



**Pallant  
House  
Gallery**

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	<p>Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows:</p> <table> <tr> <td>John D S Booth DL</td><td>Chair</td></tr> <tr> <td>Jane Weeks</td><td>Deputy Chair</td></tr> <tr> <td>Elizabeth J Davis</td><td>Company Secretary</td></tr> <tr> <td>Aki Abiola</td><td>Appointed December 2020</td></tr> <tr> <td>Cllr Clare Apel</td><td></td></tr> <tr> <td>Ruth S Butler</td><td></td></tr> <tr> <td>Adrian S Clark</td><td></td></tr> <tr> <td>Mahtab Hussain</td><td>Appointed March 2021</td></tr> <tr> <td>Zachary R Leonard</td><td></td></tr> <tr> <td>Charles Martin</td><td></td></tr> <tr> <td>Roger Mavity</td><td></td></tr> <tr> <td>Andrea Rose OBE CMG</td><td></td></tr> <tr> <td>Jacqueline D Russell</td><td></td></tr> <tr> <td>The Rt Hon The Lord Tyrie of Chichester</td><td></td></tr> </table>	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	
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The Rt Hon The Lord Tyrie of Chichester																													
Gallery Director	Simon J Martin																												
Auditor	<p>Sayer Vincent LLP Chartered Accountants and Statutory Auditor Invicta House 108-114 Golden Lane London EC1Y 0TL</p>																												
Bankers	<p>Barclays Bank PLC 74-75 East Street Chichester West Sussex PO19 1HT</p>																												

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## Contents

Reference and administrative information .....	2
Chairman's statement.....	3
A year in numbers .....	6
Trustees' annual report.....	7
Objectives & activities of the Charity .....	7
Our Mission and Vision .....	7
Public benefit derived from our activities.....	8
Performance and achievements during the year .....	8
Financial review .....	27
Reserves policy and going concern .....	29
Investment policy and objectives.....	30
Principal risks and uncertainties .....	30
Structure, governance and management .....	31
Statement of responsibilities of the trustees.....	32
Auditor .....	33
Independent auditor's report to the members of Pallant House Gallery .....	34
Consolidated statement of financial activities .....	38
Consolidated Balance Sheet.....	39
Consolidated statement of cash flows .....	40
Notes to the financial statements.....	41

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 20<sup>th</sup> 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 40<sup>th</sup> 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<sup>1</sup> 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.

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<sup>1</sup> 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.

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)	<b>38</b>
Newly represented artists	<b>18</b>
Female artists new representation	<b>9</b>
Black, Asian, Ethnic Minority artists new representation	<b>6</b>

### 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 facilitate 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 be 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 work 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 section 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 grown 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 wonderful things, bursting with life and details. Escape your 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 to 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, the 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 from 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 40<sup>th</sup> 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 sessions. 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
<b>Net income/ (expenditure) as reported</b>	<b>5,809</b>	<b>(1,668)</b>
<b>Items not involving cash movement</b>		
Depreciation	233	301
Gifted artwork	(4,107)	(1,110)
Unrealised gains/losses on investments	(1,913)	2,446
<b>Cash-linked income/(deficit)</b>	<b>22</b>	<b>(31)</b>
<b>Less: Covid support</b>		
Furlough grants	(193)	(6)
Other grants	(6)	-
Business rates relief	(38)	-
<b>Net income/ (expenditure) without Covid support</b>	<b>(216)</b>	<b>(37)</b>
<b>Expenditure incurred within the above</b>		
Staff expenditure	802	912
Other expenditure	794	1,311
<b>Total expenditure</b>	<b>1,596</b>	<b>2,223</b>

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
<b>Endowment funds</b>		
Restricted use	9,451	7,704
Unrestricted use	1,590	1,444
<b>Total endowment funds</b>	<b>11,041</b>	<b>9,148</b>
<b>Other funds</b>		
Restricted funds	343	364
Designated funds	28,944	25,003
Unrestricted funds	467	472
	<b>40,796</b>	<b>34,987</b>

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 10<sup>th</sup> 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 Charities 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](http://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				Year ended 31 March 2020			
		Unrestricted £	Restricted £	Endowment £	Total £	Unrestricted £	Restricted £	Endowment £	Total £
<b>Income from:</b>									
Donations and legacies	2	4,746,857	13,900	-	<b>4,760,757</b>	1,571,693	160,973	-	1,732,666
Charitable activities	3								
Collection Management		800	25,450	-	<b>26,250</b>	4,456	16,750	-	21,206
Exhibition & Displays		129,397	66,765	-	<b>196,162</b>	292,276	115,956	-	408,232
Public Programmes		25,847	780	-	<b>26,627</b>	87,484	51,211	-	138,695
Publishing		37,881	-	-	<b>37,881</b>	68,648	-	-	68,648
Other trading activities	4	11,875	-	-	<b>11,875</b>	37,617	-	-	37,617
Investments	5	431,261	-	-	<b>431,261</b>	593,686	-	-	593,686
<b>Total income</b>		<b>5,383,918</b>	<b>106,895</b>	<b>-</b>	<b>5,490,813</b>	<b>2,655,860</b>	<b>344,890</b>	<b>-</b>	<b>3,000,750</b>
<b>Expenditure on:</b>	6								
Raising funds		66,076	-	-	<b>66,076</b>	90,087	5,897	-	95,984
Charitable activities									
Collection Management		252,053	20,387	3,613	<b>276,053</b>	227,089	29,541	2,438	259,068
Exhibitions & Displays		727,396	102,792	11,009	<b>841,197</b>	843,204	226,941	10,168	1,080,313
Public Programmes		302,774	9,322	4,139	<b>316,235</b>	420,979	116,409	5,106	542,494
Publishing		91,895	3,003	1,258	<b>96,156</b>	216,648	26,171	2,307	245,126
<b>Total expenditure</b>		<b>1,440,194</b>	<b>135,504</b>	<b>20,019</b>	<b>1,595,717</b>	<b>1,798,007</b>	<b>404,959</b>	<b>20,019</b>	<b>2,222,985</b>
<b>Net income / (expenditure)</b>		<b>3,943,724</b>	<b>(28,609)</b>	<b>(20,019)</b>	<b>3,895,096</b>	<b>857,853</b>	<b>(60,069)</b>	<b>(20,019)</b>	<b>777,765</b>
Net gains / (losses) on investments	13	-	-	1,913,452	1,913,452	-	-	(2,446,011)	(2,446,011)
<b>Net income / (expenditure)</b>		<b>3,943,724</b>	<b>(28,609)</b>	<b>1,893,433</b>	<b>5,808,548</b>	<b>857,853</b>	<b>(60,069)</b>	<b>(2,466,030)</b>	<b>(1,668,246)</b>
Transfers between funds	20	(292,722)	7,599	285,123	-	54,799	(54,799)	-	-
<b>Net movement in funds</b>		<b>3,651,002</b>	<b>(21,010)</b>	<b>2,178,556</b>	<b>5,808,548</b>	<b>912,652</b>	<b>(114,868)</b>	<b>(2,466,030)</b>	<b>(1,668,246)</b>
<b>Reconciliation of funds:</b>									
Total funds brought forward		25,475,226	364,256	9,147,778	<b>34,987,260</b>	24,562,574	479,124	11,613,808	36,655,506
<b>Total funds carried forward</b>		<b>29,126,228</b>	<b>343,246</b>	<b>11,326,334</b>	<b>40,795,808</b>	<b>25,475,226</b>	<b>364,256</b>	<b>9,147,778</b>	<b>34,987,260</b>

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 £
<b>Fixed Assets</b>			
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
		<u>40,321,143</u>	<u>34,472,125</u>
<b>Current Assets</b>			
Stocks		10,959	10,959
Debtors	16	305,087	349,144
Cash at bank and in hand		438,998	477,186
		<u>755,044</u>	<u>837,289</u>
<b>Liabilities</b>			
Creditors: Amounts falling due within one year	17	(280,379)	(322,154)
<b>Net current assets</b>		<u>474,665</u>	<u>515,135</u>
<b>Total net assets</b>		<u>40,795,808</u>	<u>34,987,260</u>
<b>Funds:</b>	19		
Unrestricted			
Designated		28,944,395	25,003,241
General		181,833	471,985
Endowment		1,805,004	1,444,196
Total unrestricted funds		<u>30,931,232</u>	<u>26,919,422</u>
Endowment (Restricted)		9,521,330	7,703,582
Restricted		<u>343,246</u>	<u>364,256</u>
<b>Total funds</b>		<u>40,795,808</u>	<u>34,987,260</u>

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	
	£	£	£	£
<b>Cash flows from operating activities</b>				
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	
<b>Net cash provided by / (used in) operating activities</b>		(407,426)		(462,452)
<b>Cash flows from investing activities:</b>				
Dividends and interest from investments	431,261		593,686	
Purchase of fixed assets	(62,024)		(200,039)	
<b>Net cash provided by / (used in) investing activities</b>		<b>369,237</b>		<b>393,647</b>
<b>Net cash provided by / (used in) financing activities</b>		-		-
<b>Change in cash and cash equivalents in the year</b>		(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		-		-
<b>Cash and cash equivalents at the end of the year</b>		<b>438,997</b>		<b>477,186</b>



## 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 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 it is 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**

	<b>2021</b>			<b>2020</b>		
	<b>Unrestricted</b>	<b>Restricted</b>	<b>Total</b>	<b>Unrestricted</b>	<b>Restricted</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Donations and gifts	45,604	-	<b>45,604</b>	10,420	-	10,420
Legacies	-	-	-	5,641	-	5,641
Gifts of artwork	4,106,817	-	<b>4,106,817</b>	1,109,679	-	1,109,679
Arts Council England grant	90,759	-	<b>90,759</b>	89,118	-	89,118
Chichester DC grant	130,000	-	<b>130,000</b>	130,000	-	130,000
Gift Aid on income	25,850	-	<b>25,850</b>	32,896	-	32,896
Assistance to acquire artwork	-	13,900	<b>13,900</b>	-	135,875	135,875
Grants for specific activities	25,000	-	<b>25,000</b>	-	20,598	20,598
Friends & Patrons events	-	-	-	2,788	-	2,788
Friends & Patrons subscriptions	124,926	-	<b>124,926</b>	185,120	-	185,120
Fundraising events	-	-	-	-	4,500	4,500
Furlough Grants	193,187	-	<b>193,187</b>	6,031	-	6,031
Lockdown Support Grants	4,714	-	<b>4,714</b>	-	-	-
<b>Total income from donations and</b>	<b>4,746,857</b>	<b>13,900</b>	<b>4,760,757</b>	<b>1,571,693</b>	<b>160,973</b>	<b>1,732,666</b>

## 3) Charitable activities

	2021			2020		
	Unrestricted £	Restricted £	Total £	Unrestricted £	Restricted £	Total £
<b>Collection management</b>						
Charges to owners	800	-	<b>800</b>	4,456	-	4,456
Grants & donations	-	15,450	<b>15,450</b>	-	6,750	6,750
Trust & foundations	-	10,000	<b>10,000</b>	-	10,000	10,000
<b>Subtotal</b>	<b>800</b>	<b>25,450</b>	<b>26,250</b>	<b>4,456</b>	<b>16,750</b>	<b>21,206</b>
<b>Exhibitions &amp; displays</b>						
Admission income	103,346	-	<b>103,346</b>	209,688	-	209,688
Charges to other galleries	-	-	-	(114)	15,762	15,648
Corporate sponsorship	-	7,000	<b>7,000</b>	-	13,000	13,000
Donations	-	7,765	<b>7,765</b>	-	37,194	37,194
Exhibition tax relief	15,300	-	<b>15,300</b>	65,054	-	65,054
Gift Aid on entrance fees	10,751	-	<b>10,751</b>	17,648	-	17,648
Supporters' Circle	-	50,000	<b>50,000</b>	-	50,000	50,000
Trust & foundations	-	2,000	<b>2,000</b>	-	-	-
<b>Subtotal</b>	<b>129,397</b>	<b>66,765</b>	<b>196,162</b>	<b>292,276</b>	<b>115,956</b>	<b>408,232</b>
<b>Public programmes</b>						
Courses earned income	8,127	-	<b>8,127</b>	66,398	-	66,398
Grants income	17,720	780	<b>18,500</b>	17,500	28,498	45,998
National Lottery Heritage Fund	-	-	-	-	22,713	22,713
Sale of artwork	-	-	-	3,586	-	3,586
<b>Subtotal</b>	<b>25,847</b>	<b>780</b>	<b>26,627</b>	<b>87,484</b>	<b>51,211</b>	<b>138,695</b>
<b>Publishing</b>						
Advertising Income	8,891	-	<b>8,891</b>	11,421	-	11,421
Image rights revenue	3,034	-	<b>3,034</b>	1,164	-	1,164
Sales of publications	25,956	-	<b>25,956</b>	56,063	-	56,063
<b>Subtotal</b>	<b>37,881</b>	<b>-</b>	<b>37,881</b>	<b>68,648</b>	<b>-</b>	<b>68,648</b>
<b>Total income from charitable activities</b>	<b>193,925</b>	<b>92,995</b>	<b>286,920</b>	<b>452,864</b>	<b>183,917</b>	<b>636,781</b>

## 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
<b>Total income from other trading activities</b>	<b>11,875</b>	<b>-</b>	<b>11,875</b>	<b>37,617</b>	<b>-</b>	<b>37,617</b>

## 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
<b>Total income from investments</b>	<b>431,261</b>	<b>-</b>	<b>431,261</b>	<b>593,686</b>	<b>-</b>	<b>593,686</b>

## 6) Analysis of expenditure

## a) Current year

	Charitable activities						Support costs	2021 Total	2020 Total
	Raising funds	Collection management	Exhibitions & displays	Public programme	Publishing	Governance			
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)
<b>Subtotal</b>	<b>66,076</b>	<b>94,247</b>	<b>287,192</b>	<b>107,965</b>	<b>32,829</b>	<b>50,640</b>	<b>956,768</b>	<b>1,595,717</b>	<b>2,222,985</b>
<b>Reapportionment of support and governance costs</b>									
Support costs	-	172,667	526,156	197,801	60,144	-	(956,768)	-	-
Governance costs	-	9,139	27,849	10,469	3,183	(50,640)	-	-	-
<b>Total Expenditure for 2021</b>	<b>66,076</b>	<b>276,053</b>	<b>841,197</b>	<b>316,235</b>	<b>96,156</b>	<b>-</b>	<b>-</b>	<b>1,595,717</b>	
<b>Total Expenditure for 2020</b>	<b>95,984</b>	<b>259,068</b>	<b>1,080,313</b>	<b>542,494</b>	<b>245,126</b>	<b>-</b>	<b>-</b>		<b>2,222,985</b>



## b) Prior year

	Charitable activities						Support costs	2020 Total
	Raising funds	Collection management	Exhibitions & displays	Public programme	Publishing	Governance		
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
<b>Reapportionment of support and governance costs</b>								
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)	-	
<b>Total Expenditure for 2020</b>	<b>95,984</b>	<b>259,068</b>	<b>1,080,313</b>	<b>542,494</b>	<b>245,126</b>	<b>-</b>	<b>-</b>	<b>2,222,985</b>

**7) Net income/ (expenditure) for the year**

This is stated after charging / (crediting):

	<b>2021</b> £	<b>2020</b> £
Depreciation and impairment	<b>233,273</b>	301,069
Operating lease rentals payable Property	<b>19,620</b>	19,620
Operating lease rentals receivable Property	<b>12,250</b>	32,423
Auditors remuneration (excluding VAT)		
Audit	<b>20,405</b>	20,675
Other services	-	-
	<hr/>	<hr/>

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

Staff costs were as follows:

	<b>2021</b> £	<b>2020</b> £
Salaries	<b>707,997</b>	780,098
Redundancy and termination costs	<b>32,017</b>	23,631
Social security cost	<b>44,736</b>	62,831
Employer's pension contributions (*)	<b>11,996</b>	13,934
Other forms of employee benefits	<b>3,543</b>	8,419
Training costs	<b>553</b>	7,662
Travel and sustenance	<b>644</b>	14,183
Volunteer expenses	<b>216</b>	1,554
	<hr/> <b>801,702</b> <hr/>	<hr/> <b>912,311</b> <hr/>

(\*) 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	Full Time Equivalent	Head count	Full Time Equivalent
	No	No	No	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
	<b>37.9</b>	<b>26.1</b>	<b>39.4</b>	<b>28.0</b>

#### 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:-

	<b>Freehold property</b>	<b>Plant &amp; machinery</b>	<b>Fixtures, fittings &amp; equipment</b>	<b>Artwork</b>	<b>Total</b>
<b>Cost</b>					
At start of year	7,180,848	984,010	918,548	488,335	<b>9,571,741</b>
Additions	-	-	33,582	28,442	<b>62,024</b>
Disposals	-	-	-	-	<b>-</b>
<b>At the end of the year</b>	<b>7,180,848</b>	<b>984,010</b>	<b>952,130</b>	<b>516,777</b>	<b>9,633,765</b>
<b>Depreciation</b>					
At start of year	1,213,058	656,297	781,443	-	<b>2,650,798</b>
Charge for the year	143,617	65,601	24,056	-	<b>233,274</b>
Disposals	-	-	-	-	<b>-</b>
<b>At the end of the year</b>	<b>1,356,675</b>	<b>721,898</b>	<b>805,499</b>	<b>-</b>	<b>2,884,072</b>
<b>Net book value</b>					
<b>At the end of the year</b>	<b>5,824,173</b>	<b>262,112</b>	<b>146,631</b>	<b>516,777</b>	<b>6,749,693</b>
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
<b>At 31 March 2021</b>	<b>23,145,983</b>

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 17<sup>th</sup> 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)
	<b>10,425,467</b>	<b>8,512,015</b>	<b>10,425,467</b>	<b>8,512,015</b>
Cash held by investment broker	-	-	-	-
Investment in subsidiary	-	-	200	200
<b>Fair value at the end of the year</b>	<b>10,425,467</b>	<b>8,512,015</b>	<b>10,425,667</b>	<b>8,512,215</b>

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
	<b>305,087</b>	<b>349,144</b>

**17) Creditors: Amounts falling due within one year**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
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
	<u>280,379</u>	<u>322,154</u>

**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**

	<b>Designated</b>	<b>Endowment (Restricted)</b>	<b>Endowment (Unrestricted)</b>	<b>Restricted</b>	<b>General</b>	<b>Total funds</b>
	£	£	£	£	£	£
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
	<u>28,944,395</u>	<u>9,521,330</u>	<u>1,805,004</u>	<u>343,246</u>	<u>181,833</u>	<u>40,795,808</u>

**b) Prior year**

	<b>Designated</b>	<b>Endowment (Permanent)</b>	<b>Endowment (Unrestricted)</b>	<b>Restricted</b>	<b>General</b>	<b>Total funds</b>
	£	£	£	£	£	£
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
	<u>25,003,241</u>	<u>7,703,582</u>	<u>1,444,196</u>	<u>364,256</u>	<u>471,985</u>	<u>34,987,260</u>



## 20) Movements in funds

Current year:

## a) Endowment funds

	At 1 April 2020	Income & gains	Expenditure & losses	Transfers	At 31 March 2021
<u>Endowment by donor stipulation</u>					
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
<u>Endowment by trustee designation</u>					
JM Fund	1,444,196	165,942	(20,019)	214,885	1,805,004
<b>Total endowment funds</b>	<b>9,147,778</b>	<b>1,913,452</b>	<b>(20,019)</b>	<b>285,123</b>	<b>11,326,334</b>

## 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
<b>Total restricted funds</b>	<b>364,256</b>	<b>106,895</b>	<b>(135,504)</b>	<b>7,599</b>	<b>343,246</b>

## c) Unrestricted funds

<b>(1) Designated funds</b>	<b>At 1 April 2020</b>	<b>Income &amp; gains</b>	<b>Expenditure &amp; losses</b>	<b>Transfers</b>	<b>At 31 March 2021</b>
<u>Building</u>					
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
<b>Subtotal</b>	<b>5,415,739</b>	<b>-</b>	<b>(194,105)</b>	<b>-</b>	<b>5,221,634</b>
<u>Collection Management</u>					
Acquisitions Fund	548,335	-	-	28,442	576,777
Heritage Assets Fund	19,039,167	4,106,817	-	-	23,145,984
<b>Subtotal</b>	<b>19,587,502</b>	<b>4,106,817</b>	<b>-</b>	<b>28,442</b>	<b>23,722,761</b>
<b>Total designated funds</b>	<b>25,003,241</b>	<b>4,106,817</b>	<b>(194,105)</b>	<b>28,442</b>	<b>28,944,395</b>
<b>(2) General funds</b>	<b>471,985</b>	<b>1,277,101</b>	<b>(1,246,089)</b>	<b>(321,164)</b>	<b>181,833</b>
<b>Total unrestricted funds</b>	<b>25,475,226</b>	<b>5,383,918</b>	<b>(1,440,194)</b>	<b>(292,722)</b>	<b>29,126,228</b>
<b>Total funds</b>	<b>34,987,260</b>	<b>7,404,265</b>	<b>(1,595,717)</b>	<b>-</b>	<b>40,795,808</b>

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

Prior year:

## a) Endowment funds

	<b>At 1 April 2019</b>	<b>Income &amp; gains</b>	<b>Expenditure &amp; losses</b>	<b>Transfers</b>	<b>At 31 March 2020</b>
<u>Endowment by donor stipulation</u>					
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
	<b>9,937,465</b>	<b>-</b>	<b>(2,233,883)</b>	<b>-</b>	<b>7,703,582</b>
<u>Endowment by trustee designation</u>					
JM Fund	1,676,343	-	(232,147)	-	1,444,196
<b>Total endowment funds</b>	<b>11,613,808</b>	<b>-</b>	<b>(2,466,030)</b>	<b>-</b>	<b>9,147,778</b>

**b) Restricted funds:**

<b>B - Restricted funds</b>	<b>At 1 April 2019</b>	<b>Income &amp; gains</b>	<b>Expenditure &amp; losses</b>	<b>Transfers</b>	<b>At 31 March 2020</b>
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
<b>Total restricted funds</b>	<b>479,124</b>	<b>344,890</b>	<b>(404,959)</b>	<b>(54,799)</b>	<b>364,256</b>

**c) Unrestricted funds**

<b>(1) Designated funds</b>	<b>At 1 April 2019</b>	<b>Income &amp; gains</b>	<b>Expenditure &amp; losses</b>	<b>Transfers</b>	<b>At 31 March 2020</b>
<u>Building</u>					
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
<u>Collection Management</u>					
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
<b>Total designated funds</b>	<b>23,982,223</b>	<b>1,109,679</b>	<b>(264,760)</b>	<b>176,099</b>	<b>25,003,241</b>
<b>(2) General funds</b>	580,351	1,546,181	(1,533,246)	(121,300)	471,985
<b>Total unrestricted funds</b>	<b>24,562,574</b>	<b>2,655,860</b>	<b>(1,798,006)</b>	<b>54,799</b>	<b>25,475,226</b>
<b>Total funds</b>	<b>36,655,506</b>	<b>3,000,750</b>	<b>(4,668,996)</b>	<b>-</b>	<b>34,987,260</b>

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	-	-	-	-
	<u>156,000</u>	<u>195,000</u>	<u>-</u>	<u>-</u>

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	-	-
	<u>28,000</u>	<u>56,000</u>

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.