

THE PALACE THEATRE WATFORD LIMITED

England & Wales · Charity number 1056950

Details

Other names	WATFORD PALACE THEATRE
Status	Registered
Legal form	Charitable company
Company number	03218719
Registered	1996-07-19
Register	View on the Charity Commission register

Contact

Address	Watford Palace Theatre 20 Clarendon Road Watford WD17 1JZ
Phone	01923235455
Email	enquiries@watfordpalacetheatre.co.uk
Website	www.watfordpalacetheatre.co.uk

Activities

Objects: TO PROMOTE, MAINTAIN, IMPROVE AND ADVANCE EDUCATION BY THE ENCOURAGEMENT OF THE ARTS, INCLUDING THE ARTS OF DRAMA, MIME, DANCE, SINGING AND MUSIC, AND TO FORMULATE, PREPARE AND ESTABLISH SCHEMES THEREFOR PROVIDED THAT ALL OBJECTS OF THE COMPANY SHALL BE OF A CHARITABLE NATURE (FOR FURTHER DETAILS, SEE ARTICLE 3 OF THE MEMORANDUM)

Activities: The Charitable Objects of The Palace Theatre Watford are to promote, maintain, improve and advance education by the encouragement of the Arts, including the Arts of Drama, Mime, Dancing, Singing and Music, Design and Dramatic Writing

Classification

- **How:** Provides Buildings/facilities/open Space, Provides Services
- **What:** Education/training, Arts/culture/heritage/science
- **Who:** The General Public/mankind

Geography

- **Area of benefit:** NOT DEFINED - IN PRACTICE MAINLY WATFORD HERTFORDSHIRE
- Throughout England And Wales

Finances

Period end	Income	Expenditure	Assets	Employees
2025-03-31	£2,032,931	£3,465,725	£5,030,681	59
2024-03-31	£2,492,450	£2,636,889	£5,197,276	52
2023-03-31	£2,528,820	£2,824,035	£5,341,715	50
2022-03-31	£792,528	£2,398,344	£5,636,930	50
2021-03-31	£766,655	£1,514,504	£6,099,671	62

Trustees

Name	Role	Appointed
AAQIL AHMED		2025-09-29
Agnieszka Katarzyna Dychton		2022-01-26
Anne Fenton		2016-11-28
Bibi Bilqees Mauthor		2022-03-14
Binita Mehta-Parmar		2017-02-10
Carol Lingwood		2016-03-23
Felicity Evans		2024-02-19
Giles Rowland		2024-02-19
Howard Groves		2022-07-04
Jayne Trotman		2017-05-04
Kenny Rebecca Dada		2018-01-24
Marilyn Devonish		2022-07-04
Mark Lawrence		2017-09-25
Sarah Golding		2024-02-19

THE PALACE THEATRE WATFORD LIMITED

England & Wales - Charity number 1056950

Accounts

THE PALACE THEATRE WATFORD LIMITED

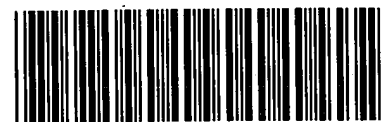
ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2025

Company Registration No. 3218719 (England and Wales)

TUESDAY



AEHJLJJN

A26

16/12/2025

#3

COMPANIES HOUSE

	Page
Directors and Advisers	2
Report of the Directors	3 - 9
Report of the Independent Auditors	10 - 12
Statement of Financial Activities	13
Balance Sheet	14
Statement of Cash Flows	15
Notes to the Financial Statements	16 - 25

Directors

Chair Aaqil Ahmed (appointed 29 September 2025)
Chair John Hunt (resigned 29 September 2025)

Governance Committee

Governance Committee
Governance Committee
Governance Committee

Governance Committee

Marilyn Devonish *
Agnieszka Dychton *
Felicity Evans
Anne Fenton
Sarah Golding
Howard Groves
Mark Lawrence
Carol Lingwood
Bibi Mauthoor
Binita Mehta-Parmar
Giles Rowland
Brett Spencer
Kenny Sperry
Jayne Trotman

* Directors nominated by Watford Borough Council.

Secretary

Jamie Arden

Registered Office

20 Clarendon Road
Watford
Herts WD17 1JZ

Bankers

National Westminster Bank plc
72-74 High Street
Watford
Herts WD17 2BQ

Auditor

PKF Littlejohn LLP
Statutory auditor
15 Westferry Circus
Canary Wharf
London E14 4HD

Charity Registration number

1056950

Company Registration number

3218719

The Directors of the Charitable Company present herewith their Annual Report, together with the audited Financial Statements for the year ended 31 March 2025. This report is intended to fulfil the requirements both of Section 234 of the Companies Act 2006 and of the Charities Act 2011. The Directors have adopted the provisions of the Statement of Recommended Practice "Accounting and Reporting by Charities" in preparing the annual report and financial statements of the charity.

Reference and Administrative Details

The Palace Theatre Watford Limited is a charitable company limited by guarantee and governed by a Memorandum and Articles of Association dated 17 May 1996.

Public Benefit

The Trustees confirm that they have had regard to the guidance on public benefit issued by the Charity Commission when considering the objectives and activities of the Charitable Company.

Board of Directors

The Directors and Trustees from 1 April 2024 to the date of the signing of the Financial Statements were as shown on page 2. The Directors shall have power at any time to appoint any person to be a Director, but so that the total number of Directors shall not at any time exceed the number fixed in accordance with the Articles. Any Director so appointed shall hold office only until the following Annual General Meeting, and shall then be eligible for re-election, but shall not be taken into account in determining the Directors who are to retire by rotation at such meeting. Two Directors are nominated by Watford Borough Council. (There are specific requirements associated with the rotation of Directors, the terms of which are stated in the Memorandum and Articles of Association).

Trustees receive ongoing training, including attendance at strategic 'working parties' or away days.

The Directors and Trustees delegate the day to day running of the organisation to:

- Steve Marmion – Chief Executive and Director of Programming
- Jamie Arden – Executive Director and Company Secretary
- Andrew Phillips – Director of Finance

Powers of the Company

The Directors take this opportunity to confirm that under Clause 3 of the Charitable Company's Memorandum of Association, it is empowered to carry out the activities reviewed in the Annual Report including, but not limited to, the beneficial investment of the Charitable Company's funds.

Strategic Objectives

Annual Report Snapshot 2024–25

This has been a year of transformation at Watford Palace Theatre — one of change, renewal, and momentum. We set out to make the Palace a home that truly reflects its community, a place where world-class work and local creativity share the same stage. As the year closes, the building, the programme, and the people who make it all possible feel stronger than ever.

A Palace Reborn

The most visible change will be the refurbishment for which we have raised the funds and made the plans: new studios, the 1908 Cabaret, and expanded training spaces to give us the capacity to host more artists, young people, and community groups than ever before. At the same time, our decarbonisation works will make the Palace greener, leaner, and future-ready. Behind the scenes, we've invested in our staff, with new roles and training ensuring the team has the skills and support to match our ambition.

Made in Watford: A Year on Stage

The programme has been both bold and broad. Our Young Company returned in spectacular fashion with *Spongebob: The Musical*, a production that brought new talent and technical apprentices to the stage. *Two of Us* — imagining a final meeting between Lennon and McCartney in John's New York apartment — which was made and premiered in Watford and then transferred to Home Manchester, all to standing ovations and national press attention.

The South Asian Comedy Festival brought huge diversity and audience response, while *Sitting in Limbo* gave voice to the powerful story of *Windrush* on our stage and across the national media.

Our festive season sparked with *Aladdin*, the highest-grossing panto in recent years, while *Bitch Boxer* picked up a Black British Theatre Award nomination. Our new musical *Frankie Goes to Bollywood* was made in Watford with our partners Rifco and toured the country, finishing up at London's Southbank Centre. Touring work continued to carry the Palace's name far beyond Hertfordshire, with our acclaimed show *Merchant of Venice 1936* twice transferring to the West End as well as the RSC and touring UK. *Uncanny* the hit BBC show and podcast, rehearsed and opened with us in Watford, live on our stage, before touring the country, and our show *Whipped Up!* that we made specifically for babies and toddlers, opened in Watford, transferred to London's Polka Theatre before embarking on an extensive tour across venues in the South East in partnership with House. We were also immensely proud to be the only UK date on an extensive worldwide tour for the powerhouse Belgian company *Ontroerend Goed* with a new version of their show *Fight Night*. Our work and our brand all reaching new audiences across the country – achieving our ambition to bring the World to Watford and then take Watford to the World.

Building Audiences & Community

Our audiences have grown again, with ticket sales up more than 5%, and participation climbing by 16%. The Young Company has expanded, with more young people than ever taking part onstage, backstage, and in training roles. And our building is busier than ever, with local partners — from the Chinese Association to Knit & Chat and the Herts' MIND Mental Health Café — making our front of house a true hub of community activity.

Securing Our Future

Financially, the year has been one of both strength and challenge. Turnover has grown by 32%. At the same time, we've made the deliberate choice to invest reserves in new roles, marketing and producing capacity, and essential works — ensuring resilience for the years ahead. We close the year forecasting a deficit, but with a clear plan to rebalance through stronger programming, sharper ticketing strategies, and an invigorated fundraising campaign.

Raising Our Voice

Watford Palace is firmly back in the public eye. Our partnerships with top PR and marketing agencies have put the Palace on national platforms — with coverage across the BBC, *The Guardian*, *The Stage*, and strengthened our relationship with local press e.g. *Watford Observer*. New film campaigns and striking visuals have begun to reshape how we tell our story, while sold-out houses and standing ovations tell their own story about the impact of the work on stage.

Looking Ahead

As we look to the year ahead, the energy in the building is undeniable. Productions like *The Void*, *Surinderella*, *Jack and the Beanstalk*, and *The Mesmerist* promise bold entertainment for every taste. Our new spaces are alive with activity. Our team is stronger, our audiences are returning in greater numbers, and our community is woven through everything we do.

We are proud to be Watford's home of entertainment with world-class work for everyone, on your doorstep.

The Palace of Entertainment: Produced/Co-Produced shows and events included:

- ***Two of Us***, written by Mark Stanfield, Richard Short and Barry Sloane, produced by Watford Palace Theatre, The Northern Players Company and Home, Manchester.
- ***Bitch Boxer***, written by Charlie Josphine and produced by Watford Palace Theatre.
- ***Frankie Goes to Bollywood*** by Pravesh Kumar, Niraj Chag, and Tasha Taylor Johnson, produced by Rifco Theatre Company and Watford Palace Theatre.
- ***Sitting in Limbo*** written by Shenagh Cameron and produced by Viva Theatre and Watford Palace Theatre.
- ***South Asian Comedy Festival***, produced by Watford Palace Theatre in association with Soho Theatre.
- ***Aladdin*** written by Steve Marmion and produced by Watford Palace Theatre.
- ***Uncanny Live***, produced by Tilted Sessions Ltd in association with Watford Palace Theatre.
- ***Fight Night*** produced by Ontroerend Goed and presented in partnership with Watford Palace Theatre

The Palace of Entertainment: Received Programmed shows and events included:

- ***Morgan and West's Massive Magic Show for Kids*** by Morgan and West
- ***Milkshake! Live on Holiday*** by Mark Thompson Productions
- ***Errol's Garden*** by Golden Toad Productions Ltd
- ***Horrible Histories: Rotten Royals*** by Birmingham Stage Company Ltd
- ***The Very Hungry Caterpillar*** by Still Hungry Ltd
- ***Science Museum: The Live Stage Show*** by Mark Thompson Productions
- ***Wifi Wars*** by Wifi Wars Ltd
- ***Black is the Colour of My Voice*** by Seabright Live Ltd
- ***Shock Horror*** by Thunder Road
- ***The Bar at the Edge of Time*** by Frozen Light
- ***Room on the Broom*** by Tall Stories Theatre Company Ltd
- ***Comedy Club 4 Kids*** by Comedy Club 4 Kids
- ***The Littlest Yak*** by LAStheatre
- ***Ministry of Science*** by Mark Thompson Productions
- ***Wifi Wars 2*** by Wifi Wars Ltd
- ***Ukelele Jam*** by Amy Tasker
- ***Bring Your Own Baby Comedy 9*** by Bring Your Own Baby Comedy (Carly Smallman)
- ***Tiny Dance: Music of Elton John*** by MRC presents

- ***Ricky Gervais & Friends*** by Live Nation
- ***Bring Your Own Baby Comedy 10*** by Bring Your Own Baby Comedy (Carly Smallman)
- ***Lost in Music*** by Entertainers Show Providers Ltd
- ***The Scummy Mummies Greatest Hits Show*** by Scummy Mummies Ltd
- ***Comedy Club 4 Kids 2*** by Comedy Club 4 Kids
- ***Legend: The Music of Bob Marley*** by Entertainers Show Providers Ltd
- ***Bring Your Own Baby Comedy 11*** by Bring Your Own Baby Comedy (Carly Smallman)
- ***Kizza: Bigfunkymagicman*** by Eddie Summers
- ***Taylor Swift Tribute*** by Red Entertainment
- ***Ricky Gervais: Work in Progress*** by Live Nation
- ***Bring Your Own Baby Comedy 12*** by Bring Your Own Baby Comedy (Carly Smallman)
- ***Comedy Club 4 Kids 3*** by Comedy Club 4 Kids
- ***Ballet Black Double Bill*** by Ballet Black
- ***Bring Your Own Baby Comedy 13*** by Bring Your Own Baby Comedy (Carly Smallman)
- ***Ed Gamble: Hot Diggity Dog*** by Avalon Productions
- ***Stewart Copeland: Have I said Too Much?*** by A Way With Media Productions Ltd
- ***Queenz: Drag Me to the Disco*** by David Michael Productions
- ***Bring Your Own Baby Comedy 14*** by Bring Your Own Baby Comedy (Carly Smallman)
- ***Rob Beckett: Giraffe*** by Off the Kerb Productions
- ***The Rat Pack Live*** by Entertainers Show Providers Ltd
- ***Ukelele Jam Festive Edition*** by Amy Tasker
- ***Frozen 2 Sing-A-Long*** (Film Screening)
- ***Help I Sexted My Boss*** (Live Film Screening)
- ***NT Live Screening: Nye*** (National Theatre As Live Film Screening)
- ***NT Live Screening: Macbeth*** (National Theatre As Live Film Screening)
- ***The Ronnie Scott's Story Soho Songbook*** by JBA Concerts
- ***Solve-Along-A-Murder-She-Wrote*** by Timothy Benzie
- ***Bollywood Time Machine*** by Luv Entertainment
- ***Ben Elton: Authentic Stupidity*** by Phil McIntyre Live
- ***Bring Your Own Baby Comedy 15*** by Bring Your Own Baby Comedy (Carly Smallman)

- ***Russell Kane: Hyperactive*** by Off the Kerb Productions
- ***Chaka: The Music of Chaka Khan*** by Murrur Live Ltd
- ***Ukulele Jam Workshop*** by Amy Tasker
- ***Bring Your Own Baby Comedy 16*** by Bring Your Own Baby Comedy (Carly Smallman)
- ***Aurie Styla: The Aurator Tour*** by Live Nation
- ***The BBC Big Band: Rhapsody in Blue*** by JBA Concerts and The BBC Big Band
- ***Peter Doherty: Anywhere in Albion*** by TEG Live Europe

Take Part (WPYC Youth programmes)/Community/Business engagement events included:

- ***Story Play*** – WPT storytelling sessions for early years
- ***Watford Palace Young Company 14-17s programme*** - Spring/Summer and Autumn/Winter 24/25
- ***Watford Palace Young Company 7-11s programme*** - Spring/Summer and Autumn/Winter 24/25
- ***Watford Palace Young Company 11-14s programme*** - Spring/Summer and Autumn/Winter 24/25
- ***The SpongeBob Musical: Youth Edition*** by Kyle Jarrow & Tina Landau, produced by the Watford Palace Young Company
- ***Drama Bootcamp: The Basics*** – WPYC Workshop
- ***Horror and Multimedia*** - WPT Hertfordshire Film Festival Workshop
- ***Make a Film in a Day*** – WPT Hertfordshire Film Festival Workshop
- ***Unleash Your Creativity workshop with Stop Motion Animation!*** – WPT Hertfordshire Film Festival Workshop
- ***Kalasetu: Building Cultural Bridges*** presented by Subrang Arts and produced by Watford Palace Theatre in association with the Celebrating Diwali Committee
- ***Kalasetu: Building Cultural Bridges Workshop*** with Subrang Arts and produced by Watford Palace Theatre in association with the Celebrating Diwali Committee
- ***Chinese New Year Culture Show*** in partnership with UK-China National Dance Exchange Association, produced by Watford Palace Theatre
- ***Watford Jazz Junction Festival Gala Show 2024 featuring Ray Gelato & The Giants and supported by Xantoné Blacq*** – produced by Watford Jazz Junction
- ***Rise and Shine*** by Rise Studios Ltd
- ***London Summer Funk*** by Shiamak Davar International Ltd
- ***The Purcell School: A Night of Jazz and Soul*** by The Purcell School of Music
- ***Andalucia*** by The Daniel Martinez Flamenco Company Ltd
- ***NHS Star of Herts 2024*** by West Hertfordshire Teaching Hospitals NHS Trusts

- ***Our House: The Madness Musical*** by Tim Firth with music and lyrics by Madness and produced by Cassio in arrangement with Joseph Weinberger Ltd
- ***Orpheus In The Underworld*** an operetta by Jacques Offenbach and a libretto by Rory Bremner. Produced by Abbots Langley Gilbert and Sullivan Society
- ***The WBC Audentior Awards 2025*** in partnership with Watford Borough Council
- ***TJX: Lip Sync for Comic Relief*** by TJX Europe

The activities described above demonstrate that public benefit is being provided by the Charity

Financial Review

The Statement of Financial Activities shows a deficit of £166,595 (2024 - deficit of £144,439) for the financial year. This comprises a deficit before transfers on unrestricted funds of £211,979 (2024 – surplus of £58,764) and a surplus on restricted funds of £45,384 (2024 - deficit of £203,203). The Directors note that this deficit is declared after recognising depreciation charges of £274,338 (being £51,757 applied to unrestricted funds, and £222,581 applied to restricted funds).

Financial Position in the Context of Ongoing Commitments and Obligations

The Balance Sheet shows net assets of £5,030,682 at 31 March 2025 (2024 - £5,197,276). As at the same date, Revenue subsidy amounting to £191,028 and £211,081 for the following 12-month period has been confirmed by Watford Borough Council and Arts Council England respectively. An agreed budget for the year to 31 March 2026 has been approved by the Board of Directors.

Subsidiary Undertakings

The Charitable Company's wholly owned subsidiaries, The Palace Theatre Watford Bar Limited and The Palace Theatre Watford Productions Limited, remained dormant throughout the year.

Investment Policy

The Charitable Company holds surplus cash on a deposit account to receive a rate of interest commensurate with an appropriate level of security, whilst not restricting access for operational purposes or payment of box office to touring companies and hires. Where sufficient surplus cash remains available after due consideration for longer term liabilities, the Charitable Company utilises other relatively low risk financial products (such as Fixed Rate Bonds) to maximise income.

Parent Charitable Company's Reserves Policy

The Trustees have reviewed the Charitable Company's needs for reserves in line with the guidance issued by the Charity Commission and have agreed the following reserves policy: the target level of unrestricted reserves is based on 10% of typical box office income and six weeks running costs. At the last calculation, the target is to hold free reserves of £250,000. The unrestricted general reserve (see page 14) stood at £250,335 on 31 March 2025 (2024 - £250,312). This policy is reviewed annually by the Trustees.

Risk Assessment

The Trustees have examined and prioritised the most critical risks to the Charitable Company and, as a result, are confident that they have in place sufficient accountability and focussed action to protect the objectives of the Charitable Company. A risk register has been produced and is reviewed by the Leadership Team and updated by the Executive Director every two months for consideration by the Board. The major risk identified concerns the funding of the Charitable Company. Arts Council England and Watford Borough Council have the right under Service Level Agreements to withdraw funding and/or request repayment of funds should those funds be applied to purposes other than the stated charitable objectives. The Charitable Company has put in place a range of mitigatory measures. The Board operates a separate governance committee, with its own Chair, to maintain a transparent and objective overview.

Statement of Trustees' Responsibilities

The Trustees (who are also Directors of The Palace Theatre Watford for the purposes of company law) are responsible for preparing the Trustees' Report and the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company and Charity law requires the Trustees to prepare Financial Statements for each financial year. Under that law the Trustees have elected to prepare the Financial Statements in accordance with the Charities' Statement of Recommended Practice, Accounting and Reporting by Charities issued in March 2015 and United Kingdom Financial Reporting and Accounting Standards. Under Company and Charity law the Trustees must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charitable Company and of the incoming resources and application of resources, including the income and expenditure of the Charitable Company (and the 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 of the Charities' SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards 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 Company will continue in business.

The Trustees are responsible for keeping proper 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 the Group) and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In accordance with company law, as the Company's Directors, we confirm that:


- so far as we are aware, there is no relevant audit information of which the Company's auditors are unaware; and

as the Directors of the Company, we have taken all steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

PKF Littlejohn LLP are appointed as auditors to the Charitable Company and have indicated their willingness to continue in office.

This report was approved by order of the Board of Directors and signed on its behalf by:



Aaqil Ahmed
Chair

Date: 24 November 2025

Independent Auditors' Report to the Members of The Palace Theatre Watford Limited**Opinion**

We have audited the financial statements of The Palace Theatre Watford (the 'charitable company') for the year ended 31 March 2025 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cashflows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2025 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 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 the charitable company'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 Annual Report of the Trustees, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the Annual Report of the Trustees. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Annual Report of the Trustees (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 Annual Report of the Trustees (which includes the Directors' report) has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Annual Report of the Trustees.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- We obtained an understanding of the charitable company and the sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, sector research and application of cumulative audit knowledge and experience.

- We determined the principal laws and regulations relevant to the charitable company in this regard to be those arising from the Companies Act 2006, Charities Act 2011, Charities (Accounts and Reports) Regulations 2008, Financial Reporting Standard 102 and the Charities SORP.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the charitable company with those laws and regulations. These procedures included, but were not limited to enquiries of Trustees, review of minutes and review of legal and regulatory correspondence.
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that there was a potential for management bias in the recognition of revenue. We addressed this through reviewing revenue in the year for evidence of entitlement and around the year end to ensure accounted for in the correct period.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or 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 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.

Use of our report

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



Alastair Duke (Senior Statutory Auditor)

For and on behalf of PKF Littlejohn LLP

Statutory Auditor

10 December 2025

15 Westferry Circus

Canary Wharf

London E14 4HD

THE PALACE THEATRE WATFORD LIMITED

STATEMENT OF FINANCIAL ACTIVITIES
YEAR ENDED 31 MARCH 2025

	Note	2025 Unrestricted funds £	2025 Restricted funds £	2025 Total funds £	2024 Total funds £
Incoming Resources					
Grants receivable and fees	4	1,016,199	250,000	1,266,199	1,047,075
Donations and gifts		20,267	941	21,208	18,185
Bank interest		21,925	-	21,925	20,489
Ancillary trading activities		168,849	-	168,849	138,000
		<u>1,227,240</u>	<u>250,941</u>	<u>1,478,181</u>	<u>1,223,749</u>
Charitable Activities					
Production	4	1,380,595	-	1,380,595	1,048,434
Participation	4	32,474	-	32,474	20,723
Other	4	386,821	21,059	407,880	199,544
		<u>1,799,890</u>	<u>21,059</u>	<u>1,820,949</u>	<u>1,268,701</u>
		<u>3,027,130</u>	<u>272,000</u>	<u>3,299,130</u>	<u>2,492,450</u>
Total Income					
Expenditure on:					
Raising funds		791	335	1,126	381
Charitable Activities					
Production	6	3,081,118	211,451	3,292,569	2,532,430
Participation	6	157,200	14,830	172,030	104,078
		<u>3,239,109</u>	<u>226,616</u>	<u>3,465,725</u>	<u>2,636,889</u>
Total Expenditure					
Net Expenditure	3	(211,979)	45,384	(166,595)	(144,439)
Transfers between funds	13	42,707	(42,707)	-	-
Total funds brought forward		<u>955,093</u>	<u>4,242,183</u>	<u>5,197,276</u>	<u>5,341,715</u>
Total funds carried forward		<u>785,821</u>	<u>4,244,860</u>	<u>5,030,681</u>	<u>5,197,276</u>

All income and expenditure derives from continuing activities.

The statement of financial activities includes all gains and losses recognised during the year.

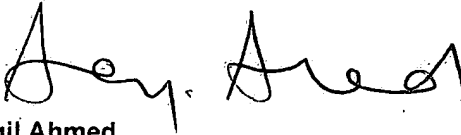
The Accounting Policies and Notes on pages 16 to 25 form part of these Financial Statements.

THE PALACE THEATRE WATFORD LIMITED
(Company Registration number 3218719)

BALANCE SHEET
YEAR ENDED 31 MARCH 2025

	Note	2025 £	2024 £
Fixed Assets			
Tangible assets	7	4,119,940	4,169,622
Investments	8	200	200
		<hr/>	<hr/>
		4,120,140	4,169,822
		<hr/>	<hr/>
Current Assets			
Stocks	9	9,577	6,114
Debtors	10	624,618	609,154
Cash at bank and in hand		571,796	586,413
Short term investments		150,000	300,000
		<hr/>	<hr/>
		1,355,991	1,501,681
Creditors: amounts falling due within one year	11	(445,450)	(474,227)
		<hr/>	<hr/>
Net Current Assets		910,541	1,027,454
		<hr/>	<hr/>
Net Assets		5,030,681	5,197,276
		<hr/>	<hr/>
Income Funds			
Restricted Funds	13	4,244,860	4,242,183
Unrestricted Funds	12		
General		250,335	250,312
Designated		535,486	704,781
		<hr/>	<hr/>
Total Unrestricted Funds		785,821	955,093
		<hr/>	<hr/>
Total Charity Funds		5,030,681	5,197,276
		<hr/>	<hr/>

Approved by the Board on 24 November 2025 and signed on its behalf by:


Aaqil Ahmed
Chair

The Accounting Policies and Notes on pages 16 to 25 form part of these Financial Statements.

THE PALACE THEATRE WATFORD LIMITED

STATEMENT OF CASHFLOWS
YEAR ENDED 31 MARCH 2025

	2025 £	2024 £
Cash flow provided from operating activities	38,114	59,750
Cash flow from investing activities		
Payments to acquire tangible fixed assets	(224,656)	(66,184)
Interest receivable	21,925	20,489
Net cash flow used in investing activities	(202,731)	(45,695)
Change in cash and cash equivalents in the year	(164,617)	14,055
Cash and cash equivalents at start of year	886,413	872,358
Cash and cash equivalents at end of year	721,796	886,413
Reconciliation of net expenditure to net cash flow from operating activities		
Net expenditure for year	(166,595)	(144,439)
Interest receivable	(21,925)	(20,489)
Depreciation of tangible fixed assets	274,338	263,397
Increase in stocks	(3,463)	(924)
Increase in debtors	(15,464)	(154,619)
(Decrease)/Increase in creditors	(28,777)	116,824
Net cash flow provided from operating activities	38,114	59,750
Cash and cash equivalents consists of:		
Cash at bank and in hand	571,796	586,413
Short term investments	150,000	300,000
Cash and cash equivalents	721,796	886,413

The Accounting Policies and Notes on pages 16 to 25 form part of these Financial Statements.

1. General information and basis of preparation

The Palace Theatre Watford Limited is a company limited by guarantee in the United Kingdom. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity. The address of the registered office is given in the charity information on page 2 of these financial statements. The nature of the charity's operations and principal activities are set out in the Report of the Trustees.

The charity constitutes a public benefit entity as defined by FRS 102. 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), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Practice as it applies from 1 January 2019.

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are prepared in sterling which is the functional currency of the charity.

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

Going Concern

It is the opinion of the Directors/Trustees that the use of the going concern basis of accounting is appropriate because:

- there are no material uncertainties relating to events or conditions that may cast significant doubt about the ability of the Charitable Company to continue as a going concern;
- there is reasonable expectation that the Charitable Company has adequate resources to continue in operational existence for the foreseeable future, considered to be at least twelve months from the date of approval of the financial statements.

2. Accounting Policies

2.1 Funds

Unrestricted Designated Funds

Refurbishment Depreciation Fund - costs related to small scale repairs and renovations, and the associated depreciation.

Future Production and Artistic projects - to hold grant and other monies for use on future productions and artistic projects.

Building and visitor experience - to hold grant and other monies to cover building contingency expenses and for physical improvements to enhance the visitor experience.

Lighting Desk Depreciation Fund - the depreciation cost of the lighting desk acquired in November 2012.

Resilience Projects Fund - to hold grant and other monies to fund one-off mid/long term impact projects related to the Charitable Company's strategic resilience.

Bar Refit Depreciation Fund - costs related to the renovation of the Bar / Cafe areas, and the associated depreciation.

VAT Project Fund - fees and other expenses in relation to a review of the Theatre's historic VAT treatment, and subsequent claim for a refund from HMRC.

2. Accounting Policies (continued)

Restricted Funds

Theatre refurbishment fund - funds received/receivable specifically for the cost of the refurbishment of the Theatre.

Catalyst Arts Fund - funds received/receivable specifically in relation to the Arts Council England's Catalyst Arts Capacity building and match funding scheme, to support organisations in building their fundraising capacity and capability over a three-year period.

ACE Capital Fund - funding towards capital works to enhance rehearsal facilities, to improve energy efficiency and to replace essential specialist equipment.

New Writing Fund - funding towards investment in writing new work.

Arts Council Cultural Recovery Fund – the government's Culture Recovery Fund, supporting cultural organisations through the impact of the Covid-19 pandemic.

Garfield Weston Foundation - grant received from the Weston Culture Fund to support our Take Part youth and community programmes. Amounts are drawn down against the fund and transferred to the general fund when expenditure is incurred.

Restoration Levy Fund - monies charged per Box Office transaction, specifically towards the refurbishment, improvement, and upkeep of the theatre.

Herts Foundation Fund – grant received from the Hertfordshire Community Foundation to support the WPT and OneYMCA Partnership Youth Theatres project.

Neighbourhood Grant Fund - Monies received from Watford Borough Council, being for small grants with local neighbourhood impact. Secured specifically for support with decarbonisation efforts actioned during Summer 2025.

Backstage Trust Fund - Charitable trust funding for the improvement of earned income facilities and new spaces (such as the Studios and Cabaret Bar) during Summer 2025.

Fund Transfers

Transfers are made between funds as and when the Trustees deem them necessary, within the limits of any restrictions that are in place.

2.2 Incoming Resources

Voluntary income including donations, gifts and grants that provide core funding or are of a general nature are recognised where there is entitlement, probability of receipt and the amount can be measured with sufficient reliability. Such income is only deferred where the donor has specified that the grant or donation must be used in a future accounting period.

Investment income is recognised on a receivable basis.

Income from charitable activities includes:

- income derived from theatrical productions which is accounted for in the period in which the production closes;
- grant income to support education and youth activities which is recognised where there is entitlement, certainty of receipt and the amount can be reliably measured.

2.3 Resources Expended

Expenditure is recognised in the Statement of Financial Activities when a liability is incurred and the following conditions are met:

- The charity has a legal or constructive obligation as a result of a past event;
- It is probable that a transfer of economic benefit will be required to settle the obligation; and
- The amount of obligation can be measured reliably.

2. Accounting Policies (continued)

Charitable activities include expenditure associated with the staging of theatrical productions and participation activities. These include both the direct costs and support costs relating to these activities. Expenditure on materials for set, props and costumes are accounted for in the Consolidated Statement of Financial Activities (SOFA) of the period of the production. None of this expenditure is capitalised, as sets are either disposed of, or sold on within the same financial year, or very shortly after the financial year end.

Support costs represent central function costs, governance costs and overheads and have been allocated between the activities of productions and participation using an apportionment percentage calculated by comparing the direct costs attributable to each of those categories in the year.

2.4 Financial Instruments

Basic financial assets, including debtors, cash at bank and in hand, and short term investments, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Other financial assets are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

2.4 Tangible Fixed Assets

Fixed assets (other than those relating to productions - see above) are stated at historical cost. Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:

Plant, equipment and machinery	10% - 25% straight line
Information technology	10% - 33% straight line
Leasehold improvements	2.5% - 20% straight line
Long leasehold property	2.5% straight line

2.5 Stock

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete or slow moving items.

2.6 Leased assets and obligations

All operating lease rentals are charged to the SOFA on a straight line basis over the lease term.

2.7 New Writing Arrangements

These are advance costs incurred for possible future shows where the Charitable Company commissions a writer to work on a production which may or may not eventually be produced. The costs are written off to the SOFA in the year in which they are incurred.

2.8 Pensions

The Charitable Company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Charitable Company to the fund in respect of the year.

2.9 Taxation

The Charitable Company is exempt from Corporation Tax as all of its income is charitable and is applied for charitable purposes. The Charitable Company is registered for Value Added Tax (VAT); irrecoverable VAT (where applicable) is included in the cost of those items to which it relates.

3. Net Expenditure	Note	2025 £	2024 £
This is stated after charging:			
Auditors' remuneration		9,880	9,389
Depreciation	7	274,338	263,397
Operating leases - land and buildings		7,268	27,000
		<u> </u>	<u> </u>
4. Incoming Resources		2025 £	2024 £
Grants Receivable and Fees			
Unrestricted income from:			
Arts Council England - grant		805,118	805,118
Service provision fees - Watford Borough Council		211,081	231,957
Restricted income from:			
Hertfordshire Foundation Grant		-	10,000
WBC Neighbourhood Grant		50,000	-
Backstage Trust Grant		200,000	-
		<u> </u>	<u> </u>
		1,266,199	1,047,075
Incoming Resources from Charitable Activities			
Production:			
Box office income - produced		433,873	383,168
Box office income - co produced		181,592	73,272
Box office income - presented		427,442	441,958
Other production income		278,819	71,629
Film sales		2,754	18,412
Hire fees income		50,089	52,431
Front of house sales		6,026	7,564
		<u> </u>	<u> </u>
		1,380,595	1,048,434
Participation:			
Educational activities		32,474	20,723
		<u> </u>	<u> </u>
		32,474	20,723
Other:			
Tax relief		370,729	162,421
Sundry income		37,151	37,123
		<u> </u>	<u> </u>
		407,880	199,544
		<u> </u>	<u> </u>
Total income from charitable activities		1,820,949	1,268,701
		<u> </u>	<u> </u>

Income from grants receivable and fees was £1,266,199 (2024 - £1,047,075) of which £250,000 (2024 - £10,000) was attributable to restricted funds and £1,016,199 (2024 - £1,037,075) was attributable to unrestricted funds.

Income from charitable activities was £1,820,949 (2024 - £1,268,701) of which £21,059 (2024 - £10,869) was attributable to restricted funds and £1,799,890 (2024 - £1,257,832) was attributable to unrestricted funds.

5. Employee Information - Staff Costs	2025 £	2024 £
Establishment salaries	891,315	815,153
Establishment social security costs	88,060	77,436
Establishment pension costs	17,914	16,800
Non-establishment salaries	419,134	278,851
Non-establishment social security costs	10,868	6,337
Non-establishment pension costs	5,294	1,810
	<u>1,432,585</u>	<u>1,196,387</u>

The number of employees during the period who earned over £60,000 in the year was as follows:

	Number of employees	
	2025	2024
£60,001 - £70,000	1	1
£70,001 - £80,000	1	-

The total amount of employee benefits received by key management personnel, considered to be the Executive Team, during the year was £201,672 (2024 - £185,630).

Total redundancy / termination payments of £Nil (2024 - £13,704) were made. No payments were outstanding at the year end.

Average Monthly Number of Employees during the Year

	Part-time Casual/seasonal	
	2025	2024
Establishment	28	26
Non Establishment	31	26

Transactions with Directors

The Directors of the Charitable Company received no remuneration or reimbursement of expenses in the year (2024 - £nil).

6. Total Resources Expended

6.1 Analysis of Charitable Expenditure

	Direct costs £	Support costs £	Total 2025 £	Total 2024 £
Production	1,527,327	1,765,242	3,292,569	2,532,430
Participation	79,122	92,908	172,030	104,078
	<u>1,606,449</u>	<u>1,858,150</u>	<u>3,464,599</u>	<u>2,636,508</u>

6. Total Resources Expended (continued)

Charitable expenditure was £3,464,599 (2024 - £2,636,508) of which £226,281 (2024 - £224,977) was attributable to restricted funds and £3,238,318 (2024 - £2,411,531) was attributable to unrestricted funds.

6.2 Analysis of Support Costs

	Charitable Activities £	Governance costs £	Total 2025 £	Total 2024 £
Wages	1,036,354	-	1,036,354	922,434
Establishment	273,910	-	273,910	235,232
Administration	153,872	-	153,872	132,954
Marketing and box office	102,517	-	102,517	84,291
Depreciation	274,338	-	274,338	263,397
Bank charges and interest	6,496	-	6,496	3,790
Legal and accountancy fees	-	690	690	813
Board	-	93	93	144
Audit	-	9,880	9,880	9,389
	<u>1,847,487</u>	<u>10,663</u>	<u>1,858,150</u>	<u>1,652,444</u>

Support costs are allocated as shown in the table above and then further apportioned between the two charitable activities undertaken.

Support costs are allocated on a basis consistent with the use of resources.

7. Tangible Assets

	Leasehold improvement projects £	Equipment £	Plant and machinery £	Long leasehold property £	Total £
Cost					
At 1 April 2024	538,226	863,677	349,984	7,819,178	9,571,065
Additions	55,792	159,629	9,235	-	224,656
	<u>594,018</u>	<u>1,023,306</u>	<u>359,219</u>	<u>7,819,178</u>	<u>9,795,721</u>
Depreciation					
At 1 April 2024	465,112	776,969	349,052	3,810,310	5,401,443
Charge for the year	22,422	51,731	4,706	195,479	274,338
	<u>487,534</u>	<u>828,700</u>	<u>353,758</u>	<u>4,005,789</u>	<u>5,675,781</u>
Net Book Value					
At 31 March 2025	<u>106,484</u>	<u>194,606</u>	<u>5,461</u>	<u>3,813,389</u>	<u>4,119,940</u>
At 31 March 2024	<u>73,114</u>	<u>86,708</u>	<u>935</u>	<u>4,008,865</u>	<u>4,169,622</u>

8. Investment – subsidiary trading companies	2025	2024
	£	£
Shares in group undertakings:		
Cost at 1 April and at 31 March	200	200
	<u> </u>	<u> </u>

The Charitable Company owns 100% of the ordinary share capital of The Palace Theatre Watford Productions Limited, which is incorporated in England and Wales. The subsidiary company was dormant during the year.

The Charitable Company owns 100% of the ordinary share capital of The Palace Theatre Watford Bar Limited, which is incorporated in England and Wales. The Charitable Company has 100% control over this subsidiary company. This subsidiary company has been dormant from 1 April 2015, but previously operated to provide working capital finance for the charitable parent Charitable Company by covenanting distributable profits to The Palace Theatre Watford Limited. The subsidiary company operated catering facilities at the theatre.

9. Stocks	2025	2024
	£	£
Stocks	9,577	6,114
	<u> </u>	<u> </u>

10. Debtors	2025	2024
	£	£
Trade debtors	46,726	38,592
Prepayments and accrued income	577,892	570,562
	<u> </u>	<u> </u>
	<u>624,618</u>	<u>609,154</u>

11. Creditors: Amounts falling due within one-year	2025	2024
	£	£
Trade creditors	50,268	43,520
Amounts due to subsidiary companies	200	200
Social security and other taxes	31,465	25,729
Other creditors	47,848	55,541
Accruals and deferred income	315,669	349,237
	<u> </u>	<u> </u>
	<u>445,450</u>	<u>474,227</u>

Included in accruals and deferred income is deferred income of £235,042 (2024 - £225,576) which comprises advance ticket sales. £225,576 was released to the SOFA in the year to 31 March 2025 and £235,042 will be released to the SOFA in the year to 31 March 2026.

Included in other creditors are defined contribution pension liabilities of £10,004 (2024 - £3,941) all of which has been funded by unrestricted funds.

Amounts due to subsidiary companies are interest-free, unsecured and repayable on demand.

12. Unrestricted Designated Funds

The income funds of the Charitable Company include the following designated funds which have been set aside out of unrestricted funds by the Trustees for specific purposes:

	Balance at 1 April 2024 £	Incoming resources £	Outgoing expenditure £	Transfers £	Balance at 31 March 2025 £
General Funds	250,312	2,983,390	(3,228,217)	244,850	250,335
Designated Funds					
Refurbishment Fund	4,494	-	(1,123)	-	3,371
Future Production & Artistic Projects	190,592	43,740	-	(40,000)	194,332
Building and Visitor Experience	271,685	-	(9,200)	(643)	261,842
Resilience Project Fund	220,755	-	-	(161,500)	59,255
VAT Project Fund	17,255	-	(569)	-	16,686
	<u>704,781</u>	<u>43,740</u>	<u>(10,892)</u>	<u>(202,143)</u>	<u>535,486</u>
Unrestricted Funds	955,093	3,027,130	(3,239,109)	42,707	785,821
	<u><u>955,093</u></u>	<u><u>3,027,130</u></u>	<u><u>(3,239,109)</u></u>	<u><u>42,707</u></u>	<u><u>785,821</u></u>
	Balance at 1 April 2023 £	Incoming resources £	Outgoing expenditure £	Transfers £	Balance at 31 March 2024 £
General Funds	250,666	2,449,352	(2,405,056)	(44,650)	250,312
Designated Funds					
Refurbishment Fund	5,620	-	(1,126)	-	4,494
Future Production & Artistic Projects	169,649	20,943	-	-	190,592
Building and Visitor Experience	245,814	-	(4,629)	30,500	271,685
Resilience Project Fund	190,755	-	-	30,000	220,755
VAT Project Fund	17,975	-	(720)	-	17,255
	<u>629,813</u>	<u>20,943</u>	<u>(6,475)</u>	<u>60,500</u>	<u>704,781</u>
Unrestricted Funds	880,479	2,470,295	(2,411,531)	15,850	955,093
	<u><u>880,479</u></u>	<u><u>2,470,295</u></u>	<u><u>(2,411,531)</u></u>	<u><u>15,850</u></u>	<u><u>955,093</u></u>

A description of the designated funds can be found at note 2.1.

13. Restricted Fund

The income funds of the Charitable Company include the following restricted funds where the donor has specified the purpose for which the fund is to be used:

	Balance at 1 April 2024 £	Incoming resources £	Outgoing expenditure £	Transfers £	Balance at 31 March 2025 £
Theatre Refurbishment Fund	4,008,866	-	(195,480)	-	3,813,386
Catalyst Arts Fund	8,387	942	(335)	-	8,994
Arts Council England Capital Fund	8,581	-	(610)	-	7,971
New Writing Fund	478	-	-	-	478
Arts Council Cultural Recovery Fund	73,119	-	(21,139)	643	52,623
Garfield Weston Foundation	121,883	-	(5,352)	(37,050)	79,481
Restoration Levy Fund	10,869	21,058	-	-	31,927
Herts Foundation Fund	10,000	-	(3,700)	(6,300)	-
Neighbourhood Grant Fund	-	50,000	-	-	50,000
Backstage Trust Fund	-	200,000	-	-	200,000
	<u>4,242,183</u>	<u>272,000</u>	<u>(226,616)</u>	<u>(42,707)</u>	<u>4,244,860</u>
	Balance at 1 April 2023 £	Incoming resources £	Outgoing expenditure £	Transfers £	Balance at 31 March 2024 £
Theatre Refurbishment Fund	4,204,347	-	(195,481)	-	4,008,866
Catalyst Arts Fund	10,780	1,286	(379)	(3,300)	8,387
Arts Council England Capital Fund	22,082	-	(13,501)	-	8,581
New Writing Fund	478	-	-	-	478
Arts Council Cultural Recovery Fund	83,764	-	(10,645)	-	73,119
Garfield Weston Foundation	139,785	-	(5,352)	(12,550)	121,883
Restoration Levy Fund	-	10,869	-	-	10,869
Herts Foundation Fund	-	10,000	-	-	10,000
	<u>4,461,236</u>	<u>22,155</u>	<u>(225,358)</u>	<u>(15,850)</u>	<u>4,242,183</u>

A description of the restricted funds can be found at note 2.1.

14. Allocation of Net Assets between Funds

	General fund	Designated fund	Restricted fund	Total 2025
	£	£	£	£
Tangible fixed assets	145,732	109,018	3,865,190	4,119,940
Investments	200	-	-	200
Current assets	549,853	426,468	379,670	1,355,991
Current liabilities	(445,450)	-	-	(445,450)
	<hr/>	<hr/>	<hr/>	<hr/>
Net assets	250,335	535,486	4,244,860	5,030,681
	<hr/>	<hr/>	<hr/>	<hr/>
	General fund	Designated fund	Restricted fund	Total 2024
	£	£	£	£
Tangible fixed assets	102,118	66,052	4,001,452	4,169,622
Investments	200	-	-	200
Current assets	622,221	638,729	240,731	1,501,681
Current liabilities	(474,227)	-	-	(474,227)
	<hr/>	<hr/>	<hr/>	<hr/>
Net assets	250,312	704,781	4,242,183	5,197,276
	<hr/>	<hr/>	<hr/>	<hr/>

15. Capital Commitments

At 31 March 2025, the Charity had capital commitments of £296,000 relating to the refurbishment of its main premises, which were contracted for but not provided for in the financial statements (2024 – none).

16. Related Party Relationships and Transactions

During the year, the following Trustees have been connected with organisations that have made payments to the Charitable Company:

Councillor Agnieszka Dychton and Marilyn Devonish – Watford Borough Council – Service provision fees of £211,081 (2024: £231,957) and further funding of £50,000 (2024 - £nil).

THE PALACE THEATRE WATFORD LIMITED

England & Wales - Charity number 1056950

Accounts

THE PALACE THEATRE WATFORD LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2024**

Company Registration No. 3218719 (England and Wales)

MONDAY



ADJ2MCMJ

A6

30/12/2024

#14

COMPANIES HOUSE

	Page
Directors and Advisers	2
Report of the Directors	3 - 8
Report of the Independent Auditors	9 - 11
Statement of Financial Activities	12
Balance Sheet	13
Statement of Cash Flows	14
Notes to the Financial Statements	15 - 25

Directors

Chair	John Hunt
	Marilyn Devonish *
	Agnieszka Dychton *
	Felicity Evans (appointed 19 February 2024)
Governance Committee	Anne Fenton
	Sarah Golding (appointed 19 February 2024)
Governance Committee	Howard Groves
Governance Committee	Mark Lawrence
Governance Committee	Carol Lingwood
	Bibi Mauthoor
	Binita Mehta-Parmar
Governance Committee	Giles Rowland (appointed 28 November 2023)
	Brett Spencer
	Kenny Sperry
	Patrick Stoddart (resigned on 27 November 2023)
	Jayne Trotman

* Directors nominated by Watford Borough Council.

Secretary

Jamie Arden

Registered Office

20 Clarendon Road
Watford
Herts WD17 1JZ

Bankers

National Westminster Bank plc
72-74 High Street
Watford
Herts WD17 2BQ

Auditors

PKF Littlejohn LLP
15 Westferry Circus
Canary Wharf
London E14 4HD

Charity Registration number

1056950

Company Registration number

3218719

The Directors of the Charitable Company present herewith their Annual Report, together with the audited Financial Statements for the year ended 31 March 2024. This report is intended to fulfil the requirements both of Section 234 of the Companies Act 2006 and of the Charities Act 2011. The Directors have adopted the provisions of the Statement of Recommended Practice "Accounting and Reporting by Charities" in preparing the annual report and financial statements of the charity.

Reference and Administrative Details

The Palace Theatre Watford Limited is a charitable company limited by guarantee and governed by a Memorandum and Articles of Association dated 17 May 1996.

Public Benefit

The Trustees confirm that they have had regard to the guidance on public benefit issued by the Charity Commission when considering the objectives and activities of the Charitable Company.

Board of Directors

The Directors and Trustees from 1 April 2023 to the date of the signing of the Financial Statements were as shown on page 2. The Directors shall have power at any time to appoint any person to be a Director, but so that the total number of Directors shall not at any time exceed the number fixed in accordance with the Articles. Any Director so appointed shall hold office only until the following Annual General Meeting, and shall then be eligible for re-election, but shall not be taken into account in determining the Directors who are to retire by rotation at such meeting. Two Directors are nominated by Watford Borough Council. (There are specific requirements associated with the rotation of Directors, the terms of which are stated in the Memorandum and Articles of Association).

Trustees receive ongoing training, including attendance at strategic 'working parties' or away days.

The Directors and Trustees delegate the day to day running of the organisation to:

- Brigid Larmour – Artistic Director and Chief Executive (until April 2023)
- Steve Marmion – Chief Executive and Director of Programming (from July 2023)
- Jamie Arden – Executive Director and Company Secretary
- Andrew Phillips – Director of Finance

Powers of the Company

The Directors take this opportunity to confirm that under Clause 3 of the Charitable Company's Memorandum of Association, it is empowered to carry out the activities reviewed in the Annual Report including, but not limited to, the beneficial investment of the Charitable Company's funds.

Strategic Objectives

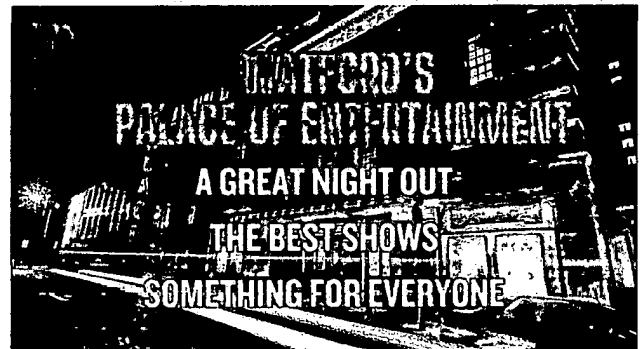
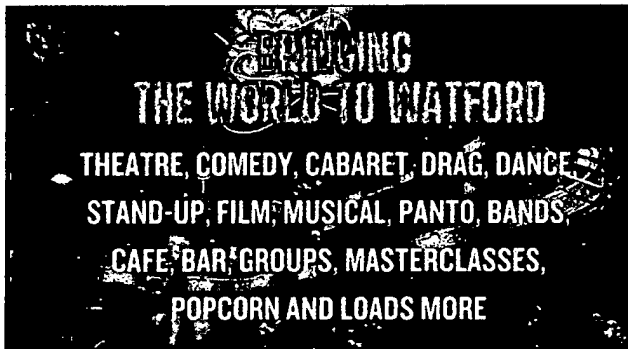
From April 2023 Watford Palace Theatre entered into a new funding agreement with Arts Council England - leading into a new three-year agreement secured as an National Portfolio Organisation from April 2023 - March 2026, marking the organisation moving into delivering their new vision for the Theatre.

Watford Palace Theatre (WPT) is Watford's 'Palace of Entertainment' – providing a great night out, the best shows and something for everyone.

WPT is a successful, inclusive, and ambitious award-winning professional theatre and local charity. The organisation receives core funding from Arts Council England as one of their key National Portfolio Organisations within the 'Three Counties' region of Hertfordshire, Buckinghamshire, and Bedfordshire, and has strong partnership support with Watford Borough Council.

Our ambition for excellence is supported by our skilled and respected Technical Production department, housed within our beautiful heritage Edwardian 600- seat auditorium and well- resourced technical facilities.

As well as producing Theatre inside the building, we also make productions and events in Watford that go beyond our borders and extensively co-produce and tour our shows 'Made in Watford' across the UK



Watford Palace Theatre (WPT) exists to entertain, bring joy, empower and inspire within the "Palace of Entertainment". From its roots as a Music Hall, built in 1908, and an early pioneer of Theatre in Education, WPT is an arts charity that celebrates its rich heritage, boldly steps towards the future to stage shows and projects that excite, empower and entertain – indoors, outdoors and online. WPT is the region's cultural powerhouse of inventive and inclusive creativity for all generations.

Watford to the World (Produced / Co-Produced events) included:

The Merchant Of Venice 1936, by William Shakespeare, with Trafalgar Studios, RSC and HOME Manchester
Cinderella, by Teresa Burns
The Lost Spells, with Goblin Theatre, Polka Theatre and Theatre by The Lake
Happy Birthday Sunita, by RIFCO Theatre in association with Watford Palace Theatre

The World to Watford (Received work) included:

Curious Investigators, by One Tenth Human
Twirlywoos 2023, by MEI Theatrical Ltd
Dinosaur Adventure Live, by Dinosaur Adventure Live Ltd (Red Entertainment)
I Believe In Unicorns 2023, by Danyah Miller Storyteller Ltd
There's A Monster In Your Show, by MEI Theatrical Ltd
Ministry of Science: Science Saves The World, by Mark Thompson Productions Limited
The Bubble Show, Eran Backler, by The Highland Joker
Fireman Sam: The Great Camping Adventure, by Mark Thompson Productions Limited
Wifi Wars, by WiFi Wars Ltd
Frankenstein, by Imitating the Dog
Pop Princesses, by Sweeney Entertainment Ltd
Bring Your Own Baby, by Bring Your Own Baby Comedy
Rave On: The British Invasion, by Bluejays Productions Ltd
Dreamcoat Stars, by Joe Show Ltd
Lucy Porter - Wake Up Call, by Bound and Gagged Comedy
Disco Inferno, by Veritas Entertainment Ltd.
Dara O'Briain: So...Where Were We? By Off the Kerb Productions Ltd
Walk Like a Man, by Veritas Entertainment Ltd.
Jen Brister: The Optimist, by Little Wander Ltd
Rush: A Joyous Jamaican Journey, by Rush Theatre Company
Susie Dent: The Secret Lives of Words, by No Third Entertainments LLD
The Makings of a Murderer, by Entertainers Show Providers Ltd.
ELO Again, by MRC Enterprises Ltd
Queenz with Balls, by David Michael Productions Ltd
Kizza: Jiggy Yak Figgy Yak (Watford Fringe), by B Summers
Neil Ben (Watford Fringe), by Neil Ben
Axel Blake: In Style, by GAG REFLEX LTD
Ballet Black: Pioneers, by Ballet Black Limited
Lee Mead: The Best of Me, by RED Entertainment
Uncanny: I Know What I Saw, by Tilted Sessions Ltd
Back Into Hell: A Tribute to Meat Loaf, by MRC Enterprises Ltd
Bridget Christie: Who Am I, by Little Wander Ltd
The Ronnie Scott's Story, by Ronnie Scott's Jazz Club (c/o JBA Concerts, acting as agent)
Chris McCausland: Yonks! By Bound and Gagged Comedy
Tom Davis: Underdog, by Off the Kerb Productions Ltd
Sindu Vee: Alphabet, by HahaHouse Ltd c/o Chambers Touring Ltd
An Evening of Burlesque 2024, by Entertainers Show Providers Ltd
Swinging at the Cotton Club, by Swinging at the Cotton Club (c/o agent: JBA Concerts)
Luisa Omielan: Bitter, by Big Love Productions
Illegal Eagles, by Phil Aldridge Productions Ltd
Damian Lewis 2024, by Neil O'Brien Entertainment
Zog and The Flying Doctors, by Freckle Productions
Paul Young: Behind the Lens, by A Way With Media Productions Ltd
Comedy Club 4 Kids, by Comedy Club for Kids

Take Part, Community, and Business activities included:

Mission ImpossibALL
Celebrate Diwali 2023 / Rangdhvani
Chinese New Year 2024
Palace Youth Theatre
Youth Advisory Board
Young Orbital / Hatfield Outreach Groups
Storytelling Projects
Mockingbird Youth Theatre
Merchant of Venice - Online Education Programme
Palace Musical Theatre
Palace Technical Crew
Electric Umbrella - No Such Thing As Normal, by Electric Umbrella
Watford Jazz Junction Gala Concert, by Watford Jazz Junction
Wandershow - Making Memories, by WANDERSHOW
Purcell School of Music, by Purcell School of Music
SHIAMAK Dance School - Bollywood Forever, by Shiamak Dance Ltd
Daniel Martinez Flamenco - The Art of Believing, by Daniel Martinez Flamenco Company Ltd
NHS All Stars / Herts NHS Trust
Kinky Boots, by Cassio Operatic Society
Shiamak Dance Ltd, Bollywood Winter Funk, by Shiamak Dance Ltd
BT Business Advert Film and Location, by Somesuch & Company Limited
Camp Productions - by Music Video, Camp Productions
Carmen, by Abbots Langley G & S Society
TJX Hire - Comic Relief 2024, by TJX
Theatre School Hire / Beth Jacob Foundation, Topstitch

OTHER ACHIEVEMENTS IN THE YEAR:

Establishing a busier theatre including Front of House and bar areas outside of show times
Creating a higher profile across creative industries and locally
Front of house is revitalised and open again
Our media coverage and followings on socials are at their highest since The Merchant of Venice
Take Part offer redesigned and launched
KPIs have been established
New CCTV installed
Restoration levy introduced (circa £30k generated per annum)
Secured WBC funding for the next three years (indicative)
Secured decarbonisation grant for plant and HVAC system replacement

The activities described above demonstrate that public benefit is being provided by the Charity.

Financial Review

The Statement of Financial Activities shows a deficit of £144,439 (2023 - deficit of £295,215) for the financial year. This comprises a surplus before transfers on unrestricted funds of £58,764 (2023 - deficit of £82,575) and a deficit on restricted funds of £203,203 (2023 - deficit of £212,640). The Directors note that this deficit is declared after recognising depreciation charges of £263,397 (being £38,420 applied to unrestricted funds, and £224,977 applied to restricted funds).

Financial Position in the Context of Ongoing Commitments and Obligations

The Balance Sheet shows net assets of £5,197,276 at 31 March 2024 (2023 - £5,341,715). As at the same date, Revenue subsidy amounting to £805,118 and £231,957 for the following 12-month period has been confirmed by Watford Borough Council and Arts Council England respectively. An agreed budget for the year to 31 March 2025 has been approved by the Board of Directors.

Subsidiary Undertakings

The Charitable Company's wholly owned subsidiaries, The Palace Theatre Watford Bar Limited and The Palace Theatre Watford Productions Limited, remained dormant throughout the year.

Investment Policy

The Charitable Company holds surplus cash on a deposit account to receive a rate of interest commensurate with an appropriate level of security, whilst not restricting access for operational purposes or payment of box office to touring companies and hires. Where sufficient surplus cash remains available after due consideration for longer term liabilities, the Charitable Company utilises other relatively low risk financial products (such as Fixed Rate Bonds) to maximise income.

Parent Charitable Company's Reserves Policy

The Trustees have reviewed the Charitable Company's needs for reserves in line with the guidance issued by the Charity Commission and have agreed the following reserves policy: the target level of unrestricted reserves is based on 10% of typical box office income and six weeks running costs. At the last calculation, the target is to hold free reserves of £250,000. The unrestricted general reserve (see page 13) stood at £250,312 on 31 March 2024 (2023 - £250,666). This policy is reviewed annually by the Trustees.

Risk Assessment

The Trustees have examined and prioritised the most critical risks to the Charitable Company and, as a result, are confident that they have in place sufficient accountability and focussed action to protect the objectives of the Charitable Company. A risk register has been produced and is reviewed by the Leadership Team and updated by the Executive Director every two months for consideration by the Board. The major risk identified concerns the funding of the Charitable Company. Arts Council England and Watford Borough Council have the right under Service Level Agreements to withdraw funding and/or request repayment of funds should those funds be applied to purposes other than the stated charitable objectives. The Charitable Company has put in place a range of mitigatory measures. The Board operates a separate governance committee, with its own Chair, to maintain a transparent and objective overview.

Statement of Trustees' Responsibilities

The Trustees (who are also Directors of The Palace Theatre Watford for the purposes of company law) are responsible for preparing the Trustees' Report and the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company and Charity law requires the Trustees to prepare Financial Statements for each financial year. Under that law the Trustees have elected to prepare the Financial Statements in accordance with the Charities' Statement of Recommended Practice, Accounting and Reporting by Charities issued in March 2015 and United Kingdom Financial Reporting and Accounting Standards. Under Company and Charity law the Trustees must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charitable Company and of the incoming resources and application of resources, including the income and expenditure of the Charitable Company (and the 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 of the Charities' SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards 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 Company will continue in business.

The Trustees are responsible for keeping proper 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 the Group) and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In accordance with company law, as the Company's Directors, we confirm that:

- so far as we are aware, there is no relevant audit information of which the Company's auditors are unaware; and

as the Directors of the Company, we have taken all steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

PKF Littlejohn LLP are appointed as auditors to the Charitable Company and have indicated their willingness to continue in office.

This report was approved by order of the Board of Directors and signed on its behalf by:



John Hunt
Chair

Date

November 25th 2024

Independent Auditors' Report to the Members of The Palace Theatre Watford Limited**Opinion**

We have audited the financial statements of The Palace Theatre Watford Limited (the 'charitable company') for the year ended 31 March 2024 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cashflows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 charitable company's affairs as at 31 March 2024 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company'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 Annual Report of the Trustees, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained within the Annual Report of the Trustees. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Annual Report of the Trustees (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 Annual Report of the Trustees (which includes the Directors' report) has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Annual Report of the Trustees.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- We obtained an understanding of the charitable company and the sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, sector research and application of cumulative audit knowledge and experience.

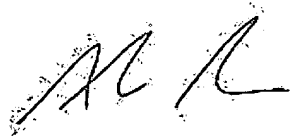
- We determined the principal laws and regulations relevant to the charitable company in this regard to be those arising from the Companies Act 2006, Charities Act 2011, Charities (Accounts and Reports) Regulations 2008, Financial Reporting Standard 102 and the Charities SORP.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the charity with those laws and regulations. These procedures included, but were not limited to enquiries of Trustees, review of minutes and review of legal and regulatory correspondence.
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that there was a potential for management bias in the recognition of revenue. We addressed this through reviewing revenue in the year for evidence of entitlement and at the year end to ensure accounted for in the correct period.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or 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 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.

Use of our report

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



Alastair Duke (Senior Statutory Auditor)

For and on behalf of PKF Littlejohn LLP

Statutory Auditor

15 Westferry Circus

Canary Wharf

London E14 4HD

Date: 17 December 2024

THE PALACE THEATRE WATFORD LIMITED

**STATEMENT OF FINANCIAL ACTIVITIES
YEAR ENDED 31 MARCH 2024**

	Note	2024 Unrestricted funds £	2024 Restricted funds £	2024 Total funds £	2023 Total funds £
Incoming Resources					
Grants receivable and fees	4	1,037,075	10,000	1,047,075	1,087,075
Donations and gifts		16,899	1,286	18,185	40,631
Bank interest		20,489	-	20,489	4,796
Ancillary trading activities		138,000	-	138,000	113,630
		<u>1,212,463</u>	<u>11,286</u>	<u>1,223,749</u>	<u>1,246,132</u>
Charitable Activities					
Production	4	1,048,434	-	1,048,434	1,026,087
Participation	4	20,723	-	20,723	18,724
Other	4	188,675	10,869	199,544	237,877
		<u>1,257,832</u>	<u>10,869</u>	<u>1,268,701</u>	<u>1,282,688</u>
		<u>2,470,295</u>	<u>22,155</u>	<u>2,492,450</u>	<u>2,528,820</u>
Total Income					
Expenditure on:					
Raising funds		-	381	381	2,899
Charitable Activities					
Production	6	2,316,452	215,978	2,532,430	2,544,498
Participation	6	95,079	8,999	104,078	276,638
		<u>2,411,531</u>	<u>225,358</u>	<u>2,636,889</u>	<u>2,824,035</u>
Total Expenditure					
Net Expenditure	3	58,764	(203,203)	(144,439)	(295,215)
Transfers between funds	13	15,850	(15,850)	-	-
Total funds brought forward		<u>880,479</u>	<u>4,461,236</u>	<u>5,341,715</u>	<u>5,636,930</u>
Total funds carried forward		<u>955,093</u>	<u>4,242,183</u>	<u>5,197,276</u>	<u>5,341,715</u>

All income and expenditure derives from continuing activities.

The statement of financial activities includes all gains and losses recognised during the year.

The Accounting Policies and Notes on pages 15 to 25 form part of these Financial Statements.

THE PALACE THEATRE WATFORD LIMITED
(Company Registration number 3218719)

BALANCE SHEET
YEAR ENDED 31 MARCH 2024

	Note	2024 £	2023 £
Fixed Assets			
Tangible assets	7	4,169,622	4,366,835
Investments	8	200	200
		<hr/>	<hr/>
		4,169,822	4,367,035
		<hr/>	<hr/>
Current Assets			
Stocks	9	6,114	5,190
Debtors	10	609,154	454,535
Cash at bank and in hand		586,413	796,681
Short term investments		300,000	75,677
		<hr/>	<hr/>
		1,501,681	1,332,083
Creditors: amounts falling due within one year	11	(474,227)	(357,403)
		<hr/>	<hr/>
Net Current Assets		1,027,454	974,680
		<hr/>	<hr/>
Net Assets		5,197,276	5,341,715
		<hr/>	<hr/>
Income Funds			
Restricted Funds	13	4,242,183	4,461,236
Unrestricted Funds	12		
General		250,312	250,666
Designated		704,781	629,813
		<hr/>	<hr/>
Total Unrestricted Funds		955,093	880,479
		<hr/>	<hr/>
Total Charity Funds		5,197,276	5,341,715
		<hr/>	<hr/>

Approved by the Board on 25 November 2024 and signed on its behalf by:


John Hunt
Chair

November 25th 2024

The Accounting Policies and Notes on pages 15 to 25 form part of these Financial Statements.

THE PALACE THEATRE WATFORD LIMITED

**STATEMENT OF CASHFLOWS
YEAR ENDED 31 MARCH 2024**

	2024 £	2023 £
Cash flow provided from operating activities	59,750	(215,348)
Cash flow from investing activities		
Payments to acquire tangible fixed assets	(66,184)	(93,286)
Interest receivable	20,489	4,796
Net cash flow (used in) investing activities	<u>(45,695)</u>	<u>(88,490)</u>
Change in cash and cash equivalents in the year	14,055	(303,838)
Cash and cash equivalents at start of year	872,358	1,176,196
Cash and cash equivalents at end of year	<u>886,413</u>	<u>872,358</u>
Reconciliation of net expenditure to net cash flow from operating activities		
Net expenditure for year	(144,439)	(295,215)
Interest receivable	(20,489)	(4,796)
Depreciation of tangible fixed assets	263,397	270,133
(Increase)/Decrease in stocks	(924)	1,921
Increase in debtors	(154,619)	(212,735)
Increase in creditors	116,824	25,344
Net cash flow provided from operating activities	<u>59,750</u>	<u>(215,348)</u>
Cash and cash equivalents consists of:		
Cash at bank and in hand	586,413	796,681
Short term investments	300,000	75,677
Cash and cash equivalents	<u>886,413</u>	<u>872,358</u>

The Accounting Policies and Notes on pages 15 to 25 form part of these Financial Statements.

1. General information and basis of preparation

The Palace Theatre Watford Limited is a company limited by guarantee in the United Kingdom. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity. The address of the registered office is given in the charity information on page 2 of these financial statements. The nature of the charity's operations and principal activities are set out in the Report of the Trustees.

The charity constitutes a public benefit entity as defined by FRS 102. 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), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Practice as it applies from 1 January 2019.

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are prepared in sterling which is the functional currency of the charity.

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

Going Concern

It is the opinion of the Directors/Trustees that the use of the going concern basis of accounting is appropriate because:

- there are no material uncertainties relating to events or conditions that may cast significant doubt about the ability of the Charitable Company to continue as a going concern;
- there is reasonable expectation that the Charitable Company has adequate resources to continue in operational existence for the foreseeable future.

2. Accounting Policies

2.1 Funds

Unrestricted Designated Funds

Refurbishment Depreciation Fund - costs related to small scale repairs and renovations, and the associated depreciation.

Future Production and Artistic projects - to hold grant and other monies for use on future productions and artistic projects.

Building and visitor experience - to hold grant and other monies to cover building contingency expenses and for physical improvements to enhance the visitor experience.

Lighting Desk Depreciation Fund - the depreciation cost of the lighting desk acquired in November 2012.

Resilience Projects Fund - to hold grant and other monies to fund one-off mid/long term impact projects related to the Charitable Company's strategic resilience.

Bar Refit Depreciation Fund - costs related to the renovation of the Bar / Cafe areas, and the associated depreciation

VAT Project Fund - fees and other expenses in relation to a review of the Theatre's historic VAT treatment, and subsequent claim for a refund from HMRC

2. Accounting Policies (continued)

Restricted Funds

Theatre refurbishment fund - funds received/receivable specifically for the cost of the refurbishment of the Theatre.

Catalyst Arts Fund - funds received/receivable specifically in relation to the Arts Council England's Catalyst Arts Capacity building and match funding scheme, to support organisations in building their fundraising capacity and capability over a three-year period.

ACE Capital Fund - funding towards capital works to enhance rehearsal facilities, to improve energy efficiency and to replace essential specialist equipment.

New Writing Fund - funding towards investment in writing new work.

Merchant of Venice - donations received to support our future production of Shakespeare's The Merchant of Venice (a creative response to anti-Semitism in Britain, set in the London of the 1930s).

Arts Council Cultural Recovery Fund – the government's Culture Recovery Fund, supporting cultural organisations through the impact of the Covid-19 pandemic.

Garfield Weston Foundation - grant received from the Weston Culture Fund to support our Take Part youth and community programmes. Amounts are drawn down against the fund and transferred to the general fund when expenditure is incurred.

Restoration Levy Fund - monies charged per Box Office transaction, specifically towards the refurbishment, improvement, and upkeep of the theatre.

Herts Foundation Fund – grant received from the Hertfordshire Community Foundation to support the WPT and OneYMCA Partnership Youth Theatres project.

Fund Transfers

Transfers are made between funds as and when the Trustees deem them necessary, within the limits of any restrictions that are in place.

2.2 Incoming Resources

Voluntary income including donations, gifts and grants that provide core funding or are of a general nature are recognised where there is entitlement, probability of receipt and the amount can be measured with sufficient reliability. Such income is only deferred where the donor has specified that the grant or donation must be used in a future accounting period.

Investment income is recognised on a receivable basis.

Income from charitable activities includes:

- income derived from theatrical productions which is accounted for in the period in which the production closes;
- grant income to support education and youth activities which is recognised where there is entitlement, certainty of receipt and the amount can be reliably measured.

2.3 Resources Expended

Expenditure is recognised when a liability is incurred.

Charitable activities include expenditure associated with the staging of theatrical productions and participation activities. These include both the direct costs and support costs relating to these activities. Expenditure on materials for set, props and costumes are accounted for in the Consolidated Statement of Financial Activities (SOFA) of the period of the production. None of this expenditure is capitalised, as sets are either disposed of, or sold on within the same financial year, or very shortly after the financial year end.

Support costs represent central function costs, governance costs and overheads and have been allocated between the activities of productions and participation using an apportionment percentage calculated by comparing the direct costs attributable to each of those categories in the year.

2. Accounting Policies (continued)**2.4 Financial Instruments**

Basic financial assets, including debtors, cash at bank and in hand, and short term investments, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Other financial assets are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

2.4 Tangible Fixed Assets

Fixed assets (other than those relating to productions - see above) are stated at historical cost. Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:

Plant, equipment and machinery	10% - 25% straight line
Information technology	10% - 33% straight line
Leasehold improvements	2.5% - 20% straight line
Long leasehold property	2.5% straight line

2.5 Stock

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete or slow moving items.

2.6 Leased assets and obligations

All operating lease rentals are charged to the SOFA on a straight line basis over the lease term.

2.7 New Writing Arrangements

These are advance costs incurred for possible future shows where the Charitable Company commissions a writer to work on a production which may or may not eventually be produced. The costs are written off to the SOFA in the year in which they are incurred.

2.8 Pensions

The Charitable Company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Charitable Company to the fund in respect of the year.

2.9 Taxation

The Charitable Company is exempt from Corporation Tax as all of its income is charitable and is applied for charitable purposes. The Charitable Company is registered for Value Added Tax (VAT); irrecoverable VAT (where applicable) is included in the cost of those items to which it relates.

3. Net Expenditure	Note	2024 £	2023 £
This is stated after charging:			
Auditors' remuneration	7	9,389	9,383
Depreciation		263,397	270,133
Operating leases - land and buildings		27,000	27,000
		<hr/>	<hr/>
4. Incoming Resources		2024 £	2023 £
Grants Receivable and Fees			
Unrestricted income from:			
Arts Council England - grant		805,118	805,118
Service provision fees - Watford Borough Council		231,957	231,957
Support grant - Watford Borough Council		-	50,000
Restricted income from:			
Hertfordshire Foundation - grant		10,000	-
		<hr/>	<hr/>
		1,047,075	1,087,075
		<hr/>	<hr/>
Incoming Resources from Charitable Activities			
Production:			
Box office income - produced		383,168	563,458
Box office income - co produced		73,272	42,264
Box office income - presented		441,958	175,052
Other production income		71,629	175,681
Film sales		18,412	16,025
Hire fees income		52,431	51,839
Front of house sales		7,564	1,768
		<hr/>	<hr/>
		1,048,434	1,026,087
Participation:			
Educational activities		20,723	18,724
		<hr/>	<hr/>
		20,723	18,724
Other:			
Tax relief		162,421	191,433
Sundry income		37,123	46,444
		<hr/>	<hr/>
		199,544	237,877
		<hr/>	<hr/>
Total income from charitable activities		1,268,701	1,282,688
		<hr/>	<hr/>

Income from grants receivable and fees was £1,047,075 (2023 - £1,087,075) of which £10,000 (2023 - £Nil) was attributable to restricted funds and £1,037,075 (2023 - £1,087,075) was attributable to unrestricted funds.

Income from charitable activities was £1,268,701 (2023 - £1,282,688) of which £10,869 (2023 - £Nil) was attributable to restricted funds and £1,257,832 (2023 - £1,282,688) was attributable to unrestricted funds.

5. Employee Information - Staff Costs	2024	2023
	£	£
Establishment salaries	815,153	797,822
Establishment social security costs	77,436	82,167
Establishment pension costs	16,800	17,186
Non-establishment salaries	278,851	289,654
Non-establishment social security costs	6,337	4,255
Non-establishment pension costs	1,810	3,523
	<hr/>	<hr/>
	1,196,387	1,194,607
	<hr/>	<hr/>

The number of employees during the period who earned over £60,000 in the year was as follows:

	Number of employees	
	2024	2023
£60,001 - £70,000	1	-
£70,001 - £80,000	-	1

The total amount of employee benefits received by key management personnel, considered to be the Executive Team, during the year was £185,630 (2023 - £183,219).

Total redundancy / termination payments of £13,704 (2023 - £nil) were made to one individual (2023 - none). No payments were outstanding at the year end.

Average Monthly Number of Employees during the Year

	Part-time Casual/seasonal	
	2024	2023
Establishment	26	26
Non Establishment	26	24
	<hr/>	<hr/>

Transactions with Directors

The Directors of the Charitable Company received no remuneration or reimbursement of expenses in the year (2023- £nil).

6. Total Resources Expended

6.1 Analysis of Charitable Expenditure

	Direct costs £	Support costs £	Total 2024 £	Total 2023 £
Production	946,084	1,586,346	2,532,430	2,544,498
Participation	37,980	66,098	104,078	276,638
	<hr/>	<hr/>	<hr/>	<hr/>
	984,064	1,652,444	2,636,508	2,821,136
	<hr/>	<hr/>	<hr/>	<hr/>

6. Total Resources Expended (continued)

Charitable expenditure was £2,636,508 (2023 - £2,821,136) of which £224,977 (2023 - £237,198) was attributable to restricted funds and £2,411,531 (2023 - £2,583,938) was attributable to unrestricted funds.

6.2 Analysis of Support Costs

	Charitable Activities £	Governance costs £	Total 2024 £	Total 2023 £
Wages	922,434	-	922,434	826,962
Establishment	235,232	-	235,232	242,754
Administration	132,954	-	132,954	120,620
Marketing and box office	84,291	-	84,291	79,783
Depreciation	263,397	-	263,397	268,826
Bank charges and interest	3,790	-	3,790	4,629
Legal and accountancy fees	-	813	813	664
Board	-	144	144	133
Audit	-	9,389	9,389	9,383
	<u>1,642,098</u>	<u>10,346</u>	<u>1,652,444</u>	<u>1,553,754</u>

Support costs are allocated as shown in the table above and then further apportioned between the two charitable activities undertaken.

Support costs are allocated on a basis consistent with the use of resources.

7. Tangible Assets	Leasehold improvement projects £	Equipment £	Plant and machinery £	Long leasehold property £	Total £
Cost					
At 1 April 2023	533,307	802,412	349,984	7,819,178	9,504,881
Additions	4,919	61,265	-	-	66,184
	<u>538,226</u>	<u>863,677</u>	<u>349,984</u>	<u>7,819,178</u>	<u>9,571,065</u>
At 31 March 2024	538,226	863,677	349,984	7,819,178	9,571,065
Depreciation					
At 1 April 2023	439,179	736,918	347,118	3,614,831	5,138,046
Charge for the year	25,933	40,051	1,934	195,479	263,397
	<u>465,112</u>	<u>776,969</u>	<u>349,052</u>	<u>3,810,310</u>	<u>5,401,443</u>
At 31 March 2024	465,112	776,969	349,052	3,810,310	5,401,443

7. Tangible Assets (continued)

Net Book Value

At 31 March 2024	73,114	86,708	932	4,008,868	4,169,622
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March 2023	94,128	65,494	2,866	4,204,347	4,366,835
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

8. Investment – subsidiary trading companies

2024	2023
£	£

Shares in group undertakings:

Cost at 1 April and at 31 March	200	200
	<u> </u>	<u> </u>

The Charitable Company owns 100% of the ordinary share capital of The Palace Theatre Watford Productions Limited, which is incorporated in England and Wales. The subsidiary company was dormant during the year.

The Charitable Company owns 100% of the ordinary share capital of The Palace Theatre Watford Bar Limited, which is incorporated in England and Wales. The Charitable Company has 100% control over this subsidiary company. This subsidiary company has been dormant from 1 April 2015, but previously operated to provide working capital finance for the charitable parent Charitable Company by covenanting distributable profits to The Palace Theatre Watford Limited. The subsidiary company operated catering facilities at the theatre.

9. Stocks

	£	£
Stocks	6,114	5,190
	<u> </u>	<u> </u>

10. Debtors

Trade debtors	38,592	130,279
Prepayments and accrued income	570,562	324,256
	<u> </u>	<u> </u>
	609,154	454,535
	<u> </u>	<u> </u>

11. Creditors: Amounts falling due within one year

Trade creditors	43,520	61,198
Amounts due to subsidiary companies	200	200
Social security and other taxes	25,729	41,827
Other creditors	55,541	16,843
Accruals and deferred income	349,237	237,335
	<u> </u>	<u> </u>
	474,227	357,403
	<u> </u>	<u> </u>

11. Creditors: Amounts falling due within one year (continued)

Included in accruals and deferred income is deferred income of £225,791 (2023 - £168,006) which comprises advance ticket sales. £168,006 was released to the SOFA in the year to 31 March 2024 and £225,791 will be released to the SOFA in the year to 31 March 2025.

Included in other creditors are defined contribution pension liabilities of £3,941 (2023 - £4,994) all of which has been funded by unrestricted funds.

12. Unrestricted Designated Funds

The income funds of the Charitable Company include the following designated funds which have been set aside out of unrestricted funds by the Trustees for specific purposes:

	Balance at 1 April 2023 £	Incoming resources £	Outgoing expenditure £	Transfers £	Balance at 31 March 2024 £
General Funds	250,666	2,449,352	(2,405,056)	(44,650)	250,312
Designated Funds					
Refurbishment Fund	5,620	-	(1,126)	-	4,494
Future Production & Artistic Projects	169,649	20,943	-	-	190,592
Building and Visitor Experience	245,814	-	(4,629)	30,500	271,685
Resilience Project Fund	190,755	-	-	30,000	220,755
VAT Project Fund	17,975	-	(720)	-	17,255
	<u>629,813</u>	<u>20,943</u>	<u>(6,475)</u>	<u>60,500</u>	<u>704,781</u>
Unrestricted Funds	880,479	2,470,295	(2,411,531)	15,850	955,093

	Balance at 1 April 2022 £	Incoming resources £	Outgoing expenditure £	Transfers £	Balance at 31 March 2023 £
General Funds	250,289	2,503,964	(2,580,787)	77,200	250,666
Designated Funds					
Refurbishment Fund	6,743	-	(1,123)	-	5,620
Future Production & Artistic Projects	209,649	-	-	(40,000)	169,649
Building and Visitor Experience	161,443	-	(4,629)	89,000	245,814
Resilience Project Fund	110,755	-	-	80,000	190,755
VAT Project Fund	17,975	-	-	-	17,975
	<u>506,565</u>	<u>-</u>	<u>(5,752)</u>	<u>129,000</u>	<u>629,813</u>
Unrestricted Funds	756,854	2,503,964	(2,486,539)	206,200	880,479

12. Unrestricted Designated Funds (continued)

A description of the designated funds can be found at note 2.1.

13. Restricted Fund

The income funds of the Charitable Company include the following restricted funds where the donor has specified the purpose for which the fund is to be used:

	Balance at 1 April 2023 £	Incoming resources £	Outgoing expenditure £	Transfers £	Balance at 31 March 2024 £
Theatre Refurbishment Fund	4,204,347	-	(195,481)	-	4,008,866
Catalyst Arts Fund	10,780	1,286	(379)	(3,300)	8,387
Arts Council England Capital Fund	22,082	-	(13,501)	-	8,581
New Writing Fund	478	-	-	-	478
Arts Council Cultural Recovery Fund	83,764	-	(10,645)	-	73,119
Garfield Weston Foundation	139,785	-	(5,352)	(12,550)	121,883
Restoration Levy Fund	-	10,869	-	-	10,869
Herts Foundation Fund	-	10,000	-	-	10,000
	<u>4,461,236</u>	<u>22,155</u>	<u>(225,358)</u>	<u>(15,850)</u>	<u>4,242,183</u>

	Balance at 1 April 2022 £	Incoming resources £	Outgoing expenditure £	Transfers £	Balance at 31 March 2023 £
Theatre Refurbishment Fund	4,399,826	-	(195,479)	-	4,204,347
Catalyst Arts Fund	12,972	1,606	(298)	(3,500)	10,780
Arts Council England Capital Fund	40,578	-	(18,496)	-	22,082
New Writing Fund	478	-	-	-	478
Merchant of Venice	119,553	23,250	(4,389)	(138,414)	-
Arts Council Cultural Recovery Fund	97,246	-	(13,482)	-	83,764
Garfield Weston Foundation	209,423	-	(5,352)	(64,286)	139,785
	<u>4,880,076</u>	<u>24,856</u>	<u>237,496</u>	<u>(206,200)</u>	<u>4,461,236</u>

A description of the restricted funds can be found at note 2.1.

14. Allocation of Net Assets between Funds

	General fund	Designated fund	Restricted fund	Total 2024
	£	£	£	£
Tangible fixed assets	102,118	66,052	4,001,452	4,169,622
Investments	200	-	-	200
Current assets	622,221	638,729	240,731	1,501,681
Current liabilities	(474,227)	-	-	(474,227)
Net assets	250,312	704,781	4,242,183	5,197,276

	General fund	Designated fund	Restricted fund	Total 2023
	£	£	£	£
Tangible fixed assets	134,786	5,620	4,226,429	4,366,835
Investments	200	-	-	200
Current assets	473,083	624,193	234,807	1,332,083
Current liabilities	(357,403)	-	-	(357,403)
Net assets	250,289	506,565	4,880,076	5,646,930

15. Revenue Commitments

The Charitable Company's annual obligation under an operating lease is as follows, analysed according to the date of the first review of the lease.

	2024 Land and Buildings £	2023 Land and Buildings £
Operating lease which expires:		
Between 2 and 5 years	-	87,500

16. Capital Commitments

There were no contracted capital commitments at 31 March 2024 (2023 - none).

17. Related Party Relationships and Transactions

During the year, the following Trustees have been connected with organisations that have made payments to the Charitable Company:

Councillor Agnieszka Dychton and Councillor Marilyn Devonish – Watford Borough Council – Service provision fees of £231,957 (2023: £231,957) and further funding of £nil (2023 - £50,000).

THE PALACE THEATRE WATFORD LIMITED

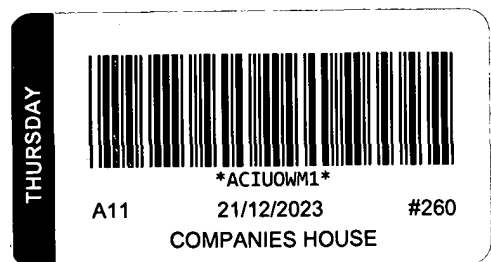
England & Wales - Charity number 1056950

Accounts

THE PALACE THEATRE WATFORD LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2023**

Company Registration No. 3218719 (England and Wales)



	Page
Directors and Advisers	2
Report of the Directors	3 - 12
Report of the Independent Auditors	13 - 15
Statement of Financial Activities	16
Balance Sheet	17
Statement of Cash Flows	18
Notes to the Financial Statements	19 - 29

THE PALACE THEATRE WATFORD LIMITED

DIRECTORS AND ADVISERS

Directors

Chair

John Hunt

Governance Committee

Kenny Dada
Marilyn Devonish* (appointed 4 July 2022)
Agnieszka Dychton *

Governance Committee

Anne Fenton

Governance Committee

Howard Groves

Governance Committee

Mark Lawrence

Governance Committee

Carol Lingwood

Bibi Mauthoor

Binita Mehta-Parmar

Brett Spencer

Patrick Stoddart

Jayne Trotman

Timothy Williams* (resigned 22 September 2022)

* Directors nominated by Watford Borough Council.

Secretary

Jamie Arden

Registered Office

20 Clarendon Road
Watford
Herts WD17 1JZ

Bankers

National Westminster Bank plc
72-74 High Street
Watford
Herts WD17 2BQ

Auditors

PKF Littlejohn LLP
15 Westferry Circus
Canary Wharf
London E14 4HD

Charity Registration number

1056950

Company Registration number

3218719

The Directors of the Charitable Company present herewith their Annual Report, together with the audited Financial Statements for the year ended 31 March 2023. This report is intended to fulfil the requirements both of Section 234 of the Companies Act 2006 and of the Charities Act 2011. The Directors have adopted the provisions of the Statement of Recommended Practice "Accounting and Reporting by Charities" in preparing the annual report and financial statements of the charity.

Reference and Administrative Details

The Palace Theatre Watford Limited is a charitable company limited by guarantee and governed by a Memorandum and Articles of Association dated 17 May 1996.

Public Benefit

The Trustees confirm that they have had regard to the guidance on public benefit issued by the Charity Commission when considering the objectives and activities of the Charitable Company.

Board of Directors

The Directors and Trustees from 1 April 2022 to the date of the signing of the Financial Statements were as shown on page 2. The Directors shall have power at any time to appoint any person to be a Director, but so that the total number of Directors shall not at any time exceed the number fixed in accordance with the Articles. Any Director so appointed shall hold office only until the following Annual General Meeting, and shall then be eligible for re-election, but shall not be taken into account in determining the Directors who are to retire by rotation at such meeting. Two Directors are nominated by Watford Borough Council. (There are specific requirements associated with the rotation of Directors, the terms of which are stated in the Memorandum and Articles of Association).

Trustees receive ongoing training, including attendance at strategic 'working parties' or away days.

The Directors and Trustees delegate the day to day running of the organisation to:

- Brigid Larmour – Artistic Director and Chief Executive (until April 2023)
- Steve Marmion – Chief Executive and Director of Programming (from July 2023)
- Jamie Arden – Executive Director and Company Secretary
- Andrew Phillips – Director of Finance

Powers of the Company

The Directors take this opportunity to confirm that under Clause 3 of the Charitable Company's Memorandum of Association, it is empowered to carry out the activities reviewed in the Annual Report including, but not limited to, the beneficial investment of the Charitable Company's funds.

Strategic Objectives

From April 2022 Watford Palace Theatre entered into the last year (Extension year) of the existing funding agreement with Arts Council England – leading into a new three year agreement secured as an NPO from April 2023-March 2026.

April 2023 will also mark the organisation moving into delivering their new vision for the Theatre.

WPT Mission

Great stories that entertain, provoke, and inspire, on our stage and in our streets.

WPT Vision

Everyone's welcome at the Palace. We aim to inspire and entertain through high-quality, inventive, and ambitious drama, new plays, musicals, dance and family shows; free outdoor festivals; diverse stand-up; and a much-loved traditional pantomime.

See yourself on our stage. We want our shows to look like our audience: reflecting our diverse community, and fully representing women. We encourage and celebrate creativity in our town, giving a platform to our communities and our young people.

See it here first. We are proud that our locally produced shows and home-grown talent have toured nationally and internationally, been seen on BBC iPlayer, won awards and transferred to the West End.

WATFORD PALACE THEATRE - INSPIRATION ON YOUR DOORSTEP

WATFORD PALACE THEATRE - STRATEGIC OBJECTIVES 2018-2023

For the period 2018 to 2023, the charity's strategic objectives are as follows:

- 1. STRATEGIC OBJECTIVE ONE - STRIVE FOR EXCELLENCE**
To increase the quality, diversity and impact of the work produced at WPT.
- 2. STRATEGIC OBJECTIVE TWO - THINK LOCAL AND BE DIVERSE**
Develop work for a local audience and further diversify the audience and participant demographic.
- 3. STRATEGIC OBJECTIVE THREE - BE FINANCIALLY RESOURCEFUL, RESILIENT, SUSTAINABLE AND ENTREPRENEURIAL**
Significantly increase and diversify contributed and earned income to provide organisational resilience.
- 4. STRATEGIC OBJECTIVE FOUR - PARTICIPATE – BE COLLABORATIVE & CREATIVE IN PROMOTION & AUDIENCE DEVELOPMENT**
Develop a stronger relationship with the community to promote and provide opportunities to participate with the work made at the venue.

OUR ACHIEVEMENTS AGAINST OUR OBJECTIVES

STRATEGIC OBJECTIVE 1: STRIVE FOR EXCELLENCE

To increase the quality, diversity and impact of the work produced at WPT

HIGH QUALITY PERFORMANCES AND ENTERTAINMENT ON OUR STAGES

2022 was a year where we took our first steps into sustainable recovery from the ongoing impact of the Covid 19 pandemic. It was a year where we could benefit from opening fully without restrictions and get back to making and hosting theatre on our various stages.

The Merchant of Venice 1936

It was also a year that saw us stage one of our most ambitious shows to date, with the staging of our long-awaited production *The Merchant of Venice 1936*, starring Tracy Ann Oberman as Shylock, and Brigid Larmour directing her last show for Watford Palace Theatre.

This proved to be our most successful drama show we have staged at Watford Palace Theatre giving us momentum and confidence to move forward confidently into our new chapter as an organisation. The show continues to have future life beyond Watford, originally transferring the production to HOME in Manchester, before relaunching the show again for an eight-week UK tour, in partnership with our commercial producers Trafalgar Entertainment. This included relaunching the show at the Swan Theatre at the RSC, before touring to venues such as York Theatre Royal, Chichester Festival Theatre and Wilton's Music Hall in London, before returning to Stratford Upon Avon for another RSC run in Spring 2024.

As well as the stage production, we also launched one of our most innovative Education programmes to compliment the stage production. Our *Merchant of Venice* education programme included three core strands – a SCHOOLS WORKSHOP PROGRAMME with our partners Stand Up – that challenged antisemitism, islamophobia and all forms of discrimination and promoted respect, rights and responsibilities in young people's lives. This also included a FREE SCHOOLS PERFORMANCE as part of the run, where 600 free tickets were given to local target schools to engage with the production and its themes. We also developed an interactive DIGITAL EDUCATION PLATFORM that provided an extended platform from the production that explores the themes in more detail, provided an insight into the backdrop of the production – the Battle of Cable Street – and behind the scenes materials (videos/audio/images) that opened up the Theatre making decisions of the actors, their character studies, the Director choices in the rehearsal room, and the creative teams influences with making and staging this production. The digital platform also provided a legacy for the production, to ensure in the venues the production is visiting on the eight-week commercial tour, to any future life of the production – the digital platform resources will continue to exist and support the learning.

Our last stand of the education programme was ORDINARY VOICES, our community project, that brought the people and stories of cable street in 1936 to life as a pre-show storytelling programme for audiences visiting the production.

Merchant of Venice 1936 Audiences in Watford – 7261 across the run*

**Note: the figures for HOME (Manchester/RSC Run and 8 Week Tour will feature in next year's statutory accounts).*

Digital Platform engagement (to March 2023) - Page Views of over 20,000 and nearly 8,000 unique users:

merchantofvenice1936.co.uk

merchant1936.co.uk

WPT Annual Pantomime: Beauty and the Beast

2022 was the first time, since the pandemic, that we could stage a full capacity Pantomime again and this year we staged *Beauty and the Beast*. Welcoming back for his 10th year, our wonderful Pantomime Dame Terrence Frisch, returning to play Sarah Sew-n-Sew, to delight audiences and lead the performance company in our festive extravaganza. Setting our Panto adaptation of the classic story in Paris, against the Rose Rouge Theatre's talent competition where Belle has visions of becoming an artist and meets her Beau, who is auditioning in the talent contest to earn his place on the bill to perform at the venue. However, our villain the dastardly Magician Déjà Vu, tries to stop our young couple, through any means necessary, turning his magical spells towards Beau and turning him into a Beast. Staying true to the beloved fairy-tale, the curse can only be broken if someone truly falls in love with the Beast before the final rose petal falls off.

We were delighted that the Pantomime returned to audience numbers seen pre-pandemic. If not for illness in cast and the consequence of two shows sadly being cancelled, would have met the box office target of £375K. £363K was final financial income of tickets sold and healthy audience numbers returning – 17,802 - stands us in good stead and gives us confidence that audiences are returning to our Theatre as we recover from the pandemic.

OTHER ACHIEVEMENTS OF THE YEAR:

ON OUR MAIN STAGE

Produced/Co-produced shows made in Watford:

- ABIGAIL'S PARTY written by Mike Leigh
- GLITTERBALL written by Yasmin Wilde (our co-production with Rifco)
- Little Women written by Louisa May Alcott, adapted by Anne-Marie Casey (our co-production with Pitlochry Festival Theatre)
- UNDERWATER Co-produced with the GREEK NATIONAL OPERA and commissioned by Belfast Children's Festival, Watford Palace Theatre and The Lowry, Salford.

Touring shows (Theatre/Family/Dance/Music/Events) hosted on our main stage:

- ROALD DAHL AND IMAGINATION SEEKERS by Get Lost and Found
- MORGAN & WEST: UNBELIEVABLE SCIENCE by Morgan & West
- WE STILL FAX by Ants Theatre
- THE BUBBLE SHOW by The Highland Joker (Eran Backler)
- SEANCE by Darkfield, for Halloween
- NICK SHARRATT'S HALLOWEEN DRAWALONG by Makin Projects for Halloween
- GOURD FRIENDS: MAKE & TAKE by Vickie Holden-Swinton for Halloween
- PUMPKIN CARVING By DADA Ltd (Raphael A. Dada) for Halloween
- NOSFERATU by Minima (Alex Hogg) for Halloween
- DEAD CIVILISED: Cocktails and Craft by Luminate Watford Ltd for Halloween
- THE ADVENTURES OF CAPTAIN CALAMITY by MAD House Entertainment Ltd (Dov Citron)
- THE LITTLE PRINCE by Protein Dance
- SHARK IN THE PARK family show by Nonsense Room Productions (Matthew Brown)
- POP PRINCESSES family show by Sweeney Entertainment Ltd
- T. REXTASY - The Greatest Hits Tour by Sweeney Entertainment Ltd
- HOFESH SCHECHTER – contemporary dance show 2.0 by Hofesh Shechter Company Ltd
- ZOG AND THE FLYING DOCTORS family show by Freckle
- BALLET BLACK: Say it Loud & Black Sun by Ballet Black
- QUEEN RHAPSODY by MRC Presents/MRC Enterprises Ltd
- THE ELVIS YEARS: The Story of the King by Mario Productions Ltd
- THE KING OF REGGAE - THE MAN - THE MUSIC by Rush Theatre Company
- AN EVENING OF BURLESQUE by Entertainers Show Providers Ltd
- Fringe 22: GENTRIF*CKED (Work in Progress) by Kate L Elliott
- Fringe 22: STARDUST BIG BAND by Amy Spall
- Fringe 22: THE ELECTRIC HEAD by Electric Head/Alan Ronald

Stand Up Comedy programme on our main stage:

- SIMPLE POLITICS – comedic standup show – by Simple Politics Limited
- STEWART LEE: SNOWFLAKE/ TORNADO by Stewart Lee/Password Productions Ltd
- RUSSELL KANE LIVE - THE ESSEX VARIANT! By Russel Kane/Off The Kerb Productions Limited
- COMEDY LATES 1 - October '22 by Makin Projects Ltd
- COMEDY LATES 2 - November '22 by Makin Projects Ltd
- COMEDY LATES 3 - December '22 by Makin Projects Ltd
- BRING YOUR OWN BABY COMEDY SHOW - September '22
- BRING YOUR OWN BABY COMEDY SHOW - November '22
- BRING YOUR OWN BABY COMEDY SHOW - January '23

STRATEGIC OBJECTIVE 2: THINK LOCAL AND BE DIVERSE

Develop work for a local audience and further diversify the audience and participant demographic.

LOCAL SHOWS FOR DIVERSE AND INTREGENERATIONAL COMMUNITIES:

Watford Palace Theatre was one of the pioneers of the Theatre in Education movement, as one of the first theatre in the 1960s to have a dedicated Theatre education department.

At Watford Palace Theatre we celebrate the creativity of local children, young people, and cross generational community participants, with a range of creative opportunities – from projects aimed at developing skills, through to sessions that engender civic cohesion and providing the opportunities to connect and make new friends particularly important for generations emerging from the isolation brought on by the lockdowns and covid-19 pandemic. Our Take Part activities with, in a fun, inclusive, and supportive environment where everyone can thrive.

We proudly work alongside a variety of partner organisations across the arts, voluntary, health and wellbeing, and youth sectors, to deliver creative projects and programmes.

TAKE PART:

- WPT Palace Youth Theatre
- Young Orbital Youth Theatre
- Hertfordshire Film Festival
- ABIGAIL'S HOUSE PARTY
- Youth Advisory Board
- Palace Young Company Summer Project - BUFFERING
- PALACE SCRATCH NIGHT
- STORYTELLING and STORYPLAY Projects
- ENRICH FESTIVAL by Enrich/Herts Inclusive Theatre
- People's Palace Company Projects
- Community Program - MASK WORKSHOPS / WITH TRESTLE
- Community Program - MOVING MUSEUM OF MOTHERHOOD
- Palace Young Company - SETTLE DOWN
- TAKE PART OPEN DAY
- CREATIVE HUBS - Meriden and Leavesden
- Watford Centenary Heritage Project
- CHINESE CULTURE SHOW - Community Celebration
- DIWALI 2022: SEVENS - Community Celebration
- BLACK HISTORY MONTH - Community Celebration
- HANUKKAH - Community Celebration
- CELEBRATE VAISAKHI - Community Celebration

STRATEGIC OBJECTIVE 3: BE FINANCIALLY RESOURCEFUL, RESILIENT, SUSTAINABLE AND ENTREPRENEURIAL

Significantly increase and diversify contributed and earned income to provide organisational resilience.

HIRING THE THEATRE TO GENERATE MORE EARNED INCOME:

Whether through hires of our main stage to community groups, amateur companies and celebrations/events engaging with various communities, local groups using the spaces or their weekly classes/socials, or hiring our building out to photoshoots, film locations, business meetings or company/charity award ceremonies – we constantly find ways of sweating our asset (our beautiful grade II listed building), and ensuring our building is open and porous as an important community asset and town centre hub.

Community shows and Hires:

- PIRATES OF PENZANCE by Abbots Langley Gilbert and Sullivan Society (ALGSS)
- WATFORD JAZZ FESTIVAL by Watford Jazz Junction
- FAME by Rare Productions
- Rise Studios hire
- TWO WORLDS CONCERT by London Gospel Choir
- Trinity Performing Arts Academy hire
- EVITA by Cassio Operatic (Cassio)
- NHS All Stars hire
- IOLANTHE by Abbots Langley Gilbert and Sullivan Society (ALGSS)
- PALACE ART GALLERY - various art installations/exhibits in partnership with Amanartis (Amma Gyan)
- SATSANG SINGING LADIES – regular sessions
- KNIT AND NATTER – regular knitting sessions in our café/bar space

STRATEGIC OBJECTIVE 4: PARTICIPATE – BE COLLABORATIVE & CREATIVE IN PROMOTION & AUDIENCE DEVELOPMENT

Develop a stronger relationship with the community to promote and provide opportunities to participate with the work made at the venue.

DYNAMIC AUDIENCE ENGAGEMENT BEYOND THE MAIN STAGE - OUTDOOR ARTS:

Imagine Watford, the leading FREE outdoor arts festival in the three counties returned post the lockdown back into the main Highstreet in Watford – for one day only (due to budget constraints). A key part of Watford's event calendar, Imagine Watford is an exciting outdoor arts festival bringing high-quality, open access performance to the streets of Watford, free for all the family. The event was in its eleventh year and after an absence from the centre of Watford due to the Covid pandemic, the aim was to return and to regrow audiences with a packed one-day event.

Despite being only one day, the day was packed with the usual wonder and magic we associate with the festival. Imagine Watford brought to the Highstreet, the unexpected, flamboyant, brave, bright, family friendly and high-quality arts for all – all for free. Allowing again for the people to come together and experience brilliant art in the streets where they live – bringing out their inner child and through a dynamic programme of world class arts that are cheeky, a little bit wild, visceral, and anarchic, but also shows and performances with bucket loads of tenderness and heart – the aim was to develop a programme of wonder to open imaginations.

In 2022 the festival programme featured:

- 11 artistic companies (including new commissions and local freelancers)
- theatre, circus, dance, and music performances
- local and national artists
- a mix of static stages, installations, and roaming shows
- artistic on-site site decoration and installations transforming the Highstreet into a playground of wonder.
- Palace Youth Theatre engagement

All artists had strong track records of performing in similar outdoor festival settings across the UK and Europe. We also invested in some exciting new pieces of work through our commissioning strand. Victoria Culf, (a local artist commission), made an outdoor marble run supported by the theatre's production team and producing team, to create an interactive and immersive marble run game from sustainable and recyclable materials – all to explore the themes of environmental responsibility, precipitation, and the water cycles/saving.

We also commissioned Timeless by Joli Vyann that has since toured extensively to festivals across UK and Europe.

Imagine Watford - Audience engagement – just over 10,000 visited over the one day.

Imagine Watford is Programmed by: Watford Palace Theatre and funded by Watford Palace Theatre, the Arts Council England, and Watford Borough Council. Sponsored by Frank and Helen Neale.

EXTENSION YEAR 2022-2023

WORKING TOWARDS A NEW VISION FOR THE ORGANISATION – APRIL 2023

April 2022 - March 2023 was a key year as we pivot from the older business plan 2018-2023 and move towards a new vision for the Organisation. This new vision was supported by our successful acceptance into the new National Portfolio framework 2023-2026 from our major stakeholder Arts Council England. This was coupled with continued support under a service level agreement by our local authority Watford Borough Council, to provide culture to the town.

WPT - NEW POSITIONING 2023-2026:

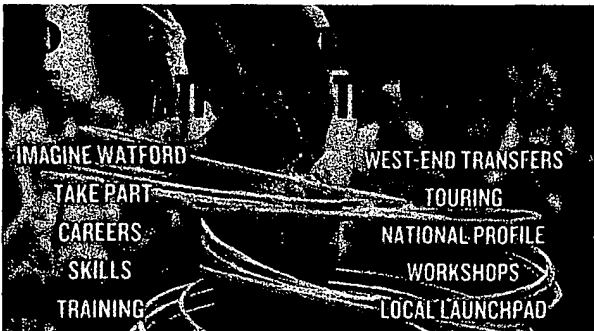
Watford Palace Theatre (WPT) is Watford's 'Palace of Entertainment – providing a great night out, the best shows and something for everyone.

WPT is a successful, inclusive, and ambitious award-winning professional theatre and local charity. The organisation receives core funding from Arts Council England as one of their key National Portfolio Organisations within the 'Three Counties' region of Hertfordshire, Buckinghamshire, and Bedfordshire, and has strong partnership support with Watford Borough Council.

Our ambition for excellence is supported by our skilled and respected Technical Production department, housed within our beautiful heritage Edwardian 600- seat auditorium and well- resourced technical facilities.

As well as producing Theatre inside the building, we also make productions and events in Watford that go beyond our borders and extensively co-produce and tour our shows 'Made in Watford' across the UK

WPT NEW VISION – 2023-2026



The activities described above demonstrate that public benefit is being provided by the Charity.

Financial Review

The Statement of Financial Activities shows a deficit of £295,215 (2022 - deficit of £462,741) for the financial year. This comprises a deficit before transfers on unrestricted funds of £82,575 (2022 - deficit of £201,423) and a deficit on restricted funds of £212,640 (2022 - deficit of £261,318). The Directors note that this deficit is declared after recognising depreciation charges of £270,133 (being £40,161 applied to unrestricted funds, and £229,972 applied to restricted funds).

Financial Position in the Context of Ongoing Commitments and Obligations

The Balance Sheet shows net assets of £5,341,715 at 31 March 2023 (2022 - £5,636,930). As at the same date, Revenue subsidy amounting to £231,957 and £805,118 for the following 12-month period has been confirmed by Watford Borough Council and Arts Council England respectively. An agreed budget for the year to 31 March 2024 has been approved by the Board of Directors.

Subsidiary Undertakings

The Charitable Company's wholly owned subsidiaries, The Palace Theatre Watford Bar Limited and The Palace Theatre Watford Productions Limited, remained dormant throughout the year.

Investment Policy

The Charitable Company holds surplus cash on a deposit account to receive a rate of interest commensurate with an appropriate level of security, whilst not restricting access for operational purposes or payment of box office to touring companies and hires. Where sufficient surplus cash remains available after due consideration for longer term liabilities, the Charitable Company utilises other relatively low risk financial products (such as Fixed Rate Bonds) to maximise income.

Parent Charitable Company's Reserves Policy

The Trustees have reviewed the Charitable Company's needs for reserves in line with the guidance issued by the Charity Commission and have agreed the following reserves policy: the target level of unrestricted reserves is based on 10% of typical box office income and six weeks running costs. At the last calculation, the target is to hold free reserves of £250,000. The unrestricted general reserve (see page 17) stood at £250,666 on 31 March 2023 (2022 - £250,289). This policy is reviewed annually by the Trustees.

Risk Assessment

The Trustees have examined and prioritised the most critical risks to the Charitable Company and, as a result, are confident that they have in place sufficient accountability and focussed action to protect the objectives of the Charitable Company. A risk register has been produced and is reviewed by the Leadership Team and updated by the Executive Director every two months for consideration by the Board. The major risk identified concerns the funding of the Charitable Company. Arts Council England and Watford Borough Council have the right under Service Level Agreements to withdraw funding and/or request repayment of funds should those funds be applied to purposes other than the stated charitable objectives. The Charitable Company has put in place a range of mitigatory measures. The Board operates a separate governance committee, with its own Chair, to maintain a transparent and objective overview.

The Covid pandemic and its move towards a more endemic, every presented seasonal disease still represented the biggest risk to the Charitable Company's survival in recent years. Recovery from the lockdown closures and the end of the specific financial support measures (CJRS and Cultural Recovery Fund monies), as well as audience confidence coming back into Theatres and buying tickets given the difficulties faced with the UK economy, made this period exceptionally challenging. However, our robust financial measures implemented during lockdown period, couple with our prudent financial management, reserves policy, and continued lean operations, meant the Charitable Company was in a solid base for surviving these challenging economic factors.

Plans for future periods

As we emerge from the Coronavirus pandemic and slowly return to our ability to reopen and serve the people of Watford and beyond, our future plans include:

- Securing our future funding via Arts Council new NPO framework and Watford Borough Council continues support
- Creating a new Artistic Vision, Mission, and Core Purpose for the Palace Theatre to ensure that the building and cultural infrastructure is fit for purpose in the medium to longer term
- Delivering our Artistic programme Indoors/Outdoors/Online/On the road.

Statement of Trustees' Responsibilities

The Trustees (who are also Directors of The Palace Theatre Watford for the purposes of company law) are responsible for preparing the Trustees' Report and the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company and Charity law requires the Trustees to prepare Financial Statements for each financial year. Under that law the Trustees have elected to prepare the Financial Statements in accordance with the Charities' Statement of Recommended Practice, Accounting and Reporting by Charities issued in March 2015 and United Kingdom Financial Reporting and Accounting Standards. Under Company and Charity law the Trustees must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charitable Company and of the incoming resources and application of resources, including the income and expenditure of the Charitable Company (and the 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 of the Charities' SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards 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 Company will continue in business.

The Trustees are responsible for keeping proper 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 the Group) and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In accordance with company law, as the Company's Directors, we confirm that:

- so far as we are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- as the Directors of the Company, we have taken all steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

PKF Littlejohn LLP are appointed as auditors to the Charitable Company and have indicated their willingness to continue in office.

This report was approved by order of the Board of Directors and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'JH', written over a horizontal line.

John Hunt
Chair

27 November 2023

Independent Auditors' Report to the Members of The Palace Theatre Watford Limited**Opinion**

We have audited the financial statements of The Palace Theatre Watford Limited (the 'charitable company') for the year ended 31 March 2023 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement 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 Accounting Standards, 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 charitable company's affairs as at 31 March 2023 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company'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 Annual Report of the Trustees, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained within the Annual Report of the Trustees. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Annual Report of the Trustees (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 Annual Report of the Trustees (which includes the Directors' report) has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Annual Report of the Trustees.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- We obtained an understanding of the charitable company and the sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, sector research and application of cumulative audit knowledge and experience.

- We determined the principal laws and regulations relevant to the charitable company in this regard to be those arising from the Companies Act 2006, Charities Act 2011, Charities (Accounts and Reports) Regulations 2008, Financial Reporting Standard 102 and the Charities SORP.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the charity with those laws and regulations. These procedures included, but were not limited to enquiries of Trustees, review of minutes and review of legal and regulatory correspondence.
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that there was a potential for management bias in the recognition of revenue. We addressed this through reviewing revenue in the year for evidence of entitlement and at the year end to ensure accounted for in the correct period.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or 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 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.

Use of our report

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



Alastair Duke (Senior Statutory Auditor)

For and on behalf of PKF Littlejohn LLP

Statutory Auditor

15 Westferry Circus

Canary Wharf

London E14 4HD

Date:

21 December 2027

THE PALACE THEATRE WATFORD LIMITED

STATEMENT OF FINANCIAL ACTIVITIES
YEAR ENDED 31 MARCH 2023

	Note	2023 Unrestricted funds £	2023 Restricted funds £	2023 Total funds £	2022 Total funds £
Incoming Resources					
Grants receivable and fees	4	1,087,075	-	1,087,075	1,143,075
Donations and gifts		15,775	24,856	40,631	30,835
Bank interest		4,796	-	4,796	121
Ancillary trading activities		113,630	-	113,630	52,451
Coronavirus Job Retention Scheme		-	-	-	61,307
		<u>1,221,276</u>	<u>24,856</u>	<u>1,246,132</u>	<u>1,287,789</u>
Charitable Activities					
Production	4	1,026,087	-	1,026,087	550,454
Participation	4	18,724	-	18,724	27,751
Other	4	237,877	-	237,877	69,609
		<u>1,282,688</u>	<u>-</u>	<u>1,282,688</u>	<u>647,814</u>
Total Income		<u>2,503,964</u>	<u>24,856</u>	<u>2,528,820</u>	<u>1,935,603</u>
Expenditure on:					
Raising funds		2,601	298	2,899	679
Charitable Activities					
Production	6	2,330,581	213,917	2,544,498	2,057,920
Participation	6	253,357	23,281	276,638	339,745
Total Expenditure		<u>2,586,539</u>	<u>237,496</u>	<u>2,824,035</u>	<u>2,398,344</u>
Net Expenditure	3	(82,575)	(212,640)	(295,215)	(462,741)
Transfers between funds	13	206,200	(206,200)	-	-
Total funds brought forward		<u>756,854</u>	<u>4,880,076</u>	<u>5,636,930</u>	<u>6,099,671</u>
Total funds carried forward		<u>880,479</u>	<u>4,461,236</u>	<u>5,341,715</u>	<u>5,636,930</u>

All income and expenditure derives from continuing activities.

The statement of financial activities includes all gains and losses recognised during the year.

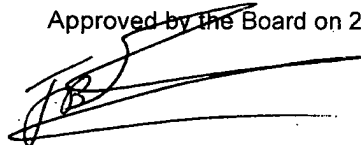
The Accounting Policies and Notes on pages 19 to 29 form part of these Financial Statements.

THE PALACE THEATRE WATFORD LIMITED
(Company Registration number 3218719)

BALANCE SHEET
YEAR ENDED 31 MARCH 2023

	Note	2023 £	2022 £
Fixed Assets			
Tangible assets	7	4,366,835	4,543,682
Investments	8	200	200
		<hr/>	<hr/>
		4,367,035	4,543,882
		<hr/>	<hr/>
Current Assets			
Stock	9	5,190	7,111
Debtors	10	454,535	241,800
Cash at bank and in hand		872,358	1,176,196
		<hr/>	<hr/>
		1,332,083	1,425,107
Creditors: amounts falling due within one year	11	(357,403)	(332,059)
		<hr/>	<hr/>
Net Current Assets		974,680	1,093,048
		<hr/>	<hr/>
Net Assets		5,341,715	5,636,930
		<hr/>	<hr/>
Income Funds			
Restricted Funds	13	4,461,236	4,880,076
Unrestricted Funds			
General		250,666	250,289
Designated	12	629,813	506,565
		<hr/>	<hr/>
Total Unrestricted Funds		880,479	756,854
		<hr/>	<hr/>
Total Charity Funds		5,341,715	5,636,930
		<hr/>	<hr/>

Approved by the Board on 27 November 2023 and signed on its behalf by:



John Hunt
Chair

The Accounting Policies and Notes on pages 19 to 29 form part of these Financial Statements.

THE PALACE THEATRE WATFORD LIMITED

**STATEMENT OF CASHFLOWS
YEAR ENDED 31 MARCH 2023**

	2023 £	2022 £
Cash flow provided from operating activities	(215,348)	(30,367)
Cash flow from investing activities		
Payments to acquire tangible fixed assets	(93,286)	(105,568)
Interest receivable	4,796	121
	<hr/>	<hr/>
Net cash flow (used in) investing activities	(88,490)	(105,447)
	<hr/>	<hr/>
Change in cash and cash equivalents in the year	(303,838)	(135,814)
Cash and cash equivalents at start of year	1,176,196	1,312,010
	<hr/>	<hr/>
Cash and cash equivalents at end of year	872,358	1,176,196
	<hr/>	<hr/>
Reconciliation of net expenditure to net cash flow from operating activities		
Net expenditure for year	(295,215)	(462,741)
Interest receivable	(4,796)	(121)
Depreciation of tangible fixed assets	270,133	272,525
(Increase)/Decrease in stock	1,921	(4,547)
(Increase)/Decrease in debtors	(212,735)	(24,086)
Increase/(Decrease) in creditors	25,344	188,603
	<hr/>	<hr/>
Net cash flow provided from operating activities	(215,348)	(30,367)
	<hr/>	<hr/>

The Accounting Policies and Notes on pages 19 to 29 form part of these Financial Statements.

1. General information and basis of preparation

The Palace Theatre Watford Limited is a company limited by guarantee in the United Kingdom. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity. The address of the registered office is given in the charity information on page 2 of these financial statements. The nature of the charity's operations and principal activities are set out in the Report of the Trustees.

The charity constitutes a public benefit entity as defined by FRS 102. 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), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Practice as it applies from 1 January 2019.

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are prepared in sterling which is the functional currency of the charity.

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

Going Concern

It is the opinion of the Directors/Trustees that the use of the going concern basis of accounting is appropriate because:

- there are no material uncertainties relating to events or conditions that may cast significant doubt about the ability of the Charitable Company to continue as a going concern;
- there is reasonable expectation that the Charitable Company has adequate resources to continue in operational existence for the foreseeable future.

2. Accounting Policies**2.1 Funds****Unrestricted Designated Funds**

Refurbishment Depreciation Fund - costs related to small scale repairs and renovations, and the associated depreciation.

Future Production and Artistic projects - to hold grant and other monies for use on future productions and artistic projects.

Building and visitor experience - to hold grant and other monies to cover building contingency expenses and for physical improvements to enhance the visitor experience.

Lighting Desk Depreciation Fund - the depreciation cost of the lighting desk acquired in November 2012.

Resilience Projects Fund - to hold grant and other monies to fund one-off mid/long term impact projects related to the Charitable Company's strategic resilience.

Bar Refit Depreciation Fund - costs related to the renovation of the Bar / Cafe areas, and the associated depreciation

VAT Project Fund - fees and other expenses in relation to a review of the Theatre's historic VAT treatment, and subsequent claim for a refund from HMRC

2. Accounting Policies (continued)**Restricted Funds**

Theatre refurbishment fund - funds received/receivable specifically for the cost of the refurbishment of the Theatre.

Catalyst Arts Fund - funds received/receivable specifically in relation to the Arts Council England's Catalyst Arts Capacity building and match funding scheme, to support organisations in building their fundraising capacity and capability over a three-year period.

ACE Capital Fund - funding towards capital works to enhance rehearsal facilities, to improve energy efficiency and to replace essential specialist equipment.

New Writing Fund - funding towards investment in writing new work.

Merchant of Venice - donations received to support our future production of Shakespeare's The Merchant of Venice (a creative response to anti-Semitism in Britain, set in the London of the 1930s).

Arts Council Cultural Recovery Fund – the government's Culture Recovery Fund, supporting cultural organisations through the impact of the Covid-19 pandemic.

Garfield Weston Foundation - grant received from the Weston Culture Fund to support our Take Part youth and community programmes. Amounts are drawn down against the fund and transferred to the general fund when expenditure is incurred.

Fund Transfers

Transfers are made between funds as and when the Trustees deem them necessary, within the limits of any restrictions that are in place.

2.2 Incoming Resources

Voluntary income including donations, gifts and grants that provide core funding or are of a general nature are recognised where there is entitlement, probability of receipt and the amount can be measured with sufficient reliability. Such income is only deferred where the donor has specified that the grant or donation must be used in a future accounting period.

Investment income is recognised on a receivable basis.

Income from charitable activities includes:

- income derived from theatrical productions which is accounted for in the period in which the production closes;
- grant income to support education and youth activities which is recognised where there is entitlement, certainty of receipt and the amount can be reliably measured.

2.3 Resources Expended

Expenditure is recognised when a liability is incurred.

Charitable activities include expenditure associated with the staging of theatrical productions and participation activities. These include both the direct costs and support costs relating to these activities. Expenditure on materials for set, props and costumes are accounted for in the Consolidated Statement of Financial Activities (SOFA) of the period of the production. None of this expenditure is capitalised, as sets are either disposed of, or sold on within the same financial year, or very shortly after the financial year end.

Support costs represent central function costs, governance costs and overheads and have been allocated between the activities of productions and participation using an apportionment percentage calculated by comparing the direct costs attributable to each of those categories in the year.

2. Accounting Policies (continued)**2.4 Tangible Fixed Assets**

Fixed assets (other than those relating to productions - see above) are stated at historical cost. Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:

Plant, equipment and machinery	10% - 25% straight line
Information technology	10% - 33% straight line
Leasehold improvements	2.5% - 20% straight line
Long leasehold property	2.5% straight line

2.5 Stock

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete or slow moving items.

2.6 Leased assets and obligations

All operating lease rentals are charged to the SOFA on a straight line basis over the lease term.

2.7 New Writing Arrangements

These are advance costs incurred for possible future shows where the Charitable Company commissions a writer to work on a production which may or may not eventually be produced. The costs are written off to the SOFA in the year in which they are incurred.

2.8 Pensions

The Charitable Company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Charitable Company to the fund in respect of the year.

2.9 Taxation

The Charitable Company is exempt from Corporation Tax as all of its income is charitable and is applied for charitable purposes. The Charitable Company is registered for Value Added Tax (VAT); irrecoverable VAT (where applicable) is included in the cost of those items to which it relates.

3. Net Income/(Expenditure)	2023	2022
	£	£
This is stated after charging:		
Auditors' remuneration	9,383	8,820
Depreciation	270,133	272,525
Operating leases - land and buildings	27,000	27,000
	<u> </u>	<u> </u>
4. Incoming Resources	2023	2022
	£	£
Grants Receivable and fees		
Unrestricted income from:		
Arts Council England - grant	805,118	805,118
Service provision fees - Watford Borough Council	231,957	231,957
Support grant – Watford Borough Council	50,000	106,000
	<u> </u>	<u> </u>
	1,087,075	1,143,075
	<u> </u>	<u> </u>
Incoming Resources from Charitable Activities		
Production:		
Box office income - produced	563,458	268,706
Box office income – co produced	42,264	725
Box office income - presented	175,052	151,119
Other production income	175,681	119,406
Film sales	16,025	3,413
Hire fees income	51,839	240
Front of house sales	1,768	6,845
	<u> </u>	<u> </u>
	1,026,087	550,454
	<u> </u>	<u> </u>
Participation:		
Educational activities	18,724	26,861
External funding	-	890
	<u> </u>	<u> </u>
	18,724	27,751
Other:		
Tax relief	191,433	45,332
Sundry income	46,444	24,277
	<u> </u>	<u> </u>
	237,877	69,609
	<u> </u>	<u> </u>
Total income from charitable activities	1,282,688	647,814
	<u> </u>	<u> </u>

Income from grants receivable and fees was £1,087,075 (2022 - £1,143,075) of which £Nil (2022 - £ Nil) was attributable to restricted funds and £1,087,075 (2022 - £1,143,075) was attributable to unrestricted funds.

Income from charitable activities was £1,282,688 (2022 - £647,814) of which £Nil (2022 - £Nil) was attributable to restricted funds and £1,282,688 (2022 - £647,814) was attributable to unrestricted funds.

5. Employee Information - Staff Costs	2023 £	2022 £
Establishment salaries	797,822	764,367
Establishment social security costs	82,167	74,783
Establishment pension costs	17,186	16,749
Non-establishment salaries	290,836	261,893
Non-establishment social security costs	4,255	4,633
Non-establishment pension costs	3,523	3,817
	<u>1,195,789</u>	<u>1,126,242</u>

One employee received emoluments between £70,000 and £80,000 (2022 – one). The total amount of employee benefits received by key management personnel, considered to be the Executive Team, during the year was £183,219 (2022 - £176,990).

Average Monthly Number of Employees during the Year

	Part-time Casual/seasonal	
	2023	2022
Establishment	26	25
Non Establishment	24	25
	<u> </u>	<u> </u>

Transactions with Directors

The Directors of the Charitable Company received no remuneration or reimbursement of expenses in the year (2022- £nil).

6. Total Resources Expended

6.1 Analysis of Charitable Expenditure

	Direct costs £	Support costs £	Total 2023 £	Total 2022 £
Production	1,146,119	1,398,379	2,544,498	2,057,920
Participation	121,263	155,375	276,638	339,745
	<u>1,267,382</u>	<u>1,553,754</u>	<u>2,821,136</u>	<u>2,397,665</u>

Charitable expenditure was £2,821,136 (2022 - £2,397,665) of which £237,198 (2022 - £268,775) was attributable to restricted funds and £2,583,938 (2022 - £2,128,890) was attributable to unrestricted funds.

6. Total Resources Expended (continued)

6.2 Analysis of Support Costs

	Charitable Activities £	Governance costs £	Total 2023 £	Total 2022 £
Wages	826,962	-	826,962	794,775
Establishment	242,754	-	242,754	193,307
Administration	120,620	-	120,620	100,633
Marketing and box office	79,783	-	79,783	75,660
Depreciation	268,826	-	268,826	270,551
Bank charges and interest	4,629	-	4,629	2,651
Legal and accountancy fees	-	664	664	2,462
Board	-	133	133	192
Audit	-	9,383	9,383	8,820
	<u>1,543,574</u>	<u>10,188</u>	<u>1,553,754</u>	<u>1,449,051</u>

Support costs are allocated as shown in the table above and then further apportioned between the two charitable activities undertaken.

Support costs are allocated on a basis consistent with the use of resources.

7. Tangible Assets	Leasehold improvement projects £	Equipment £	Plant and machinery £	Long leasehold property £	Total £
Cost					
At 1 April 2022	460,262	782,171	349,984	7,819,178	9,411,595
Additions	73,045	20,241	-	-	93,286
	<u>533,307</u>	<u>802,412</u>	<u>349,984</u>	<u>7,819,178</u>	<u>9,504,881</u>
At 31 March 2023	533,307	802,412	349,984	7,819,178	9,504,881
	<u>439,179</u>	<u>736,918</u>	<u>347,118</u>	<u>3,614,831</u>	<u>5,138,046</u>
Depreciation					
At 1 April 2022	408,592	695,310	344,659	3,419,352	4,867,913
Charge for the year	30,587	41,608	2,459	195,479	270,133
	<u>439,179</u>	<u>736,918</u>	<u>347,118</u>	<u>3,614,831</u>	<u>5,138,046</u>
At 31 March 2023	439,179	736,918	347,118	3,614,831	5,138,046
	<u>94,128</u>	<u>65,494</u>	<u>2,866</u>	<u>4,204,347</u>	<u>4,366,835</u>
At 31 March 2022	94,128	65,494	2,866	4,204,347	4,366,835
	<u>51,670</u>	<u>86,861</u>	<u>5,325</u>	<u>4,399,826</u>	<u>4,543,682</u>
At 31 March 2022	51,670	86,861	5,325	4,399,826	4,543,682

8. Investment – subsidiary trading companies	2023	2022
	£	£
Shares in group undertakings:		
Cost at 1 April and at 31 March	200	200
	<u> </u>	<u> </u>

The Charitable Company owns 100% of the ordinary share capital of The Palace Theatre Watford Productions Limited, which is incorporated in England and Wales. The subsidiary company was dormant during the year.

The Charitable Company owns 100% of the ordinary share capital of The Palace Theatre Watford Bar Limited, which is incorporated in England and Wales. The Charitable Company has 100% control over this subsidiary company. This subsidiary company has been dormant from 1 April 2015, but previously operated to provide working capital finance for the charitable parent Charitable Company by covenanting distributable profits to The Palace Theatre Watford Limited. The subsidiary company operated catering facilities at the theatre.

9. Stocks	£	£
Stock	5,190	7,111
	<u> </u>	<u> </u>

10. Debtors

Trade debtors	130,279	8,274
Prepayments and accrued income	324,256	233,526
	<u> </u>	<u> </u>
	454,535	241,800
	<u> </u>	<u> </u>

11. Creditors: Amounts falling due within one year

Trade creditors	61,198	58,992
Amounts due to subsidiary companies	200	200
Social security and other taxes	41,827	16,666
Other creditors	16,843	19,053
Accruals and deferred income	237,335	237,148
	<u> </u>	<u> </u>
	357,403	332,059
	<u> </u>	<u> </u>

Included in accruals and deferred income is deferred income of £168,006 (2022 - £115,445) which comprises advance ticket sales. £115,445 was released to the SOFA in the year to 31 March 2023 and £116,006 will be released to the SOFA in the year to 31 March 2024.

Included in other creditors are defined contribution pension liabilities of £4,994 (2022 - £4,183) all of which has been funded by unrestricted funds.

12. Unrestricted Designated Funds

The income funds of the Charitable Company include the following designated funds which have been set aside out of unrestricted funds by the Trustees for specific purposes:

	Balance at 1 April 2022 £	Incoming resources £	Outgoing expenditure £	Transfers £	Balance at 31 March 2023 £
General Funds	250,289	2,503,964	(2,580,787)	77,200	250,666
Designated Funds					
Refurbishment Fund	6,743	-	(1,123)	-	5,620
Future Production & Artistic Projects	209,649	-	-	(40,000)	169,649
Building and Visitor Experience	161,443	-	(4,629)	89,000	245,814
Resilience Project Fund	110,755	-	-	80,000	190,755
VAT Project Fund	17,975	-	-	-	17,975
	<u>506,565</u>	<u>-</u>	<u>(5,752)</u>	<u>129,000</u>	<u>629,813</u>
Unrestricted Funds	<u>756,854</u>	<u>2,503,964</u>	<u>(2,586,539)</u>	<u>206,200</u>	<u>880,479</u>
	Balance at 1 April 2021 £	Incoming resources £	Outgoing expenditure £	Transfers £	Balance at 31 March 2022 £
General Funds	250,792	1,921,529	(2,123,609)	201,577	250,289
Designated Funds					
Refurbishment Fund	7,866	-	(1,123)	-	6,743
Future Production & Artistic Projects	223,316	6,333	-	(20,000)	209,649
Building and Visitor Experience	161,443	-	-	-	161,443
Lighting Desk Depreciation	3,803	-	(3,803)	-	-
Resilience Project Fund	133,255	-	-	(22,500)	110,755
VAT Project Fund	18,725	-	(750)	-	17,975
	<u>548,408</u>	<u>6,333</u>	<u>(5,676)</u>	<u>(42,500)</u>	<u>506,565</u>
Unrestricted Funds	<u>799,200</u>	<u>1,927,862</u>	<u>(2,129,285)</u>	<u>159,077</u>	<u>756,854</u>

A description of the designated funds can be found at note 2.1.

13. Restricted Fund

The income funds of the Charitable Company include the following restricted funds where the donor has specified the purpose for which the fund is to be used:

	Balance at 1 April 2022 £	Incoming resources £	Outgoing expenditure £	Transfers £	Balance at 31 March 2023 £
Theatre Refurbishment Fund	4,399,826	-	(195,479)	-	4,204,347
Catalyst Arts Fund	12,972	1,606	(298)	(3,500)	10,780
Arts Council England Capital Fund	40,578	-	(18,496)	-	22,082
New Writing Fund	478	-	-	-	478
Merchant of Venice	119,553	23,250	(4,389)	(138,414)	-
Arts Council Cultural Recovery Fund	97,246	-	(13,482)	-	83,764
Garfield Weston Foundation	209,423	-	(5,352)	(64,286)	139,785
	<u>4,880,076</u>	<u>24,856</u>	<u>237,496</u>	<u>(206,200)</u>	<u>4,461,236</u>

	Balance at 1 April 2021 £	Incoming resources £	Outgoing expenditure £	Transfers £	Balance at 31 March 2022 £
Theatre Refurbishment Fund	4,595,305	-	(195,479)	-	4,399,826
Catalyst Arts Fund	15,045	1,711	(284)	(3,500)	12,972
Arts Council England Capital Fund	59,074	-	(18,496)	-	40,578
New Writing Fund	478	-	-	-	478
Merchant of Venice	113,523	6,030	-	-	119,553
Arts Council Cultural Recovery Fund	202,046	-	(54,800)	(50,000)	97,246
Garfield Weston Foundation	315,000	-	-	(105,577)	209,423
	<u>5,300,471</u>	<u>7,741</u>	<u>(269,059)</u>	<u>(159,077)</u>	<u>4,880,076</u>

A description of the restricted funds can be found at note 2.1.

14. Allocation of Net Assets between Funds

	General fund	Designated fund	Restricted fund	Total 2023
	£	£	£	£
Tangible fixed assets	134,786	5,620	4,226,429	4,366,835
Investments	200	-	-	200
Current assets	473,083	624,193	234,807	1,332,083
Current liabilities	(357,403)	-	-	(357,403)
Net assets	250,666	629,813	4,461,236	5,341,715
	General fund	Designated fund	Restricted fund	Total 2022
	£	£	£	£
Tangible fixed assets	96,535	6,743	4,440,404	4,543,682
Investments	200	-	-	200
Current assets	485,613	499,822	439,672	1,425,107
Current liabilities	(332,059)	-	-	(332,059)
Net assets	250,289	506,565	4,880,076	5,646,930

15. Revenue Commitments

The Charitable Company's annual obligation under an operating lease is as follows, analysed according to the date of the first review of the lease.

	2023 Land and Buildings £	2022 Land and Buildings £
Operating lease which expires:		
Between 2 and 5 years	87,500	114,500

16. Capital Commitments

There were no contracted capital commitments at 31 March 2023 (2022 - none).

17. Related Party Relationships and Transactions

During the year, the following Trustees have been connected with organisations that have made payments to the Charitable Company:

Councillor Agnieszka Dychton, Councillor Timothy Williams and Councillor Marilyn Devonish– Watford Borough Council – Service provision fees of £231,957 (2022: £231,957) and further funding of £50,000 (2022 - £106,000).

Deborah Lincoln – Warner Bros International – sponsorship £- (2022: £17,500)

THE PALACE THEATRE WATFORD LIMITED

England & Wales - Charity number 1056950

Accounts

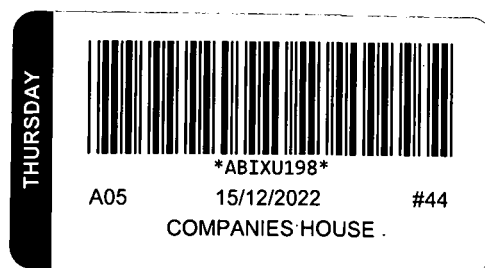
THE PALACE THEATRE WATFORD LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2022

Company Registration No. 3218719 (England and Wales)



	Page
Directors and Advisers	2
Report of the Directors	3 - 10
Report of the Independent Auditors	11 - 13
Statement of Financial Activities	14
Balance Sheet	15
Statement of Cash Flows	16
Notes to the Financial Statements	17 - 27

Directors

Chair	Deborah Lincoln (resigned 26 January 2022)
Chair	John Hunt (from 26 January 2022)
	Kenny Dada
	Agnieszka Dychton * (appointed 26 January 2022)
Governance Committee	Anne Fenton
Governance Committee	Howard Groves (appointed 10 May 2022)
Governance Committee	Mark Lawrence
Governance Committee	Carol Lingwood
	Bibi Mauthoor (appointed 14 March 2022)
	Binita Mehta-Parmar
Governance Committee	Georgina Rae
	Brett Spencer
	Patrick Stoddart
	Jayne Trotman
	Timothy Williams *

* Directors nominated by Watford Borough Council.

Secretary

Jamie Arden

Registered Office

20 Clarendon Road
Watford
Herts WD17 1JZ

Bankers

National Westminster Bank plc
72-74 High Street
Watford
Herts WD17 2BQ

Auditors

PKF Littlejohn LLP
15 Westferry Circus
Canary Wharf
London E14 4HD

Charity Registration number

1056950

Company Registration number

3218719

The Directors of the Charitable Company present herewith their Annual Report, together with the audited Financial Statements for the year ended 31 March 2022. This report is intended to fulfil the requirements both of Section 234 of the Companies Act 2006 and of the Charities Act 2011. The Directors have adopted the provisions of the Statement of Recommended Practice "Accounting and Reporting by Charities" in preparing the annual report and financial statements of the charity.

Reference and Administrative Details

The Palace Theatre Watford Limited is a charitable company limited by guarantee and governed by a Memorandum and Articles of Association dated 17 May 1996.

Public Benefit

The Trustees confirm that they have had regard to the guidance on public benefit issued by the Charity Commission when considering the objectives and activities of the Charitable Company.

Board of Directors

The Directors and Trustees from 1 April 2021 to the date of the signing of the Financial Statements were as shown on page 2. The Directors shall have power at any time to appoint any person to be a Director, but so that the total number of Directors shall not at any time exceed the number fixed in accordance with the Articles. Any Director so appointed shall hold office only until the following Annual General Meeting, and shall then be eligible for re-election, but shall not be taken into account in determining the Directors who are to retire by rotation at such meeting. Two Directors are nominated by Watford Borough Council. (There are specific requirements associated with the rotation of Directors, the terms of which are stated in the Memorandum and Articles of Association).

Trustees receive ongoing training, including attendance at an annual away day.

The Directors and Trustees delegate the day to day running of the organisation to:

- Brigid Larmour – Artistic Director and Chief Executive
- Jamie Arden – Executive Director and Company Secretary
- Andrew Phillips – Director of Finance

Powers of the Company

The Directors take this opportunity to confirm that under Clause 3 of the Charitable Company's Memorandum of Association, it is empowered to carry out the activities reviewed in the Annual Report including, but not limited to, the beneficial investment of the Charitable Company's funds.

Strategic Objectives

From April 2018 Watford Palace Theatre (WPT) entered into our new 4 year Business Plan 2018-2022.

WATFORD PALACE THEATRE MISSION AND VISION STATEMENT 2018-2022

WPT Mission

Great stories that entertain, provoke and inspire, on our stage and in our streets.

WPT Vision

Everyone's welcome at the Palace. We aim to inspire and entertain through high-quality, inventive and ambitious drama, new plays, musicals, dance and family shows; free outdoor festivals; diverse stand-up; and a much-loved traditional pantomime.

See yourself on our stage. We want our shows to look like our audience: reflecting our diverse community, and fully representing women. We encourage and celebrate creativity in our town, giving a platform to our communities and our young people.

See it here first. We are proud that our locally produced shows and home grown talent have toured nationally and internationally, been seen on BBC iPlayer, won awards and transferred to the West End.

WATFORD PALACE THEATRE - INSPIRATION ON YOUR DOORSTEP

Strategic Objectives

For the four years 2018-2022, the charities strategic objectives are as follows:

STRATEGIC OBJECTIVE ONE - STRIVE FOR EXCELLENCE

To increase the quality, diversity and impact of the work produced at WPT.

STRATEGIC OBJECTIVE TWO - THINK LOCAL AND BE DIVERSE

Develop work for a local audience and further diversify the audience and participant demographic.

STRATEGIC OBJECTIVE THREE - BE FINANCIALLY RESOURCEFUL, RESILIENT, SUSTAINABLE AND ENTREPRENEURIAL

Significantly increase and diversify contributed and earned income to provide organisational resilience.

STRATEGIC OBJECTIVE FOUR - PARTICIPATE – BE COLLABORATIVE & CREATIVE IN PROMOTION & AUDIENCE DEVELOPMENT

Develop a stronger relationship with the community to promote and provide opportunities to participate with the work made at the venue.

OUR ACHIEVEMENTS AGAINST OUR OBJECTIVES

The Covid 19 pandemic and its ongoing impact on the theatre sector continued to be a large feature of our year, and our recovery from the impact of closure due to the pandemic for large parts of 2020/21. It was not until July 2021 that we began the process of recovery again and being able to programme shows and reopen our doors to the public once more.

As theatres across all four nations of the UK were permitted to reopen and theatres faced ongoing challenges in relation to returning audiences, viability of touring, show cancellations due to illness, especially over the winter of 21/22.

Reopening

We started the reopening plans from July 2021, with two outdoor festivals: Imagine Watford and Stage in the Park - due to the ability to deliver these projects ambitiously and at scale, but with the added mitigation of reducing the covid risks for staff, artists, and audiences, by taking this work outdoors.

Imagine Watford - Reimagining our annual outdoor festival for 2021

This year to ensure the festival went ahead and provide much needed joy to our town and community after an incredibly difficult year, we had to "Reimagine" our annual Imagine Watford outdoor festival. Our priority was keeping our community safe whilst providing all the joy, levity, and magic that Imagine Watford has become synonymous with.

To ensure that we are providing free access to great arts across the town in a covid safe manner the festival took place across various greenfield sites across Watford – as opposed to one large convening of people in the town centre.

The activity will take place in two strands.

- Pop up mini festivals – on three green sites across the town
- Playful installations – in the town centre

These smaller community focused interactions of around one thousand households per location showed us a new possibility and future for the festival. But we missed the connection that the festival has enjoyed with the town centre, its businesses, residents, and visitors, making Watford town centre a destination and creating significant economic impact for the last ten years. As part of our new vision for the festival – that we submitted to Arts Council as part of our LET'S CREATE delivery plan from April 2023-March 2026, there is appetite for *Imagine becoming a hybrid of its previous model and the reimaged version we created for 2021.*

Stage in the Park

As a key part of Watford's cultural event calendar, Stage in the Park was a brand new festival delivered as a partnership between Harlequin Theatricals, Watford Palace Theatre and Watford Borough Council in Cassiobury Park during the summer 2021.

The festival was exceptionally ambitious, providing a full programme of entertainment for all generations for the people of Watford and beyond.

Stand Up Comedy shows, Children's shows, Musicals, headline Music Acts, magicians brought a variety of entertainment that had something for everyone.

The festival ran from 23 July to 8 August and was delivered under Covid-19 Stage Three restrictions, so audiences were bubbled in our event site. These restrictions changed during the run of the festival, to allow more liberty and flow on the site.

The site consisted of fully operational backstage and front of house areas, in essence creating a fully functioning venue from scratch in this new park location. There was a large main stage (with all the sound and lighting capabilities) and a fully stocked bar / hospitality marquee on the site – with food and drinks available throughout the festival.

The challenge was delivering the festival in such a short period of planning time– and specifically in terms of the infrastructure operations required, at a period where these festivals were opening across the UK as part of the covid recovery. This made obtaining infrastructure such as festival toilets, fencing, and staging exceptionally difficult due to a competitive market and at a cost premium. Therefore, the budget of the festival had to increase dramatically. The festival was also impacted from some exceptionally severe weather conditions during the whole run with torrential rain, lightning, and extreme winds (unusual for July / August) – making the site difficult from an audience appeal perspective being exposed and open to the elements.

However, to achieve the festival in such a short period was a successful learning process for Watford Palace Theatre and our partners, that helped to shape our future strategic thinking and complexities on the delivery of these types of outdoor festivals within a park environment during the summer months.

Autumn season 2021 – Reopening Season back inside the Palace Theatre

From September 2021 we then began the process of bringing our work back inside and reopening our Theatre and welcoming audiences back.

This process started with *Love N Stuff*, a touring show from Oldham Coliseum, followed by our varied programme of children's shows, stand-up comedy (Ian Stirling / Russell Kane / Louise Omelian) and dance with *Ballet Black* returning. We also gave space to the Freelancers we had nurtured and supported during the pandemic with our Freelancer season and support of the *Watford Fringe*. A particular highlight of the season was *Dracula* a highly striking visual show from company *Imitating the Dog* – that was staged live, and we also made available as a video on demand service for audiences not able to come to the live performances. The reopening season concluded with our ability to stage our annual pantomime once again in the Theatre, with *Dick Whittington and His Cat*. A Panto that was originally earmarked for 2020 pantomime prior to the impact and Theatre's closure from Covid-19 pandemic. We were delighted to have delivered a full run of panto shows, without a need to cancel any due to Covid (unlike most of our peers in the industry). This is testament to the hard work of our team and our robust covid secure measures we put in place in the venue.

Spring Season 2022 – our road to recovery

Our Spring 2022 season then started with *Life Sukhs!* Stand-up comedy by Sukh Ojla, also a new strand of programming was introduced and developed with music becoming a prevalent strand of our work in future. This began with tribute act *The Bob Dylan Story* being the first this season and other music gigs, Jazz festivals, bands and / or music projects gracing our stage.

Other Take Part Youth and Community programmes included the hosting of the Hertfordshire Young Persons Film Festival, developing exciting local film projects and young talented filmmakers, with our partners Warner Bros Studios Leavesden, Cathartic and Hertfordshire University. Our new Storytelling and Storyplay stands were also developed, helping to develop confidence and literacy skills within young age groups – some young people with English as a second language. We also launched our Peoples Palace Company, our older generation ensemble, alongside establishing further our Palace Young Company as an extension of our Palace Youth Theatre. Projects that were piloted and developed using funds from the Garfield Weston Culture Fund we received in 2020.

SHOWS AND PROJECTS DELIVERED AGAINST STRATEGIC OBJECTIVES APRIL 2021 – MARCH 2022**STRATEGIC OBJECTIVE 1: STRIVE FOR EXCELLENCE**

To increase the quality, diversity and impact of the work produced at WPT

HIGH QUALITY PERFORMANCES AND ENTERTAINMENT ON OUR STAGES:

- Dick Whittington and His Cat - Pantomime 2021
- Love 'N Stuff
- The Very Hungry Caterpillar
- Dracula: The Untold Story
- Underwater
- Fireman Sam Saves The Circus – Live!
- Russell Kane and Friends
- Luisa Omelian: God Is A Woman
- Ballet Black – Double Bill
- Iain Stirling: Failing Upwards
- Sukh Ojla: Life Sukhs
- The Bob Dylan Story
- Ed Gamble: Electric
- Bumper Blyton – The Improvised Adventure
- ELO Again

STRATEGIC OBJECTIVE 2: THINK LOCAL AND BE DIVERSE

Develop work for a local audience and further diversify the audience and participant demographic.

LOCAL SHOWS FOR DIVERSE AND INTREGENERATIONAL COMMUNITIES:

- Celebrate Vaisakhi 2021
- Eternal Taal
- Good Will Bunting
- Palace Scratch Night - September 2021
- Black History Month 2021 - I Am Not Your Negro
- Diwali 2021: Pagrav Dance - Kattam Kati
- Palace Young Company Summer Project – Buffering
- Hertfordshire Film Festival 2022
- Community Storyplay and Storymakers
- R & D / Pilots
- WBC Cultural Businesses Grant - First Phase delivered to invest in local creatives, artists and SMEs – Scheme facilitated by Watford Palace Theatre on behalf of Watford Borough Council.

STRATEGIC OBJECTIVE 3: BE FINANCIALLY RESOURCEFUL, RESILIENT, SUSTAINABLE AND ENTREPRENEURIAL

Significantly increase and diversify contributed and earned income to provide organisational resilience.

HIRING THE THEATRE TO GENERATE MORE EARNED INCOME:

- Watford Business Improvement District Classic Film Matinee - On The Town

RESILIENCE PROJECTS DEVELOPED:

- New Comms System installed to improve Front of House / Back of House communications
- Bar Reconfiguration in 2021 to make the Front of House spaces more covid resilient
- Our New Scenic Workshop and Storage Unit in Bletchley – opened in June 2021
- Commissioned new Masterplan vision for the future of Watford Palace Theatre building – with our architectural partners Foster & Wilson

WORKSHOP BUILDS FOR THIRD PARTIES:

- Creation Musical Services – DJ Position Build
- Wind in the Willows - Immersion Theatre Build
- Aldenham School Set Build

STRATEGIC OBJECTIVE 4: PARTICIPATE – BE COLLABORATIVE & CREATIVE IN PROMOTION & AUDIENCE DEVELOPMENT

Develop a stronger relationship with the community to promote and provide opportunities to participate with the work made at the venue.

DYNAMIC AUDIENCE ENGAGEMENT BEYOND THE MAIN STAGE:

- Imagine Watford 2021
- Stage in the Park Watford
- The Secret Garden
- New Audience Development Research commissioned, and a new Audience Strategy developed

The activities described above demonstrate that public benefit is being provided by the Charity.

Financial Review

The Statement of Financial Activities shows a deficit of £462,741 (2021 - surplus of £544,151) for the financial year. This comprises a deficit before transfers on unrestricted funds of £201,423 (2021 - surplus of £207,957) and a deficit on restricted funds of £261,318 (2021 - surplus of £336,194). The Directors note that this surplus is declared after recognising depreciation charges of £272,525 (being £47,905 applied to unrestricted funds, and £224,620 applied to restricted funds).

As at the year ended 31 March 2021, new and exceptional income sources had been recognised, resulting from successful applications for Covid-19 related and other support, being Restricted Grants from Arts Council England's Cultural Recovery Fund of £248,481; and The Garfield Weston Foundation of £315,000. Much of the related expenditure has now actually taken place in the period from 1 April 2021 due to the extended periods of lockdown causing further delay to the Theatre's re-opening.

Income also includes HMRC's Coronavirus Job Retention Scheme monies of £61,307 which has been recognised in the same period as the wage expenditure for furloughed staff that it supported.

Financial Position in the Context of Ongoing Commitments and Obligations

The Balance Sheet shows net assets of £5,646,930 at 31 March 2022 (2021 - £6,099,671). As at the same date, Revenue subsidy amounting to £231,957 and £805,118 for the following 12-month period has been confirmed by Watford Borough Council and Arts Council England respectively. An agreed budget for the year to 31 March 2023 has been approved by the Board of Directors.

Subsidiary Undertakings

The Charitable Company's wholly owned subsidiaries, The Palace Theatre Watford Bar Limited and The Palace Theatre Watford Productions Limited, remained dormant throughout the year.

Investment Policy

The Charitable Company holds surplus cash on a deposit account to receive a rate of interest commensurate with an appropriate level of security, whilst not restricting access for operational purposes or payment of box office to touring companies and hires. Where sufficient surplus cash remains available after due consideration for longer term liabilities, the Charitable Company utilises other relatively low risk financial products (such as Fixed Rate Bonds) to maximise income.

Parent Charitable Company's Reserves Policy

The Trustees have reviewed the Charitable Company's needs for reserves in line with the guidance issued by the Charity Commission and have agreed the following reserves policy: the target level of unrestricted reserves is based on 10% of typical box office income and six weeks running costs. At the last calculation, the target is to hold free reserves of £250,000. The unrestricted general reserve (see page 13) stood at £250,296 on 31 March 2022 (2021 - £250,797). This policy is reviewed annually by the Trustees.

Risk Assessment

The Trustees have examined and prioritised the most critical risks to the Charitable Company and, as a result, are confident that they have in place sufficient accountability and focussed action to protect the objectives of the Charitable Company. A risk register has been produced and is reviewed by the Leadership Team and updated by the Executive Director every two months for consideration by the Board. The major risk identified concerns the funding of the Charitable Company. Arts Council England and Watford Borough Council have the right under Service Level Agreements to withdraw funding and/or request repayment of funds should those funds be applied to purposes other than the stated charitable objectives. The Charitable Company has put in place a range of mitigatory measures. The Board operates a separate governance committee, with its own Chair, to maintain a transparent and objective overview.

The Covid pandemic and its move towards a more endemic, every presented seasonal disease still represented the biggest risk to the Charitable Company's survival in recent years. Recovery from the lockdown closures and the end of the specific financial support measures (CJRS and Cultural Recovery Fund monies), as well as audience confidence coming back into Theatres and buying tickets given the difficulties faced with the UK economy, made this period exceptionally challenging. However, our robust financial measures implemented during lockdown period, couple with our prudent financial management, reserves policy, and continued lean operations, meant the Charitable Company was in a solid base for surviving these challenging economic factors.

Plans for future periods

As we emerge from the Coronavirus pandemic and slowly return to our ability to reopen and serve the people of Watford and beyond, our future plans include:

- Securing our future funding via Arts Council new NPO framework and Watford Borough Council continues support
- Creating a new Artistic Vision, Mission, and Core Purpose for the Palace Theatre to ensure that the building and cultural infrastructure is fit for purpose in the medium to longer term
- Delivering our Artistic programme Indoors/Outdoors/Online/On the road.

Statement of Trustees' Responsibilities

The Trustees (who are also Directors of The Palace Theatre Watford for the purposes of company law) are responsible for preparing the Trustees' Report and the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company and Charity law requires the Trustees to prepare Financial Statements for each financial year. Under that law the Trustees have elected to prepare the Financial Statements in accordance with the Charities' Statement of Recommended Practice, Accounting and Reporting by Charities issued in March 2015 and United Kingdom Financial Reporting and Accounting Standards. Under Company and Charity law the Trustees must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charitable Company and of the incoming resources and application of resources, including the income and expenditure of the Charitable Company (and the 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 of the Charities' SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards 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 Company will continue in business.

The Trustees are responsible for keeping proper 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 the Group) and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In accordance with company law, as the Company's Directors, we confirm that:

- so far as we are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- as the Directors of the Company, we have taken all steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

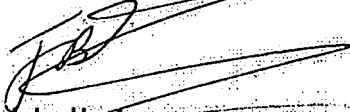
THE PALACE THEATRE WATFORD LIMITED

REPORT OF THE DIRECTORS

Auditors

PKF Littlejohn LLP are appointed as auditors to the Charitable Company and have indicated their willingness to continue in office.

This report was approved by order of the Board of Directors and signed on its behalf by:



John Hunt
Chair

30 November 2022

Independent Auditors' Report to the Members of The Palace Theatre Watford Limited**Opinion**

We have audited the financial statements of The Palace Theatre Watford Limited (the 'charitable company') for the year ended 31 March 2022 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement 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 Accounting Standards, 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 charitable company's affairs as at 31 March 2022 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company'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 Annual Report of the Trustees, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained within the Annual Report of the Trustees. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Annual Report of the Trustees (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 Annual Report of the Trustees (which includes the Directors' report) has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Annual Report of the Trustees.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- We obtained an understanding of the charitable company and the sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, sector research and application of cumulative audit knowledge and experience.

- We determined the principal laws and regulations relevant to the charitable company in this regard to be those arising from the Companies Act 2006, Charities Act 2011, Charities (Accounts and Reports) Regulations 2008, Financial Reporting Standard 102 and the Charities SORP.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the charity with those laws and regulations. These procedures included, but were not limited to enquiries of Trustees, review of minutes and review of legal and regulatory correspondence.
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that there was a potential for management bias in the recognition of revenue. We addressed this through reviewing revenue in the year for evidence of entitlement and at the year end to ensure accounted for in the correct period.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or 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 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.

Use of our report

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



Alastair Duke (Senior Statutory Auditor)

For and on behalf of PKF Littlejohn LLP

Statutory Auditor

15 Westferry Circus

Canary Wharf

London E14 4HD

Date:

12 December 2022

THE PALACE THEATRE WATFORD LIMITED

STATEMENT OF FINANCIAL ACTIVITIES
YEAR ENDED 31 MARCH 2022

	Note	2022 Unrestricted funds £	2022 Restricted funds £	2022 Total funds £	2021 Total funds £
Incoming Resources					
Grants receivable and fees	4	1,143,075	-	1,143,075	1,607,000
Donations and gifts		23,094	7,741	30,835	24,547
Bank interest		121	-	121	1,069
Ancillary trading activities		52,451	-	52,451	367
Coronavirus Job Retention Scheme		61,307	-	61,307	388,852
		<u>1,280,048</u>	<u>7,741</u>	<u>1,287,789</u>	<u>2,021,835</u>
Charitable Activities					
Production	4	550,454	-	550,454	15,324
Participation	4	27,751	-	27,751	11,857
Other	4	69,609	-	69,609	9,639
		<u>647,814</u>	<u>-</u>	<u>647,814</u>	<u>36,820</u>
Total Income		<u>1,927,862</u>	<u>7,741</u>	<u>1,935,603</u>	<u>2,058,655</u>
Expenditure on:					
Raising funds		395	284	679	1,793
Charitable Activities					
Production	6	1,826,773	231,147	2,057,920	1,300,398
Participation	6	302,117	37,628	339,745	212,313
Total Expenditure		<u>2,129,285</u>	<u>269,059</u>	<u>2,398,344</u>	<u>1,514,504</u>
Net Income/(Expenditure)	3	(201,423)	(261,318)	(462,741)	544,151
Transfers between funds	13	159,077	(159,077)	-	-
Total funds brought forward		<u>799,200</u>	<u>5,300,471</u>	<u>6,099,671</u>	<u>5,555,520</u>
Total funds carried forward		<u>756,854</u>	<u>4,880,076</u>	<u>5,636,930</u>	<u>6,099,671</u>

All income and expenditure derives from continuing activities.

The statement of financial activities includes all gains and losses recognised during the year.

The Accounting Policies and Notes on pages 17 to 27 form part of these Financial Statements.

THE PALACE THEATRE WATFORD LIMITED
(Company Registration number 3218719)

BALANCE SHEET
YEAR ENDED 31 MARCH 2022

	Note	2022 £	2021 £
Fixed Assets			
Tangible assets	7	4,543,682	4,709,639
Investments	8	200	200
		<hr/>	<hr/>
		4,543,882	4,709,839
		<hr/>	<hr/>
Current Assets			
Stock	9	7,111	2,564
Debtors	10	241,800	217,714
Cash at bank and in hand		1,176,196	1,313,010
		<hr/>	<hr/>
		1,425,107	1,533,288
Creditors: amounts falling due within one year	11	(332,059)	(143,456)
		<hr/>	<hr/>
Net Current Assets		1,093,048	1,389,832
		<hr/>	<hr/>
Net Assets		5,646,930	6,099,671
		<hr/>	<hr/>
Income Funds			
Restricted Funds	13	4,880,076	5,300,471
Unrestricted Funds			
General		250,289	250,792
Designated	12	506,565	548,408
		<hr/>	<hr/>
Total Unrestricted Funds		756,854	799,200
		<hr/>	<hr/>
Total Charity Funds		5,646,930	6,099,671
		<hr/>	<hr/>

Approved by the Board on 30 November 2022 and signed on its behalf by:


John Hunt
Chair

The Accounting Policies and Notes on pages 17 to 27 form part of these Financial Statements.

	2022 £	2021 £
Cash flow provided from operating activities	(30,367)	837,187
Cash flow from investing activities		
Payments to acquire tangible fixed assets	(105,568)	(6,503)
Interest receivable	121	1,069
	<hr/>	<hr/>
Net cash flow (used in) investing activities	(105,447)	(5,434)
	<hr/>	<hr/>
Change in cash and cash equivalents in the year	(135,814)	831,753
Cash and cash equivalents at start of year	1,313,010	481,257
	<hr/>	<hr/>
Cash and cash equivalents at end of year	1,177,196	1,313,010
	<hr/>	<hr/>
Reconciliation of net income to net cash flow from operating activities		
Net income/(expenditure) for year	(462,741)	544,151
Interest receivable	(121)	(1,069)
Depreciation of tangible fixed assets	272,525	315,815
(Increase)/Decrease in stock	(4,547)	3,643
(Increase)/Decrease in debtors	(24,086)	72,244
Increase/(Decrease) in creditors	188,603	(97,597)
	<hr/>	<hr/>
Net cash flow provided from operating activities	(30,367)	837,187
	<hr/>	<hr/>

1. General information and basis of preparation

The Palace Theatre Watford Limited is a company limited by guarantee in the United Kingdom. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity. The address of the registered office is given in the charity information on page 2 of these financial statements. The nature of the charity's operations and principal activities are set out in the Report of the Trustees.

The charity constitutes a public benefit entity as defined by FRS 102. 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), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Practice as it applies from 1 January 2019.

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are prepared in sterling which is the functional currency of the charity.

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

Going Concern

It is the opinion of the Directors/Trustees that the use of the going concern basis of accounting is appropriate because:

- there are no material uncertainties relating to events or conditions that may cast significant doubt about the ability of the Charitable Company to continue as a going concern;
- there is reasonable expectation that the Charitable Company has adequate resources to continue in operational existence for the foreseeable future.

2. Accounting Policies

2.1 Funds

Unrestricted Designated Funds

Refurbishment Depreciation Fund - costs related to small scale repairs and renovations, and the associated depreciation.

Future Production and Artistic projects - to hold grant and other monies for use on future productions and artistic projects.

Building and visitor experience - to hold grant and other monies to cover building contingency expenses and for physical improvements to enhance the visitor experience.

Façade Renovation Fund - costs related to the renovation of the building façade and the associated depreciation.

Lighting Desk Depreciation Fund - the depreciation cost of the lighting desk acquired in November 2012.

Resilience Projects Fund - to hold grant and other monies to fund one-off mid/long term impact projects related to the Charitable Company's strategic resilience.

Bar Refit Depreciation Fund - costs related to the renovation of the Bar / Cafe areas, and the associated depreciation

VAT Project Fund - fees and other expenses in relation to a review of the Theatre's historic VAT treatment, and subsequent claim for a refund from HMRC

2. Accounting Policies (continued)

Restricted Funds

Theatre refurbishment fund - funds received/receivable specifically for the cost of the refurbishment of the Theatre.

Catalyst Arts Fund - funds received/receivable specifically in relation to the Arts Council England's Catalyst Arts Capacity building and match funding scheme, to support organisations in building their fundraising capacity and capability over a three-year period.

ACE Capital Fund - funding towards capital works to enhance rehearsal facilities, to improve energy efficiency and to replace essential specialist equipment.

New Writing Fund - funding towards investment in writing new work.

Merchant of Venice - donations received to support our future production of Shakespeare's The Merchant of Venice (a creative response to anti-Semitism in Britain, set in the London of the 1930s).

Arts Council Cultural Recovery Fund – the government's Culture Recovery Fund, supporting cultural organisations through the impact of the Covid-19 pandemic.

Garfield Weston Foundation - grant received from the Weston Culture Fund to support our Take Part youth and community programmes. Amounts are drawn down against the fund and transferred to the general fund when expenditure is incurred.

Fund Transfers

Transfers are made between funds as and when the Trustees deem them necessary, within the limits of any restrictions that are in place.

2.2 Incoming Resources

Voluntary income including donations, gifts and grants that provide core funding or are of a general nature are recognised where there is entitlement, probability of receipt and the amount can be measured with sufficient reliability. Such income is only deferred where the donor has specified that the grant or donation must be used in a future accounting period.

Investment income is recognised on a receivable basis.

Income from charitable activities includes:

- income derived from theatrical productions which is accounted for in the period in which the productions take place;
- grant income to support education and youth activities which is recognised where there is entitlement, certainty of receipt and the amount can be reliably measured.

2.3 Resources Expended

Expenditure is recognised when a liability is incurred.

Charitable activities include expenditure associated with the staging of theatrical productions and participation activities. These include both the direct costs and support costs relating to these activities. Expenditure on materials for set, props and costumes are accounted for in the Consolidated Statement of Financial Activities (SOFA) of the period of the production. None of this expenditure is capitalised, as sets are either disposed of, or sold on within the same financial year, or very shortly after the financial year end.

Support costs represent central function costs, governance costs and overheads and have been allocated between the activities of productions and participation using an apportionment percentage calculated by comparing the direct costs attributable to each of those categories in the year.

2. Accounting Policies (continued)**2.4 Tangible Fixed Assets**

Fixed assets (other than those relating to productions - see above) are stated at historical cost. Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:

Plant, equipment and machinery	10% - 25% straight line
Information technology	10% - 33% straight line
Leasehold improvements	2.5% - 20% straight line
Long leasehold property	2.5% straight line

2.5 Stock

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete or slow moving items.

2.6 Leased assets and obligations

All operating lease rentals are charged to the SOFA on a straight line basis over the lease term.

2.7 New Writing Arrangements

These are advance costs incurred for possible future shows where the Charitable Company commissions a writer to work on a production which may or may not eventually be produced. The costs are written off to the SOFA in the year in which they are incurred.

2.8 Pensions

The Charitable Company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Charitable Company to the fund in respect of the year.

2.9 Taxation

The Charitable Company is exempt from Corporation Tax as all of its income is charitable and is applied for charitable purposes. The Charitable Company is registered for Value Added Tax (VAT); irrecoverable VAT (where applicable) is included in the cost of those items to which it relates.

3. Net Income/(Expenditure)	2022 £	2021 £
This is stated after charging:		
Auditors' remuneration	8,820	8,888
Depreciation	272,525	315,815
Operating leases - land and buildings	27,000	-
	<hr/>	<hr/>
4. Incoming Resources	2022 £	2021 £
Grants Receivable and fees		
Unrestricted income from:		
Arts Council England - grant	805,118	805,118
Service provision fees - Watford Borough Council	231,957	238,401
Support grant – Watford Borough Council	106,000	-
Restricted income from:		
Arts Council England – Cultural Recovery Fund grant	-	248,481
Garfield Weston Foundation – grant	-	315,000
	<hr/>	<hr/>
	1,143,075	1,607,000
	<hr/>	<hr/>
Incoming Resources from Charitable Activities		
Production:		
Box office income - produced	268,706	921
Box office income – co produced	725	-
Box office income - presented	151,119	6,056
Other production income	119,406	24
Film sales	3,413	598
Hire fees income	240	7,725
Front of house sales	6,845	-
	<hr/>	<hr/>
	550,454	15,324
Participation:		
Educational activities	26,861	8,457
External funding	890	3,400
	<hr/>	<hr/>
	27,751	11,857
Other:		
Tax relief	45,332	6,418
Sundry income	24,277	3,221
	<hr/>	<hr/>
	69,609	9,639
	<hr/>	<hr/>
Total income from charitable activities	647,814	36,820
	<hr/>	<hr/>

Income from grants receivable and fees was £1,143,075 (2021 - £1,607,000) of which £Nil (2021 - £563,481) was attributable to restricted funds and £1,143,075 (2021 - £1,043,519) was attributable to unrestricted funds.

Income from charitable activities was £647,814 (2021 - £36,820) of which £Nil (2021 - £Nil) was attributable to restricted funds and £647,814 (2021 - £36,820) was attributable to unrestricted funds.

5. Employee Information - Staff Costs	2022 £	2021 £
Establishment salaries	764,367	671,778
Establishment social security costs	74,783	59,621
Establishment pension costs	16,749	15,269
Non-establishment salaries	261,893	169,897
Non-establishment social security costs	4,633	1,158
Non-establishment pension costs	3,817	1,573
	<hr/>	<hr/>
	1,126,242	919,296
	<hr/>	<hr/>

One employee received emoluments between £70,000 and £80,000 (2021 – one). The total amount of employee benefits received by key management personnel, considered to be the Executive Team, during the year was £176,990 (2021 - £177,006).

Average Monthly Number of Employees during the Year

	Part-time Casual/seasonal	
	2022	2021
Establishment	25	25
Non Establishment	25	37
	<hr/>	<hr/>

Transactions with Directors

The Directors of the Charitable Company received no remuneration or reimbursement of expenses in the year (2021- £nil).

6. Total Resources Expended

6.1 Analysis of Charitable Expenditure

	Direct costs £	Support costs £	Total 2022 £	Total 2021 £
Production	811,735	1,246,185	2,057,920	1,300,398
Participation	136,879	202,866	339,745	212,313
	<hr/>	<hr/>	<hr/>	<hr/>
	948,614	1,449,051	2,397,665	1,512,711
	<hr/>	<hr/>	<hr/>	<hr/>

Charitable expenditure was £2,397,665 (2021 - £1,512,711) of which £268,775 (2021 - £229,069) was attributable to restricted funds and £2,128,890 (2021 - £1,283,642) was attributable to unrestricted funds.

6. Total Resources Expended (continued)

6.2 Analysis of Support Costs

	Charitable Activities £	Governance costs £	Total 2022 £	Total 2021 £
Wages	794,775	-	794,775	866,127
Establishment	193,307	-	193,307	92,033
Administration	100,633	-	100,633	93,047
Marketing and box office	75,660	-	75,660	35,200
Depreciation	270,551	-	270,551	299,173
Bank charges and interest	-	2,651	2,651	2,372
Legal and accountancy fees	-	2,462	2,462	446
Board	-	192	192	-
Audit	-	8,820	8,820	8,888
	<u>1,434,926</u>	<u>14,125</u>	<u>1,449,051</u>	<u>1,397,286</u>

Support costs are allocated as shown in the table above and then further apportioned between the two charitable activities undertaken.

Support costs are allocated on a basis consistent with the use of resources.

7. Tangible Assets	Leasehold improvement projects £	Equipment £	Plant and machinery £	Long leasehold property £	Total £
Cost					
At 1 April 2021	407,808	728,057	349,984	7,819,178	9,305,027
Additions	52,454	54,114	-	-	105,568
	<u>460,262</u>	<u>782,171</u>	<u>349,984</u>	<u>7,819,178</u>	<u>9,411,595</u>
Depreciation					
At 1 April 2021	379,988	651,824	339,703	3,223,873	4,595,388
Charge for the year	28,604	43,486	4,956	195,479	272,525
	<u>408,592</u>	<u>695,310</u>	<u>344,659</u>	<u>3,419,352</u>	<u>4,867,913</u>
Net Book Value					
At 31 March 2022	<u>51,670</u>	<u>86,861</u>	<u>5,325</u>	<u>4,399,826</u>	<u>4,543,682</u>
At 31 March 2021	<u>27,820</u>	<u>76,233</u>	<u>10,281</u>	<u>4,595,305</u>	<u>4,709,639</u>

8. Investment – subsidiary trading companies	2022	2021
	£	£
Shares in group undertakings:		
Cost at 1 April and at 31 March	200	200
	<u> </u>	<u> </u>

The Charitable Company owns 100% of the ordinary share capital of The Palace Theatre Watford Productions Limited, which is incorporated in England and Wales. The subsidiary company was dormant during the year.

The Charitable Company owns 100% of the ordinary share capital of The Palace Theatre Watford Bar Limited, which is incorporated in England and Wales. The Charitable Company has 100% control over this subsidiary company. This subsidiary company has been dormant from 1 April 2015, but previously operated to provide working capital finance for the charitable parent Charitable Company by covenanting distributable profits to The Palace Theatre Watford Limited. The subsidiary company operated catering facilities at the theatre.

9. Stocks	£	£
Stock	7,111	2,564
	<u> </u>	<u> </u>

10. Debtors

Trade debtors	8,274	6,453
Prepayments and accrued income	233,526	211,261
	<u> </u>	<u> </u>
	241,800	217,714
	<u> </u>	<u> </u>

11. Creditors: Amounts falling due within one year

Trade creditors	58,992	26,236
Amounts due to subsidiary companies	200	200
Social security and other taxes	16,666	14,536
Other creditors	19,053	22,357
Accruals and deferred income	237,148	80,127
	<u> </u>	<u> </u>
	332,059	143,456
	<u> </u>	<u> </u>

Included in accruals and deferred income is deferred income of £115,445 (2021 - £19,970) which comprises advance ticket sales. £19,970 was released to the SOFA in the year to 31 March 2022 and £115,445 will be released to the SOFA in the year to 31 March 2023.

Included in other creditors are defined contribution pension liabilities of £4,183 (2021 - £3,078) all of which has been funded by unrestricted funds.

12. Unrestricted Designated Funds

The income funds of the Charitable Company include the following designated funds which have been set aside out of unrestricted funds by the Trustees for specific purposes:

	Balance at 1 April 2021 £	Incoming resources £	Outgoing expenditure £	Transfers £	Balance at 31 March 2022 £
General Funds	250,792	1,921,529	(2,123,609)	201,577	250,289
Designated Funds					
Refurbishment Fund	7,866	-	(1,123)	-	6,743
Future Production & Artistic Projects	223,316	6,333	-	(20,000)	209,649
Building and Visitor Experience	161,443	-	-	-	161,443
Lighting Desk Depreciation	3,803	-	(3,803)	-	-
Resilience Project Fund	133,255	-	-	(22,500)	110,755
VAT Project Fund	18,725	-	(750)	-	17,975
	<u>548,408</u>	<u>6,333</u>	<u>(5,676)</u>	<u>(42,500)</u>	<u>506,565</u>
Unrestricted Funds	799,200	1,927,862	(2,129,285)	159,077	756,854
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	Balance at 1 April 2020 £	Incoming resources £	Outgoing expenditure £	Transfers £	Balance at 31 March 2021 £
General Funds	250,231	1,493,106	(1,259,387)	(233,159)	250,792
Designated Funds					
Refurbishment Fund	8,989	-	(1,123)	-	7,866
Future Production & Artistic Projects	136,316	-	-	87,000	223,316
Building and Visitor Experience	74,443	-	-	87,000	161,443
Facade Renovation	14,357	-	(14,357)	-	-
Lighting Desk Depreciation	7,604	-	(3,801)	-	3,803
Resilience Project Fund	40,255	-	-	93,000	133,255
Bar Refit Depreciation Fund	5,831	-	(5,831)	-	-
VAT Project Fund	19,375	-	(650)	-	18,725
	<u>307,170</u>	<u>-</u>	<u>(25,762)</u>	<u>267,000</u>	<u>548,408</u>
Unrestricted Funds	557,402	1,493,106	(1,285,149)	33,841	799,200
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

A description of the designated funds can be found at note 2.1.

13. Restricted Fund

The income funds of the Charitable Company include the following restricted funds where the donor has specified the purpose for which the fund is to be used:

	Balance at 1 April 2021 £	Incoming resources £	Outgoing expenditure £	Transfers £	Balance at 31 March 2022 £
Theatre Refurbishment Fund	4,595,305	-	(195,479)	-	4,399,826
Catalyst Arts Fund	15,045	1,711	(284)	(3,500)	12,972
Arts Council England Capital Fund	59,074	-	(18,496)	-	40,578
New Writing Fund	478	-	-	-	478
Merchant of Venice	113,523	6,030	-	-	119,553
Arts Council Cultural Recovery Fund	202,046	-	(54,800)	(50,000)	97,246
Garfield Weston Foundation	315,000	-	-	(105,577)	209,423
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	5,300,471	7,741	(269,059)	(159,077)	4,880,076
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

	Balance at 1 April 2020 £	Incoming resources £	Outgoing expenditure £	Transfers £	Balance at 31 March 2021 £
Theatre Refurbishment Fund	4,790,784	-	(195,479)	-	4,595,305
Catalyst Arts Fund	15,763	2,068	(2,786)	-	15,045
Arts Council England Capital Fund	77,570	-	(18,496)	-	59,074
New Writing Fund	478	-	-	-	478
Merchant of Venice	113,523	-	-	-	113,523
Arts Council Cultural Recovery Fund	-	248,481	(12,594)	(33,841)	202,046
Garfield Weston Foundation	-	315,000	-	-	315,000
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	4,998,118	565,549	(229,355)	(33,841)	5,300,471
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

A description of the restricted funds can be found at note 2.1.

14. Allocation of Net Assets between Funds

	General fund	Designated fund	Restricted fund	Total 2022
	£	£	£	£
Tangible fixed assets	96,535	6,743	4,440,404	4,543,682
Investments	200	-	-	200
Current assets	485,613	499,822	439,672	1,425,107
Current liabilities	(332,059)	-	-	(332,059)
	<hr/>	<hr/>	<hr/>	<hr/>
Net assets	250,289	506,565	4,880,076	5,646,930
	<hr/>	<hr/>	<hr/>	<hr/>
	General fund	Designated fund	Restricted fund	Total 2021
	£	£	£	£
Tangible fixed assets	43,591	11,669	4,654,379	4,709,639
Investments	200	-	-	200
Current assets	350,457	536,739	646,092	1,533,288
Current liabilities	(143,456)	-	-	(143,456)
	<hr/>	<hr/>	<hr/>	<hr/>
Net assets	250,792	548,408	5,300,471	6,099,671
	<hr/>	<hr/>	<hr/>	<hr/>

15. Revenue Commitments

The Charitable Company's annual obligation under an operating lease is as follows, analysed according to the date of the first review of the lease.

	2022 Land and Buildings £	2021 Land and Buildings £
Operating lease which expires:		
Between 2 and 5 years	114,500	-
	<hr/>	<hr/>

16. Capital Commitments

There were no contracted capital commitments at 31 March 2022 (2021 - none).

17. Related Party Relationships and Transactions

During the year, the following Trustees have been connected with organisations that have made payments to the Charitable Company:

Councillor Agnieszka Dychton and Councillor Timothy Williams – Watford Borough Council – Service provision fees of £231,957 (2021: £238,401) and further funding of £106,000 (2021 - £ nil).

Deborah Lincoln – Warner Bros International – sponsorship £17,500 (2021: £Nil)

THE PALACE THEATRE WATFORD LIMITED

England & Wales - Charity number 1056950

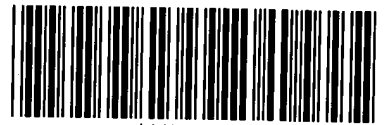
Accounts

THE PALACE THEATRE WATFORD LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2021**

Company Registration No. 3218719 (England and Wales)

FRIDAY



AAK1X3WA

A04

24/12/2021

#32

COMPANIES HOUSE

	Page
Directors and Advisers	2
Report of the Directors	3 - 8
Report of the Independent Auditors	9 - 11
Statement of Financial Activities	12
Balance Sheet	13
Statement of Cash Flows	14
Notes to the Financial Statements	15 - 25

Directors

Chair	Deborah Lincoln
Governance Committee	Karen Collett * (resigned 22 March 2021) Kenny Dada Anne Fenton
Governance Committee	John Hunt
Governance Committee	Mark Lawrence Carol Lingwood Binita Mehta-Parmar John Pritchard (resigned 23 September 2020)
Governance Committee	Georgina Rae Brett Spencer Patrick Stoddart Jayne Trotman Timothy Williams *

* Directors nominated by Watford Borough Council.

Secretary

Jamie Arden

Registered Office

20 Clarendon Road
Watford
Herts WD17 1JZ

Bankers

National Westminster Bank plc
72-74 High Street
Watford
Herts WD17 2BQ

Auditors

PKF Littlejohn LLP
15 Westferry Circus
Canary Wharf
London E14 4HD

Charity Registration number 1056950

Company Registration number 3218719

The Directors of the Charitable Company present herewith their Annual Report, together with the audited Financial Statements for the year ended 31 March 2021. This report is intended to fulfil the requirements both of Section 234 of the Companies Act 2006 and of the Charities Act 2011. The Directors have adopted the provisions of the Statement of Recommended Practice "Accounting and Reporting by Charities" in preparing the annual report and financial statements of the charity.

Reference and Administrative Details

The Palace Theatre Watford Limited is a charitable company limited by guarantee and governed by a Memorandum and Articles of Association dated 17 May 1996.

Public Benefit

The Trustees confirm that they have had regard to the guidance on public benefit issued by the Charity Commission when considering the objectives and activities of the Charitable Company.

Board of Directors

The Directors and Trustees from 1 April 2020 to the date of the signing of the Financial Statements were as shown on page 2. The Directors shall have power at any time to appoint any person to be a Director, but so that the total number of Directors shall not at any time exceed the number fixed in accordance with the Articles. Any Director so appointed shall hold office only until the following Annual General Meeting, and shall then be eligible for re-election, but shall not be taken into account in determining the Directors who are to retire by rotation at such meeting. Two Directors are nominated by Watford Borough Council. (There are specific requirements associated with the rotation of Directors, the terms of which are stated in the Memorandum and Articles of Association).

Trustees receive ongoing training, including attendance at an annual away day.

The Directors and Trustees delegate the day to day running of the organisation to:

- Brigid Larmour – Artistic Director and Chief Executive
- Jamie Arden – Executive Director and Company Secretary
- Andrew Phillips – Director of Finance

Powers of the Company

The Directors take this opportunity to confirm that under Clause 3 of the Charitable Company's Memorandum of Association, it is empowered to carry out the activities reviewed in the Annual Report including, but not limited to, the beneficial investment of the Charitable Company's funds.

Strategic Objectives

From April 2018 Watford Palace Theatre (WPT) entered into our new 4 year Business Plan 2018-2022.

WATFORD PALACE THEATRE MISSION AND VISION STATEMENT 2018-2022

WPT Mission

Great stories that entertain, provoke and inspire, on our stage and in our streets.

WPT Vision

Everyone's welcome at the Palace. We aim to inspire and entertain through high-quality, inventive and ambitious drama, new plays, musicals, dance and family shows; free outdoor festivals; diverse stand-up; and a much-loved traditional pantomime.

See yourself on our stage. We want our shows to look like our audience: reflecting our diverse community, and fully representing women. We encourage and celebrate creativity in our town, giving a platform to our communities and our young people.

See it here first. We are proud that our locally produced shows and home grown talent have toured nationally and internationally, been seen on BBC iPlayer, won awards and transferred to the West End.

WATFORD PALACE THEATRE - INSPIRATION ON YOUR DOORSTEP

Strategic Objectives

For the next four years 2018-2022, the charities strategic objectives are as follows:

STRATEGIC OBJECTIVE ONE

- **STRIVE FOR EXCELLENCE**

To increase the quality, diversity and impact of the work produced at WPT

STRATEGIC OBJECTIVE TWO

- **THINK LOCAL AND BE DIVERSE**

Develop work for a local audience and further diversify the audience and participant demographic.

STRATEGIC OBJECTIVE THREE

- **BE FINANCIALLY RESOURCEFUL, RESILIENT, SUSTAINABLE AND ENTREPRENEURIAL**

Significantly increase and diversify contributed and earned income to provide organisational resilience

STRATEGIC OBJECTIVE FOUR

- **PARTICIPATE – BE COLLABORATIVE & CREATIVE IN PROMOTION & AUDIENCE DEVELOPMENT**

Develop a stronger relationship with the community to promote and provide opportunities to participate with the work made at the venue.

Achievements against Objectives

Just a few weeks before the new financial year began on 1 April 2020, the Theatre had to close its doors as the country entered its first Covid 19 pandemic lockdown and entered a time of unprecedented challenges. The Charity met these with resilience and imagination (Strategic Objective 3), responding to priorities now recognised as key across the industry.

The organisation rapidly adapted ways of thinking and working, pivoting decisively towards the new Arts Council England strategic priorities for 2023 onwards in LET'S CREATE, through in-depth Leadership Team discussions of strategy and values, and supporting Watford Borough Council's local agenda (Strategic Objective 2).

Our Initial 'on the hoof' digital response to lockdown was our Palace@Home strand, including zoom play-readings in partnership with Pitlochry Festival Theatre, with actors in England and Scotland, the writer in Ireland, and audiences as far afield as America and the Orkneys. As the extent of the crisis became clear, this was superseded by a tailored programme inviting local freelancers to propose projects for specific target audiences, with WPT marketing expertise offered as support in kind.

STRATEGIC OBJECTIVE 1: STRIVE FOR EXCELLENCE

To increase the quality, diversity and impact of the work produced at WPT

Secured Cultural Recovery Fund support of £248,481 to move from survival mode to inclusive creativity, enabling work to make the building Covid secure, and major new creative initiatives:

- Underwriting risk for an alternative Christmas experience, replacing the cancelled pantomime
- The Three Counties Freelancer Callout, an open callout to local freelancers – whose situation was precarious - offering tailored support for new projects. Planned to be the Spring season on our stage, but adapted in response to the second lockdown and delivered over a longer period on various live, digital and hybrid platforms. We received applications from 60 groups or individuals and supported a dozen of them. Our support has helped freelancers secure matching investment from other local and national sources.

STRATEGIC OBJECTIVE 2: THINK LOCAL AND BE DIVERSE

Develop work for a local audience and further diversify the audience and participant demographic.

- Looked outwards to our local community as a leader in Watford's cultural strategy, and to the Three Counties
- Active role in Watford Borough Council's 'Watford Together' initiative
- Taking action to become more inclusive in response to global reflections on racism
- Investing in local freelance talent and exploring new platforms and styles of creative work

STRATEGIC OBJECTIVE 3: BE FINANCIALLY RESOURCEFUL, RESILIENT, SUSTAINABLE AND ENTREPRENEURIAL

Significantly increase and diversify contributed and earned income to provide organisational resilience.

- Acted decisively to secure financial stability, manage risk, and secure additional funding
- Removed pantomime income from annual budget expectations a full quarter earlier than most theatres
- All full time staff apart from the Executive Team put on flexible furlough, with no redundancies made – in contrast to sector peers
- Managed staff time cost-effectively and secured furlough income through HMRC's Coronavirus Job Retention Scheme
- Protected jobs, supporting casual workers, using furlough time to invest in online training
- Migrated all operations online smoothly as per business continuity planning
- Secured £315,000 investment from Garfield Weston Foundation in new Take Part youth and community activities with local partners, designed to support young people, who have been so severely affected by the pandemic
- Hired out the building for Covid secure filming, generating income while closed to the public – two music videos, one TV sitcom, two short films and a feature film
- Vacancies occurring were not replaced, but duties covered flexibly by other team members
- Redeployed in-house skills, eg redeveloped the bar to increase profitably while closed to the public
- Shared best practice and support through the network of Mid -Scale Theatres
- Covid secure team met weekly to assess risks and responses, not relying passively on Government or industry advice
- Sustainability Group meeting monthly to lead a transition to more sustainable ways of working

STRATEGIC OBJECTIVE 4**PARTICIPATE – BE COLLABORATIVE & CREATIVE IN PROMOTION & AUDIENCE DEVELOPMENT**

Develop a stronger relationship with the community to promote and provide opportunities to participate with the work made at the venue.

- Moved swiftly to create Palace@Home digital output, with a focus on wellbeing
- Active role in WBC Watford Together initiative
- Moved all participation work online swiftly in order to give continuity and support to users
- Secured £315,000 investment from Garfield Weston Foundation in new Take Part youth and community activities with local partners, designed to support young people, who have been so severely affected by the pandemic
- Retained PR consultant, and Chief Executive appeared on ITV News at Ten as well as other media appearances

The activities described above demonstrate that public benefit is being provided by the Charity.

Financial Review

The Statement of Financial Activities shows a surplus of £544,151 (2020 - deficit of £172,066) for the financial year. This comprises a surplus before transfers on unrestricted funds of £207,957 (2020 - deficit of £73,625) and a surplus on restricted funds of £336,194 (2020 - deficit of £98,441). The Directors note that this surplus is declared after recognising depreciation charges of £315,814 (being £213,975 applied to restricted funds, and £101,839 applied to unrestricted funds).

As at the year ended 31 March 2021, new and exceptional income sources have been recognised, resulting from successful applications for Covid-19 related and other support, being Restricted Grants from Arts Council England's Cultural Recovery Fund of £248,481; and The Garfield Weston Foundation of £315,000. Much of the related expenditure will actually take place in the period from 1 April 2021 due to the extended periods of lockdown causing further delay to the Theatre's re-opening.

Income also includes HMRC's Coronavirus Job Retention Scheme monies of £388,852 which has been recognised in the same period as the wage expenditure for furloughed staff that it supported.

Financial Position in the Context of Ongoing Commitments and Obligations

The Balance Sheet shows net assets of £6,099,671 at 31 March 2021 (2020 - £5,555,520). As at the same date, Revenue subsidy amounting to £231,957 and £805,118 for the following 12 month period has been confirmed by Watford Borough Council and Arts Council England respectively. An agreed budget for the year to 31 March 2022 has been approved by the Board of Directors.

Subsidiary Undertakings

The Charitable Company's wholly owned subsidiaries, The Palace Theatre Watford Bar Limited and The Palace Theatre Watford Productions Limited, remained dormant throughout the year.

Investment Policy

The Charitable Company holds surplus cash on a deposit account to receive a rate of interest commensurate with an appropriate level of security, whilst not restricting access for operational purposes or payment of box office to touring companies and hires. Where sufficient surplus cash remains available after due consideration for longer term liabilities, the Charitable Company utilises other relatively low risk financial products (such as Fixed Rate Bonds) to maximise income.

Parent Charitable Company's Reserves Policy

The Trustees have reviewed the Charitable Company's needs for reserves in line with the guidance issued by the Charity Commission and have agreed the following reserves policy: the target level of unrestricted reserves is based on 10% of typical box office income and six weeks running costs. At the last calculation, the target is to hold free reserves of £250,000. The unrestricted general reserve (see page 13) stood at £250,792 on 31 March 2021 (2020 - £250,232). This policy is reviewed annually by the Trustees.

Risk Assessment

The Trustees have examined and prioritised the most critical risks to the Charitable Company and, as a result, are confident that they have in place sufficient accountability and focussed action to protect the objectives of the Charitable Company. A risk register has been produced and is reviewed by the Leadership Team, and updated by the Executive Director every two months for consideration by the Board. The major risk identified concerns the funding of the Charitable Company. Arts Council England and Watford Borough Council have the right under Service Level Agreements to withdraw funding and/or request repayment of funds should those funds be applied to purposes other than the stated charitable objectives. The Charitable Company has put in place a range of mitigatory measures. The Board operates a separate governance committee, with its own Chair, to maintain a transparent and objective overview.

The Covid epidemic represented the biggest risk to the Charitable Company's survival in recent years. However our Reserves policy, the leanness of the staff team, and a policy of keeping establishment costs within the total of grant income received, meant the Charitable Company was able to survive this year.

Plans for future periods

As we emerge from the Coronavirus pandemic and slowly return to our ability to reopen and serve the people of Watford and beyond, our Future Plans include:

- Creating a new website and brand
- Creating a new vision for Take Part / Youth & Community
- Investing in making a Covid Secure Front of House area and a 'Digitally Capable' and Covid Resilient stage
- Developing a brand-new vision for the Palace Theatre to ensure that the building and cultural infrastructure is fit for purpose in the medium to longer term
- Securing a new Scenic Workshop and Store; Creating a new Artistic Vision, Mission, and Core Purpose
- Delivering our Artistic Programme Indoors/Outdoors/Online/On the road

Statement of Trustees' Responsibilities

The Trustees (who are also Directors of The Palace Theatre Watford for the purposes of company law) are responsible for preparing the Trustees' Report and the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company and Charity law requires the Trustees to prepare Financial Statements for each financial year. Under that law the Trustees have elected to prepare the Financial Statements in accordance with the Charities' Statement of Recommended Practice, Accounting and Reporting by Charities issued in March 2015 and United Kingdom Financial Reporting and Accounting Standards. Under Company and Charity law the Trustees must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charitable Company and of the incoming resources and application of resources, including the income and expenditure of the Charitable Company (and the 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 of the Charities' SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards 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 Company will continue in business.

The Trustees are responsible for keeping proper 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 the Group) and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In accordance with company law, as the Company's Directors, we confirm that:

- so far as we are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- as the Directors of the Company, we have taken all steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

PKF Littlejohn LLP are appointed as auditors to the Charitable Company and have indicated their willingness to continue in office.

This report was approved by order of the Board of Directors and signed on its behalf by:



Deborah Lincoln
Chair

13/12/2021

Independent Auditors' Report to the Members of The Palace Theatre Watford Limited**Opinion**

We have audited the financial statements of The Palace Theatre Watford Limited (the 'charitable company') for the year ended 31 March 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement 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 Accounting Standards, 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 charitable company's affairs as at 31 March 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company'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 Annual Report of the Trustees, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained within the Annual Report of the Trustees. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Annual Report of the Trustees (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 Annual Report of the Trustees (which includes the Directors' report) has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Annual Report of the Trustees.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- We obtained an understanding of the charitable company and the sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, sector research and application of cumulative audit knowledge and experience.

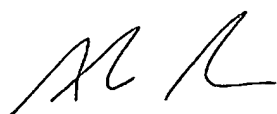
- We determined the principal laws and regulations relevant to the charitable company in this regard to be those arising from the Companies Act 2006, Charities Act 2011, Charities (Accounts and Reports) Regulations 2008, Financial Reporting Standard 102 and the Charities SORP.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the charity with those laws and regulations. These procedures included, but were not limited to enquiries of Trustees, review of minutes and review of legal and regulatory correspondence.
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that there was a potential for management bias in the recognition of revenue. We addressed this through reviewing revenue in the year for evidence of entitlement and at the year end to ensure accounted for in the correct period.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or 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 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.

Use of our report

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



Alastair Duke (Senior Statutory Auditor)

For and on behalf of PKF Littlejohn LLP

Statutory Auditor

15 Westferry Circus

Canary Wharf

London E14 4HD

Date: 21 December 2021

THE PALACE THEATRE WATFORD LIMITED

STATEMENT OF FINANCIAL ACTIVITIES
YEAR ENDED 31 MARCH 2021

	Note	2021 Unrestricted funds £	2021 Restricted funds £	2021 Total funds £	2020 Total funds £
Incoming Resources					
Grants receivable and fees	4	1,043,519	563,481	1,607,000	1,035,415
Donations and gifts		22,479	2,068	24,547	136,958
Bank interest		1,069	-	1,069	2,948
Ancillary trading activities		367	-	367	86,712
Coronavirus Job Retention Scheme		388,852	-	388,852	-
		<u>1,456,286</u>	<u>565,549</u>	<u>2,021,835</u>	<u>1,262,033</u>
Charitable Activities					
Production	4	15,324	-	15,324	813,424
Participation	4	11,857	-	11,857	37,760
Other	4	9,639	-	9,639	151,115
		<u>36,820</u>	<u>-</u>	<u>36,820</u>	<u>1,002,299</u>
Total Income		<u>1,493,106</u>	<u>565,549</u>	<u>2,058,655</u>	<u>2,264,332</u>
Expenditure on:					
Raising funds		1,507	286	1,793	4,372
Charitable Activities					
Production	6	1,103,399	196,999	1,300,398	2,333,244
Participation	6	180,243	32,070	212,313	98,782
Total Expenditure		<u>1,285,149</u>	<u>229,355</u>	<u>1,514,504</u>	<u>2,436,398</u>
Net Income/(Expenditure)	3	207,957	336,194	544,151	(172,066)
Transfers between funds	13	33,841	(33,841)	-	-
Total funds brought forward		<u>557,402</u>	<u>4,998,118</u>	<u>5,555,520</u>	<u>5,727,586</u>
Total funds carried forward		<u>799,200</u>	<u>5,300,471</u>	<u>6,099,671</u>	<u>5,555,520</u>

All income and expenditure derives from continuing activities.

The statement of financial activities includes all gains and losses recognised during the year.

The Accounting Policies and Notes on pages 15 to 25 form part of these Financial Statements.

THE PALACE THEATRE WATFORD LIMITED
(Company Registration number 3218719)

BALANCE SHEET
YEAR ENDED 31 MARCH 2021

	Note	2021 £	2020 £
Fixed Assets			
Tangible assets	7	4,709,639	5,018,951
Investments	8	200	200
		<hr/>	<hr/>
		4,709,839	5,019,151
		<hr/>	<hr/>
Current Assets			
Stock	9	2,564	6,207
Debtors	10	217,714	289,958
Cash at bank and in hand		1,313,010	481,257
		<hr/>	<hr/>
		1,533,288	777,422
Creditors: amounts falling due within one year	11	(143,456)	(241,053)
		<hr/>	<hr/>
Net Current Assets		1,389,832	536,369
		<hr/>	<hr/>
Net Assets		6,099,671	5,555,520
		<hr/>	<hr/>
Income Funds			
Restricted Funds	13	5,300,471	4,998,118
Unrestricted Funds			
General		250,792	250,232
Designated	12	548,408	307,170
		<hr/>	<hr/>
Total Unrestricted Funds		799,200	557,402
		<hr/>	<hr/>
Total Charity Funds		6,099,671	5,555,520
		<hr/>	<hr/>

Approved by the Board on 13 December 2022 and signed on its behalf by:



Deborah Lincoln
Chair

The Accounting Policies and Notes on pages 15 to 25 form part of these Financial Statements.

THE PALACE THEATRE WATFORD LIMITED

**STATEMENT OF CASHFLOWS
YEAR ENDED 31 MARCH 2021**

	2021 £	2020 £
Cash flow provided from operating activities	837,187	58,836
Cash flow from investing activities		
Payments to acquire tangible fixed assets	(6,503)	(18,185)
Interest receivable	1,069	2,948
	<hr/>	<hr/>
Net cash flow (used in) investing activities	(5,434)	(15,237)
	<hr/>	<hr/>
Change in cash and cash equivalents in the year	831,753	41,599
Cash and cash equivalents at start of year	481,257	439,658
	<hr/>	<hr/>
Cash and cash equivalents at end of year	1,313,010	481,257
	<hr/>	<hr/>
Reconciliation of net income to net cash flow from operating activities		
Net income/(expenditure) for year	544,151	(172,066)
Interest receivable	(1,069)	(2,948)
Depreciation of tangible fixed assets	315,815	308,661
Decrease in stock	3,643	485
Decrease in debtors	72,244	11,184
(Decrease) in creditors	(97,597)	(88,480)
	<hr/>	<hr/>
Net cash flow provided from operating activities	837,187	56,836
	<hr/>	<hr/>

The Accounting Policies and Notes on pages 15 to 25 form part of these Financial Statements.

1. General information and basis of preparation

The Palace Theatre Watford Limited is a company limited by guarantee in the United Kingdom. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity. The address of the registered office is given in the charity information on page 2 of these financial statements. The nature of the charity's operations and principal activities are set out in the Report of the Trustees.

The charity constitutes a public benefit entity as defined by FRS 102. 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), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006* and UK Generally Accepted Practice as it applies from 1 January 2019.

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are prepared in sterling which is the functional currency of the charity.

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

Going Concern

It is the opinion of the Directors/Trustees that the use of the going concern basis of accounting is appropriate because:

- there are no material uncertainties relating to events or conditions that may cast significant doubt about the ability of the Charitable Company to continue as a going concern;
- there is reasonable expectation that the Charitable Company has adequate resources to continue in operational existence for the foreseeable future.

2. Accounting Policies

2.1 Funds

Unrestricted Designated Funds

Refurbishment Depreciation Fund - costs related to small scale repairs and renovations, and the associated depreciation.

Future Production and Artistic projects - to hold grant and other monies for use on future productions and artistic projects.

Building and visitor experience - to hold grant and other monies to cover building contingency expenses and for physical improvements to enhance the visitor experience.

Façade Renovation Fund - costs related to the renovation of the building façade and the associated depreciation.

Lighting Desk Depreciation Fund - the depreciation cost of the lighting desk acquired in November 2012.

Resilience Projects Fund - to hold grant and other monies to fund one-off mid/long term impact projects related to the Charitable Company's strategic resilience.

Bar Refit Depreciation Fund - costs related to the renovation of the Bar / Cafe areas, and the associated depreciation

VAT Project Fund - fees and other expenses in relation to a review of the Theatre's historic VAT treatment, and subsequent claim for a refund from HMRC

2. Accounting Policies (continued)

Restricted Funds

Theatre refurbishment fund - funds received/receivable specifically for the cost of the refurbishment of the Theatre.

Catalyst Arts Fund - funds received/receivable specifically in relation to the Arts Council England's Catalyst Arts Capacity building and match funding scheme, to support organisations in building their fundraising capacity and capability over a three-year period.

ACE Capital Fund - funding towards capital works to enhance rehearsal facilities, to improve energy efficiency and to replace essential specialist equipment.

New Writing Fund - funding towards investment in writing new work.

Merchant of Venice - donations received to support our future production of Shakespeare's The Merchant of Venice (a creative response to anti-Semitism in Britain, set in the London of the 1930s).

Arts Council Cultural Recovery Fund – the government's Culture Recovery Fund, supporting cultural organisations through the impact of the Covid-19 pandemic.

Garfield Weston Foundation - grant received from the Weston Culture Fund to support out Take Part youth and community programmes.

Fund Transfers

Transfers are made between funds as and when the Trustees deem them necessary, within the limits of any restrictions that are in place.

2.2 Incoming Resources

Voluntary income including donations, gifts and grants that provide core funding or are of a general nature are recognised where there is entitlement, probability of receipt and the amount can be measured with sufficient reliability. Such income is only deferred where the donor has specified that the grant or donation must be used in a future accounting period.

Investment income is recognised on a receivable basis.

Income from charitable activities includes:

- income derived from theatrical productions which is accounted for in the period in which the productions take place;
- grant income to support education and youth activities which is recognised where there is entitlement, certainty of receipt and the amount can be reliably measured.

2.3 Resources Expended

Expenditure is recognised when a liability is incurred.

Charitable activities include expenditure associated with the staging of theatrical productions and participation activities. These include both the direct costs and support costs relating to these activities. Expenditure on materials for set, props and costumes are accounted for in the Consolidated Statement of Financial Activities (SOFA) of the period of the production. None of this expenditure is capitalised, as sets are either disposed of, or sold on within the same financial year, or very shortly after the financial year end.

Support costs represent central function costs, governance costs and overheads and have been allocated between the activities of productions and participation using an apportionment percentage calculated by comparing the direct costs attributable to each of those categories in the year.

2. Accounting Policies (continued)**2.4 Tangible Fixed Assets**

Fixed assets (other than those relating to productions - see above) are stated at historical cost. Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:

Plant, equipment and machinery	10% - 25% straight line
Information technology	10% - 33% straight line
Leasehold improvements	2.5% - 20% straight line
Long leasehold property	2.5% straight line

2.5 Stock

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete or slow moving items.

2.6 Leased assets and obligations

All operating lease rentals are charged to the SOFA on a straight line basis over the lease term.

2.7 New Writing Arrangements

These are advance costs incurred for possible future shows where the Charitable Company commissions a writer to work on a production which may or may not eventually be produced. The costs are written off to the SOFA in the year in which they are incurred.

2.8 Pensions

The Charitable Company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Charitable Company to the fund in respect of the year.

2.9 Taxation

The Charitable Company is exempt from Corporation Tax as all of its income is charitable and is applied for charitable purposes. The Charitable Company is registered for Value Added Tax (VAT); irrecoverable VAT (where applicable) is included in the cost of those items to which it relates.

3. Net Income/(Expenditure)	2021	2020
	£	£
This is stated after charging:		
Auditors' remuneration	8,888	8,490
Depreciation	315,815	308,661
Operating leases - land and buildings	-	24,048
	<hr/>	<hr/>
4. Incoming Resources	2021	2020
	£	£
Grants Receivable and fees		
Unrestricted income from:		
Arts Council England - grant	805,118	790,571
Service provision fees - Watford Borough Council	238,401	244,844
Restricted income from:		
Arts Council England – Cultural Recovery Fund grant	248,481	-
Garfield Weston Foundation – grant	315,000	-
	<hr/>	<hr/>
	1,607,000	1,035,415
	<hr/>	<hr/>
Incoming Resources from Charitable Activities		
Production:		
Box office income - produced	921	428,652
Box office income – co produced	-	22,276
Box office income - presented	6,056	72,528
Other production income	24	168,889
Film sales	598	29,657
Hire fees income	7,725	65,172
Front of house sales	-	26,249
	<hr/>	<hr/>
	15,324	813,423
Participation:		
Educational activities	8,457	31,564
External funding	3,400	6,196
	<hr/>	<hr/>
	11,857	37,760
Other:		
Tax relief	6,418	113,516
Sundry income	3,221	37,599
	<hr/>	<hr/>
	9,639	151,115
	<hr/>	<hr/>
Total income from charitable activities	36,820	1,002,299
	<hr/>	<hr/>

Income from grants receivable and fees was £1,607,000 (2020 - £1,035,415) of which £563,481 (2020 - £ NIL) was attributable to restricted funds and £1,043,519 (2020 - £1,035,415) was attributable to unrestricted funds.

Income from charitable activities was £36,820 (2020 - £1,002,299) of which £ NIL (2020 - £ NIL) was attributable to restricted funds and £36,820 (2020 - £1,002,299) was attributable to unrestricted funds.

5. Employee Information - Staff Costs	2021 £	2020 £
Establishment salaries	671,778	740,439
Establishment social security costs	59,621	66,436
Establishment pension costs	15,269	15,278
Non-establishment salaries	169,897	349,735
Non-establishment social security costs	1,158	2,852
Non-establishment pension costs	1,573	5,057
	<hr/>	<hr/>
	919,296	1,179,797
	<hr/> <hr/>	<hr/> <hr/>

One employee (2020 – one) received emoluments between £60,000 and £70,000. The total amount of employee benefits received by key management personnel, considered to be the Executive Team, during the year was £177,006 (2020 - £202,061).

Average Monthly Number of Employees during the Year

	Part-time Casual/seasonal	
	2021	2020
Establishment	25	27
Non Establishment	37	29
	<hr/>	<hr/>

Transactions with Directors

The Directors of the Charitable Company received no remuneration or reimbursement of expenses in the year (2020 - £nil).

6. Total Resources Expended

6.1 Analysis of Charitable Expenditure

	Direct costs £	Support costs £	Total 2021 £	Total 2020 £
Production	98,732	1,201,666	1,300,398	2,333,244
Participation	16,693	195,620	212,313	98,782
	<hr/>	<hr/>	<hr/>	<hr/>
	115,425	1,397,286	1,512,711	2,432,026
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Charitable expenditure was £1,512,711 (2020 - £2,432,026) of which £229,069 (2020 - £216,138) was attributable to restricted funds and £1,283,642 (2020 - £2,215,888) was attributable to unrestricted funds.

6. Total Resources Expended (continued)

6.2 Analysis of Support Costs

	Charitable Activities £	Governance costs £	Total 2021 £	Total 2020 £
Wages	866,127	-	866,127	854,855
Establishment	92,033	-	92,033	173,757
Administration	93,047	-	93,047	100,264
Marketing and box office	35,200	-	35,200	67,592
Depreciation	299,173	-	299,173	291,379
Bank charges and interest	2,372	-	2,372	3,841
Legal and accountancy fees	-	446	446	2,987
Board	-	-	-	320
Audit	-	8,888	8,888	8,540
	<u>1,387,952</u>	<u>9,334</u>	<u>1,397,286</u>	<u>1,503,535</u>

Support costs are allocated as shown in the table above and then further apportioned between the two charitable activities undertaken.

Support costs are allocated on a basis consistent with the use of resources.

7. Tangible Assets

	Leasehold improvement projects £	Equipment £	Plant and machinery £	Long leasehold property £	Total £
Cost					
At 1 April 2020	407,808	721,554	349,984	7,819,178	9,298,524
Additions	-	6,503	-	-	6,503
	<u>407,808</u>	<u>728,057</u>	<u>349,984</u>	<u>7,819,178</u>	<u>9,305,027</u>
At 31 March 2021	407,808	728,057	349,984	7,819,178	9,305,027
	<u>407,808</u>	<u>728,057</u>	<u>349,984</u>	<u>7,819,178</u>	<u>9,305,027</u>
Depreciation					
At 1 April 2020	321,975	594,456	334,748	3,028,394	4,279,573
Charge for the year	58,013	57,368	4,955	195,479	315,815
	<u>379,988</u>	<u>651,824</u>	<u>339,703</u>	<u>3,223,873</u>	<u>4,595,388</u>
At 31 March 2021	379,988	651,824	339,703	3,223,873	4,595,388
	<u>379,988</u>	<u>651,824</u>	<u>339,703</u>	<u>3,223,873</u>	<u>4,595,388</u>
Net Book Value					
At 31 March 2021	27,820	76,233	10,281	4,595,305	4,709,639
	<u>27,820</u>	<u>76,233</u>	<u>10,281</u>	<u>4,595,305</u>	<u>4,709,639</u>
At 31 March 2020	85,833	127,098	15,236	4,790,784	5,018,951
	<u>85,833</u>	<u>127,098</u>	<u>15,236</u>	<u>4,790,784</u>	<u>5,018,951</u>

8. Investment – subsidiary trading companies	2021	2020
	£	£
Shares in group undertakings:		
Cost at 1 April and at 31 March	200	200
	<u> </u>	<u> </u>

The Charitable Company owns 100% of the ordinary share capital of The Palace Theatre Watford Productions Limited, which is incorporated in England and Wales. The subsidiary company was dormant during the year.

The Charitable Company owns 100% of the ordinary share capital of The Palace Theatre Watford Bar Limited, which is incorporated in England and Wales. The Charitable Company has 100% control over this subsidiary company. This subsidiary company has been dormant from 1 April 2015, but previously operated to provide working capital finance for the charitable parent Charitable Company by covenanting distributable profits to The Palace Theatre Watford Limited. The subsidiary company operated catering facilities at the theatre.

9. Stocks	£	£
Stock	2,564	6,207
	<u> </u>	<u> </u>

10. Debtors

Trade debtors	6,453	21,505
Prepayments and accrued income	211,261	268,453
	<u> </u>	<u> </u>
	217,714	289,958
	<u> </u>	<u> </u>

11. Creditors: Amounts falling due within one year

Trade creditors	26,236	57,219
Amounts due to subsidiary companies	200	200
Social security and other taxes	14,536	17,021
Other creditors	22,357	20,077
Accruals and deferred income	80,127	146,536
	<u> </u>	<u> </u>
	143,456	241,053
	<u> </u>	<u> </u>

Included in accruals and deferred income is deferred income of £19,970 (2020 - £65,972) which comprises advance ticket sales. £65,972 was released to the SOFA in the year to 31 March 2021 and £19,970 will be released to the SOFA in the year to 31 March 2022.

Included in other creditors are defined contribution pension liabilities of £3,078.51 all of which has been funded by unrestricted funds.

13. Restricted Fund

The income funds of the Charitable Company include the following restricted funds where the donor has specified the purpose for which the fund is to be used:

	Balance at 1 April 2020 £	Incoming resources £	Outgoing expenditure £	Transfers £	Balance at 31 March 2021 £
Theatre Refurbishment Fund	4,790,784	-	(195,479)	-	4,595,305
Catalyst Arts Fund	15,763	2,068	(2,786)	-	15,045
Arts Council England Capital Fund	77,570	-	(18,496)	-	59,074
New Writing Fund	478	-	-	-	478
Merchant of Venice	113,523	-	-	-	113,523
Arts Council Cultural Recovery Fund	-	248,481	(12,594)	(33,841)	202,046
Garfield Weston Foundation	-	315,000	-	-	315,000
	<u>4,998,118</u>	<u>565,549</u>	<u>(229,355)</u>	<u>(33,841)</u>	<u>5,300,471</u>
	Balance at 1 April 2019 £	Incoming resources £	Outgoing expenditure £	Transfers £	Balance at 31 March 2020 £
Theatre Refurbishment Fund	4,986,263	-	(195,479)	-	4,790,784
Catalyst Arts Fund	16,752	2,304	(293)	(3,000)	15,763
Arts Council England Capital Fund	96,066	-	(18,496)	-	77,570
New Writing Fund	478	-	-	-	478
Merchant of Venice	-	115,665	(2,142)	-	113,523
	<u>5,099,559</u>	<u>117,969</u>	<u>(216,410)</u>	<u>(3,000)</u>	<u>4,998,118</u>

A description of the restricted funds can be found at note 2.1.

14. Allocation of Net Assets between Funds

	General fund	Designated fund	Restricted fund	Total 2021
	£	£	£	£
Tangible fixed assets	43,591	11,669	4,654,379	4,709,639
Investments	200	-	-	200
Current assets	350,457	536,739	646,092	1,533,288
Current liabilities	(143,456)	-	-	(143,456)
	<hr/>	<hr/>	<hr/>	<hr/>
Net assets	250,792	548,408	5,300,471	6,099,671
	<hr/>	<hr/>	<hr/>	<hr/>
	General fund	Designated fund	Restricted fund	Total 2020
	£	£	£	£
Tangible fixed assets	113,816	36,781	4,868,354	5,018,951
Investments	200	-	-	200
Current assets	377,269	270,389	129,764	777,422
Current liabilities	(241,053)	-	-	(241,053)
	<hr/>	<hr/>	<hr/>	<hr/>
Net assets	250,232	307,170	4,998,118	5,555,520
	<hr/>	<hr/>	<hr/>	<hr/>

15. Revenue Commitments

The Charitable Company's annual obligation under an operating lease is as follows, analysed according to the date of the first review of the lease.

	2021 Land and Buildings £	2020 Land and Buildings £
Operating lease which expires:		
Within 1 year	-	12,024
	<hr/>	<hr/>

16. Capital Commitments

There were no contracted capital commitments at 31 March 2021. (2020 - none).

17. Related Party Relationships and Transactions

During the year, the following Trustees have been connected with organisations that have made payments to the Charitable Company:

Councillor Karen Collett and Councillor Timothy Williams – Watford Borough Council – Service provision fees of £238,401 (2020: £244,844) and further funding of £nil (2020 - £85,000).

Deborah Lincoln – Warner Bros International – sponsorship NIL (2020: £3,000).)

Dan Baxter – Watford Bid Limited – Vice Chair – Marketing Expense £NIL (2020: £1,500) and Sponsorship Income £NIL (2020: £2,500)