



**Pallant
House
Gallery**

Pallant House Gallery
Annual Report & Financial Statements
For the Year Ended 31 March 2023

Charity Registration No. 1102435

Company Registration No. 05045130 (England & Wales)

Reference and administrative information

Company number	05045130																														
Country of incorporation	United Kingdom																														
Charity number	1102435																														
Country of registration	England & Wales																														
Registered office & operation address	Pallant House Gallery 8-9 North Pallant Chichester West Sussex PO19 1TJ																														
Trustees	<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 Ayton MBE</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></td></tr><tr><td>Cllr Clare Apel</td><td></td></tr><tr><td>Ruth Butler</td><td><i>(resigned 31 Dec 2022)</i></td></tr><tr><td>Adrian Clark</td><td><i>(resigned 1 October 2022)</i></td></tr><tr><td>Mahtab Hussain</td><td><i>(resigned 18 May 2023)</i></td></tr><tr><td>Zachary 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 QBE OMG</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><tr><td>Mark Washer</td><td></td></tr></table>	John Ayton MBE	Chair	Jane Weeks	Deputy Chair	Elizabeth J Davis	Company Secretary	Aki Abiola		Cllr Clare Apel		Ruth Butler	<i>(resigned 31 Dec 2022)</i>	Adrian Clark	<i>(resigned 1 October 2022)</i>	Mahtab Hussain	<i>(resigned 18 May 2023)</i>	Zachary Leonard		Charles Martin		Roger Mavity		Andrea Rose QBE OMG		Jacqueline D Russell		The Rt Hon The Lord Tyrie of Chichester		Mark Washer	
John Ayton MBE	Chair																														
Jane Weeks	Deputy Chair																														
Elizabeth J Davis	Company Secretary																														
Aki Abiola																															
Cllr Clare Apel																															
Ruth Butler	<i>(resigned 31 Dec 2022)</i>																														
Adrian Clark	<i>(resigned 1 October 2022)</i>																														
Mahtab Hussain	<i>(resigned 18 May 2023)</i>																														
Zachary Leonard																															
Charles Martin																															
Roger Mavity																															
Andrea Rose QBE OMG																															
Jacqueline D Russell																															
The Rt Hon The Lord Tyrie of Chichester																															
Mark Washer																															
Gallery Director	Simon J Martin																														
Auditor	Sayer Vincent LLP Chartered Accountants and Statutory Auditor Invicta House 108-114 Golden Lane London EC1Y 0TL																														
Bankers	Barclays Bank PLC 74-75 East Street Chichester West Sussex PO19 1HT																														

Contents

Reference and administrative information	2
Chair's statement.....	4
Trustees' annual report	6
Objectives & activities of the Charity.....	6
Our Mission and Vision	6
Public benefit derived from our activities	6
Performance and achievements during the year	7
Financial review	20
Reserves policy and going concern.....	21
Investment policy and objectives	22
Principal risks and uncertainties	22
Structure, governance and management.....	23
Statement of responsibilities of the trustees	24
Auditor	26
Independent auditor's report to the members of Pallant House Gallery	27
Consolidated statement of financial activities	31
Consolidated balance sheet	32
Consolidated statement of cash flows.....	33
Notes to the financial statements	34

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

Chair's statement

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

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

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

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

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

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

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

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

John Ayton

Chairman of the Board of Trustees

Summary of Financial Results

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

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

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

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

Trustees' annual report

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

Objectives & activities of the Charity

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

Our Mission and Vision

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

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

We achieve this by observing the following six principles:

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

Public benefit derived from our activities

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

Performance and achievements during the year

The Year at a Glance

52,942 visits to the permanent collections and temporary exhibitions (2022: 36,620):

35,714 total tickets sold (including Friends) (67%)

6,951 discounted tickets sold (13%)

10,277 free admission given (19%)

£338,010 in total ticket sales (2022: £241,4038)

4,250 Friends of Pallant House Gallery and 170 Patrons (2022: 3,120/121)

£997k in gifts, subscriptions and pledges from individuals, trust and foundations, corporates and statutory funding (2022: 948k)

£527k in financial legacies and transfers from other charities (2022: £860k)

12 exhibitions during the year (including community related displays)

2 major exhibitions

4 print room exhibitions

3 new publications with a print run of 9,200 (6,862 of these sold at the Gallery)

175 artworks acquired for the permanent collection

67 new acquisitions by female artists (of which 21 were newly represented in the collection)

Improved gender ratio to 24.59% women artists

11 new acquisitions by Black, Asian and ethnic minority artists

59 works loaned to 17 different venues, including 4 international venues.

External loans potentially viewed by over 780,000 visitors worldwide

5 new commissions of UK based artists

63 artworks conserved

251 works photographed as part of the Digitisation Project

90 pieces of press coverage with a circulation of 1,092,107,702

23% growth in Instagram audiences

6,600 Gallery magazines distributed or sold

15 talks, film showings, online talks, attended by 810 people

3 Summer Lates, attended by 400 people

15 adult education creative workshops involving 204 participants

205 members of the Community Programme

281 Community activities offered involving 2,638 participants

2,172 student participants in the Schools Programme

1,125 self-guided school visits

13 creative workshops for children during school holidays

10,600 hours given by our 244 volunteers

12% reduction in the amount of electricity the Gallery uses

19% increase in employing local tradespeople and contractors

11 artists employed to deliver creative workshops

Capital Project

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

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

Equality & Diversity Action Plan

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

Anti-Racism Plan

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

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

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

Collection Exhibitions

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

'Undercover: Art of the Book Jacket'

Wed 13 Apr - Sun 17 July 2022

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

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

'40 Year Anniversary Collection Display'

4 June 2022 – 15 Jan 2023

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

'New Works: Cultivating the Collection'

23 July - 16 Oct 2022

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

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

'Anne Desmet: Kaleidoscope'

Sat 22 Oct 2022 - Sun 5 Feb 2023

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

'Birds and Beasts: The Wild Escape'

11 Feb – 30 Apr 2023

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

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

Main Gallery Shows**'Glyn Philpot: Flesh and Spirit'**

14 May - 23 Oct 2022

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

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

Press quotes

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

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

Key statistics

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

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

Visitor quotes

'Just mind blowing.'

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

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

Social media performance

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

'Sussex Landscape: Chalk, Wood and Water'

Nov 2022 – Apr 2023

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

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

Press quotes

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

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

'Encapsulates everything I love about Sussex' The Guardian

Key statistics

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

Visitor quotes

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

'Brilliant exhibition.'

'Charmed, thrilled and inspired.'

Social media performance

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

Collection and Acquisitions

Growing the Collection

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

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

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

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

Key statistics

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

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

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

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

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

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

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

Sharing our Collection

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

Key statistics

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

Caring for our Collection

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

Key statistics

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

Library and Archive

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

Community Programme

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

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

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

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

Main achievements of the programme this year reported by members:

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

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

Key statistics

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

Engagement with Schools

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

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

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

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

Key statistics

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

Quotes

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

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

Wild Escape initiative

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

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

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

Quotes

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

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

Adult Learning

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

Key statistics

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

Quote

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

Buildings & facilities

Arts Council Small Capital Grant

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

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

Statement of Significance & Conservation Management Plan

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

Commercial activities

Pallant Café & Restaurant

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

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

Pallant Bookshop

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

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

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

Fundraising

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

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

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

Friends & Patrons

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

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

Human Resources

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

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

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

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

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

Financial review

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

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

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

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

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

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

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

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

Reserves policy and going concern

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

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

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

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

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

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

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

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

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

Investment policy and objectives

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

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

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

Principal risks and uncertainties

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

The trustees operate a Finance Audit & Risk Committee¹ that meets every quarter and as part of its remit, review the "living" Risk Register. This contains the principal risks that the trustees and the Senior Management Team have identified and the Committee seeks to ensure that adequate steps are being taken to mitigate and minimize them.

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

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

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

Structure, governance and management

Legal status of the Gallery

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

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

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

Appointment of trustees

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

Trustee induction and training

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

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

Remuneration policy for key management personnel

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

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

Equality and Diversity

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

Related parties and relationships with other organisations

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

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

Funds held as custodian trustee on behalf of others

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

Statement of responsibilities of the trustees

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

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

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation

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

In so far as the trustees are aware:

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

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

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

Auditor

Appointment

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

Disclosure of information to auditor

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

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

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

Elizabeth Davis

Trustee & Company Secretary

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

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

In our opinion, the financial statements:

- Give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 March 2023 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, the trustees (who are also the directors of the parent charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed auditor under the Companies Act 2006 and section 151 of the 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. This description forms part of our auditor's report.

Use of our report

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

Judith Miller (Senior Statutory Auditor)

13 December 2023

for and on behalf of Sayer Vincent LLP, Statutory Auditor

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

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

Consolidated statement of financial activities

(incorporating an income and expenditure account)

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

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

Consolidated balance sheet

Company number 05045130

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

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

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

Elizabeth Davis, Trustee & Company Secretary

Consolidated statement of cash flows

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

Notes to the financial statements

1) Accounting policies

a) Statutory information

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

b) Basis of preparation

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

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

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

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

c) Public benefit entity

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

d) Going concern

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

e) Income

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

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

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

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

Friends and Patron subscriptions are recognised when received.

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

f) Donations of gifts, services and facilities

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

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

g) Interest receivable

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

h) Fund accounting

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

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

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

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

i) Resource expended

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

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

j) Allocation of support and governance costs

Activities have been identified under the headings of:

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

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

The cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned where 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:

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

m) Heritage assets

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

n) Investments

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

o) Investments in subsidiaries

Investments in subsidiaries are at cost.

p) Stocks

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

q) Debtors

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

r) Cash at bank and in hand

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

s) Creditors and provisions

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

t) Financial instruments

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

u) Pensions

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

2) Donations and legacies

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

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

3) Charitable activities

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

4) Income from other trading activities

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

5) Income from investments

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

6) Analysis of expenditure

a) Current year

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

b) Prior year

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

7) Net income/ (expenditure) for the year

This is stated after charging / (crediting):

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

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

Staff costs were as follows:

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

(*) made to defined contribution scheme

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

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

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

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

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

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

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

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

9) Staff numbers

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

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

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

10) Taxation

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

11) Fixed assets

The group and charity:-

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

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

12) Heritage assets

**Collections, of artworks, display
furniture, pictures and art library of
books**

At 1 April 2022	23,719,608
Assets donated during the year	188,875
At 31 March 2023	23,908,483

All of the above assets are used for charitable purposes.

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

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

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

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

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

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

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

13) Listed Investments

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

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

14) Subsidiary undertaking

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

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

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

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

15) Parent charity results

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

16) Debtors

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

17) Creditors: Amounts falling due within one year

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

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

18) Pension

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

19) Analysis of group net assets between funds**a) Current year**

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

b) Prior year

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

20) Movements in funds**Current year:****a) Endowment funds**

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

b) Restricted funds:

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

c) Unrestricted funds

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

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

Prior year:

a) Endowment funds

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

b) Restricted funds:

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

c) Unrestricted funds

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

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

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

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

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

21) Prior year adjustment

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

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

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

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

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

22) Operating lease commitments payable as a lessee

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

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

23) Operating lease commitments receivable as a landlord

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

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

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

24) Legal status of the charity

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