**16 CAPITAL COMMITMENTS**

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

	<i>Charity and Group</i>	
	<b>31 March 2009</b>	<b>31 March 2008</b>
	<b>£</b>	<b>£</b>
Contracted for	<b>612,395</b>	<b>-</b>