

Sherborne House Trust 2018
(A Charitable Company Limited by Guarantee)

Annual Report and Financial Statements

For the Year Ended 30 June 2023

Company Number: 11423527
Charity Registered in England and Wales Number: 1179440

Sherborne House Trust 2018
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Sherborne House Trust 2018
Reference and Administrative Details
For the Year Ended 30 June 2023

Trustees	S A T Cannon E De Blocq Van Kuffeler Sir R A Fry T D Hague S E Healy A Lucas R H Miller C J Mitchell J J Tiverton Brown
Managing Director	J Lee
Charity Number	1179440
Company Number	11423527
Registered Office	Hendford Manor 33 Hendford Yeovil BA20 1UN
Principal address	Sherborne House Newland Sherborne Dorset DT9 3JG
Auditors	CB Reid Limited Wadebridge House 16 Wadebridge Square Poundbury Dorchester Dorset DT1 3AQ
Bankers	C Hoare & Co 37 Fleet Street London EC4P 4DQ

The Trustees, who are also directors for the purposes of the Companies Act, present their annual report and the financial statements of the charity for the year ended 30 June 2023. The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the Charity's Memorandum and Articles of Association, the Companies Act 2006, Charities Act 2011 and the requirements of the 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) (effective 1 January 2019).

Structure, Governance and Management

Sherborne House Trust 2018 is a charitable company, incorporated under Memorandum and Articles of Association dated 20 June 2018.

New Trustees are appointed by the existing Trustees. The Articles of Association prescribe a minimum of 3 Trustees and no maximum. Each Trustee is appointed for a term of 3 years, following which they must be reappointed by a vote of the Trustees. Trustees are inducted and trained by receipt of the governing document for the charity, and discussion with current Trustees. This process will be developed as the charity begins to trade.

Following the very sad death of Michael Cannon on 2 June 2023, Jonathan Tiverton Brown was appointed as a trustee on 15 August 2023. Subsequently we were very pleased to welcome Sir Robert Fry, Sheila Healey, Richard Miller, Tim Hague and Eva de Blocq van Kuffeler as trustees on 12 October 2023 and Anya Lucas on 11 January 2024. These appointments were made to add breadth and depth to the skills of the board in preparation for the opening of The Sherborne.

Due to the nature of the charity currently (being construction rather than operation), the Trustees meet as necessary in order to enact charity business.

During the year in review, the Trustees engaged an experienced professional team headed by Spase Limited as architects and Peter Gunning & Partners LLP as quantity surveyors to oversee the building works undertaken by the main contractor, Stonewood Builders Limited.

The charity has one incorporated subsidiary, Sherborne House Enterprises Limited (company number 13270147), which began to trade during the year.

The principal funding for the project has come from very generous charitable donations from The Cannon Foundation and The M R Cannon 1998 Charitable Trust, both of which have links to, or are controlled by, Michael and Sally-Ann Cannon, as well as from Michael and Sally-Ann Cannon themselves.

None of the Trustees receives remuneration or other benefit from work with the charity.

Objectives and activities

The charity's objects, as set out in the Articles of Association, are to promote, and advance the education of the public in, the arts, in particular, but not exclusively, by:

- promoting and providing facilities for participation in the arts; and
- fostering and promoting the improvement and development of artistic knowledge, understanding and appreciation of the arts.

A further object is to restore, preserve and maintain, for the public benefit, Sherborne House, Sherborne, Dorset, including the Thornhill Mural, situated within Sherborne House. In practice, this has involved painstakingly restoring the building, including the Thornhill Mural and its associated staircase, and adding a stunning contemporary extension at the rear of the main house to create an events and arts venue. It blends the old with the new, fit for purpose for the 21st century and beyond.

The Trustees confirm that they have had due regard to the Charity Commission's guidance on public benefit and have complied with all prevailing laws and regulations.

Achievements and performance

Stonewood Builders Limited started on site in the autumn of 2021 and the works are now well advanced. Due to procurement and other delays, the Trustees expect The Sherborne to open its doors to the public in late April 2024.

Dorset Visual Arts (DVA) will be based at The Sherborne and as lead visual arts partner will be responsible for creating and managing the visual arts programme there and the initial programme to the end of 2024 is now in place.

Jeremy Lee was appointed as managing director of Sherborne House Enterprises Limited from 6 April 2023. He is an experienced food and drink operator, who will be responsible for the commercial activities at The Sherborne and is now assembling his team to prepare for the opening.

The Friends of Sherborne House have generously agreed to cover the cost of conserving the Thornhill Mural and creating an audio tour of the Mural and the historic parts of the house. International Fine Art Conservation Studios carried out the conservation works for the mural and the staircase, previously undertaking a similar role for Redcliffe Homes.

Financial review

The group received income, or promises of income, amounting to £7,409,431 (2022 - £4,300,980). Almost all of this funding has been spent on capital building works (showing as fixed asset additions in the accounts of £9,725,818, with assets in the course of construction comprising £9,632,834 of this), with expenditure of £276,969 (2022 - £99,313) showing as revenue expenditure. This has resulted in the group reporting a surplus of £7,132,462 (2022 - £4,201,667), and net assets of £13,537,708 (2022 - £6,405,246).

The charity has received assurances from a valued donor that they will support the completion of the building's restoration and the operations financially for the initial period to allow the commercial activities, particularly the events business, to become established.

The Trustees have examined the major strategic, business and operational risks that the charity faces and confirm that systems have been established to enable regular reports to be produced so that the necessary steps can be taken to lessen these risks.

The charity has no current reserves policy – once the building project has been completed, a reserves policy appropriate for operations will be set.

Plans for future periods

It is a matter of great sadness and regret that Michael Cannon was not able to see the remarkable transformation of Sherborne House through to the end. His vision was not merely to rescue and restore a historic grade 1 listed building that was on the Historic England At Risk Register but to create The Sherborne, a thriving cultural and economic hub – an art space and events venue with a difference. We also commend Michael's wife, Mrs Sally-Ann Cannon, for her unerring commitment to complete his vision.

The focal point of The Sherborne's mission will be to showcase the best of artists and makers from across Wessex and the South West. This commitment will be evident in the array of major art exhibitions carefully curated by DVA to attract a broad audience. In addition to exhibitions, there will be an interactive and engaging arts events and activities programme. From hands-on workshops to thought-provoking talks, it will captivate minds and foster a continuous learning environment, facilitating diverse art forms. At the same time, the educational programme will collaborate with schools and educational institutions across the region.

The Sherborne will encourage active participation and will be equipped to host a myriad of events, from cultural event cinema screenings to live music recitals, literary talks and art house films.

Both the beautiful Thornhill Mural and the decorative staircase that adjoins it will be open for everyone to experience.

Beyond the canvas and sculptures, the Trust, through its trading company, will operate Macready's, a bistro restaurant and bar, offering a modern British menu that champions locally sourced suppliers. The Trust's trading company will operate The Sherborne's shop, a curated space filled with handcrafted treasures, seasonal gifts, and everyday indulgences, showcasing the very best of Dorset alongside sustainable brands.

The Sherborne's stunning spaces will be available for private hire, offering a picturesque setting for parties, conferences and weddings. On the top floor, we will have a flexible co- working space, where desks can be hired regularly or ad hoc.

The intention is that The Sherborne, with its mix of cultural and commercial activities, will become financially sustainable and self-sufficient, without relying on public subsidy. All profits from the commercial activities will be covenanted back to the Trust to support the arts programme and pay for the very high costs of running the building.

Statement of Trustees' Responsibilities

The Trustees (who are directors of Sherborne House 2018 for the purposes of company law) are responsible for preparing the Trustees' Report (incorporating the Directors' Report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, *the Financial Reporting Standard applicable in the UK and the Republic of Ireland* (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 the group and of the income and expenditure, of the charitable group for that period. In preparing these financial statements, the Trustees are required to:

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

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

Statement of disclosure to our auditors

In so far as the Trustees are aware:

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

Small Company

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

Approved by the Trustees on 24 March 2024 and signed on their behalf by:

Sir R A Fry
Trustee

Sherborne House Trust 2018

Independent Auditors' Report to the Trustees and Members
For the Year Ended 30 June 2023

Opinion

We have audited the financial statements of Sherborne House Trust 2018 (the 'parent charitable company') and its subsidiary (the 'group') for the year ended 30 June 2023, which comprise the consolidated Statement of Financial Activities, the consolidated and parent charitable company Balance Sheets, the consolidated and parent charitable company Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 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 30 June 2023 and of the group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the 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 trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least 12 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 trustees are responsible for the other information. The other information comprises the information included in the Trustees' Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report, which includes the Directors' Report prepared for the purposes of company law for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report included within the Trustees' Report have 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 parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report included within the Trustees' Report.

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

- adequate and proper 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 trustees 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' 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 on page 4, 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 and parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the 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

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 is detailed below:

We assessed the risk of material misstatement due to non-compliance with laws and regulations by:

- Obtaining an understanding of the legal and regulatory frameworks that are applicable to the Group and how it complies with those through enquires of management and those charged with governance. Laws and regulations which make have a direct material effect on the financial statements include the Companies Act 2006 and the Charity Act 2011. Other laws and regulations which may have a material effect on the financial statements include data protection and health and safety laws; and
- Communicating within the audit team and maintaining professional scepticism.

Specifically in respect of fraud we discussed with those charged with governance areas in which the Group was susceptible to fraud and whether there were an instances of known, suspected or alleged fraud. We also assessed the ability of internal controls to mitigate the risk of fraud.

We assessed the risk of non-compliance with laws and regulations by:

- Making enquiries of management and those charged with governance concerning actual and potential litigation or claims;
- Reading meeting minutes for evidence of discussions which may indicate potential litigation and claims;
- Reviewing the company's records for evidence of legal costs which may indicate non-compliance with laws and regulations; and
- Requesting sight of any correspondence from regulators.

To address the fraud risk of management override of controls, we:

- Tested the validity of journal entries;
- Tested accounting estimates for evidence of potential bias;
- Performed analytical procedures to identify any unusual relationships;
- Sought explanations and evidence for any transactions outside the normal course of business; and
- Assessed the appropriateness of accounting policies, including in respect of revenue recognition.

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 for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Sherborne House Trust 2018

Independent Auditors' Report to the Trustees and Members
For the Year Ended 30 June 2023

Use of our report

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

Mr P A Cattermole FCA (Senior Statutory Auditor)

For and on behalf of CB Reid Limited

Chartered Accountants

Statutory Auditor

Wadebridge House
16 Wadebridge Square
Poundbury
Dorchester
Dorset
DT1 3AQ

Date: 26 March 2024

Sherborne House Trust 2018

Consolidated Statement of Financial Activities (including an Income & Expenditure account)

For the Year Ended 30 June 2023

		Unres- tricted £	Res- tricted £	2023 Total £	Unres- tricted £	Res- tricted £	2022 Total £
	Notes						
Income from:							
Donations and legacies	2	7,409,083	-	7,409,083	4,300,980	-	4,300,980
Investments	3	348	-	348	-	-	-
Total income		7,409,431	-	7,409,431	4,300,980	-	4,300,980
Expenditure on:							
Charitable activities	4	276,969	-	276,969	99,313	-	99,313
Total expenditure		276,969	-	276,969	99,313	-	99,313
Net (expenditure)/income		7,132,462	-	7,132,462	4,201,667	-	4,201,667
Transfer between funds		-	-	-	-	-	-
Net movement in funds for the year		7,132,462	-	7,132,462	4,201,667	-	4,201,667
Reconciliation of funds							
Total funds brought forward		6,405,246	-	6,405,246	2,203,579	-	2,203,579
Total funds carried forward		13,537,708	-	13,537,708	6,405,246	-	6,405,246

The results for the year derive from continuing activities and there are no gains or losses other than those shown above.

The statement of financial activities incorporates the income and expenditure account.

Sherborne House Trust 2018 – Company Registration Number: 11423527
Balance Sheet and Consolidated Balance Sheet
As at 30 June 2023

		2023 £	2023 £	2022 £	2022 £
	Notes	Group	Charity	Group	Charity
Fixed assets					
Tangible fixed assets	7	14,505,584	14,505,584	4,781,766	4,781,766
Investments	8	-	100	-	100
		<u>14,505,584</u>	<u>14,505,684</u>	<u>4,781,766</u>	<u>4,781,866</u>
Current assets					
Debtors	9	694,539	710,089	624,376	624,376
Cash at bank and in hand		29,792	29,792	1,599,845	1,599,845
		<u>724,331</u>	<u>739,881</u>	<u>2,224,221</u>	<u>2,224,221</u>
Liabilities:					
Creditors: amounts falling due within one year	10	(1,526,901)	(1,504,435)	(600,741)	(600,841)
Net current assets		<u>(802,570)</u>	<u>(764,554)</u>	<u>1,623,480</u>	<u>1,623,380</u>
Total assets less current liabilities		<u>13,703,014</u>	<u>13,741,130</u>	<u>6,405,246</u>	<u>6,405,246</u>
Creditors: amounts falling due after one year	11	(165,306)	(165,306)	-	-
Total net assets		<u><u>13,537,708</u></u>	<u><u>13,575,824</u></u>	<u><u>6,405,246</u></u>	<u><u>6,405,246</u></u>
The funds of the charity:					
Unrestricted funds:					
General funds		13,537,708	13,575,824	6,405,246	6,405,246
Total unrestricted funds	12	13,537,708	13,575,824	6,405,246	6,405,246
Restricted funds	12	-	-	-	-
Total charity funds		<u><u>13,537,708</u></u>	<u><u>13,575,824</u></u>	<u><u>6,405,246</u></u>	<u><u>6,405,246</u></u>

The trustees have prepared group accounts in accordance with section 398 of the Companies Act 2006 and section 138 of the Charities Act 2011. These accounts are prepared in accordance with the special provisions of Part 15 of the Companies Act relating to small companies and constitute the annual accounts required by the Companies Act 2006 and are for circulation to members of the company.

The notes on pages 13 to 23 form part of these accounts.

Approved by the Board for issue on 24 March 2024 and signed on their behalf by:

Sir R A Fry
Trustee

Sherborne House Trust 2018

Statement of Cash Flows and Consolidated Statement of Cash Flows

For the Year Ended 30 June 2023

		2023 £	2023 £	2022 £	2022 £
	Notes	Group	Charity	Group	Charity
Cash flows from operating activities					
Net income for the year		7,132,462	7,170,578	4,201,667	4,201,667
Adjustments to cash flows from non-cash items:					
Interest receivable	3	(348)	(348)	-	-
		7,132,114	7,170,230	4,201,667	4,201,667
Working capital adjustments					
(Increase) / decrease in debtors	9	(70,163)	(85,713)	(236,752)	(236,752)
Increase / (decrease) in creditors	10	1,091,466	1,068,900	577,087	577,087
Net cash flow from operations		8,153,417	8,153,417	4,542,002	4,542,002
Cash flows from investing activities					
Purchase of tangible fixed assets	7	(9,723,818)	(9,723,818)	(2,999,431)	(2,999,431)
Interest received	3	348	348	-	-
		(9,723,470)	(9,723,470)	(2,999,431)	(2,999,431)
Net increase in cash and cash equivalents		(1,570,053)	(1,570,053)	1,542,571	1,542,571
Cash and cash equivalents at the beginning of the reporting period		1,599,845	1,599,845	57,274	57,274
Cash and cash equivalents at the end of the reporting period		29,792	29,792	1,599,845	1,599,845
Cash & Cash equivalents reconciliation:					
Cash at bank		29,792	29,792	1,599,845	1,599,845
Total cash & cash equivalents at the end of the reporting period		29,792	29,792	1,599,845	1,599,845

1 Accounting Policies

The principal accounting policies adopted in the preparation of the financial statements are:

1.1 Basis of accounting

Sherborne House Trust 2018 is a company limited by guarantee incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the charity's operations and its principal activities are set out in the Trustees Report on pages 2 - 5.

The financial statements have been prepared in £ sterling and 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) (effective 1 January 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The charity meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

These financial statements consolidate the results of the Charity and its wholly owned subsidiary, Sherborne House Enterprises Limited, on a line by line basis. The "Group" heading within the balance sheet refers to the consolidated accounts of Sherborne House Trust 2018 and Sherborne House Enterprises Limited.

In the parent company financial statements the investment in the trading subsidiary is accounted for at cost less impairment.

A separate Statement of Financial Activities or income and expenditure account, for the Charity itself has not been presented because the Charity has taken advantage of the exemptions afforded by Section 408 of the Companies Act 2006.

1.2 Legal status of the Trust

The Trust is a company limited by guarantee and has no share capital. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £10 per member of the charity.

The company is incorporated in England and Wales and the company registered office is detailed on page 1, reference and administration details.

1.3 Going Concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Trust to continue as a going concern.

The trustees have obtained assurances that sufficient funding is available from viable sources to complete the development work and open the venue as an operational arts centre.

The trustees have made an assessment of going concern in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the charity has adequate resources to continue in operational existence for at least this period and there are no material uncertainties about the charity's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting when preparing the financial statements.

1.4 Income

All income is recognised once the charity has entitlement to the resources, it is certain that the resources will be received, and the monetary value of incoming resources can be measured with sufficient reliability.

1.5 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.

1.6 Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings, they have been allocated to activities on a basis consistent with the use of resources.

1.7 Tangible fixed assets

The Charity owns the freehold of Sherborne House, Sherborne, Dorset, which the trustees intend to renovate and subsequently use to support the arts.

During the year, work has continued on the House, which has been capitalised within the financial statements. Associated purchases by way of equipment, plant and equipment and fixtures and fittings have also been capitalised. Depreciation will be provided once the House is completed and operational.

1.8 Debtors

Trade debtors are amounts due from customers for services performed in the ordinary course of business. Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the Charity will not be able to collect all amounts due to according to the original terms of the receivables.

Other debtors comprise amounts due from funders, prepayments and accrued income. Amounts due from funders are recognised when the Charity is entitled to the money, prepayments arise from the payments for services prior to benefit from those services, and accrued income is amounts due for services provided, recognised at the point of provision of the services.

1.9 Cash at bank and in hand

Cash at bank and in hand comprise of cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

1.10 Fund accounting

Unrestricted funds are available to spend on activities that further any of the purposes of Trust.

Restricted funds are from donations and grants in which the donor or funder has specified are to be solely used for particular areas of the Trust's work or for specific projects being undertaken by the Trust.

1.11 Creditors

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 recognised at their settlement amount.

1.12 Taxation

As a registered charity, the charity is not liable to corporation tax to the extent that income and gains are applied to charitable objectives.

1.13 Financial Instruments

The charity only holds basic financial instruments as defined in FRS 102. The financial assets and liabilities of the charity and their measurements are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Investment portfolios are basic financial instruments measured at fair value through the income and expenditure account. Prepayments are not financial instruments.

Cash at bank and deposit accounts- is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

2 Donations and legacies

	Unres- tricted funds £	Res- tricted funds £	2023 Total £	Unres- tricted funds £	Res- tricted funds £	2022 Total £
Donations and bequests	7,409,083	-	7,409,083	4,300,980	-	4,300,980
	<u>7,409,083</u>	<u>-</u>	<u>7,409,083</u>	<u>4,300,980</u>	<u>-</u>	<u>4,300,980</u>

3 Investment income

	Unres- tricted funds £	Res- tricted funds £	2023 Total £	Unres- tricted funds £	Res- tricted funds £	2022 Total £
Bank interest	348	-	348	-	-	-
	<u>348</u>	<u>-</u>	<u>348</u>	<u>-</u>	<u>-</u>	<u>-</u>

4 Expenditure on charitable activities

	Staff costs £	Other Direct costs £	2023 Total £	Staff costs £	Other Direct costs £	2022 Total £
Charitable activities						
Wages and salaries	17,086	-	17,086	-	-	-
Staff welfare and subsistence	1,498	-	1,498	-	-	-
Promotional expenses	-	27,940	27,940	-	-	-
Donations	-	5,000	5,000	-	-	-
Rates and water	-	2,163	2,163	-	258	258
Insurance	-	102,698	102,698	-	70,283	70,283
Light and heat	-	31,258	31,258	-	6,891	6,891
Telephone	-	567	567	-	511	511
Travel	-	128	128	-	-	-
Bank charges	-	579	579	-	87	87
Advertising and marketing	-	35,520	35,520	-	9,285	9,285
Postage, printing and stationery	-	578	578	-	375	375
Consulting	-	12,088	12,088	-	-	-
Sundry	-	496	496	-	-	-
Repairs and maintenance	-	5,140	5,140	-	2,680	2,680
Accountancy	-	18,969	18,969	-	4,743	4,743
Audit	-	6,000	6,000	-	4,200	4,200
Legal fees	-	9,261	9,261	-	-	-
	18,584	258,385	276,969	-	99,313	99,313

5 Trustee directors

The charity trustees were not paid or received any other benefits from employment with the Trust or its subsidiary in the year (2022: £nil).

No charity trustee received payment for professional or other services supplied to the charity (2022: £none)

6 Employees

Number of employees

The average monthly head count and FTE was 1 staff (2022: 0 staff).

Employment costs	2023	2022
	£	£
Wages and salaries	15,000	-
Social security costs	1,756	-
Pension costs	330	-
	<hr/>	<hr/>
	17,086	-
	<hr/>	<hr/>

No employee earned more than £60,000 (2022 – none).

The key management personnel of the group comprise those of the Trust and the key management personnel of its wholly owned subsidiary Sherborne House Enterprises Limited. The key management personnel of the group comprises the Managing Director of Sherborne House Enterprises Limited. The total employee benefits (includes gross pay, employer pension and employer national insurance) of the key management personnel of the Trust were £17,086 (2022: £nil).

Pension costs

The company operates a defined contribution pension scheme. The charge to the Statement of Financial Activities for the year is shown above.

Contributions totalling £257 (2022 - £nil) were payable to the schemes at the end of the year and are included in creditors.

7 Tangible fixed assets

	Assets in the course of construction	Computer equipment	Plant & Machinery	Fixtures & fittings	Total
	£	£	£	£	£
Cost					
At 1 July 2022	4,781,766	-	-	-	4,781,766
Additions	9,632,834	1,791	80,973	8,220	9,723,818
	<u>14,414,600</u>	<u>1,791</u>	<u>80,973</u>	<u>8,220</u>	<u>14,505,584</u>
At 30 June 2023	14,414,600	1,791	80,973	8,220	14,505,584
	<u>14,414,600</u>	<u>1,791</u>	<u>80,973</u>	<u>8,220</u>	<u>14,505,584</u>
Depreciation					
At 1 July 2022	-	-	-	-	-
Charge for the year	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 30 June 2023	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net book value					
At 30 June 2023	14,414,600	1,791	80,973	8,220	14,505,584
	<u>14,414,600</u>	<u>1,791</u>	<u>80,973</u>	<u>8,220</u>	<u>14,505,584</u>
At 30 June 2022	4,781,766	-	-	-	4,781,766
	<u>4,781,766</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,781,766</u>

The above assets are all held by the charity.

The assets in the course of construction are not complete at the year end, and a valuation will be undertaken when the property is complete.

8 Investments

	Total 2023 £	Charity Total 2022 £
Sherborne House Enterprises Limited		
Ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>

Sherborne House Enterprises Limited (company no 13270147) was incorporated on 16 March 2021 as a wholly owned trading subsidiary of Sherborne House Trust 2018. The parent charity holds 100% of the issued share capital and 100% of the voting rights of the subsidiary trading company.

The principal activities of the company are the trade of Sherborne House. The registered office is the same as that of the Trust, detailed on page 1. The subsidiary gift aids its taxable profits to Sherborne House Trust 2018, and files accounts with the Registrar of Companies.

A summary of the trading results is shown below:

	2023	2022
	£	£
Turnover	-	
Cost of sales	(17,940)	
	<hr/>	<hr/>
Gross profit	(17,940)	
Administrative expenses	(20,174)	
	<hr/>	<hr/>
Operating profit	(38,114)	
Investment income	-	
	<hr/>	<hr/>
Profit before tax & profit for the financial year	(38,114)	
Retained earnings brought forward in subsidiary	-	
Gift aid to Sherborne House Trust 2018	-	
	<hr/>	<hr/>
Retained earnings carried forward in subsidiary	(38,114)	
	<hr/>	<hr/>
The assets and liabilities were:		
Fixed assets	-	
Current assets	43,412	
Current liabilities	(81,426)	
	<hr/>	<hr/>
Total net assets	(38,014)	
	<hr/>	<hr/>
Called up share capital	100	
Profit and loss reserve	(38,114)	
	<hr/>	<hr/>
	(38,014)	
	<hr/>	<hr/>

9 Debtors

	Group	2023	Group	2022
	£	Charity	£	Charity
		£		£
Prepayments and accrued income	694,539	651,227	624,376	624,376
Amounts owed by group undertakings	-	58,862	-	-
	<u>694,539</u>	<u>710,089</u>	<u>624,376</u>	<u>624,376</u>

10 Creditors: Amounts falling due within one year

	Group	2023	Group	2022
	£	Charity	£	Charity
		£		£
Trade creditors	135,003	117,294	489,826	489,826
Other creditors	-	100	-	100
Accruals and deferred income	1,391,641	1,387,041	110,915	110,915
Taxation and social security	257	-	-	-
	<u>1,526,901</u>	<u>1,504,435</u>	<u>600,741</u>	<u>600,841</u>

11 Creditors: Amounts falling due after one year

	Group	2023	Group	2022
	£	Charity	£	Charity
		£		£
Accruals	165,306	165,306	-	-
	<u>165,306</u>	<u>165,306</u>	<u>-</u>	<u>-</u>

12 Summary of movement in funds - Group

	Opening	Income	Expenditure	Transfers	Closing
	balance	£	£	& losses	balance
	£			£	£
Unrestricted funds - Group					
General	6,405,246	7,409,431	(276,969)	-	13,537,708
	<u>6,405,246</u>	<u>7,409,431</u>	<u>(276,969)</u>	<u>-</u>	<u>13,537,708</u>

Summary of movement in funds - Charity

	Opening balance £	Income £	Expenditure £	Transfers & losses £	Closing balance £
Unrestricted funds - Charity					
General	6,405,246	7,409,431	(238,853)	-	13,575,824
	6,405,246	7,409,431	(238,853)	-	13,575,824

Summary of movement in funds – Group (2022)

	Opening balance £	Income £	Expenditure £	Transfers & losses £	Closing balance £
Unrestricted funds - Group					
General	2,203,579	4,300,980	(99,313)	-	6,405,246
	2,203,579	4,300,980	(99,313)	-	6,405,246

Summary of movement in funds – Charity (2022)

	Opening balance £	Income £	Expenditure £	Transfers & losses £	Closing balance £
Unrestricted funds - Charity					
General	2,203,579	4,300,980	(99,313)	-	6,405,246
	2,203,579	4,300,980	(99,313)	-	6,405,246

13 Analysis of assets between funds – Group

	Tangible fixed assets £	Cash at bank and in hand £	Other net current assets/ (liabilities) £	Creditors more than one year £	Total £
Unrestricted funds	14,505,584	29,792	(832,362)	(165,306)	13,537,708
As at 30 June 2023	14,505,584	29,792	(832,362)	(165,306)	13,537,708

Analysis of assets between funds – Charity

	Tangible fixed assets £	Cash at bank and in hand £	Other net current assets/ (liabilities) £	Creditors more than one year £	Total £
Unrestricted funds	14,505,684	29,792	(794,346)	(165,306)	13,575,824
As at 30 June 2023	14,505,684	29,792	(794,346)	(165,306)	13,575,824

Analysis of assets between funds – Group (2022)

	Tangible fixed assets £	Cash at bank and in hand £	Other net current assets/ (liabilities) £	Creditors more than one year £	Total £
Unrestricted funds	4,781,766	1,599,845	23,635	-	6,405,246
As at 30 June 2022	4,781,766	1,599,845	23,635		6,405,246

Analysis of assets between funds – Charity (2022)

	Tangible fixed assets £	Cash at bank and in hand £	Other net current assets/ (liabilities) £	Creditors more than one year £	Total £
Unrestricted funds	4,781,866	1,599,845	23,535	-	6,405,246
As at 30 June 2022	4,781,866	1,599,845	23,535	-	6,405,246

14 Income and expenditure account of the Trust

The company has taken advantage of Section 408 of the Companies Act 2006 and has not included its own Income and Expenditure Account or separate Statement of Financial Activities.

Prior to gift aid amounts received from the subsidiary, Sherborne House Trust 2018 has net income for the year of £7,132,462 (2022 - £4,201,667) based on income of £7,409,431 (2022 - £4,300,980).

15 Related party transactions

The charity has taken advantage of the exemption in FRS 102 “Related Party Disclosures” from disclosing transactions with other members of the group.

During the year, Sherborne House Trust 2018 received donations totalling £3,676,671 from The Cannon Foundation (2022 - £nil), £100,000 from The M R Cannon 1998 Charitable Trust (2022 - £4,175,000), and £800,000 from Canprop I Limited (2022 - £nil).

The Cannon Foundation, The M R Cannon 1998 Charitable Trust and Canprop I Limited are all charities or companies under the control of individuals who are Trustees of Sherborne House Trust 2018.

In addition, Trustees (past and current) gave donations to the charity in the year totalling £2,465,030 (2022 - £nil).