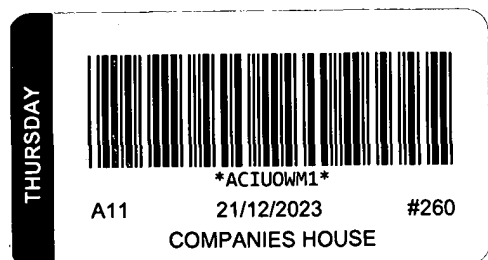


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**THE PALACE THEATRE WATFORD LIMITED**

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

**Company Registration No. 3218719 (England and Wales)**



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**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 complement 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 strand 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](http://merchantofvenice1936.co.uk)

[merchant1936.co.uk](http://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 10<sup>th</sup> 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.

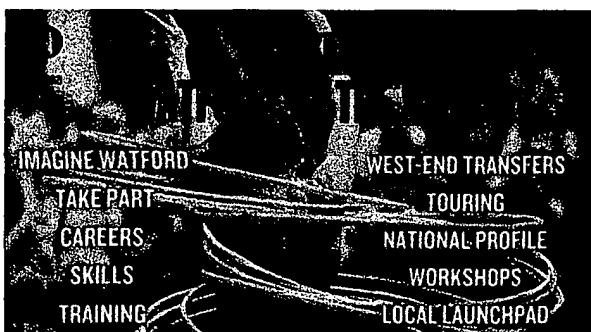
**WPT - NEW POSITIONING 2023-2026:**

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 £
<b>Incoming Resources</b>					
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>
<b>Charitable Activities</b>					
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>
<b>Total Income</b>		<u>2,503,964</u>	<u>24,856</u>	<u>2,528,820</u>	<u>1,935,603</u>
<b>Expenditure on:</b>					
Raising funds		2,601	298	2,899	679
<b>Charitable Activities</b>					
Production	6	2,330,581	213,917	2,544,498	2,057,920
Participation	6	253,357	23,281	276,638	339,745
<b>Total Expenditure</b>		<u>2,586,539</u>	<u>237,496</u>	<u>2,824,035</u>	<u>2,398,344</u>
<b>Net Expenditure</b>	3	(82,575)	(212,640)	(295,215)	(462,741)
Transfers between funds	13	206,200	(206,200)	-	-
<b>Total funds brought forward</b>		<u>756,854</u>	<u>4,880,076</u>	<u>5,636,930</u>	<u>6,099,671</u>
<b>Total funds carried forward</b>		<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.

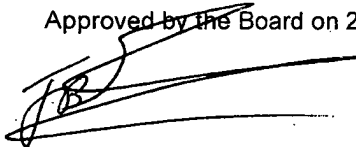
The Accounting Policies and Notes on pages 19 to 29 form part of these Financial Statements.

**THE PALACE THEATRE WATFORD LIMITED**  
(Company Registration number 3218719)

**BALANCE SHEET**  
**YEAR ENDED 31 MARCH 2023**

	Note	2023 £	2022 £
<b>Fixed Assets</b>			
Tangible assets	7	4,366,835	4,543,682
Investments	8	200	200
		<hr/>	<hr/>
		4,367,035	4,543,882
		<hr/>	<hr/>
<b>Current Assets</b>			
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
<b>Creditors:</b> amounts falling due within one year	11	(357,403)	(332,059)
		<hr/>	<hr/>
<b>Net Current Assets</b>		974,680	1,093,048
		<hr/>	<hr/>
<b>Net Assets</b>		5,341,715	5,636,930
		<hr/>	<hr/>
<b>Income Funds</b>			
<b>Restricted Funds</b>	13	4,461,236	4,880,076
<b>Unrestricted Funds</b>			
General		250,666	250,289
Designated	12	629,813	506,565
		<hr/>	<hr/>
<b>Total Unrestricted Funds</b>		880,479	756,854
		<hr/>	<hr/>
<b>Total Charity Funds</b>		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 £
<b>Cash flow provided from operating activities</b>	(215,348)	(30,367)
<b>Cash flow from investing activities</b>		
Payments to acquire tangible fixed assets	(93,286)	(105,568)
Interest receivable	4,796	121
	<hr/>	<hr/>
<b>Net cash flow (used in) investing activities</b>	(88,490)	(105,447)
	<hr/>	<hr/>
<b>Change in cash and cash equivalents in the year</b>	(303,838)	(135,814)
<b>Cash and cash equivalents at start of year</b>	1,176,196	1,312,010
	<hr/>	<hr/>
<b>Cash and cash equivalents at end of year</b>	872,358	1,176,196
	<hr/>	<hr/>
<b>Reconciliation of net expenditure to net cash flow from operating activities</b>		
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/>
<b>Net cash flow provided from operating activities</b>	(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.

**THE PALACE THEATRE WATFORD LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 MARCH 2023**

<b>3. Net Income/(Expenditure)</b>	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
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
	<hr/>	<hr/>
<b>4. Incoming Resources</b>	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
<b>Grants Receivable and fees</b>		
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
	<hr/>	<hr/>
	1,087,075	1,143,075
	<hr/>	<hr/>
<b>Incoming Resources from Charitable Activities</b>		
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
	<hr/>	<hr/>
	1,026,087	550,454
	<hr/>	<hr/>
Participation:		
Educational activities	18,724	26,861
External funding	-	890
	<hr/>	<hr/>
	18,724	27,751
	<hr/>	<hr/>
Other:		
Tax relief	191,433	45,332
Sundry income	46,444	24,277
	<hr/>	<hr/>
	237,877	69,609
	<hr/>	<hr/>
<b>Total income from charitable activities</b>	<b>1,282,688</b>	<b>647,814</b>
	<hr/>	<hr/>

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
	<hr/>	<hr/>
	1,195,789	1,126,242
	<hr/>	<hr/>

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
	<hr/>	<hr/>

#### 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
	<hr/>	<hr/>	<hr/>	<hr/>
	1,267,382	1,553,754	2,821,136	2,397,665
	<hr/>	<hr/>	<hr/>	<hr/>

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 £
<b>Cost</b>					
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
<b>Depreciation</b>					
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
<b>Net Book Value</b>					
At 31 March 2023	94,128	65,494	2,866	4,204,347	4,366,835
At 31 March 2022	51,670	86,861	5,325	4,399,826	4,543,682

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

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
	<hr/>	<hr/>

#### 10. Debtors

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

#### 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
	<hr/>	<hr/>
	357,403	332,059
	<hr/>	<hr/>

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 £
<b>General Funds</b>	250,289	2,503,964	(2,580,787)	77,200	250,666
<b>Designated Funds</b>					
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>
<b>Unrestricted Funds</b>	<b>756,854</b>	<b>2,503,964</b>	<b>(2,586,539)</b>	<b>206,200</b>	<b>880,479</b>
	<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 £
<b>General Funds</b>	250,792	1,921,529	(2,123,609)	201,577	250,289
<b>Designated Funds</b>					
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>
<b>Unrestricted Funds</b>	<b>799,200</b>	<b>1,927,862</b>	<b>(2,129,285)</b>	<b>159,077</b>	<b>756,854</b>
	<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)
<b>Net assets</b>	<b>250,666</b>	<b>629,813</b>	<b>4,461,236</b>	<b>5,341,715</b>

	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)
<b>Net assets</b>	<b>250,289</b>	<b>506,565</b>	<b>4,880,076</b>	<b>5,646,930</b>

**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)