

THE HERMITAGE FOUNDATION UK
REPORT AND ACCOUNTS
YEAR ENDED 31 OCTOBER 2021

THE HERMITAGE FOUNDATION UK

(A COMPANY LIMITED BY GUARANTEE)

DIRECTORS

Prof. Brian Allen
The Marquess of Cholmondeley, KCVO
Caroline De Guitaut, LVO
Adrian Sassoon
Guy Vesey
Christopher Jones
Jonathan Yarker

COMPANY SECRETARY

Janice Sacher

REGISTERED OFFICE

5A Bloomsbury Square
London
WC1A 2TA

AUDITOR

Carter Nicholls Ltd
Victoria House
Staplefield Lane
Staplefield
West Sussex
RH17 6AS

BANKERS

Barclays Bank plc
Leicester
LE87 2BB

CAF Bank
25 Kings Hill Avenue
Kings Hill
West Malling
Kent ME19 4JQ

Virgin Money Charity Deposit
UK.virginmoney.com
On-line savings account

CCLA
Senator House
85 Queen Victoria Street,
London, EC4V 4ET

REGISTERED NUMBER

04766258 (Incorporated in England and Wales)

CHARITY NUMBER

1100096

THE HERMITAGE FOUNDATION UK

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TRUSTEES ANNUAL REPORT (incorporating Director's report)

The Directors, who are also the Trustees for the purpose of charity law, (and throughout this report are collectively referred to as directors) present their report and accounts for the year ended 31 October 2021.

The accounts comply with current statutory requirements, the Memorandum and Articles of Association and the Statement of Recommended Practice 'Accounting and Reporting by Charities'.

Constitution

The Hermitage Foundation UK is a private company limited by guarantee and a registered charity governed by its Memorandum and Articles of Association. Its charity number is 1100096 and its company number is 4766258.

The company was incorporated on 15 May 2003 and commenced its charitable activities on that date.

Objects of the charitable company

The purpose of The Hermitage Foundation UK ('The Foundation') is to support the State Hermitage Museum in St Petersburg and promote Russian culture through fundraising and any other practical activities which are considered advantageous to the Museum.

The Foundation works on a project by project basis. On one hand, they approach commercial companies, trusts and individuals to fund specific projects such as the restoration of works of art, refurbishment of galleries, educational exchanges, exhibitions and acquisitions. On the other, they run a membership organisation, as well as organising fundraising events and travel to help with the Museum's general funding.

Organisation and operational control

The day to day operation of the charity is under the control of the Director, Guy Vesey and the Chief Executive, Janice Sacher.

Accounts are maintained, with four Banks, Barclays Bank, CAF Bank, CCLA and a charity savings account with Virgin Money.

The Directors meet regularly to discuss new initiatives and to oversee the charity's operations.

Financial Review

The total income generated and net surplus for the year are shown on page 12 of the accounts. The accumulated funds as shown in note 9 to the accounts are held to enable the charity to continue to carry out its objects and are considered adequate for that purpose.

TRUSTEES REPORT (CONTINUED)

Risk Management

The Board of Directors is responsible for safeguarding the assets of the Foundation and for taking reasonable steps for the detection of fraud and other irregularities and for ensuring the Foundation's efficient operation. The Foundation applies a risk management cycle to identify, analyse, control and monitor the strategic and operational risks it faces. A risk management policy sets out how this is done.

The key areas of risk are:

Governance and Management
Financial
Compliance with Law and Regulation

Operational
Environmental and External

The Directors are satisfied that the systems in place are sufficient to mitigate these risks.

Review of Activities

The activities of The Hermitage Foundation UK were again negatively affected due to Covid 19, resulting in the Gala being cancelled and many of our events taking place online initially including:-

Tours & Talks on Hermitage Museum exhibitions

"Cartier: Passing on Heritage and Savoir-Faire - Masterpieces from the State Hermitage Museum and The Cartier Collection"

"After Raphael : 1520-2020"

"Cecil Beaton : Celebrating Celebrity"

A talk by Dr Blakesley on *"Power & Paint: The Patronage of Women Artists at the Court of Catherine II"*

Virtual Tours of The Winter Palace, The Imperial Porcelain Factory and The General Staff Building

Online talk by National Gallery Curator, Chris Riopelle, *"An Absinthe with Picasso"*

Then after lockdown we were able to arrange some live events including:-

Private view and Curator led tour of *"Epic Iran"* at the V&A Museum

Guided tour of *"Tony Crag at Houghton Hall"* followed by lunch with Lord Cholmondeley

Private curator led tour of the David Hockney Exhibition *"The Arrival of Spring"* at the Royal Academy

Talk by Catherine Ostler on *"The Duchess Countess : The Woman who Scandalised a Nation"*

VIP Preview of *"The Morozov Collection : Icons of Modern Art"* at the Louis Vuitton Foundation in Paris

Good progress was made on the English Publications of the Hermitage catalogues, with the 15th/17th Century French Paintings catalogue being given to publishers; Dutch catalogue and 1860/2000 French paintings catalogues making good progress.

TRUSTEES REPORT (CONTINUED)

Plans for Future Periods

The directors and members of the foundation are deeply shocked by events in the Ukraine and have suspended all activities with effect from March 2022. The situation will be reviewed at the regular Trustee meetings, but the Trustees do not expect to undertake any new activities in the year ended 31 October 2022.

Fundraising

Funds are raised by appeals to charitable foundations and corporations. No professional fundraisers are involved.

Trustees & Directors

The Directors who served during the year were:

Prof. Brian Allen
The Marquess of Cholmondeley
Mrs Caroline de Guitaut
Mrs Geraldine Norman (resigned 30.3.2022)
Prof Mikhail Piotrovsky (resigned 14.1.2022)
Mr Adrian Sassoon
Ms Ekaterina Sirakanian (resigned 14.3.2022)
Mr Guy Vesey
Mr Christopher Jones (appointed 10.2.2022)
Mr Jonathan Yarker (appointed 14.12.2021)
Mrs Larissa Zelkova (resigned 14.3.2022)
Mr Charles Dawnay (resigned 24.2.2022)

Recruitment and Appointment of Trustees

The recruitment of Trustees is in accordance with the Articles of Association. Trustees have the power to appoint any person but the skills mix and diversity of the Board are also considered.

The Public Benefit of our Work

The Hermitage Foundation UK makes a clear and valuable contribution to the following public benefit purposes as defined in the Charities Act 2011:

- Advancing the arts, heritage or science
- Advancement of education

TRUSTEES REPORT (CONTINUED)

Volunteers

The Directors recognise the significance of volunteers to the Charitable activities.

Investments

In an ongoing low interest rate environment making returns on investment whilst maintaining a low risk strategy remains challenging. A low risk portfolio of investments is managed by Smith Williamson. Income from investments was £52,389 (2020 - £47,972)

Directors' Responsibilities

The directors are responsible for preparing the Annual Report and accounts in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires that the directors prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that year. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.


The directors confirm that so far as they are aware, there is no relevant audit information of which the company's auditor is unaware. They have taken all the steps they ought to have taken as directors in order to make themselves aware of any relevant information and to establish that the company's auditor is aware of that information.

Small Company

The charitable company is incorporated under the Companies Act 2006 as a company limited by guarantee and not having a share capital.

This Report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

This Report was approved by the Board on 22nd July, 2022



Mr Christopher Jones
Trustee

THE HERMITAGE FOUNDATION UK

Independent Auditor's Report to the Members of The Hermitage Foundation UK

Opinion

We have audited the financial statements of The Hermitage Foundation UK (the 'charity') for the year ended 31 October 2021, which comprise the Statement of Financial Activities, Balance Sheet, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, comprising Charities SORP - FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and applicable law (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 October 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

THE HERMITAGE FOUNDATION UK

Independent Auditor's Report to the Members of The Hermitage Foundation UK

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006.

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

- the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

THE HERMITAGE FOUNDATION UK

Independent Auditor's Report to the Members of The Hermitage Foundation UK

Responsibilities of trustees

As explained more fully in the Statement of Directors' Responsibilities (set out on page 7), the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the charity, we identified that the principal risks of non-compliance with laws and regulations related to breaches of UK regulatory principles, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated trustees incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to management bias in accounting estimates. Audit procedures performed included:

- Validating the appropriateness of journal entries identified based on our fraud risk criteria;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing; and
- Assessing the impact of COVID-19 on the inherent risk of fraud, including potential opportunities for fraud with more remote working and where internal controls may not be operating the way they usually do.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

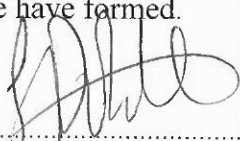
A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

THE HERMITAGE FOUNDATION UK

Independent Auditor's Report to the Members of The Hermitage Foundation UK

Use of our report

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



.....
(Senior Statutory Auditor) STEPHEN DEWAR POTTER

For and on behalf of Carter Nicholls Ltd, Statutory Auditor

Victoria House
Stanbridge Park
Staplefield Lane
Staplefield
West Sussex
RH17 6AS

Date: 16 - 7 - 2021

THE HERMITAGE FOUNDATION UK

04766258

**STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating income and expenditure account)**

FOR THE YEAR ENDED 31 OCTOBER 2021

	Notes	Unrestricted Funds £	2021 Restricted Funds £	Total Funds £	2020 Total Funds £
Incoming resources from generated funds					
Voluntary income:					
Sponsorship & donations		43,114	365,038	408,152	104,029
Membership fees		3,725	-	3,725	4,149
Activities for generating funds:					
Fund raising activities		-	-	-	21
Investment income:					
Interest receivable		321	20	341	2,171
Income from investments		9,006	43,383	52,389	47,972
		-----	-----	-----	-----
		56,166	408,441	464,607	158,342
From charitable activities:					
Activities in furtherance of the charity's objects	2	216	-	216	107,103
		-----	-----	-----	-----
Total incoming resources		56,382	408,441	464,823	265,445
		-----	-----	-----	-----
Resources expended					
Cost of generating funds:					
Fund raising costs		-	-	-	-
Cost of charitable activities:					
Cost of activities in furtherance of the charity's objects	3	57,002	-	57,002	110,008
Activity implementation costs	4	2,910	-	2,910	4,897
Governance costs:	5	80,844	3,656	84,500	71,112
		-----	-----	-----	-----
Total resources expended		140,756	3,656	144,412	186,017
		-----	-----	-----	-----
Net incoming/(outgoing) resources for the year		(84,374)	404,785	320,411	79,429
Gains/(losses) on investment assets		-	357,743	357,743	(52,172)
Fund balances brought forward		691,859	2,673,406	3,365,265	3,338,008
		-----	-----	-----	-----
Fund balances carried forward		607,484	3,435,934	4,043,419	3,365,265
		-----	-----	-----	-----

The notes on pages 14 to 17 form part of these accounts

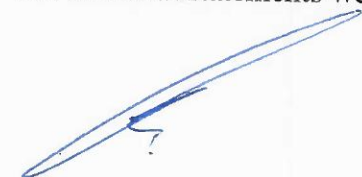
BALANCE SHEET AT 31 OCTOBER 2021

	Notes	2021 £	2020 £
Fixed assets			
Investments	6	3,045,467	2,544,202
Current assets			
Debtors	7	2,420	7,670
Bank & cash balances		1,002,019	815,878
		<u>1,004,439</u>	<u>823,548</u>
Creditors:			
Amounts falling due within one year	8	6,488	2,485
		<u> </u>	<u> </u>
Net current assets		997,951	821,063
Net assets		<u>4,043,418</u>	<u>3,365,265</u>
Unrestricted funds:			
General	9	241,541	299,285
Designated	9	365,943	392,574
		<u>607,484</u>	<u>691,859</u>
Restricted funds	10	3,435,934	2,673,406
Total funds		<u>4,043,418</u>	<u>3,365,265</u>

The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

The financial statements were approved by the board on 22 July 2022 and signed on its behalf by:



Mr Christopher Jones
Director

The notes on pages 14 to 17 form part of these accounts

NOTES TO THE ACCOUNTS AS AT 31 OCTOBER 2021

1a) Basis of accounting

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice (applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)) (issued in October 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Basis of preparation

The Hermitage Foundation UK meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

Going concern

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern nor any significant areas of uncertainty that affect the carrying value of assets held by the charity.

b) Investments

Investments are stated at market value.

c) Incoming resources

Incoming resources represents amounts received from membership fees, sponsorship and donations, activities in furtherance of the charity's objects and income from fund raising events in the year.

d) Resources expended

Resources expended are allocated to particular activities where the cost relates directly to those activities. All costs relating to the managing and administering of the charity are treated as resources expended for charitable application.

e) Fund accounting

Funds held by the charitable company are either:

Unrestricted funds – these are funds that can be used in accordance with the charitable objects at the discretion of the directors.

Designated funds – these are funds set aside by the directors out of general funds for specific purposes or projects.

Restricted funds – these are funds that can only be used for particular restricted purposes within the objects of the charitable company. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

NOTES TO THE ACCOUNTS AS AT 31 OCTOBER 2021

2. INCOME FROM CHARITABLE ACTIVITIES

	2021	2020
	£	£
21/22 Programme	216	103
Other Activities	-	107,000
	-----	-----
	216	107,103
	-----	-----

3. COST OF CHARITABLE ACTIVITIES

	2021	2020
	£	£
21/22 Programme	30,510	33,730
Other Activities	26,492	76,278
	-----	-----
	57,002	110,008
	-----	-----

4. ACTIVITY IMPLEMENTATION COSTS

	2021	2020
	£	£
Travel & Entertaining	2,910	4,897
	-----	-----

5. GOVERNANCE COSTS

	2021	2020
	£	£
Office costs	23,973	26,161
Audit	4,350	0
Accountancy	3,255	3,580
Professional fees	45	3,960
Director's salary	49,221	37,291
	-----	-----
	80,844	70,992
	-----	-----

6. INVESTMENTS

	£
Market value at 1 November 2020	2,544,202
Funds injected	143,522
Net gain/(loss) on revaluation	357,743

Market value at 31 October 2021	3,045,467

NOTES TO THE ACCOUNTS AS AT 31 OCTOBER 2021

Analysis of investments:

	£
UK investments	1,358,259
Overseas investments	1,378,315
Alternative investments	221,999
Cash held	86,894

	3,045,467

7. DEBTORS

	2021	2020
	£	£
Sundry debtors & prepayments	2,420	7,670
	-----	-----

8. CREDITORS: Amounts falling due within one year

	2021	2020
	£	£
Sundry creditors & accruals	5,010	2,485
Tax & social security	1,478	0
	-----	-----
	6,488	2,485
	-----	-----

9. UNRESTRICTED FUNDS

	General Funds	2021 Designated Funds	Total Funds	2020 Total Funds
	£	£	£	£
Balance at 1 November 2020	299,283	392,575	691,858	652,779
Net incoming/(outgoing) resources	(57,742)	(26,632)	(84,374)	39,079
	-----	-----	-----	-----
	241,541	365,943	607,484	691,858
	-----	-----	-----	-----

10. RESTRICTED FUNDS

The Hermitage International Endowment Fund ("HIEF") was established in July 2015. Its object is to provide support and support to The State Hermitage Museum of St Petersburg.

	HIEF £
Balance at 1 November 2020	2,673,406
Incoming resources	408,441
Outgoing resources	(3,656)
Gains/(losses)	357,743

Balance at 31 October 2021	3,435,934

NOTES TO THE ACCOUNTS AS AT 31 OCTOBER 2021

11. ANALYSIS OF NET ASSETS

	Unrestricted Funds £	2021 Restricted Funds £	Total Funds £	2020 Total Funds £
Investments	-	3,045,467	3,045,467	2,544,202
Cash at bank	611,552	390,467	1,002,019	815,878
Debtors	2,420	-	2,420	7,670
Creditors	(6,488)	-	(6,488)	(2,485)
	-----	-----	-----	-----
	607,484	3,435,934	4,043,418	3,365,265
	-----	-----	-----	-----

12. TRANSACTIONS WITH DIRECTORS

Four (2020: Four) of the directors received reimbursement of travel and other expenses incurred in the performance of their duties as trustees.

One director receives payrolled remuneration for his time in fulfilling his role in the charity, being Mr Guy Vesey.

Analysis of staff costs

Directors' salary	44,200
Employers National Insurance	3,883
Employers Pension costs	1,138

Total	49,221
