

Somerset House Trust

Annual report for the year ended 31 March 2010

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Company directory

Registered office Somerset House
Strand
London WC2R 1LA

Registered charity number 1063640

Company number 03388137

Directors

During the year the trustees, who were also directors of the company, were:

Mr Richard Burdett	
Mr Stuart Corbyn *	Appointed 16 September 2009
Mr Tony Elliott *	
Mr Robert Gillespie *	Chairman
Mr Jeremy Hardie	
Mr Jonathan Higgins	Appointed 16 September 2009
Lady Irvine of Lairg	Resigned 1 October 2009
Sir Simon Jenkins	
Mr Mark Pain *	Appointed 16 September 2009
Ms Joanna Pitman	
Sir Mark Potter	
Mr Nitin Sawhney	Appointed 16 September 2009

* Member of the Finance and Audit Committee

Company Secretary Mr Joe Ghandhi Resigned 18 November 2009
Mr Mark Stuart-Smith Appointed 18 November 2009

Chief Executive Mrs Gwyn Miles

Auditors PricewaterhouseCoopers LLP
80 Strand, London, WC2R 0AF

Bankers National Westminster Bank Plc
Cavell House, 2a Charing Cross Road, London WC2H 0PD

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

Herbert Smith LLP
Exchange House, London, EC2A 2HS

Report of the Board of Trustees

Structure, Governance and Management

History and background

Somerset House is a spectacular neo-classical building in the heart of London, sitting between the Strand and the River Thames. The building today, built on the site of a Tudor royal palace, is one of London's architectural gems. It was designed by Sir William Chambers and constructed between 1785 and 1803 to accommodate government offices, including the Navy Board and the learned societies. An adjacent wing (the New Wing designed by James Pennethorne) was added to the west 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 and as a result Somerset House is now recognised as a unique part of the London cultural scene, located in the heart of London's West End and theatre district. Somerset House is a vital element of the nation's heritage, where the arts are presented with insight and passion, while the spaces are brought to life with surprising and original events.

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 South Wing and the installation of the Fountain Court within the Courtyard. The Secretary of State for the Environment, through The Department for Culture, Media and Sport (DCMS), granted a 128-year lease to the Trust which allows the Trust to charge rent for office space, thus guaranteeing an ongoing revenue stream.

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 for the development of Somerset House as a home for culture and the arts. 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, business 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.

Report of the Board of Trustees (continued)

Organisation

The Board of Trustees meets every two months. At each meeting the Board considers a full report from the management team, including the latest management accounts, financial budgets, progress reports on current and future projects, and policy papers and design presentations, as appropriate. The Board also reviews the strategy and longer term financial forecasts. The Chief Executive, Finance Director and Commercial Director attend the Board meetings. In addition, a number of sub-committees of the Board exist:

- The Finance and Audit Committee meets every two months and has delegated responsibility from the Board for reviewing financial performance and strategy, ensuring that there is a framework of accountability, for examining and reviewing all methods of financial control, including risk management, for ensuring compliance with all aspects of the law, relevant regulations and good practice, and for liaising with the Trust's external auditors.
- The Public Events Committee was established in early 2010 and meets quarterly in order to review the artistic, cultural and educational programme, to consider and advise on new projects, to ensure that each project is financially viable, to examine the evaluation reports for each project, and to advise on improvements in performance.
- The Buildings and Estates Committee was established in early 2010 and meets quarterly to review the existing uses of the buildings, in particular the use of the tenanted parts, to consider the architectural strategy and development of the estate, including timing and funding needs, and to consider the longer term maintenance plan of the estate.

These sub-committees have advisory powers and not decision-making authority, which is retained by the Board of Trustees.

Risk management

The Trust does not currently receive any direct financial support from the government and relies upon the rent and service charge paid by its tenants to fund the maintenance and upkeep of the estate and the Trust's operations, and on ticket sales, merchandising income and donations, gifts and sponsorship to fund the public events programme.

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 HMRC, its major tenant, vacates the site, and various options are currently being explored. Following HMRC's departure from East Wing in September 2009 King's College London entered into a lease to November 2087. The current HMRC lease on West Wing and New Wing expires in September 2022.

Aims, objectives and strategies

Somerset House continues to develop as a 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

Report of the Board of Trustees (continued)

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 occupies West Wing and New Wing, while The Courtauld Institute of Art occupies North Wing. In December 2009 East Wing was let to King's College London, except for the ground floor which, after extensive renovation in 2010, will revert to the Trust and be used as temporary display and retail space. King's, whose educational objectives complement those of the Trust, already occupies an extensive estate to the east of Somerset House. South Wing is already open to the public, providing a range of services to visitors, as well as housing the offices of the Trust and various tenants in the arts and creative industries, including the Clore Leadership Programme, the Sorrell Foundation, the Royal Society of Literature, and the British Fashion Council.
- 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, 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.
- To host world-class exhibitions at Somerset House
The Trust mounts its own eclectic temporary exhibitions and displays covering contemporary design, fashion, art, architecture and photography in the Embankment Galleries and Terrace Rooms in South Wing and across the site. These exhibitions are distinctive, bold and imaginative and appeal to a diverse, culturally aware audience. The Courtauld Gallery houses one of the most important collections of art in the UK, including world-famous old master and impressionist and post-impressionist paintings, sculpture, applied art, prints and drawings, and The Courtauld Gallery regularly mounts temporary exhibitions highlighting research into specific aspects of its permanent collection.
- 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. South Wing includes an information desk in the Seamen's Hall, as well as a restaurant, café and bars, and free guided tours.
- To develop an innovative learning programme
The Trust operates a family education programme alongside the learning programme run by The Courtauld Institute of Art, which focuses on education provision for schools, particularly secondary and adult education, and the Young Design Centre run by the Sorrell Foundation.

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 in our society by working with artists of different cultural backgrounds

Report of the Board of Trustees (continued)

Achievements and Performance

Building and conservation

The Trust's maintenance programme for the estate is based on a four year rolling programme which is regularly reviewed by external quantity surveyors. Refurbishment of the second and third floors of South Wing was completed in 2009 and they are now fully let to commercial tenants.

Galleries and exhibitions

Exhibitions in South Wing

During the year the Trust presented a major fashion exhibition in the Embankment Galleries: *SHOWstudio: Fashion Revolution*, which attracted 24,771 visitors. In addition, the Courtauld MA students mounted *Once upon a time ... Artists and Storytelling*, an exhibition of fashion and film, as part of their MA studies in art curation.

The Terrace Rooms were used for a range of smaller displays. Photography displays included *A Positive View*, which supported Crisis, the homelessness charity (14,066 visitors), *Norman Parkinson: A Very British Glamour* (29,018 visitors), and *Greater London: Richard Bryant's Photographic Celebration of a City* (58,184 visitors). Fashion displays included *Esquire's Singular Suit* (8,007 visitors). Somerset House's links to the River Thames were remembered in *Time and Tides*, a collaboration between 20 London primary schools, 20 London attractions, BBC 21CC and RIBA (estimated at 70,000 visitors).

Displays in The Courtauld Gallery

Temporary exhibitions staged by The Courtauld Gallery in 2009/10 include *Love and Marriage in Renaissance Florence: The Courtauld Wedding Chests*, *Beyond Bloomsbury: Designs of the Omega Workshops 1913-19*, *Frank Auerbach: London Building Sites 1952-62*, and *Michelangelo's Dream*. Visitor numbers were 164,457.

Public events programme

The Edmond J. Safra Fountain Court was the setting for the major public events:

Summer Series

The eleven nights of concerts attracted a total audience of 29,756. The line up consisted of *Grace Jones*, *The Enemy*, *Lily Allen*, *The Mars Volta*, *The Ting Tings*, *Pedulum*, *Bat for Lashes*, *Athlete*, *Super Furry Animals*, and *Calvin Harris*.

Film4 Summer Screen

The series of outdoor cinema screenings attracted a total audience of 20,337. The programme featured: *Broken Embraces*, *Alien/Poltergeist*, *West Side Story*, *Slumdog Millionaire*, *The Shawshank Redemption*, *Wings of Desire*, *Don't Look Now*, *Strangers on a Train*, *Cool Hand Luke/Road House*, and *Raiders of the Lost Ark*.

The Behind the Screen programme featured: No-one Can Hear You Scream (a horror expert panel), A Matter of Loaf and Death family screening and workshop, Dance Girl Dance (a Gurinder Chadha interview), Oscar-winning editor Chris Dickens on *Slumdog Millionaire*, Erwin James and Ronan Bennett on Prison Movies and the reality of life inside, *Until the End of the World* (the films of Wim Wenders), Nic Roeg on Nic Roeg, *And the Winner Is ...* BAFTA Shorts, Cinema Extreme C4 Shorts, and *Raiders of the Lost Ark* subtitled family screening and workshops.

Skate

The Somerset House ice rink, sponsored by Tiffany & Co for the third year, was open from the end of November until the end of January and attracted over 120,000 skaters of all ages.

Report of the Board of Trustees (continued)

London Fashion Week

London Fashion Week was staged at Somerset House for the first time in September 2009. This major fashion event for the UK will now be held at Somerset House every September and February, followed by London Fashion Weekend, which allows the public the chance to view and buy the creations of the UK's top designers. The Trustees see this as the beginning of a long term association with the British Fashion Council and an important step in developing Somerset House as a natural home for fashion in London.

Education and learning

The learning programme included workshops for families and young people reflecting the themes of the exhibitions in the Embankment Galleries and The Courtauld Gallery. Fashion illustration studio days and creative catwalks for teenagers were held during London Fashion Week and alongside *SHOWstudio: Fashion Revolution*. A series of linked family activities was held on six weekends over the summer and, once again, Skate School allowed more than 3,000 school children and groups of wheelchair users from London to skate for free.

In 2009 a new strand of activity was piloted: *What Next*. This allowed a group of young musicians to work with established and emerging talent on the Indie and Urban scenes and perform at a special youth concert during the Summer Series.

The Sorrell Foundation continued to run the Young Design Centre focusing on developing young people's awareness and appreciation of design in schools.

Writer in Residence

Romesh Gunasekera started at Somerset House in November 2009 and has been working on several projects, including a series of 'salons' around various themes, readings by eminent writers, and workshops with schools and community groups. His most recent event was *A Flow of Words*.

Valuing volunteers

The Trust has an active volunteer programme. The information desk 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 3,500 visitors taking part. 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 10,000 working hours with an estimated value of approximately £70,000. The Trustees greatly appreciate this contribution made by those who volunteer at Somerset House and thank them for their continuing support.

Report of the Board of Trustees (continued)

Financial Review and Pricing Policy

Statement of financial activity

Total incoming resources amounted to £8.6m (2008/09: £10.2m) and comprised principally rental and service charge income from the Trust's tenants, ticket income from the cultural programme, and, through the Trust's trading subsidiary, income from private hire of space.

The main reason for the reduction in revenue is the result of a change in the terms of the headlease. Under a deed of variation signed in January 2010 the rent payable to DCMS was reduced to a peppercorn (2008/09: £1.7m), where previously DCMS was entitled to a share of the rental income earned by the Trust. This arrangement lasts until September 2017. Historically, DCMS has waived its entitlement to rent and this waiver was treated as a gift in kind. Effectively, the deed of variation formalises the existing arrangement.

As a result of an increase in the space available for commercial letting, following the refurbishment of the second and third floors of South Wing, there has been an increase in rental and service charge income to £5.3m (2008/09: £5.0m). The increase in concessions and venue hire income to £1.1m (2008/09: £0.8m) was helped by the presence of London Fashion Week.

Total resources expended amounted to £10.2m (2008/09: £11.7m), comprising principally expenditure on the management and conservation of the estate and on the public events programme. Property management expenditure reduced to £5.1m (2008/09: £6.1m) as a result of the amendment to the headlease regarding the rent payable to DCMS. However, there was an underlying increase in the expenditure on the estate due to an increase in the number of commercial tenants, which resulted in higher maintenance costs, professional fees, and depreciation. The reduction in cultural and public events expenditure to £2.9m (2008/09: £3.4m) is, partly, due to delivering financial efficiencies in the exhibitions programme.

Prior year adjustment

The Trust holds a headlease from the Secretary of State for the Environment, Transport and the Regions, dated 11 December 1997, for a period of 128 years, from 29 September 1997 to 24 December 2125. The methodology used in valuing the headlease has changed during the year, and it is now valued on an in-use basis, calculating the net present value of the anticipated rental income from tenants over the term of the headlease, allowing for refurbishment costs and void periods, as deemed necessary, and using a discount rate which reflects the risk attached to these rental streams. On this basis the headlease has been valued at £64.5m. The material size of the valuation adjustment has given rise to a prior year adjustment which requires the previous year's results to be restated in accordance with Financial Reporting Standard 3.

Balance sheet

At 31 March 2010, net assets amounted to £82.9m (2008/09 restated: £84.5m) as a result of the change in the method employed in valuing the headlease mentioned above. Of the net assets of £82.9m, £84.1m was represented by fixed assets, comprising the headlease valuation and leasehold improvements undertaken to restore the estate and open it to the public. Net indebtedness has improved during the year, with net cash inflows of £157k (2008/09: outflows of £423k).

Reserves policy

The previous four classifications of reserves have been consolidated to two reserves to reflect both the correct legal form of these reserves and also to simplify the presentation of the balance sheet. Unrestricted funds include reserves previously shown as general, designated and endowment funds. These funds can be applied to the charitable objects of the Trust as the Trustees determine. Restricted funds represent funds received from certain tenants in respect of maintenance and service charges and which can only be spent in accordance with the terms of those tenants' leases.

Report of the Board of Trustees (continued)

Following the consolidation of the Trust's free funds, at 31 March 2010 unrestricted reserves were £82.9m (2008/09 restated: £84.6m). The Board regularly reviews the level of reserves held as well as cash flow forecasts to ensure 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

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 and fee charging. In setting the level of charges and concessions, the Trustees have given careful consideration to the accessibility of the site to all members of the public, whatever their means.

Access to the South Wing, River Terrace and the Edmond J. Safra Fountain Court are free of charge, as is entry to installations and displays, notably in the Terrace Rooms, and site guided tours and family workshops in the Learning Centre.

Chargeable activities include exhibitions and exhibition talks, the Summer Programme of films and gigs, the skating rink and learning workshops. Concessionary, family, and off-peak tickets are available for a number of these activities.

Plans for future periods

The 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's plans are broadly unchanged from previous years, namely:

- Complete the restoration of the eighteenth century buildings surrounding the Courtyard and provide public access for the first time to all wings at ground level
- Open up the spectacular lightwells, 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 a wide variety of artists and designers, to stimulate creativity on the site
- Strengthen the existing cultural programmes at Somerset House and the 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 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 and teaching spaces and the lower levels used for educational activities and as studios for artists, designers and makers.

Trustees' responsibilities in relation to the Financial Statements

The Trustees (who are also directors of Somerset House Trust for the purposes of company law) are responsible for preparing the Trustees' Report and the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Report of the Board of Trustees (continued)

Company law requires the Trustees to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these Financial Statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company 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.

In so far as the Trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware; and
- The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

Auditors

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



Robert Gillespie, Chairman
17 November 2010

Independent auditors' report

Independent Auditors' Report to the members of Somerset House Trust

We have audited the Group and parent charity financial statements of the Somerset House Trust for the year ended 31 March 2010 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Parent Charity Balance Sheet, the Consolidated Cash Flow Statement and the related notes. The financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of trustees and auditors

The trustees' (who are also the directors of the Somerset House Trust for the purposes of company law) responsibilities 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) and for being satisfied that the financial statements give a true and fair view 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 company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving 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, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and have been prepared in accordance with the Companies Act 2006. We also report to you whether in our opinion the information given in the Report of the Board of Trustees is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept adequate accounting records, if the company's financial statements are not in agreement with the accounting records and returns, if we have not received all the information and explanations we require for our audit, or if certain disclosures of trustees' remuneration specified by law are not made.

We read the other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises the Report of the Board of Trustees and the other information listed on the contents page. 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 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's and the charity's circumstances, consistently applied and adequately disclosed.

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.

Independent auditors' report (continued)

Opinion

In our opinion:

- The financial statements give a true and fair view of the state of the charitable company's affairs as at 31 March 2010 and of its incoming resources and application of resources, including its income and expenditure and cash flows, for the year then ended;
- The financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- The financial statements have been prepared in accordance with the Companies Act 2006; and
- The information given in the Report of the Board of Trustees is consistent with the financial statements.



*Christopher Maidment (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London*

17 November 2010

Statement of financial activity

for the year ended 31 March 2010

	Notes	Unrestricted funds £	Restricted funds £	Total 2010 £	Restated 2009 £
Incoming resources					
<i>Incoming resources from generated funds</i>					
Concessions and venue hire		1,136,645		1,136,645	798,434
Sponsorship		325,000		325,000	334,500
Grants, donations and gifts		31,857		31,857	1,934,802
Rental Income		3,620,457		3,620,457	3,549,485
Bank interest receivable		1,149		1,149	58,890
		5,115,108	-	5,115,108	6,676,111
<i>Incoming resources from charitable activities</i>					
Property management and conservation		335,507	1,294,978	1,630,485	1,445,438
Cultural and public events		1,783,433		1,783,433	2,054,754
Merchandise income		82,898		82,898	16,261
Other income		4,549		4,549	54,779
		2,206,387	1,294,978	3,501,365	3,571,232
Total incoming resources		7,321,495	1,294,978	8,616,473	10,247,343
Resources expended					
<i>Costs of generating funds</i>					
Concession and venue hire		(552,733)		(552,733)	(452,703)
Sponsorship costs		(184,934)		(184,934)	(49,608)
Fundraising costs of grants and donations		(20,548)		(20,548)	(189,805)
Interest payable and similar charges	3	(58,507)		(58,507)	(83,934)
		(816,722)	-	(816,722)	(776,050)
<i>Cost of charitable activities</i>					
Property management and conservation		(3,701,115)	(1,373,873)	(5,074,988)	(6,135,526)
Cultural and public events		(2,898,695)		(2,898,695)	(3,422,375)
Public education, communication		(517,647)		(517,647)	(880,907)
Merchandise cost		(129,517)		(129,517)	(30,667)
Other		-		-	(464)
		(7,246,974)	(1,373,873)	(8,620,847)	(10,469,939)
<i>Governance costs</i>		(776,905)		(776,905)	(416,606)
Total resources expended		(8,840,601)	(1,373,873)	(10,214,474)	(11,662,595)
Net outgoing resources	4	(1,519,106)	(78,895)	(1,598,001)	(1,415,252)
Transfer between funds		141,625	(141,625)	-	-
Net movement in funds for the year		(1,377,481)	(220,520)	(1,598,001)	(1,415,252)
Revaluation adjustment				-	52,364,738
Total Funds brought forward at 1 April 2009		84,237,627	318,296	84,555,923	33,606,437
Total Funds carried forward at 31 March 2010		82,860,146	97,776	82,957,922	84,555,923

These statements are to be read in conjunction with the notes to the financial statements on pages 18 to 27

Consolidated balance sheet

as at 31 March 2010

	Notes	Unrestricted funds £	Restricted funds £	Total 2010 £	Restated 2009 £
Fixed assets					
Tangible fixed assets	5	84,064,697		84,064,697	85,379,538
		<u>84,064,697</u>	-	<u>84,064,697</u>	<u>85,379,538</u>
Current assets					
Debtors	7	867,795		867,795	929,887
Short term deposits		-		-	2,000,000
Cash at bank and in hand		2,242,790	97,776	2,340,566	828,771
		<u>3,110,585</u>	<u>97,776</u>	<u>3,208,361</u>	<u>3,758,658</u>
Current liabilities					
Creditors: amounts falling due within one year	8	(3,296,098)		(3,296,098)	(3,122,225)
Net current assets / (liabilities)					
		<u>(185,513)</u>	<u>97,776</u>	<u>(87,737)</u>	<u>636,433</u>
Total assets less current liabilities					
		<u>83,879,184</u>	<u>97,776</u>	<u>83,976,960</u>	<u>86,015,971</u>
Creditors: amounts falling due after more than one year	9/10	(1,019,038)		(1,019,038)	(1,400,000)
Provision for liabilities and charges	11	-		-	(60,048)
Net assets		<u>82,860,146</u>	<u>97,776</u>	<u>82,957,922</u>	<u>84,555,923</u>
Funds					
12					
Unrestricted funds					
General funds (as restated to include designated funds and endowment funds)		82,860,146		82,860,146	84,237,627
Restricted funds			97,776	97,776	318,296
		<u>82,860,146</u>	<u>97,776</u>	<u>82,957,922</u>	<u>84,555,923</u>

These financial statements were approved and authorised for issue by the Board of Trustees on 22 September 2010.

Signed on behalf of the Board of Trustees



Robert Gillespie
Chairman

Charity balance sheet

as at 31 March 2010

	Notes	Unrestricted funds £	Restricted funds £	Total 2010 £	Restated 2009 £
Fixed assets					
Tangible fixed assets	5	84,064,697		84,064,697	85,379,538
Investments	6	1		1	1
		<u>84,064,698</u>	-	<u>84,064,698</u>	<u>85,379,539</u>
Current assets					
Debtors	7	1,575,916		1,575,916	1,373,830
Short term deposits		-		-	2,000,000
Cash at bank and in hand		2,175,306	97,776	2,273,082	238,541
		<u>3,751,222</u>	<u>97,776</u>	<u>3,848,998</u>	<u>3,612,371</u>
Current liabilities					
Creditors: amounts falling due within one year	8	(3,946,734)		(3,946,734)	(2,992,338)
Net current assets / (liabilities)		<u>(195,512)</u>	<u>97,776</u>	<u>(97,736)</u>	<u>620,033</u>
Total assets less current liabilities		<u>83,869,186</u>	<u>97,776</u>	<u>83,966,962</u>	<u>85,999,572</u>
Creditors: amounts falling due after more than one year	9/10	(1,019,038)		(1,019,038)	(1,400,000)
Provision for liabilities and charges	11	-		-	(60,048)
Net assets		<u>82,850,148</u>	<u>97,776</u>	<u>82,947,924</u>	<u>84,539,524</u>
Funds					
Unrestricted funds					
General funds (as restated to include designated funds and endowment funds)		82,850,148		82,850,148	84,221,228
Restricted funds			97,776	97,776	318,296
		<u>82,850,148</u>	<u>97,776</u>	<u>82,947,924</u>	<u>84,539,524</u>

These financial statements were approved and authorised for issue by the Board of Trustees on 22 September 2010.

Signed on behalf of the Board of Trustees



Robert Gillespie
Chairman

Cash flow statement

for the year ended 31 March 2010

	Notes	2010 £	2009 £
Net cash inflow from operating activities	A	1,258,041	566,040
Returns on investments and servicing finance			
Interest received		1,149	58,890
Interest paid		(58,507)	(83,934)
Capital expenditure			
Payments to acquire tangible fixed assets		(1,043,839)	(963,719)
Management of liquid resources			
Increase in loans		154,951	-
Sale of loans	B	2,000,000	300,000
Financing			
(Decrease)/increase in loans	B	(800,000)	600,000
Increase in cash	C	1,511,795	477,277

These statements are to be read in conjunction with the notes to the cash flow on page 17

Notes to the cash flow statement

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

	2010 £	2009 £
Net (outgoing) resources before interest	(1,540,642)	(1,390,208)
Depreciation and amortisation	2,358,680	2,465,812
(Increase)/decrease in debtors	62,091	(332,805)
Increase/(decrease) in creditors	437,960	(115,780)
(Decrease) in provisions	(60,048)	(60,979)
Net cash inflow from operating activities	1,258,041	566,040

B Reconciliation of net cash flow to changes in net debt

	2010 £	2009 £
Increase in cash in the period	1,511,795	477,277
(Increase) in bank overdraft	(154,951)	-
(Sale) of short-term deposits	(2,000,000)	(300,000)
Loans repaid/(new loans)	800,000	(600,000)
Change in net debt	156,844	(422,723)
Net debt at 1 April	628,771	1,051,494
Net debt at 31 March	785,615	628,771

C Analysis of changes in net debt

	At 1 April 2009 £	Cash flows £	At 31 March 2010 £
Cash at bank and in hand	828,771	1,511,795	2,340,566
Bank overdraft	-	(154,951)	(154,951)
Short term deposits	2,000,000	(2,000,000)	-
Bank loans repayable within one year	(800,000)	325,000	(475,000)
Bank loans repayable after more than one year	(1,400,000)	475,000	(925,000)
Net debt	628,771	156,844	785,615

Notes to the financial statements

1 Accounting policies

a) Basis of preparation

These financial statements have been prepared under the historical cost convention and in accordance with the reporting requirements of the Companies Act 2006, 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 2006 and by paragraph 304 of the SORP.

The accounting policies set out below have been applied consistently throughout the year.

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. No amounts have been included within the financial statements for services donated by volunteers.

c) 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 the use of those resources.

- Costs of generating funds are incurred in undertaking the trading activities of the subsidiary company as well as in raising corporate sponsorship and grants and donations.
- Cost of charitable activities include all costs associated with the furtherance of the mission and objects of the Trust. This includes expenditure on property management and conservation to maintain the estate, and expenditure incurred on artistic, cultural, and educational events.
- Governance costs include those incurred in the governance of the charity and its assets, notably senior management time and associated expenditure.
- Support costs comprise mainly legal costs, professional fees, IT expenditure and general management costs, as detailed in note 14. Support costs are apportioned across the resources expended categories on a basis consistent with their use, principally in proportion to total resources used.

Notes to the financial statements (continued)

d) 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.

Leasehold valuation

Somerset House Trust holds a headlease from the Secretary of State for the Environment, Transport and the Regions, dated 11 December 1997, for a period of 128 years, from 29 September 1997 to 24 December 2125. The headlease has been valued on an in-use basis, calculating the net present value of the anticipated rental income from tenants over the term of the headlease, allowing for refurbishment costs and void periods, as deemed necessary, and using a discount rate which reflects the risk attached to these rental streams. The headlease is amortised on a straight line basis over the remaining life of the lease of 115 years.

Leasehold improvements

Leasehold improvements comprise significant building works to those areas designated as public realm, comprising mainly the ground and lower floors of South Wing, the Embankment Galleries, and the Courtyard and River Terrace. This work was undertaken largely between 1998 and 2004. These building works are depreciated over either 10 years or 25 years, based on their anticipated expected useful economic life. Although there is not always the expectation of earning a full commercial return, these leasehold improvements are capitalised as they represent the Trust's investment in its charitable objects.

The leasehold improvements to the 1st, 2nd and 3rd floors of South Wing, which were undertaken mainly from 2005 onwards in order to make them suitable for commercial letting to tenants, are included in the leasehold valuation, as their impact on the in-use valuation of the property. They are not capitalised separately.

Finance leases

Assets acquired under finance leases are included within fixed assets at the total of the lease payments due over the life of the lease discounted at the rate of interest inherent in the lease. The same amount is included in creditors. Rental payments are apportioned between the finance element, which is charged in the statement of income and expenditure, and the capital element, which reduces the lease creditor.

Depreciation, amortisation and impairment

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

- Leasehold valuation 115 years
- Leasehold improvements 10 and 25 years
- Fixtures, fittings and equipment 3 and 5 years

e) Fund accounting

Balance sheet reserves have been allocated between two categories:

- Unrestricted reserves comprise accumulated surpluses and deficits on general funds and are available for use at the trustees' discretion in furtherance of the Trust's general charitable objectives. Unrestricted reserves include funds previously disclosed as designated funds and endowment funds, as this presents the correct legal form as well as a clearer picture of the Trust's operations.
- Restricted reserves consist of amounts subject to specific restrictions, within the objects of the charity, imposed by the donor or arising from contractual obligations, notably in connection with the maintenance and service charge funds established to comply with the terms of the leases between the Trust and certain of its tenants.

Notes to the financial statements (continued)

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 venue hire. Income is deferred to the accounting period in which the service relates.

2 Analysis of resources expended

	Direct costs £	Support costs £	2010 £	2009 £
<u>Costs of generating funds</u>				
Concession and venue hire	516,485	36,248	552,733	452,703
Sponsorship costs	172,806	12,128	184,934	49,608
Fundraising costs of grants and donations	19,200	1,348	20,548	189,805
Bank Interest Payable	54,670	3,837	58,507	83,934
	<u>763,161</u>	<u>53,561</u>	<u>816,722</u>	<u>776,050</u>
<u>Cost of charitable activities</u>				
Property management and conservation	4,337,770	737,218	5,074,988	6,135,526
Cultural and public events	2,708,600	190,095	2,898,695	3,422,375
Public education, communication and visitor services	483,700	33,947	517,647	880,907
Merchandise	121,023	8,494	129,517	30,667
Other costs	-	-	-	464
	<u>7,651,093</u>	<u>969,754</u>	<u>8,620,847</u>	<u>10,469,939</u>
Governance costs	725,955	50,950	776,905	416,606
Total resources expended	<u><u>9,140,209</u></u>	<u><u>1,074,265</u></u>	<u><u>10,214,474</u></u>	<u><u>11,662,595</u></u>

3 Interest payable and similar charges

	2010 £	2009 £
Interest payable on overdrafts and bank loans	46,098	83,934
Finance lease interest	12,409	-
	<u><u>58,507</u></u>	<u><u>83,934</u></u>

4 Net outgoing resources

	2010 £	2009 £
Net outgoing resources are stated after charging the following:		
Auditors' fees:		
- for audit work	48,000	34,023
- for non-audit work	-	-
	<u><u>48,000</u></u>	<u><u>34,023</u></u>
Depreciation and amortisation:		
- leasehold valuation	552,021	549,055
- leasehold improvements	1,671,325	1,847,454
- fixtures, fittings and equipment	135,334	69,303
	<u><u>2,358,680</u></u>	<u><u>2,465,812</u></u>

Notes to the financial statements (continued)

5 Tangible fixed assets

	Leasehold valuation	Leasehold improvements	Fixtures, fittings & equipment	Total
	£	£	£	£
<u>Cost</u>				
At 1 April 2009	63,900,404	36,661,283	357,423	100,919,110
Additions	641,005	134,519	268,315	1,043,839
Disposals	-	-	(6,523)	(6,523)
At 31 March 2010	64,541,409	36,795,802	619,215	101,956,426
<u>Accumulated depreciation</u>				
At 1 April 2009	-	15,285,709	253,863	15,539,572
Charge for the year	552,021	1,671,325	135,334	2,358,680
Disposals	-	-	(6,523)	(6,523)
At 31 March 2010	552,021	16,957,034	382,674	17,891,729
<u>Net book value</u>				
At 31 March 2010	63,989,388	19,838,768	236,541	84,064,697
At 31 March 2009	63,900,404	21,375,574	103,560	85,379,538

5 Restated fixed asset at 31 March 2009

	Leasehold valuation	Leasehold improvements	Fixtures, fittings & equipment	Total
	£	£	£	£
<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
Valuation adjustment	42,739,694	(1,507,404)	-	41,232,290
Disposals	-	-	-	-
At 31 March 2009	63,900,404	36,661,283	357,423	100,919,110
<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
Valuation adjustment	(10,921,088)	(211,360)	-	(11,132,448)
Disposals	-	-	-	-
At 31 March 2009	-	15,285,709	253,863	15,539,572
<u>Net book value</u>				
At 31 March 2009	63,900,404	21,375,574	103,560	85,379,538
At 31 March 2008	10,788,677	23,679,066	49,150	34,516,893

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

Notes to the financial statements (continued)

The Trust has undertaken a valuation of the property on an in-use basis, based on the estimated future rental income to be earned over the life of the headlease, which ends on 24 December 2125. The valuation has been carried out internally and the valuation is £64.5m. It has been assumed that existing tenants' leases will continue to the end of their term, and that thereafter space will be let at market rates, taking into account refurbishment costs and void periods. It is assumed that there will be no material change in the size of the Somerset House estate currently available for sub-letting as office and retail space.

The material size of the valuation adjustments has given rise to a prior year adjustment which requires the previous year's results to be restated in accordance with Financial Reporting Standard 3 (see note 18).

Up to 2017 a 6% discount rate has been applied to determine a net present value. From 2018 onwards a discount rate of 8% has been applied to represent the increased uncertainty attaching to the rental streams. The current rent payable to DCMS under the headlease has been reduced to a peppercorn up to 28 September 2017, under a deed of variation between the Trust and The Secretary of State for Communities and Local Government, dated 22 December 2009. In 2008/09 £1,662,000 was included in property management and conservation costs for rent payable to DCMS, representing 50% of the annual rentals received by the Trust, although this amount was waived by DCMS.

Capital works to areas available for commercial tenants are included in the in-use valuation.

6 Investments

	2010	2009
	£	£
Trust		
At 1 April 2009 and at 31 March 2010	1	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 and taxable activities, including corporate events and sponsorships, and retail activities. All activities of the subsidiary have been consolidated on a line-by-line basis in the SOFA. A summary of the results of the subsidiary is shown below.

	2010	2009
	£	£
Somerset House Enterprises Limited		
Turnover	1,778,084	1,416,996
Cost of sales	(774,281)	(567,852)
Gross profit	1,003,803	849,144
Administrative expenses	1,339	(89,610)
Operating profit	1,005,142	759,534
Gift aid donation to charity	(1,011,542)	(759,534)
Result for the year	(6,400)	-
Retained profit brought forward	16,400	16,400
Retained profit carried forward	10,000	16,400

The aggregate of the assets, liabilities and funds was:

	2010	2009
	£	£
Assets	1,160,751	938,458
Liabilities	(1,150,750)	(922,057)
Funds	10,001	16,401

Notes to the financial statements (continued)

7 Debtors

	Charity 2010 £	Charity 2009 £	Group 2010 £	Group 2009 £
Trade debtors	303,368	446,947	606,789	764,435
Other debtors	-	12,873	-	12,873
Amounts due from subsidiary company	1,011,542	792,172	-	-
Prepayments and accrued income	261,006	121,838	261,006	152,579
	1,575,916	1,373,830	867,795	929,887

8 Creditors: amounts falling due within one year

	Charity 2010 £	Charity 2009 £	Group 2010 £	Group 2009 £
Bank overdrafts	154,951	-	154,951	-
Bank loans repayable within one year	475,000	800,000	475,000	800,000
Trade Creditors	564,667	435,601	622,492	461,702
Other creditors, including taxation and social security	234,653	197,254	242,646	215,544
Amounts due to subsidiary company	789,844	-	-	-
Accruals	705,481	461,518	750,240	478,607
Deferred income	994,241	1,097,965	1,022,872	1,166,372
Finance leases	27,897	-	27,897	-
	3,946,734	2,992,338	3,296,098	3,122,225

9 Creditors: amounts falling due after more than one year

	Charity & Group	
	2010 £	2009 £
Bank loans repayable after more than one year	925,000	1,400,000
Finance leases	94,038	-
	1,019,038	1,400,000

10 Bank loans

	Charity & Group	
	2010 £	2009 £
Amounts repayable:		
- within one year	475,000	800,000
- between one and two years	475,000	950,000
- between two and five years	450,000	450,000
	1,400,000	2,200,000

The Trust has two bank loans from National Westminster Bank Plc, which are repayable in annual instalments, with the final instalments falling due on 31 March 2013. The loans attract interest of base plus 1% and base plus 4%. Additionally, the Trust has an overdraft facility of £750,000 which attracts interest of base plus 1.75%, and which was unutilised at the year end. All bank loans are unsecured.

Notes to the financial statements (continued)

11 Provision for liabilities and charges

	Charity & Group	
	2010	2009
	£	£
At 1 April 2009	60,048	121,027
Charged to the statement of financial activities	-	50,600
Utilised during the year	(40,048)	(111,579)
Released during the year	(20,000)	-
At 31 March 2010	-	60,048

Provisions no longer deemed necessary were released during the year.

12 Statement of funds

	At 1 April 2009	Incoming resources	Resources expended	Fund transfers	At 31 March 2010
	£	£	£	£	£
Unrestricted funds					
General funds	1,609,492	7,321,495	(8,840,601)	82,769,760	82,860,146
Designated funds	20,023,775	-	-	(20,023,775)	-
Endowment fund	62,604,360	-	-	(62,604,360)	-
Total unrestricted funds	84,237,627	7,321,495	(8,840,601)	141,625	82,860,146
Restricted funds					
Maintenance and service charge fund	318,296	1,294,978	(1,373,873)	(141,625)	97,776
Total restricted funds	318,296	1,294,978	(1,373,873)	(141,625)	97,776
Total funds	84,555,923	8,616,473	(10,214,474)	-	82,957,922

The previous four classifications of reserves have been consolidated to two reserves to reflect both the correct legal form of these reserves and also to simplify the presentation of the balance sheet. Unrestricted funds include reserves previously shown as general, designated and endowment funds. These funds can be applied to the charitable objects of the Trust as the Trustees determine. Restricted funds represent funds received from certain tenants in respect of maintenance and service charges and which can only be spent in accordance with the terms of those tenants' leases.

The level of free reserves at 31 March 2010 stood at £82.9m.

Notes to the financial statements (continued)

13 Employee details

	2010	2009
	£	£
<u>Staff costs</u>		
Wages and salaries	1,306,729	1,186,318
Social security costs	135,096	128,562
Pension costs	84,429	76,665
Temporary staff salaries (inc. social security costs)	108,095	133,976
	<u>1,634,349</u>	<u>1,525,521</u>

	2010	2009
	Number	Number
<u>Emoluments over £60,000</u>		
Three employees were paid emoluments of more than £60,000 in the year:		
£ 60,000 - £ 70,000	1	1
£ 90,000 - £100,000	-	1
£ 120,000 - £130,000	2	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 £24,500.

	2010	2009
	Number	Number
<u>Staff functions</u>		
The average number of employees during the year, analysed by function, was:		
Fundraising	2	2
Cultural and public events	5	3
Property management and conservation	5	4
Public education, communication and visitor services	8	9
Concessions and venue hire	5	5
Governance	6	5
	<u>31</u>	<u>28</u>

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

Under an arrangement with The Courtauld Gallery, which occupies the North Wing of Somerset House, the Trust provides event management services to the Gallery. £22,335 was charged to the Gallery during the year in respect of such staff costs (2008/09: £53,500), and this sum is excluded from the above figures.

Notes to the financial statements (continued)

14 Allocation of support costs

The Trust allocates its support costs as shown below:

	Costs of generating funds £	Costs of charitable activities £	Governance £	2010 £	2009 £
Legal costs	-	139,413	-	139,413	78,182
Professional fees	-	264,989	-	264,989	49,670
IT equipment and maintenance	8,664	91,452	8,242	108,358	84,811
General management - staff costs	32,335	341,303	30,757	404,395	388,177
General management - office costs	12,562	132,597	11,950	157,109	122,925
	<u>53,561</u>	<u>969,754</u>	<u>50,949</u>	<u>1,074,264</u>	<u>723,765</u>

Support costs are allocated on the basis disclosed in accounting policy note 1 c).

15 Trustee remuneration and related party transactions

No remuneration directly or indirectly out of the funds of the charity was paid to any Trustee or to any related party. Expenses incurred by the charity for Trustees during the year totalled £152.50 (2008/2009: £nil). Trustee indemnity insurance was purchased by the charity during the year at a cost of £4,500 (2008/2009: £2,100).

There were no related party transactions.

16 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.

17 Capital commitments

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

	Charity & Group	
	2010	2009
	£	£
Contracted for	<u>150,000</u>	<u>612,395</u>

Capital commitments relate to the development of the ground floor of East Wing.

Notes to the financial statements (continued)

18 Prior year adjustment

The material adjustment necessitated by the change in methodology used in valuing the headlease has given rise to a prior year adjustment. In accordance with Financial Reporting Standard 3 this has required a restatement of the results for the year ended 31 March 2009. The impact on those results is as follows:

<u>Net book value</u>	<u>Charity & Group</u> <u>2009</u> <u>£</u>
Actual tangible fixed assets	33,014,800
Valuation adjustment	52,364,738
Restated tangible fixed assets	<u><u>85,379,538</u></u>

The SOFA has not been restated as the change in depreciation resulting from the correction of this fundamental error is not considered material.

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

	<u>2010</u> <u>£</u>	<u>2009</u> <u>£</u>
Cost	153,653	-
Aggregate depreciation	(35,251)	-
Net book amount	<u><u>118,402</u></u>	-

Assets held under finance leases comprise the telephone system and photocopier.

20 Finance leases

Future minimum payments under finance leases are as follows:

	<u>2010</u> <u>£</u>	<u>2009</u> <u>£</u>
Within one year	27,897	-
In more than one year, but not more than five years	94,038	-
After five years	-	-
Total gross payments	121,935	-
Future financing charges	(22,269)	-
Finance lease liability	<u><u>99,666</u></u>	-