

THE PALACE THEATRE WATFORD LIMITED

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

Company Registration No. 3218719 (England and Wales)

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Directors**Chair**

John Hunt

Governance Committee

Marilyn Devonish *
Agnieszka Dychton *
Felicity Evans (appointed 19 February 2024)
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

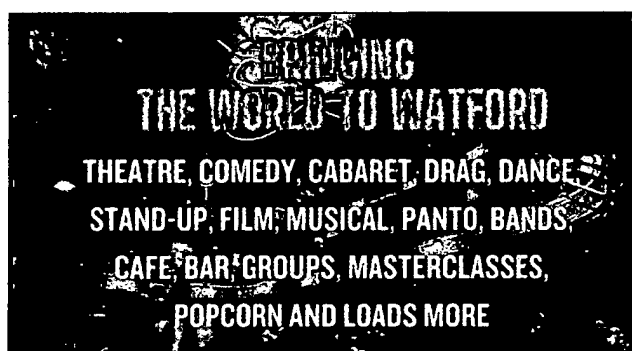
From April 2023 Watford Palace Theatre entered into a new funding agreement with Arts Council England - leading into a new three-year agreement secured as an National Portfolio Organisation from April 2023 - March 2026, marking the organisation moving into delivering their new vision for the Theatre.

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.

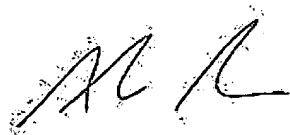
- We determined the principal laws and regulations relevant to the charitable company in this regard to be those arising from the Companies Act 2006, Charities Act 2011, Charities (Accounts and Reports) Regulations 2008, Financial Reporting Standard 102 and the Charities SORP.
- We designed our audit 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>
Total Income		<u>2,470,295</u>	<u>22,155</u>	<u>2,492,450</u>	<u>2,528,820</u>
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		<u>2,411,531</u>	<u>225,358</u>	<u>2,636,889</u>	<u>2,824,035</u>
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	(45,695)	(88,490)
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	886,413	872,358
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	59,750	(215,348)
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	886,413	872,358

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					
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					

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	<u>880,479</u>	<u>2,470,295</u>	<u>(2,411,531)</u>	<u>15,850</u>	<u>955,093</u>

	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>(2,486,539)</u>	<u>206,200</u>	<u>880,479</u>

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).