PALLANT HOUSE GALLERY

England & Wales · Charity number 1102435

Details

Status	Registered
Legal form	Charitable company
Company number	05045130
Registered	2004-03-02
Register	View on the Charity Commission register

Contact

Address	8 - 9 North Pallant Chichester West Sussex PO19 1TJ
Phone	01243774557
Email	info@pallant.org.uk
Website	www.pallant.org.uk

Activities

Objects: THE OBJECTS OF THE CHARITY ARE, FOR THE PUBLIC BENEFIT, TO ADVANCE THE EDUCATION OF THE PUBLIC IN AND TO PROMOTE THE VISUAL ARTS AND HISTORY OF ART PRINCIPALLY IN THE CHICHESTER ADMINISTRATIVE DISTRICT AND IN PARTICULAR, TO MAINTAIN, PRESERVE, RESTORE AND FURNISH PALLANT HOUSE IN THE CITY OF CHICHESTER AS A PERIOD HOUSE WITHIN WHICH TO EXHIBIT WORKS OF ART OF HISTORIC OR PUBLIC INTEREST FOR VIEWING BY THE PUBLIC.

Activities: Public Art Gallery providing outreach and education facilities

Classification

- **How:** Provides Human Resources, Provides Services, Provides Advocacy/advice/information, Acts As An Umbrella Or Resource Body
- **What:** Education/training, Arts/culture/heritage/science
- **Who:** Children/young People, Elderly/old People, People With Disabilities, The General Public/mankind

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Geography

- **Area of benefit:** CHICHESTER, WEST SUSSEX
- West Sussex

Finances

Period end	Income	Expenditure	Assets	Employees
2025-03-31	£3,021,592	£2,784,627	£45,162,804	40
2024-03-31	£2,968,019	£2,525,286	£44,785,270	40
2023-03-31	£2,613,253	£2,293,003	£43,535,556	38
2022-03-31	£4,457,600	£1,936,189	£43,848,733	36
2021-03-31	£5,490,813	£1,595,717	£40,795,808	38

Trustees

Name	Role	Appointed
John Antony Cleeve Ayton MBE	Chair	2022-03-25
Andrew James Cussins		2023-09-30
Clare Margaret Mary Apel		2019-06-07
Elsebeth Gatacre		2023-09-30
Laura Ford		2023-09-30
Mark Wyatt Washer		2022-03-25
Patrick Adam Fernesley Figgis		2025-12-05
Patrick Duncan Holmes		2024-09-27
Robin Mark Vousden		2023-09-30
Tamara Jane Templer		2024-09-27
The Rt Hon the Lord Tyrie of Chichester		2018-06-22
Thomas William Marks		2026-01-07
Timothy Charles Chatwin		2025-12-05
Victoria Elvidge		2026-01-07

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PALLANT HOUSE GALLERY

England & Wales - Charity number 1102435

Accounts

Pallant House Gallery

Pallant House Gallery

Annual Report & Financial Statements

For the Year Ended 31 March 2025

Charity Registration No. 1102435

Company Registration No. 05045130 (England & Wales)

THURSDAY

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COMPANIES HOUSE

Reference and Administrative Information

Company number	05045130
Country of incorporation	England & Wales
Charity number	1102435
Country of registration	England & Wales
Registered office & operation address	Pallant House Gallery 8-9 North Pallant Chichester West Sussex PO19 1TJ

Trustees

Trustees, who are also directors under company law, who served during the year and up to the date of this report:

John Ayton MBE	Chair
Charles Martin	Deputy Chair
Elizabeth J Davis	Company Secretary (retired 26 September 2025)
Aki Abiola	(resigned 26 September 2025)
Cllr Clare Apel	
Joanna Beer	
Andrew Cussins	
Laura Ford	
Elsebeth Gatacre	
Olaf Gueldner	(appointed 27 September 2024, resigned 26 June 2025)
Patrick Holmes	(appointed 27 September 2024)
Zachary Leonard	(retired 27 September 2024)
Roger Mavity	(retired 27 September 2024)
Jacqueline Russell	(retired 22 September 2024)
Tamara Templer	(appointed 27 September 2024)
The Rt Hon. the Lord Tyrie	
Robin Vousden	
Mark Washer	

Gallery Director	Simon J Martin
Auditor	Sayer Vincent LLP 110 Golden Lane London EC1Y 0TG
Bankers	Barclays Bank PLC 74-75 East Street Chichester West Sussex PO19 1HR

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Reference and administrative information set out on page 2 forms part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association, the requirements of a directors' report as required under company law, and the Statement of Recommended Practice – Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102.

Chair's Statement

I am delighted to present this Annual Report for 2024–25, a year in which over 70,000 people visited Pallant House Gallery in person, with many thousands more engaging online. This growth in reach, both physical and digital, underscores our national standing as a centre of curatorial excellence and public value.

Our exhibitions programme this year was exceptional in both ambition and reception. The Shape of Things: Still Life in Britain and Dora Carrington: Beyond Bloomsbury attracted widespread critical acclaim, celebrated for their fresh scholarly insights and their capacity to shed new light on lesser-known corners of British art history. These exhibitions were accompanied by fully illustrated catalogues, original research and a rich public programme - hallmarks of the Gallery's commitment to interpretation, education and engagement. In parallel, we reaffirmed our support for contemporary practice with commissions from Phoebe Cummings and Rana Begum, and a new presentation of work by Maggi Hambling, ensuring that historical and contemporary voices continue to speak to one another across our programme.

The Gallery's nationally recognised Community Programme continued to flourish, reaching a wide range of participants from across the region. Demand has grown to the extent that we now hold waiting lists for several of our initiatives - clear testament to the social impact and reputational strength of this work. The programme plays a vital role in advancing the Gallery's mission: using art to foster belonging, wellbeing and creativity within our community. Schools remain a priority for us given the poor state of creative education in this country.

Commercially, the restaurant and bookshop continue to contribute meaningfully to the organisation's sustainability. However, the strength of demand - particularly at peak times - has highlighted a broader challenge across our estate: we are close to capacity. Our Queen Anne building, though elegant and historically important, constrains our ability to accommodate the scale of audiences and programming our vision demands. Most notably, it limits how we display our permanent collection alongside temporary exhibitions. If we are to tell a coherent and compelling story of British art, this spatial constraint must be addressed in the years ahead.

The Board and I have supported a significant strengthening of the Gallery's professional leadership through the appointment of senior colleagues in Development and Digital, and a restructuring of the Curatorial and Visitor Services functions. These changes have already enhanced our organisational capacity and effectiveness, and we are grateful to the team for embracing them so energetically. However, these investments come against the backdrop of a material operating deficit. While historically the Gallery has benefited from generous bequests and one-off gifts, this model is not sustainable. It leaves the organisation vulnerable to short-term shocks and hampers long-term planning.

Our strategic focus now is to build a more resilient financial model, rooted in a multi-year approach to fundraising, more sophisticated systems and processes, and a sharpened commercial edge. This includes the revitalisation of our marketing, communications and audience engagement functions to grow and diversify income across all areas of activity.

Pallant House Gallery is proud to be rooted in Chichester, and we are grateful to Chichester District Council for its ongoing support - most recently through extensive repairs and redecoration to Pallant House, the freehold of which it owns. The Gallery has also invested in environmental improvements,

including UV film installation, roof repairs and upgrades to our kitchen facilities. In 2025, we will deliver further infrastructure enhancements with the installation of a new ground source heat pump and improved IT systems, supported by external grants.

Unlike many peer institutions, the Gallery receives no regular funding from Arts Council England or Central Government. This places us in a uniquely exposed position: maintaining a nationally significant collection, presenting major exhibitions and delivering wide-reaching community programmes without the safety net of public subsidy. In this context, the role of individual donors, corporate supporters and our wider community becomes ever more critical. Supporting Pallant House Gallery is not simply about preserving a beautiful building or a prestigious programme, it is a commitment to the cultural, civic and educational life of our region.

The Board and Executive are aligned in their priorities for the year ahead: to strengthen income generation, deepen audience engagement, and develop the estate and infrastructure that will secure the Gallery's long-term future. In all of this, we are guided by a belief that access to great art should not be the preserve of capital cities or institutions of scale, but something that can and must be made possible here - in the heart of Chichester - for all.

John Ayton MBE

Chair of the Board of Trustees

Trustees' Annual Report

The Trustees present their report and the audited financial statements for the year ended 31 March 2025.

Objectives & Activities

The Charity's objectives are for the public benefit to promote and advance the education of the public in, and to promote, the visual arts and history of art principally in the Chichester administrative district and in particular, to maintain, preserve, restore and furnish Pallant House in the City of Chichester as a period house within which to exhibit works of art of historic or public interest for viewing by the public.

Our Mission and Vision

Our mission is to share and stimulate new thinking on British art and to play a pivotal role in the creative lives of the widest possible audience.

Our vision is to be recognised as an international centre for British art from 1900 to now.

We achieve this by observing the following six principles:

- Making Modern British art relevant today by exploring contemporary, historic and international connections, redressing imbalances in its history and filling gaps in our collection.
- Putting our audiences at the heart of what we do, striving to understand their needs and motivations, enabling two-way conversations and involving them in our work.
- Thinking of the Gallery as more than a physical destination, expanding our audience reach through digital, outreach and regional, national and international partnerships.
- Being a recognised authority on Modern British art and an example of best practice in all aspects of our work.
- Creating and upholding a distinctive brand for the Gallery that informs all activity.
- Investing in our people, culture, assets and systems, and working to become financially and environmentally sustainable and appropriately resourced.

Public Benefit Derived from our Activities

Public Benefit Derived from our Activities

The Trustees of the Gallery have paid regard to the Charity Commission's published guidance on public benefit. They believe that people who have equitable access to the visual arts derive real benefit from the experience through the expansion of their creative ideas, practice and understanding. The Gallery cultivates long-term engagement across all its programmes, contributing to lifelong learning, health and wellbeing and addressing the Arts deficit in schools.

The Gallery provides the opportunity for people to gain a better understanding of the cultural and artistic make-up of our society and enhances their personal response to and enjoyment of creativity.

Performance and Achievements During the Year

Summary of Financial Results

The Gallery delivered a surplus of £377k in the year (2023-24: surplus of £1,250k). However, at an underlying level, the Gallery continues to incur operational deficits, with an operating deficit for the year of £421k (2023-24: £238k) and £454k of net cash utilised for operating activities (2023-24: £512k).

Whilst income increased by 3% to £2,364k during the year (excluding gifts of artwork and investment gains), costs increased by 10% to £2,785k.

The Gallery made a strategic decision to seek new multi-year corporate partnerships and is pleased to have secured three significant partnerships over the next three years as well as a £260k grant from Fidelity UK. Memberships of our Patrons and Friends' schemes also performed well. However, admission income was down on the previous year.

The increase in costs partly reflects a conscious decision made by the trustees to invest in staff and to commence long overdue projects but also factors beyond our control such as increased national insurance and utility costs, and the absence of a rates rebate received in 2023-24 that was exceptional in nature.

The Gallery's primary source of public funding, an annual grant of £130k from Chichester District Council, has been confirmed (with annual inflationary increases) until March 2030.

Capital Project

In September 2024, the Gallery reinvigorated its consideration of a major capital development project that will expand and enhance its offer for audiences. Various strands of work were undertaken to inform the feasibility of this project, including a Collections Measurement Programme and audience development research. A Masterplan will be developed following selection of the preferred option in the coming year.

Exhibitions

The Gallery operates a dynamic two-seasons exhibitions programme (May – October and November – April). Each season comprises one main exhibition in the New Wing and one secondary exhibition in the Historic House. These showcase the Gallery's curatorial excellence, telling new stories about modern British art while supporting contemporary creativity through the work of emerging or more established artists.

These are supplemented by four Print Room exhibitions per year (two per season), which present new research or insight into the Gallery's outstanding collection of works on paper and rare books. Collections displays within the Historic House are also periodically refreshed, notably to facilitate loans out or reveal recently acquired works.

Summer / Autumn Season (11 May – 20 October 2024)

Comprising some 150 works by 100 artists, and curated by the Gallery's curatorial team, *The Shape of Things: Still Life in Britain* enabled the Gallery to establish or deepen relationships with a number of partners with loans from across the UK's public and private collections. The exhibition was accompanied by a major publication, achieved great press coverage and outstanding reviews, and attracted healthy visitor numbers. Contemporary ceramics artist Phoebe Cummings responded to the exhibition by making a site-specific installation in the Historic House. Also in the Historic House, the group exhibition *Significant Objects: The Things that Matter* gathered work made by Pallant House Gallery's Community Programme artists in response to the main exhibition.

In the Print Room, *British Studio Ceramics: From Bernard Leach to Magdalene Odundo* (27 April – 28 July 2024) surveyed the evolution of British studio pottery from 1900-present, with 81 pieces by 45 makers, drawn from the Gallery's outstanding collection of studio ceramics. *Nana Shiomi: Her Own Interpretation* (3 August – 13 October 2024) resulted from a major gift of 29 woodcuts by Japanese-born artist Nana Shiomi.

A new staircase commission, by Rana Begum RA, was unveiled in July 2024, and will remain until July 2026. No. 1367 Mesh is a large-scale site-specific installation featuring the iconic 'mesh clouds' by one of Britain's most established artists.

Autumn / Winter Season (9 November 2024 – 27 April 2025)

Dora Carrington: Beyond Bloomsbury was the first major survey of the work of Dora Carrington (1893–1932) since 1995. Exploring Carrington's unconventional life that defied gender and social expectations, and a remarkably varied oeuvre, it featured many rarely seen works from private collections as well as loans from British public collections. The exhibition was curated by Ariane Banks and Anne Chisholm and was accompanied by a new publication with essays from the curators and distinguished writers.

Curated internally, *Pattern: Rhythm and Repetition* featured 30 objects drawn from the collection, including recent acquisitions, to consider how artists have used pattern from 1900 to now, as a form of communication to express cultural identities, our relationship to technology and the harmony found in nature.

In the Historic House, *Maggi Hambling: Nightingale night* presented new work by Maggi Hambling, made in response to a night spent in the Sussex countryside with folk singer Sam Lee and friends, to listen to the haunting chant of the nightingale. It was accompanied by a new publication.

In the Print Room, *Julia Margaret Cameron to Eileen Agar: The Hewat Collection* (19 October 2024 – 12 January 2025) marked a major new acquisition, as an Acceptance in Lieu of Tax from the Estate of Angus and Ann Hewat. *Young Pallant Artists Select: Screenprints* (18 January – 20 April 2025) was curated by the Community Programme's group of artists aged 18-32, drawing from the Gallery's extensive collection of screenprints.

Collection and Acquisitions

During 2024-25, 135 artworks were acquired for the permanent collection, and were processed, catalogued, and conserved and photographed as required. This included 49 new works by female artists (of which 6 were newly represented in the collection), bringing the gender ratio to 24.9% of women artists, and 5 new acquisitions of works by ethnically diverse artists, who may identify as black, brown, or as people of colour.

Acquisitions April 2024 – March 2025	
Duncan Grant *Still Life with Black Coffee Pot* (1949) Acquired with support from the Arts Council England/V&A Purchase Grant Fund, Cate Olson and Nash Robbins, and legacies from Margaret Treacher Brown and Lady Heath, 2024	1
Clare Woods *Motionless* (2022) Acquired with support from Art Fund, the Arts Council England/V&A Purchase Grant Fund, Rupert and Sarah Burgess, the Robert Dale Harbison Bequest and the Esther Welch Legacy Gift (2024)	1
Bequeathed by Dr. Bridget Davies to the Patrick Heron Trust and allocated to Pallant House Gallery, (2024)	5
Bequest of Christopher Jermyn, presented by the Contemporary Art Society, 2024/25	3
The Balakjian Collection: Accepted under the Cultural Gifts Scheme by HM Government from the archive of Studio Prints gifted by the Balakjian family and allocated to Pallant House Gallery (2024)	54
Gift of Nicholas Sinclair	25
Accepted in Lieu of Inheritance Tax by HM Government from the estate of Angela Verren Taunt and allocated to Pallant House Gallery (2024)	1
Presented by the Contemporary Art Society, with the support of Liesl Fichardt, (2024/25)	1
Gift of the Cosman Keller Art and Music Trust (2025)	7
Gift of Rachel Howard (2025)	11
Other works acquired through donation/gift/transfer	25
Artworks purchased or commissioned by Pallant House Gallery	1
Number of new works by women artists (no. of individual artists)	49 (12) 36.3%

Number of new works acquired by men (no. of individual artists)	86 (24) 63.7%
Number of new works by ethnically diverse artists, who may identify as black, brown, or as people of colour (no. of individual artists)	5 (5) 3.7%
Number of newly represented artists	15
Number of newly represented female artists	6
Number of newly represented male artists	9

Artists represented in the collection				
	2021/2022	**2022/2023**	**2023/2024**	**2024/2025**
Total number of artists represented in the collection	981	1,045	1,067	1,082
Total number of male artists (%)	745 (75.9%)	788 (75.4%)	804 (75.4%)	813 (75.1%)
Total number of female artists (%)	236 (24.1%)	257 (24.6%)	263 (24.6%)	269 (24.9%)
Total number of ethnically diverse artists (%)	47 (4.89%)	55 (5.3%)	58 (5.4%)	62 (5.7%)

Conservation and Photography

Treatment of 76 works in the collection was completed in this period. This included 12 works included in the major exhibition T*he Shape of Things: Still Life in British Art* and five works by Christopher Wood for an in-focus display.

The conservation of a key work Gino Severini *Danseuse No.5 (Dancer No. 5)* was supported by Fitzwilliam Museum, Cambridge as part of our agreement to lend to the exhibition: *Paris 1924: the Art of the Olympics* 5 July – 3 November 2024

In addition, the Gallery continues to build its stock of standard frames for works on paper with non-reflective, non-UV glass. This project supports preventative conservation measures particularly in the Historic House environs and improves visitor experience by offering a greater clarity of view.

353 priority works were photographed.

External Loans

During 2024-25, the Gallery lent 45 works to 21 different venues including international loans to Philadelphia Museum of Art, USA North Carolina Museum of Art, USA and Nivaagaards Malerisamling, Denmark.

Library and Archive

1,333 people visited the Library and Archive, of which 661 were external visitors and researchers

Learning and Public Programmes

The Learning and Public Programmes team delivers a range of engagement opportunities for people of all ages to increase access to and enjoyment of art and creativity inspired by the collection and exhibitions. During 2024-25, 608 activities were delivered (vs 560 in 2023-24), which were enjoyed by 6,682 participants (vs 5,396 in 2023-24).

Learning and Public Programmes Area	Total Participants	Total Participations	Total Activities
Formal education activity for children and young people (Encounter and Create workshops, School in Residence, and free self-led visits supported by Gallery resources)	2,354	2,571	144
Informal learning for children and families (free Open Days, holiday workshops and self-led visits)	1,977	1,977	44
Adult learning workshops, talks and special events	2,011	2,011	48
Community Programme (weekly workshops, projects, trips, Partners in Art meet ups and partnership working)	210 (CP core membership) 130 (partnership working with Sanctuary and Pallant Partners)	4,483	372
Total	**6,682**	**11,042**	**608**

Key Successes:

- Significant increase in participations in the Community Programme with new Partners in Art and external partnerships, Pallant Pathways workshops and the relationship with Sanctuary in Chichester, leading to recruiting 16 refugees and asylum seekers living locally, to volunteer as Gallery Assistants.
- The Young Pallant Artists (YPAs), 18-30 year olds, opened their print room exhibition in January, having worked closely with the curatorial team to select works from the collection, interpret and curate the exhibition. It has been a transformative experience and they have gained new skills and confidence in putting together an exhibition.

- The Community Programme Annual Fundraising Exhibition displayed 78 artworks, plus 96 browser works, all created and donated by members of the Community Programme and raised a record-breaking amount of over £5k.
- Delivering new monthly themed Thursday Lates to aid promotion and impact of the adult events offer, opening late once a month with half price entry. Each event offers visitors a variety of activities including ticketed talks and drop-in creative workshops.
- The Creative Careers Day held in January 2025 was designed to support young people considering career options in the creative industries, was held in collaboration with Chichester Festival Theatre, Chichester College and Creative County West Sussex.

Fundraising

The Gallery drives fundraising income generation through a mixed funding model. Fundraising through philanthropy, partnerships and memberships all continue to be important income streams, which is predominantly managed through the Development Team. Additional support is also provided by the Development Advisory Group (made up of Trustees and external advisors), and other key members of the Gallery's staff.

Key points and highlights for 2024-25:

- Fundraising through Trusts and Foundations was particularly successful with total income of £308k. The highlight was a successful grant from Fidelity Foundation for £260k for the replacement and refurbishment of the Gallery's Ground Source Heat Pump.
- Individual giving through both the Patrons scheme and the Friends membership saw strong income with Patronage income at an all-time high of £224k for the year and hitting 100 Patronages for the first time since the scheme's launch in 2017.
- Total income of £618k though individual giving was also bolstered by £149k of other donations making this income stream the star performer of the year.
- A new strategy with corporate partnerships has been to secure multi-year agreements, ideally over three years where possible. This ensures some level of financial security, allows for better forecasting, as well as offering both parties a chance to evolve and enhance the partnership during that time frame. Two new 3-year partnerships were secured in 2024-25 and the £77k income from this year is forecast to grow by 20%.
- If we include the value of Gifts of Artwork (£658k), Chichester District Council's grant (£130k) and Gift Aid (£83k), with all other philanthropic gifts and fundraising income from Trusts and Foundations, Individual Giving and Corporates (£1,003k), Development activities generated total income of £1,874k in 2024-25. Given this total makes up c.62% of all Gallery income for 2024-25, we can confidently say that the Gallery is in an encouraging position from a philanthropic and goodwill perspective.

All development and fundraising activities were carried out in-house and no agencies or individual consultants were contractually engaged to raise funds on behalf of the Gallery. Such activities were compliant with appropriate codes and there have been no complaints about them.

The Gallery generally focuses on wealthy individuals, trusts and foundations, corporate partners and statutory bodies as key sources of funds, leaving members of the public a free choice whether to

become a Friend/Patron or donate additionally when buying a ticket or donating to a public appeal. Consequently, it is not necessary to have measures that specifically protect vulnerable people from fundraising, while care is given to ensuring the safety of all potential donors.

Buildings & Facilities

Pallant House

Significant external repairs and decoration were undertaken by contractors appointed by Chichester District Council (which owns the freehold of Pallant House). This included work to arrest water ingress.

Subsequently, the Gallery (which, as lessee, is responsible for internal maintenance), arranged for several rooms to be decorated. Work has begun on replacing UV films on windows to reduce harmful UV and reject solar energy, helping to control the internal temperatures in the summer and conserve the collections.

Safety & Security

Further cameras have been added to the Gallery's CCTV system to provide additional coverage of temporary exhibition spaces.

Ground Source Heat Pump

During 2024-25, funding was successfully secured for the Gallery to replace the New Wing's 20-year-old ground source heat pump and to conduct major refurbishment of its ventilation systems. Work has begun with completion due in October 2025.

IT / Digital

Two new digital posts, Head of Digital & Data and Collections Systems Manager, were created and recruited in November 2024. These posts provide the Gallery with essential in-house skills and capacity to deliver a digital roadmap to transform its technical infrastructure, communications, and digital offer. After an initial period of consolidation and consultation, key priorities were identified for the coming year, including improving the Gallery's customer relationship management system and the collections management system, updating hardware and planning for the migration to cloud infrastructure.

Commercial Activities

Pallant Café

The Café serves lunch and afternoon tea from the ground floor of the Gallery and the courtyard garden.

The Café is independent of the Gallery. During 2024-25, the Café generated gross sales of almost £600k and contributes rental income and a share of its sales to the Gallery.

Pallant Bookshop

The Bookshop is a leading specialist bookshop for Modern British art and the primary point of sales for the Gallery's publications and other merchandise. The Bookshop is run independently of the Gallery. The Bookshop Director, Nicholas Higbee, is a regular attendee at the Gallery's Collections and Exhibitions Advisory Group.

The Bookshop contributes rental income and pays commission to the Gallery on sales of Gallery products. A new contract with the Bookshop was entered into in March 2025.

Human Resources

The Gallery recognises that its staff and volunteers are its greatest resource and require investment to get the best outcomes. During the previous financial year, the Gallery introduced three new HR systems (Virtual College, a training platform; BreatheHR, a people management system; and Better Impact, a volunteer engagement and management system). These have all been successfully embedded during their first complete year of operation and have led to improved staff and volunteer monitoring and management, and more consistent and accurate reporting.

As of 31 March 2025, the Gallery team consisted of 21 full-time and 17 part-time permanent members of staff and five casuals (equivalent to 33.0 full-time roles). There was significant recruitment during 2024-45 to replace departing staff, although this facilitated restructures of the Curatorial and Visitor Services functions which have increased our capacity and effectiveness. Three new full time new posts were also created, with a focus on income-generation and data-driven decision-making. The Head of Digital & Data and the Collections Systems Manager started in November 2024, and Development Manager, Grants & Legacy Giving, started in March 2025.

The Gallery is indebted to our dedicated team of nearly 300 volunteers, who donated almost 10,000 hours of their time in 2024-25 to support all aspects of our programme and operations. They fulfil a variety of roles across different departments, including policy and programme advisors (via the Gallery's Sub-Committees and Advisory Groups), Gallery Assistants, Gallery Guides, library and archives assistants, and support for our Learning and Community Programme. The majority of our volunteers are the Gallery Assistants, who welcome our visitors and invigilate the exhibition spaces. Since the introduction of our online volunteer management system, and a dedicated member of the Visitor Services team with responsibility for volunteer coordination, we have increased recruitment and are able to manage this group more effectively; removing non-active volunteers, increasing communication and training, and public recognition of their contribution to the Gallery.

Financial Review

The results for the year are set out in the Statement of Financial Activities and accompanying notes later in this report.

The Gallery delivered a surplus of £377k in the year (2023-24: surplus of £1,250k). This headline number is stated after a disappointing unrealised investment gain of £141k (2023-24: £807k) and gifts of artwork of £658k (2023-24: £681k). At an underlying level, the Gallery continues to operate at a deficit, with a deficit of £421k incurred in 2024-25 (2023-24: £238k), and £454k of net cash utilised for operating activities (2023-24: £512k).

Income increased by 3% to £2,364k during the year (excluding gifts of artwork and investment gains). The Gallery increased the number, value and duration of its corporate partnerships, with agreements signed with three corporate partners (Dreweatts, Evelyn Partners and Sofas & Stuff), for three years. The Gallery is very pleased to have secured a £260k grant from Fidelity UK for the replacement of our heat pump and associated works. The increase in Patrons' and Friends' membership was very welcome however the fall in admission income has been disappointing.

Costs increased by 10% to £2,785k, partly reflecting a conscious decision made by the trustees to build capacity within the team, to commit to paying the Real Living Wage and to commence long overdue projects e.g. digital and hardware upgrades. However, costs also increased relative to the prior year due to external factors such as increased national insurance contributions, higher utility costs, and the absence of a rates rebate received in 2023-24 that was exceptional in nature.

The Gallery's primary source of public funding, an annual grant of £130k from Chichester District Council, has been confirmed (with annual inflationary increases) until March 2030.

The Gallery's principal sources of funding during the year were as follows:

Income Summary

	2024-25 £000s	% of total	2023-24 £000s	% of total
Earned Income				
Admission	£390		£492	
Commercial	£179		£170	
Total	**£569**	**19%**	**£661**	**22%**
Philanthropic Institutions				
Arts Council England	-		£53	
National Lottery Community Fund	£4		£48	
Trusts & foundations	£308		£23	
Total	**£312**	**10%**	**£124**	**4%**
Statutory / Government / Public				
Chichester District Council	£130		£130	
HMRC	£197		£222	
Total	**£327**	**11%**	**£352**	**12%**
Corporations				
Corporate	£77		£47	
Total	**£77**	**3%**	**£47**	**2%**
Individuals				
Donations	£182		£214	
Friends	£206		£161	
Legacies	£6		£60	
Patrons	£224		£155	
Total	**£618**	**20%**	**£590**	**20%**
Other				
Gifted artwork	£658		£681	
Investment income	£352		£378	
Miscellaneous	£14		£26	
Rental income	£95		£110	
Total	**£1,118**	**37%**	**£1,195**	**40%**
Total	**£3,022**	**100%**	**£2,968**	**100%**

Reserves Policy and Going Concern

Our reserves are set out in the accounts within the balance sheet and in more detail in note 21.

The trustees have a reserves policy designed to ensure that the Gallery has adequate reserves to carry out its charitable objectives including maintaining the assets entrusted to it.

Endowment funds: There are four endowment funds that have varying terms, all established with the overarching objective of being invested to provide income to support the Gallery's core operation. In the case of at least one fund, this was the stipulation of the donor and in the remainder, it is the policy of the trustees.

Restricted funds: There are numerous restricted funds which are listed by purpose later in the accounts. Each fund relates to a separately identifiable activity that has attracted its own funding from various donors with the proviso that their support is to be applied only to that project. Normally the Gallery has agreed to fund any balance from its wider resources to ensure a successful outcome. These projects are usually short term, typically completed within a year, and taken together represent the essence of the Gallery's core operation.

Designated funds (unrestricted): Designated funds comprise of artworks and buildings therefore by their nature, are illiquid. Donated artworks, recognised as heritage assets, constitute the majority of designated funds, with the remainder comprised of buildings which have been built or acquired through philanthropic giving.

Trustees have reviewed the reserves policy during the year, which was last amended during 2017-18, and believe that it remains appropriate. The reserves policy is as follows:

- The Gallery should hold cash balances in unrestricted funds, of at least £200,000 or, if greater, the cash projected to be required for its activities for the following two months. This is currently achieved through holding liquid accounts within cash and investments.
- The endowment fund of £300,000 provided by the Friends in 2018-19 should only be held in readily realisable investments so that it acts as a second layer of reserves if required to meet unexpected adverse circumstances.
- The other endowment funds should continue to include in excess of £500,000 of readily realisable investments that could be sold as a third layer of reserves, whilst otherwise continuing to provide income for the core operation.

This reserves policy was met during 2024-25 and up to the date of signing this report, at which point, £292k of unrestricted general funds were held. The policy continues to be reviewed annually, and the trustees have resolved that it should continue in force for a further year.

The trustees recognise that operating deficits are realistically unavoidable until higher levels of sustainable income can be secured, which in turn will mean it is likely that the Gallery will continue to draw on reserves. Current forecasts to September 2026 show that deficits should be contained comfortably within the level of reserves currently in place. Consequently, the trustees conclude that there are not any material uncertainties about the Gallery's ability to remain a going concern in the foreseeable future.

To improve the financial sustainability and resilience of the Gallery, a Three-Year Plan is being developed which seeks to build upon income generating measures already started in 2025-26 and launch new initiatives which, it is hoped, will lead to a step change in income levels.

Investment Policy and Objectives

Under its Articles, the Gallery has the power to invest funds in the furtherance of its charitable objectives.

The Gallery's investment policy is to grow the endowment funds and generate a reliable income stream to help fund operations. This 'total returns' basis is based on a medium level of risk. Funds are invested over a 5-year term on a discretionary basis in a fund that has a strong ethical and sustainable ethos.

The Gallery's endowment funds are invested in Sarasin & Partners Endowments Fund for charities, which is a global multi-asset CAIF unit trust that adopts responsible ESG standards.

In the financial year ending 31 March 2025, the Gallery's portfolio, managed by Sarasin increased in value by just £141k, significantly lower than the £807k growth the previous year. Note that this capital growth is not realised, which means that no cash was received, and the growth could be reversed. Sarasin distributed dividends of £304k, slightly down on the previous year.

Principal Risks and Uncertainties

The trustees have a duty to identify and review the risks to which the Gallery is exposed and to ensure appropriate measures are taken to mitigate risks to within the Gallery's risk tolerance. This is primarily achieved through risk management measures, recorded in the Gallery's risk register.

The trustees have delegated the review of the Gallery's risk register to the Finance, Audit and Risk Committee ('FARC'). The risk register is regularly reviewed by the executive and was last reviewed by FARC in June 2025, following a risk workshop involving trustees and the executive.

The risk register describes each risk and allocates likelihood and consequence scores. Measures are then identified which accept, transfer or limit the activity that has generated the identified risk. Examples of these measures are insurance (including the Government Indemnity Scheme) and an emergency artwork salvage priority list. This approach ensures that the Gallery manages risks to an acceptable level.

Financial risks are managed and reviewed more regularly with quarterly FARC meetings to review the current and projected financials of the Gallery so that timely corrective action can be instigated to minimise or avert any adverse impacts.

The key risks to the Gallery are:

- Reduction in income – the Gallery no longer receives funding from Arts Council England and faces increasing competition for other sources of public funds. To deal with the challenging funding environment, the Gallery has diversified its income streams and focussed resources on applying to a wide range of trusts and foundations and seeking private philanthropic support and corporate partnerships.
- Insufficient storage space for the collection – the collection grows as artworks are generously bequeathed to the Gallery, assigned via the Acceptance in Lieu scheme and on occasion, acquired. To mitigate against the lack of storage, a rationalisation of the collection is ongoing to identify suitable off site storage options.
- Loss of key personnel – as a small organisation, each individual plays a significant role in the Gallery's success and therefore when staff leave, there is a risk of loss of knowledge, as well

as experience and expertise. The Gallery tries to mitigate against this through better use of digital file sharing technology, including an upgraded Collections Management System, and improved cross-organisational communications to ensure better knowledge sharing.

Structure, Governance and Management

Legal Status of the Gallery

Pallant House Gallery is a charitable company limited by guarantee, incorporated in England and Wales on 16 February 2004 and registered as a charity in England and Wales on 2 March 2004. The charitable objects and powers of the company are set out in its articles of association.

The trustees, who are also the Directors for the purpose of company law, and who served during the year are listed in the 'Reference and Administrative Information' section at the beginning of this report.

None of the trustees has any beneficial interest in the charitable company. All the trustees are members of the charitable company and guarantee to contribute £10 in the event of a winding up.

Appointment of Trustees

Trustees are proactively selected and appointed to ensure that a broad range of relevant skills, experience and diversity are represented across the trustee board. The Nominations Committee (a formal sub-committee of the Board of Trustees) is responsible for Trustee recruitment and succession planning and Chichester District Council also has the right to appoint and remove one trustee. A skills audit is undertaken biennially to identify any gaps and priorities, and recruitment takes place by open advertisement and interview. The Nominations Committee recommends all Trustee appointments to the Board for formal approval. Three new Trustees were appointed by the Board during 2024-25, to replace retiring members whose terms had come to an end.

Trustee Induction and Training

The company secretary provides or arranges external induction training to each newly appointed trustee. They are required to complete a declaration of Fit and Proper status, in line with HMRC's Fit and Proper Persons Test, and receive key governance documentation, including the articles of association, annual financial statements, the Conflicts of Interest policy for trustees and the Charity Governance code. The Gallery also maintains a secure online Trustee Portal, where members can access key governance and operational documents.

The trustees are responsible for the overall governance of the Charity. They delegate all day-to-day responsibilities for running the organisation to the Director, Simon Martin, supported by the Chief Operating Officer and the Chief Curator. The Finance Audit & Risk Committee and Nominations Committee, as well as a number of informal Advisory Groups, have been established to ensure that the trustees' governance responsibilities are fulfilled. Terms of Reference exist for each of these bodies, and they are reviewed and approved by the Board. All trustees give their time voluntarily and receive no benefits from the charity. Any expenses reclaimed from the charity are set out in note 8 to the accounts.

Remuneration Policy for Key Management Personnel

The outcome of the annual staff pay review and remuneration levels for key management personnel are approved by the Finance, Audit & Risk Committee, within the parameters of the Gallery's salary banding system and Remuneration policy. The trustee board is responsible for the appointment and performance management of the Director.

Equality and Diversity

The Gallery is committed to equality, diversity and inclusion within all elements of its operation and programme. The Gallery has a number of written policies in place to reflect our legal obligations and organisational requirements. Mandatory EDI training has been introduced for staff and, from Summer 2025, for volunteers as well. A new Equality Diversity and Inclusion Action Plan was created to reflect the Business Plan 2024-26 and approved by the Board in June 2024. An external Accessibility Audit of the Gallery's public spaces was undertaken in 2024 and the implementation of its recommendations is ongoing.

Related Parties and Relationships with Other Organisations

Until 31 March 2020, a trading subsidiary, Pallant House Gallery Services Limited ('Services'), carried out commercial activities related to the Gallery and received income from the restaurant and the bookshop. After that point, this was carried out by the parent Gallery company and Services became dormant. There is a second dormant subsidiary, Pallant House Enterprises Limited, which ceased collection of subscriptions from Friends during the year. The collection of subscriptions has beens migrated to Pallant House Gallery.

Funds Held as Custodian Trustee on Behalf of Others

The charity does not hold funds as custodian on behalf of others.

Statement of Responsibilities of the Trustees

The trustees (who are also directors of Pallant House Gallery for the purposes of company law) are responsible for preparing the trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company or 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 and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping adequate 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 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.

Members of the charity guarantee to contribute an amount not exceeding £10 to the assets of the company in the event of winding up. The total number of such guarantees at 31 March 2024 was 15 (2023: 14). The trustees are members of the charity, but this entitles them only to voting rights. The trustees have no beneficial interest in the charity.

Auditor

Appointment

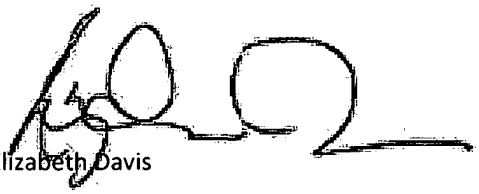
Sayer Vincent LLP was re-appointed as the charitable company's auditor during the year and has expressed its willingness to continue in that capacity.

Disclosure of Information to Auditor

Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but which has not been made available to the auditor. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

The trustees' annual report has been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime.

The trustees' annual report was approved by the trustees on 26 September 2025 and signed on their behalf by:



Elizabeth Davis

Trustee & Company Secretary

Independent auditor's report to the members of Pallant House Gallery

Opinion

We have audited the financial statements of Pallant House Gallery (the 'charitable company') for the year ended 31 March 2025 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the charitable company's affairs as at 31 March 2025 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
- Have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company 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 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 Pallant House Gallery's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- The information given in the trustees' annual report, for the financial year for which the financial statements are prepared is consistent with the financial statements.
- The trustees' annual report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report.

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

- Adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- The 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; or
- 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 trustees' annual report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees 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 charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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.

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

Capability of the audit in detecting irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management and the audit and risk committee, which included obtaining and reviewing supporting documentation, concerning the charity's policies and procedures relating to:
  - Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
  - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.
- We obtained an understanding of the legal and regulatory framework that the charity operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the charity from our professional and sector experience.
- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

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.

Use of our report

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

Judith Miller (Senior Statutory Auditor)

6 October 2025

for and on behalf of Sayer Vincent LLP, Statutory Auditor

110 Golden Lane, LONDON, EC1Y 0TG

Sayer Vincent LLP is eligible to act as auditor in terms of section 1212 of the Companies Act 2006

Pallant House Gallery

Statement of financial activities (incorporating an income and expenditure account)

For the year ended 31 March 2025

	Note	Unrestricted £	Restricted £	Endowment £	2025 Total £	Unrestricted £	Restricted £	Endowment £	2024 Total £
Income from:									
Donations and legacies	2	1,353,058	23,417	-	**1,376,474**	1,358,302	59,948	-	1,418,250
Charitable activities									
Collection management	3	17,598	260,000	-	**277,598**	9,800	-	-	9,800
Exhibitions & displays	3	557,852	126,976	-	**684,828**	699,527	94,569	-	794,096
Public programmes	3	48,723	42,100	-	**90,823**	41,314	79,828	-	121,142
Publishing	3	120,540	-	-	**120,540**	136,939	-	-	136,939
Other trading activities	4	119,479	-	-	**119,479**	109,606	-	-	109,606
Investments	5	351,850	-	-	**351,850**	378,186	-	-	378,186
Total income		2,569,100	452,492	-	**3,021,592**	2,733,674	234,345	-	2,968,019
Expenditure on:									
Raising funds	6	110,557	8,171	-	**118,728**	122,390	9,507	-	131,897
Charitable activities									
Collection management	6	439,963	2,089	3,278	**445,331**	269,743	1,114	2,505	273,362
Exhibitions & displays	6	1,070,789	239,145	10,047	**1,319,981**	1,009,526	252,628	10,275	1,272,429
Public programmes	6	696,557	65,140	6,308	**768,005**	600,189	79,503	5,557	685,249
Publishing	6	48,445	83,751	386	**132,582**	159,068	1,598	1,682	162,348
Total expenditure		2,366,312	398,296	20,019	**2,784,627**	2,160,917	344,350	20,019	2,525,285
Net income / (expenditure) before net gains / (losses) on investments		202,788	54,195	(20,019)	**236,965**	572,758	(110,005)	(20,019)	442,734
Net gains / (losses) on investments		-	-	140,569	**140,569**	-	-	806,981	806,981
Net income / (expenditure) for the year	7	202,788	54,195	120,550	**377,534**	572,758	(110,005)	786,962	1,249,714
Transfers between funds		(251,046)	224,915	26,131	**-**	-	-	-	-
Net income / (expenditure) before other recognised gains and losses		(48,258)	279,110	146,681	**377,534**	572,758	(110,005)	786,962	1,249,714
Other gains / (losses)		-	-	-	**-**	-	-	-	-
Net movement in funds		(48,258)	279,110	146,681	**377,534**	572,758	(110,005)	786,962	1,249,714
Reconciliation of funds:									
Total funds brought forward		32,535,275	384,344	11,865,652	**44,785,270**	31,962,517	494,349	11,078,690	43,535,556
Total funds carried forward		32,487,017	663,454	12,012,333	**45,162,804**	32,535,275	384,344	11,865,652	44,785,270

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 21a to the financial statements.

Pallant House Gallery

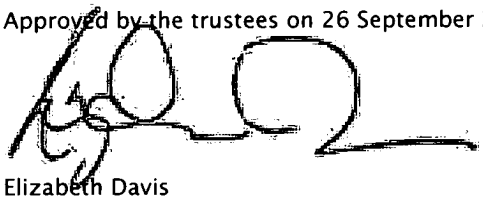
Balance sheet

Company no. 05045130

As at 31 March 2025

	Note	£	2025 £	£	2024 £
Fixed assets:					
Tangible assets	12		7,776,060		8,008,520
Heritage assets	13		25,246,943		24,589,433
Investments	14		11,191,542		11,050,973
			44,214,545		43,648,926
Current assets:					
Stock		**42,866**		15,867	
Debtors	16	**513,108**		594,140	
Cash at bank and in hand		**618,451**		793,203	
		1,174,425		1,403,210	
Liabilities:					
Creditors: amounts falling due within one year	17	**(226,166)**		(266,866)	
Net current assets			**948,259**		1,136,344
Total net assets			**45,162,804**		44,785,270
The funds of the charity:	21a				
Unrestricted income funds:					
Designated funds		**32,190,156**		31,698,169	
General funds		**296,861**		837,106	
Endowment		**1,791,366**		1,796,929	
Total unrestricted funds			**34,278,383**		34,332,203
Endowment (restricted)			**10,220,967**		10,068,723
Restricted income funds			**663,454**		384,344
Total charity funds			**45,162,804**		44,785,270

Approved by the trustees on 26 September 2025 and signed on their behalf by:



Elizabeth Davis
Trustee & Company Secretary

Pallant House Gallery

Statement of cash flows

For the year ended 31 March 2025

	£	2025 £	£	2024 £
Cash flows from operating activities				
Net income / (expenditure) for the reporting period (as per the statement of financial activities)	**377,534**		1,249,714	
Depreciation charges	**304,638**		304,585	
Donations of heritage assets included in income	**(657,510)**		(680,950)	
(Gains)/losses on investments	**(140,569)**		(833,113)	
Dividends, interest and rent from investments	**(351,850)**		(378,186)	
(Increase)/decrease in stocks	**(26,999)**		14,523	
(Increase)/decrease in debtors	**81,032**		(105,509)	
Increase/(decrease) in creditors	**(40,700)**		(83,509)	
Net cash provided by / (used in) operating activities		**(454,424)**		(512,445)
Cash flows from investing activities:				
Dividends and interest from investments	**351,850**		378,186	
Purchase of fixed assets	**(72,178)**		(28,174)	
Net cash provided by investing activities		**279,672**		350,012
Change in cash and cash equivalents in the year		**(174,752)**		(162,433)
Cash and cash equivalents at the beginning of the year		**793,203**		955,636
Cash and cash equivalents at the end of the year		**618,451**		793,203

1 Accounting policies

a) Statutory information

Pallant House Gallery is a charitable company limited by guarantee and is incorporated in England & Wales.

Pallant House Gallery is a charity registered with the Charity Commission for England and Wales.

The registered office address is Pallant House Gallery, 8-9 North Pallant, Chichester, West Sussex, PO19 1TJ.

b) Basis of preparation

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) - (Charities SORP FRS 102) and the Companies Act 2006.

These financial statements reflect only the results of the charity, Pallant House Gallery. Its wholly-owned subsidiaries Pallant House Gallery Services Limited and Pallant House Enterprises Limited, are both dormant and do not hold any material asset or liability value. Transactions and balances between the charity and its subsidiaries have been eliminated from the consolidated financial statements. Balances between the entities are disclosed in the notes of the charity's balance sheet. A separate statement of financial activities, or income and expenditure account, for the charity itself is not presented because the charity has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006.
Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

In applying the financial reporting framework, the trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The nature of the estimation means the actual outcomes could differ from those estimates. Any significant estimates and judgements affecting these financial statements are detailed within the relevant accounting policy below.

c) Public benefit entity

The charity meets the definition of a public benefit entity under FRS 102.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

d) Going concern

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern. Financial projections have been prepared that show that the existing cash resources supported by the ability to realise investments will be sufficient to allow the Gallery to continue operating for the foreseeable future and in particular, for the twelve months following the signing of these accounts. Further reference can be found in the section, 'Reserves Policy and Going Concern' in the Trustees' Report.

e) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is a treated as a contingent asset and disclosed if material.
Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

1 **Accounting policies (continued)**

e) **Income**
Friends and Patron subscriptions are recognised when received.

Entrance fees are recognised in income when they are receivable except for group deposits which are recognised when the group visit takes place.

Admission income for exhibitions is recognised when the tickets are sold.

Ticket income relating to courses, events and group bookings is recognised when they take place.

Book and other sales income are recognised when receivable.

f) **Donations of gifts, services and facilities**
Donated professional services and donated facilities are recognised as income when the charity has control over the item or received the service, any conditions associated with the donation have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), volunteer time is not recognised. Refer to the trustees' annual report for more information about volunteers' contribution.
On receipt, donated gifts, professional services and donated facilities are recognised on the basis of the value of the gift to the charity, which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

g) **Interest receivable**
Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

h) **Fund accounting**
Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for charitable purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

Endowment funds are split between those designated thus by donor stipulation and those by reversible trustee decisions. The capital of the donor stipulated endowments must be maintained, although the income can be utilised in accordance with the terms of the endowment.

i) **Expenditure and irrecoverable VAT**
Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds relate to the costs incurred by the charity in inducing third parties to make voluntary contributions to it, as well as the cost of any activities with a fundraising purpose.
- Expenditure on charitable activities includes the costs of delivering services, exhibitions and other educational activities undertaken to further the purposes of the charity and their associated support costs.
- Other expenditure represents those items not falling into any other heading.
- Irrecoverable VAT is charged as a central support cost or included in the cost of a fixed asset.

j) **Operating leases**
Rental charges are charged on a straight line basis over the term of the lease.

1 Accounting policies (continued)

k) Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £1,000. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life.
Where fixed assets have been revalued, any excess between the revalued amount and the historic cost of the asset will be shown as a revaluation reserve in the balance sheet.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

• Buildings	50 years
• Plant & machinery	15 years
• Fixtures, fittings and equipment	10 years
• Artwork (all purchased)	not depreciated

l) Heritage assets

A heritage asset is defined as "a tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture." The Gallery has estimated a value in these financial statements in respect of its various collections of artwork, which were all gifted to it (purchased artwork is categorised within tangible fixed assets). Any acquisitions are shown either at cost or in the case of donations, at an estimated valuation on the date of receipt. Any gains or losses on revaluation, if they take place, would be recognised in the Statement of Financial Activities.

m) Investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. Any change in fair value will be recognised in the statement of financial activities. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading "Net gains/(losses) on investments" in the statement of financial activities. The charity does not acquire put options, derivatives or other complex financial instruments.

n) Investments in subsidiaries

Investments in subsidiaries are at cost.

o) Stocks

Stocks are made up of catalogues and are stated at the lower of cost and estimated selling price less costs to complete and sell. Provision is made where necessary for obsolete, slow moving and defective stocks.

p) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

q) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

r) Creditors and provisions

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

s) Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

t) Pensions

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

2 Income from donations and legacies

	Unrestricted £	Restricted £	2025 Total £	Unrestricted £	Restricted £	2024 Total £
Arts Council England grant	-	-	-	-	52,948	52,948
Assistance to acquire artwork	-	20,500	**20,500**	20,530	7,000	27,530
Chichester DC grant	130,000	-	**130,000**	130,000	-	130,000
Corporate membership	29,167	2,917	**32,083**	1,667	-	1,667
Donations and gifts	47,789	-	**47,789**	114,634	-	114,634
Friends & Patrons subscriptions	429,872	-	**429,872**	315,851	-	315,851
Gift Aid on income	52,662	-	**52,662**	34,671	-	34,671
Gifts of artwork	657,510	-	**657,510**	680,950	-	680,950
Legacies	6,058	-	**6,058**	60,000	-	60,000
	1,353,058	23,417	**1,376,474**	1,358,302	59,948	1,418,250

3 Income from charitable activities

	Unrestricted £	Restricted £	2025 Total £	Unrestricted £	Restricted £	2024 Total £
Collection management						
Charges to owners	7,586	-	**7,586**	8,429	-	8,429
Grants & donations	10,012	260,000	**270,012**	1,371	-	1,371
Sub-total for collection management	17,598	260,000	**277,598**	9,800	-	9,800
Exhibitions & displays						
Admission income	390,284	-	**390,284**	491,586	-	491,586
Charges to other galleries	-	-	-	-	13,130	13,130
Corporate sponsorship	-	44,426	**44,426**	-	44,847	44,847
Donations to exhibitions	22,788	-	**22,788**	20,913	15,433	36,346
Exhibition tax relief	114,647	-	**114,647**	154,723	-	154,723
Gift Aid on entrance fees	30,133	-	**30,133**	32,305	-	32,305
Supporters' Circle	-	82,550	**82,550**	-	21,159	21,159
Sub-total for exhibitions & displays	557,852	126,976	**684,828**	699,527	94,569	794,096
Public programmes						
Courses earned income	34,295	-	**34,295**	29,663	2,985	32,648
Donations	8,298	10,000	**18,298**	8,621	4,165	12,786
Grants income	-	28,417	**28,417**	-	22,944	22,944
National Lottery Community Fund	-	3,683	**3,683**	-	47,874	47,874
Sale of artwork	6,130	-	**6,130**	3,030	1,860	4,890
Sub-total for public programmes	48,723	42,100	**90,823**	41,314	79,828	121,142
Publishing						
Advertising income	19,894	-	**19,894**	15,819	-	15,819
Grants	-	-	-	8,000	-	8,000
Image rights revenue	2,523	-	**2,523**	1,464	-	1,464
Sales of publications	98,123	-	**98,123**	111,656	-	111,656
Sub-total for publishing	120,540	-	**120,540**	136,939	-	136,939
Total income from charitable activities	744,713	429,075	1,173,789	887,580	174,397	1,061,977

4 Income from other trading activities

	Unrestricted £	Restricted £	2025 Total £	Unrestricted £	Restricted £	2024 Total £
Franchisees' rental income	91,344	-	**91,344**	108,516	-	108,516
Gallery hire income	4,069	-	**4,069**	1,090	-	1,090
Other income	24,065	-	**24,065**	-	-	-
	119,479	-	**119,479**	109,606	-	109,606

5 Income from investments

	Unrestricted £	Restricted £	2025 Total £	Unrestricted £	Restricted £	2024 Total £
Dividends from endowment	303,986	-	**303,986**	334,059	-	334,059
Rental income	37,980	-	**37,980**	35,750	-	35,750
Other investment income	9,884	-	**9,884**	8,377	-	8,377
	351,850	-	**351,850**	378,186	-	378,186

6a Analysis of expenditure (current year)

		Charitable activities							
	Raising funds £	Collection management £	Exhibitions & displays £	Public programmes £	Publishing £	Governance costs £	Support costs £	2025 Total £	2024 Total £
Staff costs (Note 8)	96,263	103,708	317,873	199,581	12,220	-	511,809	**1,241,454**	1,113,582
Artist & technician fees	-	380	49,568	-	-	-	-	**49,948**	41,748
Artwork conservation	-	37,599	14,843	-	-	-	-	**52,442**	37,936
Artwork transport	-	-	129,097	-	-	-	-	**129,097**	158,978
Audience development	-	-	-	-	-	-	1,184	**1,184**	2,194
Audit fees	-	-	-	-	-	22,414	-	**22,414**	23,085
Business rates	-	-	-	-	-	-	3,681	**3,681**	(90,901)
Course expenses	-	-	-	74,648	-	-	-	**74,648**	83,827
Depreciation	-	-	-	-	-	-	304,638	**304,638**	304,587
Exhibition development	-	-	13,992	-	-	-	-	**13,992**	52,883
Facilities management	-	-	-	-	-	-	89,833	**89,833**	80,268
Finance charges	-	-	-	-	-	-	12,903	**12,903**	15,301
Fundraising event expenses	696	-	-	-	-	-	-	**696**	271
Insurance	-	20,830	-	-	-	-	25,542	**46,372**	50,584
Irrecoverable VAT	-	-	-	-	-	-	107,689	**107,689**	91,755
Magazine & gallery publications	-	-	-	-	90,129	-	-	**90,129**	98,737
Office costs	-	-	-	-	-	-	42,582	**42,582**	42,800
PR consultancy	-	-	-	-	-	-	37,130	**37,130**	36,018
Professional fees	-	-	-	-	-	30,938	28,026	**58,963**	46,810
Promotional activity	-	-	-	-	-	-	78,094	**78,094**	73,930
Property rental	-	-	-	-	-	-	21,559	**21,559**	12,600
Research	-	685	-	-	-	-	-	**685**	930
Storage facilities	-	25,550	3,179	-	-	-	-	**28,729**	19,023
Supporter development	21,769	-	-	-	-	-	-	**21,769**	21,422
Systems enhancement	-	-	-	-	-	-	39,823	**39,823**	15,731
Systems maintenance	-	-	-	-	-	-	58,982	**58,982**	58,438
Touring & loan fees	-	-	4,992	-	-	-	-	**4,992**	7,541
Trustees' expenses	-	-	-	-	-	3,798	-	**3,798**	5,611
Utilities	-	-	-	-	-	-	131,196	**131,196**	103,268
Website maintenance	-	-	-	-	-	-	15,205	**15,205**	16,328
	118,728	188,752	533,544	274,229	102,349	57,150	1,509,875	**2,784,627**	2,525,286
Support costs	-	247,222	757,755	475,767	29,131	-	(1,509,875)	-	-
Governance costs	-	9,358	28,682	18,008	1,103	(57,150)	-	-	-
Total expenditure 2025	**118,728**	**445,331**	**1,319,981**	**768,005**	**132,582**	-	-	**2,784,627**	
Total expenditure 2024	**131,897**	**273,103**	**1,272,809**	**686,140**	**161,337**	-	-		**2,525,286**

6b Analysis of expenditure (prior year)

		Charitable activities						
	Raising funds £	Collection management £	Exhibitions & displays £	Public programmes £	Publishing £	Governance costs £	Support costs £	2024 Total £
Staff costs (Note 8)	110,204	67,459	319,962	193,632	20,125	-	402,200	1,113,582
Artist & technician fees	-	950	40,798	-	-	-	-	41,748
Artwork conservation	-	21,866	16,070	-	-	-	-	37,936
Artwork transport	-	-	158,978	-	-	-	-	158,978
Audience development	-	-	-	-	-	-	2,194	2,194
Audit fees	-	-	-	-	-	23,085	-	23,085
Business rates	-	-	-	-	-	-	(90,901)	(90,901)
Course expenses	-	-	-	83,827	-	-	-	83,827
Course leader fees	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	304,587	304,587
Exhibition development	-	-	52,883	-	-	-	-	52,883
Facilities management	-	-	-	-	-	-	80,268	80,268
Finance charges	-	-	-	-	-	-	15,301	15,301
Fundraising event expenses	271	-	-	-	-	-	-	271
Insurance	-	21,761	-	-	-	-	28,822	50,584
Irrecoverable VAT	-	-	-	-	-	-	91,755	91,755
Magazine & gallery publications	-	-	-	-	98,737	-	-	98,737
Office costs	-	-	-	-	-	-	42,800	42,800
PR consultancy	-	-	-	-	-	-	36,018	36,018
Professional fees	-	-	-	-	-	29,255	17,555	46,810
Promotional activity	-	-	-	-	-	-	73,930	73,930
Property rental	-	-	-	-	-	-	12,600	12,600
Research	-	930	-	-	-	-	-	930
Storage facilities	-	17,759	1,264	-	-	-	-	19,023
Supporter development	21,422	-	-	-	-	-	-	21,422
Systems enhancement	-	-	-	-	-	-	15,731	15,731
Systems maintenance	-	-	-	-	-	-	58,438	58,438
Touring & loan fees	-	-	7,541	-	-	-	-	7,541
Trustees' expenses	-	-	-	-	-	5,611	-	5,611
Utilities	-	-	-	-	-	-	103,268	103,268
Website maintenance	-	-	-	-	-	-	16,328	16,328
	131,897	130,724	597,496	277,459	118,861	57,951	1,210,897	2,525,286
Support costs	-	135,876	644,470	390,015	40,535	-	(1,210,897)	-
Governance costs	-	6,503	30,843	18,665	1,940	(57,951)	-	-
Total expenditure 2024	**131,897**	**273,103**	**1,272,809**	**686,140**	**161,337**	-	-	**2,525,286**

7 Net income for the year

This is stated after charging / (crediting):

	2025 £	2024 £
Depreciation	304,638	304,585
Business rates rebate	(2,555)	(95,612)
Operating lease rentals payable:		
Property rental	21,559	12,600
Operating lease rentals receivable:		
Property	(129,324)	(144,266)
Auditor's remuneration (excluding VAT):		
Audit fees	19,750	19,985
Tax fees	2,664	3,100

8 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

	2025 £	2024 £
Salaries and wages	1,083,504	970,739
Redundancy costs	-	2,171
Social security costs	97,603	80,604
Employer's contribution to defined contribution pension schemes	20,639	16,315
Other forms of employee benefits	7,975	6,925
Training costs	8,225	14,821
Travel and sustenance	16,704	16,677
Volunteer expenses	6,805	5,330
	1,241,454	1,113,582

The following number of employees received employee benefits (excluding employer pension costs and employer's national insurance) during the year between:

	2025 No.	2024 No.
£60,000 - £69,999	2	-
£70,000 - £79,999	-	-
£80,000 - £89,999	1	1
£90,000 - £99,999	-	-

The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel were £216,259 (2024: £230,040).

The charity trustees received benefits of £16 during the year (2024: £nil). No charity trustee received payment for professional or other services supplied to the charity (2024: £nil).

Trustees' expenses represents the payment or reimbursement of travel and subsistence costs totalling £nil (2024: £60) incurred by nil (2024: 1) member relating to attendance at meetings of the trustees.

9 Staff numbers

The average number of employees (head count based on number of staff employed) during the year was 39 (2024: 40).

Staff are split across the activities of the charity as follows:

	Headcount	2025 Full Time Equivalent	Headcount	2024 Full Time Equivalent
	No.	No.	No.	No.
Administration	1.0	1.0	1.0	1.0
Commercial	0.6	0.3	1.0	0.5
Communications	3.7	3.4	3.8	3.6
Curatorial	7.8	6.2	7.7	6.1
Development	2.4	2.1	2.7	2.7
Directors	2.0	2.0	1.6	1.6
Finance	2.0	2.0	1.3	1.3
Front of House	11.1	6.9	12.0	6.1
Operations	1.4	1.4	1.0	1.0
Public Programmes	7.8	5.8	8.0	5.9
	39.8	31.1	40.1	29.8

10 Related party transactions

During the year, the Gallery entered into the following transactions with related parties:

- Sofas & Stuff, whose Founder and CEO, Andrew Cussins is a trustee of the Gallery,
  - was the headline sponsor (for £20,000) of the Still Life exhibition, which ended in October 2024;
  - was a corporate member (for £5,000) from November 2023 - October 2024; and
  - is a corporate partner (totalling £75,000) for the three years beginning 2025.

Amounts contributed to the Gallery by the Trustees and their related parties totalled £38,624 from 11 trustees (2024: £33,309 from ten trustees). These were within the normal course of business and were not restricted in nature.

11 Taxation

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

12 Tangible fixed assets

Cost	Freehold property £	Plant & machinery £	Fixtures, fittings & equipment £	Artwork £	Total £
At the start of the year	8,880,847	984,010	1,351,438	614,927	11,831,222
Additions in year	-	-	35,178	37,000	72,178
Disposals in year	-	-	-	-	-
At the end of the year	8,880,847	984,010	1,386,616	651,927	11,903,400
Depreciation					
At the start of the year	1,889,526	918,701	1,014,475	-	3,822,702
Charge for the year	177,617	65,309	61,712	-	304,638
Eliminated on disposal	-	-	-	-	-
At the end of the year	2,067,143	984,010	1,076,187	-	4,127,340
Net book value					
At the end of the year	6,813,704	-	310,429	651,927	7,776,060
At the start of the year	6,991,321	65,309	336,963	614,927	8,008,520

All of the above assets are used for charitable purposes.

The full value of the freehold property has been depreciated as a building in accordance with the depreciation policy, without allowing for any element of value attributable to land.

13 Heritage assets

	2025 £	2024 £
At 1 April 2024	24,589,433	23,908,483
Assets donated during the year	657,510	680,950
Fair value at the end of the year	25,246,943	24,589,433

All of the above assets are used for charitable purposes.

The Gallery owns a substantial art collection and an archive of works that are of national and worldwide importance. It boasts one of the best collections of Modern British art in the UK and significant holdings of contemporary British art. Largely grown through gifts and bequests donated over the past forty years, it is a 'collection of collections', not just telling the story of Modern British art but also the story of a number of individuals, all passionate collectors of art who generously donated works to the Gallery for the benefit of the public. The collection includes paintings, drawings, prints, sculptures, ceramic, lithographs and artists' sketchbooks and tools.

The Gallery has limited resources to enable it to purchase artwork but when offered works as a gift, the Director, Chief Curator and others with the requisite skills and knowledge, determine whether the works should be added to the collection. In making their decision they take into account both the quality of the work and whether it is an appropriate complement to the existing collection. In doing so, they are guided by a full formal Collections Development (Acquisitions and Disposal) Policy, which was last revised in 2020 and formally approved by the trustees in December 2020.

There has been no impairment and only three disposals of Heritage Assets involving artwork during the last five years. It is not the Gallery's policy to dispose of Heritage Assets but, should the Director or Chief Curator believe it would be appropriate to dispose of a work, the Gallery's Disposal Policy specifies that the decision must be ratified by the Trustees on the advice of the curatorial staff and that the Director or Chief Curator do not have the power to dispose of any work.

The Gallery maintains a full and detailed inventory of all the items in its collection.

The collection is available for public viewing through rotating displays and access to any work not on display can be arranged by appointment.

As part of Collections audit, rationalisation and review work, Heritage Assets may be subject to re-valuation by professional valuers for insurance purposes. Artworks have been valued when they have been lent to external venues and a revaluation of all works last valued at over £20,000 in 2009 took place during 2020/21 by Gurr Johns.

The Heritage Assets are reported in the Financial Statements at the insurance valuation at the date of acquisition. We are in the process of developing a policy for valuations which should inform how we value, review said valuation as appropriate the collection in the future. Valuation is based on a market approach with reference to estimates or prices generated by recent market transactions for identical or similar assets.

14 Investments

	2025 £	2024 £
Fair value at the start of the year	11,050,973	10,217,860
Additions at cost	-	26,132
Net gain / (loss) on change in fair value	140,569	806,981
	11,191,542	11,050,973
Cash held by investment broker pending reinvestment	-	-
Fair value at the end of the year	11,191,542	11,050,973

15 Subsidiary undertakings

These financial statements are consolidated financial statements for Pallant House Gallery group, incorporating Pallant House Gallery Services Limited (capital of £200) but not Pallant House Enterprises Limited (capital of £100).

Details of the Gallery's subsidiaries at 31 March 2025 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% held direct
Pallant House Gallery Services Limited (Companies House no.: 05526158)	UK	Dormant	Ordinary	100%
Pallant House Enterprises Limited (Companies House no.: 03787604)	UK	Dormant	Ordinary	100%

At 31 March 2025, Pallant House Gallery Services Limited's assets totalled £200 (2024: £200), its liabilities £nil (2024: £nil) and total funds £200 (2024: £200).

At 31 March 2025, Pallant House Enterprises Limited's assets totalled £100 (2024: £100), its liabilities £nil (2024: £nil) and total funds £100 (2024: £100).

There was no income or expenditure in the year for either company.

16 Debtors

	2025 £	2024 £
Trade debtors	75,904	120,980
Accrued income	61,899	55,367
Deferred expenditure	-	2,109
Tax reliefs	355,215	373,938
VAT	(2,978)	(7,756)
Prepayments	15,198	42,994
Other debtors	7,870	6,508
	513,108	594,140

17 Creditors: amounts falling due within one year

	2025 £	2024 £
Trade creditors	54,194	90,958
Accruals	43,389	41,714
Taxation and social security	25,316	22,071
Deferred income	68,573	85,746
Other creditors	33,994	21,377
Provisions- see note 18	700	5,000
	226,166	266,866

18 Provisions for liabilities

Provisions for liabilities comprises a full provision for a trade receivable.

	2025	2024
	£	£
Balance at the beginning of the year	5,000	17,730
Amount released in the year	(5,000)	(12,730)
Increase/(decrease) in provision in the year	700	-
Balance at the end of the year	700	5,000

19 *Pension scheme*

The Gallery complies with employer's automatic enrolment obligations under the Pensions Act 2008. Employer contributions are made to employee pension schemes operated by a third party.

20a Analysis of net assets between funds (current year)

	Designated	Endowment (Restricted)	Endowment (Unrestricted)	Restricted	Unrestricted	Total funds
	£	£	£	£	£	£
Tangible assets	6,883,213	-	820,791	-	72,056	7,776,060
Heritage assets	25,246,943	-	-	-	-	25,246,943
Investments	-	10,220,967	970,575	-	-	11,191,542
Net current assets	60,000	-	-	663,454	224,804	948,259
Net assets at 31 March 2025	**32,190,156**	**10,220,967**	**1,791,366**	**663,454**	**296,860**	**45,162,804**

20b Analysis of net assets between funds (prior year)

	Designated	Endowment (Restricted)	Endowment (Unrestricted)	Restricted	Unrestricted	Total funds
	£	£	£	£	£	£
Tangible assets	7,048,735	-	814,679	-	145,106	8,008,520
Heritage assets	24,589,433	-	-	-	-	24,589,433
Investments	-	10,068,723	982,250	-	-	11,050,973
Net current assets	60,000	-	-	384,344	692,000	1,136,344
Net assets at 31 March 2024	**31,698,168**	**10,068,723**	**1,796,929**	**384,344**	**837,106**	**44,785,270**

21a Movements in funds (current year)

	At 1 April 2024	Income & gains	Expenditure & losses	Transfers	At 31 March 2025
	£	£	£	£	£
A - Endowment funds:					
Appeal Fund	1,775,598	22,639	-	4,210	**1,802,447**
HLF Catalyst	2,188,237	27,900	-	5,187	**2,221,324**
The Monument Trust	6,104,888	77,839	-	14,469	**6,197,196**
JM Fund (unrestricted)	1,796,929	12,191	(20,019)	2,265	**1,791,366**
Total endowment funds	11,865,652	140,569	(20,019)	26,131	**12,012,333**
B - Restricted funds:					
Donations & legacies	59,948	23,417	-	-	**83,365**
Raising funds	(9,507)	-	(8,171)	17,678	**0**
Collection Management	36,165	260,000	(2,089)	-	**294,076**
Public Programmes	(81,818)	126,976	(239,145)	193,988	**0**
Exhibitions	9,792	42,100	(65,140)	13,249	**0**
Organisation Development	369,764	-	(83,751)	-	**286,013**
Total restricted funds	384,344	452,492	(398,296)	224,915	**663,454**
C - Unrestricted funds:					
Designated funds:					
ACE small capital works	245,604	-	(39,498)	-	**206,106**
New Wing	4,598,215	-	(208,085)	38,064	**4,428,194**
No 7 North Pallant	1,598,000	-	(34,000)	-	**1,564,000**
Print room island	12,140	-	(3,035)	-	**9,105**
Acquisitions fund	654,777	-	-	81,031	**735,808**
Heritage assets funds	24,589,433	657,510	-	-	**25,246,943**
Total designated funds	31,698,169	657,510	(284,618)	119,095	**32,190,156**
General funds	837,106	1,911,590	(2,081,694)	(370,141)	**296,861**
Total unrestricted funds	32,535,275	2,569,100	(2,366,311)	(251,046)	**32,487,017**
Total funds	44,785,270	3,162,161	(2,784,626)	0	**45,162,804**

Total unrestricted funds exclude the JM Fund which is an unrestricted component of the endowment fund.

The narrative to explain the purpose of each fund is given at the foot of the note below.

21b Movements in funds (prior year)

	At 1 April 2023	Income & gains	Expenditure & losses	Transfers	At 31 March 2024
	£	£	£	£	£
A - Endowment funds:					
Appeal Fund	1,645,630	129,968	-	-	**1,775,598**
HLF Catalyst	2,028,066	160,171	-	-	**2,188,237**
The Monument Trust	5,658,031	446,857	-	-	**6,104,888**
JM Fund (unrestricted)	1,746,963	69,985	(20,019)	-	**1,796,929**
Total endowment funds	11,078,690	806,981	(20,019)	-	**11,865,652**
B - Restricted funds:					
Donations & legacies	-	59,948	-	-	**59,948**
Raising funds	-	-	(9,507)	-	**(9,507)**
Collection Management	37,279	-	(1,114)	-	**36,165**
Public Programmes	76,241	94,569	(252,628)	-	**(81,818)**
Exhibitions	9,467	79,828	(79,503)	-	**9,792**
Organisation Development	371,362	-	(1,598)	-	**369,764**
Total restricted funds	494,349	234,345	(344,350)	-	**384,344**
C - Unrestricted funds:					
Designated funds:					
ACE small capital works	285,102	-	(39,498)	-	**245,604**
New Wing	4,807,018	-	(208,803)	-	**4,598,215**
No 7 North Pallant	1,632,000	-	(34,000)	-	**1,598,000**
Print room island	15,175	-	(3,035)	-	**12,140**
Acquisitions fund	654,777	-	-	-	**654,777**
Heritage assets funds	23,908,483	680,950	-	-	**24,589,433**
Total designated funds	31,302,555	680,950	(285,336)	-	**31,698,169**
General funds	659,962	2,052,724	(1,875,581)	-	**837,106**
Total unrestricted funds	31,962,517	2,733,674	(2,160,917)	-	**32,535,275**
Total funds	43,535,556	3,775,000	(2,525,286)	-	**44,785,270**

Purposes of endowment funds

Endowment funds represent assets that either the donors required or the trustees have decided should be set aside from donations received by the Gallery in order to generate income. Income arising on the endowment funds can usually be used in accordance with the objects of the Gallery and is included as unrestricted income. Any capital gains or losses arising on the assets are reinvested.

Purposes of restricted funds

Restricted funds represent the net assets attributed to specific activities or projects that the Gallery undertakes. In some instances, the Gallery has received a donation from one or more sources that has stipulated that the funds should only be applied for a specific activity. In other cases, in particular with the individual exhibition restricted fund accounts, there are no such donations, or formal restrictions on the donations fall short of what is required and has been made good by a transfer from general reserves. The approach taken is still to show these as individual restricted funds so as to report separately on their outcomes.

Purposes of designated funds

Designated funds represent items of artwork or building assets, which have either been gifted to the Gallery or to the extent they have been acquired through grants and donations for that purpose.

The funds serve to set aside the value of those assets from general unrestricted funds to reflect that they are not available for ongoing activities.

22 Operating lease commitments payable as a lessee

The charity's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods:

	Property		Equipment	
	2025	2024	**2025**	2024
	£	£	**£**	£
Less than one year	**11,700**	39,000	**10,080**	974
One to five years	**-**	-	**26,782**	3,896
Over five years	**-**	-	**-**	-
	11,700	39,000	**36,863**	4,870

The numbers shown for property commitments represent the rent due per a lease with Chichester District Council for the land and buildings at Pallant House, Chichester PO19 1TJ. The rent is a peppercorn rent unless it is changed based on rent review. Since the last rent review expired in March 2025, the Council has been charging a concessionary rent of £11,700 per annum.

23 Contingent assets or liabilities

There were no contingent assets or liabilites at the year end.

24 Post balance sheet events

There were no post balance sheet events.

25 Legal status of the charity

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £10.

PALLANT HOUSE GALLERY

England & Wales - Charity number 1102435

Accounts

Pallant House Gallery

Pallant House Gallery

Annual Report & Financial Statements

For the Year Ended 31 March 2024

Charity Registration No. 1102435

Company Registration No. 05045130 (England & Wales)

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COMPANIES HOUSE

Reference and Administrative Information

Company number	05045130
Country of incorporation	England & Wales
Charity number	1102435
Country of registration	England & Wales
Registered office & operation address	Pallant House Gallery 8-9 North Pallant Chichester West Sussex PO19 1TJ
Trustees	Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows:

John Ayton MBE	Chair
Charles Martin	Deputy Chair (appointed to role 8 December 2023)
Elizabeth J Davis	Company Secretary
Aki Abiola	
Cllr Clare Apel	
Joanna Beer	(appointed 8 December 2023)
Andrew Cussins	(appointed 22 September 2023)
Laura Ford	(appointed 22 September 2023)
Elsebeth Gatacre	(appointed 22 September 2023)
Olaf Gueldner	(appointed 27 September 2024)
Patrick Holmes	(appointed 27 September 2024)
Mahtab Hussain	(resigned 18 May 2023)
Zachary Leonard	
Roger Mavity	
Andrea Rose QBE OMG	(retired 22 September 2023)
Jacqueline D Russell	
Tamara Templer	(appointed 27 September 2024)
The Rt Hon. the Lord Tyrie	
Robin Vousden	(appointed 22 September 2023)
Mark Washer	
Jane Weeks	(Deputy Chair, retired 8 December 2023)

Gallery Director	Simon J Martin
Auditor	Sayer Vincent LLP 110 Golden Lane London EC1Y 0TG
Bankers	Barclays Bank PLC 74-75 East Street Chichester West Sussex PO19 1HR
Investment Managers	Sarasin & Partners LLP Juxon House, 100 St Paul's Churchyard London EC4M 8BU

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Reference and administrative information set out on page 2 forms part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association, the requirements of a directors' report as required under company law, and the Statement of Recommended Practice – Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102.

Chair's Statement

I am delighted to present this Annual Report for 2023-24, which represented the Gallery's most successful year in terms of visitor numbers and revenue. We have welcomed over 75,000 people to enjoy cultural experiences at the Gallery, bringing in close to £500,000 of admission income: an impressive increase of 45% on the previous year. This increased footfall also generated record sales for both our independent franchises.

The Gallery attracted these exceptionally large audiences thanks to a hugely popular and critically acclaimed summer season, which included the first major museum exhibition of Gwen John, alongside new work by contemporary artist Kaye Donachie. The autumn season of John Craxton and Jake Grewal exhibitions also received excellent press coverage, although ticket sales returned to more 'normal' levels. The Gallery is not immune to external pressures and the challenges facing the cultural sector and businesses generally. Indeed, the impact of rising inflation and the cost of living were more keenly felt over the winter months. Despite our cultural contribution and outstanding community programme, the loss of our National Portfolio Organisation status and the annual £91,000 of Arts Council funding was a blow.

Building financial resilience from other sources of income thus became an even greater priority and we are very grateful for all our loyal supporters including Chichester District Council. There was a 10% increase in Friends' income and 11% in Patrons' income over the period as well as some significant legacies. The appointment of a new Head of Development will further improve the Gallery's approach to philanthropy going forward.

The Board and I supported staff changes that have resulted in a more qualified and experienced team overall. The leadership team was significantly strengthened with the creation of two new roles: a Chief Operating Officer and Chief Curator, supported by a new, full time Head of Finance. The team is now delivering against a Business Plan for 2024-26, which builds on existing strategic priorities and identifies clear operational goals. Our cultural ambitions are undimmed.

New staff and a renewed focus have brought additional energy to help realise the Gallery's mission. In tackling some of the long-standing issues that have held back the Gallery previously, I am confident that the team is laying robust foundations for a more resilient organisation that will be better placed to deliver its ambitions.

John Ayton

Chair of the Board of Trustees

Trustees' Annual Report

The Trustees present their report and the audited financial statements for the year ended 31 March 2024.

Objectives & Activities

The Charity's objectives are for the public benefit to promote and advance the education of the public in, and to promote, the visual arts and history of art principally in the Chichester administrative district and in particular, to maintain, preserve, restore and furnish Pallant House in the City of Chichester as a period house within which to exhibit works of art of historic or public interest for viewing by the public.

Our Mission and Vision

Our mission is to share and stimulate new thinking on British art and to play a pivotal role in the creative lives of the widest possible audience.

Our vision is to be recognised as an international centre for British art from 1900 to now.

We achieve this by observing the following six principles:

- Making Modern British art relevant today by exploring contemporary, historic and international connections, redressing imbalances in its history and filling gaps in our collection.
- Putting our audiences at the heart of what we do, striving to understand their needs and motivations, enabling two-way conversations and involving them in our work.
- Thinking of the Gallery as more than a physical destination, expanding our audience reach through digital, outreach and regional, national and international partnerships.
- Being a recognised authority on Modern British art and an example of best practice in all aspects of our work.
- Creating and upholding a distinctive brand for the Gallery that informs all activity.
- Investing in our people, culture, assets and systems, and working to become financially and environmentally sustainable and appropriately resourced.

Public Benefit Derived from our Activities

The Trustees of the Gallery have paid regard to the Charity Commission's published guidance on public benefit. They believe that people who have access to the visual arts derive real benefit from the experience through the expansion of their creative ideas, practice and understanding; through appreciation, learning and participation. The Gallery provides the opportunity for people to gain a better understanding of the cultural and artistic make-up of our society and enhances their personal response to and enjoyment of creativity.

Performance and Achievements During the Year

Summary of Financial Results

The Gallery delivered a surplus of £1,250k in the year (2022-23: deficit of £313k). These figures comprise exceptional and restricted items in both years. At an underlying level, the Gallery continues to incur operational deficits, with the operating deficit for the year of £238k and £512k of net cash utilised for operating activities.

Capital Project

During the year the focus has been on building internal capacity and improving systems to deliver a future Capital Project. During the 2024-25 financial year the Gallery will start to work with project managers and internal and external stakeholders in order to revise the brief for a multi-disciplinary design team, in advance of launching the project.

Exhibitions

2023-24 was the Gallery's most successful year to date, with record admission numbers matched by outstanding press reviews and visitor feedback.

The Gallery operates a dynamic two-seasons exhibitions programme (May – October and November – April). Each season comprises one main exhibition in the New Wing and one secondary exhibition in the Historic House. These showcase the Gallery's curatorial excellence, telling new stories about modern British art while supporting contemporary creativity through the work of emerging or more established artists.

These are supplemented by four Print Room exhibitions per year (two per season), which present new research or insight into the Gallery's outstanding collection of works on paper and rare books. Collections displays within the Historic House are also periodically refreshed, notably to facilitate loans out or reveal recently acquired works.

Summer / Autumn Season

Gwen John: Art and Life in London and Paris was a timely reappraisal of the work of a trailblazing artist long overshadowed by her brother, Augustus John. Curated by independent curator Alicia Foster with support from the Gallery's team, the exhibition enabled the Gallery to establish or deepen relationships with a number of partners, with loans from 22 public collections in the UK and abroad, and rarely available pieces from private collections. It was accompanied by a major publication, achieved great press coverage and critical acclaim, and attracted record visitor numbers. The exhibition subsequently toured to the Holburne Museum, Bath.

Pallant House Gallery's Community Programme artists responded to this exhibition by making new work, which featured in the exhibition, *A Place of My Own*.

Kaye Donachie: Song for the Last Act was the artist's first institutional solo show, and presented new work alongside a painting recently acquired from the artist with the support of the Contemporary Art Society. Donachie designed a site-specific wallpaper to form the backdrop for her selection of 26 works

from the Gallery's collection. The exhibition was accompanied by the artist's first monograph, authored by Gallery director, Simon Martin.

In the Print Room, *Role Models, Writers' Portraits* (6 May – 23 July) and *From Life, Drawing the Figure* (26 July – 1 October) were both drawn entirely from the collection with recent acquisitions demonstrating the Gallery's efforts to increase the diversity of artists and subjects represented.

The season's success was achieved by an unusually short-staffed curatorial team, following the departure of the Head of Exhibitions in November 2022 (replaced by a Chief Curator in August 2023), showing a canny deployment of reduced resources at a pressured time.

Autumn / Winter Season

The retrospective, *John Craxton: A Modern Odyssey* charted the development of this celebrated Modern British artist, from wartime Britain to the sunny shores of Chania, Crete. Featuring many rarely seen works from private collections and the Craxton Estate as well as loans from British public collections, the exhibition was the first opportunity to display two works by Craxton recently acquired from the estate of Sinclair Hood through the Acceptance in Lieu scheme. Curated with Craxton biographer Ian Collins, the exhibition was accompanied by a new publication with essays from staff and distinguished writers. Shown within the exhibition, leading contemporary artist Tacita Dean's 16mm film diptych, *Crackers*, premiered at the Gallery. Filmed in and around Craxton's Cretan house, it is an homage to the artist who encouraged Dean's own career.

In the Historic House, *Jake Grewal: Some days I feel more alive* was Grewal's first institutional solo show and revealed his affinities with British Neo-Romantic artists, whose work he selected to show alongside his own.

In the Print Room, *Sanctuary Selects: Voices from the Community* (6 October – 4 February) was curated by members of the Sanctuary in Chichester Womens' Literacy Group of locally-based refugees and asylum seekers. *Habib Hajallie: Penned into History* (10 February – 21 April) followed from Hajallie's residency at the Gallery as part of University of the Arts London's Decolonising Arts Institute 20/20 programme. Alongside new work on loan from the artist, it included *The Large Collectors*, a monumental drawing produced as a result of the residency and acquired into the collection.

Collection and Acquisitions

During 2023-24, 118 artworks were acquired for the permanent collection. This included 69 new works by female artists (of which 6 were newly represented in the collection), bringing the gender ratio to 24.6% of women artists, and 36 new acquisitions of works by Black, Asian and ethnic minority artists.

Acquisitions 2023-24	
Accepted in lieu of inheritance tax by HM Government from the estate of Isabella Anne Marshall Hewat and allocated to Pallant House Gallery	25
Accepted in lieu of inheritance tax by H M Government from the estate of Sinclair Hood and allocated to Pallant House Gallery	3
Gift of Nana Shiomi	29
Bequeathed by Alan Edward Fowler through Art Fund	5
Bequeathed by Nina Drucker with Art Fund Support	8

The Golder – Thompson Gift	14
Other works acquired through donation/gift/transfer	16
Artworks purchased or commissioned by Pallant House Gallery	18
Number of new works by women artists (number of individual artists)	69 (22) 58.5%
Number of new works acquired by men (number of individual artists)	49 (33) 41.5%
Number of new works by Black, Asian and ethnic minority artists (number of individual artists)	36 (6) 30.5%
Number of newly represented artists	22
Number of newly represented female artists	6
Number of newly represented male artists	16

Artists Represented in the Collection

	2020-21	2021-22	2022-23	2023-24
Number of artists	896	981	1,045	1,067
Number of male artists	693 (77.4%)	745 (75.9%)	788 (75.4%)	804 (75.4%)
Number of female artists	203 (22.6%)	236 (24.1%)	257 (24.6%)	263 (24.6%)
Number of Black, Asian & ethnic minority artists	38 (4.2%)	47 (4.8%)	55 (5.3%)	58 (5.4%)

Conservation

Treatment of 66 works was completed during the year, including the treatment and re-framing of significant new acquisitions by Marie Laurencin and John Craxton, and the conservation and mounting of 53 works on paper.

In addition, we are undertaking a staged programme of re-glazing key works and building our stock of standard frames for works on paper fitted with non-reflective, non-UV glass. This project will support preventative conservation measures particularly in the Historic House environs and improve the visitor experience by offering a greater clarity of view.

External Loans

During 2023-24, the Gallery lent 25 works to 11 different venues including Royal Academy, Holburne Museum and National Portrait Gallery, and international venues FLAG Art Foundation, New York, USA; Städel Museum, Frankfurt, Germany; and Hamburger Kunsthalle, Hamburg, Germany.

Community Programme

The Learning and Public Programmes team delivers a range of engagement opportunities for people of all ages to increase access to and enjoyment of art and creativity inspired by the collection and exhibitions. During 2023-24, 560 activities were delivered, which were enjoyed by almost 5,400

participants. In addition, we delivered the final stage of the National Lottery Community Fund (NLCF) Pallant Partners project.

Learning and Public Programmes Area	Total Participants	Total Participations	Total Activities
Formal education activity for children and young people (Encounter and Create workshops, School in Residence, and free self-led visits supported by Gallery resources)	1,700	2,040	103
Informal learning for children and families (free Open Days, holiday workshops and self-led visits)	1,851	1,851	31
Adult learning workshops, talks and special events	1,526	1,526	54
Community Programme (weekly workshops, projects and trips) *	219	2,570	328
Pallant Partners NLCF project	100	254	44
Total	**5,396**	**8,241**	**560**

* Partners in Art is the Gallery's longstanding scheme, which matches Community Programme volunteers with participants in one-to-one art partnerships. These may involve studio visits or off-site meetings and, as a result, are recorded differently. There were approximately 840 additional participations in 2023-24.

Key successes:

- Encounter and Create programme for schools and colleges officially launched following previous pilots, and bookings progressed well. Introduced a teachers Continuing Professional Development programme for School in Residence participants to build teacher confidence.
- 'A Place of My Own' exhibition was a significant milestone in Community Programme development, with members exhibiting their work, created in response to the Gallery's major Gwen John exhibition, within a main gallery for the first time.
- Delivering a 'Creating Community' symposium which explored values-led engagement. This was the first professional development event of this kind delivered by the Gallery and very well attended, with representatives of over 50 cultural organisations from across the UK and Europe.
- Partnership working flourished, including deepening relationships with Chichester Pride and the University of Chichester to deliver special Summer Lates. A music programme was introduced in collaboration with the Royal College of Music and the Royal Academy of Music, and a co-curation project with Sanctuary in Chichester led to a print room exhibition.
- £121k of income was generated from grants, donations, art and ticket sales.

Key challenges:

- Lack of alternative physical spaces within the Gallery, including studio space and classrooms, limits what can be delivered and the number of participants. However, staff are currently working at capacity, so any increase in physical space would need to be matched with additional staff support.

Fundraising

The Gallery drives income generation through a mixed funding model. Fundraising through philanthropy and partnerships continues to be important and is predominantly managed through the Development Team with support from the Development Advisory Group and other key members of the Gallery's staff.

All development and fundraising activities were carried out in-house and no agencies or individual consultants were contractually engaged to raise funds on behalf of the Gallery. Such activities were compliant with appropriate codes and there have been no complaints about them.

The Gallery generally focuses on wealthy individuals, trusts and foundations and statutory bodies as a source of funds, leaving members of the public a free choice whether to become a Friend or donate additionally when buying a ticket. Consequently, it is not necessary to have measures that specifically protect vulnerable people from fundraising, while care is given to ensuring the safety of all potential donors.

Key fundraising income channels for 2023-24 were as follows:

- Individual giving
- Patrons
- Friends
- Major gifts
- Other donations
- Gifted artwork
- Legacy gifts
- Trusts & foundations
- Corporate sponsors and partnerships
- Statutory & public funding bodies

Individual giving through Friends' memberships and the Patrons programme continues to be successful and provided a significant income stream of £161k and £155k respectively. In addition, the Gallery received legacy gifts and other donations from individuals of £274k.

Gifted artworks from individuals, which are only accepted once they have been vetted and approved by the Acquisition Committee, are another significant source of support. During 2023-24 artwork valued at £681k was gifted to the Gallery.

Funds received through Chichester District Council ('CDC') of £130k were almost matched by funds from Arts Council England ('ACE'), National Lottery Community Fund and other Trusts of £124k. This included transition funding from ACE following the Gallery's loss of ACE National Portfolio Organisation status and associated grant.

Corporate support remains the most challenging area for the Gallery. Funds secured through this channel totalled £47k in 2023-24. There is significant potential to grow this income channel.

Buildings & Facilities

Pallant House

Repairs to the outside of the historic house, which is owned by CDC, have been identified as urgent for some time. These are necessary to prevent further deterioration and leaks within the building. The executive team negotiated with CDC throughout the latter half of 2023 to ensure this was addressed. CDC appointed contractors, and repairs and decorative work to wood and brickwork at the rear of Pallant House began in April 2024. CDC is working with architects and conservation specialists to devise a method to ensure further water ingress does not occur via the parapet. These works concluded in early July 2024. Similar works to the front of Pallant House will be conducted by CDC's contractors in autumn 2024.

Safety & Security

The Gallery has employed a key holding alarm response company since December 2023. Securitas are now the first responders to fire and intruder alarm call outs instead of Gallery staff.

Fire Risk Assessment

3SFire, a company owned and run by Hampshire and Isle of Wight Fire and Rescue Authority, carried out a fire risk assessment of the site in January 2024. The report recorded no high priority issues, and the overall risk level is tolerable.

Duty Managers

The number of Duty Managers and key holders has been increased by the training of new members of staff, which has improved operational resilience. This sharing of knowledge and responsibility has also helped ease pressure on frontline staff and should help reduce staff turnover in the Visitor Services team.

7 North Pallant

Significant repairs are required to the roof of 7 North Pallant, which will require scaffolding to the front of the property. Whilst this work is undertaken in autumn 2024, window frame repairs and redecoration will also be undertaken.

1 North Pallant

To relieve the cramped working conditions in Pallant House, the Communications and Development teams moved into a new office at 1 North Pallant in January 2024.

Commercial Activities

Pallant Café and Restaurant

The Restaurant is an independent franchise which operates on the ground floor of the Gallery. A new contract was signed with Pallant Catering Services in October 2023 and runs until March 2026.

The Restaurant had its most successful year to date in 2023-24, largely due to the high level of visitor numbers, with gross sales exceeding £600k. The Restaurant contributes rental income and pays a profit share to the Gallery on sales.

Pallant Bookshop

The Bookshop is an independent franchise which is a leading specialist bookshop for Modern British art and design, and the primary point of sales for the Gallery's publications and other merchandise. The Bookshop Director, Nicholas Higbee, is a regular attendee at the Gallery's Collections and Exhibitions Advisory Group.

The Bookshop contributes rental income and pays commission to the Gallery on sales of Gallery products. Its contract is due for renewal in March 2025.

Human Resources

The Gallery recognises that its staff and volunteers are its greatest resource and require investment to get the best outcomes. In order to provide the Executive, staff and volunteers with appropriate support, training and development opportunities, the Gallery appointed external HR consultants Emphasis HR to provide ongoing HR advice (in February 2024) and has invested in several new online systems: Virtual College, a training platform; BreatheHR, a people management system; and Better Impact, a volunteer engagement and management system.

As of 31 March 2024, the Gallery team consisted of 20 full-time and 17 part-time permanent members of staff and four casual Visitor Services Assistants (equivalent to 29.8 full-time roles). Three new posts were created during the year: a full-time Chief Curator, who started in August 2023; a full-time Chief Operating Officer, who started in September 2023; and a Manager of Philanthropy and Partnerships (0.8 FTE), who started in July 2023. The arrival of the Chief Operating Officer and departure of the former Head of Audiences & Development allowed the Gallery to redefine the remit of Head of Development to focus solely on income generation, supported by the new managerial role. In addition, a full-time Head of Finance was appointed in January 2024 (replacing the former part-time freelance post holder), and changes were made to the Visitor Services team to simplify the rota and give greater consistency of cover.

The Gallery is indebted to our dedicated team of almost 150 volunteers, who support all aspects of our programme and operations. They fulfil a variety of roles across different departments, including policy and programme advisors (via the Gallery's Sub-Committees and Advisory Groups), Gallery Assistants, Gallery Guides, library and archives assistants, and support of our Learning and Community Programme. Over 15,000 hours of volunteer time were donated to the Gallery in 2023-24 and we are hugely grateful for their support.

Financial Review

The results for the year are set out in the Statement of Financial Activities and accompanying notes later in this report.

The Statement of Financial Activities shows that a surplus of £1,250k was delivered in the year (2022-23: deficit of £313k). These figures comprise exceptional and restricted items in both years. At an underlying level, the Gallery continues to incur operational deficits. Excluding gifts of artwork (of £681k) and capital growth of the endowment fund (of £807k), the operating deficit for the year was £238k. In terms of cash, £512k of net cash was utilised for operating activities.

The Gallery is very pleased with the significant increase in admission income during the year, which owed much to the success of the Gwen John summer exhibition. Rental income and corporate sponsorship also performed well compared to the prior year. However, income from legacies and donations decreased, and the transitional grant from Arts Council England was lower than the full grant received in the prior year. The grant from Chichester District Council is the only confirmed public funding for 2024-25.

Costs increased by 10% year-on-year to £2,525k. Whilst some higher costs were incurred due to high levels of inflation, the Gallery also chose to incur higher staff and marketing costs, to build capacity within the team, strengthen management, and better promote the Gallery.

An exceptional rebate of business rates of £95k was received from CDC during the year, following a change in the Valuations Office Agency's policy in determining rateable values for museums. This related to rates paid between 2017-23 and was exceptional in nature.

Principal funding sources during the year were as follows:

Income Summary	2023-24 £000s	% of total	2022-23 £000s	% of total
Earned Income				
Admission	£492		£338	
Commercial	£170		£162	
Total	**£661**	**22%**	**£500**	**19%**
Philanthropic Institutions				
Arts Council England	£53		£73	
National Lottery Community Fund	£48		£19	
Trusts	£23		£20	
Total	**£124**	**4%**	**£112**	**4%**
Statutory / Government / Public				
Chichester District Council	£130		£130	
HMRC	£222		£194	
Total	**£352**	**12%**	**£324**	**12%**
Corporations				
Corporate	£47		£15	
Total	**£47**	**2%**	**£15**	**1%**
Individuals				
Donations	£214		£243	
Friends	£161		£147	
Legacies	£60		£527	
Patrons	£155		£140	
Total	**£590**	**20%**	**£1,057**	**40%**
Other				
Gifted artwork	£681		£189	
Investment income	£378		£340	
Miscellaneous	£26		£3	
Rental income	£110		£75	
Total	**£1,195**	**40%**	**£606**	**23%**
Total	**£2,968**	**100%**	**£2,614**	**100%**

Reserves Policy and Going Concern

Our reserves are set out in the accounts within the balance sheet and in more detail in note 21.

The trustees have a reserves policy designed to ensure that the Gallery has adequate reserves to carry out its charitable objectives including maintaining the assets entrusted to it.

Endowment funds: There are four endowment funds that have varying terms, all established with the overarching objective of being invested to provide income to support the Gallery's core operation. In the case of at least one fund, this was the stipulation of the donor and in the remainder, it is the policy of the trustees.

Restricted funds: There are numerous restricted funds which are listed later in these accounts. Each fund relates to a separately identifiable activity that has attracted its own funding from various donors with the proviso that their support is to be applied only to that project. Normally the Gallery has agreed to fund any balance from its wider resources to ensure a successful outcome. These projects

are usually short term, typically completed within a year, and taken together represent the essence of the Gallery's core operation.

Designated funds (unrestricted): The designated funds comprise of buildings and artworks. They were largely created historically by the provision to the charity of the Gallery building, along with funds held for related contingencies, and the collection of works of art donated or purchased from donations for display in the Gallery. These designated funds are illiquid.

Trustees have reviewed the reserves policy during the year, which was last amended during 2017-18, and believe that it remains appropriate. The reserves policy is as follows:

- The Gallery should hold cash balances in unrestricted funds, of at least £200,000 or, if greater, the cash projected to be required for its activities for the following two months. This is currently achieved through holding liquid accounts within cash and investments.
- The endowment fund of £300,000 provided by the Friends in 2018/19 should only be held in readily realisable investments so that it acts as a second layer of reserves if required to meet unexpected adverse circumstances.
- The other endowment funds should continue to include in excess of £500,000 of readily realisable investments that could be sold as a third layer of reserves, whilst otherwise continuing to provide income for the core operation.

This reserves policy was met during 2023-24 and up to the date of signing this report. It continues to be reviewed annually and the trustees have resolved that it should continue in force for a further year.

During the year, the Gallery restored operational capacity by investing in key management positions, including a Head of Development who is leading on fundraising. However, an uncertain fundraising climate remains and the loss of an annual Arts Council England ('ACE') National Portfolio Organisation ('NPO') grant of £91k has been keenly felt.

Consequently, the trustees accept that operating deficits are realistically unavoidable until higher levels of sustainable income can be secured, which in turn will mean it is likely the Gallery will continue to draw on reserves. Current forecasts for 2024-25 show that deficits should be contained comfortably within the level of reserves currently in place. Consequently, the trustees conclude that there are not any material uncertainties about the Gallery's ability to remain a going concern in the foreseeable future.

Investment Policy and Objectives

Under its Articles, the Gallery has the power to invest funds in the furtherance of its charitable objectives.

The Gallery's investment policy is to grow the endowment funds and generate a reliable income stream to help fund operations. This total returns basis is based on a medium level of risk. Funds are invested over a 3-5 year term on a discretionary basis in a fund that has a strong ethical and sustainable ethos.

The Gallery's endowment funds are invested in Sarasin & Partners Endowments Fund for charities, which is a global multi-asset CAIF unit trust that adopts responsible ESG standards.

In the financial year ending 31 March 2024, the Gallery's portfolio with Sarasin increased in value by £807k and generated dividends of £334k.

Principal Risks and Uncertainties

The trustees have a duty to identify and review the risks to which the Gallery is exposed and to ensure appropriate measures are being taken to mitigate these and controls are in place to provide reasonable assurance.

The Gallery's Risk Register contains the principal risks that the trustees and executive have identified, and the mitigating actions to minimise these risks. Each risk is allocated a likelihood and consequence score, and responsibility for monitoring is assigned to a named member of staff. The trustees have delegated the review of the Gallery's Risk Register to the Finance, Audit and Risk Committee ('FARC'), which last reviewed the Risk Register in June 2024. In addition, the Risk Register is regularly reviewed by the executive.

In respect of buildings and contents, the risk of damage due to fire is controlled by an extensive fire detection and alarm system, which is monitored 24/7 and serviced annually. A team of trained Fire Marshalls and a Duty Manager are named on a daily list, held at reception, and are responsible for the safe and efficient evacuation of the galleries, and communicating and liaising with the alarm monitoring company and emergency services. An Emergency Salvage Priority list is updated regularly to include works from the Gallery's collection and works on loan, and their location. The impact of any loss would also be mitigated through extensive insurance cover, both commercial and through the Government's Indemnity Scheme.

The FARC meets every quarter to review the current and projected financial position of the Gallery, so that timely corrective action can be instigated to minimise the impact.

Structure, Governance and Management

Legal Status of the Gallery

Pallant House Gallery is a charitable company limited by guarantee, incorporated in England and Wales on 16 February 2004 and registered as a charity in England and Wales on 2 March 2004. The charitable objects and powers of the company are set out in its articles of association.

The trustees, who are also the Directors for the purpose of company law, and who served during the year are listed in the 'Reference and Administrative Information' section at the beginning of this report.

None of the trustees has any beneficial interest in the charitable company. All the trustees are members of the charitable company and guarantee to contribute £10 in the event of a winding up.

Appointment of Trustees

Trustees are proactively selected and appointed to ensure that a broad range of relevant skills, experience and diversity are represented across the trustee board. The Nominations Committee (a formal sub-committee of the Board of Trustees) is responsible for Trustee recruitment and succession planning and Chichester District Council also has the right to appoint and remove one trustee. A skills audit is undertaken biennially to identify any gaps and priorities, and recruitment takes place by open advertisement and interview. The Nominations Committee recommends all Trustee appointments to the Board for formal approval. Five new Trustees were appointed by the Board during the period of this report.

Trustee Induction and Training

The company secretary provides or arranges external induction training to each newly appointed trustee. They are required to complete a declaration of Fit and Proper status, in line with HMRC's Fit and Proper Persons Test, and receive key governance documentation, including the articles of association, annual financial statements and the Charity Governance code. The Gallery also maintains a secure online Trustee Portal, where members can access key governance and operational documents.

The trustees are responsible for the overall governance of the Charity. They delegate all day-to-day responsibilities for running the organisation to the Director, Simon Martin. As mentioned in the HR section above, the Gallery also created two new senior executive roles to support the Director during 2023-24. The Finance Audit & Risk Committee and Nominations Committee, as well as a number of informal Advisory Groups, have been established to ensure that the trustees' governance responsibilities are fulfilled. Terms of Reference exist for each of these bodies, and they are reviewed and approved by the Board. All trustees give their time voluntarily and receive no benefits from the charity. Any expenses reclaimed from the charity are set out in note 8 to the accounts.

Remuneration Policy for Key Management Personnel

The outcome of the annual staff pay review and remuneration levels for key management personnel are approved by the Finance, Audit & Risk Committee, within the parameters of the Gallery's salary banding system (which was introduced in autumn 2022). A formal Remuneration Policy was approved by the Board early in the financial year 2024-25. The trustee board is responsible for the appointment and performance management of the Director.

The Senior Pay disclosures include the Director and senior members of the leadership team.

Equality and Diversity

The Gallery is committed to equality, diversity and inclusion within all elements of its operation and programme. The Gallery has a number of written policies in place to reflect our legal obligations and organisational requirements. Mandatory EDI training was introduced for staff in 2023 and this will be rolled out to volunteers in the second half of 2024. A new Equality Diversity and Inclusion Action Plan was created to reflect the Business Plan 2024-26 and approved by the Board in June 2024.

Related Parties and Relationships with Other Organisations

Prior to the merger on 1st April 2018, the Gallery enjoyed a close relationship with the Friends of Pallant House, whose objectives were financial and other support for the Gallery. The activity of the Friends of Pallant House is now undertaken directly by the Gallery.

Until 31 March 2020, a trading subsidiary, Pallant House Gallery Services Limited, carried out commercial activities related to the Gallery and received income from the restaurant and the bookshop. After that point, this was carried out by the parent Gallery company. There is also a dormant subsidiary, Pallant House Enterprises Limited, with an historical involvement in collection of subscriptions from Friends. Both subsidiaries will be closed after the year end.

Funds Held as Custodian Trustee on Behalf of Others

The charity does not hold funds as custodian trustee on behalf of others.

Statement of Responsibilities of the Trustees

The trustees (who are also directors of Pallant House Gallery for the purposes of company law) are responsible for preparing the trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company or 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 and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping adequate 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 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.

Members of the charity guarantee to contribute an amount not exceeding £10 to the assets of the company in the event of winding up. The total number of such guarantees at 31 March 2024 was 15 (2023: 14). The trustees are members of the charity, but this entitles them only to voting rights. The trustees have no beneficial interest in the charity.

Auditor

Appointment

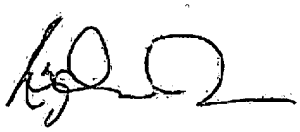
Sayer Vincent LLP was re-appointed as the charitable company's auditor during the year and has expressed its willingness to continue in that capacity.

Disclosure of Information to Auditor

Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but which has not been made available to the auditor. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

The trustees' annual report has been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime.

The trustees' annual report was approved by the trustees on 27 September 2024 and signed on their behalf by:



Elizabeth Davis

Trustee & Company Secretary

Independent auditor's report to the members of Pallant House Gallery

Opinion

We have audited the financial statements of Pallant House Gallery (the 'parent charitable company') and its subsidiary (the 'group') for the year ended 31 March 2024 which comprise the consolidated statement of financial activities, the group charitable company balance sheet, the consolidated statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 March 2024 and of the group's 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
- Have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the group financial statements section of our report. We are independent of the group and parent charitable company 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 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 Pallant House Gallery's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the trustees' annual report, other than the group financial statements and our auditor's report thereon.

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the group financial statements or our knowledge obtained in the course of 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 this gives rise to a material misstatement in the group financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- The information given in the trustees' annual report, for the financial year for which the financial statements are prepared is consistent with the financial statements.
- The trustees' annual report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and Charities Act 2011 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- The parent charitable company financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of trustees' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit; or
- 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 trustees' annual report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, the trustees (who are also the directors of the parent charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees 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 group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed auditor under the Companies Act 2006 and section 151 of the Charites Act 2011 and report in accordance with those Acts.

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.

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

Capability of the audit in detecting irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management and the audit and risk committee, which included obtaining and reviewing supporting documentation, concerning the group's policies and procedures relating to:
    - Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
    - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
    - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.
- We obtained an understanding of the legal and regulatory framework that the group operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the group from our professional and sector experience.
- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.

- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

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.

Use of our report

This report is made solely to the charitable company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Judith Miller (Senior Statutory Auditor)

23 October 2024

for and on behalf of Sayer Vincent LLP, Statutory Auditor

110 Golden Lane, LONDON, EC1Y 0TG

Sayer Vincent LLP is eligible to act as auditor in terms of section 1212 of the Companies Act 2006

Pallant House Gallery

Statement of financial activities (incorporating an income and expenditure account)

For the year ended 31 March 2024

	Note	Unrestricted £	Restricted £	Endowment £	2024 Total £	Unrestricted £	Restricted £	Endowment £	2023 Total £
Income from:									
Donations and legacies	2	1,358,302	59,948	-	**1,418,250**	1,237,649	76,330	-	1,313,979
Charitable activities									
Collection management	3	9,800	-	-	**9,800**	4,061	33,950	-	38,011
Exhibitions & displays	3	699,527	94,569	-	**794,096**	521,389	105,091	-	626,480
Public programmes	3	41,314	79,828	-	**121,142**	23,934	57,361	-	81,295
Publishing	3	136,939	-	-	**136,939**	139,351	-	-	139,351
Other trading activities	4	109,606	-	-	**109,606**	74,428	-	-	74,428
Investments	5	378,186	-	-	**378,186**	339,709	-	-	339,709
Total income		2,733,674	234,345	-	**2,968,019**	2,340,521	272,732	-	2,613,253
Expenditure on:									
Raising funds	6	122,390	9,507	-	**131,897**	88,622	8,310	-	96,932
Charitable activities									
Collection management	6	269,743	1,114	2,246	**273,103**	237,644	34,664	2,505	274,813
Exhibitions & displays	6	1,009,526	252,628	10,655	**1,272,809**	974,671	142,169	10,275	1,127,115
Public programmes	6	600,189	79,503	6,448	**686,140**	527,181	76,896	5,557	609,634
Publishing	6	159,068	1,598	670	**161,337**	159,554	23,273	1,682	184,509
Total expenditure		2,160,917	344,350	20,019	**2,525,286**	1,987,672	285,312	20,019	2,293,003
Net income / (expenditure) before net gains / (losses) on investments		572,758	(110,005)	(20,019)	**442,734**	352,849	(12,580)	(20,019)	320,250
Net gains / (losses) on investments		-	-	806,981	**806,981**	-	-	(633,427)	(633,427)
Net income / (expenditure) for the year	7	572,758	(110,005)	786,962	**1,249,714**	352,849	(12,580)	(653,446)	(313,177)
Transfers between funds		-	-	-	-	(32,716)	32,716	-	-
Net income / (expenditure) before other recognised gains and losses		572,758	(110,005)	786,962	**1,249,714**	320,133	20,136	(653,446)	(313,177)
Other gains / (losses)		-	-	-	-	-	-	-	-
Net movement in funds		572,758	(110,005)	786,962	**1,249,714**	320,133	20,136	(653,446)	(313,177)
Reconciliation of funds:									
Total funds brought forward		31,962,517	494,349	11,078,690	**43,535,556**	31,642,384	474,213	11,732,136	43,848,733
Total funds carried forward		32,535,275	384,344	11,865,652	**44,785,270**	31,962,517	494,349	11,078,690	43,535,556

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 21a to the financial statements.

Pallant House Gallery

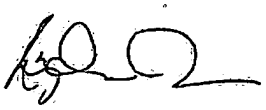
Balance sheet

Company no. 05045130

As at 31 March 2024

	Note	£	2024 £	£	2023 £
Fixed assets:					
Tangible assets	12		8,008,520		8,284,931
Heritage assets	13		24,589,433		23,908,483
Investments	14		11,050,973		10,217,860
			43,648,926		42,411,274
Current assets:					
Stock		**15,867**		30,390	
Debtors	16	**594,140**		488,631	
Cash at bank and in hand		**793,203**		955,636	
		1,403,210		1,474,657	
Liabilities:					
Creditors: amounts falling due within one year	17	**(266,866)**		(350,375)	
Net current assets			**1,136,344**		1,124,282
Total net assets			**44,785,270**		43,535,556
The funds of the charity:	22a				
Unrestricted income funds:					
Designated funds		**31,698,169**		31,302,555	
General funds		**837,106**		659,962	
Endowment		**1,796,929**		1,746,963	
Total unrestricted funds			**34,332,203**		33,709,480
Endowment (restricted)			**10,068,723**		9,331,727
Restricted income funds			**384,344**		494,349
Total charity funds			**44,785,270**		43,535,556

Approved by the trustees on 27 September 2024 and signed on their behalf by:



Elizabeth Davis
Trustee & Company Secretary

Pallant House Gallery

Statement of cash flows

For the year ended 31 March 2024

	£	2024 £	£	2023 £
Cash flows from operating activities				
Net income / (expenditure) for the reporting period (as per the statement of financial activities)	**1,249,714**		(313,177)	
Depreciation charges	**304,585**		306,402	
Donations of heritage assets included in income	**(680,950)**		(188,875)	
(Gains)/losses on investments	**(833,113)**		633,427	
Dividends, interest and rent from investments	**(378,186)**		(339,709)	
(Increase)/decrease in stocks	**14,523**		5,438	
(Increase)/decrease in debtors	**(105,509)**		199,326	
Increase/(decrease) in creditors	**(83,509)**		11,180	
Net cash provided by / (used in) operating activities		**(512,445)**		314,012
Cash flows from investing activities:				
Dividends and interest from investments	**378,186**		339,709	
Purchase of fixed assets	**(28,174)**		(41,358)	
Net cash provided by investing activities		**350,012**		298,351
Change in cash and cash equivalents in the year		**(162,433)**		612,363
Cash and cash equivalents at the beginning of the year		**955,636**		343,273
Change in cash and cash equivalents due to exchange rate movements		**-**		-
Cash and cash equivalents at the end of the year		**793,203**		955,636

1 Accounting policies

a) Statutory information

Pallant House Gallery is a charitable company limited by guarantee and is incorporated in England & Wales.

Pallant House Gallery is an incorporated charity registered with the Charity Commission for England and Wales.

The registered office address is Pallant House Gallery, 8-9 North Pallant, Chichester, West Sussex, PO19 1TJ.

b) Basis of preparation

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) - (Charities SORP FRS 102) and the Companies Act 2006.

These financial statements reflect only the results of the charity, Pallant House Gallery. Its wholly-owned subsidiaries Pallant House Gallery Services Limited and Pallant House Enterprises Limited, are both dormant and do not hold any material asset or liability value. Transactions and balances between the charity and its subsidiaries have been eliminated from the consolidated financial statements. Balances between the entities are disclosed in the notes of the charity's balance sheet. A separate statement of financial activities, or income and expenditure account, for the charity itself is not presented because the charity has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

In applying the financial reporting framework, the trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The nature of the estimation means the actual outcomes could differ from those estimates. Any significant estimates and judgements affecting these financial statements are detailed within the relevant accounting policy below.

c) Public benefit entity

The charity meets the definition of a public benefit entity under FRS 102.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

d) Going concern

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern. Financial projections have been prepared that show that the existing cash resources supported by the ability to realise investments will be sufficient to allow the Gallery to continue operating for the foreseeable future and in particular, for the twelve months following the signing of these accounts. Further reference can be found in the section, 'Reserves Policy and Going Concern' in the Trustees' Report.

e) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is a treated as a contingent asset and disclosed if material.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

1 Accounting policies (continued)

e) Income

Friends and Patron subscriptions are recognised when received.

Entrance fees are recognised in income when they are receivable except for group deposits which are recognised when the group visit takes place.

Admission income for exhibitions is recognised when the tickets are sold.

Ticket income relating to courses, events and group bookings is recognised when they take place.

Book and other sales income are recognised when receivable.

f) Donations of gifts, services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item or received the service, any conditions associated with the donation have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), volunteer time is not recognised. Refer to the trustees' annual report for more information about volunteers' contribution.

On receipt, donated gifts, professional services and donated facilities are recognised on the basis of the value of the gift to the charity, which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

g) Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

h) Fund accounting

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for charitable purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

Endowment funds are split between those designated thus by donor stipulation and those by reversible trustee decisions. The capital of the donor stipulated endowments must be maintained, although the income can be utilised in accordance with the terms of the endowment.

i) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds relate to the costs incurred by the charity in inducing third parties to make voluntary contributions to it, as well as the cost of any activities with a fundraising purpose.
- Expenditure on charitable activities includes the costs of delivering services, exhibitions and other educational activities undertaken to further the purposes of the charity and their associated support costs.
- Other expenditure represents those items not falling into any other heading.
- Irrecoverable VAT is charged as a central support cost or included in the cost of a fixed asset.

j) Operating leases

Rental charges are charged on a straight line basis over the term of the lease.

1 Accounting policies (continued)

k) Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £1,000. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life.

Where fixed assets have been revalued, any excess between the revalued amount and the historic cost of the asset will be shown as a revaluation reserve in the balance sheet.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

• Buildings	50 years
• Plant & machinery	15 years
• Fixtures, fittings and equipment	10 years
• Artwork (all purchased)	not depreciated

l) Heritage assets

A heritage asset is defined as "a tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture." The Gallery has estimated a value in these financial statements in respect of its various collections of artwork, which were all gifted to it (purchased artwork is categorised within tangible fixed assets). Any acquisitions are shown either at cost or in the case of donations, at an estimated valuation on the date of receipt. Any gains or losses on revaluation, if they take place, would be recognised in the Statement of Financial Activities.

m) Investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. Any change in fair value will be recognised in the statement of financial activities. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading "Net gains/(losses) on investments" in the statement of financial activities. The charity does not acquire put options, derivatives or other complex financial instruments.

n) Investments in subsidiaries

Investments in subsidiaries are at cost.

o) Stocks

Stocks are made up of catalogues and are stated at the lower of cost and estimated selling price less costs to complete and sell. Provision is made where necessary for obsolete, slow moving and defective stocks.

p) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

q) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

r) Creditors and provisions

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

s) Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

t) Pensions

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

2 Income from donations and legacies

	Unrestricted £	Restricted £	2024 Total £	Unrestricted £	Restricted £	2023 Total £
Arts Council England grant	-	52,948	**52,948**	90,759	-	90,759
Assistance to acquire artwork	20,530	7,000	**27,530**	12,698	1,330	14,028
Chichester DC grant	130,000	-	**130,000**	130,000	-	130,000
Corporate membership	1,667	-	**1,667**	5,000	-	5,000
Dannatt Trust gift	-	-	**-**	150,000	-	150,000
Donations and gifts	114,634	-	**114,634**	57,305	-	57,305
Friends & Patrons subscriptions	315,851	-	**315,851**	286,596	-	286,596
Gift Aid on income	34,671	-	**34,671**	31,987	-	31,987
Gifts of artwork	680,950	-	**680,950**	188,875	-	188,875
Grants for specific activities	-	-	**-**	(17,578)	-	(17,578)
Legacies	60,000	-	**60,000**	302,007	75,000	377,007
	1,358,302	59,948	**1,418,250**	1,237,649	76,330	1,313,979

3 Income from charitable activities

	Unrestricted £	Restricted £	2024 Total £	Unrestricted £	Restricted £	2023 Total £
Collection management						
Charges to owners	8,429	-	**8,429**	2,978	-	2,978
Grants & donations	1,371	-	**1,371**	1,083	33,950	35,033
Sub-total for collection management	9,800	-	**9,800**	4,061	33,950	38,011
Exhibitions & displays						
Admission income	491,586	-	**491,586**	338,010	-	338,010
Charges to other galleries	-	13,130	**13,130**	-	-	-
Corporate sponsorship	-	44,847	**44,847**	-	10,000	10,000
Donations to exhibitions	20,913	15,433	**36,346**	21,420	-	21,420
Exhibition tax relief	154,723	-	**154,723**	135,000	-	135,000
Gift Aid on entrance fees	32,305	-	**32,305**	26,959	-	26,959
Supporters' Circle	-	21,159	**21,159**	-	95,091	95,091
Sub-total for exhibitions & displays	699,527	94,569	**794,096**	521,389	105,091	626,480
Public programmes						
Courses earned income	29,663	2,985	**32,648**	18,486	230	18,716
Donations	8,621	4,165	**12,786**	-	-	-
Grants income	-	22,944	**22,944**	700	38,491	39,191
National Lottery Community Fund	-	47,874	**47,874**	-	18,640	18,640
Sale of artwork	3,030	1,860	**4,890**	4,748	-	4,748
Sub-total for public programmes	41,314	79,828	**121,142**	23,934	57,361	81,295
Publishing						
Advertising income	15,819	-	**15,819**	13,452	-	13,452
Grants	8,000	-	**8,000**	-	-	-
Image rights revenue	1,464	-	**1,464**	1,449	-	1,449
Sales of publications	111,656	-	**111,656**	124,450	-	124,450
Sub-total for publishing	136,939	-	**136,939**	139,351	-	139,351
Total income from charitable activities	887,580	174,397	1,061,977	688,735	196,402	885,137

4 Income from other trading activities

	Unrestricted £	Restricted £	2024 Total £	Unrestricted £	Restricted £	2023 Total £
Franchisees' rental income	108,516	-	**108,516**	70,684	-	70,684
Gallery hire income	1,090	-	**1,090**	4,364	-	4,364
Other income	-	-	**-**	(620)	-	(620)
	109,606	-	**109,606**	74,428	-	74,428

5 Income from investments

	Unrestricted £	Restricted £	2024 Total £	Unrestricted £	Restricted £	2023 Total £
Dividends from endowment	334,059	-	**334,059**	299,857	-	299,857
Rental income	35,750	-	**35,750**	36,850	-	36,850
Other investment income	8,377	-	**8,377**	3,002	-	3,002
	378,186	-	**378,186**	339,709	-	339,709

6a Analysis of expenditure (current year)

		Charitable activities							
	Raising funds £	Collection management £	Exhibitions & displays £	Public programmes £	Publishing £	Governance costs £	Support costs £	2024 Total £	2023 Total £
Staff costs (Note 8)	110,204	67,459	319,962	193,632	20,125	-	402,200	1,113,582	877,839
Artist & technician fees	-	950	40,798	-	-	-	-	41,748	36,919
Artwork conservation	-	21,866	16,070	-	-	-	-	37,936	27,221
Artwork transport	-	-	158,978	-	-	-	-	158,978	98,852
Audience development	-	-	-	-	-	-	2,194	2,194	4,302
Audit fees	-	-	-	-	-	23,085	-	23,085	22,860
Business rates	-	-	-	-	-	-	(90,901)	(90,901)	22,890
Course expenses	-	-	-	83,827	-	-	-	83,827	58,978
Course leader fees	-	-	-	-	-	-	-	-	6,750
Depreciation	-	-	-	-	-	-	304,587	304,587	306,402
Exhibition development	-	-	52,883	-	-	-	-	52,883	27,300
Facilities management	-	-	-	-	-	-	80,268	80,268	93,760
Finance charges	-	-	-	-	-	-	15,301	15,301	6,098
Fundraising event expenses	271	-	-	-	-	-	-	271	1,222
Insurance	-	21,761	-	-	-	-	28,822	50,584	63,477
Irrecoverable VAT	-	-	-	-	-	-	91,755	91,755	85,721
Magazine & gallery publications	-	-	-	-	98,737	-	-	98,737	115,399
Office costs	-	-	-	-	-	-	42,800	42,800	38,139
PR consultancy	-	-	-	-	-	-	36,018	36,018	33,462
Professional fees	-	-	-	-	-	29,255	17,555	46,810	41,297
Promotional activity	-	-	-	-	-	-	73,930	73,930	59,552
Property rental	-	-	-	-	-	-	12,600	12,600	11,700
Research	-	930	-	-	-	-	-	930	1,045
Storage facilities	-	17,759	1,264	-	-	-	-	19,023	18,424
Supporter development	21,422	-	-	-	-	-	-	21,422	23,463
Systems enhancement	-	-	-	-	-	-	15,731	15,731	36,583
Systems maintenance	-	-	-	-	-	-	58,438	58,438	51,616
Touring & loan fees	-	-	7,541	-	-	-	-	7,541	6,658
Trustees' expenses	-	-	-	-	-	5,611	-	5,611	8,396
Utilities	-	-	-	-	-	-	103,268	103,268	91,216
Website maintenance	-	-	-	-	-	-	16,328	16,328	15,462
	131,897	130,724	597,496	277,459	118,861	57,951	1,210,897	2,525,286	2,293,003
Support costs	-	135,876	644,470	390,015	40,535	-	(1,210,897)	-	-
Governance costs	-	6,503	30,843	18,665	1,940	(57,951)	-	-	-
Total expenditure 2024	**131,897**	**273,103**	**1,272,809**	**686,140**	**161,337**	-	-	**2,525,286**	
Total expenditure 2023	**96,932**	**274,813**	**1,127,115**	**609,634**	**184,509**	-	-		**2,293,003**

6b Analysis of expenditure (prior year)

		Charitable activities						
	Raising funds £	Collection management £	Exhibitions & displays £	Public programmes £	Publishing £	Governance costs £	Support costs £	2023 Total £
Staff costs (Note 8)	72,247	59,487	260,283	150,791	19,160	-	315,871	877,839
Artist & technician fees	-	574	36,345	-	-	-	-	36,919
Artwork conservation	-	10,234	16,987	-	-	-	-	27,221
Artwork transport	-	-	98,852	-	-	-	-	98,852
Audience development	-	-	-	-	-	-	4,302	4,302
Audit fees	-	-	-	-	-	22,860	-	22,860
Business rates	-	-	-	-	-	-	22,890	22,890
Course expenses	-	-	-	58,978	-	-	-	58,978
Course leader fees	-	-	-	6,750	-	-	-	6,750
Depreciation	-	-	-	-	-	-	306,402	306,402
Exhibition development	-	-	27,300	-	-	-	-	27,300
Facilities management	-	-	-	-	-	-	93,760	93,760
Finance charges	-	-	-	-	-	-	6,098	6,098
Fundraising event expenses	1,222	-	-	-	-	-	-	1,222
Insurance	-	32,093	-	-	-	-	31,384	63,477
Irrecoverable VAT	-	-	-	-	-	-	85,721	85,721
Magazine & gallery publications	-	-	-	-	115,399	-	-	115,399
Office costs	-	-	-	-	-	-	38,139	38,139
PR consultancy	-	-	-	-	-	-	33,462	33,462
Professional fees	-	-	-	-	-	23,837	17,460	41,297
Promotional activity	-	-	-	-	-	-	59,552	59,552
Property rental	-	-	-	-	-	-	11,700	11,700
Research	-	1,045	-	-	-	-	-	1,045
Storage facilities	-	16,297	2,127	-	-	-	-	18,424
Supporter development	23,463	-	-	-	-	-	-	23,463
Systems enhancement	-	-	-	-	-	-	36,583	36,583
Systems maintenance	-	-	-	-	-	-	51,616	51,616
Touring & loan fees	-	-	6,658	-	-	-	-	6,658
Trustees' expenses	-	-	-	-	-	8,396	-	8,396
Utilities	-	-	-	-	-	-	91,216	91,216
Website maintenance	-	-	-	-	-	-	15,462	15,462
	96,932	119,730	448,552	216,519	134,559	55,093	1,221,618	2,293,003
Support costs	-	148,391	649,281	376,151	47,795	-	(1,221,618)	-
Governance costs	-	6,692	29,282	16,964	2,155	(55,093)	-	-
Total expenditure 2023	**96,932**	**274,813**	**1,127,115**	**609,634**	**184,509**	-	-	**2,293,003**

7 Net income for the year

This is stated after charging / (crediting):

	2024 £	2023 £
Depreciation	304,585	306,402
Business rates rebate	(95,612)	-
Operating lease rentals payable:		
Property rental	12,600	11,700
Operating lease rentals receivable:		
Property	(144,266)	(107,534)
Auditor's remuneration (excluding VAT):		
Audit fees	23,085	22,860

8 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

	2024 £	2023 £
Salaries and wages	970,739	775,915
Redundancy costs	2,171	-
Social security costs	80,604	58,086
Employer's contribution to defined contribution pension schemes	16,315	13,373
Other forms of employee benefits	6,925	5,470
Training costs	14,821	4,999
Travel and sustenance	16,677	15,557
Volunteer expenses	5,330	4,439
	1,113,582	877,839

The following number of employees received employee benefits (excluding employer pension costs and employer's national insurance) during the year between:

	2024 No.	2023 No.
£60,000 - £69,999	-	1
£70,000 - £79,999	-	-
£80,000 - £89,999	1	-
£90,000 - £99,999	-	-

The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel were £230,040 (2023: £144,671).

The charity trustees were neither paid nor received any other benefits from employment with the charity in the year (2023: £nil). No charity trustee received payment for professional or other services supplied to the charity (2023: £nil).

Trustees' expenses represents the payment or reimbursement of travel and subsistence costs totalling £60 (2023: £nil) incurred by 1 (2023: nil) member relating to attendance at meetings of the trustees.

9 Staff numbers

The average number of employees (head count based on number of staff employed) during the year was 40 (2023: 38).

Staff are split across the activities of the charity as follows:

	2024 Headcount No.	2024 Full Time Equivalent No.	2023 Headcount No.	2023 Full Time Equivalent No.
Administration	1.0	1.0	1.0	1.0
Commercial	1.0	0.5	1.0	0.6
Communications	3.8	3.6	4.0	3.6
Curatorial	7.7	6.1	7.0	6.0
Development	2.7	2.7	1.3	1.2
Directors	1.6	1.6	1.0	1.0
Finance	1.3	1.3	1.0	1.0
Front of House	12.0	6.1	13.7	7.3
Operations	1.0	1.0	1.0	1.0
Public Programmes	8.0	5.9	6.7	5.4
	40.1	29.8	37.7	28.1

10 Related party transactions

During the year, the Gallery entered into the following transactions with related parties:

- Sofas & Stuff, whose Founder and CEO, Andrew Cussins is a trustee of the Gallery, became a corporate member of the Gallery (for £5,000) in December 2023. Sofas & Stuff is also the headline sponsor (for £20,000) of the Still Life exhibition, which runs from 11 May - 20 October 2024.

- Amounts contributed to the Gallery by the Trustees and their related parties totalled £33,309. These were within the normal course of business and were not restricted in nature.

11 Taxation

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

12 Tangible fixed assets

	Freehold property £	Plant & machinery £	Fixtures, fittings & equipment £	Artwork £	Total £
Cost					
At the start of the year	8,880,847	984,010	1,343,414	594,777	**11,803,048**
Additions in year	-	-	8,024	20,150	**28,174**
Disposals in year	-	-	-	-	-
At the end of the year	8,880,847	984,010	1,351,438	614,927	**11,831,222**
Depreciation					
At the start of the year	1,711,909	853,101	953,107	-	**3,518,117**
Charge for the year	177,617	65,600	61,368	-	**304,585**
Eliminated on disposal	-	-	-	-	-
At the end of the year	1,889,526	918,701	1,014,475	-	**3,822,702**
Net book value					
At the end of the year	6,991,321	65,309	336,963	614,927	**8,008,520**
At the start of the year	7,168,938	130,909	390,307	594,777	8,284,931

All of the above assets are used for charitable purposes.

The full value of the freehold property has been depreciated as a building in accordance with the depreciation policy, without allowing for any element of value attributable to land.

13 Heritage assets

	2024 £	2023 £
At 1 April 2023	**23,908,483**	23,719,608
Assets donated during the year	**680,950**	188,875
Fair value at the end of the year	**24,589,433**	23,908,483

All of the above assets are used for charitable purposes.

The Gallery owns a substantial art collection and an archive of works that are of national and worldwide importance. It boasts one of the best collections of Modern British art in the UK and significant holdings of contemporary British art. Largely grown through gifts and bequests donated over the past forty years, it is a 'collection of collections', not just telling the story of Modern British art but also the story of a number of individuals, all passionate collectors of art who generously donated works to the Gallery for the benefit of the public. The collection includes paintings, drawings, prints, sculptures, ceramic, lithographs and artists' sketchbooks and tools.

The Gallery has limited resources to enable it to purchase artwork but when offered works as a gift the Director, Chief Curator and others with the requisite skills and knowledge, determine whether they should be added to the collection. In making their decision they take into account both the quality of the work and whether it is an appropriate complement to the existing collection. In doing so, they are guided by a full formal Collections Development (Acquisitions and Disposal) Policy, which was last revised in 2020 and formally approved by the trustees on 4 December 2020.

There has been no impairment and only three disposals of Heritage Assets involving artwork during the last five years. It is not the Gallery's policy to dispose of Heritage Assets but, should the Director or Chief Curator believe it would be appropriate to dispose of a work, the Gallery's Disposal Policy specifies that the decision must be ratified by the Trustees on the advice of the curatorial staff and that the Director or Chief Curator do not have the power to dispose of any work.

The Gallery maintains a full and detailed inventory of all the items in its collection.

The collection is available for public viewing through rotating displays and access to any work not on display can be arranged by appointment.

The Heritage Assets are regularly valued by professional valuers for insurance purposes. Artworks have been valued when they have been lent to external venues and a revaluation of all works last valued at over £100,000 in 2009 took place during 2020/21 by Gurr Johns.

The Heritage Assets are reported in the Financial Statements at the insurance valuation at the date of acquisition and then not generally revalued.

14 Investments

	2024 £	2023 £
Fair value at the start of the year	**10,217,860**	10,851,287
Additions at cost	**26,132**	-
Net gain / (loss) on change in fair value	**806,981**	(633,427)
	11,050,973	10,217,860
Cash held by investment broker pending reinvestment	**-**	-
Fair value at the end of the year	**11,050,973**	10,217,860

15 Subsidiary undertaking

These financial statements are consolidated financial statements for Pallant House Gallery group.

Details of the Gallery's subsidiaries at 31 March 2024 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% held direct
Pallant House Gallery Services Limited (Companies House no.: 05526158)	UK	Dormant	Ordinary	100%
Pallant House Enterprises Limited (Companies House no.: 03787604)	UK	Dormant	Ordinary	100%

At 31 March 2024, Pallant House Gallery Services Limited's assets totalled £200 (2023: £200), its liabilities £nil (2023: £nil) and total funds £200 (2023: £200).

At 31 March 2024, Pallant House Enterprises Limited's assets totalled £100 (2023: £100), its liabilities £nil (2023: £nil) and total funds £100 (2023: £100).

There was no income or expenditure in the year for either company.

16 Debtors

	2024 £	2023 £
Trade debtors	120,980	120,396
Accrued income	55,367	68,040
Deferred expenditure	2,109	17,047
Tax reliefs	373,938	229,231
VAT	(7,756)	4,871
Prepayments	42,994	46,431
Other debtors	6,508	2,615
	594,140	488,631

17 Creditors: amounts falling due within one year

	2024 £	2023 £
Trade creditors	90,958	116,551
Accruals	41,714	57,762
Taxation and social security	22,071	15,918
Deferred income	85,746	145,928
Other creditors	21,377	14,216
Provisions- see note 18	5,000	-
	266,866	350,375

18 Provisions for liabilities

Provisions for liabilities comprises a full provision for a trade receivable.

	2024	2023
	£	£
Balance at the beginning of the year	17,730	15,850
Amount released in the year	(12,730)	1,880
Increase/(decrease) in provision in the year	-	-
Balance at the end of the year	5,000	17,730

19 Pension scheme

The Gallery complies with employer's automatic enrolment obligations under the Pensions Act 2008. Employer contributions are made to employee pension schemes operated by a third party.

20a Analysis of net assets between funds (current year)

	Designated	Endowment (Restricted)	Endowment (Unrestricted)	Restricted	Unrestricted
	£	£	£	£	£
Tangible assets	7,048,735	-	814,679	-	145,106
Heritage assets	24,589,433	-	-	-	-
Investments	-	10,068,723	982,250	-	-
Net current assets	60,000	-	-	384,344	692,000
Net assets at 31 March 2024	**31,698,168**	**10,068,723**	**1,796,929**	**384,344**	**837,106**

20b Analysis of net assets between funds (prior year)

	Designated	Endowment (Restricted)	Endowment (Unrestricted)	Restricted	Unrestricted
	£	£	£	£	£
Tangible assets	7,334,072	-	860,830	-	90,029
Heritage assets	23,908,483	-	-	-	-
Investments	-	9,331,727	886,133	-	-
Net current assets	60,000	-	-	494,349	569,933
Net assets at 31 March 2023	**31,302,555**	**9,331,727**	**1,746,963**	**494,349**	**659,962**

21a Movements in funds (current year)

	At 1 April 2023	Income & gains	Expenditure & losses	Transfers	At 31 March 2024
	£	£	£	£	£
A - Endowment funds:					
Appeal Fund	1,645,630	129,968	-	-	**1,775,598**
HLF Catalyst	2,028,066	160,171	-	-	**2,188,237**
The Monument Trust	5,658,031	446,857	-	-	**6,104,888**
JM Fund (unrestricted)	1,746,963	69,985	(20,019)	-	**1,796,929**
Total endowment funds	11,078,690	806,981	(20,019)	-	**11,865,652**
B - Restricted funds:					
Donations & legacies	-	59,948	-	-	**59,948**
Raising funds	-	-	(9,507)	-	**(9,507)**
Collection Management	37,279	-	(1,114)	-	**36,165**
Public Programmes	76,241	94,569	(252,628)	-	**(81,818)**
Exhibitions	9,467	79,828	(79,503)	-	**9,792**
Organisation Development	371,362	-	(1,598)	-	**369,764**
Total restricted funds	494,349	234,345	(344,350)	-	**384,344**
C - Unrestricted funds:					
Designated funds:					
ACE small capital works	285,102	-	(39,498)	-	**245,604**
New Wing	4,807,018	-	(208,803)	-	**4,598,215**
No 7 North Pallant	1,632,000	-	(34,000)	-	**1,598,000**
Print room island	15,175	-	(3,035)	-	**12,140**
Acquisitions fund	654,777	-	-	-	**654,777**
Heritage assets funds	23,908,483	680,950	-	-	**24,589,433**
Total designated funds	31,302,555	680,950	(285,336)	-	**31,698,169**
General funds	659,962	2,052,724	(1,875,581)	-	**837,106**
Total unrestricted funds	31,962,517	2,733,674	(2,160,917)	-	**32,535,275**
Total funds	43,535,556	3,775,000	(2,525,286)	-	**44,785,270**

Total unrestricted funds exclude the JM Fund which is an unrestricted component of the endowment fund.
The narrative to explain the purpose of each fund is given at the foot of the note below.

21b Movements in funds (prior year)

	At 1 April 2022	Income & gains	Expenditure & losses	Transfers	At 1 April 2023
	£	£	£	£	£
A - Endowment funds:					
Appeal Fund	1,747,646	-	(102,016)	-	**1,645,630**
HLF Catalyst	2,153,790	-	(125,724)	-	**2,028,066**
The Monument Trust	6,008,785	-	(350,754)	-	**5,658,031**
JM Fund (unrestricted)	1,821,915	-	(74,952)	-	**1,746,963**
Total endowment funds	11,732,136	-	(653,446)	-	**11,078,690**
B - Restricted funds:					
Collection Management	62,955	35,280	(289)	(60,667)	**37,279**
Public Programmes	10,072	129,361	(72,305)	9,113	**76,241**
Exhibitions	51,676	108,091	(201,718)	51,418	**9,467**
Organisation Development	349,510	-	(11,000)	32,852	**371,362**
Total restricted funds	474,213	272,732	(285,312)	32,716	**494,349**
C - Unrestricted funds:					
Designated funds:					
ACE small capital works	324,600	-	(39,498)	-	**285,102**
New Wing	4,996,217	-	(189,199)	-	**4,807,018**
No 7 North Pallant	1,666,000	-	(34,000)	-	**1,632,000**
Print room island	18,210	-	(3,035)	-	**15,175**
Acquisitions fund	635,697	-	-	19,080	**654,777**
Heritage assets funds	23,719,608	188,875	-	-	**23,908,483**
Total designated funds	31,360,332	188,875	(265,732)	19,080	**31,302,555**
General funds	282,052	2,151,646	(1,721,940)	(51,796)	**659,962**
Total unrestricted funds	31,642,384	2,340,521	(1,987,672)	(32,716)	**31,962,517**
Total funds	43,848,733	2,613,253	(2,926,430)	-	**43,535,556**

Purposes of endowment funds

Endowment funds represent assets that either the donors required or the trustees have decided should be set aside from donations received by the Gallery in order to generate income. Income arising on the endowment funds can usually be used in accordance with the objects of the Gallery and is included as unrestricted income. Any capital gains or losses arising on the assets are reinvested.

Purposes of restricted funds

Restricted funds represent the net assets attributed to specific activities or projects that the Gallery undertakes. In some instances, the Gallery has received a donation from one or more sources that has stipulated that the funds should only be applied for a specific activity. In other cases, in particular with the individual exhibition restricted fund accounts, there are no such donations, or formal restrictions on the donations fall short of what is required and has been made good by a transfer from general reserves. The approach taken is still to show these as individual restricted funds so as to report separately on their outcomes.

Purposes of designated funds

Designated funds represent items of artwork or building assets, which have either been gifted to the Gallery or to the extent they have been acquired through grants and donations for that purpose.

The funds serve to set aside the value of those assets from general unrestricted funds to reflect that they are not available for ongoing activities.

22 Operating lease commitments payable as a lessee

The charity's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods:

	Property		Equipment	
	2024	2023	**2024**	2023
	£	£	**£**	£
Less than one year	**39,000**	39,000	**974**	-
One to five years	**-**	39,000	**3,896**	-
Over five years	**-**	-	**-**	-
	39,000	78,000	**4,870**	-

The numbers shown for property commitments represent the rent due per a lease for the land and buildings at Pallant House, Chichester PO19 1TJ. The rental amount is due for review by 1 April 2025. The Gallery receives the benefit of a concession rent which means that the amounts paid are lower than the commitment.

23 Contingent assets or liabilities

There are no contingent assets or liabilities.

24 Post balance sheet events

There were no post balance sheet events.

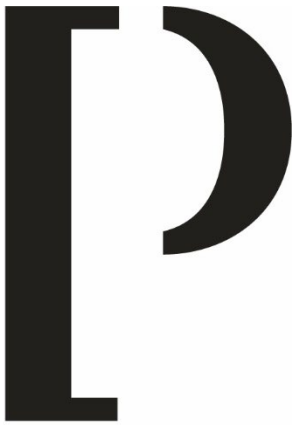
25 Legal status of the charity

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £10.

PALLANT HOUSE GALLERY

England & Wales - Charity number 1102435

Accounts



Pallant House Gallery

Annual Report & Financial Statements

For the Year Ended 31 March 2023

Charity Registration No. 1102435

Company Registration No. 05045130 (England & Wales)

Reference and administrative information

Company number	05045130
Country of incorporation	United Kingdom
Charity number	1102435
Country of registration	England & Wales
Registered office & operation address	Pallant House Gallery 8-9 North Pallant Chichester West Sussex PO19 1TJ
Trustees	Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows:

John Ayton MBE	Chair
Jane Weeks	Deputy Chair
Elizabeth J Davis	Company Secretary
Aki Abiola	
Cllr Clare Apel	
Ruth Butler	*(resigned 31 Dec 2022)*
Adrian Clark	*(resigned 1 October 2022)*
Mahtab Hussain	*(resigned 18 May 2023)*
Zachary Leonard	
Charles Martin	
Roger Mavity	
Andrea Rose QBE OMG	
Jacqueline D Russell	
The Rt Hon The Lord Tyrie of Chichester	
Mark Washer	

Gallery Director	Simon J Martin
Auditor	Sayer Vincent LLP Chartered Accountants and Statutory Auditor Invicta House 108-114 Golden Lane London EC1Y 0TL
Bankers	Barclays Bank PLC 74-75 East Street Chichester West Sussex PO19 1HT

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Reference and administrative information set out on page 2 forms part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association, the requirements of a directors' report as required under company law, and the Statement of Recommended Practice - Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102.

Chair's statement

I am pleased to introduce our Trustees' Report and Financial Statements for 2022/23. Having joined the Board as Chair in March 2022 this report is the first which covers a period during which I have been Chair throughout.

It finally felt in 2022-23 that we were in a post-pandemic period and our visitor figures certainly indicate that our audiences have returned to at least pre-pandemic levels. Those visitors came to see two critically acclaimed main Gallery exhibitions in 'Glyn Philpot: Flesh and Spirit' and 'Sussex Landscape: Chalk, Wood and Water'.

While each show was strong in terms of visitor numbers, Sussex Landscape was extraordinary, with almost twice our usual number of visitors. I was so grateful to the staff team, particularly at front of house and in Building Services, that we welcomed more than 60,000 visitors through the Gallery. My congratulations also go to Simon and the curatorial team for delivering outstanding shows across the Gallery.

We received two substantial legacies during the year, the first from Bob Lockyer who gifted his collection as well as a large portion of his estate, the second from Lady Nicholas Gordon-Lennox who was a longstanding supporter and absolutely integral to the success of the fundraising campaign for the new wing.

Over the last 12 months we have increased the number of Patrons from 121 to 170 and have attracted a number of new national corporate supporters including Jigsaw, Pig Hotels, Wiston, Offer Waterman and Evelyn Partners. The growth in our Patrons and Friends schemes has been particularly heartening as it is this regular support that allows us to plan our future activity with confidence. Our Patrons scheme now rivals many much larger and high profile organisations and we will launch a corporate supporters scheme later this year.

We were disappointed in the autumn of 2022 to hear that, following a change of national Government policy, we would no longer be an Arts Council National Portfolio Organisation and that from April 2023 we will not receive core funding from them. In these circumstances we are ever more grateful to the individuals, companies and Foundations that support us, and in particular Chichester District Council who continue to show great support for our work.

I am particularly proud of the work that is delivered by our Community Programme which turned 20 years old in 2022. I hope you will enjoy reading about its success during the year.

2023 is an important year for the Gallery as we strengthen our senior management team in order to prepare us for the challenges and opportunities that lie ahead of us. I believe that Pallant House Gallery can thrive in the years to come but we will not be able to do it without the loyalty and generosity of our supporters.

John Ayton

Chairman of the Board of Trustees

Summary of Financial Results

The Gallery revenues have recovered well from the Covid-related lockdown restrictions period. Whilst earned income has seen notable increases largely on the back of the popular success of the exhibitions, endowment income remains problematic within a continuing difficult investment climate. The Gallery consequently remains dependent on the support of its many Friends, Patrons, sponsors and supporters, whose generosity has fortunately been greater than ever.

The Gallery has been seeking to re-build capacity after two years of containing expenditure to an absolute minimum. It is also facing increase pressures on a number of fronts, for example staffing, energy and transport.

Consequently, the overall effect is the Gallery continues to sustain small operating deficits and has been relying so far on non-recurring exceptional income to make this good.

Income and Expenditure Summary	FY 22/23	FY 21/22	FY 20/21	FY 19/20	% Change in Period
	£000	£000	£000	£000	
Revenue					
Earned Income	583	418	180	426	37%
Endowment Income	340	362	431	594	-43%
External Funding	286	244	178	205	40%
Friends & Patrons Subscriptions	287	222	125	188	53%
Public Funding	415	335	273	335	24%
Revenue Total	**1,910**	**1,581**	**1,186**	**1,748**	**9%**
Expense					
Building Services	303	252	194	276	10%
Collection Management	124	119	109	100	24%
Exhibitions & Displays	304	183	153	277	10%
Governance	108	102	93	95	14%
Irrecoverable VAT	86	101	41	66	29%
Marketing	220	181	138	192	15%
Other Operating Costs	389	351	410	436	-11%
Public Programmes	216	153	108	210	3%
Publishing	135	92	35	95	41%
Raising Funds	97	87	66	96	1%
Expense Total	**1,981**	**1,621**	**1,347**	**1,843**	**8%**
Operating Surplus/(Deficit) Total	**(71)**	**(40)**	**(160)**	**(95)**	**-25%**
Exceptionals					
Capital Project Activities	(18)	255	10	161	
Depreciation	(306)	(304)	(246)	(312)	
Endowment Movement	(633)	426	1,913	(2,446)	
Exceptional Legacies	527	850			
Funding No 7 Purchase		1,013			
Gifted Artwork	189	574	4,107	1,110	
Cultural Recovery and Covid-related grants		174	198	6	
Exceptionals Total	**(242)**	**2,987**	**5,982**	**(1,481)**	
Net Surplus/ (Deficit)	**(313)**	**2,947**	**5,822**	**(1,576)**	

Trustees' annual report

The Trustees present their report and the audited financial statements for the year ended 31 March 2023.

Objectives & activities of the Charity

The Charity's objectives are for the public benefit to promote and advance the education of the public in, and to promote, the visual arts and history of art principally in the Chichester administrative district and in particular, to maintain, preserve, restore and furnish Pallant House in the City of Chichester as a period house within which to exhibit works of art of historic or public interest for viewing by the public.

Our Mission and Vision

Our mission is to share and stimulate new thinking on British art and to play a pivotal role in the creative lives of the widest possible audience.

Our vision is to be recognised as an international centre for British art from 1900 to now.

We achieve this by observing the following six principles:

1. Making Modern British art relevant today by exploring contemporary, historic and international connections, redressing imbalances in its history and filling gaps in our collection.
2. Putting our audiences at the heart of what we do, striving to understand their needs and motivations, enabling two-way conversations and involving them in our work.
3. Thinking of the Gallery as more than a physical destination, expanding our audience reach through digital, outreach and regional, national and international partnerships.
4. Being a recognised authority on Modern British art and an example of best practice in all aspects of our work.
5. Creating and upholding a distinctive brand for the Gallery that informs all activity.
6. Investing in our people, culture, assets and systems and working to become financially and environmentally sustainable and appropriately resourced.

Public benefit derived from our activities

The Trustees of the Gallery have paid regard to the Charity Commission's published guidance on public benefit. They believe that people who have access to the visual arts derive real benefit from the experience through the expansion of their ideas and understanding; through appreciation, learning and participation. The Gallery provides the opportunity for people to gain a better understanding of the cultural and artistic make-up of our society and enhances their personal response to the cultural and artistic content of their lives.

Performance and achievements during the year

The Year at a Glance

52,942 visits to the permanent collections and temporary exhibitions (2022: 36,620):
- 35,714 total tickets sold (including Friends) (67%)
- 6,951 discounted tickets sold (13%)
- 10,277 free admission given (19%)

£338,010 in total ticket sales (2022: £241,4038)
4,250 Friends of Pallant House Gallery and 170 Patrons (2022: 3,120/121)
£997k in gifts, subscriptions and pledges from individuals, trust and foundations, corporates and statutory funding (2022: 948k)
£527k in financial legacies and transfers from other charities (2022: £860k)

12 exhibitions during the year (including community related displays)
2 major exhibitions
4 print room exhibitions
3 new publications with a print run of 9,200 (6,862 of these sold at the Gallery)
175 artworks acquired for the permanent collection
67 new acquisitions by female artists (of which 21 were newly represented in the collection)
Improved gender ratio to 24.59% women artists
11 new acquisitions by Black, Asian and ethnic minority artists
59 works loaned to 17 different venues, including 4 international venues.
External loans potentially viewed by over 780,000 visitors worldwide
5 new commissions of UK based artists
63 artworks conserved
251 works photographed as part of the Digitisation Project
90 pieces of press coverage with a circulation of 1,092,107,702
23% growth in Instagram audiences
6,600 Gallery magazines distributed or sold

15 talks, film showings, online talks, attended by 810 people
3 Summer Lates, attended by 400 people
15 adult education creative workshops involving 204 participants
205 members of the Community Programme
281 Community activities offered involving 2,638 participants
2,172 student participants in the Schools Programme
1,125 self-guided school visits
13 creative workshops for children during school holidays

10,600 hours given by our 244 volunteers
12% reduction in the amount of electricity the Gallery uses
19% increase in employing local tradespeople and contractors
11 artists employed to deliver creative workshops

Capital Project

With the ongoing pandemic the wider Capital Project remained on hold during the financial year beyond the upgrading of the New Wing's lighting thanks to a grant from Arts Council England. Further preparatory work was completed for future plans for the lighting and environmental controls in the historic house.

Thought was given during the year to a rewritten brief and research will be undertaken in 2023-24 to allow for future re-ignition of the development.

Equality & Diversity Action Plan

The Gallery's Equality & Diversity Action Plan covers all aspects of the Gallery's governance, employment, operations and programmes. It accompanies the Forward Plan as one of our key strategy documents and is updated annually and reviewed by the Board. As an Arts Council National Portfolio Organisation [NPO] during 2022-23 our programming contributed to the Creative Case for Diversity and we are committed to initiatives that increase inclusion and diversity across all aspects of the Gallery's operations. An Anti-Racism statement was published on our website (www.pallant.org.uk) in June 2020 and our Anti-Racism Action Plan was published in November 2020.

Anti-Racism Plan

The staff and Trustees of Pallant House Gallery stand in solidarity with the Black community and with all who oppose racism and discrimination. We reflect on our role as a cultural organisation and how we can better represent modern Britain. The Gallery's formal Anti-Racism Plan was agreed by the Board of Trustees in November 2020 and is published on our website here.

Pallant House Gallery exists to explore new perspectives on British art from 1900 to now. It is our role to expand, question and explore the parameters that define Modern British art so that our exhibitions and programmes are always relevant, rigorous and inclusive.

We acknowledge that we have much work to do to ensure our programme and collections, as well as our staff and board, reflect the diversity of the society in which we live. We are committed to making Pallant House Gallery a safe, welcoming and inspiring place for everyone. The Gallery critically reviews its permanent collection of British art from the perspective of diversity, and this has reinforced our commitment to increasing the diversity of the collections, and how ethnic diversity is recorded on our collections database systems to facilitate future planning of collections displays. Works by Black artists are prioritised for conservation and mounting to ensure that they are ready to go on display in future collections displays.

Collection Exhibitions

Our permanent collection is displayed throughout the Gallery spaces, showcasing new or key works and exploring the narratives running through our collection as it continues to develop. Displays are designed to add context to our temporary exhibition programme, support Schools Resources, and enable our audience to explore, engage and be inspired by our collection.

'Undercover: Art of the Book Jacket'

Wed 13 Apr - Sun 17 July 2022

This exhibition offered a unique opportunity to discover some of the rarest and most valuable books illustrated by artists. Few visitors are aware of the significance of our library and archive; the library has around 19,000 books that have been vital in providing research for our ever-growing collection and our internationally-renowned exhibitions. This was a rare chance to see a number of these beautiful books, some of which are too precious or fragile to be on the open shelves. The exhibition focussed on a number of 20th century titles and the artists who contributed illustrations, frontispieces, and book covers.

Highlights included fine bindings by Paul Nash, a large first edition portfolio of 'The Drawings of Henry Moore', and the complete series of 'New Excursions into English Poetry', for which Mona Moore, Edward Bawden, and Robert Colquhoun produced lithographs.

'40 Year Anniversary Collection Display'

4 June 2022 – 15 Jan 2023

This collection display marked the Gallery's 40th Anniversary and included 17 works primarily drawn from the Hussey Bequest, Chichester District Council (1985), The Wilson Gift (2006) and works Accepted in Lieu of Inheritance Tax from the Estate of MJ Long/Wilson, allocated to Pallant House Gallery in 2021.

'New Works: Cultivating the Collection'

23 July - 16 Oct 2022

This display was an exciting chance to see new works in our collection for the first time, which included artists not previously represented, offering different ways to explore the story of modern and contemporary British art. We were thrilled to be able to show a range of influential contemporary artists, including drawings by Shirazeh Houshiary, prints by Joe Tilson and sculptures by Helaine Blumenfeld. Through these works themes emerged, including an exploration of language and mythology, the relationship between art and architecture, and the treatment of light and space.

This exhibition was drawn from two major recent additions to the collection: 45 maquettes and preparatory drawings from the Cass Sculpture Archive acquired with support from Art Fund, The John Booth Charitable Trust and John Ayton MBE in 2019, and a gift of 120 works on paper presented by contemporary print gallery, Cristea Roberts Gallery in 2021.

'Anne Desmet: Kaleidoscope'

Sat 22 Oct 2022 - Sun 5 Feb 2023

In this exhibition, artist and wood engraver, Anne Desmet RA explored fractured, abstract images, unexpected patterns and beautiful symmetry – like looking into a kaleidoscope. Desmet demonstrated fresh ideas about time and change, using prints to depict the evolution of urban landscapes, from ancient cities like Rome, to London and New York. To create this new series, many first seen at Pallant House Gallery, Desmet used her wood-engravings and linocuts to make kaleidoscopic collages. Her approach was intuitive, seeing where one image may lead to the next. New collages evolved almost spontaneously, allowing the viewer to look at architecture from an entirely new angle. A catalogue was published alongside this exhibition with 30 limited edition copies including two prints available to buy in the Gallery bookshop.

'Birds and Beasts: The Wild Escape'

11 Feb – 30 Apr 2023

This exhibition of prints and drawings from the Pallant House Gallery collection depicted an array of wildlife by artists including Elisabeth Frink, Graham Sutherland, Pablo Picasso and Enid Marx to coincide with the Art Fund 'Wild Escape' initiative which aimed to bring museums, schools, families and communities together to engage young people with the UK's natural environment. Read more about this on page 23.

42 works from the collection were shown including recent acquisitions from David Remfrey, Sarah Gillespie and Elisabeth Frink's Birds of Prey series. Other artists included Enid Marx, Graham Sutherland, Henri Matisse and Gertrude Hermes.

Main Gallery Shows

'Glyn Philpot: Flesh and Spirit'

14 May - 23 Oct 2022

This was the first major exhibition of British artist Glyn Philpot RA (1884-1937) in almost 40 years. Bringing together over 80 paintings, drawings and sculptures, many unseen in public for decades, the exhibition charted the artist's development from Edwardian society portraits to his shift to a radically modernist style.

Drawing on new research and recently rediscovered paintings and archive material, Pallant House Gallery published the first colour monograph on the artist, 'Glyn Philpot: Flesh and Spirit', which looks at his career from his more traditional early works through to modernism in the 1920s and 30s. Written by Simon Martin, with an introduction by Booker Prize-winner Alan Hollinghurst, it also considers Philpot's work in the light of recent queer theory and writing on race.

Press quotes

★★★★★ *'Decades of devotion are writ large in this exhibition, which allows us to rediscover Philpot in all his magpie complexity, and to afford his treatment of homoerotic subjects the honest appreciation they could not have received in his lifetime.' Hettie Judah, The Guardian*

★★★★ *'It's that fundamental sense of mystery that gives this intriguing exhibition its particular piquant flavour.' Mark Hudson, Independent*

Key statistics

- 19,569 visitors
- 90% of visitors surveyed rated the exhibition 'Very Good' – the highest option available.
- 674,195,462 total press circulation
- 2,257 copies of the monograph sold in the UK and US
- 4000 copies of the Gallery magazine distributed and 462 sold
- 113 loans from 51 lenders
- 4 blogs published

- 2 videos created
- 97 Community Programme participations in Glyn Philpot-related activity
- Over 400 Summer Lates attendees across 3 events

Visitor quotes

'Just mind blowing.'

'A revelation and utter joy. Beautifully curated and his story, as well as the stories of his sitters, sensitively and carefully told.'

'Fabulous exhibition – rivals anything at the major galleries in central London.'

Social media performance

	No. of posts	Average reach per post	Reach total
Instagram	51	2325	177,274
Facebook	43	1142	76,660

'Sussex Landscape: Chalk, Wood and Water'

Nov 2022 – Apr 2023

This was the first major exhibition to celebrate Sussex as a place of inspiration for artists. Its distinctive chalk-cliff coastline and the rolling hills of the South Downs have inspired artists for centuries. From some of our greatest landscape artists like Constable and Turner to contemporary artists working in the area today, this exhibition allowed visitors to discover Sussex as a place of creativity, exploration, retreat and alternative lifestyles. Whether William Nicholson's beautiful, sparse paintings of the Downs, Duncan Grant and Vanessa Bell's colour-drenched depictions of the pond at Charleston, or Lee Miller's photographs of the farms around her house, this wide-ranging exhibition, which encompassed print, sculpture, photography and digital works, showed Sussex as you have never seen it before.

We published a beautifully illustrated catalogue, 'Sussex Landscape: Chalk, Wood and Water' that looked at the rich artistic lives and work of British artists and writers connected with the area.

Press quotes

★★★★ *'Anyone looking for a pick me up can find it in West Sussex just by looking.'* The Times

★★★★ *'What this fine show proves is that Sussex is more than a pretty space'* The Mail on Sunday

'Encapsulates everything I love about Sussex' The Guardian

Key statistics

- 41,037 visitors
- 6,403 people took advantage of free entry
- 99% of visitors surveyed rated 'Very Good' (85%) or 'Good' (14%) – the highest options available
- 417,912,240 total press circulation
- 68 artists represented
- 14 works from our collection
- 3 new commissions
- 100 loans in
- 3,957 copies of the catalogue sold
- 4,000 copies of the Gallery magazine distributed and sold
- 8 blogs published
- 3 videos created
- 663 attendees of Sussex Landscape events
- 130 Community Programme participants
- 932 visitors to the Earth Day Open Day
- 3 schools and 90 pupils took part in the Wild Escape activities

Visitor quotes

'Superb show. Such an eclectic mix of artworks with so many different takes on this wonderful county.'

'Brilliant exhibition.'

'Charmed, thrilled and inspired.'

Social media performance

	No. of posts	Average reach per post	Reach total	Likes average
Instagram	69	3975	338,530	277
Facebook	63	8605	113,165	205

Collection and Acquisitions

Growing the Collection

Pallant House Gallery is home to a world class collection of Modern British, international and contemporary art of over 4,300 items, including over 3000 works on paper, almost 400 paintings, over 80 studio ceramics and 153 sculptures in a variety of medium.

Our overarching aim is to promote understanding and enjoyment of British, modern and contemporary art through a collection that is relevant, inclusive and reflects the diversity of our society.

This year we made successful applications to Art Fund and the V&A Purchase Grant Fund to support the acquisition of Barbara Walker's *Vanishing Point 24* (Mignard) and Tunji Adeniyi-Jones *Three Red Figures Rising.* We also received Soheila Sokhanvari's *Kobra, (portrait of Kobra Saeedi)* as a gift from the artist.

Building on the popularity of the photography in 'Sussex Landscape', we were delighted to be able to add three significant photographic works to the Gallery's collection thanks to an anonymous donor: *Butterfly Catchers* by Hannah Starkey, alongside two works from Tom Hunter's series *Life and Death in Hackney.*

<u>Key statistics</u>

- 175 artworks were acquired for the permanent collection
- 67 new works by female artists (of which 21 were newly represented in the collection)
- Bringing the gender ratio to 24.59% women artists
- 11 new acquisitions by Black and ethnic minority artists.

The permanent collection has grown from a number of significant gifts and bequests. Bob Lockyer OBE (1942 – 2022) left his collection of prints, drawings, paintings and ceramics to the Gallery. Comprising 88 works by artists including Elisabeth Frink, Martin Creed, Christopher Wood, Howard Hodgkin and Cornelia Parker and ceramics by Janet Leach, Michael Cardew and Ewen Henderson, the collection was exhibited in 'Choreographing a Collection: The Bob Lockyer Bequest', 21 Jan - 30 April 2023.

We were delighted to receive *St Mary The Virgin, Linsell* by Edward Bawden (1958), *Siena* by Ben Nicholson (1966), an etching, and *Farm House* by Michael Rothenstein (1908 – 1993), ink and watercolour on paper, presented by Jeri Bapasola through ArtFund.

The Golder-Thompson Gift now includes works on paper in a range of medium by over 170 artists. Dr Mark Golder and Mr Brian Thompson have, in the last year, given a further 38 works, including 20 newly represented artists in the collection and covering a range of printing techniques.

Anne Desmet RA presented 22 wood engravings on the occasion of her exhibition at the Gallery, Kaleidoscope, 22 Oct 2022 – 5 Feb 2023, which enables us to recognise her significant contribution to British printmaking, as well as to our collection.

	2020/2021	2021/2022	2022/2023
Total number of artists represented in the collection	896	981	1045
Total No. of male artists (%)	693 (77.34%)	745 (75.94%)	788 (75.41%)
Total No. of female artists (%)	203 (22.65%)	236 (24.05%)	257 (24.59%)
Total No of Black, Asian & Ethnic Minority artists (%)	38 (4.24%)	47 (4.79%)	55 (5.26%)

Acquisitions 2022/2023	
The Bob Lockyer Bequest (2022)	88
The Golder – Thompson Gift Autumn 2022	38
The Anne Desmet Gift (2022)	22
Other works acquired through donation/gift/transfer	27
Artworks purchased by Pallant House Gallery	4
No. of new works by women artists (no. of individual artists)	67 (56) 38.28%
No. of new works acquired by men (no. of individual artists)	108 (73) 61.71%
No. of new works by Black, Asian and Ethnic Minority artists (no. of individual artists)	11 (11) 6.28%
No. of newly represented artists	64
No. of Newly represented female artists	21
No. of Newly represented male artists	43

Sharing our Collection

The number of artwork requests for external exhibitions is a testament to the Collection's national and international standing and the Gallery's hard work in building relationships and supporting other creative projects.

Key statistics

- 59 works lent to 17 different venues, including Whitechapel Gallery, Tate Britain, Barbican and Gagosian, and international venues, San Domenico Museums, Forlì, Italy, Wrightwood 659, Chicago, Petit Palais, Paris and Museo Nacional Thyssen-Bornemisza, Madrid.
- External loans potentially viewed by over 780,000 visitors worldwide.

Caring for our Collection

As custodians of the collection, we have a duty of care to ensure its long-term preservation for current and future generations to enjoy. The care and conservation of our collection supports acquisition, exhibition, display and external loan. Our preventative conservation programme protects vulnerable works by providing a buffer from environmental change and protection from dust; helping slow natural ageing and postponing the need for urgent intervention measures.

Key statistics

- Treatment completed on 63 works, including major projects - George Smith Cocking Millpond, Michael Andrews Colony Room I and 48 works on paper in preparation for exhibition.

Library and Archive

With a renewed focus on promoting and advocating for our fantastic library and archive resource, we are delighted to have welcomed over 600 visitors and researchers and saw engagement from almost 900 staff and volunteers.

Community Programme

Founded in 2002, Pallant House Gallery's sector-leading Community Programme was designed to enable individuals to use the Gallery in a way that meets their own support needs and aspirations. People access the programme for many different personal or health reasons but all are united in their enjoyment of art and enthusiasm for the Gallery. Participants can either be referred to the programme or people can now self-refer.

The programme includes opportunities such as creative Studio sessions, In Focus workshops on particular disciplines, Creative Conversations, monthly art lunches, external trips and tours, and the chance to be a Partner in Art. Members also have free access to all our exhibitions, talks and tours.

The programme turned 20 this year, which is a momentous milestone in its development and demonstrates the Gallery's ongoing commitment to ensuring that everyone is able to access a creative life. We celebrated the anniversary with an exhibition of 73 artists named 'Twenty', dedicated artwork and a party.

In recognition of this crucial work, the programme was shortlisted for the Museums + Heritage Community Engagement Programme of the Year. This was a fantastic achievement for all involved and recognises the significant impact the programme has on people's lives as an inclusive, creative and safe space to engage with art.

Main achievements of the programme this year reported by members:

- Improvement in health and wellbeing
- Learning new skills
- Feeling less isolated
- Opportunity to develop their art and take part in exhibitions

Training and the matching process for our Partners in Art scheme has been a focus this year. This initiative helps individuals feel more confident, less isolated and to develop an established creative practice by providing opportunities for people to access art alongside a volunteer partner who shares their passion. Many partnerships paused during Covid 19, so this year time has been invested in reviewing each partnership so that the scheme can continue to be a fundamental part of the Community Programme.

Key statistics

- 205 Community Programme Members
- 281 activities offered in total
- 2,638 participants across all activities
- 148 artworks exhibited
- £4,488 raised from selling 51 artworks in the Annual Fundraising show
- 110 referrals to the Programme
- 41 volunteers
- 38 Community Programme Ambassadors
- 14 new volunteers trained
- 7 weekly Studio sessions
- 1,520 participants across all Studio sessions
- 54 Partners in Art (27 pairs)
- 27 Partners in Art partnerships in total
- 9 new Partners in Art matches made
- 493 Partners in Art meetings

Engagement with Schools

The Gallery has now revived its School Programme post-Covid, which aims to offer a rich, varied and inspiring environment to support both teacher and student development in the visual arts.

Our new 'Encounter & Create' programme is designed to tackle reports of declining enrolments in arts subjects and reduced time allocated to the arts, made worse as schools catch up with students' learning post-Covid. The role arts organisations can have in supporting schools and colleges is key in challenging this trend.

Working with our permanent collection, the programme comprises of new sessions for primary and secondary school students aligned to national curriculum themes, including 'Colour and Shape', 'Art and Language', 'People and Identity' and 'Places and Spaces', including a collection tour and a Studio workshop. We have piloted each workshop with teachers and students at local schools to fine-tune the offer.

We aim to develop relationships with schools for the long term. Funded by The Eridge Trust, our 'Schools in Residence' programme enables us to build a deeper relationship between schools and Gallery. The programme sees students having weekly use of the Studio and Gallery for five weeks and can revisit for free with family and friends during that time.

Key statistics

- 2,172 student participations overall in the Schools Programme
- 304 students attended new School Programme pilot workshops
- 205 student participations in 'Schools in Residence'
- 1,125 self-guided visits

Quotes

'I like the art because it was very fun and I like learning about artists because we don't get to do this for very long at school.' Primary Student

'It has been lovely watching the children experiment and develop techniques to achieve what is in their heads.' Jessie Younghusband Primary School

Wild Escape initiative

Focusing on partnership working, we took part in the Art Fund's *Wild Escape* initiative which aimed to bring museums, schools, families and communities together to engage children and young people with the UK's natural environment and biodiversity.

The Gallery worked with 100 pupils from three local primary schools based in Chichester and Bognor, to explore the biodiversity of our natural world through our 'Birds and Beasts: The Wild Escape' exhibition and workshops on location in the South Downs. Delivered in partnership with the South Downs National Park Authority and The Goodwood Education Trust, children learned about the unique ecosystems in their locality and what can be done to protect them.

Their artworks and Earth Protection Pledges were unveiled during a weekend of activities for all ages on Earth Day 2023, coinciding with our Open Weekend 22-23 April.

Quotes

'This project will inspire us as leaders to create different art experiences for the children linked to nature…The children have developed creative thinking and collaboration skills and have enjoyed being in different natural environments' Parklands Primary School

'These sessions foster an environment in which students feel empowered to share their views, celebrating different interpretations and emphasising that there are no 'right' or 'wrong' answers when discussing works of art'. PHG Learning Coordinator, Holly Riddle

Adult Learning

A vibrant series of talks, tours, creative workshops and special events for adults was delivered through our Adult Learning Programme. Highlights include three Summer Lates events in partnership with Chichester Pride, Hotwalls and University of Chichester Conservatoire: Performing Arts, and a creative writing workshop with Poet in Residence, Dzifa Benson.

Key statistics

- 15 talks/film showings/online talks, attended by 810 people
- 3 Summer Lates, attended by over 400 people
- 15 creative workshops with 204 participants.

Quote

"A generous tutor, sharing her knowledge and inspiration. I am going home full of energy to paint". Workshop participant

Buildings & facilities

Arts Council Small Capital Grant

We have continued to work on improving light-levels and lighting in the new wing and on plans to overhaul environmental controls and improving UV controls, blinds and light-levels in the historic house. We have been well supported in this process by appropriate advisers, principally Wright & Wright and Max Fordham,

The Small Capital project funded by the Arts Council, which represented a portion of this work, was duly completed by the revised deadline of 31 March 2022 and the grant has been received.

Statement of Significance & Conservation Management Plan

During the year, we worked with our Heritage Consultants Alan Baxter and Associates on the creation of a Statement of Significance and Conservation Management Plan for Pallant House Gallery, which will be used to plan the future care, conservation and interpretation of the distinctive architecture on the site including a Grade 1 listed building.

Commercial activities

Pallant Café & Restaurant

During the year under review the Café's contract came to an end and work began on its renewal. No alternative suppliers were considered due to the market conditions. A new contract will be signed in 2023-24 with Pallant Catering Services.

The café has had its most successful year to date due to the high level of visitor numbers with sales figures almost reaching £500K, of which the Gallery receives the profit share.

Pallant Bookshop

The Bookshop is an independent franchise operated by Nicholas and Caroline Higbee, who are stakeholders within the Gallery, and work closely in parallel with the Gallery's programme and exhibitions. The Bookshop Director sits on the Gallery's Collections and Exhibitions Advisory Group.

The Bookshop is the primary point of sales for the Gallery's publications, postcards, collection prints and other merchandise based on the collections and exhibition. In addition, the Pallant Bookshop is a leading specialist bookshop for Modern Art Britain art and design, with extensive stock of both new publications and exhibition catalogues, rare books and first editions, artist- illustrated and limited-edition prints. The Bookshop also stocks gift ranges (from mugs to tea-towels), greetings cards and postcards.

The Bookshop contributes a rental income and pays a commission to the Gallery on its products.

Fundraising

Pallant House Gallery actively seeks philanthropic support from a wide variety of sources, securing restricted and unrestricted income from individuals, companies, trusts and foundations and statutory bodies. All fundraising activity is carried out in house and no agencies are engaged to fundraise on behalf of the Gallery.

During 2022/23, we received almost £1m in gifts, pledges and Friends or Patrons subscriptions from individuals, trust and foundations, corporates and statutory funding, particularly from Chichester District Council, Art Fund, ACE and NLHF. We received a further £½m in legacies from individuals and another charity that was winding up.

Fundraising activities that took place were managed and resourced by Gallery employees; outside fundraisers were not used. They were compliant with appropriate codes and there have been no complaints about them. We generally focus on wealthy individuals, trusts and foundations and statutory bodies as a source of funds, leaving members of the public a free choice whether to become a Friend or donate additionally when buying a ticket. Consequently, it is not necessary to have measures that specifically protect vulnerable people from our fundraising, while care is given to ensuring the safety of all potential donors.

Friends & Patrons

The Friends of Pallant House Gallery are knowledgeable and enthusiastic champions of the Gallery, and their financial support is the lifeblood of the Gallery. There are several different membership packages available and benefits include free admission, exclusive access to Friends previews, a discount on event tickets and a subscription to the twice yearly Gallery magazine. Our membership schemes were a particular source of success this year with Patrons income growing by 57% during the year, and our Friend's scheme reaching its highest ever membership

Our Patrons programme provides unique opportunities for individual supporters who give at a more substantial level to have an in-depth engagement with the full programme of our activities, from private exhibition tours and talks, to studio visits, dinners, international tours and visits to private collections. Each event is supported by a Senior Management Team member and Trustees to provide an intimate and invaluable insight into the workings of the Gallery.

Human Resources

The Gallery recognises that its staff and volunteers are its greatest resource and require investment to get the best outcomes. This will be achieved through investing in HR, training and development as well as reviewing internal communications.

As of 31 March 2023, our staff team consisted of 15 F/T and 18 P/T permanent members of staff and six casual Visitor Services Assistants (equivalent to 28 F/T roles). We created three new roles during the year (Learning Programme Manager, Adult Learning Coordinator and Visitor Services Supervisors x 2) and two new senior roles were approved for recruitment in 2023/24.

With the help of an external HR consultant, the Gallery undertook a salary benchmarking review in autumn 2022. This looked at data from organisations in the charity/art sector, those of a similar size and financial turnover and those located in the South-East. This information was used to introduce salary bands for roles with equivalent levels of responsibility across the organisation. There were a small number of individuals whose salaries were below the band minimum for their role; in these cases, they were raised to the bottom of the band with immediate effect. In the year ahead, we will review our employee performance management process and develop a mechanism by which salaried employees can progress through the band for their role.

We could not exist without our dedicated team of almost 250 volunteers. They fulfil a variety of roles across different departments, including policy and programme advisors (via the Gallery's Sub-Committees and Advisory Groups), Gallery Assistants, Gallery Guides and support our Learning and

Community Programme. Over 10,500 hours of volunteer time was donated to the Gallery in 2022-23 and we are hugely grateful for their support.

Financial review

The results for the year are set out in the Statement of Financial Activities and accompanying notes later in this report.

The statement shows that a deficit of £313k was incurred (2021/22: surplus of £3.0m) during the year. These figures comprised exceptional or restricted application items in both years, with the underlying operating performance remaining in deficit, reflecting both planned capacity building and a continuing challenging environment. This summary shows that the underlying operating outcome is considerably more fragile than indicated by the headlines in the Statement of Financial Activities.

	2022/23	2021/22
Exceptional items	**£000**	**£000**
(Decrease)/ increase in investment value	(633)	426
Donations for purchase of adjacent property	-	1,013
Gifted artwork	189	574
Capital Project activity	(18)	255
Cultural Recovery and Covid-related grants	-	174
Legacies & gifts from another charity	527	850
Depreciation	(306)	(304)
	(242)	2,987
Underlying operating outcome	(71)	(40)
Reported surplus/ (deficit)	**(313)**	**2,947**

The remarkable feature of this year's financial results is the extraordinary increase in our earned admission income arising from the critical success of the Sussex Landscapes exhibition, which fortunately appears to be continuing after the year end with the current Gwen John exhibition. Admission income during the year was £338k, which is a 40% increase on 21/22 and before the pandemic, income was rarely above £220k.

Cascading down from higher number through the exhibitions, all other areas have benefited financially, such as restaurant, bookshop/ publishing, new memberships and donations.

The second notable gain in income arises from legacy gifts and donations. Legacies from individuals and another closing charity alone have provided over £1m in the last two years. Even at lower levels of giving, our wide supporter base continues to show much-appreciated generosity.

Continuing the programme of capacity building started last year, our expenditure levels have similarly increased by 18%, mainly driven by recruitment as we plan to build management capacity, partly to reverse savings achieved during the Covid years and to look to future growth. The control of expenditure will become increasingly challenging during the next few years: Cost-of-living rises affecting our staff will inevitably put salary levels under pressure and we are experiencing costs increases in art transport, energy and with most services.

Sadly, we are still seeing income returns from our endowment investments running at around half of pre-pandemic levels with a lost revenue of around £300k compared to pre-Covid periods. Moreover, the capital value declined by £633k during the year, precluding a total return approach of using growth to make good income shortfalls.

Reserves policy and going concern

Our reserves are set out in the accounts within the balance sheet and in more detail within note 20.

The trustees have a reserves policy designed to ensure that the Gallery has adequate reserves to carry out its charitable objects including maintaining the assets entrusted to it.

The restricted funds relate to a separately identifiable activity that has attracted its own funding from various donors on terms generally that their support is to be applied only to that project. Normally the Gallery has agreed to fund the balance from its wider resources to ensure a successful outcome. These projects are usually short term, typically completed within a year, and taken together represent the essence of the Gallery's core operation.

Designated funds were created historically by the provision to the charity of the Gallery building and the collection of works of art donated or purchased from donations for display in the Gallery. These funds have expanded subsequently to match funded capital expenditure. These designated funds are not liquid.

There are four endowment funds shown in note 20 that have varying terms, all established with the overarching objective of holding investments to provide income to support the Gallery's core operation but with varying ability of the trustees to access the capital make good any operating deficits.

Trustees have again reviewed the reserves policy during the year, which was last amended during 2017/18, and believe it to remain appropriate. This is as follows:-

- The Gallery should hold cash balances in unrestricted funds, of at least £200,000 or, if greater, the cash funding projected to be required for its activities for the following two months. This is currently achieved through holding liquid accounts within cash and investments.
- The gift of £300,000 provided by the Friends in 2018/19 and currently part of the JM Fund should only be held in readily realisable investments so that it acts as a second layer of reserves if required to meet unexpected adverse circumstances.
- The other endowment funds should continue to include in excess of £500,000 of readily realisable investments that could be sold as a third layer of reserves, whilst otherwise continuing to provide income for the core operation.

This policy was met during the course of 2022/23 and up to the date of signing this report. It continues to be reviewed annually and the trustees have resolved that it should continue in force for a further year.

There is currently a period of restoring operational capacity by investing in key management positions with associated other costs. At the same time, notwithstanding the recent successes in this area, there is a significantly uncertain climate for fundraising and the loss of an annual ACE NPO grant of £100k will be keenly felt. Consequently, the trustees accept that operating deficits are realistically unavoidable until higher levels of income can be developed, which in turn will mean it is likely there will be drawing on reserves. Current forecasts for 2023/24 and 2024/25 show that deficits should be contained comfortably within the level of reserves currently in place. Consequently, the trustees conclude that there are not any material uncertainties about the Gallery's ability to remain a going concern for at least twelve months from the date of signing these accounts.

Investment policy and objectives

Under its Articles, the Gallery has the power to invest funds in the furtherance of its charitable objectives.

The Gallery's endowment funds are held for the long term to generate income, required to meet around a third or more of the continuing cost base. Up to 2021, the trustees' investment policy had hitherto been to invest in a fund promoted specifically for charities focussing on high yielding UK equities in order to make that required level of income, accepting a higher level of risk to capital accordingly.

In August 2020, the Finance, Audit & Risk Committee having considered it more prudent to move away from an income-driven, short-term approach and instead adopt an approach of generating both income and longer-term capital growth, appointed Sarasin & Partners as the investment advisers. The investments were moved gradually over to a fund managed by Sarasin over the subsequent two years.

Principal risks and uncertainties

The trustees have a duty to identify and review the risks to which the Gallery is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error.

The trustees operate a Finance Audit & Risk Committee[1] that meets every quarter and as part of its remit, review the "living" Risk Register. This contains the principal risks that the trustees and the Senior Management Team have identified and the Committee seeks to ensure that adequate steps are being taken to mitigate and minimize them.

[1] The Finance Audit & Risk Committee was created in January 2023, following the amalgamation of the Gallery's previous Audit & Risk Committee and Finance & Investment Committee

As regards building and contents, the risk of damage due to fire is controlled by an extensive fire detection and alarm system, which is monitored 24/7 and serviced annually. Designated members of Gallery staff are trained in what to do in the event of a fire. A team of Fire Marshalls and a Duty Manager are named on a list at reception and are responsible for the safe and efficient evacuation of the galleries and communicating and liaising with the alarm monitoring company and emergency services. An Emergency Salvage Priority list is updated regularly and includes works from the Gallery's collection and works on loan and their location. The impact of any loss would also be mitigated through extensive insurance cover.

The Finance Audit & Risk Committee meets every quarter to review the current and projected financial position of the Gallery, so that timely corrective action can be instigated to minimise the impact. During last year, its work was centred around financial planning in response to Covid-19 and is now focussed on sustainability and resilience in the subsequent period and back onto the Capital Project.

Structure, governance and management

Legal status of the Gallery

Pallant House Gallery is a charitable company limited by guarantee, incorporated in England and Wales on 16 February 2004 and registered as a charity in England and Wales on 2 March 2004. The charitable objects and powers of the company are set out in its articles of association.

The trustees, who are also the Directors for the purpose of company law, and who served during the year are listed in the 'Reference and administrative information' section at the beginning of this report.

None of the trustees has any beneficial interest in the charitable company.

Appointment of trustees

Trustees are proactively selected and appointed to ensure there is a broad range of relevant skills and experience represented across the trustee board. A skills audit is conducted biennially to ensure a suitable balance of skills, experience and diverse representation. Chichester District Council also has the right to appoint and remove one trustee. An open recruitment campaign took place between November 2022 and March 2023 to identify individuals with specific skills and experience to strengthen the Board. This resulted in the appointment of four new Trustees early in the financial year 2023-24.

Trustee induction and training

The company secretary provides or arranges external induction training to each newly appointed trustee. They are required to complete a declaration of Fit and Proper status, in line with HMRC Fit and Proper Persons Test and receive key governance documentation, including the articles of association, annual financial statements and the Charity Governance code.

The trustees are responsible for the overall governance of the Charity. They delegate all day-to-day responsibilities for running the organisation to the Director, Simon Martin. The Finance Audit & Risk Committee and Nominations Committee, as well as a number of informal Advisory Groups, have been established to ensure that the trustees' governance responsibilities are fulfilled. All trustees give their time voluntarily and receive no benefits from the charity. Any expenses reclaimed from the charity are set out in note 8 to the accounts.

Remuneration policy for key management personnel

Remuneration levels for key management personnel is approved by the Finance & Investment Committee and the trustee board takes responsibility for the appointment and performance management of the Director.

The Senior Pay disclosures include the Director and senior members of the leadership team.

Equality and Diversity

The Gallery is committed to equality and diversity. Staff and trustees have undergone appropriate training and there are written policies in place which are mentioned by the Director of the Gallery and the trustees. A new Equality Action Plan was formulated in December 2017 and last updated in February 2020.

Related parties and relationships with other organisations

Prior to the merger on 1st April 2018, the Gallery enjoyed a close relationship with the Friends of Pallant House, whose objectives were financial and other support for the Gallery. The activity of the Friends of Pallant House is now undertaken directly by the Gallery.

Until 31 March 2020, a trading subsidiary, Pallant House Gallery Services Limited, carried on commercial activities related to the Gallery and received income from the restaurant and from the shop franchise. After that point, this was carried on within the parent Gallery company. There is also a dormant subsidiary, Pallant House Enterprises Limited, with an historical involvement in collection of subscriptions from Friends.

Funds held as custodian trustee on behalf of others

The charity does not hold funds as custodian trustee on behalf of others.

Statement of responsibilities of the trustees

The trustees (who are also directors of Pallant House Gallery for the purposes of company law) are responsible for preparing the trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company or 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 and statements of recommended practice 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 charity will continue in operation

The trustees are responsible for keeping adequate 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 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
- 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.

Members of the charity guarantee to contribute an amount not exceeding £10 to the assets of the company in the event of winding up. The total number of such guarantees at 31 March 2023 was 14 (2022:12). The trustees are members of the charity but this entitles them only to voting rights. The trustees have no beneficial interest in the charity.

Auditor

Appointment

Sayer Vincent LLP was re-appointed as the charitable company's auditor during the year and has expressed its willingness to continue in that capacity.

Disclosure of information to auditor

Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but which has not been made available to the auditor. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

The trustees' annual report has been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime.

The trustees' annual report was approved by the trustees on 6th December 2023 and signed on their behalf by:

Elizabeth Davis

Trustee & Company Secretary

Independent auditor's report to the members of Pallant House Gallery

Opinion

We have audited the financial statements of Pallant House Gallery (the 'parent charitable company') and its subsidiary (the 'group') for the year ended 31 March 2023 which comprise the consolidated statement of financial activities, the group charitable company balance sheet, the consolidated statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 March 2023 and of the group's 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
- Have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the group financial statements section of our report. We are independent of the group and parent charitable company 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 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 Pallant House Gallery's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the trustees' annual report, other than the group financial statements and our auditor's report thereon.

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the group financial statements or our knowledge obtained in the course of 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 this gives rise to a material misstatement in the group financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- The information given in the trustees' annual report, for the financial year for which the financial statements are prepared is consistent with the financial statements.
- The trustees' annual report, has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and Charities Act 2011 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- The parent charitable company financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of trustees' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit; or
- 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 trustees' annual report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, the trustees (who are also the directors of the parent charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees 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 group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed auditor under the Companies Act 2006 and section 151 of the Charites Act 2011 and report in accordance with those Acts.

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.

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

Capability of the audit in detecting irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management and the audit and risk committee, which included obtaining and reviewing supporting documentation, concerning the group's policies and procedures relating to:
    - Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
    - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
    - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.
- We obtained an understanding of the legal and regulatory framework that the group operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the group from our professional and sector experience.
- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.

- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

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.

Use of our report

This report is made solely to the charitable company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Judith Miller (Senior Statutory Auditor)

13 December 2023

for and on behalf of Sayer Vincent LLP, Statutory Auditor

Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

Sayer Vincent LLP is eligible to act as auditor in terms of section 1212 of the Companies Act 2006

Consolidated statement of financial activities

(incorporating an income and expenditure account)

	Notes	Year ended 31 March 2023 Unrestricted £	Restricted £	Endowment £	Total £	Year ended 31 March 2022 Unrestricted £	Restricted £	Endowment £	Total £
Income from:									
Donations and Legacies	2	1,237,649	76,330	-	**1,313,979**	2,158,821	1,296,902	-	3,455,723
Charitable Activities	3								
Collection Management		4,061	33,950	-	**38,011**	7,463	2,250	-	9,713
Exhibitions & Displays		521,389	105,091	-	**626,480**	333,796	111,190	-	444,986
Public Programmes		23,934	57,361	-	**81,295**	40,553	905	-	41,458
Publishing		139,351	-	-	**139,351**	98,672	-	-	98,672
Other Trading Activities	4	74,428	-	-	**74,428**	44,644	-	-	44,644
Investments	5	339,709	-	-	**339,709**	362,404	-	-	362,404
Total income		2,340,521	**272,732**	**-**	**2,613,253**	3,046,353	**1,411,247**	-	**4,457,600**
Expenditure on:	6								
Raising funds		88,622	8,310	-	**96,932**	87,032	-	-	87,032
Charitable activities									
Collection Management		237,644	34,664	2,505	**274,813**	251,771	18,248	2,955	272,974
Exhibitions & Displays		974,671	142,169	10,275	**1,127,115**	894,333	64,821	10,498	969,652
Public Programmes		527,181	76,896	5,557	**609,634**	424,050	30,735	4,977	459,762
Publishing		159,554	23,273	1,682	**184,509**	135,369	9,811	1,589	146,769
Total expenditure		**1,987,672**	**285,312**	**20,019**	**2,293,003**	1,792,555	**123,615**	20,019	**1,936,189**
Net Income/ Expenditure		**352,849**	**(12,580)**	**(20,019)**	**320,250**	1,253,798	**1,287,632**	(20,019)	**2,521,411**
Net gain/ losses on investments	13	-	-	(633,427)	**(633,427)**	-	-	425,823	425,823
Net income / (expenditure) for the year		**352,849**	**(12,580)**	**(653,446)**	**(313,177)**	1,253,798	**1,287,632**	405,804	**2,947,234**
Transfers between funds	20	(32,716)	32,716	-	**-**	1,249,412	(1,249,412)	-	-
Net movement in funds		**320,133**	**20,136**	**(653,446)**	**(313,177)**	2,503,210	**38,220**	405,804	**2,947,234**
Reconciliation of funds:									
Total funds brought forward as reported		31,642,384	474,213	11,732,136	**43,848,733**	29,126,228	343,246	11,326,334	40,795,808
Prior year adjustment	21	-	-	-	**-**	12,946	92,747	(2)	105,691
Total funds brought forward as restated		31,642,384	474,213	11,732,136	**43,848,733**	29,139,174	435,993	11,326,332	40,901,499
Total funds carried forward		**31,962,517**	**494,349**	**11,078,690**	**43,535,556**	31,642,384	**474,213**	11,732,136	**43,848,733**

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 20 to the financial statements.

Consolidated balance sheet

Company number 05045130

	Notes	2023 £	2022 £
Fixed Assets			
Tangible assets	11	8,284,931	8,549,975
Heritage assets	12	23,908,483	23,719,608
Investments	13	10,217,860	10,851,287
		42,411,274	43,120,870
Current Assets			
Stocks		30,390	35,828
Debtors	16	488,631	687,957
Cash at bank and in hand		955,636	343,273
		1,474,657	1,067,058
Liabilities			
Creditors: Amounts falling due within one year	17	(350,375)	(339,195)
Net current assets		1,124,282	727,863
Total net assets		43,535,556	43,848,733
Funds:	19		
Unrestricted			
Designated		31,302,555	31,360,332
General		659,962	282,052
Endowment		1,746,963	1,821,915
Total unrestricted funds		33,709,480	33,464,299
Endowment (Restricted)		9,331,727	9,910,221
Restricted		494,349	474,213
Total funds		43,535,556	43,848,733

Note: Separate Charity balance sheets have not been presented as the difference between group and charity is not material and detailed information has been provided in the notes to the financial statements.

Approved by the trustees on 6th December and signed on their behalf by:

Elizabeth Davis, Trustee & Company Secretary

Consolidated statement of cash flows

	2023		2022	
	£	£	£	£
Cash flows from operating activities				
Net income / (expenditure) for the reporting period (as per the statement of financial activities)	(313,177)		2,947,234	
Depreciation charges	306,402		304,174	
Donations of heritage assets included in income	(188,875)		(573,624)	
(Gains)/losses on investments	633,427		(425,823)	
Dividends and interest from investments	(339,709)		(362,404)	
(Increase)/decrease in stocks	5,438		(24,869)	
(Increase)/decrease in debtors	199,326		(411,055)	
Increase/(decrease) in creditors	11,180		59,541	
Net cash provided by / (used in) operating activities		314,012		1,513,174
Cash flows from investing activities:				
Dividends and interest from investments	339,709		362,404	
Purchase of fixed assets	(41,358)		(1,971,299)	
Net cash provided by / (used in) investing activities		298,351		(1,608,895)
Net cash provided by / (used in) financing activities		-		-
Change in cash and cash equivalents in the year		612,363		(95,721)
Cash and cash equivalents at the beginning of the year		343,273		438,994
Change in cash and cash equivalents due to exchange rate movements		-		-
Cash and cash equivalents at the end of the year		955,636		343,273

Notes to the financial statements

1) Accounting policies

a) Statutory information

Pallant House Gallery is a charitable company limited by guarantee and is incorporated in England and Wales. The registered office address is Pallant House, 8-9 North Pallant, Chichester, West Sussex, PO19 1TJ.

b) Basis of preparation

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) - (Charities SORP FRS 102) and the Companies Act 2006.

These financial statements reflect only the results of the charity, Pallant House Gallery. Its wholly-owned subsidiaries Pallant House Gallery Services Limited and Pallant House Enterprises Limited, are both dormant and do not hold any material asset or liability value. Transactions and balances between the charity and its subsidiary have been eliminated from the consolidated financial statements. Balances between the two entities are disclosed in the notes of the charity's balance sheet. A separate statement of financial activities, or income and expenditure account, for the charity itself is not presented because the charity has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

In applying the financial reporting framework, the trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The nature of the estimation means the actual outcomes could differ from those estimates. Any significant estimates and judgements affecting these financial statements are detailed within the relevant accounting policy below.

c) Public benefit entity

The charity meets the definition of a public benefit entity under FRS 102.

d) Going concern

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern. Financial projections have been prepared that show that the existing cash resources supported by the ability to realise investments will be sufficient to allow the Gallery to continue operating for the foreseeable future and in particular for the twelve months following the signing of these accounts. Further reference can be found in the section ‘Reserves policy and going concern’ in the Trustees’ Report.

e) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is a treated as a contingent asset and disclosed if material.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

Friends and Patron subscriptions are recognised when received.

Entrance fees are recognised in income when they are receivable except for group deposits which are recognised when the group visit takes place. Admission income for exhibitions is recognised when the tickets are sold. Ticket income relating to courses, events and group bookings is recognised when they take place. Book and other sales income are recognised when receivable.

f) Donations of gifts, services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item or received the service, any conditions associated with the donation have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), volunteer time is not recognised so refer to the trustees' annual report for more information about their contribution.

On receipt, donated gifts, professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

g) Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

h) Fund accounting

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

Endowment funds are split between those designated thus by donor stipulation and those only by reversible trustee decision. The capital of the donor stipulated endowments must be maintained, although the income can be utilised in accordance with the terms of the endowment.

i) Resource expended

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds relate to the costs incurred by the charity in inducing third parties to make voluntary contributions to it, as well as the cost of any activities with a fundraising purpose.
- Expenditure on charitable activities includes the costs of delivering services, exhibitions and other educational activities undertaken to further the purposes of the charity and their associated support costs.
- Other expenditure represents those items not falling into any other heading.
- Irrecoverable VAT is charged as a central support cost or included in the cost of a fixed asset.

j) Allocation of support and governance costs

Activities have been identified under the headings of:

- Collections management - maintaining and acquiring artwork, lending to other galleries and maintaining a resource library.
- Exhibitions & displays – creating and promoting permanent and temporary exhibitions and arranging for public admission.
- Public programmes – organising and promoting courses, lectures and events for artistic, historical, educational and community outreach purposes.
- Publishing – creating publications, mostly related to the exhibition activity for sale in the Gallery bookshop and elsewhere.

Resources expended are allocated to the particular activity where the cost relates directly to that activity.

The cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned where is it realistic and feasible to measure this.

Otherwise support and governance costs are allocated to the activities in proportion of their direct cost. Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

k) Operating leases

Rental charges are charged on a straight line basis over the term of the lease.

l) Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £1,000. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are

reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life.

Where fixed assets have been revalued, any excess between the revalued amount and the historic cost of the asset will be shown as a revaluation reserve in the balance sheet.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

- Buildings 50 years
- Plant & machinery 15 years
- Fixtures, fittings and equipment 10 years
- Artwork (all purchased) Not depreciated

m) Heritage assets

A heritage asset is defined as "a tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture". The Gallery has estimated a value in these financial statements in respect of its various collections of artwork, which were all gifted to it (purchased artwork is included within tangible fixed assets). Any acquisitions are shown either at cost or in the case of donations at an estimated valuation on the date of receipt. Any gains or losses on revaluation, if they take place, would be recognised in the Statement of Financial Activities.

n) Investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. Any change in fair value will be recognised in the statement of financial activities. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading "Net gains/(losses) on investments" in the statement of financial activities. The charity does not acquire put options, derivatives or other complex financial instruments.

o) Investments in subsidiaries

Investments in subsidiaries are at cost.

p) Stocks

Stocks are made up of catalogues and are stated at the lower of cost and net realisable value. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation.

q) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

r) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

s) Creditors and provisions

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

t) Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

u) Pensions

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

2) Donations and legacies

	2023			2022		
	Unrestricted £	Restricted £	Total £	Unrestricted £	Restricted £	Total £
Arts Council England grant	90,759	-	90,759	90,759	-	90,759
Assistance to acquire artwork	12,698	1,330	14,028	-	-	-
Chichester DC grant	130,000	-	130,000	130,000	-	130,000
CRF grant	-	-	-	128,470	-	128,470
Dannatt Trust Gift	150,000	-	150,000	850,000	-	850,000
Donations and gifts	57,305	-	57,305	86,565	-	86,565
Donations towards No 7 purchase	-	-	-	-	1,012,500	1,012,500
Friends & Patrons subscriptions	286,596	-	286,596	221,607	-	221,607
Furlough Grants	-	-	-	21,531	-	21,531
Gift Aid on income	31,987	-	31,987	22,065	-	22,065
Gifts of artwork	188,875	-	188,875	573,624	-	573,624
Grants for specific activities	(17,578)	-	(17,578)	-	284,402	284,402
Legacies	302,007	75,000	377,007	10,000	-	10,000
Lockdown Support Grants	-	-	-	24,000	-	24,000
Sponsorship	5,000	-	5,000	200	-	200
	1,237,649	**76,330**	**1,313,979**	**2,158,821**	**1,296,902**	**3,455,723**

The reversed grant for specific activities comprised a clawback on an ACE Small Capital scheme project, explained in note 21.

3) Charitable activities

	2023			2022		
	Unrestricted	**Restricted**	**Total**	Unrestricted	Restricted	Total
	£	**£**	**£**	**£**	**£**	**£**
Collection management						
Charges to owners	2,978	-	2,978	6,008	-	6,008
Grants & donations	1,083	33,950	35,033	1,455	2,250	3,705
Trust & foundations	-	-	-	-	-	-
Subtotal	4,061	33,950	38,011	7,463	2,250	9,713
Exhibitions & displays						
Admission income	338,010	-	338,010	241,403	-	241,403
Charges to other galleries	-	-	-	-	-	-
Corporate sponsorship	-	10,000	10,000	-	17,500	17,500
Donations	21,420	-	21,420	-	26,470	26,470
Exhibition tax relief	135,000	-	135,000	70,566	-	70,566
Gift Aid on entrance fees	26,959	-	26,959	21,827	-	21,827
Supporters' Circle	-	95,091	95,091	-	50,500	50,500
Trust & foundations	-	-	-	-	16,720	16,720
Subtotal	521,389	105,091	626,480	333,796	111,190	444,986
Public programmes						
Courses earned income	18,486	230	18,716	19,177	305	19,482
Grants income	700	38,491	39,191	14,961	600	15,561
National Lottery Heritage Fund	-	18,640	18,640	-	-	-
Sale of artwork	4,748	-	4,748	6,415	-	6,415
Subtotal	23,934	57,361	81,295	40,553	905	41,458
Publishing						
Advertising Income	13,452	-	13,452	11,660	-	11,660
Donations	-	-	-	5,600	-	5,600
Image rights revenue	1,449	-	1,449	2,097	-	2,097
Sales of publications	124,450	-	124,450	79,315	-	79,315
Trust & foundations	-	-	-	-	-	-
Subtotal	139,351	-	139,351	98,672	-	98,672
Total income from charitable activities	688,735	196,402	885,137	480,484	114,345	594,829

4) Income from other trading activities

	Unrestricted £	Restricted £	2023 Total £	Unrestricted £	Restricted £	2022 Total £
Bookshop rental income	32,040	-	32,040	19,695	-	19,695
Gallery hire income	4,364	-	4,364	900	-	900
Other income	(620)	-	(620)	-	-	-
Restaurant rental income	38,644	-	38,644	24,049	-	24,049
Total income from other trading activities	74,428	-	**74,428**	**44,644**	-	**44,644**

5) Income from investments

	Unrestricted £	Restricted £	2023 Total £	Unrestricted £	Restricted £	2022 Total £
Listed investments on endowment	299,857	-	299,857	359,332	-	359,332
Rental income	36,850	-	36,850	3,000	-	3,000
Other investment income	3,002	-	3,002	72	-	72
Total income from investments	339,709	-	339,709	362,404	-	362,404

6) Analysis of expenditure

a) Current year

		Charitable activities							
	Raising funds	Collection management	Exhibitions & displays	Public programmes	Publishing	Governance	Support costs	2023 Total	2022 Total
Artist & technician fees	-	574	36,345	-	-	-	-	36,919	21,692
Artwork conservation	-	10,234	16,987	-	-	-	-	27,221	26,324
Artwork transport	-	-	98,852	-	-	-	-	98,852	43,062
Audience development	-	-	-	-	-	-	4,302	4,302	3,307
Audit fees	-	-	-	-	-	22,860	-	22,860	22,375
Business rates	-	-	-	-	-	-	22,890	22,890	12,762
Course expenses	-	-	-	58,978	-	-	-	58,978	29,404
Course leader fees	-	-	-	6,750	-	-	-	6,750	21,250
Depreciation and impairment	-	-	-	-	-	-	306,402	306,402	304,174
Exhibition development	-	-	27,300	-	-	-	-	27,300	15,512
Facilities maintenance	-	-	-	-	-	-	93,760	93,760	62,234
Finance charges	-	-	-	-	-	-	6,098	6,098	9,764
Fundraising event expenses	1,222	-	-	-	-	-	-	1,222	-
Insurance	-	32,093	-	-	-	-	31,384	63,477	61,412
Irrecoverable VAT	-	-	-	-	-	-	85,721	85,721	101,322
Magazine & gallery publications	-	-	-	-	115,399	-	-	115,399	73,584
Office costs	-	-	-	-	-	-	38,139	38,139	24,877
PR consultancy	-	-	-	-	-	-	33,462	33,462	32,561
Professional fees	-	-	-	-	-	23,837	17,460	41,297	42,660
Promotional activity	-	-	-	-	-	-	59,552	59,552	42,336
Rent	-	-	-	-	-	-	11,700	11,700	15,660
Research	-	1,045	-	-	-	-	-	1,045	389
Staff costs	72,247	59,487	260,283	150,791	19,160	-	315,871	877,839	757,534
Storage facilities	-	16,297	2,127	-	-	-	-	18,424	17,748
Supporter development	23,463	-	-	-	-	-	-	23,463	6,741
Systems enhancement	-	-	-	-	-	-	36,583	36,583	17,797
Systems maintenance	-	-	-	-	-	-	51,616	51,616	50,428
Touring & loan fees	-	-	6,658	-	-	-	-	6,658	150
Trustee expenses	-	-	-	-	-	8,396	-	8,396	23,116
Utilities	-	-	-	-	-	-	91,216	91,216	85,887
Website maintenance	-	-	-	-	-	-	15,462	15,462	10,127
Subtotal	96,932	119,730	448,552	216,519	134,559	55,093	1,221,618	2,293,003	1,936,189
Reapportionment of support and governance costs									
Support costs		148,391	649,281	376,151	47,795	-	(1,221,618)	-	
Governance costs		6,692	29,282	16,964	2,155	(55,093)		-	
Total Expenditure for 2023	**96,932**	**274,813**	**1,127,115**	**609,634**	**184,509**	-	-	**2,293,003**	
Total Expenditure for 2022	87,032	272,974	969,652	459,762	146,769	-	-		1,936,189

b) Prior year

	Raising funds	Collection management	Exhibitions & displays	Public programmes	Publishing	Governance	Support costs	2022 Total
Artist & technician fees	-	264	21,428	-	-	-	-	21,692
Artwork conservation	-	14,459	11,865	-	-	-	-	26,324
Artwork transport	-	-	43,062	-	-	-	-	43,062
Audience development	-	-	-	-	-	-	3,307	3,307
Audit fees	-	-	-	-	-	22,375	-	22,375
Business rates	-	-	-	-	-	-	12,762	12,762
Course expenses	-	-	-	29,404	-	-	-	29,404
Course leader fees	-	-	-	21,250	-	-	-	21,250
Depreciation and impairment	-	-	-	-	-	-	304,174	304,174
Exhibition development	-	-	15,512	-	-	-	-	15,512
Facilities maintenance	-	-	-	-	-	-	62,234	62,234
Finance charges	-	-	-	-	-	-	9,764	9,764
Insurance	-	30,064	-	-	-	-	31,348	61,412
Irrecoverable VAT	-	-	-	-	-	-	101,322	101,322
Magazine & gallery publications	-	-	-	-	73,584	-	-	73,584
Office costs	-	-	-	-	-	-	24,877	24,877
PR consultancy	-	-	-	-	-	-	32,561	32,561
Professional fees	-	-	-	-	-	25,323	17,337	42,660
Promotional activity	-	-	-	-	-	-	42,336	42,336
Rent	-	-	-	-	-	-	15,660	15,660
Research	-	389	-	-	-	-	-	389
Staff costs	80,291	52,601	219,778	102,449	18,327	-	284,088	757,534
Storage facilities	-	17,748	-	-	-	-	-	17,748
Supporter development	6,741	-	-	-	-	-	-	6,741
Systems enhancement	-	-	-	-	-	-	17,797	17,797
Systems maintenance	-	-	-	-	-	-	50,428	50,428
Touring & loan fees	-	-	150	-	-	-	-	150
Trustee expenses	-	-	-	-	-	23,116	-	23,116
Utilities	-	-	-	-	-	-	85,887	85,887
Website maintenance	-	-	-	-	-	-	10,127	10,127
Utilities	87,032	115,525	311,795	153,103	91,911	70,814	1,106,009	1,936,189
Support costs		147,975	618,271	288,206	51,557	-	(1,106,009)	
Governance costs		9,474	39,586	18,453	3,301	(70,814)		
Total Expenditure for 2022	87,032	272,974	969,652	459,762	146,769	-	-	1,936,189

7) Net income/ (expenditure) for the year

This is stated after charging / (crediting):

	2023 £	2022 £
Depreciation and impairment	306,402	304,174
Operating lease rentals payable		
Property	11,700	15,660
Operating lease rentals receivable		
Property	107,534	46,744
Auditors remuneration (excluding VAT)		
Audit	22,860	22,375
Other services	-	-

8) Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

	2023 £	2022 £
Salaries	775,915	688,805
Redundancy and termination costs	-	-
Social security cost	58,086	39,005
Employer's pension contributions (*)	13,373	11,876
Other forms of employee benefits	5,470	3,639
Training costs	4,999	6,912
Travel and sustenance	15,557	6,219
Volunteer expenses	4,439	1,078
	877,839	**757,534**

(*) made to defined contribution scheme

The redundancy and termination costs were settled and paid at the balance sheet date.

The following number of employees received employee benefits (excluding employer pension costs and employer's national insurance) during the year between:

	2023 No	2022 No
£60,000 - £69,999	1	1
£70,000 - £79,999	-	-
£80,000 - £89,999	-	-

The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel were £144,671 (2022: £143,872).

The charity trustees were neither paid nor received any other benefits from employment with the charity in the year (2022: £nil). No charity trustee received payment for professional or other services supplied to the charity (2022: £nil).

Trustees' expenses represent the payment or reimbursement of trustee indemnity insurance premium of £2,621 (2022: £2,059) along with recruitment costs of £112 for a new trustee (2022: £21,025 relating to the appointment of a new Chair).

During the year the Gallery entered into the following transactions with related parties:

- In 2021, The John Booth Charitable Foundation contributed £500,000 towards the purchase price of No7 North Pallant. John Booth is connected with the Foundation and was the Chairman of the Trustees until March 2022.
- There are no other donations from related parties which are outside the normal course of business and no restricted donations from related parties.

9) Staff numbers

The average number of employees (head count based on number of staff employed) during the year was 38 (2022: 36).

Staff are split across the activities of the charity as follows:

	2023		2022	
	Head count No	Full Time Equivalent No	Head count No	Full Time Equivalent No
Administration	1.0	1.0	1.0	1.0
Collections	3.0	1.9	3.0	1.8
Commercial	1.0	0.6	1.0	0.6
Communications	4.0	3.6	3.5	3.2
Curatorial	4.0	4.1	3.8	3.6
Development	1.3	1.2	2.0	2.0
Directors	1.0	1.0	1.0	1.0
Finance	1.0	1.0	1.0	1.0
Front of House	13.7	7.3	12.3	5.2
Operations	1.0	1.0	1.3	1.2
Public Programmes	6.7	5.4	6.2	4.8
	37.7	**28.1**	**36.1**	**25.4**

10) Taxation

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes. The two trading subsidiaries are currently dormant.

11) Fixed assets

The group and charity:-

	Freehold property	Plant & machinery	Fixtures, fittings & equipment	Artwork	Total
Cost					
At start of year, as restated	8,880,847	984,010	1,321,136	575,697	11,761,690
Additions	-	-	22,278	19,080	41,358
Disposals	-	-	-	-	-
At the end of the year	**8,880,847**	**984,010**	**1,343,414**	**594,777**	**11,803,048**
Depreciation					
At start of year, as restated	1,534,292	787,500	889,923	-	3,211,715
Charge for the year	177,617	65,601	63,184	-	306,402
Disposals	-	-	-	-	-
At the end of the year	**1,711,909**	**853,101**	**953,107**	**-**	**3,518,117**
Net book value					
At the end of the year	**7,168,938**	**130,909**	**390,307**	**594,777**	**8,284,931**
At the start of the year, as restated	**7,346,555**	**196,510**	**431,213**	**575,697**	**8,549,975**

The full value of the freehold property has been depreciated as building in accordance with the depreciation policy without allowing for any element of value attributable to land.

12) Heritage assets

	Collections, of artworks, display furniture, pictures and art library of books
At 1 April 2022	23,719,608
Assets donated during the year	188,875
At 31 March 2023	23,908,483

All of the above assets are used for charitable purposes.

The Gallery owns a substantial collection and an archive of works that are of national and worldwide importance. It boasts one of the best collections of Modern British art in the UK. Donated over the past forty years, the collections tell the story of a number of individuals, all passionate collectors of art who generously donated their lifetimes' labours to the Gallery for the benefit of the public. The collection includes paintings, drawings, prints, sculptures, studio pottery, lithographs and artists' sketch book and tools.

The Gallery has limited resources to permit it to purchase Heritage Assets but when offered works as a gift the Director, Head of Collections and others with the requisite skills and knowledge determine whether they should be added to the collection. In making their decision they take into account both the quality of the work and whether it is an appropriate compliment to the existing collection. They are guided by a full formal Collections Development (Acquisitions and Disposal) Policy, which was last revised in 2017 and formally approved by the trustees on 17th March 2017.

There have been no disposals or impairment of Heritage Assets involving artwork during the last five years. It is not the Gallery's policy to dispose of Heritage Assets but, should the Director or Head of Collections believe it would be appropriate to dispose of a work, the Gallery's disposal policy specifies that the decision must be made by the trustees on the advice of the curatorial staff and that the Director or Head of Collections does not have the power to dispose of any work.

The Gallery maintains a full and detailed inventory of all the items in its collection.

The collection is available to public viewing through rotating displays and access to any work not on display is arranged by appointment.

The Heritage Assets are regularly valued by professional valuers for insurance purposes. Artworks have been valued when they have been lent to external venues and a revaluation of all works last valued at over £100,000 in 2009 took place during 2020/21 by Gurr Johns.

The Heritage Assets are reported in the Financial Statements at the insurance valuation at the date of acquisition and then not generally revalued.

13) Listed Investments

	2023 £	2022 £
Fair value at the start of the year	10,851,287	8,512,013
Additions at cost	-	1,913,451
Net gain / (loss) on change in fair value	(633,427)	425,823
	10,217,860	10,851,287
Cash held by investment broker pending reinvestment	-	-
Fair value at the end of the year	10,217,860	10,851,287

The investments were placed within a single quoted fund managed by Sarasin & Partners LLP throughout the year.

14) Subsidiary undertaking

These financial statements are consolidated financial statements for Pallant House Gallery group.

Details of the Gallery's subsidiaries at 31 March 2023 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held direct
Pallant House Gallery Services Limited (CRO 05526158)	UK	Dormant	Ordinary	100
Pallant House Enterprises Limited (CRO 03787604)	UK	Dormant	Ordinary	100

Both of these subsidiaries are included in these consolidated accounts. At 31 March 2023, Pallant House Gallery Service Limited's assets totalled £200, its liabilities £nil and total funds £200. Pallant House Enterprises Limited's assets total £100, its liabilities £nil and its total funds £100. There was no income or expenditure in the year for either company.

15) Parent charity results

As explained in the previous section, the subsidiaries are both dormant. All the group's transactions are therefore reflected in the parent company results.

16) Debtors

	2023 £	2022 £
Trade debtors	120,396	83,583
Accrued income	68,040	399,983
Deferred expenditure	17,047	6,086
Tax reliefs	229,231	144,495
VAT	4,871	8,978
Other debtors	2,615	565
Prepayments	46,431	44,267
	488,631	**687,957**

17) Creditors: Amounts falling due within one year

	2023	2022
	£	£
Trade creditors	116,551	74,600
Accruals	57,762	84,146
Tax and social security	15,918	17,270
Deferred income	145,928	150,836
Other creditors	14,216	12,343
	350,375	339,195

	Brought forward	Released in year	Deferred in year	Carried forward
Grants and admission ticket income	150,836	808,566	803,658	145,928

18) Pension

The Gallery complies with the minimum automatic enrolment obligations under the Pensions Act 2008 with an arrangement with a third party provider of personal pension plans for its employees The extent of the Gallery's financial liability is to contribute a specified percentage of payroll costs to each employee's plan as the employer contributions along with similar deductions from pay for the employee contributions

19) Analysis of group net assets between funds

a) Current year

	Designated	Endowment (Restricted)	Endowment (Unrestricted)	Restricted	Unrestricted	Total funds
	£	£	£	£	£	£
Tangible assets	7,334,072	-	860,830	-	90,029	8,284,931
Heritage assets	23,908,483	-	-	-	-	23,908,483
Investments	-	9,331,727	886,133	-	-	10,217,860
Net current assets	60,000	-	-	494,349	569,933	1,124,282
Reserves	31,302,555	9,331,727	1,746,963	494,349	659,962	43,535,556

b) Prior year

	Designated	Endowment (Restricted)	Endowment (Unrestricted)	Restricted	Unrestricted	Total funds
	£	£	£	£	£	£
Tangible assets	7,580,724	-	880,849	-	88,402	8,549,975
Heritage assets	23,719,608	-	-	-	-	23,719,608
Investments	-	9,910,221	941,066	-	-	10,851,287
Net current assets	60,000	-	-	474,213	193,650	727,863
Reserves	31,360,332	9,910,221	1,821,915	474,213	282,052	43,848,733

20) Movements in funds

Current year:

a) Endowment funds

A - Endowment funds	At 1 April 2022 As restated	Income & gains	Expenditure & losses	Transfers	At 31 March 2023
Endowment by donor stipulation					
Appeal Fund	1,747,646	-	(102,016)	-	1,645,630
HLF Catalyst	2,153,790	-	(125,724)	-	2,028,066
The Monument Trust	6,008,785	-	(350,754)	-	5,658,031
	9,910,221	-	(578,494)	-	9,331,727
Endowment by trustee designation					
JM Fund	1,821,915	-	(74,952)	-	1,746,963
Total endowment funds	11,732,136	-	(653,446)	-	11,078,690

b) Restricted funds:

B - Restricted funds	At 1 April 2022 As restated	Income & gains	Expenditure & losses	Transfers	At 31 March 2023
Collection Management	62,955	35,280	(289)	(60,667)	37,279
Public Programme	10,072	129,361	(72,305)	9,113	76,241
Exhibition	51,676	108,091	(201,718)	51,418	9,467
Organisational Development	349,510	-	(11,000)	32,852	371,362
Total restricted funds	474,213	272,732	(285,312)	32,716	494,349

c) Unrestricted funds

(1) Designated funds	At 1 April 2022 As restated	Income & gains	Expenditure & losses	Transfers	At 31 March 2023
Building					
ACE Small Capital Works	324,600	-	(39,498)	-	285,102
New Wing	4,996,217	-	(189,199)	-	4,807,018
No 7 North Pallant	1,666,000	-	(34,000)	-	1,632,000
Print Room Island	18,210	-	(3,035)	-	15,175
Subtotal	7,005,027	-	(265,732)	-	6,739,295
Collection Management					
Acquisitions Fund	635,697	-	-	19,080	654,777
Heritage Assets Fund	23,719,608	188,875	-	-	23,908,483
Subtotal	24,355,305	188,875	-	19,080	24,563,260
Total designated funds	31,360,332	188,875	(265,732)	19,080	31,302,555
(2) General funds	282,052	2,151,646	(1,721,940)	(51,796)	659,962
Total unrestricted funds	31,642,384	2,340,521	(1,987,672)	(32,716)	31,962,517
Total funds	43,848,733	2,613,253	(2,926,430)	-	43,535,556

The narrative to explain the purpose of each fund is given at the foot of the note below.

Prior year:

a) Endowment funds

A - Endowment funds	At 1 April 2021 As restated	Income & gains	Expenditure & losses	Transfers	At 31 March 2022
Endowment by donor stipulation					
Appeal Fund	1,679,065	68,581	-	-	1,747,646
HLF Catalyst	2,069,272	84,518	-	-	2,153,790
The Monument Trust	5,772,991	235,794	-	-	6,008,785
	9,521,328	388,893	-	-	9,910,221
Endowment by trustee designation					
JM Fund	1,805,004	36,930	(20,019)	-	1,821,915
Total endowment funds	11,326,332	425,823	(20,019)	-	11,732,136

b) Restricted funds:

B - Restricted funds	At 1 April 2021 As restated	Income & gains	Expenditure & losses	Transfers	At 31 March 2022
Collection Management	60,712	2,250	(7)	-	62,955
Public Programme	9,599	905	(1,237)	805	10,072
Exhibition	7,297	116,190	(113,496)	41,685	51,676
Organisational Development	358,385	1,291,902	(8,875)	(1,291,902)	349,510
Total restricted funds	435,993	1,411,247	(123,615)	(1,249,412)	474,213

c) Unrestricted funds

(1) Designated funds	**At 1 April 2021 As restated**	**Income & gains**	**Expenditure & losses**	**Transfers**	**At 31 March 2022**
Building					
ACE Small Capital Works	143,813	-	(39,498)	220,285	324,600
New Wing	5,185,416	-	(189,199)	-	4,996,217
No 7 North Pallant	-	-	(34,000)	1,700,000	1,666,000
Print Room Island	21,245	-	(3,035)	-	18,210
Subtotal	5,350,474	-	(265,732)	1,920,285	7,005,027
Collection Management					
Acquisitions Fund	604,231	-	-	31,466	635,697
Heritage Assets Fund	23,145,984	573,624	-	-	23,719,608
Subtotal	23,750,215	573,624	-	31,466	24,355,305
Total designated funds	29,100,689	573,624	(265,732)	1,951,751	31,360,332
(2) General funds	38,485	2,472,729	(1,526,823)	(702,339)	282,052
Total unrestricted funds	29,139,174	3,046,353	(1,792,555)	1,249,412	31,642,384
Total funds	40,901,499	4,883,423	(1,936,189)	-	43,848,733

Endowment funds represent assets that either the donors required or the trustees have decided should be set aside from donations received by the Gallery in order to generate income. Income arising on the endowment funds can usually be used in accordance with the objects of the Gallery and is included as unrestricted income. Any capital gains or losses arising on the assets would normally be reinvested. The funds include a revaluation reserve on the unrealised growth in the investment value, as is detailed in note 13.

Restricted funds represent the net assets attributed to specific activities or projects that the Gallery undertakes. In some instances, the Gallery has received a donation from one or more source that has stipulated that the funds should only be applied for a specific activity. In other cases, in particular with the individual exhibition restricted fund accounts, there are no such donations, or formal restrictions or the donations fall short of what is required and has been made good by a transfer from general reserves. The approach taken is still to show these as individual restricted funds so as to report separately on their outcomes. During year 2021/22, as detailed in note 2, the Gallery received donations towards the cost of purchasing No 7 North Pallant, which have been included as restricted fund income reflecting the restrictions on use, and then the funds transferred to the unrestricted designated fund specifically set aside for permanently holding this property once the purchase happened and those conditions were fulfilled.

Designated funds represent items of artwork or building assets, which have either been gifted to the Gallery or to the extent they have been acquired through grants and donations for that purpose.

The funds serve to set aside the value of those assets from general unrestricted funds to reflect that they are not available for ongoing activities.

21) Prior year adjustment

The accounts for the year to 31 March 2022 contained a prior year adjustment, which is more fully explained in note 21 in those accounts.

During 2018, the Gallery was awarded an Arts Council England grant facility as a contribution towards its costs of its wider capital project that was being planned at the time. The award involved the Gallery incurring qualifying expenditure of up to the £300k in the period up to 31 March 2021 and claiming reimbursement from the facility.

At the time of preparing financial statements for years 2019/20 and 2020/21, it was not certain the project would proceed due to Covid restrictions. Accordingly, expenditure relating to the project was expensed through those accounts at the time; they were not regarded as capital expenditure with a related capital grant contribution.

The project was eventually completed by 31 March 2022 after an agreed extension from ACE and a claim was duly made on the grant scheme for reimbursement. The accounts for 31 March 2022 were prepared on the basis that the full £300k would be received and the items previously treated as expenditure were capitalised. The elements of expenditure and grant income that related to previous years were shown as a prior year adjustment in these accounts. This involved raising the value of brought forward retained funds at 1 April 2021 by £105k.

After the previous accounts were signed, we submitted a final report on the project to ACE. The items of expenditure were accepted but as we had succeeded in raising more funds internally that forecast at the time of applying for the grant, the grant scheme terms provided there would be a commensurate reduction in the ACE funding. Consequently, these accounts contain a reversed grant revenue of £17,578 shown in note 2.

22) Operating lease commitments payable as a lessee

The charity and group's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods:

	Property		Equipment	
	2023 £	2022 £	2023 £	2022 £
Less than one year	39,000	39,000	-	-
One to five years	39,000	78,000	-	-
Over five years	-	-	-	-
	78,000	117,000	-	-

The figures shown for the property commitments are contained within a lease for the land and buildings at 8-9 North Pallant, Chichester, which expires on 31 March 2025. The Gallery does receive the benefit of a concession rent, which would mean the amounts that will be paid are lower than this.

23) Operating lease commitments receivable as a landlord

The group is due to receive the following amounts under non-cancellable operating leases:

	Property	
	2023	**2022**
Operating lease commitments receivable as a lessor	**£**	**£**
Less than one year	-	28,000
One to five years	-	-
Over five years	-	-
	-	28,000

The amounts shown refer to the bookshop and restaurant concession rent and contain a projection of the rent that will be received based on turnover. The contractual minimum rents totalled £28k annually until 2023 when the existing leases came to an end. There were no commitments in place at the end of the 2022/23 year for either outlet, although new leases were signed later in 2023.

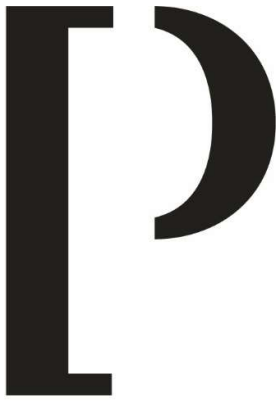
24) Legal status of the charity

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £10.

PALLANT HOUSE GALLERY

England & Wales - Charity number 1102435

Accounts



Pallant
House
Gallery

Pallant House Gallery

Annual Report & Financial Statements

For the Year Ended 31 March 2022

Charity Registration No. 1102435

Company Registration No. 05045130 (England & Wales)

Reference and administrative information

Company number	05045130
Country of incorporation	United Kingdom
Charity number	1102435
Country of registration	England & Wales
Registered office & operation address	Pallant House Gallery 8-9 North Pallant Chichester West Sussex PO19 1TJ
Trustees	Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows:
	John D S Booth DL — Chair, until 25 March 2022
	John Ayton — Chair, appointed on 25 March 2022
	Jane Weeks — Deputy Chair
	Elizabeth J Davis — Company Secretary
	Aki Abiola
	Cllr Clare Apel
	Ruth S Butler
	Adrian S Clark
	Mahtab Hussain — Appointed 26 March 2021
	Zachary R Leonard
	Charles Martin
	Roger Mavity
	Andrea Rose OBE CMG
	Jacqueline D Russell
	The Rt Hon The Lord Tyrie of Chichester
	Mark Washer — Appointed 25 March 2022
Gallery Director	Simon J Martin
Auditor	Sayer Vincent LLP Chartered Accountants and Statutory Auditor Invicta House 108-114 Golden Lane London EC1Y 0TL
Bankers	Barclays Bank PLC 74-75 East Street Chichester West Sussex PO19 1HT

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Reference and administrative information set out on page 2 forms part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association, the requirements of a directors' report as required under company law, and the Statement of Recommended Practice - Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102.

Chair's statement

I am pleased to introduce our Trustees' Report and Financial Statements for 2021/22.

Having joined the Board as Chair in March 2022 this report deals almost entirely with the period preceding my election under the leadership of our previous Chair, John Booth. John's Leadership of the organisation over the past 8 years has been exemplary and I am conscious that in succeeding him I have a hard act to follow.

Of course John's leadership was particularly important during these past two years as the world has grappled with the Covid-19 pandemic. It has been a difficult time for the arts sector but the Gallery has emerged well as these accounts demonstrate. It is worth remembering that as the financial year opened we were still in a lockdown situation with the Gallery closed to the public until the middle of May 2021. The Gallery team have had to respond to considerable uncertainty and difficulties in the scheduling and mounting of international quality exhibitions and yet were successful in doing so. Our two main gallery shows during the year which are described further in this report, were extremely well received and well attended in the circumstances.

The support of our donors, Patrons and Friends has been strong and absolutely vital to our success. During this year we have received some extraordinary donations. Ann and George Dannatt were long term supporters of the Gallery and during the year the Trust they created during their lives was wound up by its Trustees. Their gift of £850,000 during the year under review has been followed by a final gift of £150,000 which will be reported in the next financial year; this wonderful support will be acknowledged within the Gallery in due course. Three individual donors combined during the year to provide £1 million toward the purchase of No 7 North Pallant, the house adjacent to the Gallery. This purchase opens up the possibility of a much more exciting future redevelopment of the enlarged site than would otherwise have been possible. We are grateful to these and all other donors to the Gallery during the year.

Our Community Programme is one of the things that truly makes the Gallery different and the pandemic made the vital work that we do particularly difficult. During this financial year the Programme has really been able to bounce back which has been so important for its members.

As we look to the future, I am ambitious for the Gallery and excited to build on the success of John Booth and the Trustees and of the staff team led by our Director, Simon Martin.

John Ayton

Trustees' annual report

The Trustees present their report and the audited financial statements for the year ended 31 March 2022.

Objectives & activities of the Charity

The Charity's objectives are for the public benefit to promote and advance the education of the public in, and to promote, the visual arts and history of art principally in the Chichester administrative district and in particular, to maintain, preserve, restore and furnish Pallant House in the City of Chichester as a period house within which to exhibit works of art of historic or public interest for viewing by the public.

Our Mission and Vision

Our mission is to share and stimulate new thinking on British art and to play a pivotal role in the creative lives of the widest possible audience

Our vision is to be recognised as an international centre for British art from 1900 to now.

We achieve this by observing the following six principles:

1. Making Modern British art relevant today by exploring contemporary, historic and international connections, redressing imbalances in its history and filling gaps in our collection.
2. Putting our audiences at the heart of what we do, striving to understand their needs and motivations, enabling two-way conversations and involving them in our work.
3. Thinking of the Gallery as more than a physical destination, expanding our audience reach through digital, outreach and regional, national and international partnerships.
4. Being a recognised authority on Modern British art and an example of best practice in all aspects of our work.
5. Creating and upholding a distinctive brand for the Gallery that informs all activity.
6. Investing in our people, culture, assets and systems and working to become financially and environmentally sustainable and appropriately resourced.

Public benefit derived from our activities

The Trustees of the Gallery have paid regard to the Charity Commission's published guidance on public benefit. They believe that those who have access to the visual arts derive real public benefit from the experience through the expansion of their ideas and understanding; through appreciation, learning and participation. The Gallery provides the opportunity for people to gain a better understanding of the cultural and artistic make up of our society and their personal response to the cultural and artistic content of their lives.

Performance and achievements during the year

The Year at a Glance

27,400 visitors to the permanent collections and temporary exhibitions.

3,120 Friends of Pallant House Gallery and 121 Patrons.

8 temporary exhibitions during the year, and a complete redisplay of the permanent collection across 10 rooms.

418 artworks were acquired for the permanent collection, including 83 new works by 48 female artists, bringing the gender ratio up to 24% women artists, and 9 new acquisitions by Black and ethnic minority artists.

800 lunches distributed to the elderly and vulnerable from the kitchens of the Pallant Cafe during lockdown.

38 new works commissioned for the Model Art Gallery in response to Covid-19 pandemic.

35 works loaned to 12 individual venues, including two international venues.

78 collection artworks conserved and remounted.

1 Apollo magazine 'Acquisition of the Year' award for the 175 works in the MJ Long collection

14 resources released online for home-schooling families downloaded over 800 times.

2828 individuals attended our new programme of digital events.

New 20% discount introduced for NHS Keyworkers.

6600 Gallery magazines distributed and sold by the Gallery.

130 pieces of press coverage relating to the Gallery and programmes, reaching a circulation of 1,527,788,420.

17% growth in Instagram audiences.

A 6 tonne CO_2 reduction in the Gallery's environmental impact.

£3.5m in gifts, subscriptions and pledges from individuals, trust and foundations, corporates and statutory funding

Over 4000 hours given by 192 volunteer Gallery Assistants.

Capital Project

With the ongoing pandemic the wider Capital Project remained on hold during the financial year beyond the upgrading of the New Wing's lighting thanks to a grant from Arts Council (England). Further preparatory work was completed for future plans for the lighting and environmental controls in the historic house.

Thanks to the generosity of a small number of major donors we were able to purchase No 7 North Pallant. When in the 2022/23 year we consider a new brief for the Capital Project taking into account the new global economic situation this purchase will allow us to consider a considerably wider range of options for the development which will ensure its viability.

Digital Transformation Plan

During the financial year we engaged with Unit 1, a digital consultancy, to develop a new digital strategy for the organisation which considered both back office limitations and ambitions for customer facing digital transformation. In addition the recruitment of staff with specific knowledge of the production and promotion of digital content allowed us to significantly increase our digital footprint and reach.

Trustees received the draft 2 year Digital Strategy at the last meeting of the financial year for comment and with minor revisions this Strategy has now been adopted and will be implemented in the coming years.

Equality & Diversity Action Plan

The Gallery's Equality & Diversity Action Plan covers all aspects of the Gallery's governance, employment, operations and programmes. It accompanies the Forward Plan as one of our key strategy documents and is updated annually and reviewed by the Board. As an Arts Council National Portfolio Organisation [NPO], our programming contributes to the Creative Case for Diversity and we are committed to initiatives that increase inclusion and diversity across all aspects of the Gallery's operations. An Anti-Racism statement was published on our website (www.pallant.org.uk) in June 2020 and our Anti-Racism Action Plan was published in November 2020.

Anti Racism Plan

The staff and Trustees of Pallant House Gallery stand in solidarity with the Black community and with all who oppose racism and discrimination. Recent events have encouraged us to reflect on our role as a cultural organisation and how we can better represent modern Britain. The Gallery's formal Anti-Racism Plan was agreed by the Board of Trustees in November 2020 and is published on our website here.

Pallant House Gallery exists to explore new perspectives on British art from 1900 to now. It is our role to expand, question and explore the parameters that define Modern British art so that our exhibitions and programmes are always relevant, rigorous and inclusive.

We acknowledge that we have much work to do to ensure our programme and collections, as well as our staff and board, reflect the diversity of the society in which we live. We are committed to making Pallant House Gallery a safe, welcoming and inspiring place for everyone. The Gallery critically reviews its permanent collection of British art from the perspective of diversity, and this has reinforced our commitment to increasing the diversity of the collections, and how ethnic diversity is recorded on our collections database systems to facilitate future planning of collections

displays. Works by Black artists are prioritised for conservation and mounting to ensure that they are ready to go on display in future collections displays.

A "Collection of Collections"

2021/2 saw two major Pallant House Gallery exhibitions drawn entirely from our collection, 'Degas to Picasso: International Modern Masters' and 'Hockney to Himid: 60 Years of British Printmaking'. Both showcased the breadth of artists, movements and mediums within the collection, including the Gallery's not insignificant holding of international artists.

We marked Black History Month with the announcement of our acquisition of two works by Ronald Moody (1900-1984), one of the most distinguished Caribbean-born sculptors and the first recorded Black British artist, having arrived from Jamaica in 1923. The sculpture, The Warrior (1974), was the first work by the artist to come up at auction in this country, at an historic sale at Christie's and was acquired with support from Art Fund, V&A Purchase Fund, and private donors. The Gallery also received a second sculpture by Ronald Moody gifted by the Ronald Moody Trust, a powerful portrait bust of the sculptor's brother Dr Harold Moody (1946).

On a larger scale, the acquisition of 175 works of British Pop and figurative art by the likes of RB Kitaj, Richard Hamilton, Patrick Caulfield and Eduardo Paolozzi from the estate of MJ Long is an example of how important long-term relationships are to the Gallery. MJ Long and her husband, Colin St John Wilson were the architects of the new wing and together they formed one of the most significant collections of post-war British art, reflecting their close friendships with the leading artists of the period. The significance of the acquisition was recognised with the Apollo Magazine Award for Acquisition of the Year 2021.

With the creation of the 2021 Model Art Gallery, united with the 1934 Gallery and the Model Gallery 2000, our model galleries now tell the story of the last 80 years of British art. Designed by Wright and Wright Architects and filled with over 30 original miniature artworks by the best of the contemporary British art world, the 2021 Model Art Gallery includes a miniature spin-painting by Damien Hirst, a blackboard by Tacita Dean, a staircase by Rachel Whiteread and ceramics by Magdalene Odundo, amongst many others.

Exhibitions 2021-22

Degas to Picasso: International Modern Masters

November 2020 - June 2021

This exhibition was drawn entirely from the Gallery's collection, which unknown to many, includes many significant international artists. Celebrating over 100 years of international modern art, on show were major paintings, drawings and prints by artists from the 1870s to the 1970s - from the French Impressionists to American Abstract Expressionism and including great artists such as Manet, Cézanne, Derain, Picasso, Bonnard, Klee, Valadon – and our newly conserved Édouard Vuillard. In some cases, such as Emil Filla, Gino Severini and Jean Metzinger, the artists are well-represented in the great modern art museums of Europe and the USA, but we are one of the only UK museums to have their works.

Richard Hamilton: Respective

November 2020 - June 2021

Father of British Pop art, Richard Hamilton (1922–2011) was one of the most influential artists of the 20th century. This exhibition brought together the full-range of work by Hamilton in our collection. It included internationally important works including Hers is a Lush Situation (1958) and Swingeing London '67 (1968) alongside early studies from the 1950s and later works from the 1970s onwards that reveal his engagement with new digital technology.

Ben Nicholson: From the Studio

June – October 2021

This exhibition gave audiences an intimate look at the everyday objects that inspired Ben Nicholson (1894–1982) and showed how he transformed them into extraordinary experiments in abstract art.

It brought together for the first time Nicholson's paintings, reliefs, prints and drawings alongside his rarely seen personal possessions, from patterned jugs and cut glass goblets to his studio tools, revealing how the artist's style developed, from his early traditional tabletop still lifes to later abstract works.

The exhibition also traced Nicholson's artistic and personal influences and explored his time with Winifred Nicholson and Barbara Hepworth, as well as his encounters with other great Modernists, Pablo Picasso and Piet Mondrian.

Masterpieces in Miniature: The 2021 Model Art Gallery

June 2021 – April 2022

In 2020, we asked Wright and Wright Architects to design a model art gallery to house artworks commissioned especially from over 30 exciting contemporary British artists, including Rachel Whiteread, Edmund de Waal, John Akomfrah, Tacita Dean and Magdalene Odundo.

The 2021 Model Art Gallery was displayed alongside two earlier model galleries – The Thirty Four Gallery and The Model Gallery 2000, housing work by artists from Augustus John, Vanessa Bell and Paul Nash to Peter Blake and Richard Hamilton. The model art galleries are a time capsule of British art from the 1930s until today and provide a fascinating insight into the evolution of styles and influences across the decades.

Hockney to Himid: 60 Years of British Printmaking

November 2021 – April 2022

This extraordinary exhibition, from the Gallery's collection, spanned the last 60 years of British art with over 100 prints by 90 different artists, including works by Edward Bawden, Peter Blake, Tracey Emin, Barbara Hepworth, Henry Moore, Chris Ofili, Grayson Perry and Rachel Whiteread, amongst others.

Celebrating the inventiveness and originality of printmaking, the rich variety of works showcased different printmaking techniques, with abstract screenprints by Bridget Riley and Terry Frost alongside figurative etchings by Lucian Freud, a delicate woodcut by Rebecca Salter or a

lithograph by Antony Gormley. Covering the last 6 decades years, it gave a fascinating snap shot of the evolution of British printmaking.

Print Room Exhibitions

Access to our Print Room shows is a key part of our free-offer, offering something of high-quality that is open and accessible to all.

All Souls: The Outside In Co-Commission 2020

May - July 2021

The output of the Gallery's Community Programme's bi-annual co-commission with Outside In was exhibited during this period. See below under Community Programme.

St Ives: Connecting Circles

July - November 2021

In the mid-twentieth century the harbour town of St Ives in Cornwall became a regional centre for modern art. Barbara Hepworth and Ben Nicholson moved there and were later joined by others including William Scott, Patrick Heron, Wilhelmina Barns-Graham, Terry Frost and Dennis Mitchell. The artistic community that evolved during this period saw a network of personal and creative relationships develop that were as vital as they were fractious. Alongside prints, drawings and sculpture, this exhibition also presented ceramics by potters Bernard Leach and Janet Leach.

Christmas Greetings by Modern British Artists

November 2021 - January 2022

This festive Print Room display featured over 100 original Christmas cards dating from across the 20th century. It included cards made by celebrated British artists including Edward Bawden, Glenn Brown, Barnett Freedman, Mark Hearld, Nigel Henderson, Enid Marx, Ben Nicholson and Glyn Philpot.

Old Masters, Modern Masters: Drawings From The Hussey Bequest

January –Apr 2022

Gave audiences a chance to see rarely exhibited works on paper from Walter Hussey's founding collection including the oldest piece in our archive, Renaissance artist Giulio Romano's powerful drawing of the head of an eagle.

Rev'd Walter Hussey believed that so long as the quality is right, there is no incongruity in setting the art of different periods side-by-side and his extraordinary collection of drawings reflects that, with works from the Renaissance to the Rococo, represented by Jean Antoine Watteau to 20th Century works by Henry Moore, John Minton, and Graham Sutherland.

Public Programmes

Our wide range of creative opportunities for people of all ages and backgrounds helps them to discover how art can have a place in their lives. Our Public Programme aims to ensure everyone feels welcome at the Gallery and our activities show the benefits of leading a creative life whilst providing opportunities to do this. Through delivering activities (programmes for all ages) the aim is to increase number and diversity of visitors to better reflect local, regional and national populations.

Model Art Gallery of the Future

We invited local schools to visit the model galleries and gave each pupil a canvas measuring 10cm x 10cm and the opportunity to create their own miniature works of art in response to works that they encountered on their visit.

13 local schools took part (2 Colleges, 6 Secondary and 5 Primary) and 333 works were submitted. These went on show in a dedicated exhibition called The Model Art Gallery of the Future in April 2022.

Our normally active learning programme was severely impacted by the pandemic but we reopened for self-guided visits in September and, despite Covid related cancellations, 862 students (Key Stage 1-4) from 34 schools and 354 students (Post 16) from 22 sixth forms and universities attended.

Our Public Programmes team focussed on rebuilding our programme in 2022 by surveying teachers and hosting a Teachers' Private View for our winter exhibitions.

The Pallant Arts Award Club

Arts Award is a range of nationally-recognised qualifications that supports anyone aged up to 25 to grow as an artist and art leader. It inspires them to connect with the wider art world through taking on challenges in an art form. The Gallery hosted a cohort of participants through their Discover, Explore and Bronze certificates.

Community Programme

Leading a creative life has tremendously positive benefits. Our Community Programme provides close to 200 people who have a range of support needs with meaningful, long-term opportunities to be creative.

Sustaining our Community Programme through the pandemic was a priority for the Gallery in 2021-22 and this was achieved through online workshops during lockdown, moving to outdoor workshops over the summer as life cautiously returned to normal. Participants were back in the Gallery for group sessions from August. Their work was showcased in two Community Programme Exhibitions (Summer and Winter), the proceeds from which went back into supporting the programme.

All Souls: The Outside In Co-Commission 2020

The Gallery's bi-annual co-commission with Outside In, which had been due to exhibited at the Gallery in Autumn 2020, was postponed due to the pandemic. However, an open call for entries took place in October 2020, with entrants responding to the theme of spirituality and in particular the work of Madge Gill (a widely celebrated self-taught artist known for the thousands of intricate, spiritual ink drawings she produced during her lifetime). 52 submissions were received from the UK and abroad. One of the Gallery's Community Programme participants, Julia Oaks, was selected by the panel. She received a £5,000 bursary to undertake the commission and her works was displayed in the Print Room, alongside those of Madge Gill, when the Gallery re-opened in May 2021.

Buildings & facilities

Arts Council Small Capital Grant

During 2020/21 we worked with Wright & Wright and Max Fordham on improving light-levels and lighting in the new wing, and on plans to overhaul environmental controls and improving UV controls, blinds and light-levels in the historic house.

In response to the pandemic, the Arts Council extended the Small Capital grant deadline by 12 months to 31 March 2022, allowing us to proceed with the proposed works in 2021/22.

Statement of Significance & Conservation Management Plan

During 2020-21 we worked with our Heritage Consultants Alan Baxter and Associates on the creation of a Statement of Significance and Conservation Management Plan for Pallant House Gallery, which is due to be completed in the next financial year and which will be used to plan the future care, conservation and interpretation of the distinctive architecture on the site including a Grade 1 listed building.

Commercial activities

Pallant Café & Restaurant

The catering facility is operated as a franchise by the Sussex Bar and Food Company, with a rental agreement providing the Gallery with rent linked to turnover. In 2021-22 this amounted to £24,049.

Pallant Bookshop

The Bookshop is an independent franchise operated by Nicholas and Caroline Higbee, who are stakeholders within the Gallery, and work closely in parallel with the Gallery's programme and exhibitions. The Bookshop Director sits on the Gallery's Collections and Exhibitions Advisory Group.

The Bookshop is the primary point of sales for the Gallery's publications, postcards, collection prints and other merchandise based on the collections and exhibition. In addition, the Pallant Bookshop is a leading specialist bookshop for Modern Art Britain art and design, with extensive stock of both new publications and exhibition catalogues, rare books and first editions, artist-

illustrated and limited-edition prints. The Bookshop also stocks ranges for children and young people, gift ranges (from mugs to tea-towels), greetings cards and postcards.

The Bookshop contributes a rental income and pays a commission to the Gallery on its products.

Fundraising

Pallant House Gallery actively seeks philanthropic support from a wide variety of sources, securing restricted and unrestricted income from individuals, companies, trusts and foundations and statutory bodies. All fundraising activity is carried out in house and no agencies are engaged to fundraise on behalf of the Gallery.

During 2021/22, we received almost £3.5m in gifts, pledges and Friends or Patrons subscriptions from individuals, trust and foundations, corporates and statutory funding, particularly from Art Fund, ACE and NLHF.

Fundraising activities that took place were managed and resourced by Gallery employees; outside fundraisers were not used. They were compliant with appropriate codes and there have been no complaints about them. We generally focus on wealthy individuals, trusts and foundations and statutory bodies as a source of funds, leaving members of the public a free choice whether to become a Friend or donate additionally when buying a ticket. Consequently, it is not necessary to have measures that specifically protect vulnerable people from our fundraising, while care is given to ensuring the safety of all potential donors.

Friends & Patrons

The Friends of Pallant House Gallery are knowledgeable and enthusiastic champions of the Gallery, and their financial support is the lifeblood of the Gallery. There are several different membership packages available and benefits include free admission, exclusive access to Friends previews, a discount on event tickets and a subscription to the twice yearly Gallery magazine.

Our Patrons programme provides unique opportunities for individual supporters who give at a more substantial level to have an in-depth engagement with the full programme of our activities, from private exhibition tours and talks, to studio visits, dinners, international tours and visits to private collections. Each event is supported by a Senior Management team member and Trustees to provide an intimate and invaluable insight into the workings of the Gallery

Human Resources

The Gallery recognises that its staff and volunteers are its greatest resource and require investment to get the best outcomes. This will be achieved through investing in HR, training and development as well as reviewing internal communications. We couldn't exist without our dedicated team of almost 300 Volunteers who donated over 4,000 hours of their time in 2021. We're most grateful for their support.

Financial review

The results for the year are set out in the Statement of Financial Activities and accompanying notes later in this report.

The statement shows that a surplus of almost £3.0m (2020/21: £5.8m) was achieved during the year. This comprised exceptional or restricted application items in both years, with the underlying operating performance remaining around break even in continuing challenging times. This summary shows that the underlying operating outcome is considerably more fragile than indicated by the headlines in the Statement of Financial Activities.

	2021/22	2020/21
Exceptional items	£000	£000
Increase in investment value	426	1,913
Donations for purchase of adjacent property	1,013	-
Gifted artwork	574	4,107
Capital grants (mainly ACE)	284	-
Cultural Recovery and furlough grants	128	
Legacy gift from another charity	850	
Depreciation	(304)	(246)
	2,971	5,774
Underlying operating outcome	(23)	48
Reported surplus	2,947	5,822

This year, we saw a definite bounce-back from the extended periods in lockdown during 2020-21. Note 3 to the accounts shows that earned charitable income more than doubled to £594k. In particular, general admission income to our exhibitions was higher than the periods recently leading up to lockdown, although we only expect to see the same income recovery for our ticketed events during this coming year.

At the same time, our expenditure levels have similarly increased with the return to full operating and overall increased from £1.6m to £1.9m. The control of expenditure will become increasingly challenging during the next few years, with the cost of living rises affecting our staff putting salary levels under pressure, with energy rises being another significant factor.

Historically, the Gallery has relied on investment income and capital growth from its endowment fund. Returns continue to disappoint in an uncertain investment environment, with income this year being £362k compared to pre-Covid levels of around £600k. Whilst these accounts show increases in unrealised investment capital values, this has yet to make good fully the fall we saw with the onset of the pandemic.

Reserves policy and going concern

Our reserves are set out in the accounts within the balance sheet and in more detail within note 20.

The trustees have a reserves policy designed to ensure that the Gallery has adequate reserves to carry out its charitable objects including maintaining the assets entrusted to it.

The numerous restricted funds are listed later in these accounts. Each fund relates to a separately identifiable activity that has attracted its own funding from various donors on terms generally that their support is to be applied only to that project. Normally the Gallery has agreed to fund the balance from its wider resources to ensure a successful outcome. These projects are usually short term, typically completed within a year, and taken together represent the essence of the Gallery's core operation.

Designated funds were created historically by the provision to the charity of the Gallery building, along with funds held for related contingencies and the collection of works of art donated or purchased from donations for display in the Gallery. These designated funds are not liquid.

There are four endowment funds that have varying terms, all established with the overarching objective of holding investments to provide income to support the Gallery's core operation. In the case of at least one fund, this was the stipulation of the donor and in the remainder, it is the policy of the Trustees.

Trustees have again reviewed the reserves policy during the year, which was last amended during 2017/18, and believe it to remain appropriate. This is as follows:-

- The Gallery should hold cash balances in unrestricted funds, of at least £200,000 or, if greater, the cash funding projected to be required for its activities for the following two months. This is currently achieved through holding liquid accounts within cash and investments.
- The endowment fund of £300,000 provided by the Friends in 2018/19 should only be held in readily realisable investments so that it acts as a second layer of reserves if required to meet unexpected adverse circumstances.
- The other endowment funds should continue to include in excess of £500,000 of readily realisable investments that could be sold as a third layer of reserves, whilst otherwise continuing to provide income for the core operation.

This policy was met during the course of 2021/22 and up to the date of signing this report. It continues to be reviewed annually and the Trustees have resolved that it should continue in force for a further year.

At the time of compiling this report, the overarching assumption is that there will be an operating deficit of the order of £100k in each of the next two years, both subject to a significantly uncertain climate for fundraising. If these deficits transpire, then they can be met by the cash resources in place. Consequently, the Trustees conclude that there are not any material uncertainties about the Gallery's ability to remain a going concern in the foreseeable future.

Investment policy and objectives

Under its Articles, the Gallery has the power to invest funds in the furtherance of its charitable objectives.

The Gallery's endowment funds are held for the long term to generate income, required to meet around a third or more of the continuing cost base. The trustees' investment policy has hitherto been to invest in a funds promoted by M&G Investments specifically for charities focussing on high yielding UK equities in order to make that required level of income, accepting a higher level of risk to capital accordingly.

In August 2020, the Finance & Investment Committee undertook a periodic tendering process to reassess the investment policy and to select the fund manager that was considered would provide

the best return. In doing this, the Committee considered it more prudent to move away from an income-driven, short-term approach and instead adopt a total return approach that would involve utilising capital growth. Following the tendering process, Sarasin & Partners were appointed as the investment advisers and the investments that were within M&G have been moved gradually over to a fund managed by Sarasin subsequently.

Principal risks and uncertainties

The trustees have a duty to identify and review the risks to which the Gallery is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error.

The trustees operate an Audit and Risk Committee that meets every quarter and as part of its remit, review the "living" Risk Register. This contains the principal risks that the trustees and the senior management team have identified and the Committee seeks to ensure that adequate steps are being taken to mitigate and minimize them.

As regards building and contents, the risk of damage due to fire is controlled by an extensive fire detection and alarm system, which is monitored 24/7 and serviced annually. Designated members of Gallery staff are trained in what to do in the event of a fire. A team of Fire Marshalls and a Duty Manager are named on a list at reception and are responsible for the safe and efficient evacuation of the galleries and communicating and liaising with the alarm monitoring company and emergency services. An Emergency Salvage Priority list is updated regularly and includes works from the Gallery's collection and works on loan and their location. The impact of any loss would also be mitigated through extensive insurance cover.

The Finance and Investment Committee meets every quarter to review the current and projected financial position of the Gallery, so that timely corrective action can be instigated to minimise the impact. During last year, its work was clearly centred around financial planning in response to Covid-19 and is now focussed on sustainability and resilience in the subsequent period and back onto the Capital Project.

Structure, governance and management

Legal status of the Gallery

Pallant House Gallery is a charitable company limited by guarantee, incorporated in England and Wales on 16 February 2004 and registered as a charity in England and Wales on 2 March 2004. The charitable objects and powers of the company are set out in its articles of association.

The trustees, who are also the directors for the purpose of company law, and who served during the year are listed in the 'Reference and administrative information' section at the beginning of this report.

None of the trustees has any beneficial interest in the charitable company. All of the trustees are members of the charitable company and guarantee to contribute £1 in the event of a winding up.

Appointment of trustees

Trustees are proactively selected and appointed to ensure there is a broad range of relevant skills and experience represented across the trustee board. Chichester District Council also has the right to appoint and remove one trustee. Trustee recruitment take place through targeted approaches to individuals, and via open advertising and interview, agreed by the nomination

committee to possess skills and experience that would further strengthen the board. A trustee board skills matrix has been reviewed to ensure a suitable balance of skills, experience and trustee diversity.

Trustee induction and training

The company secretary provides or arranges external trustee induction training to each newly appointed trustee. They receive copies of the articles of association, the last three trustee meetings minutes, annual financial statements and a copy of the Charity Commission's The essential trustee: what you need to know, what you need to do (CC3) along with copies of other Gallery literature, the magazine and What's On leaflet.

The trustees are responsible for the overall governance of the charity. They delegate all day-to-day responsibilities for running the organisation to the Director, Simon Martin. A Finance & Investment Committee, Audit & Risk Committee and Nominations Committee have been established to ensure that the trustees' governance responsibilities are fulfilled. All trustees give their time voluntarily and receive no benefits from the charity. Any expenses reclaimed from the charity are set out in note 8 to the accounts.

Remuneration policy for key management personnel

Remuneration levels for key management personnel is approved by the Finance & Investment committee and the trustee board takes responsibility for the appointment and performance management of the Director.

The Senior Pay disclosures include the Director and senior members of the leadership team.

Equality and Diversity

The Gallery is committed to equality and diversity. Staff and trustees have undergone appropriate training and there are written policies in place which are mentioned by the Director of the Gallery and the trustees. A new Equality Action Plan was formulated in December 2017 and last updated in February 2020.

Related parties and relationships with other organisations

Prior to the merger on 1st April 2018, the Gallery enjoyed a close relationship with the Friends of Pallant House, whose objectives were financial and other support for the Gallery. The activity of the Friends of Pallant House is now undertaken directly by the Gallery.

Until 31 March 2020, a trading subsidiary, Pallant House Gallery Services Limited, carried on commercial activities related to the Gallery and received income from the restaurant and from the shop franchise. After that point, this was carried on within the parent Gallery company. There is also a dormant subsidiary, Pallant House Enterprises Limited, with an historical involvement in collection of subscriptions from Friends.

Funds held as custodian trustee on behalf of others

The charity does not hold funds as custodian trustee on behalf of others.

Statement of responsibilities of the trustees

The trustees (who are also directors of Pallant House Gallery for the purposes of company law) are responsible for preparing the trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company or 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 and statements of recommended practice 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 charity will continue in operation

The trustees are responsible for keeping adequate 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 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
- 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.

Members of the charity guarantee to contribute an amount not exceeding £10 to the assets of the company in the event of winding up. The total number of such guarantees at 31 March 2022 was 14 (2021:12). The trustees are members of the charity but this entitles them only to voting rights. The trustees have no beneficial interest in the charity.

Auditor

Appointment

Sayer Vincent LLP was re-appointed as the charitable company's auditor during the year and has expressed its willingness to continue in that capacity.

Disclosure of information to auditor

Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but which has not been made available to the auditor. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

The trustees' annual report has been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime.

The trustees' annual report was approved by the trustees on 23rd September 2022 and signed on their behalf by:

Elizabeth Davis

Trustee & Company Secretary

Independent auditor's report to the members of Pallant House Gallery

Opinion

We have audited the financial statements of Pallant House Gallery (the 'parent charitable company') and its subsidiary (the 'group') for the year ended 31 March 2022 which comprise the consolidated statement of financial activities, the group charitable company balance sheet, the consolidated statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 March 2022 and of the group's 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
- Have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the group financial statements section of our report. We are independent of the group and parent charitable company 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 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 Pallant House Gallery's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the trustees' annual report, other than the group financial statements and our auditor's report thereon.

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the group financial statements or our knowledge obtained in the course of 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 this gives rise to a material misstatement in the group financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- The information given in the trustees' annual report, for the financial year for which the financial statements are prepared is consistent with the financial statements.
- The trustees' annual report, has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and Charities Act 2011 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- The parent charitable company financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of trustees' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit; or
- 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 trustees' annual report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, the trustees (who are also the directors of the parent charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees 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 group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed auditor under the Companies Act 2006 and section 151 of the Charites Act 2011 and report in accordance with those Acts.

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.

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

Capability of the audit in detecting irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management and the audit and risk committee, which included obtaining and reviewing supporting documentation, concerning the group's policies and procedures relating to:
    - Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
    - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
    - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.
- We obtained an understanding of the legal and regulatory framework that the group operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the group from our professional and sector experience.
- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.

- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

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.

Use of our report

This report is made solely to the charitable company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Judith Miller (Senior Statutory Auditor)
16 December 2022

for and on behalf of Sayer Vincent LLP, Statutory Auditor

Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

Sayer Vincent LLP is eligible to act as auditor in terms of section 1212 of the Companies Act 2006

Consolidated statement of financial activities

(incorporating an income and expenditure account)

	Notes	Year ended 31 March 2022 Unrestricted £	Restricted £	Endowment £	Total £	Year ended 31 March 2021 (as restated) Unrestricted £	Restricted £	Endowment £	Total £
Income from:									
Donations and Legacies	2	2,158,821	1,296,902	-	3,455,723	4,743,208	13,900	-	4,757,108
Charitable Activities	3								
Collection Management		7,463	2,250	-	9,713	800	25,675	-	26,475
Exhibitions & Displays		333,796	111,190	-	444,986	129,397	66,765	-	196,162
Public Programmes		40,553	905	-	41,458	25,847	780	-	26,627
Publishing		98,672	-	-	98,672	37,882	-	-	37,882
Other Trading Activities	4	44,644	-	-	44,644	11,650	-	-	11,650
Investments	5	362,404	-	-	362,404	431,260	-	-	431,260
Total income		3,046,353	1,411,247	-	4,457,600	5,380,044	107,120	-	5,487,164
Expenditure on:	6								
Raising funds		87,032	-	-	87,032	66,076	-	-	66,076
Charitable activities									
Collection Management		252,130	18,306	2,960	273,396	205,941	17,839	3,001	226,781
Exhibitions & Displays		892,948	64,833	10,482	968,263	752,478	65,181	10,967	828,626
Public Programmes		424,757	30,840	4,986	460,583	340,596	29,503	4,964	375,063
Publishing		135,487	9,837	1,591	146,915	74,579	6,460	1,087	82,126
Total expenditure		1,792,354	123,816	20,019	1,936,189	1,439,670	118,983	20,019	1,578,672
Net income / (expenditure) before net gains / (losses)		1,253,999	1,287,431	(20,019)	2,521,411	3,940,374	(11,863)	(20,019)	3,908,492
Net gain/ losses on investments	13	-	-	425,823	425,823	-	-	1,913,451	1,913,451
Net income / (expenditure)		1,253,999	1,287,431	405,804	2,947,234	3,940,374	(11,863)	1,893,432	5,821,943
Transfers between funds	20	1,249,412	(1,249,412)	-	-	(280,890)	(4,235)	285,125	-
Net movement in funds		2,503,411	38,019	405,804	2,947,234	3,659,484	(16,098)	2,178,557	5,821,943
Reconciliation of funds:									
Total funds brought forward as reported		29,126,228	343,246	11,326,334	40,795,808	25,475,226	364,256	9,147,777	34,987,259
Prior year adjustment	21	12,943	92,748	-	105,691	4,461	87,836	-	92,297
Total funds brought forward as restated		29,139,171	435,994	11,326,334	40,901,499	25,479,687	452,092	9,147,777	35,079,556
Total funds carried forward		31,642,582	474,013	11,732,138	43,848,733	29,139,171	435,994	11,326,334	40,901,499

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 20 to the financial statements.

Consolidated balance sheet

Company number 05045130

	Notes	2022 £	2021 As restated £
Fixed Assets			
Tangible assets	11	8,549,976	6,882,851
Heritage assets	12	23,719,608	23,145,984
Investments	13	10,851,287	10,425,464
		43,120,871	40,454,299
Current Assets			
Stocks		35,827	10,959
Debtors	16	688,274	277,219
Cash at bank and in hand		343,272	438,994
		1,067,373	727,172
Liabilities			
Creditors: Amounts falling due within one year	17	(339,511)	(279,972)
Net current assets		727,862	447,200
Total net assets		43,848,733	40,901,499
Funds:	19		
Unrestricted			
Designated		31,360,332	29,100,689
General		282,250	38,482
Endowment		1,821,915	1,805,004
Total unrestricted funds		33,464,497	30,944,175
Endowment (Restricted)		9,910,223	9,521,330
Restricted		474,013	435,994
Total funds		43,848,733	40,901,499

Note: Separate Charity balance sheets have not been presented as the difference between group and charity is not material and detailed information has been provided in the notes to the financial statements.

Approved by the trustees on 23rd September and signed on their behalf by:

Elizabeth Davis, Trustee & Company Secretary

Consolidated statement of cash flows

	2022		2021 As restated	
	£	£	£	£
Cash flows from operating activities				
Net income / (expenditure) for the reporting period (as per the statement of financial activities)	2,947,234		5,821,943	
Depreciation charges	304,174		246,191	
Donations of heritage assets included in income	(573,624)		(4,106,817)	
(Gains)/losses on investments	(425,823)		(1,913,451)	
Dividends and interest from investments	(362,404)		(431,260)	
(Increase)/decrease in stocks	(24,868)		-	
(Increase)/decrease in debtors	(411,055)		70,616	
Increase/(decrease) in creditors	59,539		(40,882)	
Net cash provided by / (used in) operating activities		1,513,173		(353,660)
Cash flows from investing activities:				
Dividends and interest from investments	362,404		431,260	
Purchase of fixed assets	(1,971,299)		(115,792)	
Net cash provided by / (used in) investing activities		(1,608,895)		315,468
Net cash provided by / (used in) financing activities		-		-
Change in cash and cash equivalents in the year		(95,722)		(38,192)
Cash and cash equivalents at the beginning of the year		438,994		477,186
Change in cash and cash equivalents due to exchange rate movements		-		-
Cash and cash equivalents at the end of the year		343,272		438,994

Notes to the financial statements

1) Accounting policies

a) Statutory information

Pallant House Gallery is a charitable company limited by guarantee and is incorporated in England and Wales. The registered office address is Pallant House, 8-9 North Pallant, Chichester, West Sussex, PO19 1TJ.

b) Basis of preparation

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) - (Charities SORP FRS 102) and the Companies Act 2006.

These financial statements consolidate the results of the charity and its wholly-owned subsidiaries Pallant House Gallery Services Limited and Pallant House Enterprises Limited on a line by line basis. Transactions and balances between the charity and its subsidiary have been eliminated from the consolidated financial statements. Balances between the two entities are disclosed in the notes of the charity's balance sheet. A separate statement of financial activities, or income and expenditure account, for the charity itself is not presented because the charity has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

In applying the financial reporting framework, the trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The nature of the estimation means the actual outcomes could differ from those estimates. Any significant estimates and judgements affecting these financial statements are detailed within the relevant accounting policy below.

c) Public benefit entity

The charity meets the definition of a public benefit entity under FRS 102.

d) Going concern

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern. Financial projections have been prepared that show that the existing cash resources supported by the ability to realise investments will be sufficient to allow the Gallery to continue operating for the foreseeable future and in particular for the twelve months following the signing of these accounts. Further reference can be found in the section ‘Reserves policy and going concern’ in the Trustees’ Report.

e) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is a treated as a contingent asset and disclosed if material.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

Membership subscriptions are recognised when received.

Entrance fees are recognised in income when they are receivable except for group deposits which are recognised when the group visit takes place. Admission income for exhibitions is recognised when the tickets are sold. Ticket income relating to courses, events and group bookings is recognised when they take place. Book and other sales income are recognised when receivable.

f) Donations of gifts, services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item or received the service, any conditions associated with the donation have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), volunteer time is not recognised so refer to the trustees' annual report for more information about their contribution.

On receipt, donated gifts, professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

g) Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

h) Fund accounting

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

Endowment funds are split between permanent endowments and expendable endowments. The capital of the permanent endowments must be maintained, although the income can be utilised in accordance with the terms of the endowment.

i) Resource expended

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds relate to the costs incurred by the charity in inducing third parties to make voluntary contributions to it, as well as the cost of any activities with a fundraising purpose.
- Expenditure on charitable activities includes the costs of delivering services, exhibitions and other educational activities undertaken to further the purposes of the charity and their associated support costs.
- Other expenditure represents those items not falling into any other heading.
- Irrecoverable VAT is charged as a central support cost or included in the cost of a fixed asset.

j) Allocation of support and governance costs

Activities have been identified under the headings of:

- Collections management - maintaining and acquiring artwork, lending to other galleries and maintaining a resource library.
- Exhibitions & displays – creating and promoting permanent and temporary exhibitions and arranging for public admission.
- Public programmes – organising and promoting courses, lectures and events for artistic, historical, educational and community outreach purposes.
- Publishing – creating publications, mostly related to the exhibition activity for sale in the Gallery bookshop and elsewhere.

Resources expended are allocated to the particular activity where the cost relates directly to that activity.

The cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned where is it realistic and feasible to measure this.

Otherwise support and governance costs are allocated to the activities in proportion of their direct cost. Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

k) Operating leases

Rental charges are charged on a straight line basis over the term of the lease.

l) Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £1,000. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life.

Where fixed assets have been revalued, any excess between the revalued amount and the historic cost of the asset will be shown as a revaluation reserve in the balance sheet.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

- Land & buildings 50 years
- Plant & machinery 15 years
- Fixtures, fittings and equipment 10 years

m) Heritage assets

A heritage asset is defined as "a tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture". The Gallery has estimated a value in these financial statements in respect of its various collections of artwork. Any acquisitions are shown either at cost or in the case of donations at an estimated valuation on the date of receipt. Any gains or losses on revaluation, if they take place, would be recognised in the Statement of Financial Activities.

n) Investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. Any change in fair value will be recognised in the statement of financial activities. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading "Net gains/(losses) on investments" in the statement of financial activities. The charity does not acquire put options, derivatives or other complex financial instruments.

o) Investments in subsidiaries

Investments in subsidiaries are at cost.

p) Stocks

Stocks are made up of catalogues and are stated at the lower of cost and net realisable value. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation.

q) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

r) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

s) Creditors and provisions

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

t) Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

u) Pensions

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

2) Donations and legacies

	2022			2021		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	£	£	£	£	£	£
Arts Council England grant	90,759	-	90,759	90,759	-	90,759
Assistance to acquire artwork	-	-	-	-	13,900	13,900
Chichester DC grant	130,000	-	130,000	130,000	-	130,000
CRF grant	128,470	-	128,470	-	-	-
Dannatt Trust Gift	850,000	-	850,000	-	-	-
Donations and gifts	86,565	-	86,565	66,955	-	66,955
Donations towards No 7 purchase	-	1,012,500	1,012,500	-	-	-
Friends & Patrons subscriptions	221,607	-	221,607	124,926	-	124,926
Furlough Grants	21,531	-	21,531	193,187	-	193,187
Gift Aid on income	22,065	-	22,065	25,850	-	25,850
Gifts of artwork	573,624	-	573,624	4,106,817	-	4,106,817
Grants for specific activities	-	284,402	284,402	-	-	-
Legacies	10,000	-	10,000	-	-	-
Lockdown Support Grants	24,000	-	24,000	4,714	-	4,714
Sponsorship	200	-	200	-	-	-
	2,158,821	1,296,902	3,455,723	4,743,208	13,900	4,757,108

The Gallery was fortunate in receiving three donations totalling £1.012m supporting its bid to purchase the adjacent property at No 7 North Pallant. This was eventually successful and the property is included in fixed assets, see note 11. This property could potentially form part of the capital project development extending the facilities that is being actively explored, although there

are various regulatory and practical hurdles that need to be addressed before this materialises. In the event that the property is not used in this way and is subsequently sold, one of the donations has conditions providing for all or part to be repaid, depending on the sale proceeds achieved, and a second requires that the proceeds would form part of the Gallery's restricted funds relating to the collections management activity. The third donation is unconditional.

3) Charitable activities

	Unrestricted £	Restricted £	2022 Total £	Unrestricted £	Restricted £	2021 Total £
Collection management						
Charges to owners	6,008	-	6,008	800	-	800
Grants & donations	1,455	2,250	3,705	-	15,675	15,675
Trust & foundations	-	-	-	-	10,000	10,000
Subtotal	7,463	2,250	9,713	800	25,675	26,475
Exhibitions & displays						
Admission income	241,403	-	241,403	103,346	-	103,346
Charges to other galleries	-	-	-	-	-	-
Corporate sponsorship	-	17,500	17,500	-	7,000	7,000
Donations	-	26,470	26,470	-	7,765	7,765
Exhibition tax relief	70,566	-	70,566	15,300	-	15,300
Gift Aid on entrance fees	21,827	-	21,827	10,751	-	10,751
Supporters' Circle	-	50,500	50,500	-	50,000	50,000
Trust & foundations	-	16,720	16,720	-	2,000	2,000
Subtotal	333,796	111,190	444,986	129,397	66,765	196,162
Public programmes						
Courses earned income	19,177	305	19,482	8,127	-	8,127
Grants income	14,961	600	15,561	17,720	780	18,500
National Lottery Heritage Fund	-	-	-	-	-	-
Sale of artwork	6,415	-	6,415	-	-	-
Subtotal	40,553	905	41,458	25,847	780	26,627
Publishing						
Advertising Income	11,660	-	11,660	8,892	-	8,892
Donations	5,600	-	5,600	-	-	-
Image rights revenue	2,097	-	2,097	3,034	-	3,034
Sales of publications	79,315	-	79,315	25,956	-	25,956
Trust & foundations	-	-	-	-	-	-
Subtotal	98,672	-	98,672	37,882	-	37,882
Total income from charitable activities	480,484	114,345	594,829	193,926	93,220	287,146

4) Income from other trading activities

	Unrestricted £	Restricted £	2022 Total £	Unrestricted £	Restricted £	2021 Total £
Bookshop rental income	19,695	-	19,695	7,050	-	7,050
Gallery hire income	900	-	900	(600)	-	(600)
Other income	-	-	-	-	-	-
Restaurant rental income	24,049	-	24,049	5,200	-	5,200
Total income from other trading activities	44,644	-	44,644	11,650	-	11,650

5) Income from investments

	Unrestricted £	Restricted £	2022 Total £	Unrestricted £	Restricted £	2021 Total £
Listed investments on endowment	359,332	-	359,332	431,122	-	431,122
Rental income	3,000	-	3,000	-	-	-
Other investment income	72	-	72	138	-	138
Total income from investments	362,404	-	362,404	431,260	-	431,260

6) Analysis of expenditure

a) Current year

	Charitable activities								
	Raising funds	Collection manageme	Exhibitions & displays	Public programme	Publishing	Governance	Support costs	2022 Total	2021 Tota As restate
Advertising	-	-	-	-	-	-	20,578	20,578	5,16
Architect fees	-	-	-	-	-	-	500	500	-
Artist & technician fees	-	264	21,428	-	-	-	-	21,692	10,65
Artwork conservation	-	14,459	11,865	-	-	-	-	26,324	8,64
Artwork transport	-	-	43,062	-	-	-	-	43,062	15,91
Audience development	-	-	-	-	-	-	3,307	3,307	1,18
Business rates	-	-	-	-	-	-	12,762	12,762	2,69
Course expenses	-	-	-	29,404	-	-	-	29,404	5,26
Course leader fees	-	-	-	21,250	-	-	-	21,250	-
Depreciation and impairment	-	-	-	-	-	-	304,174	304,174	246,19
Exhibition development	-	-	12,022	-	-	-	-	12,022	47,75
Facilities enhancement	-	-	-	-	-	-	951	951	3,28
Finance charges	-	-	-	-	-	-	9,764	9,764	10,91
Fundraising event expenses	-	-	-	-	-	-	-	-	94
Insurance	-	30,064	-	-	-	-	31,348	61,412	49,55
Irrecoverable VAT	-	-	-	-	-	-	101,322	101,322	40,78
Magazine & gallery publications	-	-	-	-	73,584	-	-	73,584	16,75
Office costs	-	-	-	-	-	-	24,877	24,877	11,88
Other professional fees	-	-	-	-	-	-	10,575	10,575	-
PR consultancy	-	-	-	-	-	-	32,561	32,561	32,54
Professional fees	-	-	-	-	-	47,698	6,262	53,960	51,46
Promotional materials	-	-	-	-	-	-	25,248	25,248	2,47
Rent	-	-	-	-	-	-	15,660	15,660	19,62
Repairs & maintenance	-	-	-	-	-	-	61,283	61,283	27,86
Research	-	389	-	-	-	-	-	389	35
Staff costs	80,291	52,601	219,863	102,449	18,327	-	284,003	757,534	801,70
Storage facilities	-	17,748	-	-	-	-	-	17,748	15,20
Supporter development	6,741	-	-	-	-	-	-	6,741	2,23
Systems enhancement	-	-	-	-	-	-	17,797	17,797	16,54
Systems maintenance	-	-	-	-	-	-	50,428	50,428	46,79
Touring & loan fees	-	-	150	-	-	-	-	150	93
Trustee expenses	-	-	-	-	-	23,116	-	23,116	2,69
Utilities	-	-	-	-	-	-	85,887	85,887	73,38
Website maintenance	-	-	-	-	-	-	10,127	10,127	7,27
Subtotal	87,032	115,525	308,390	153,103	91,911	70,814	1,109,414	1,936,189	1,578,67
Reapportionment of support and governance costs									
Support costs		148,399	620,280	289,031	51,704	-	(1,109,414)	-	
Governance costs		9,472	39,593	18,449	3,300	(70,814)		-	
Total Expenditure for 2021	87,032	273,396	968,263	460,583	146,915	-	-	1,936,189	
Total Expenditure for 2020	66,076	226,781	828,626	375,063	82,126	-	-		1,578,67

b) Prior year (as restated)

	Raising funds	Collection manageme	Exhibitions & displays	Public programme	Publishing	Governance	Support costs	2021 Total As restated
Advertising	-	-	-	-	-	-	5,163	5,163
Architect fees	-	-	-	-	-	-	-	-
Artist & technician fees	-	323	10,331	-	-	-	-	10,654
Artwork conservation	-	4,561	4,082	-	-	-	-	8,643
Artwork transport	-	-	15,915	-	-	-	-	15,915
Audience development	-	-	-	-	-	-	1,181	1,181
Business rates	-	-	-	-	-	-	2,690	2,690
Course expenses	-	-	-	5,269	-	-	-	5,269
Depreciation and impairment	-	-	-	-	-	-	246,191	246,191
Exhibition development	-	-	47,755	-	-	-	-	47,755
Facilities enhancement	-	-	-	-	-	-	3,282	3,282
Finance charges	-	-	-	-	-	-	10,915	10,915
Fundraising event expenses	947	-	-	-	-	-	-	947
Insurance	-	22,851	-	-	-	-	26,704	49,555
Irrecoverable VAT	-	-	-	-	-	-	40,789	40,789
Magazine & gallery publications	-	-	-	-	16,754	-	-	16,754
Office costs	-	-	-	-	-	-	11,884	11,884
PR consultancy	-	-	-	-	-	-	32,545	32,545
Professional fees	-	-	-	-	-	47,945	3,515	51,460
Promotional materials	-	-	-	-	-	-	2,473	2,473
Rent	-	-	-	-	-	-	19,620	19,620
Repairs & maintenance	-	-	-	-	-	-	27,865	27,865
Research	-	351	-	-	-	-	-	351
Staff costs	62,893	50,958	208,178	102,697	18,155	-	358,823	801,704
Storage facilities	-	15,204	-	-	-	-	-	15,204
Supporter development	2,236	-	-	-	-	-	-	2,236
Systems enhancement	-	-	-	-	-	-	16,546	16,546
Systems maintenance	-	-	-	-	-	-	46,792	46,792
Touring & loan fees	-	-	930	-	-	-	-	930
Trustee expenses	-	-	-	-	-	2,695	-	2,695
Utilities	-	-	-	-	-	-	73,389	73,389
Website maintenance	-	-	-	-	-	-	7,275	7,275
Subtotal	66,076	94,248	287,191	107,966	34,909	50,640	937,642	1,578,672
Support costs		125,742	513,691	253,411	44,798	-	(937,642)	
Governance costs		6,791	27,744	13,686	2,419	(50,640)		
Total Expenditure for 2020	66,076	226,781	828,626	375,063	82,126	-	-	1,578,672

7) Net income/ (expenditure) for the year

This is stated after charging / (crediting):

	2022	2021 As restated
	£	£
Depreciation and impairment	304,174	246,191
Operating lease rentals payable		
Property	15,660	19,620
Operating lease rentals receivable		
Property	46,744	12,250
Auditors remuneration (excluding VAT)		
Audit	22,375	22,600
Other services	-	-

8) Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

	2022	2021
	£	£
Salaries	688,805	707,997
Redundancy and termination costs	-	32,017
Social security cost	39,005	44,736
Employer's pension contributions (*)	11,876	11,996
Other forms of employee benefits	3,639	3,543
Training costs	6,912	553
Travel and sustenance	6,219	645
Volunteer expenses	1,078	216
	757,535	801,703

(*) made to defined contribution scheme

The redundancy and termination costs were settled and paid at the balance sheet date.

The following number of employees received employee benefits (excluding employer pension costs and employer's national insurance) during the year between:

	2022 No	2021 No
£60,000 - £69,999	-	-
£70,000 - £79,999	1	1
£80,000 - £89,999	-	1

The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel were £80,347 (2021: £158,246).

The charity trustees were neither paid nor received any other benefits from employment with the charity in the year (2021: £nil). No charity trustee received payment for professional or other services supplied to the charity (2021: £nil).

Trustees' expenses represents the payment or reimbursement of trustee indemnity insurance premium of £2,059 (2021: £1,635) along with recruitment agency costs of £21,025 relating to the appointment of a new Chair (2021: £1060 for a new trustee).

During the year the Gallery entered into the following transactions with related parties:

- C Martin is also a Trustee of Outside In Art. There were no management charges raised to Outside In Art in 2021/22 whilst £9,000 was raised in 2020/21. There were no amounts included in restricted funds in either year that were paid to Outside In Art. At both balance sheet dates, nothing was owed by either party to the other.
- The John Booth Charitable Foundation was one of the donors mentioned in note 2, contributing a £500,000 donation towards the purchase price of No7 North Pallant. The terms of this donation include restrictions on its use and for repayment if the property is sold within ten years. In 2020/21, the Foundation also made a £10,000 donation towards the cost of a curatorial assistant. John Booth is connected with the Foundation and was the Chairman of the Trustees until March 2022.
- There are no other donations from related parties which are outside the normal course of business and no restricted donations from related parties.

9) Staff numbers

The average number of employees (head count based on number of staff employed) during the year was 36 (2021: 38).

Staff are split across the activities of the charity as follows:

	2022		2021	
	Head count	Full Time Equivalent	Head count	Full Time Equivalent
	No	No	No	No
Administration	1.0	1.0	1.0	1.0
Collections	3.0	1.8	3.0	1.8
Commercial	1.0	0.6	1.0	0.6
Communications	3.5	3.2	3.8	3.3
Curatorial	3.8	3.6	3.0	2.8
Development	2.0	2.0	2.0	2.0
Directors	1.0	1.0	1.8	1.8
Finance	1.0	1.0	1.8	1.5
Front of House	12.3	5.2	12.1	4.9
Operations	1.3	1.2	2.0	1.5
Public Programmes	6.2	4.7	6.4	4.9
	36.1	25.3	37.9	26.1

10) Taxation

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes. The charity's trading subsidiary Pallant House Gallery Services Limited is currently dormant.

11) Fixed assets

The group and charity:-

	Freehold property	Plant & machinery	Fixtures, fittings & equipment	Artwork	Total
Cost					
At start of year, as restated	7,180,848	984,010	1,081,303	544,231	9,790,392
Additions	1,700,000	-	239,833	31,466	1,971,299
Disposals	-	-	-	-	-
At the end of the year	8,880,848	984,010	1,321,136	575,697	11,761,691
Depreciation					
At start of year, as restated	1,356,675	721,899	828,967	-	2,907,541
Charge for the year	177,617	65,601	60,956	-	304,174
Disposals	-	-	-	-	-
At the end of the year	1,534,292	787,500	889,923	-	3,211,715
Net book value					
At the end of the year	7,346,556	196,510	431,213	575,697	8,549,976
At the start of the year, as restated	5,824,173	262,111	252,336	544,231	6,882,851

There is no land in either year included within freehold property that is not depreciated. The main addition in property relates to the purchase of an adjoining property, see comment in note 2.

12) Heritage assets

	Collections, of artworks, display furniture, pictures and art library of books
At 1 April 2021	23,145,984
Assets donated during the year	573,624
At 31 March 2022	23,719,608

All of the above assets are used for charitable purposes.

The Gallery owns a substantial collection and an archive of works that are of national and worldwide importance. It boasts one of the best collections of Modern British art in the UK. Donated over the past forty years, the collections tell the story of a number of individuals, all passionate collectors of art who generously donated their lifetimes' labours to the Gallery for the benefit of the public. The collection includes paintings, drawings, prints, sculptures, studio pottery, lithographs and artists' sketch book and tools.

The Gallery has limited resources to permit it to purchase Heritage Assets but when offered works as a gift the Director, Head of Collections and others with the requisite skills and knowledge determine whether they should be added to the collection. In making their decision they take into account both the quality of the work and whether it is an appropriate compliment to the existing collection. They are guided by a full formal Collections Development (Acquisitions and Disposal) Policy, which was last revised in 2017 and formally approved by the trustees on 17th March 2017.

There have been no disposals or impairment of Heritage Assets involving artwork during the last five years. It is not the Gallery's policy to dispose of Heritage Assets but, should the Director or Head of Collections believe it would be appropriate to dispose of a work, the Gallery's disposal policy specifies that the decision must be made by the trustees on the advice of the curatorial staff and that the Director or Head of Collections does not have the power to dispose of any work.

The Gallery maintains a full and detailed inventory of all the items in its collection.

The collection is available to public viewing through rotating displays and access to any work not on display is arranged by appointment.

The Heritage Assets are regularly valued by professional valuers for insurance purposes. Artworks have been valued when they have been lent to external venues and a revaluation of all works last valued at over £100,000 in 2009 took place during 2020/21 by Gurr Johns.

The Heritage Assets are reported in the Financial Statements at the insurance valuation at the date of acquisition and then not generally revalued.

13) Listed Investments

	2022 £	2021 £
Fair value at the start of the year	10,425,464	8,512,013
Additions at cost	-	-
Net gain / (loss) on change in fair value	425,823	1,913,451
	10,851,287	10,425,464
Cash held by investment broker pending reinvestment	-	-
Fair value at the end of the year	10,851,287	10,425,464

14) Subsidiary undertaking

These financial statements are consolidated financial statements for Pallant House Gallery group.

Details of the Gallery's subsidiaries at 31 March 2022 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held direct
Pallant House Gallery Services Limited (CRO 05526158)	UK	Dormant	Ordinary	100
Pallant House Enterprises Limited (CRO 03787604)	UK	Dormant	Ordinary	100

Both of these subsidiaries are included in these consolidated accounts. At 31 March 2022, Pallant House Gallery Service Limited's assets totalled £200, its liabilities £nil and total funds £200. Pallant House Enterprises Limited's assets total £100, its liabilities £nil and its total funds £100. There was no income or expenditure in the year for either company.

15) Parent charity results

As explained in the previous section, the subsidiary's results are insignificant in the context of the group and such profits that were generated were donated to the Charity. In effect, therefore these accounts already disclose and only comprise the parent company results.

16) Debtors

	2022 £	2021 £
Trade debtors	83,583	14,492
Accrued income	399,983	104,134
Deferred expenditure	6,086	3,622
Tax reliefs	144,495	99,916
VAT	8,977	3,610
Other debtors	565	-
Prepayments	44,585	51,445
	688,274	277,219

17) Creditors: Amounts falling due within one year

	2022	2021
	£	£
Trade creditors	74,600	62,156
Accruals	84,463	44,566
Tax and social security	17,270	10,281
Deferred income	150,836	153,932
Other creditors	12,342	9,037
	339,511	279,972

18) Pension

The Gallery complies with the minimum automatic enrolment obligations under the Pensions Act 2008 with an arrangement with a third party provider of personal pension plans for its employees The extent of the Gallery's financial liability is to contribute a specified percentage of payroll costs to each employee's plan as the employer contributions along with similar deductions from pay for the employee contributions

19) Analysis of group net assets between funds

a) Current year

	Designated	Endowment (Restricted)	Endowment (Unrestricted)	Restricted	Unrestricted	Total funds
	£	£	£	£	£	£
Tangible assets	7,580,724	-	880,851	-	88,401	8,549,976
Heritage assets	23,719,608	-	-	-	-	23,719,608
Investments	-	9,910,223	941,064	-	-	10,851,287
Net current assets	60,000	-	-	474,013	193,849	727,862
Reserves	31,360,332	9,910,223	1,821,915	474,013	282,250	43,848,733

b) Prior year

As restated	Designated	Endowment (Restricted)	Endowment (Unrestricted)	Restricted	Unrestricted	Total funds
	£	£	£	£	£	£
Tangible assets	5,894,705	-	900,870	-	87,276	6,882,851
Heritage Assets	23,145,984	-	-	-	-	23,145,984
Investments	-	9,521,330	904,134	-	-	10,425,464
Net current assets	60,000	-	-	435,994	(48,794)	447,200
Reserves	29,100,689	9,521,330	1,805,004	435,994	38,482	40,901,499

20) Movements in funds

Current year:

a) Endowment funds

A - Endowment funds	At 1 April 2021 As restated	Income & gains	Expenditure & losses	Transfers	At 31 March 2022
Endowment by donor stipulation					
Appeal Fund	1,679,067	68,581	-	-	1,747,648
HLF Catalyst	2,069,272	84,518	-	-	2,153,790
The Monument Trust	5,772,991	235,794	-	-	6,008,785
	9,521,330	388,893	-	-	9,910,223
Endowment by trustee designation					
JM Fund	1,805,004	36,930	(20,019)	-	1,821,915
Total endowment funds	11,326,334	425,823	(20,019)	-	11,732,138

b) Restricted funds:

B - Restricted funds	At 1 April 2021 As restated	Income & gains	Expenditure & losses	Transfers	At 31 March 2022
Collection Management	60,712	2,250	(7)	-	62,955
Public Programme	9,599	905	(1,237)	805	10,072
Exhibition	7,298	116,190	(113,697)	41,685	51,476
Organisational Development	358,385	1,291,902	(8,875)	(1,291,902)	349,510
Total restricted funds	435,994	1,411,247	(123,816)	(1,249,412)	474,013

c) Unrestricted funds

(1) Designated funds	At 1 April 2021 As restated	Income & gains	Expenditure & losses	Transfers	At 31 March 2022
Building					
ACE Small Capital Works	143,813	-	(39,498)	220,285	324,600
New Wing	5,185,416	-	(189,199)	-	4,996,217
No 7 North Pallant	-	-	(34,000)	1,700,000	1,666,000
Print Room Island	21,245	-	(3,035)	-	18,210
Subtotal	5,350,474	-	(265,732)	1,920,285	7,005,027
Collection Management					
Acquisitions Fund	604,231	-	-	31,466	635,697
Heritage Assets Fund	23,145,984	573,624	-	-	23,719,608
Subtotal	23,750,215	573,624	-	31,466	24,355,305
Total designated funds	29,100,689	573,624	(265,732)	1,951,751	31,360,332
(2) General funds	38,482	2,472,729	(1,526,622)	(702,339)	282,250
Total unrestricted funds	29,139,171	3,046,353	(1,792,354)	1,249,412	31,642,582
Total funds	40,901,499	4,883,423	(1,936,189)	-	43,848,733

The narrative to explain the purpose of each fund is given at the foot of the note below.

Prior year:

a) Endowment funds

A - Endowment funds	At 1 April 2020 As restated	Income & gains	Expenditure & losses	Transfers	At 31 March 2021
Endowment by donor stipulation					
Appeal Fund	1,320,694	308,170	-	50,203	1,679,067
HLF Catalyst	1,690,014	379,786	-	(528)	2,069,272
The Monument Trust	4,692,875	1,059,553	-	20,563	5,772,991
	7,703,583	1,747,509	-	70,238	9,521,330
Endowment by trustee designation					
JM Fund	1,444,194	165,942	(20,019)	214,887	1,805,004
Total endowment funds	9,147,777	1,913,451	(20,019)	285,125	11,326,334

b) Restricted funds:

B - Restricted funds	At 1 April 2020 As restated	Income & gains	Expenditure & losses	Transfers	At 31 March 2021
Collection Management	71,668	39,575	(27,600)	(22,931)	60,712
Public Programme	9,220	780	(401)	-	9,599
Exhibition	7,006	66,765	(85,169)	18,696	7,298
Organisational Development	364,198	-	(5,813)	-	358,385
Total restricted funds	452,092	107,120	(118,983)	(4,235)	435,994

c) Unrestricted funds

(1) Designated funds	At 1 April 2020 As restated	Income & gains	Expenditure & losses	Transfers	At 31 March 2021
Building					
ACE Small Capital Works	118,063	-	(17,469)	43,219	143,813
New Wing	5,374,615	-	(189,199)	-	5,185,416
No 7 North Pallant	-	-	-	-	-
Print Room Island	24,280	-	(3,035)	-	21,245
Subtotal	5,516,958	-	(209,703)	43,219	5,350,474
Collection Management					
Acquisitions Fund	548,335	-	-	55,896	604,231
Heritage Assets Fund	19,039,167	4,106,817	-	-	23,145,984
Subtotal	19,587,502	4,106,817	-	55,896	23,750,215
Total designated funds	25,104,460	4,106,817	(209,703)	99,115	29,100,689
(2) General funds	375,227	1,273,227	(1,229,967)	(380,005)	38,482
Total unrestricted funds	25,479,687	5,380,044	(1,439,670)	(280,890)	29,139,171
Total funds	35,079,556	7,400,615	(1,578,672)	-	40,901,499

Endowment funds represent assets that either the donors required or the trustees have decided should be set aside from donations received by the Gallery in order to generate income. Income arising on the endowment funds can usually be used in accordance with the objects of the Gallery and is included as unrestricted income. Any capital gains or losses arising on the assets would normally be reinvested. The funds include a revaluation reserve on the unrealised growth in the investment value, as is detailed in note 13.

Restricted funds represent the net assets attributed to specific activities or projects that the Gallery undertakes. In some instances, the Gallery has received a donation from one or more source that has stipulated that the funds should only be applied for a specific activity. In other cases, in particular with the individual exhibition restricted fund accounts, there are no such donations, or formal restrictions or the donations fall short of what is required and has been made good by a transfer from general reserves. The approach taken is still to show these as individual restricted funds so as to report separately on their outcomes. During this particular year, as detailed in note 2, the Gallery received donations towards the cost of purchasing No 7 North Pallant, which have been included as restricted fund income reflecting the restrictions on use, and then the funds transferred to the unrestricted designated fund specifically set aside for permanently holding this property once the purchase happened and those conditions were fulfilled.

Designated funds represent items of artwork or building assets, which have either been gifted to the Gallery or to the extent they have been acquired through grants and donations for that purpose.

The funds serve to set aside the value of those assets from general unrestricted funds to reflect that they are not available for ongoing activities.

21) Prior year adjustment

During 2018, the Gallery was awarded an Arts Council England grant facility as a contribution towards its costs of its wider capital project that was being planned at the time. The award involved the Gallery incurring qualifying expenditure of up to the £300k in the period up to 31 March 2021 and claiming reimbursement from the facility.

The programme had only just commenced when it was suspended due to Covid restrictions. Due to this and significant changes in the overall capital project, relevant expenditure had been incurred at the time of finalising the 2019/20 and 2020/21 accounts where it was not certain that it would be possible to claim on the facility, as the original terms and timing of the award had not been met. Furthermore, it was uncertain at the time whether the scale and longevity of the expenditure would qualify it to be regarded as capital in nature. Consequently, the expenditure was mostly entered into those accounts either as revenue expenses or as capital expenditure not subject to a restricted fund facility but funded from internal reserves. The accounts included £20k of accrued grant income of which £9k had been actually claimed and paid.

Subsequently, the Gallery was successful in obtaining an extension in the completion deadline to 31 March 2022 and was able to complete sufficient of the remaining work during 2021/22 at a total overall cost of £394k to enable it to make a claim on the remaining facility. Consequently, these accounts contain accrued income for the balance of £280k, of which £260k has been received and £31k is subject to consideration of our final report.

As a result of this outcome, the accounts for 2019/20 and 2020/21 are being restated to reflect firstly the capitalisation of the entire £394k expenditure at the time it was incurred and the consequent amended depreciation charge. The impact for the two previous years is shown below.

Accounts for 2020/21

Reserves position As at 31 March 2021	Unrestricted £	Restricted £	Endowment £	Total £
Funds previously reported	29,126,228	343,246	11,326,334	40,795,808
Adjustments on restatement				
Movement following capitalisation of previously expensed costs	-	105,691	-	105,691
Change in transfers as a result of capitalising costs in prior year	12,943	(12,943)	-	-
Funds restated	29,139,171	435,994	11,326,334	40,901,499

Impact on income and expenditure For the year ended 31 March 2021	Unrestricted £	Restricted £	Endowment £	Total £
Net movement in funds as previously reported	3,651,101	(21,110)	2,178,557	5,808,548
Movement in expenditure due to capilisation of items expensed in the prior year	-	13,395	-	13,395
Change in transfers as a result of capitalising costs in prior year	8,383	(8,383)	-	-
Net income/ (expenditure) as restated	3,659,484	(16,098)	2,178,557	5,821,943

Accounts for 2019/20

Reserves position As at 31 March 2020	Unrestricted £	Restricted £	Endowment £	Total £
Funds previously reported	25,475,226	364,256	9,147,777	34,987,261
Adjustments on restatement				
Movement following capitalisation of previously expensed costs	-	92,295	-	92,295
Change in transfers as a result of capitalising costs in prior year	4,461	(4,459)	-	-
Funds restated	25,479,687	452,092	9,147,777	35,079,556

Impact on income and expenditure For the year ended 31 March 2020	Unrestricted £	Restricted £	Endowment £	Total £
Net movement in funds as previously reported	912,652	(114,868)	(2,466,030)	(1,668,246)
Movement in expenditure due to capilisation of items expensed in the prior year		92,295	(1)	92,306
Change in transfers as a result of capitalising costs in prior year	520	(520)	-	-
Net income/ (expenditure) as restated	913,184	(23,093)	(2,466,031)	(1,575,940)

22) Operating lease commitments payable as a lessee

The charity and group's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods:

	Property		Equipment	
	2022 £	2021 £	2022 £	2021 £
Less than one year	39,000	39,000	-	-
One to five years	78,000	117,000	-	-
Over five years	-	-	-	-
	117,000	156,000	-	-

The figures shown for the property commitments are contained within a lease for the land and buildings at 8-9 North Pallant, Chichester, which expires on 31 March 2025. The Gallery does receive the benefit of a concession rent, which would mean the amounts that will be paid are lower than this.

23) Operating lease commitments receivable as a landlord

The group is due to receive the following amounts under non-cancellable operating leases:

	Property	
Operating lease commitments receivable as a lessor	2022 £	2021 £
Less than one year	28,000	28,000
One to five years	-	28,000
Over five years	-	-
	28,000	56,000

The amounts shown refer to the bookshop and restaurant concession rent and contain a projection of the rent that will be received based on turnover. The contractual minimum rents total £28k annually until 2022.

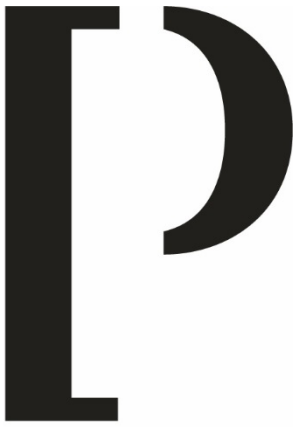
24) Legal status of the charity

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £10.

PALLANT HOUSE GALLERY

England & Wales - Charity number 1102435

Accounts



Pallant House Gallery

Annual Report & Financial Statements

For the Year Ended 31 March 2021

Charity Registration No. 1102435

Company Registration No. 05045130 (England & Wales)

Reference and administrative information

Company number	05045130
Country of incorporation	United Kingdom
Charity number	1102435
Country of registration	England & Wales
Registered office & operation address	Pallant House Gallery 8-9 North Pallant Chichester West Sussex PO19 1TJ
Trustees	Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows:

John D S Booth DL	Chair
Jane Weeks	Deputy Chair
Elizabeth J Davis	Company Secretary
Aki Abiola	Appointed December 2020
Cllr Clare Apel	
Ruth S Butler	
Adrian S Clark	
Mahtab Hussain	Appointed March 2021
Zachary R Leonard	
Charles Martin	
Roger Mavity	
Andrea Rose OBE CMG	
Jacqueline D Russell	
The Rt Hon The Lord Tyrie of Chichester	

Gallery Director	Simon J Martin
Auditor	Sayer Vincent LLP Chartered Accountants and Statutory Auditor Invicta House 108-114 Golden Lane London EC1Y 0TL
Bankers	Barclays Bank PLC 74-75 East Street Chichester West Sussex PO19 1HT

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Reference and administrative information set out on page 2 forms part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association, the requirements of a directors' report as required under company law, and the Statement of Recommended Practice - Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102.

Chairman's statement

I am pleased to introduce our Trustees' Report and Financial Statements for 2020/21.

Pallant House Gallery's staff, volunteers and trustees have responded to the challenges of the Covid-19 pandemic with extraordinary energy and dedication. Its impact was felt on every aspect of our operations. However, we continued to deliver high quality exhibitions, a rich programme of activities and many opportunities for engagement throughout the year, in line with our charitable aims and in new formats adapted both to meet the needs of our audiences and to comply with Covid safety requirements.

The year began at a point of great uncertainty. The Gallery was closed to the public and three quarters of our staff were placed on furlough. The remainder of the team worked mainly from home, except when undertaking regular monitoring of security and environmental conditions. However, we significantly increased our external communications during closure as the primary means of engaging with audiences. The Gallery's Community Programme, which helps adults with a range of support needs, was prioritised and adapted so its activities could be delivered remotely.

We were able to re-open to the public between 5 August - 20 December 2020, with a number of health and safety and social distancing measures in place for both visitors and staff. Visitor numbers exceeded expectations with ticketed admissions to the exhibitions comfortably ahead of the same period in 2019/20 and feedback was extremely positive. The Gallery extended its opening hours for the final week of the Barnett Freedman exhibition to meet demand for tickets, and *Drawn to Nature: Gilbert White & the Artists* reflected the public's resurgent interest in the natural world. Our digital audiences increased throughout the year and a new programme of online talks, which began in January 2021, has sold over 1200 tickets to date.

Our remarkable collection continued to grow, augmented by acquisitions coming to us via HM Government's Cultural Gifts Scheme, and through the generous support of the Art Fund, Contemporary Arts Society and many other charitable and individual donations. Perhaps most significantly, the Gallery was allocated 175 paintings, sculptures and works on paper from the estate of MJ Long through the Acceptance-in-Lieu (AiL) scheme. This pre-eminent collection of 20th century British art includes work by artists such as Howard Hodgkin, Peter Blake, R B Kitaj and Frank Auerbach. The importance of the acquisition has since been recognised by Apollo magazine who gave it their Acquisition of the Year Award for 2021 from a shortlist which included the Château de Versailles, the Metropolitan Museum of Art and the Rijksmuseum. The commitment to diversifying the collection formed part of the Gallery's Anti-Racism Action Plan. Notable acquisitions in the year including works by Rachel Jones, Chris Ofili, Sonia Boyce, and a number of new commissions for the 2021 Model Art Gallery, itself a unique and acclaimed response to the pandemic.

We loaned 15 works to six venues (one international) across the year which enabled our collection to be seen, studied and enjoyed nationally and internationally. Our winter exhibition *Degas to Picasso: International Modern Masters* focussed on the substantial holding of international work in our own collection and provided an opportunity to undertake further research and necessary conservation treatment on the exhibits.

The Gallery's transformational Capital Project was placed on temporary hold last year due to the pandemic but we continued to engage with the multi-disciplinary design team, led by Focus Consulting (Project Managers) and Wright & Wright Architects to deliver smaller scale improvements such as the relighting of the New Wing. The project will recommence in 2022 and the overall aim of the scheme – to ensure the future resilience and sustainability of the organisation – remains as important as ever as we adapt to the post-Covid world.

Skilful navigation of this difficult period and the many successes of 2020/21 must be credited to the dedicated Gallery staff, led by Director Simon Martin, and to the magnificent team of committed volunteers who gave over 4,000 hours of their time to support the organisation in a variety of roles. These volunteers include my fellow Trustees (including new appointments Aki Abiola and our first Artist Trustee Mahtab Hussain) and the members of our Committees and Advisory Groups who work hard to maintain the highest standards of governance and accountability. I am hugely grateful to everyone who contributes their time and expertise – in whatever area that may be – for the benefit of the Gallery and its visitors.

I would also like to thank our regular funders - Arts Council England and Chichester District Council - for their steadfast support, as well as the many other trusts and foundations who have provided grants and donations during the year. At the time of writing we have 79 Patrons and 3,140 Friends who are enthusiastic champions of the Gallery and provide a much valued source of encouragement and financial underpinning. Their loyalty and continuing endorsement of our activities sustain Pallant House's achievement and reputation. We offer them heartfelt thanks for their continuing generosity.

Despite the many and varied challenges of 2020/21, the Gallery emerged in a relatively stable position. These have been, indeed continue to be, turbulent times for the cultural sector and the longer term impact and challenges have yet to be fully comprehended. The Board and the Executive will continue to act responsibly and imaginatively to respond to them. As we look forward to Pallant House Gallery's 40th anniversary in 2022, I am confident that we will continue to deliver an excellent, stimulating and inclusive programme of exhibitions and activities to enrich the creative lives of the widest possible audience.

John Booth DL

A year in numbers

- 15,500 visitors to the permanent collections, temporary exhibitions and events.
- Audiences of over 21,000 for our online events and products.
- 3,140 Friends of Pallant House Gallery and 79 Patrons.
- 6 temporary exhibitions during the year, and a complete redisplay of the permanent collection across 10 rooms.
- 412 artworks were acquired for the permanent collection, including 162 new works by female artists, bringing the gender ratio up to 22% women artists, and 8 new acquisitions by Black and ethnic minority artists.
- 800 lunches distributed to the elderly and vulnerable from the kitchens of the Pallant Cafe during lockdown**.**
- 1072 copies of the Barnett Freedman catalogue sold online and in person.
- 20 new commissions from contemporary artists exhibited in the Gilbert White Exhibition.
- 38 works commissioned for the Model Art Gallery in response to covid-19 pandemic.
- 15 works loaned to 6 individual venues, including one international venue.
- 21 collection artworks were conserved and remounted.
- **81** instances of formal and informal learning opportunities, engaging with 354 participants.
- 14 resources were released online for home-schooling families which were downloaded over 800 times.
- 1206 individuals attended our new programme of digital talks.
- New 20% discount introduced for NHS Keyworkers.
- 6600 magazines were distributed and sold by the Gallery.
- 200 pieces of press coverage relating to the Gallery and programmes, reaching a print circulation of 8,830,000.
- Over 800 people regularly interacted with our series of weekly art quizzes on Instagram during lockdown.
- **28%** growth in Instagram audiences.
- **A 6 tonne CO2e** reduction in the Gallery's environmental impact.
- £577,106 in gifts, subscriptions and pledges from individuals, trust and foundations, corporates and statutory funding.
- **Over 4000** hours given by 192 volunteer Gallery Assistants.

Trustees' annual report

The Trustees present their report and the audited financial statements for the year ended 31 March 2021.

Objectives & activities of the Charity

The Charity's objectives are for the public benefit to promote and advance the education of the public in, and to promote, the visual arts and history of art principally in the Chichester administrative district and in particular, to maintain, preserve, restore and furnish Pallant House in the City of Chichester as a period house within which to exhibit works of art of historic or public interest for viewing by the public.

Pallant House Gallery first opened in 1982 after the significant modern art collection of Walter Hussey, Dean of Chichester Cathedral (1955 – 1977) and patron of the arts, was bequeathed to Chichester District Council on condition of it being housed in Pallant House, a Grade-1 listed Queen Art townhouse in the heart of Chichester.

The Hussey Bequest is owned by Chichester District Council and loaned to the Gallery, and the Gallery has subsequently formed a permanent collection over 4,000 items received as gifts and bequests from a range of collectors, or very occasionally purchased with support from public funding bodies. From 1985 until 2003 the collection was presented in the townhouse with a small exhibition gallery in the adjoining former council chamber. In 2006 the Gallery opened a major new wing costing £10 million with funding from the Heritage Lottery Fund, following a three-year building programme, enabling a much larger exhibitions and community programme. In 2007, it won the Gulbenkian Prize for Museum and Galleries.

In 2006 an Endowment Fund was established, which has grown in the subsequent years through gifts, bequests and HLF Catalyst Endowment match-funding. In 2010, Pallant House Gallery incorporated to become registered as a company for England and Wales number 5045130. In 2016, following a Governance Review, the Gallery reviewed its Articles of Association, and formed a series of committees and advisory groups. In 2018, the Friends of Pallant House Gallery were merged into the main charity. The Queen Anne townhouse continues to be leased from Chichester District Council, with the Gallery owning the New Wing and the original Coach House, which was purchased in 2017. During 2019, the Gallery embarked on an ambitious Capital Project for the creation of improved visitor facilities, a collections centre, learning and engagement spaces. The Feasibility Stage was completed in March 2020 but any further work has been put on hold due to the Covid-19 pandemic.

The Gallery Director, in consultation with the Board, Committee and Advisory Group members and staff, work to deliver the Forward Plan 2018-22, based upon:-

Our Mission and Vision

Our mission is to share and stimulate new thinking on British art and to play a pivotal role in the creative lives of the widest possible audience

Our vision is to be recognised as an international centre for British art from 1900 to now.

We achieve this by observing the following six principles:

1. Making Modern British art relevant today by exploring contemporary, historic and international connections, redressing imbalances in its history and filling gaps in our collection.
2. Putting our audiences at the heart of what we do, striving to understand their needs and motivations, enabling two-way conversations and involving them in our work.

3. Thinking of the Gallery as more than a physical destination, expanding our audience reach through digital, outreach and regional, national and international partnerships.
4. Being a recognised authority on Modern British art and an example of best practice in all aspects of our work.
5. Creating and upholding a distinctive brand for the Gallery that informs all activity.
6. Investing in our people, culture, assets and systems and working to become financially and environmentally sustainable and appropriately resourced.

Public benefit derived from our activities

The Trustees of the Gallery have paid regard to the Charity Commission's published guidance on public benefit. They believe that those who have access to the visual arts derive real public benefit from the experience through the expansion of their ideas and understanding; through appreciation, learning and participation. The Gallery provides the opportunity for people to gain a better understanding of the cultural and artistic make up of our society and their personal response to the cultural and artistic content of their lives.

Performance and achievements during the year

Capital Project

Immediately prior to the Gallery's closure due to covid-19 in March 2020, the Gallery had completed the Feasibility Study for its Capital Project for the creation of improved visitor facilities, a collections centre, learning and engagement spaces. This followed the purchase of 9 East Pallant ("The Coach House") in 2017, and a successful application to the Arts Council's Small Capital grants programme in 2018.

The overall aim of project is to improve delivery of the Gallery's strategic priorities and ensure its future success as a resilient and sustainable organisation. The proposals include the creation of a new Collections Centre, visitor facilities, expanded space for exhibitions, improved visitor flow, improved facilities for staff and volunteers, and greater opportunities for income generation. This will include the upgrading of existing facilities, including the historic Town House and New Wing. The additions and improvements would increase access to the collections for public, staff and volunteers, improve facilities for collections care, enable wider interpretation of the collections and exhibitions, diversify engagement and establish a more resilient and sustainable organisation.

At the beginning of the financial year, Trustees decided to place the project on hold with a shift in priorities to ensure the Gallery survived the pandemic. However, the Gallery continued to work with Wright & Wright Architects on the 2021 Model Art Gallery and Max Fordham on the relighting project (see below). Work on the wider project planning has recommenced in earnest since the year end and to retain the opportunity to develop over a wider area, we shall shortly be completing on the purchase of adjacent No 7 North Pallant with the larger part of the purchase price provided by three generous donors.

Digital Transformation Plan

The Covid-19 pandemic created an even greater demand for and reliance on digital communications and systems, both externally and internally. The Gallery is prioritising the development and phased implementation of a Digital Transformation Plan during 2020-22. We envisage that the Plan will

consolidate departmental achievements to date, address some of the strategic aims of the Capital Project and identify post-Covid opportunities and actions.

In October 2020, we received a £30,000 grant from the Paul Mellon Centre for Studies in British Art to support the creation of digital resources on British Pop Art and we are actively seeking and responding to funding opportunities from a variety of sources.

In spring 2021 we launched a programme of digital talks and events via zoom, with 1206 ticketed viewers.

The Gallery engaged a Digital Strategy Consultant in September 2021 to advise on future strategy and implementation.

Equality & Diversity Action Plan

The Gallery's Equality & Diversity Action Plan covers all aspects of the Gallery's governance, employment, operations and programmes. It accompanies the Forward Plan as one of our key strategy documents and is updated annually and reviewed by the Board. As an Arts Council National Portfolio Organisation [NPO], our programming contributes to the Creative Case for Diversity and we are committed to initiatives that increase inclusion and diversity across all aspects of the Gallery's operations.

The Covid-19 pandemic and the Black Lives Matter movement highlighted deeply embedded economic and racial injustice in the UK and worldwide. Like the rest of the arts sector, these events encouraged the Gallery to reflect further on our role as a cultural organisation and how we can better represent modern Britain. An Anti-Racism statement was published on our website in June 2020 and our Anti-Racism Action Plan was published in November 2020.

Anti Racism Plan

In June 2020, we made a public statement expressing our stand against racial injustice and oppression. The staff and Trustees of Pallant House Gallery stand in solidarity with the Black community and with all who oppose racism and discrimination. Recent events have encouraged us to reflect on our role as a cultural organisation and how we can better represent modern Britain. The Gallery's formal Anti-Racism Plan was agreed by the Board of Trustees in November 2020 and was published on our website here.

Pallant House Gallery exists to explore new perspectives on British art from 1900 to now. It is our role to expand, question and explore the parameters that define Modern British art so that our exhibitions and programmes are always relevant, rigorous and inclusive.

We acknowledge that we have much work to do to ensure our programme and collections, as well as our staff and board, reflect the diversity of the society in which we live. We are committed to making Pallant House Gallery a safe, welcoming and inspiring place for everyone. Examples of actions which took place across different areas of our programme and operation in 2020/21 were:

- We have diversified the membership of our Board in terms of age and heritage: Aki Abiola joined the Board of Trustees in December 2020 and Mahtab Hussain joined in March 2021. A new advisor from an ethnic minority background was recruited to our Collection and Exhibition Advisory Group.
- The Gallery's Collections Development Policy was updated to include the following wording: "Through selective acquisition we will continue to work to increase the diversity of our collection, focusing on identity, race and representation and finding new opportunities to amplify the voices and creativity of under-represented artists and address omissions in our

holdings to enable new and critical reinterpretations of our collection and ensure that we can present a narrative of British art from a contemporary perspective that is representative of the wider community." This was formally approved by the Board of Trustees at the December 2020 meeting.

- The Gallery undertook a review of archive records relating to collections and the historic Queen Anne townhouse (built in 1712-13) for any connections to the transatlantic Slave Trade. The research did not find any direct links and the report is available to download from the Gallery website here.
- The Gallery completed an anonymised web-based Equality and Diversity Monitoring Survey for all staff in July 2020, which forms the baseline by which we will measure our future success in diversifying the workforce. (This was followed by anonymised monitoring surveys for the Board, Committees and Advisory Groups members in Summer 2021 and will also be extended to include Gallery volunteers).
- The Gallery developed a new Recruitment & Selection Policy (approved in Summer 2021) to ensure our recruitment processes are fully inclusive, communicated as widely as possible and are welcoming to candidates from protected characteristics. As part of the development of this, we also reviewed our Equal Opportunities Monitoring processes for recruitment and have moved towards an anonymised system to encourage greater take up of reporting. The Gallery will increase analysis of this data in future to understand patterns and barriers to applicants for positions in the arts.
- The Equality and Diversity Action plan was updated to take into account advice and guidance in the light of the Black Lives Matter movement in 2020.
- We arranged Inclusive Leadership training for all staff and Trustees (which took place in April 2021) The Gallery featured a sustained focus on Black British artists in its social media, blogs and e-bulletins, including resources, a quiz on Black British artists as part of the Gallery's ongoing Friday night quiz programme on Instagram and content specifically for Black History month including a blog on the history of Manet's model Laure.
- The Gallery was a signatory to the CVAN South East Anti-Racism statement and is working with the network on future steps for arts organisations across the South East region.
- The Gallery critically reviewed its permanent collection of British art from the perspective of diversity, and this has reinforced our commitment to increasing the diversity of the collections, and how ethnic diversity is recorded on our collections database systems to facilitate future planning of collections displays. Works by Black artists were prioritised for conservation and mounting to ensure that they are ready to go on display in future collections displays.
- Two photographs by Black British photographer, Joy Gregory, were included in the Gallery's permanent collection displays on re-opening in August. This was followed by an interview with her on the Gallery blog and social media.
- Works by Chris Ofili, Tai Shan Schierenberg and Anish Kapoor were donated to the Gallery through the Golder – Thompson Gift. Further works by Sonia Boyce, Claudette Johnson, Lubaina Himid, Yinka Shonibare were acquired with the Gallery's Acquisitions Fund. The Gallery was the first public museum to acquire a painting by Rachel Jones, with the support of the Contemporary Art Society Rapid Response Fund.

Audiences

An entrance ticket gives access to both the permanent collections and temporary exhibitions in the historic House and the New Wing.

In order to meet its charitable aims, the Gallery seeks to be open and available to all and encourages participation by all. There is an entrance charge that generates revenues equivalent to around 10% of the Gallery's overall operating cost, so entrance is heavily subsidised even for those paying and there are wide-ranging concession categories.

Children up to the age of 18 years, students, Jobseekers, DLA, ESA, PIP and Carers with a registered disabled person are permitted free entry with a valid ID. Concessions are also available to members of organisations such as Art Fund.

The Gallery introduced a new discount for NHS Blue Lightcard holders as a way of saying thank you following the pandemic.

The Gallery was forced to close to the public for much of the financial year in response to the Covid-19 pandemic: from 17 March to 5 August 2020 and again from 24 December 2020 to 18 May 2021. When it was able to open, it was with reduced hours (closing at 4pm, with no late night openings) and with limited number of timed tickets to achieve social distancing. As a result, in 2020-21 the Gallery attracted a total visitor numbers of 15,500, a 73% decrease from the previous year's 57,143 visitors.

Audience profiling

The Gallery collects data on our audiences using Audience Finder[1] surveys. The data below was collected from these surveys between September 2020 and July 2021 as pandemic closures prevented Audience Finder from sampling our audiences in the first half of 2020.

Summary of Audience demographics (based on Audience Finder survey results)

Gender:	67% female, 33% male
Ethnicity:	White 98%
Disability*:	94% non-disabled, 6% disabled
Age representation:	Ages 16 – 54; below regional representation Ages 55 – 65+; well exceeds regional representation

*self-identify as a D/deaf or disabled person, or one with a long-term health condition

Audience behaviours and motivations

As a result to shifting audience behaviours during the pandemic, we saw a significant drop in first time visitors but a rise in repeat visitors. Covid restrictions and personal preferences meant that the audiences tended to stay local.

[1] Audience Finder is a free national audience data and development tool, enabling cultural organisations to understand, compare and apply audience insight. This analysis is of admissions visitors to the exhibitions and collections, and excludes event participants.

A "Collection of Collections"

Collections Development

412 artworks were acquired for the permanent collection, including 162 new works by female artists, bringing the gender ratio to 22.09% women artists, and 8 new acquisitions by Black and ethnic minority artists

2021 Model Art Gallery

In response to covid-19, in April 2020 during the lockdown the Director wrote to over 30 contemporary artists to commission miniature artworks for the 2020 Model Art Gallery (unveiled in June 2021). These were John Akomfrah, Michael Armitage, Rana Begum, Bob and Roberta Smith, Pablo Bronstein, Cecily Brown, Glenn Brown, Michael Craig Martin, Dexter Dalwood, Tacita Dean, Kaye Donarchie, Nick Goss, Lotar Götz, Maggi Hambling, Lubaina Himid, Damien Hirst, Gary Hume, Michael Landy, Hew Locke, Magdalene Odundo, Julian Opie, Grayson Perry, Cathie Pilkington, Fiona Rae, Sean Scully, George Shaw, Caragh Thuring, Gillian Wearing, Rachel Whiteread, Clare Woods, Rose Wylie, and Toby Zeigler. Wright and Wright Architects designed the model gallery and Baxters Model makers constructed the model. The 2021 Model Art Gallery forms part of the Masterpieces in Miniature exhibition in 2021-22 with a future tour planned and forms part of the Gallery's strategy to bring back children, schools and families after the covid pandemic.

MJ Long Acceptance in Lieu

An outstanding collection of Pop art and British figurative art was acquired in March 2020. 175 pre-eminent paintings, drawings, prints and sculptures were allocated to the Gallery from the estate of the architect MJ Long via the Acceptance in Lieu (AIL) scheme, run by the Arts Council. The Wilson collection includes celebrated works by some of the most important figures in Modern British art, including Frank Auerbach, David Bomberg, Antony Caro, Patrick Caulfield, Richard Hamilton, David Hockney, Howard Hodgkin, R.B Kitaj and Eduardo Paolozzi. The acceptance of the group settled £3,469,836 of tax. The Wilson collection was formed by the renowned American architect MJ Long, Lady Wilson, OBE (1939 **–** 2018) and her husband, British architect Sir Colin St John Wilson RA (1922 **–** 2007), who are best-known as the architects of the British Library and the architects of Pallant House Gallery's New Wing. Together they formed one of the most significant collections of post-war British art reflecting their close friendships with the leading artists of the period. The 175 artworks represent Pallant House Gallery's most important acquisition of the past fifteen years and join a previous notable donation of over 400 artworks by the couple through Art Fund in 2006. Together these acts of philanthropy mean that Pallant House Gallery now has one of the most significant international public collections of British Pop art.

Subsequent to the year-end covered by this report, this acquisition won a prestigious global award for the Gallery.

Elisabeth Frink

In 2020, 119 sculptures, prints and drawings by Elisabeth Frink were provided to Pallant House Gallery in accordance with the wishes of the artist's late son, Lin Jammet, (2020). The Gallery was one of a number of institutions receiving works from the estate and this enables it to better represent women artists, and particularly sculptors.

Acquisitions 2020/2021

Schedule of works from the Frink Estate	119
Works Accepted in lieu of Inheritance Tax by HM Government from the estate of MJ Long / Wilson and allocated to Pallant House Gallery, 2021	175
Other works acquired through donation/gift/transfer	95
Artworks purchased by Pallant House Gallery	23
Number of new works by women artists (number of individual artists)	162 (27)
% of new works by women artists	39.32%
Number of new works acquired by men (no. of individual artists)	250 (86)
% of new works acquired by men	60.68%
Number of new works by Black, Asian and Ethnic Minority artists (number of individual artists)	8 (8)
%	1.94%
Number of newly represented artists	52

Collection statistics	2019/2020	2020/2021
Total number of artists represented in the collection	826	878
Total number of male artists (%)	655 (79.29%)	684 (77.9%)
Total number of female artists (%)	171 (20.70%)	194 (22.09%)
Total number of Black, Asian & Ethnic Minority artists (%)	24 (2.9%)	38 (4.24%)

Model Art Gallery (not included above)	**%**
Total acquisitions: (Julian Opie 6 works as 1 x work)	**38**
Newly represented artists	**18**
Female artists new representation	**9**
Black, Asian, Ethnic Minority artists new representation	**6**

Conservation and care

Pallant House Gallery provides the best and most appropriate care for its pre-eminent collection of Modern British and international art, this plays a central role in helping the institution achieve its core aims and objectives, ensuring that the collections are cared for and maintained in conditions intended to preserve and extend their physical integrity for the enjoyment and benefit of diverse audiences and users.

The ongoing programme of conservation is led by requirements of new acquisitions, collection displays and external loans.

In 2020 we completed a project to conserve the major new acquisition Édouard Vuillard, *Modèle assise dans un fauteuil, se coiffant* (c.1903) funded through the Gallery Friends and private donations. Such projects raise public awareness and interest in the on-going care of the collection and 'behind the scenes activity, and also help to ensure our collection is preserved for future generations.

Seventeen works on paper were mounted and conserved for the exhibition *Degas to Picasso: International Modern Masters* and three works on paper were mounted and conserved for the exhibition *Richard Hamilton: Respective.*

External loans Programme from Collection

The quality and importance of the collection is demonstrated by the volume of requests and the calibre of the exhibitions and borrowing institutions we support through loans. External loans are an important strategy in raising the profile of the Gallery and its Collection, bringing our works to a wider audience, building relationships and reciprocal lending opportunities; supporting conservation through the preparation of works for loan and keeping our Library Collection relevant through the monographs and other publications provided as part of our Loan Agreement.

Due to covid-19 during 2020-21 numerous exhibitions to which we were due to lend works were cancelled, however the Gallery still supported exhibitions at IVAM in Valencia, and the Ben Nicholson exhibition at Piano Nobile.

Collections and Loans Insurance

In addition to existing loan collections covered by the Government Indemnity Scheme (GIS), during 2020-21 GIS was confirmed for two major loan collections, in addition to individual works accepted as long loans in 2019.

In consultation with the Audit and Risk Committee, an insurance revaluation was started in 2020 with focus on major long-term loans and works without existing values in place. This is being carried out on a pro bono basis by Gurr Johns and phase one will be completed later in 2021.

Interpretation and wayfinding

During 2020-21 the implementation of new labelling following brand guidelines was completed and funded as part of the Arts Council Small Capital Grant. This labelling has enabled us to improve the accessibility and legibility of our interpretation next to works of art, with long-labels providing additional information of many permanent collection works.

In summer 2020 the Gallery implemented a one-way visitor route and way-finding in response to covid-19. The internal doors within the Gallery were adapted to keep them open, improving access, with automatic closers in the event of a fire.

Library and archive

Pallant House Art Reference Library and Archives support the work of all Gallery departments as well as external curators, students and researchers.

The Art Library holds over 18,000 books; a comprehensive collection of artist's monographs, books and exhibition catalogues including a Special Collection containing items that are rare, unique or hold value in being preserved in their original format. These are supplemented by ephemera and archive materials to support research into and engagement with modern British art and the Gallery's collections. An archive of material relating to Pallant House Gallery, its history and architecture, can also be accessed by visitors and researchers.

The Art Library and Archive is managed by the Librarian (2 days per week) with the support of regular Library volunteers. The Art Library is included in the published guide to Chichester area libraries and archives in association with Chichester Research Libraries and Archives Collections Group and further promoted on the accompanying website. Use of the Library is by appointment but visitors may access the Reading Room, which holds a small reference collection including copies of the Gallery's exhibition catalogues.

Due to Covid-19, the Art Reference Library and Archives were closed to visitors and researchers on 17 March 2020, and the Librarian was furloughed. The size and layout of the Library and Reading Room

and the nature of their operations required additional Covid-19 safety measures to the rest of the public spaces.

In response to the Gallery's Anti-Racism Plan books on Black British artists were acquired in order to diversify the Library's holdings and as a resource for staff, volunteers and researchers

Environmental & security

Throughout the covid-19 pandemic the Gallery was able to continue to meet environmental and security conditions of the Government Indemnity Scheme [GIS]. The scheme provides cost-free indemnity cover to borrowing institutions to enable the public display of art and cultural objects that might not otherwise have been shown due to the high cost of commercial insurance. Regular checks of all the gallery spaces and stores continued throughout the lockdowns thanks to a dedicated team of Duty Managers.

Part of the Gallery's Covid security measures since reopening to the public have required us to make changes to our usual environmental controls. Internal doors within the galleries are left open to reduce touch points and improve air flow and the ventilation system in the New Wing is now bringing in 100% fresh air (instead of a mix of fresh and recirculated air) to reduce the risk of airborne transmission. Environmental levels are being closely monitored.

Exhibitions 2020-21

Spring Season 12 March – June 2020 [Rescheduled: 5 August- 1 November 2020]

Owing to the pandemic the Spring 2020 exhibitions closed at the beginning of March after only 3 days open to the public. Extensions to the loans were successful re-negotiated and we were able to re-open the exhibitions in August 2020 and extend them until November 2020 enabling the exhibitions to be seen. They have proved very successful with both visitors, critics and the press, and were seen by about 13,000 visitors. The Gallery extended its opening hours for the final week of the Barnett Freedman exhibition in order to meet demand for tickets.

However, the impact of the pandemic on Gallery finances have led us to review our future exhibition programme. It will be reduced by one Season per year for the next two years and two major exhibitions have been postponed; Ben Nicholson to late Spring 2021 and Glyn Philpot to 2022. New exhibitions will be curated from works in the Gallery's permanent collection. Fewer large temporary exhibitions and fewer external loans will significantly cut costs and demands on staff. Smaller displays will be staggered throughout the year to attract repeat visitors and press coverage.

Barnett Freedman: Designs for Modern Britain was the first major exhibition of the life and work of artist Barnett Freedman (1901 – 1958) in over fifty years and reflects the Gallery's commitment to showcasing over-looked or underrepresented artists within Modern British art. Curated by external curator Emma Mason, the exhibition includes paintings, drawings, lithographs, book jackets and illustrations and commercial designs. The variety of work on display had mixed appeal; for a fine art audience as well as a broader audience interested in commercial and graphic design.

Exhibition catalogue was commission that included contributions from six authors and the re-print of key texts written by Barnett Freedman.

A short film was commission on the Barnett Freedman exhibition that was shared via the Gallery's social media platforms.

A gift to the Gallery of five works by Barnett Freedman from Emma Mason (the curator of the exhibition) to enable the gallery to have a small holding of his work as a legacy of the exhibition

Drawing on the strength of the Gallery's permanent collection, *An Outbreak of Talent: Bawden, Marx, Ravilious & their Contemporaries* presented work by Barnett Freedman's fellow Royal College of Art students in the 1920s. Using the collection to provide enhanced context to a temporary exhibition or artist or else to expand on a theme ensures an active approach is taken to presenting the collection. *A Life in Art: The Muriel Wilson Bequest* enhanced the Gallery's unique status of 'collection of collections', exhibiting the recent bequest of work by Muriel Wilson, a female collector, first wife of Prof. Sir Colin St John Wilson, former Head of Visual Arts at the British Council and long-time supporter of the Gallery.

Drawn to Nature; Gilbert White and the Artists celebrated the tercentenary of the birth of Gilbert White; his book '*The Natural History of Selborne'* was first publication in 1789 and has remained in print ever since. The exhibition showcased different editions of the book together with original prints and drawings by Modern British artists including Eric Ravilious, John Nash, Gertrude Hermes, Clare Leighton and John Piper. In addition, eleven contemporary illustrators and printmakers were commissioned to make new responses to Gilbert White's writings and these were displayed in the Garden Gallery. Works include wood-engravings, linocuts, watercolours, collages and stone carvings by the following: Christopher Brown, Neil Bousfield, Mark Hearld, Clive Hicks-Jenkins, Michael Kirkman, Ed Kluz, Angie Lewin, Alice Pattullo, Emily Sutton, Jo Sweeting and Tristan Sherwood. This exhibition, curated by the Director, offered audience several interesting links to the current temporary exhibition, a local connection and contemporary interests.

A 15 minute film was commissioned from Beach to Beech films, funded by the South Downs National Park, and featuring Simon Martin, artists Christopher Brown and Jo Sweeting, with actor Hugh Bonneville providing voiceovers for Gilbert White. This will be released during the 2021-22 financial year to promote the book and deepen digital content.

With the decision to postpone *Ben Nicholson: From the Studio* (until 2021) and *Glyn Philpot* (until 2022), we took the opportunity to create three new exhibitions drawn from Pallant House Gallery's collection:

Due to the national lockdowns the winter exhibitions were open from 5 December to 24 December 2020, and closed until the end of the financial year, reopening in May 2021,

Degas to Picasso: International Modern Masters (Open: 5 – 24 December) drew on the substantial holding of international work in the collection from 1850 until 1970, including paintings and works on paper by over 45 international artists. The exhibition gave us the opportunity to undertake further research and necessary conservation treatment on works in the collection. The exhibition also reconsidered the stories behind how these works came to be in the collection. This fascinating aspect of the exhibition was the theme to the Gallery's first online lecture given by the Director to an audience of over 300 in January 2021.

Richard Hamilton: Respective: This in-focus exhibition presented a selection of key works from the Gallery's collection by this leading figure in British art. His interest in Modernism and the work of Marcel Duchamp created an interesting accompaniment to *Degas to Picasso* exhibition in the adjacent galleries. The exhibition also drew extensively on the unique holding of material in the Colin St John Wilson archive. It was sponsored by Cristea Roberts Gallery. This exhibition was the subject of an online talk by Head of Exhibitions in February 2021. A legacy of the exhibition was the gift of *Marcel Duchamp 'Oculist Witness'* Etching, 1967 from a private collector.

In the Print Room, we showcased *Christmas Greetings by Modern British Artist*. An exhibition of artist's Christmas cards dating from 1930s to the present day. Drawn from the gallery's collection, including the extensive holding of artists material in the Colin St John Wilson archive, supported by a small number of loans from private collectors. The exhibition also led to us working with a local designer for

the pattern paper used in the installation. As it was open for only two weeks this exhibition will be restaged in November – December 2021.

Exhibition catalogues

The Gallery publishes high-quality publications to accompany and provide a lasting legacy for its exhibitions, commissioning and sharing new research on Modern British art and artists. These reach an international audience of academics, students, libraries, gallery visitors, collectors, curators, art industry, and general art interest, and bring a significant commercial income to the Gallery and Bookshop.

During the 2020-21 financial year the Pallant Bookshop sold 1072 copies of the book accompanying the exhibition *Barnett Freedman: Designs for Modern Britain* featuring contributions from Gill Clarke, Emma Mason, Simon Martin, Fraser Muggeridge, Ian Rogerson and Michael Twyman.

Work began on the research, writing and planning of the book *Drawn to Nature: Gilbert White and the Artists* by Simon Martin, to be published in autumn 2021.

Public Programmes

Our wide range of creative opportunities for people of all ages and backgrounds helps them to discover how art can have a place in their lives. Our Public Programme aims to ensure everyone feels welcome at the Gallery and our activities show the benefits of leading a creative life whilst providing opportunities to do this. Through delivering activities (programmes for all ages) the aim is to increase number and diversity of visitors to better reflect local, regional and national populations.

Given the increasing success and the momentum of the Public Programme over the last few years, it was a huge disappointment that the Covid-19 pandemic prevented the majority of planned activity in 2020/21. Even after the Gallery reopened in August, social distancing requirements meant that physical events would not be financially viable, even if audiences felt comfortable attending.

A key development during 2020-21 was the shift into digital events, which launched alongside our Winter Season of exhibitions during the lockdown. In addition to serving our core audience, it has been an exciting opportunity to engage with new audiences. Over 900 tickets sold in total for the first two talks. In addition, the Director and Head of Exhibitions took part in five other online lectures and symposia with partners including *House & Garden Magazine*, *Masterpiece Art Fair*, Keats-Shelley Memorial House, Art UK and Draw Brighton in order to expand audience reach.

Formal learning opportunities

Due to the pandemic, during 2020-21 there were no pupil/ student visits or Schools in Residence. However, the Learning Co-ordinator delivered a series of online workshops to KS3 students during the autumn term.

As part of our ongoing partnership with the University of Chichester, we ran a collaborative project between students and group of our Community Programme participants between February – May 2021.

Over summer 2021 the Public Programme team surveyed local schools, colleges and universities about our existing offer and areas we could develop. We had a very positive response and feedback from teachers and course leaders demonstrated that they are keen to resume visits in the Gallery. There was a strong emphasis on practical workshops and creating long lasting connections between educational organisations and the Gallery. We will launch a refreshed offer in late 2021 but schools have been invited back for self-led visits; over 200 students visited during September and October.

Children, young people and families programme

With the Covid restrictions, no family workshops took place at the Gallery, however, we developed 14 home-learning packs inspired by the permanent collection were released for free via the website, ebulletins and social media. These focussed on works in the permanent collection, including a cut-out robot inspired by an Eduardo Paolozzi robot sculpture, a jumping jack inspired by the Gino Severini dancer and a modern art fish tank model and they were downloaded 803 times, and even featured in the *Telegraph* and *World of Interiors* as examples of creative activities for families during lockdown.

The Pallant Arts Award Club [PAAC] ran from September 2019 – July 2020, with monthly workshops led by artist educators. These sessions moved online in March 2020. PAAC ran at capacity with 13 participants (aged 8-14) and certificates were awarded at the following Arts Award levels: Discover (6), Explore (3) and Bronze (2). Participants' work was displayed in the Studio during the Gallery's Open Weekend in September 2021 and the Director formally presented them with their certificates. The demand for and success of PAAC has lead us to review our delivery model, with the aim of increasing the number and capacity of sessions available in future. It will be relaunched in early 2022.

Community Programme

The Community Programme worked closely with 194 participants, with a high percentage of these from Chichester District (at least 80%).

Continuing the Gallery's Community Programme in some form during lockdown was an immediate priority. It supports adults with a range of support needs - many of whom already suffer social isolation - so it was important to keep participants connected to each other and the Gallery, and to help them sustain their creativity and individual art interests. In order to faciliate this, the Community Programme Manager remained working part-time while the rest of the Public Programme team were furloughed.

- A 'Telephone Partners' scheme was set up based on our successful Partners in Art model and, through our close links with Chichester Social Prescribers, an additional four referrals were made in the first three months.
- A new Community Programme Facebook group (monitored and moderated by staff) was created for members to share artwork and ideas. It grew to include 58 active members and continues to be a successful form of communication and sharing art work even after lockdown.
- Over 100 packs of art materials were sent out to encourage creative activities. These were extremely well received. The following quote is indicative of the responses of many recipients:

  "I am just writing to tell you just how much receiving your two very special parcels has meant. Not only did they lift my spirits in their own right, they were all the more special for getting to me on Valentine's day. Miraculously through just holding the paper and looking at the tubes of pure colour, I actually started to feel happy for the first time in a year! Pallant spreading the love, alongside the creativity as ever! I really cannot thank you all enough."
- An on-line exhibition of Community Programme members work was held, with works shared on the Gallery's social media accounts.
- As soon as the Gallery reopened in August 2020, one to one visits were offered to Community Programme members and their carers on Mondays, when the Gallery was closed to the general public; 56 visits took place.

Community Programme/ Chichester University collaboration

A series of 12 online Creative Sessions for CP members started in February 2021, led by Chichester University students. Each of the six CP participants created a final artwork inspired by the course and the two students have created an online resource which will be live on the Gallery website soon.

- Feedback from the CP members has been very positive:

  "My favourite aspect was sharing ideas with others and meeting people on Zoom when we have been isolated for so long"

  "It got me in the mood and gave me inspiration to do more art"

Socially-distant workshops have restarted following the Gallery's reopening in Summer 2021.

All Souls: The Outside In Co-Commission 2020

The Gallery's bi-annual co-commission with Outside In, which had been due to exhibited at the Gallery in Autumn 2020, was postponed due to the pandemic. However, an open call for entries took place in October 2020, with entrants responding to the theme of spirituality and in particular the work of Madge Gill (a widely celebrated self-taught artist known for the thousands of intricate, spiritual ink drawings she produced during her lifetime). 52 submissions were received from the UK and abroad. One of the Gallery's Community Programme participants, Julia Oaks, was selected by the panel. She received a £5,000 bursary to undertake the commission and her works was displayed in the Print Room, alongside those of Madge Gill, when the Gallery re-opened in May 2021.

Communications

The Gallery's core values; Connecting and Collaborative, Bold and Ambitious, Open and Welcoming, Outstanding quality are used to help form and deliver the Gallery's Communications strategy. The values are communicated as strongly externally as they are upheld internally.

With reaching the widest possible audience at the heart of what we do, we are constantly evaluating and deepening our knowledge of our audiences, both established and emerging, to ensure we are identifying, targeting and communicating with each audience segment as effectively as possible, enabling the Gallery to expand into new areas of growth whilst sustaining our core visitor engagement.

The Gallery increased its communications activities significantly during lockdown, as our eBulletins, website and social media channels became our primary methods of engaging audiences and delivering our charitable aims. These included creating weekly eBulletins with a "menu" of articles to read, talks from our archive to listen to and creative activities that could be done at home.

We doubled the frequency of our blog posts from monthly to at least fortnightly, subsequently increasing the number of page views by over 60% since the beginning of the year.

We adapted our website so that it was rich with content for browsing, creating a new sections with information about our collection and another offering creative activities for families while home-schooling. These activities were extremely popular and one activity – making a Pop-Art inspired robot – was featured in national newspapers and magazines (World of Interiors and i online).

The Gallery's Instagram audience has grew by over 20% since March 2020 (from 17,653 to 21,444 followers) and our weekly art quiz during lockdown regularly attracted 800+ responses (usual average audience for Instagram stories approx. 500).

Understanding our Audiences

We now have Spektrix data, Google Analytics, digital advertising, social media and eBulletin data in addition to our Audience Finder and in-house surveys and more informal feedback.

As highlighted in the 'Audiences' section of this report, the integration of the Audience Agency's 'Audience Spectrum' into Spektrix enables us to report on our visitors using their audience segmentation and also to send targeted eBulletins to those different segments.

As a result of the pandemic, digital audiences have grown significantly in 2020-21:

	March 2021	March 2020	Gains #	Gains %
Instagram	22,674	17,653	+5021	+28%
Facebook	6,172	5,840	+332	+6%
Twitter	18,647	18,348	+299	+2%

We are currently surveying our digital audience in order to understand them better and gather the audience information we need to build a strong digital strategy and set benchmarks to accurately monitor our success.

Content Strategy

The Gallery's Content Strategy had to evolve during 2020/21 in response to Covid-19 and the changing circumstances of the Gallery and our audiences. We focussed more time and resources on creating absorbing content for consumption at home, enabling us to reach audiences who may not be able to visit and also engaging those who are not yet familiar with our work. As consumer engagement with digital content has skyrocketed during the lockdown, and with certain trends appearing here to stay, the Communications department has adapted their digital content plan to create an expanded programme for 2021 including films, podcasts and digital events.

Key new developments were the creation of filmed tours of the Barnett Freedman exhibition with the curators, which were realised on digital channels.

Magazine

In 2020-21 two editions of the Gallery magazine were published, enabling us to connect with Friends, particularly the elderly who were not digitally connected. During the pandemic the focus shifted to telling stories of how the Gallery had connected with its communities and continued its work during the pandemic.

Magazines are distributed to the c.4000 Friends as part of their membership package, given to key stakeholders and available for sale on the Gallery's reception desk.

Press

The Gallery worked with external PR company, Rees & Company, on our press campaigns.

The Gallery received over 200 items of press coverage during the year, including substantial coverage on the major exhibitions including 5* reviews in *The Telegraph* and 4* in *The Observer* for the Barnett Freedman and Gilbert White exhibitions:

> *"These two Pallant House exhibitions are wonderous things, bursting with life and details. Escape you domestic imprisonment and go and see them"*

Lucy Davies, The Telegraph, Aug 2020

The Gallery Director, Simon Martin was interviewed on BBC Radio 4's Today Programme In June 2020 talking about the impact of closure and the challenges of reopening. In addition, there were profiles on the Director in *The Telegraph* and his home in *Home and Antiques Magazine.*

Tourism

When the Gallery reopened in August 2020 the focus was aimed at local audiences, but audience data revealed that visitors were attracted from across London and the South East.

- We were delighted to have been awarded the Tripadvisor Traveller's Choice Award in both 2020 and 2021 for consistently earning top reviews and being ranked in the top 10% of properties worldwide on Tripadvisor.
- The Gallery received a £2,000 grant from the South Downs National Park Authority to support a short film (released in 2021/22) which accompanied our Drawn to Nature exhibition. We have also worked with them, and technical partner ATS Heritage, to adapt our Ivon Hitchens walk (produced as part of our Hitchens exhibition in 2019) as a feature of their 'In their Footsteps' app. Again, this is due for release in 2021/22.
- Along with CDC and CFT, we are one of the partner organisations involved in the development of the Season of Culture 2022 [branded **CultureSpark** Chichester 2022]. The Director and other members of Gallery staff are contributing to the strategic and operational development of the initiative in advance of delivery in 2022.
- We remain involved with the Sussex Modern cultural tourism network and the 'England's Creative Coast' project (funded by ACE's Cultural Destinations programme, UK Government and Visit England's 'Discover England' fund) although the pandemic severely limited their activities in 2020/21. We anticipate that this will increase again in 2022/23.

Buildings & facilities

Pallant House Gallery has one of the most distinctive architectural settings of any modern art museum: a combination of a Queen Anne townhouse and a modernist gallery, which sits at the heart of a historic conservation area in Georgian Chichester. The townhouse, built in 1712-13, is recognised as being of exceptional interest both for its Grade I-listed red-brick exterior and Grade II* railings and forecourt, and its panelled interiors, including a remarkable carved wooden staircase. It is almost unique as a furnished Queen Anne domestic building in which Modern and Contemporary art can be experienced. The modern extension, which opened in 2006, was designed by Long & Kentish, in association with Prof Sir Colin St John Wilson, the architect of the Grade I-listed British Library. It has received much praise for its bridging of historic and modern spaces, with references to international modernists such as Alvar Aalto and Hendrik Berlager. We were the first museum in Britain to feature a sector-leading environmentally-sustainable geothermal heating and cooling system.

Prior to reopening in August 2020, we undertook detailed Covid risk assessments in relation to all areas of our operations and as a result the Gallery was awarded the Visit Britain's *We're Good To Go* kitemark. Health and safety and social distancing measures were implemented for both visitors and staff and the following changes were introduced:

- Perspex safety screens at till points on the Welcome desk
- A one-way system throughout the building to help flow of visitors and aid social distancing
- A re-hang of works in the historic House to create more space, and the closure of two rooms

- Signage and Covid-related guidance at main entrance and other key locations
- Doors into galleries left open to reduce touch points and congestion
- Changes to ventilation to bring more fresh air through the galleries in the New Wing
- Foot-operated hand-sanitising stations at key locations in the building
- Café seating in the Garden Gallery was removed
- Toilets restricted to two users at a time, with paper towels instead of hand-driers
- Enhanced cleaning regime

Care, maintenance & security

During the lockdown periods a major redecoration of the interior of the historic house took place, with the entrance hall, landing and Room 6 redecorated in an off-white colour, creating a much lighter and more neutral setting for the display of modern art.

Repairs to the historic townhouse were carried out by Chichester District Council, including to the roof and spalling brickwork in the basement.

Access Audit & improving physical access to the Gallery

Automatic door closers were fitted to internal doors in the house to improve access for those in wheelchairs.

The 1934 and 2000 Model Art Galleries were reduced in height and viewing panes increased in height to improve access for children and those in wheelchairs.

Systems, processes and technology

Following the closure of the Gallery and subsequent lockdown, staff were advised to work from home wherever possible. This was facilitated by the Remote Desktop Server, specialist web-based software (such as Spektrix and Xero) and video-conferencing platforms such as Zoom. The Gallery developed a draft Homeworking Policy (in consultation with our HR consultants and insurers) which was approved by the Board in December 2020. Staff were required to complete a health and safety assessment of their home working environment and equipment, with the Gallery providing additional equipment if necessary.

Arts Council Small Capital Grant

During 2020/21 we worked with Wright & Wright and Max Fordham on improving light-levels and lighting in the new wing, and on plans to overhaul environmental controls and improving UV controls, blinds and light-levels in the historic house.

In response to the pandemic, the Arts Council extended the Small Capital grant deadline by 12 months to 31 March 2022, allowing us to proceed with the proposed works in 2021/22.

Statement of Significance & Conservation Management Plan

During 2020-21 we worked with our Heritage Consultants Alan Baxter and Associates on the creation of a Statement of Significance and Conservation Management Plan for Pallant House Gallery, which is due to be completed in the next financial year and which will be used to plan the future care, conservation and interpretation of the distinctive architecture on the site including a Grade 1 listed building.

Environmental sustainability

The Gallery is committed is playing a positive role in securing a sustainable future for environment, by reducing energy use, encouraging recycling and taking positive steps for the organisation.

The Gallery's annual Sustainability Report 2019/20 (as submitted to Julie's Bicycle in May 2021) demonstrated a 6 tonne reduction in our CO2e output over the year. The lockdowns which took place throughout 2020/21 reduced our energy use; demand upon heating and cooling plant and humidification equipment was much lower and lighting was not required when the Gallery was closed. The Gallery's total electricity bill fell by 14% in 2020/21 despite an overall increase in electricity prices.

In June 2020, the Gallery replaced two fifteen year old gas-powered humidifiers with significantly more efficient electric models. In addition to using less energy, they are easier and less expensive to maintain and provide improved control over the levels of relative humidity in the new wing galleries. A new reverse osmosis unit has also been installed, again replacing an ageing and inefficient system.

Plans to upgrade to a more energy-efficient LED lighting system in the New Wing were developed during 2020/21, and the competitive tender process to appoint contractors began in March 2021. (Local company Haddow Electrical Ltd were subsequently appointed and installation of the new LED lamps will take place in the second half of 2021/22.)

Stage 2 of this project will focus on lighting improvements in the historic House, alongside the fitting of more efficient and effective environmental controls and CCTV. The Gallery continues to work with architects Wright & Wright and engineers Max Fordham to develop the scheme and hopes to proceed with the necessary planning applications and subsequent installation in 2022/23.

Despite the numerous challenges of the pandemic, it has led to significant reductions in our consumption of energy, materials and services:

- The Gallery has been taking steps to reduce our use of paper and printer consumables, and to minimise the impact of our paper use over previous years; by moving to a paperless accounting platform, Xero, and switching to recycled paper in 2019/20. However, it is quantity of A4 paper purchased fell by 68% in 2020/21 (from 154 to 50 reams) as staff has limited access to printers and became more comfortable using exclusively digital documentation. We will continue to monitor our paper consumption and encourage staff to continue this positive trend.
- With the majority of staff working from home during 2020-21, both employee travel to and from the Gallery, and travel on Gallery business was dramatically reduced. The widespread adoption of video-conferencing for both internal and external meetings has continued to the present time and we do not anticipate that this will be reversed.
- Changes to the Gallery's exhibition programme and less reliance on external loans will also reduce the environmental impact of our temporary exhibitions. Our temporary exhibition *Degas to Picasso: International Modern Masters* (Dec 20 – Jun 21) was comprised entirely from the Gallery's collection and therefore required minimal transport. (By comparison, *Radical Women: Jessica Dismorr & her Contemporaries* (which opened in autumn 2019) included 100 external loans, some of which travelled from as far as Belgium, Edinburgh, Manchester and Sheffield.)

Commercial activities

The Pallant Bookshop and Gallery Restaurant and Café were closed for much of the year due to the covid-19 pandemic. We provided concessions on rent to both commensurate with the closed periods.

Although this resulted in lost revenue, we were keen to support our partners and to ensure the continuity of a high-quality offer to visitors when they returned.

During 2020-21 two Gallery Christmas cards were produced featuring Ben Nicholson and Barnett Freedman designs, to support the Gallery's Community Programme.

Pallant Café & Restaurant

The catering facility is operated as a franchise by the Sussex Bar and Food Company, with a rental agreement providing the Gallery with rent linked to turnover. The contract is due to be renewed in 2022.

Both the Café and Restaurant closed in March 2020 and reopened in a different configuration when the Gallery reopened at the beginning of August, with the closure providing the operator an opportunity to review its existing operations. Prior to lock down, the operational costs of the Restaurant meant that it was under performing against the Café in the Garden Gallery. When the Gallery reopened in August, the catering offering was consolidated into the Restaurant and Courtyard, with a simpler café-style menu geared to the Gallery's daytime visitors. Good weather and high number of visitors to the Gallery led to good sales in between August and October as customers were able to use the additional seating in Courtyard garden. It remained closed in November, and after 24 December to the end of the financial year.

During the third lockdown in winter 2021, the Pallant Café ran a Friday Lunch Club delivering meals to the elderly and vulnerable in return for donations to Pallant House Gallery; 800 meals were delivered.

Pallant Bookshop

The Bookshop is an independent franchise operated by Nicholas and Caroline Higbee, who are stakeholders within the Gallery, and work closely in parallel with the Gallery's programme and exhibitions. The Bookshop Director sits on the Gallery's Collections and Exhibitions Advisory Group.

The Bookshop is the primary point of sales for the Gallery's publications, postcards, collection prints and other merchandise based on the collections and exhibition. In addition, the Pallant Bookshop is the leading specialist bookshop for Modern Art Britain art and design, with extensive stock of both new publications and exhibition catalogues, rare books and first editions, artist-illustrated and limited-edition prints. The Bookshop also stocks ranges for children and young people, gift ranges (from mugs to tea-towels), greetings cards and postcards.

The Bookshop contributes a rental income and pays a commission to the Gallery on its products. The Bookshop has a separate staff structure, with a separate office in the Pallant. Gallery stock is held on site, but the Bookshop has separate off-site storage. The Bookshop e-bulletin mailing list has 6,000 subscribers and approximately 30% of their income (pre-Covid) is derived from web sales. There is potential growth for extending the Pallant House Gallery brand in the USA and to international clients who are lovers of Modern British art.

In addition to the Barnett Freedman publication, the Gallery commissioned a mug and tea towel based on his designs to generate additional commercial income from the exhibition. A second run of both the mug and tea towel were ordered in October 2020.

Fundraising

Pallant House Gallery actively seeks philanthropic support from a wide variety of sources, securing restricted and unrestricted income from individuals, companies, trusts and foundations and statutory bodies. With a new Head of Development starting at the Gallery at the end of March 2020 and

immediately experiencing the closure of the Gallery due to Covid-19 it was a challenge for them to engage with existing supporters and Trustees; in January 2021 a restructure in the Gallery allowed the creation of a Development officer post strengthening the team to two. All fundraising activity is carried out in house and no agencies are engaged to fundraise on behalf of the Gallery.

The global pandemic necessarily led to the suspension of planning for a capital campaign; the opportunity was taken to review and amend prospect lists in preparation for any future launch and the systematisation of how we use our fundraising CRM system Spektrix.

The Development Advisory Group, chaired by our Trustee Jackie Russell, consists of seven members, who each bring skills, expertise and networks to help the progression of the fundraising strategy. Regular meetings were held throughout the year.

During 2020/21, we received almost £600k in gifts, pledges and Friends or Patrons subscriptions from individuals, trust and foundations, corporates and statutory funding, particularly from Art Fund, ACE and NLHF. Several long term supporters responded to the pandemic by reinforcing their support.

During the 2020-21 financial year we made successful applications to the Weston Loan Fund for works included in the Ben Nicholson: From the Studio exhibition in summer 2021, The Paul Mellon Foundation for the digitisation of our pop art collection and to the second round of the Cultural Recovery Fund administered by the Arts Council England. We also received an extension of one year on our Small Capital Grant form ACE which had originally been granted until March 2021.

There have not been any material fundraising activities during a year that was mostly blighted by lockdowns that prevented these happening. Material expenditure was not incurred. Such fundraising activities that did take place were managed and resourced by Gallery employees; outside fundraisers were not used. They were compliant with appropriate codes and there have been no complaints about them. We generally focus on wealthy individuals, trusts and foundations and statutory bodies as a source of funds, leaving members of the public a free choice whether to become a Friend or donate additionally when buying a ticket. Consequently, it is not necessary to have measures that specifically protect vulnerable people from our fundraising.

In the next financial year we will once again begin the process of preparing for the launch of a capital campaign, as well as identifying fundraising opportunities around the Gallery's 40th anniversary. We will attempt to convert Friends to philanthropic supporters and launch a legacy campaign.

Friends & Patrons

The Friends of Pallant House Gallery, founded over 40 years ago are knowledgeable and enthusiastic champions of the Gallery, and their financial support is the lifeblood of the Gallery. There are several different membership packages available (single, joint, young, and with guest), and benefits include free admission, exclusive access to Friends previews and other events and a subscription to the twice yearly Gallery magazine.

The three separate lockdowns due to Covid-19 deprived Friends of the principal benefit of their membership; free admission to the Gallery at all times and access to our collections and temporary exhibitions. In order to compensate for this and to encourage retention, existing members were offered a 15 month membership for the price of 12 when renewing in 2020 and inevitably this had an impact on the Friends schemes financial performance in the first quarter of the subsequent financial year.

Notwithstanding the reduction in benefits we were delighted that so many of our Friends chose to stay with us, our renewal rate fell by only 1.42% to 73.47%. We are beginning to build a picture of historic renewal rates in order to provide a baseline and in future years we intend to take action to

reach 85% renewal rates for our Friends and ensure that new recruitment exceeds 25% of the total number of Friends in each year in order to deliver 10% year on year growth.

The Patrons programme provides unique opportunities for individual supporters who give at a more substantial level to have an in-depth engagement with the full programme of our activities, from private exhibition tours and talks, to studio visits, dinners, international tours and visits to private collections. Each event is supported by the appropriate Senior Management team member and Trustees to help develop key relationships and provide an invaluable insight into the workings of the Gallery.

As with the Friends, the four-month closure and subsequent Covid security measures had an impact on the Patrons activities in 2020/21. Events were cancelled and the annual cultural trip which was due to go to Copenhagen in September 2020 was postponed (to May 2022). All current and recent Patrons were invited to visit the Gallery 'after hours' in the Gallery's re-opening week, and again in September. Exclusive visits for Patrons and members of their household bubbles were hosted by the Director.

Human Resources

The Gallery recognises that its staff and volunteers are its greatest resource and require investment to get the best outcomes. This will be achieved through investing in HR, training and development as well as reviewing internal communications.

The Gallery took advantage of the Government's Coronavirus Job Retention Scheme [CJRS]; 28 members of staff were furloughed in April and a further three individuals were furloughed in June. Salaries were 'topped-up' to 100% and the Gallery has continued with this policy to date. During the lockdown, all staff were invited to monthly zoom updates to keep everyone in contact.

Due to the pandemic the Gallery undertook a review of our organisational structure at the end of 2020; this was with the aim of addressing our costs and ensuring our staff team was fit for the purpose of delivering on our vision and mission in the new circumstances. The review identified five roles at risk of redundancy and proposed the creation of two new ones. The redundancy consultation for affected employees began in October - supported by our legal advisors Pure HR Consulting - and was concluded by the end of the year. The two new posts were filled by existing staff. We anticipate that staffing costs for 2021/22 to be close to £800k, compared to a furlough-funded £633k in 2020/21, but still significantly below £926k for 2019/20.

In early 2020, Emma Lochhead (HR professional and Gallery Advisory Group member) was commissioned to conduct a People Survey for the Gallery. Emma undertook one to one interviews with thirty two member of regular staff during February 2020. The presentation of her report and recommendations to Trustees and to staff was postponed due to Covid but took place in March and April 2021 (respectively). The terms of reference for the Audit & Risk Committee were amended by the Board in March 2021 to give it oversight of HR issues (with the exception of remuneration, responsibility for which remains with Finance & Investment Committee). Emma Lochhead has since joined the Audit & Risk Committee, which is monitoring the implementation of her recommendations.

Volunteers

Pallant House Gallery continues to recruit, operate and rely on the support of volunteers across all departments. Given the age profile of the majority of volunteers, there were concerns that there may be insufficient volunteer Gallery Assistants when the building reopened to the public in August 2020. However, a recruitment drive meant that there was in fact a slight increase in Gallery Assistants, with more commitment to weekly slots (rather than monthly slots that were offered previously).

In 2020/21, our dedicated team of Volunteers donated over 4,000 hours of their time and we are most grateful for their support:

- 191 Front of House volunteers, including Guides and Gallery Assistants
- 60 Public Programmes Volunteers, including Community Programme Volunteers and Learning Programme Volunteers
- 3 Library & Archive Volunteers
- 14 Trustees
- 17 Other Committee and Advisory Group members

All volunteers are given an induction and training, and they are kept informed about Gallery activities by regular emails and briefing events. Our regular exhibition updates moved onto Zoom in 2020/21 with 30-40 attendees at these session. This is close to the attendance figures for briefing events held at the Gallery previously.

Financial review

Results for the year

The results for the year are set out in the Statement of Financial Activities and accompanying notes later in this report.

As is normally the case, the headline net income or deficit reported at the bottom of the Statement of Financial Activities comprises not only the Gallery's ordinary operating income and expenditure, but also a number of, sometimes significant, exceptional items that do not involve a receipt or payment of cash resources. Furthermore, the results for 2020/21 include various non-recurring items relating to the pandemic, the consequent closure and various items of financial report provided by various branches of government. An adjusting summary of these items is as follows.

	2020/21 £000	2019/20 £000
Net income/ (expenditure) as reported	**5,809**	**(1,668)**
Items not involving cash movement		
Depreciation	233	301
Gifted artwork	(4,107)	(1,110)
Unrealised gains/losses on investments	(1,913)	2,446
Cash-linked income/(deficit)	**22**	**(31)**
Less: Covid support		
Furlough grants	(193)	(6)
Other grants	(6)	-
Business rates relief	(38)	-
Net income/ (expenditure) without Covid support	**(216)**	**(37)**
Expenditure incurred within the above		
Staff expenditure	802	912
Other expenditure	794	1,311
Total expenditure	**1,596**	**2,223**

The table shows that although a significant surplus is being reported for 2020/21, this arises largely due to gifted artwork (see earlier for details) and a recovery on the unrealised losses on the endowment investments sustained in 2020. The underlying operating result continues to be a deficit.

It was significant in 2020/21 that activity was considerably depressed as a result of the pandemic conditions and many staff members being on some form of furlough during the periods of closure. This is illustrated by the expenditure overall being 30% lower than the previously year with non-staff expenditure 40% lower. Staff costs were more static, with only two compulsory redundancies and vacant posts remaining unfilled, with staff continued to be paid as normal even whilst on furlough and Job Retention Scheme grants contributing to the costs. Other discretionary expenditure, mostly relating to charitable activity, was either avoided in order to conserve funds and was the consequence of an imposed restriction on operating. In particular, exhibitions that were held were based on house collection items alone without more expensive lent-in artwork and the public programme was closed during the year.

At the same time, the Gallery is grateful that its individual, trust and corporate supporters remained generally loyal during this difficult period and levels of revenue were not significantly affected. The one main impact has been the returns received on endowment investments, due to corporate dividends being restricted during the pandemic, which is only slowly recovering since.

Consequently the financial impact of the pandemic was not as great as initially feared and after taking into account the government support package provided, the Gallery was able to meet its reduced level of costs during 2020/21.

The Gallery did not qualify for the first round of Cultural Recovery Fund support available in 2020/21. In 2021/22, it was awarded £128k towards the costs of returning to normal activity that has gradually been happening. With the benefit of this grant and its other supporters, the Gallery continues to meet its costs and there is now guarded optimism returning about the immediate future financial prospects.

Reserves policy and going concern

A summary of the reserves at each year end is set out below:

	2020/21	2019/20
	£000	£000
Endowment funds		
Restricted use	9,451	7,704
Unrestricted use	1,590	1,444
Total endowment funds	11,041	9,148
Other funds		
Restricted funds	343	364
Designated funds	28,944	25,003
Unrestricted funds	467	472
	40,796	34,987

An analysis of the assets attributable to the various funds and a description of those funds are in note 20 to the accounts.

The trustees have a reserves policy designed to ensure that the Gallery has adequate reserves to carry out its charitable objects including maintaining the assets entrusted to it.

The numerous restricted funds are listed later in these accounts. Each fund relates to a separately identifiable activity that has attracted its own funding from various donors on terms generally that their support is to be applied only to that project. Normally the Gallery has agreed to fund the balance from its wider resources to ensure a successful outcome. These projects are usually short term, typically completed within a year, and taken together represent the essence of the Gallery's core operation.

Designated funds were created historically by the provision to the charity of the Gallery building, along with funds held for related contingencies and the collection of works of art donated or purchased from donations for display in the Gallery. These designated funds are not liquid.

There are four endowment funds that have varying terms, all established with the overarching objective of holding investments to provide income to support the Gallery's core operation. In the case of at least one fund, this was the stipulation of the donor and in the remainder, it is the policy of the Trustees.

Trustees have again reviewed the reserves policy during the year, which was last amended during 2017/18, and believe it to remain appropriate. This is as follows:-

- The Gallery should hold cash balances in unrestricted funds, of at least £200,000 or, if greater, the cash funding projected to be required for its activities for the following two months. This is currently achieved through holding liquid accounts within cash and investments.

- The endowment fund of £300,000 provided by the Friends in 2018/19 should only be held in readily realisable investments so that it acts as a second layer of reserves if required to meet unexpected adverse circumstances.
- The other endowment funds should continue to include in excess of £500,000 of readily realisable investments that could be sold as a third layer of reserves, whilst otherwise continuing to provide income for the core operation.

This policy was met during the course of 2020/21 and up to the date of signing this report. It continues to be reviewed annually and the Trustees have resolved that it should continue in force for a further year. It is relevant that since the year end, the unrestricted reserves have been further strengthened by a gift of £850,000 following the winding up of an unrelated Trust, which the Trustees have earmarked for investment as a further endowment fund.

At the time of compiling this report, the overarching assumption is that there will be a deficit of the order of £100k in 2021-22 and a similar deficit in 2022/23, both subject to a significantly uncertain climate for fundraising. If these deficits transpire, then they can be met by the cash resources in place. Consequently, the Trustees conclude that there are not any material uncertainties about the Gallery's ability to remain a going concern in the foreseeable future.

Investment policy and objectives

Under its Articles, the Gallery has the power to invest funds in the furtherance of its charitable objectives.

For the reasons explained previously, the Gallery's endowment funds are held for the long term to generate income, required to meet around a third or more of the continuing cost base. The trustees' investment policy has hitherto been to invest in a funds promoted by M&G Investments specifically for charities focussing on high yielding UK equities in order to make that required level of income, accepting a higher level of risk to capital accordingly.

In August 2020, the Finance & Investment Committee undertook a periodic tendering process to reassess the investment policy and to select the fund manager that was considered would provide the best return. In doing this, the Committee considered it more prudent to move away from an income-driven, short-term approach and instead adopt a total return approach that would involve utilising capital growth. Following the tendering process, Sarasin & Partners were appointed as the investment advisers and the investments that were within M&G are being moved to a fund managed by Sarasin over an 18 month period.

Principal risks and uncertainties

The trustees have a duty to identify and review the risks to which the Gallery is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error.

The trustees operate an Audit and Risk Committee that meets every quarter and as part of its remit, review the "living" Risk Register. This contains the principal risks that the trustees and the senior management team have identified and the Committee seeks to ensure that adequate steps are being taken to mitigate and minimize them.

As regards building and contents, the risk of damage due to fire is controlled by an extensive fire detection and alarm system, which is monitored 24/7 and serviced annually. Designated members of Gallery staff are trained in what to do in the event of a fire. A team of Fire Marshalls and a Duty Manager are named on a list at reception and are responsible for the safe and efficient evacuation of the galleries and communicating and liaising with the alarm monitoring company and emergency

services. An Emergency Salvage Priority list is updated regularly and includes works from the Gallery's collection and works on loan and their location.

The Finance and Investment Committee meets every quarter to review the current and projected financial position of the Gallery, so that timely corrective action can be instigated to minimise the impact. During last year, its work was clearly centred around financial planning in response to Covid-19 and is now focussed on sustainability and resilience in the subsequent period and back onto the Coach House Project.

Structure, governance and management

Legal status of the Gallery

Pallant House Gallery is a charitable company limited by guarantee, incorporated in England and Wales on 16 February 2004 and registered as a charity in England and Wales on 2 March 2004. The charitable objects and powers of the company are set out in its articles of association.

The trustees, who are also the directors for the purpose of company law, and who served during the year are listed in the 'Legal and Administrative Information' section at the beginning of this report.

None of the trustees has any beneficial interest in the charitable company. All of the trustees are members of the charitable company and guarantee to contribute £1 in the event of a winding up.

Appointment of trustees

Trustees are proactively selected and appointed to ensure there is a broad range of relevant skills and experience represented across the trustee board. Trustee recruitment take place through targeted approaches to individuals, and via open advertising and interview, agreed by the nomination committee to possess skills and experience that would further strengthen the board. A trustee board skills matrix has been reviewed to ensure a suitable balance of skills, experience and trustee diversity.

Trustee induction and training

The company secretary provides trustee induction training to each newly appointed trustee. They receive copies of the articles of association, the last three trustee meetings minutes, annual financial statements and a copy of the Charity Commission's The essential trustee: what you need to know, what you need to do (CC3) along with copies of other Gallery literature, the magazine and What's On leaflet.

The trustees are responsible for the overall governance of the charity. They delegate all day-to-day responsibilities for running the organisation to the Director, Simon Martin. A Finance & Investment Committee, Audit & Risk Committee and Nominations Committee have been established to ensure that the trustees' governance responsibilities are fulfilled. All trustees give their time voluntarily and receive no benefits from the charity. Any expenses reclaimed from the charity are set out in note 8 to the accounts.

Remuneration policy for key management personnel

Remuneration levels for key management personnel is approved by the Finance & Investment committee and the trustee board takes responsibility for the appointment and performance management of the Director.

The Senior Pay disclosures include the Director and the Deputy Director.

Equality and Diversity

The Gallery is committed to equality and diversity. Staff and trustees have undergone appropriate training and there are written policies in place which are mentioned by the Director of the Gallery and the trustees. A new Equality Action Plan was formulated in December 2017 and last updated in February 2020.

Related parties and relationships with other organisations

Prior to the merger on 1st April 2018, the Gallery enjoyed a close relationship with the Friends of Pallant House, whose objectives were financial and other support for the Gallery. The activity of the Friends of Pallant House is now undertaken directly by the Gallery.

Until 31 March 2020, a trading subsidiary, Pallant House Gallery Services Limited, carried on commercial activities related to the Gallery and received income from the restaurant and from the shop franchise. After that point, this was carried on within the parent Gallery company and the intention is to dissolve the subsidiary in due course.

Funds held as custodian trustee on behalf of others

The charity does not hold funds as custodian trustee on behalf of others.

Statement of responsibilities of the trustees

The trustees (who are also directors of Pallant House Gallery for the purposes of company law) are responsible for preparing the trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company or 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 and statements of recommended practice 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 charity will continue in operation

The trustees are responsible for keeping adequate 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 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

- 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.

Members of the charity guarantee to contribute an amount not exceeding £10 to the assets of the company in the event of winding up. The total number of such guarantees at 31 March 2021 was 14 (2020:12). The trustees are members of the charity but this entitles them only to voting rights. The trustees have no beneficial interest in the charity.

Auditor

Appointment

Sayer Vincent LLP was re-appointed as the charitable company's auditor during the year and has expressed its willingness to continue in that capacity.

Disclosure of information to auditor

Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but which has not been made available to the auditor. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

The trustees' annual report has been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime.

The trustees' annual report was approved by the trustees on 10th December 2021 and signed on their behalf by:

Elizabeth Davis

Trustee & Company Secretary

Independent auditor's report to the members of Pallant House Gallery

Opinion

We have audited the financial statements of Pallant House Gallery (the 'parent charitable company') and its subsidiary (the 'group') for the year ended 31 March 2021 which comprise the consolidated statement of financial activities, the group charitable company balance sheet, the consolidated statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 March 2021 and of the group's 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
- Have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the group financial statements section of our report. We are independent of the group and parent charitable company 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 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 Pallant House Gallery's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the trustees' annual report, other than the group financial statements and our auditor's report thereon.

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the group financial statements or our knowledge obtained in the course of 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 this gives rise to a material misstatement in the group financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- The information given in the trustees' annual report, for the financial year for which the financial statements are prepared is consistent with the financial statements.
- The trustees' annual report, has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and Charities Act 2011 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- The parent charitable company financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of trustees' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit; or
- 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 trustees' annual report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, the trustees (who are also the directors of the parent charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees 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 group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed auditor under the Companies Act 2006 and section 151 of the Charites Act 2011 and report in accordance with those Acts.

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.

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

Capability of the audit in detecting irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management and the audit and risk committee, which included obtaining and reviewing supporting documentation, concerning the group's policies and procedures relating to:
    - Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
    - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
    - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.
- We obtained an understanding of the legal and regulatory framework that the group operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the group from our professional and sector experience.
- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.

- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

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.

Use of our report

This report is made solely to the charitable company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Judith Miller (Senior Statutory Auditor)

Date:

for and on behalf of Sayer Vincent LLP, Statutory Auditor
Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

Sayer Vincent LLP is eligible to act as auditor in terms of section 1212 of the Companies Act 2006

Consolidated statement of financial activities

(incorporating an income and expenditure account)

	Notes	Year ended 31 March 2021 Unrestricted £	Restricted £	Endowment £	Total £	Year ended 31 March 2020 Unrestricted £	Restricted £	Endowment £	Total £
Income from:									
Donations and legacies	2	4,746,857	13,900	-	**4,760,757**	1,571,693	160,973	-	1,732,666
Charitable activities	3								
Collection Management		800	25,450	-	**26,250**	4,456	16,750	-	21,206
Exhibition & Displays		129,397	66,765	-	**196,162**	292,276	115,956	-	408,232
Public Programmes		25,847	780	-	**26,627**	87,484	51,211	-	138,695
Publishing		37,881	-	-	**37,881**	68,648	-	-	68,648
Other trading activities	4	11,875	-	-	**11,875**	37,617	-	-	37,617
Investments	5	431,261	-	-	**431,261**	593,686	-	-	593,686
Total income		**5,383,918**	**106,895**	**-**	**5,490,813**	**2,655,860**	**344,890**	**-**	**3,000,750**
Expenditure on:	6								
Raising funds		66,076	-	-	**66,076**	90,087	5,897	-	95,984
Charitable activities									
Collection Management		252,053	20,387	3,613	**276,053**	227,089	29,541	2,438	259,068
Exhibitions & Displays		727,396	102,792	11,009	**841,197**	843,204	226,941	10,168	1,080,313
Public Programmes		302,774	9,322	4,139	**316,235**	420,979	116,409	5,106	542,494
Publishing		91,895	3,003	1,258	**96,156**	216,648	26,171	2,307	245,126
Total expenditure		**1,440,194**	**135,504**	**20,019**	**1,595,717**	**1,798,007**	**404,959**	**20,019**	**2,222,985**
Net income / (expenditure)		**3,943,724**	**(28,609)**	**(20,019)**	**3,895,096**	**857,853**	**(60,069)**	**(20,019)**	**777,765**
Net gains / (losses) on investments	13	-	-	1,913,452	1,913,452	-	-	(2,446,011)	(2,446,011)
Net income / (expenditure)		**3,943,724**	**(28,609)**	**1,893,433**	**5,808,548**	**857,853**	**(60,069)**	**(2,466,030)**	**(1,668,246)**
Transfers between funds	20	(292,722)	7,599	285,123	**-**	54,799	(54,799)	-	-
Net movement in funds		**3,651,002**	**(21,010)**	**2,178,556**	**5,808,548**	**912,652**	**(114,868)**	**(2,466,030)**	**(1,668,246)**
Reconciliation of funds:									
Total funds brought forward		25,475,226	364,256	9,147,778	**34,987,260**	24,562,574	479,124	11,613,808	36,655,506
Total funds carried forward		**29,126,228**	**343,246**	**11,326,334**	**40,795,808**	**25,475,226**	**364,256**	**9,147,778**	**34,987,260**

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 20 to the financial statements.

Consolidated Balance Sheet

Company number 05045130

	Notes	2021 £	2020 £
Fixed Assets			
Tangible assets	11	6,749,693	6,920,943
Heritage assets	12	23,145,983	19,039,167
Investments	13	10,425,467	8,512,015
		40,321,143	34,472,125
Current Assets			
Stocks		10,959	10,959
Debtors	16	305,087	349,144
Cash at bank and in hand		438,998	477,186
		755,044	837,289
Liabilities			
Creditors: Amounts falling due within one year	17	(280,379)	(322,154)
Net current assets		474,665	515,135
Total net assets		40,795,808	34,987,260
Funds:	19		
Unrestricted			
Designated		28,944,395	25,003,241
General		181,833	471,985
Endowment		1,805,004	1,444,196
Total unrestricted funds		30,931,232	26,919,422
Endowment (Restricted)		9,521,330	7,703,582
Restricted		343,246	364,256
Total funds		40,795,808	34,987,260

Note: Separate Charity balance sheets have not been presented as the difference between group and charity is not material and detailed information has been provided in the notes to the financial statements.

Approved by the trustees on 10 December 2021 and signed on their behalf by:

Elizabeth Davis
Trustee & Company Secretary

Consolidated statement of cash flows

	2021		2020	
	£	£	£	£
Cash flows from operating activities				
Net income / (expenditure) for the reporting period (as per the statement of financial activities)	5,808,548		(1,668,246)	
Depreciation charges	233,274		301,069	
Donations of heritage assets included in income	(4,106,817)		(1,109,679)	
(Gains)/losses on investments	(1,913,452)		2,446,011	
Dividends and interest from investments	(431,261)		(593,686)	
(Increase)/decrease in stocks	-		10,000	
(Increase)/decrease in debtors	44,057		26,502	
Increase/(decrease) in creditors	(41,775)		125,577	
Net cash provided by / (used in) operating activities		(407,426)		(462,452)
Cash flows from investing activities:				
Dividends and interest from investments	431,261		593,686	
Purchase of fixed assets	(62,024)		(200,039)	
Net cash provided by / (used in) investing activities		**369,237**		**393,647**
Net cash provided by / (used in) financing activities		-		-
Change in cash and cash equivalents in the year		(38,189)		(68,805)
Cash and cash equivalents at the beginning of the year		477,186		545,991
Change in cash and cash equivalents due to exchange rate movements		-		-
Cash and cash equivalents at the end of the year		**438,997**		**477,186**

Notes to the financial statements

1) Accounting policies

a) Statutory information

Pallant House Gallery is a charitable company limited by guarantee and is incorporated in England and Wales. The registered office address is Pallant House, 8-9 North Pallant, Chichester, West Sussex, PO19 1TJ.

b) Basis of preparation

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) - (Charities SORP FRS 102) and the Companies Act 2006.

These financial statements consolidate the results of the charity and its wholly-owned subsidiaries Pallant House Gallery Services Limited and Pallant House Enterprises Limited on a line by line basis. Transactions and balances between the charity and its subsidiary have been eliminated from the consolidated financial statements. Balances between the two entities are disclosed in the notes of the charity's balance sheet. A separate statement of financial activities, or income and expenditure account, for the charity itself is not presented because the charity has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

In applying the financial reporting framework, the trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The nature of the estimation means the actual outcomes could differ from those estimates. Any significant estimates and judgements affecting these financial statements are detailed within the relevant accounting policy below.

c) Public benefit entity

The charity meets the definition of a public benefit entity under FRS 102.

d) Going concern

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern. Financial projections have been prepared that show that even using pessimistic assumptions about the impact of the Covid-19 pandemic during 2020/21, the existing cash resources supported by the ability to realise investments will be sufficient to allow the Gallery to continue operating for the foreseeable future and in particular for the twelve months following the signing of these accounts. Further reference can be found in the section ‘Reserves policy and going concern’ in the Trustees’ Report.

e) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is a treated as a contingent asset and disclosed if material.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

Membership subscriptions are recognised when received.

Entrance fees are recognised in income when they are receivable except for group deposits which are recognised when the group visit takes place. Admission income for exhibitions is recognised when the tickets are sold. Ticket income relating to courses, events and group bookings is recognised when they take place. Book and other sales income are recognised when receivable.

f) Donations of gifts, services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item or received the service, any conditions associated with the donation have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), volunteer time is not recognised so refer to the trustees' annual report for more information about their contribution.

On receipt, donated gifts, professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

g) Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

h) Fund accounting

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

Endowment funds are split between permanent endowments and expendable endowments. The capital of the permanent endowments must be maintained, although the income can be utilised in accordance with the terms of the endowment.

i) Resource expended

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds relate to the costs incurred by the charity in inducing third parties to make voluntary contributions to it, as well as the cost of any activities with a fundraising purpose.
- Expenditure on charitable activities includes the costs of delivering services, exhibitions and other educational activities undertaken to further the purposes of the charity and their associated support costs.
- Other expenditure represents those items not falling into any other heading.
- Irrecoverable VAT is charged as a central support cost or included in the cost of a fixed asset.

j) Allocation of support and governance costs

Activities have been identified under the headings of:

- Collections management - maintaining and acquiring artwork, lending to other galleries and maintaining a resource library.
- Exhibitions & displays – creating and promoting permanent and temporary exhibitions and arranging for public admission.
- Public programmes – organising and promoting courses, lectures and events for artistic, historical, educational and community outreach purposes.
- Publishing – creating publications, mostly related to the exhibition activity for sale in the Gallery bookshop and elsewhere.

Resources expended are allocated to the particular activity where the cost relates directly to that activity.

The cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned where is it realistic and feasible to measure this.

Otherwise support and governance costs are allocated to the activities in proportion of their direct cost. Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

k) Operating leases

Rental charges are charged on a straight line basis over the term of the lease.

l) Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £1,000. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are

reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life.

Where fixed assets have been revalued, any excess between the revalued amount and the historic cost of the asset will be shown as a revaluation reserve in the balance sheet.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

- Land & buildings 50 years
- Plant & machinery 15 years
- Fixtures, fittings and equipment 10 years

m) Heritage assets

A heritage asset is defined as "a tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture". The Gallery has estimated a value in these financial statements in respect of its various collections of artwork. Any acquisitions are shown either at cost or in the case of donations at an estimated valuation on the date of receipt. Any gains or losses on revaluation, if they take place, would be recognised in the Statement of Financial Activities.

n) Investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. Any change in fair value will be recognised in the statement of financial activities. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading "Net gains/(losses) on investments" in the statement of financial activities. The charity does not acquire put options, derivatives or other complex financial instruments.

o) Investments in subsidiaries

Investments in subsidiaries are at cost.

p) Stocks

Stocks are made up of catalogues and are stated at the lower of cost and net realisable value. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation.

q) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

r) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

s) Creditors and provisions

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

t) Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

u) Pensions

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

2) Donations and legacies

	2021			2020		
	Unrestricted £	Restricted £	Total £	Unrestricted £	Restricted £	Total £
Donations and gifts	45,604	-	**45,604**	10,420	-	10,420
Legacies	-	-	**-**	5,641	-	5,641
Gifts of artwork	4,106,817	-	**4,106,817**	1,109,679	-	1,109,679
Arts Council England grant	90,759	-	**90,759**	89,118	-	89,118
Chichester DC grant	130,000	-	**130,000**	130,000	-	130,000
Gift Aid on income	25,850	-	**25,850**	32,896	-	32,896
Assistance to acquire artwork	-	13,900	**13,900**	-	135,875	135,875
Grants for specific activities	25,000	-	**25,000**	-	20,598	20,598
Friends & Patrons events	-	-	**-**	2,788	-	2,788
Friends & Patrons subscriptions	124,926	-	**124,926**	185,120	-	185,120
Fundraising events	-	-	**-**	-	4,500	4,500
Furlough Grants	193,187	-	**193,187**	6,031	-	6,031
Lockdown Support Grants	4,714	-	**4,714**	-	-	-
Total income from donations and	**4,746,857**	**13,900**	**4,760,757**	1,571,693	160,973	1,732,666

3) Charitable activities

	Unrestricted £	Restricted £	2021 Total £	Unrestricted £	Restricted £	2020 Total £
Collection management						
Charges to owners	800	-	**800**	4,456	-	4,456
Grants & donations	-	15,450	**15,450**	-	6,750	6,750
Trust & foundations	-	10,000	**10,000**	-	10,000	10,000
Subtotal	**800**	**25,450**	**26,250**	**4,456**	**16,750**	**21,206**
Exhibitions & displays						
Admission income	103,346	-	**103,346**	209,688	-	209,688
Charges to other galleries	-	-	**-**	(114)	15,762	15,648
Corporate sponsorship	-	7,000	**7,000**	-	13,000	13,000
Donations	-	7,765	**7,765**	-	37,194	37,194
Exhibition tax relief	15,300	-	**15,300**	65,054	-	65,054
Gift Aid on entrance fees	10,751	-	**10,751**	17,648	-	17,648
Supporters' Circle	-	50,000	**50,000**	-	50,000	50,000
Trust & foundations	-	2,000	**2,000**	-	-	-
Subtotal	**129,397**	**66,765**	**196,162**	**292,276**	**115,956**	**408,232**
Public programmes						
Courses earned income	8,127	-	**8,127**	66,398	-	66,398
Grants income	17,720	780	**18,500**	17,500	28,498	45,998
National Lottery Heritage Fund	-	-	**-**	-	22,713	22,713
Sale of artwork	-	-	**-**	3,586	-	3,586
Subtotal	**25,847**	**780**	**26,627**	87,484	51,211	138,695
Publishing						
Advertising Income	8,891	-	**8,891**	11,421	-	11,421
Image rights revenue	3,034	-	**3,034**	1,164	-	1,164
Sales of publications	25,956	-	**25,956**	56,063	-	56,063
Subtotal	**37,881**	**-**	**37,881**	68,648	-	68,648
Total income from charitable activities	**193,925**	**92,995**	**286,920**	**452,864**	**183,917**	**636,781**

4) Income from other trading activities

	Unrestricted £	Restricted £	2021 Total £	Unrestricted £	Restricted £	2020 Total £
Bookshop rental income	7,050	-	**7,050**	17,250	-	17,250
Gallery hire income	(600)	-	**(600)**	5,183	-	5,183
Other income	225	-	**225**	11	-	11
Restaurant rental income	5,200	-	**5,200**	15,173	-	15,173
Total income from other trading activities	**11,875**	-	**11,875**	**37,617**	-	**37,617**

5) Income from investments

	Unrestricted £	Restricted £	2021 Total £	Unrestricted £	Restricted £	2020 Total £
Listed investments on endowment	431,122	-	431,122	592,686	-	592,686
Other	139	-	139	1,000	-	1,000
Total income from investments	**431,261**	**-**	**431,261**	**593,686**	**-**	**593,686**

6) Analysis of expenditure

a) Current year

	Charitable activities								
	Raising funds	Collection management	Exhibitions & displays	Public programme	Publishing	Governance	Support costs	2021 Total	2020 Total
Advertising	-	-	-	-	-	-	7,243	**7,243**	26,159
Architect fees	-	-	-	-	-	-	-	**-**	41,118
Artist & technician fees	-	323	10,331	-	-	-	-	**10,654**	37,333
Artwork conservation	-	4,560	4,083	-	-	-	-	**8,643**	25,324
Artwork transport	-	-	15,915	-	-	-	-	**15,915**	108,418
Audience development	-	-	-	-	-	-	1,181	**1,181**	8,125
Business rates	-	-	-	-	-	-	2,690	**2,690**	40,885
Course expenses	-	-	-	5,269	-	-	-	**5,269**	75,098
Depreciation and impairment	-	-	-	-	-	-	233,273	**233,273**	301,069
Exhibition development	-	-	29,316	-	-	-	-	**29,316**	32,877
Facilities enhancement	-	-	-	-	-	-	23,542	**23,542**	-
Finance charges	-	-	-	-	-	-	10,915	**10,915**	9,080
Fundraising event expenses	-	-	-	-	-	-	-	**-**	1,674
Insurance	-	22,850	-	-	-	-	26,704	**49,554**	56,248
Irrecoverable VAT	-	-	-	-	-	-	46,196	**46,196**	79,488
Magazine & gallery publications	-	-	-	-	14,674	-	-	**14,674**	76,683
Office costs	-	-	-	-	-	-	11,883	**11,883**	21,947
Other professional fees	-	-	-	-	-	-	-	**-**	20,525
PR consultancy	-	-	-	-	-	-	32,545	**32,545**	23,040
Professional fees	-	-	-	-	-	47,945	3,988.00	**51,933**	55,704
Project management fees	-	-	-	-	-	-	-	**-**	22,425
Promotional activity	-	-	-	-	-	-	3,650	**3,650**	-
Promotional materials	-	-	-	-	-	-	2,473	**2,473**	27,788
Quantity surveyor fees	-	-	-	-	-	-	-	**-**	3,876
Rent	-	-	-	-	-	-	19,620	**19,620**	19,620
Repairs & maintenance	-	-	-	-	-	-	28,514	**28,514**	52,141
Research	-	351	-	-	-	-	-	**351**	998
Staff costs	62,893	50,959	208,178	102,696	18,155	-	358,821	**801,702**	912,311
Storage facilities	-	15,204	-	-	-	-	-	**15,204**	15,430
Supporter development	3,183	-	-	-	-	-	-	**3,183**	21,148
Systems enhancement	-	-	-	-	-	-	16,073	**16,073**	1,498
Systems maintenance	-	-	-	-	-	-	46,792	**46,792**	52,007
Touring & loan fees	-	-	930	-	-	-	-	**930**	8,007
Trustee expenses	-	-	-	-	-	2,695	-	**2,695**	2,695
Utilities	-	-	-	-	-	-	73,390	**73,390**	86,923
Website maintenance	-	-	-	-	-	-	7,275	**7,275**	4,163
Deferred to future periods	-	-	18,439	-	-	-	-	**18,439**	(48,839)
Subtotal	**66,076**	**94,247**	**287,192**	**107,965**	**32,829**	**50,640**	**956,768**	**1,595,717**	2,222,985
Reapportionment of support and governance costs									
Support costs	-	172,667	526,156	197,801	60,144	-	(956,768)	-	
Governance costs		9,139	27,849	10,469	3,183	(50,640)		-	
Total Expenditure for 2021	**66,076**	**276,053**	**841,197**	**316,235**	**96,156**	-	-	**1,595,717**	
Total Expenditure for 2020	95,984	259,068	1,080,313	542,494	245,126	-	-		2,222,985

b) Prior year

	Charitable activities							
	Raising funds	Collection management	Exhibitions & displays	Public programme	Publishing	Governance	Support costs	2020 Total
Advertising	-	-	-	-	-	-	26,159	**26,159**
Architect fees	-	-	-	-	-	-	41,118	**41,118**
Artist & technician fees	-	264	37,069	-	-	-	-	**37,333**
Artwork conservation	-	8,606	16,718	-	-	-	-	**25,324**
Artwork transport	-	-	108,418	-	-	-	-	**108,418**
Audience development	-	-	-	-	-	-	8,125	**8,125**
Business rates	-	-	-	-	-	-	40,885	**40,885**
Course expenses	-	-	-	75,098	-	-	-	**75,098**
Depreciation and impairment	-	-	-	-	-	-	301,069	**301,069**
Exhibition development	-	-	32,877	-	-	-	-	**32,877**
Finance charges	-	-	-	-	-	-	9,080	**9,080**
Fundraising event expenses	1,674	-	-	-	-	-	-	**1,674**
Insurance	-	25,925	-	-	-	-	30,323	**56,248**
Irrecoverable VAT	-	-	-	-	-	-	79,488	**79,488**
Magazine & gallery publications	-	-	-	-	76,683	-	-	**76,683**
Office costs	-	-	-	-	-	-	21,947	**21,947**
Other professional fees	-	-	-	-	-	-	20,525	**20,525**
PR consultancy	-	-	-	-	-	-	23,040	**23,040**
Professional fees	-	-	-	-	-	49,592	6,112	**55,704**
Project management fees	-	-	-	-	-	-	22,425	**22,425**
Promotional materials	-	-	-	-	-	-	27,788	**27,788**
Quantity surveyor fees	-	-	-	-	-	-	3,876	**3,876**
Rent	-	-	-	-	-	-	19,620	**19,620**
Repairs & maintenance	-	-	-	-	-	-	52,141	**52,141**
Research	-	998	-	-	-	-	-	**998**
Staff costs	73,162	49,815	263,045	134,845	18,180	-	373,264	**912,311**
Storage facilities	-	14,650	780	-	-	-	-	**15,430**
Supporter development	21,148	-	-	-	-	-	-	**21,148**
Systems enhancement	-	-	-	-	-	-	1,498	**1,498**
Systems maintenance	-	-	-	-	-	-	52,007	**52,007**
Touring & loan fees	-	-	8,007	-	-	-	-	**8,007**
Trustee expenses	-	-	-	-	-	2,695	-	**2,695**
Utilities	-	-	-	-	-	-	86,923	**86,923**
Website maintenance	-	-	-	-	-	-	4,163	**4,163**
Deferred to future periods	-	-	(48,839)	-	-	-	-	**(48,839)**
Subtotal	95,984	100,258	418,075	209,942	94,863	52,286	1,251,576	**2,222,985**
Reapportionment of support and governance costs								
Support costs		152,442	635,681	319,216	144,238	-	(1,251,576)	
Governance costs		6,368	26,556	13,336	6,026	(52,286)	-	
Total Expenditure for 2020	**95,984**	**259,068**	**1,080,313**	**542,494**	**245,126**	**-**	**-**	**2,222,985**

7) Net income/ (expenditure) for the year

This is stated after charging / (crediting):

	2021 £	2020 £
Depreciation and impairment	**233,273**	301,069
Operating lease rentals payable		
Property	**19,620**	19,620
Operating lease rentals receivable		
Property	**12,250**	32,423
Auditors remuneration (excluding VAT)		
Audit	**20,405**	20,675
Other services	**-**	-

8) Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

	2021 £	2020 £
Salaries	**707,997**	780,098
Redundancy and termination costs	**32,017**	23,631
Social security cost	**44,736**	62,831
Employer's pension contributions (*)	**11,996**	13,934
Other forms of employee benefits	**3,543**	8,419
Training costs	**553**	7,662
Travel and sustenance	**644**	14,183
Volunteer expenses	**216**	1,554
	801,702	912,311

(*) made to defined contribution scheme

The redundancy and termination costs were settled and paid at the balance sheet date.

The following number of employees received employee benefits (excluding employer pension costs and employer's national insurance) during the year between:

	2021 No	2020 No
£60,000 - £69,999	-	1
£70,000 - £79,999	1	-
£80,000 - £89,999	1	-

The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel were £158,246 (2020: £136,895).

The charity trustees were neither paid nor received any other benefits from employment with the charity in the year (2020: £nil). No charity trustee received payment for professional or other services supplied to the charity (2020: £nil).

Trustees' expenses represents the payment or reimbursement of trustee indemnity insurance premium of £1,634 (2020: £1,570), recruitment agency costs of £1,000 relating to a new trustee (£2020: £nil); staff annual dinner costs of £nil (2020: £960) and leaving gifts of £nil (2020: £165).

During the year the Gallery entered into the following transactions with related parties:

- C Martin is also a Trustee of Outside In Art. Included in income are management charges to Outside In Art of £9,000 (2020: £12,000). There were no amounts included in restricted funds in either year that were paid to Outside In Art. At the balance sheet date £nil (2020: £142) was owed by Outside In Art.
- The John Booth Charitable Foundation made a £10,000 donation towards the cost of a curatorial assistant (2020: £nil). John Booth is the Chairman of the Trustees.
- There are no other donations from related parties which are outside the normal course of business and no restricted donations from related parties.

9) Staff numbers

The average number of employees (head count based on number of staff employed) during the year was 38 (2020: 40).

Staff are split across the activities of the charity as follows:

	2021		2020	
	Head count No	Full Time Equivalent No	Head count No	Full Time Equivalent No
Administration	1.0	1.0	1.8	1.1
Collections	3.0	1.8	3.0	2.2
Commercial	1.0	0.6	1.0	0.6
Communications	3.8	3.3	4.4	3.6
Curatorial	3.0	2.8	3.3	3.2
Development	2.0	2.0	1.6	1.2
Directors	1.8	1.8	2.0	2.0
Finance	1.8	1.5	2.0	1.6
Front of House	12.1	4.9	11.8	6.0
Operations	2.0	1.5	2.0	1.5
Public Programmes	6.4	4.9	6.5	5.0
	37.9	**26.1**	39.4	28.0

10) Taxation

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes. The charity's trading subsidiary Pallant House Gallery Services Limited distributes under Gift Aid available profits to the parent charity. Its charge to corporation tax in each year was £Nil.

11) Fixed assets

The group and charity:-

	Freehold property	Plant & machinery	Fixtures, fittings & equipment	Artwork	Total
Cost					
At start of year	7,180,848	984,010	918,548	488,335	**9,571,741**
Additions	-	-	33,582	28,442	**62,024**
Disposals	-	-	-		**-**
At the end of the year	**7,180,848**	**984,010**	**952,130**	**516,777**	**9,633,765**
Depreciation					
At start of year	1,213,058	656,297	781,443	-	**2,650,798**
Charge for the year	143,617	65,601	24,056	-	**233,274**
Disposals	-	-	-	-	**-**
At the end of the year	**1,356,675**	**721,898**	**805,499**	**-**	**2,884,072**
Net book value					
At the end of the year	**5,824,173**	**262,112**	**146,631**	**516,777**	**6,749,693**
At the start of the year	5,967,790	327,713	137,105	488,335	6,920,943

There is no land in either year included within freehold property that is not depreciated.

12) Heritage assets

	Collections, of artworks, display furniture, pictures and art library of books
At 1 April 2020	19,039,167
Assets donated during the year	4,106,816
At 31 March 2021	**23,145,983**

All of the above assets are used for charitable purposes.

The Gallery owns a substantial collection and an archive of works that are of national and worldwide importance. It boasts one of the best collections of Modern British art in the UK. Donated over the past forty years, the collections tell the story of a number of individuals, all passionate collectors of art who generously donated their lifetimes' labours to the Gallery for the benefit of the public. The

collection includes paintings, drawings, prints, sculptures, studio pottery, lithographs and artists' sketch book and tools.

The Gallery has limited resources to permit it to purchase Heritage Assets but when offered works as a gift the Director, Head of Collections and others with the requisite skills and knowledge determine whether they should be added to the collection. In making their decision they take into account both the quality of the work and whether it is an appropriate compliment to the existing collection. They are guided by a full formal Collections Development (Acquisitions and Disposal) Policy, which was last revised in 2017 and formally approved by the trustees on 17th March 2017.

There have been no disposals or impairment of Heritage Assets involving artwork during the last five years. It is not the Gallery's policy to dispose of Heritage Assets but, should the Director or Head of Collections believe it would be appropriate to dispose of a work, the Gallery's disposal policy specifies that the decision must be made by the trustees on the advice of the curatorial staff and that the Director or Head of Collections does not have the power to dispose of any work.

The Gallery maintains a full and detailed inventory of all the items in its collection.

The collection is available to public viewing through rotating displays and access to any work not on display is arranged by appointment.

The Heritage Assets are regularly valued by professional valuers for insurance purposes. Artworks have been valued when they have been lent to external venues and a revaluation of all works last valued at over £100,000 in 2009 took place during 2020/21 by Gurr Johns.

The Heritage Assets are reported in the Financial Statements at the insurance valuation at the date of acquisition and then not generally revalued.

13) Listed Investments

	The Group		The Charity	
	2021	2020	2021	2020
	£	£	£	£
Fair value at the start of the year	8,512,015	10,958,026	8,512,015	10,958,026
Additions at cost	-	-	-	-
Net gain / (loss) on change in fair value	1,913,452	(2,446,011)	1,913,452	(2,446,011)
	10,425,467	**8,512,015**	**10,425,467**	**8,512,015**
Cash held by investment broker	-	-	-	-
Investment in subsidiary	-	-	200	200
Fair value at the end of the year	**10,425,467**	**8,512,015**	**10,425,667**	**8,512,215**

In September 2020, the management of the investments was passed to Sarasin & Partners LLP. The Finance & Investments Committee has agreed an approach that the investments, which were previously held entirely within M&G Charifund, are to be reinvested gradually into Sarasin Endowments Fund over a period of approximately 18 months.

14) Subsidiary undertaking

These financial statements are consolidated financial statements for Pallant House Gallery group.

Details of the Gallery's subsidiaries at 31 March 2021 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held direct
Pallant House Gallery Services Limited (CRO 05526158)	UK	Dormant	Ordinary	100
Pallant House Enterprises Limited (CRO 03787604)	UK	Dormant	Ordinary	100

Both of these subsidiaries are included in these consolidated accounts. At 31 March 2021, Pallant House Gallery Service Limited's assets totalled £262, its liabilities £62 and total funds £200. Pallant House Enterprises Limited's assets total £100, its liabilities £nil and its total funds £100. There was no income or expenditure in the year for either company.

15) Parent charity results

As explained in the previous section, the subsidiary's results are insignificant in the context of the group and such profits that were generated were donated to the Charity. In effect, therefore these accounts already disclose and only comprise the parent company results.

16) Debtors

	2021 £	2020 £
Trade debtors	**14,492**	19,486
Accrued income	**104,131**	117,437
Deferred expenditure	**31,076**	48,784
Exhibition Tax Relief	**80,354**	65,054
Other debtors	**23,175**	57,436
Prepayments	**51,859**	40,947
	305,087	349,144

17) Creditors: Amounts falling due within one year

	2021	2020
	£	£
Trade creditors	68,662	167,304
Accruals	44,979	30,286
Tax and social security	10,281	15,149
Deferred income	153,932	101,755
Other creditors	2,525	7,660
	280,379	322,154

18) Pension

The Gallery complies with the minimum automatic enrolment obligations under the Pensions Act 2008 with an arrangement with a third party provider of personal pension plans for its employees The extent of the Gallery's financial liability is to contribute a specified percentage of payroll costs to each employee's plan as the employer contributions along with similar deductions from pay for the employee contributions

19) Analysis of group net assets between funds

a) Current year

	Designated	Endowment (Restricted)	Endowment (Unrestricted)	Restricted	General	Total funds
	£	£	£	£	£	£
Tangible assets	5,738,412		900,867	-	110,414	6,749,693
Heritage assets	23,145,983	-		-		23,145,983
Investments	-	9,521,330	904,137	-	-	10,425,467
Net current assets	60,000	-	-	343,246	71,419	474,665
	28,944,395	**9,521,330**	**1,805,004**	**343,246**	**181,833**	**40,795,808**

b) Prior year

	Designated	Endowment (Permanent)	Endowment (Unrestricted)	Restricted	General	Total funds
	£	£	£	£	£	£
Tangible assets	5,904,074	-	920,887	-	95,982	6,920,943
Heritage assets	19,039,167	-	-	-	-	19,039,167
Investments	-	7,773,820	738,195	-	-	8,512,015
Net current assets	60,000	(70,238)	(214,886)	364,256	376,003	515,135
	25,003,241	**7,703,582**	**1,444,196**	**364,256**	**471,985**	**34,987,260**

20) Movements in funds

Current year:

a) Endowment funds

	At 1 April 2020	Income & gains	Expenditure & losses	Transfers	At 31 March 2021
Endowment by donor stipulation					
Appeal Fund	1,320,694	308,170	-	50,203	1,679,067
HLF Catalyst	1,690,013	379,786	-	(528)	2,069,271
The Monument Trust	4,692,875	1,059,554	-	20,563	5,772,992
	7,703,582	1,747,510	-	70,238	9,521,330
Endowment by trustee designation					
JM Fund	1,444,196	165,942	(20,019)	214,885	1,805,004
Total endowment funds	**9,147,778**	**1,913,452**	**(20,019)**	**285,123**	**11,326,334**

b) Restricted funds:

	At 1 April 2020	Income & gains	Expenditure & losses	Transfers	At 31 March 2021
Collection Management	71,669	39,350	(27,600)	(22,706)	60,713
Public Programme	9,520	780	(401)	-	9,899
Exhibition	7,000	66,765	(85,461)	18,987	7,291
Organisational Development	276,067	-	(22,042)	11,318	265,343
Total restricted funds	**364,256**	**106,895**	**(135,504)**	**7,599**	**343,246**

c) Unrestricted funds

(1) Designated funds	At 1 April 2020	Income & gains	Expenditure & losses	Transfers	At 31 March 2021
Building					
ACE Small Works	16,843	-	(1,871)	-	14,972
Building Fund	5,374,616	-	(189,199)	-	5,185,417
Print Room Island (Building	24,280	-	(3,035)	-	21,245
Subtotal	**5,415,739**	-	**(194,105)**	**-**	**5,221,634**
Collection Management					
Acquisitions Fund	548,335	-	-	28,442	576,777
Heritage Assets Fund	19,039,167	4,106,817	-	-	23,145,984
Subtotal	**19,587,502**	**4,106,817**	**-**	**28,442**	**23,722,761**
Total designated funds	25,003,241	4,106,817	(194,105)	28,442	28,944,395
(2) General funds	471,985	1,277,101	(1,246,089)	(321,164)	181,833
Total unrestricted funds	**25,475,226**	**5,383,918**	**(1,440,194)**	**(292,722)**	**29,126,228**
Total funds	**34,987,260**	**7,404,265**	**(1,595,717)**	**-**	**40,795,808**

The narrative to explain the purpose of each fund is given at the foot of the note below.

Prior year:

a) Endowment funds

	At 1 April 2019	Income & gains	Expenditure & losses	Transfers	At 31 March 2020
Endowment by donor stipulation					
Appeal Fund	1,714,635	-	(393,941)	-	1,320,694
HLF Catalyst	2,175,503	-	(485,490)	-	1,690,013
The Monument Trust	6,047,328	-	(1,354,453)	-	4,692,875
	9,937,465	-	(2,233,883)	-	7,703,582
Endowment by trustee designation					
JM Fund	1,676,343	-	(232,147)	-	1,444,196
Total endowment funds	**11,613,808**	**-**	**(2,466,030)**	**-**	**9,147,778**

b) Restricted funds:

B - Restricted funds	At 1 April 2019	Income & gains	Expenditure & losses	Transfers	At 31 March 2020
Collection Management	89,660	28,650	(13,232)	(33,409)	71,669
Public Programme	13,973	51,211	(82,258)	26,594	9,520
Exhibition	12,632	239,931	(216,295)	(29,268)	7,000
Organisational Development	362,859	25,098	(93,175)	(18,715)	276,067
Total restricted funds	**479,124**	**344,890**	**(404,959)**	**(54,799)**	**364,256**

c) Unrestricted funds

(1) Designated funds	At 1 April 2019	Income & gains	Expenditure & losses	Transfers	At 31 March 2020
Building					
ACE Small Works	-	-	(1,872)	18,715	16,843
Building Fund	5,634,469	-	(259,853)	-	5,374,616
Print Room Island	27,315	-	(3,035)	-	24,280
Subtotal	5,661,784	-	(264,760)	18,715	5,415,739
Collection Management					
Acquisitions Fund	390,951	-	-	157,384	548,335
Heritage Assets Fund	17,929,488	1,109,679	-	-	19,039,167
Subtotal	18,320,439	1,109,679	-	157,384	19,587,502
Total designated funds	**23,982,223**	**1,109,679**	**(264,760)**	**176,099**	**25,003,241**
(2) General funds	580,351	1,546,181	(1,533,246)	(121,300)	471,985
Total unrestricted funds	**24,562,574**	**2,655,860**	**(1,798,006)**	**54,799**	**25,475,226**
Total funds	**36,655,506**	**3,000,750**	**(4,668,996)**	-	**34,987,260**

Endowment funds represent assets which either the donors required or the trustees have decided should be set aside from donations received by the Gallery in order to generate income. Income arising on the endowment funds can usually be used in accordance with the objects of the Gallery and is included as unrestricted income. Any capital gains or losses arising on the assets would normally be reinvested. The funds include a revaluation reserve on the unrealised growth in the investment value, as is detailed in note 13.

Restricted funds represent the net assets attributed to specific activities or projects that the Gallery undertakes. In some instances, the Gallery has received a donation from one or more source that has stipulated that the funds should only be applied for a specific activity. In other cases, in particular with the individual exhibition restricted fund accounts, there are no such donations, or formal restrictions or the donations fall short of what is required and has been made good by a transfer from general reserves. The approach taken is still to show these as individual restricted funds so as to report separately on their outcomes.

Designated funds represent items of artwork or building assets, which have either been gifted to the Gallery or to the extent they have been acquired through grants and donations for that purpose.

The funds serve to set aside the value of those assets from general unrestricted funds to reflect that they are not available for ongoing activities.

21) Operating lease commitments payable as a lessee

The charity and group's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods:

	Property		Equipment	
	2021	2020	2021	2020
	£	£	£	£
Less than one year	39,000	39,000	-	-
One to five years	117,000	156,000	-	-
Over five years	-	-	-	-
	156,000	195,000	-	-

The figures shown for the property commitments are contained within a lease for the land and buildings at 8-9 North Pallant, Chichester, which expires on 31 March 2025. The Gallery does receive the benefit of a concession rent, which would mean the amounts that will be paid are lower than this.

22) Operating lease commitments receivable as a landlord

The group is due to receive the following amounts under non-cancellable operating leases:

	Property	
	2021	2020
Operating lease commitments receivable as a lessor	£	£
Less than one year	28,000	28,000
One to five years	-	28,000
Over five years	-	-
	28,000	56,000

The amounts shown refer to the bookshop and restaurant concession rent and contain a projection of the rent that will be received based on turnover. The contractual minimum rents total £28k annually until 2022.

23) Legal status of the charity

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £10.