

Registered number: 978279
Charity number: 261430

WATERMILL THEATRE LIMITED
(A company limited by guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

WATERMILL THEATRE LIMITED
(A company limited by guarantee)

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WATERMILL THEATRE LIMITED
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2021**

Trustees

C P G Farrant
P C L Griffin
D W Grindrod
T W Rossiter
S P Foster
M K Whitlum-Cooper, (Vice Chair)
A G McKenzie, (Chair)
S K Parsonage
I M Widdowson
S Bansal (appointed 31 July 2021)
K Breathwick (appointed 31 July 2021)
J Bunting (appointed 31 July 2021)
T Wentworth (appointed 31 July 2021)
H Williamson (appointed 31 July 2021)

Company registered number
978279

Charity registered number
261430

Registered office
Bagnor
Newbury
Berkshire
RG20 8AE

Company Secretary and Chief Executive Officer
Paul Hart

Senior Management Team
Clare Watson – General Manager
Lawrence Doyle – Production Manager
Kerrie Driscoll – Company Stage Manager
Jo Bycroft – Development Director
Heidi Bird – Outreach Director
Rosie English – Marketing Manager
Kim Austen – Finance Director

Independent auditor
James Cowper Kreston, Greenham Business Park, 2 Communications Road, Greenham, Newbury, RG19 6AB

Bankers
Svenska Handelsbanken, St Anthony's House, Oxford Square, Newbury, RG14 1JQ

Solicitors
Harbottle & Lewis LLP, Hanover House, 14 Hanover Square, London, W1S 1HP

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CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 31 MARCH 2021

The chairman presents his statement for the year.

It gives me great pleasure to present my second statement as Chairman of the Watermill Theatre for the financial year 2020/21.

The year has, of course been somewhat overshadowed by off-stage events with theatres across the country being forced to close due to the outbreak of COVID-19. This report will focus on the immediate impact of the pandemic and the challenges that face the Watermill and the wider industry in future years.

I am pleased to report of the resilience of the theatre during this time and the extraordinary efforts of the staff, the board of trustees, the volunteers and everyone involved in the running of the theatre who have responded with such tenacity, finding new ways of engaging with audiences and the local communities despite the enforced closures.

The pandemic itself should not take away from the fact that it has been a successful year onstage when circumstances have allowed, including outside in the theatre's grounds as well as online. As detailed in the report, the theatre managed to stage five productions, of which two were cut short.

The Watermill was widely seen as being a major industry force in terms of adapting our production process to work within the newly introduced measures. In addition, the outreach department managed to reach over one thousand participants, helping to tackle isolation and reduced engagement within our communities during the difficult months of national lockdowns.

Elsewhere, as soon as restrictions allowed, the catering team introduced an outdoor, socially distanced, riverside café. This proved hugely popular and they further developed this model to introduce table service for our summer outdoor season, which allowed people to dine pre-show in the wonderful setting of the gardens.

To achieve all of this, safety measures had to be introduced, home working was implemented for the majority of staff and the Watermill had to cut back on overheads wherever possible. We made use of the government furlough scheme to help retain staff during periods of enforced closure. This has helped the organisation to weather the storm, but the surplus from this year offsets the deficit in the previous financial year which included costs written off relating to the cancelled performances due to the pandemic. Through increased monitoring and significant cost savings the priority has been to reduce the financial impact on the theatre whilst honouring our contractual position with contractors and freelancers.

It should also be noted that the last year has been a period of deep reflection and action in relation to the need for greater representation and an actively anti-racist stance within the theatre industry. The Watermill has responded to this within the last financial year by finding new approaches to recruitment, starting at board level with an open application process led by our nominations committee which has successfully recruited five new board members. We are actively forming relationships with outside organisations to ensure best practice in these areas and improved training programmes for all involved in the theatre. Diversity and inclusion are discussed at every board meeting and the progress of the organisation is constantly reviewed. There is still more to do in this area and we will be continuing to engage with stakeholders, freelancers and the Arts Council to ensure we are always a welcoming and open organisation for all.

I cannot give enough thanks to all concerned for their continued hard work in these extraordinary times. I have been particularly struck by how every department in the theatre has found new ways of working to ensure maximum impact of our work. There are certainly lessons that will be taken forward following the last twelve months.

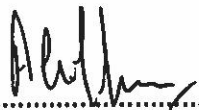
Early in the pandemic, as part of the measures introduced, we alerted the board to the fact we would need to meet more regularly to support the senior management, allowing decisions to be made quickly, where necessary. The board have been incredibly supportive and offered help in all manner of ways, signing up to new committees and making themselves available at short notice whenever required.

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CHAIRMAN'S STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

Equally our friends committee, led by Ian Widdowson, has helped support the theatre during this time. They have also had to cancel a huge number of events but have been understanding and proactive in their dedication to supporting the theatre in whatever way they can, and we have seen a huge level of support from people signing up to be friends of the theatre.

Finally, I must extend our thanks to all the, donors, trusts, foundations, local businesses / sponsors, and The Arts Council who have remained steadfast in their support for the theatre throughout the last year. Thanks to our audience members who have attended our 'new look' productions, online workshops and performances during this time. To all who supported our fundraising campaigns including ACT NOW, and FULL HOUSE - we were overwhelmed by the levels of support. And thanks to the many who specifically chose to donate the value of their tickets for future performances. Every one of those gestures has put us in a better position as we look to beyond the pandemic and protecting this unique cultural asset in West Berkshire for many years to come.


.....
A G McKenzie
Chair
Date: 5-11-21.

WATERMILL THEATRE LIMITED
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2021

The Trustees present their annual report together with the audited financial statements of the group and the charity for the year 1 April 2020 to 31 March 2021. The Trustees confirm that the Annual Report and Financial Statements of the company comply with the current statutory requirements, the requirements of the company's governing document and the provisions of the Statement of Recommended Practice (SORP), applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

Achievements and Performance

Covid-19

The ongoing impact of Covid-19 on the Watermill Theatre during 2020/21 cannot be understated, the consequences were significant both operationally and financially. The changing nature of the pandemic and government guidance together with national and local lockdowns made the year extremely challenging.

Whilst guided by previous plans, the reality was that our Senior management team and Board had to continuously re-plan and re-budget for the year, adapting and adjusting both in terms of the artistic programme and financial planning. Our core staff remained loyal to the theatre and made financial sacrifices whilst being furloughed.

We benefitted from the generosity of our supporters, including local individual and corporate supporters as well as the Arts Council and local authority. This, along with a drive to save costs where possible, enabled us to recoup the losses incurred in 2019/20 relating to the costs of cancelling shows, including planned shows for 2020/21. Results for the year should therefore be viewed combined with the previous year with an overall surplus of £260k in 2020/21 compared with a deficit in 2019/20 of £400k. This result has ensured the theatre started 2021/22 with adequate reserves as the new year is likely to continue to be extremely challenging.

Artistic Programme

This year has seen the Watermill succeed in the face of adversity. With the Covid-19 pandemic cutting short our run of new musical *The Wicker Husband* we entered this year in unprecedented territory. The small, nimble team responded quickly and collaboratively to create a revised programme of work that would continue to engage a range of artists, our audience and outreach participants as well as supporting all involved through a very tricky period.

In July, the Watermill became 'the first English theatre to open a new play commissioned and rehearsed since the restrictions were relaxed.' BBC News. The theatre reopened with two outdoor productions, *The Hound of the Baskervilles* and *Camelot*. Following the announcement of stage 4 of the government's roadmap towards re-opening theatres which enabled socially distanced indoor performances we reopened at 37% capacity in September. Prior to the second Lockdown in November we were very proud to have presented four productions, two indoor and two outdoor, over 103 performances, welcome back 6,441 audience members. In December we reopened for *A Christmas Carol*, which played to 1,366 audience members prior to closing prematurely due to the introduction of Tier 4. However the production was instead streamed, reaching nearly 1,000 households, with an anticipated 4,000 people having watched the show from their homes over Christmas. We also collaborated with other regional theatres to bring a new film version of *The Picture of Dorian Gray* to audiences across the country, reaching 1,310 households.

Through the pandemic the Watermill's priority to provide as many opportunities as possible for freelancers to create work, has allowed us to employ 45 freelancers across 2020/21. We have also commissioned two brand new plays and engaged with 460 new audience members. This work has contributed towards our objective to create a range of inspiring and engaging theatrical experiences for all.

The Watermill continues to attract excellent levels of press coverage both at a local and national level. A summary of shows and reviews is available as an appendix in note 34 of the accounts.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

Achievements and Performance

Accessible Performances

We continue to make sure our offer within the theatre is accessible and annually provide a variety of access performances for all productions, these include:

- Relaxed performances – one performance took place during A Christmas Carol
- Audio Described performances – we have one full-time member of staff trained as an Audio Describer. We scheduled Audio Described performances for all three indoor productions during the Autumn. Due to lockdown restrictions, only one of these was able to take place (Bloodshot). Audio Description was available on our Video On Demand versions of A Christmas Carol and The Picture of Dorian Gray
- British Sign Language integrated performances – one performance took place during A Christmas Carol.

Captioned Performances – we have continued to develop the capability for captioned performances at the Watermill. Closed captions were available on our versions of A Christmas Carol and The Picture of Dorian Gray.

Developing Talent and Furthering Diversity

The Watermill continues to be a leading figure in the development of new and emerging artists:

- Our major new artist development initiative, the Creative Associate scheme, provides a vital lifeline to the industry for freelancers. We took the opportunity to expand the scheme to include four designers as well as the pre-existing four directors. These artists have benefitted from support through the pandemic, networking and skills development opportunities as well as the chance to work on productions this year. Three of the five productions this year were directed by Associates
- Appointed two new Playwrights in Residence
- Worked and engaged with writers including Tatty Hennesy, Stephanie Street, Yolanda Mercy and Zodwa Nyoni
- Continued our training programme for emerging backstage talent with support from the Andrew Lloyd Webber Foundation, a bespoke year-long training opportunity for one Assistant Production/Stage Management Trainee
- Launched a brand new Graduate Programme to engage with recent graduates (from 2019 and 2020) and support them through the Covid outbreak. This included dedicated online casting sessions and mock auditions, working with close to 150 graduates
- Artistic Director and Associate Directors continued to work within drama schools when restrictions allowed/when possible
- Continued collaboration with Associate Company Wildcard, working towards the launch of new Artist Development Scheme, LaunchPad, to develop four emerging theatre companies
- 17% of all actors we employed in this year were new graduates

Diversity

The championing of diversity is embedded throughout our artistic programme and artist development focus as discussed above. Our activities in this area align with Arts Council's wider objectives with emphasis on Diversity, Age and Disability. We are continually reviewing and implementing the actions with the Equality Action Plan. This year we:

- Established a designated Diversity and Inclusion Committee who meet regularly to continually improve our working practice, making sure that we are constantly striving to reach our ambitions related to diversity and inclusion
- Use Theatre Casting Toolkit Tracker to track the whole casting process and ensure we are meeting a diverse group of artists
- Created a Creative Toolkit Tracker to track the process of bringing together creative teams
- Made a targeted approach to work with writers from the Global Majority
- Attended a series of online conferences and panel discussions to ensure we are at the forefront of new thinking

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

Achievements and Performance (continued)

- We offered a self-tape audition to all new graduates, black and Asian actors and actors with a self-declared disability, who submitted to a casting breakdown/expressed an interest in Lone Flyer and/or A Christmas Carol, to ensure we were reducing any unconscious bias

Of the actors we employed this year:

- 50% of all actors were Female (including trans women)
- 6% of all actors consider themselves to have a disability and/or impairment
- 11% of all actors were people of African, Caribbean or people of mixed heritage

Within the restraints of the pandemic year, we sought to meet with and employ as many people from African, Caribbean, Latinx, South Asian, East Asian and South East Asian heritage or people of mixed heritage as possible. We offered open Spotlight submissions for our two new productions of the autumn/ winter season and received nearly 500 submissions for both. Our aim is to create work with and for everyone.

Audiences

Over the course of the year we reached over 12,556 audiences members across 177 performances, workshops and events. Our programme continues to engage, entertain and challenge the audience. We continue to work to develop an inspiring and varied programme.

The Watermill continues to explore ways of making theatre accessible to all regardless of age, ability or financial capability:

- We have set prices which aim to balance affordability, accessibility and financial viability. Following a pricing analysis and undertaking market research we implemented a new pricing structure aimed at improving consistency and clarity in pricing across events this year
- The site is 90% accessible to wheelchair users and people with mobility difficulties. We offer familiarisation visits to anyone coming to the theatre to get their bearings in advance of their visit
- We continue to ensure staff receive appropriate Equality Training and that the learning from these is shared across the wider Watermill team. This year Dementia Friends training was offered to staff and volunteers as well as LGBTQI+ training
- We offer captioning and audio description on our video on demand output. We offer relaxed, BSL and audio described performances and touch tours for in person performances. We produce BSL sign name introductions and use subtitles on our promotional videos
- This year we have seen 460 new audience members attend live performances at the Watermill
- 25% of audience members attended two or more shows. 37% booked for two or more events of any type, in person or online
- We prioritised use of our digital platforms to continue to connect and engage with audiences. We worked with new digital partners to produce and stream two productions for audiences to watch on demand. We created a brand new online-only programme during the first lockdown - At Home with the Watermill - a series of events which offered vital opportunities for people to connect, to be entertained, and to gain industry insights

Outreach, learning and participation

Outreach, learning and participation remains at the heart of the Watermill's vision. We are committed to widening our theatre's reach and the Outreach Department makes sure that we are providing increased opportunities to those in our community in line with our artistic programme and identity. We continue to grow our understanding of the work that we can offer and the breadth of the engagement we can offer at every level through the organization.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

Achievements and Performance (continued)

Pre-pandemic

At the start of 2020, our aim was to continue delivering our extensive Outreach program to reach over 19,000 people. Projects that were scheduled include a large-scale performance involving over 100 primary school children, two youth theatre productions, Goodnight Mister Tom and Bedlam, which were to be performed by over 45 young people, as well as continued regular weekly drama sessions and continued regular weekly provision and holiday course opportunities. For adults, we had a series of new masterclasses, as well as our regular sessions for retired adults and our ever-popular Scratch choir events.

Immediate response to COVID-19

All onsite Outreach activities were cancelled following government guidelines in March 2020 until July 2020. We recognised the importance for engaging remotely to support wellbeing, help tackle isolation and keep people entertained. Throughout the first lockdown, we offered the following free online opportunities:

- **Q and A Mondays** – a chance for up to 100 people to regularly engage with a Q and A with a theatre professional
- **Take Part Tuesdays** – a chance to regularly take part in an online workshop facilitated by a theatre professional (sessions for children and their families, as well as adults and teenagers)
- **Wellbeing Wednesdays** – a regular workshop that uses creativity to focus on mental health and wellbeing

Each week focussed on a different theme: Writing, Set Design, Acting, Costume Design, Directing, Stage Management and Movement. We offered 30 workshops, engaged with almost 1000 participants, and provided over 30 freelance work opportunities. These online workshops were available with BSL interpretation and captioning.

We also uploaded a range of content (videos and workshops) on the Watermill website, which people could access in their own time.

Ongoing Take Part Opportunities

In response to positive feedback from our online provision and to help keep our staff, participants and the wider community safe, we made a commitment to provide all Outreach opportunities online until 2021.

We created three new programmes: Onstage, Offstage and Backstage. These courses gave young people, adults and families the opportunity to work with leading theatre professionals in a producing theatre to find out what goes on behind the scenes and give it a go themselves. These sessions were enjoyed by over 50 individuals and enabled us to employ 16 freelancers. Because the sessions took place online, we were able to widen our Watermill community, reaching families across the country.

Supporting as many people as possible to take part in our online sessions has been a priority. We have offered several bursaries, which have gone to children with complex home circumstances, young people with access needs and adults going through a period of financial difficulty.

We aimed to start in person courses by January 2021. However, due to the third lockdown, this was not possible. We adjusted and refocused our energy to develop and deliver the following online opportunities:

- **Online learning for Schools** - live interactive and engaging workshops for KS1 – 5, which reached over 800 students.
- **Sign of the Times** – performance created and presented by d/Deaf artists, with wrap-around support workshops.
- **Singing for the Sake of It** - no pressure singing session, welcoming 90 households each week.
- **Onstage** – weekly drama sessions for adults and young people, welcoming 30 participants each week.
- **Virtual Business Training and Time out for Teams** – two carefully tailored online programmes to support businesses.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

Achievements and Performance (continued)

Throughout the pandemic we have continued our regular online provision for those who are at risk. Specialist sessions for young people with autism, who are d/Deaf of having a hearing impairment or complicated lives. We also continued to offer monthly sessions for adults with mental health needs. Through this provision, we have delivered over 150 online sessions, reaching 550 families and individuals.

Partnership work

We have worked closely with our partnership organisation this year, supporting each other as needed. In the Autumn, we delivered a drama-based resilience programme for Swings and Smiles SIBS group, which supports young people who have a sibling with a disability. This 8-week course was attended by 8 young people and started in person before transferring online.

Time to Talk, a West-Berkshire based charity supporting younger people with Mental Health needs, delivered training in Trauma Informed Approaches for our facilitators. We also built a new relationship with CSSEF (Chloe and Sophie's Special Ear Fund), providing BSL and captioning support for children and families to access our online workshops.

Staff Support

Throughout the Pandemic we have continued to support the mental health and wellbeing of staff by offering financial support for professional one-to-one sessions as well as a virtual support café facilitated by a trained Drama Therapist.

We recognised the importance of connecting with our freelancers. To support their CPD, we offered free online training opportunities in the following areas: LGBTQI+ awareness, Autism Awareness, Basic BSL & Deaf awareness, and Trauma Informed Approach.

Looking ahead

Whilst COVID-19 has presented challenges, there are many positives that we can take away from this year. Our online programme has enabled us to engage with wider-reaching communities, support those who are isolated and provide unique learning opportunities to families, young people, and adults.

This year has given us the opportunity to reflect on our current Outreach programme and we are planning and implementing some exciting changes going forward.

Safeguarding

As our Outreach Department works extensively with young people and vulnerable adults, we have clear procedures in place to safeguard our participants:

- Full-time and freelance facilitators are DBS checked (Disclosure and Barring Service)
- Safeguarding Policy is reviewed and updated regularly and is shared with all outreach staff at the Watermill
- Our Outreach Director, Outreach Assistant and Community Associate have all completed Child and Vulnerable Adult Safeguard training. This knowledge and best practice is shared with all freelance facilitators, full-time volunteers and actors, where necessary. They are also informed about the Watermill's in-house safeguarding procedures
- Concerns raised are documented and confidentially discussed by our designated Safeguarding Officers, who takes any necessary action. These records are kept indefinitely. There were no complaints in the year.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

Achievements and Performance (continued)

Workforce

Volunteers

The Watermill Front of House team continues to welcome and assist audiences during their visit to the theatre. The team is made up of a core of 5 paid members of staff and 70 volunteer ushers.

No monetary amount has been included in the Group's voluntary income for the period to reflect the 'in kind' support provided by volunteers.

We are enormously grateful to all our Volunteers for their continued loyal support in this difficult year and how willing they have been to come back and support the theatre through these uncertain times.

Staff

Salary

- The Watermill Executive and Board decided early on in the pandemic to prioritise the retainment of our small and dedicated team in the face of the pandemic and have used the Furlough scheme accordingly throughout the year.
- The Finance Committee review and monitor the overall payroll for full time staff. Approval of any annual percentage increase is then required from the Board of Trustees.
- As a subsidised theatre, the appropriateness and relevance of the remuneration is kept under review with reference to comparisons with other charities ensuring the Watermill remains sensitive to the broader issues of pay and employment conditions elsewhere.
- We aim to recruit, subject to experience, at the lower – medium point within a band, providing scope to be rewarded for excellence. We ensure that all staff earn at least the minimum wage.
- There is access to a contributory pension scheme for all qualifying members of staff.
- BECTU (Broadcasting, Entertainment, Communications and Theatre Union) is the UK's media and entertainment trade union. It represents staff, contract and freelance workers who are based primarily in the United Kingdom negotiating pay, conditions and contracts with employers. Although the Watermill does not use BECTU we recognise and pay in accordance with the rates set by the organisation.

Recruitment

- We aim to recruit any role within the organization in an accessible manner that reaches as wide a pool of potential candidates. We have reviewed where we advertise roles to ensure we are reaching all areas of our community and the industry.
- Our robust evaluation and reporting process includes an online equal opps form using the Arts Council questions. This form is sent to every freelancer (including stage management and outreach) to track our success throughout the year.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

Achievements and Performance (continued)

Building Works

We are committed to ensuring that our historic site remains well cared for and fit for purpose. During each financial year, we carry out a review of where there is a requirement for expenditure on the improvements. Due to the pandemic most work has had to go on standby. However, during 2020-21, we have the following updates, most of which is on-going regular maintenance:

- Decorate some of the internal Actors accommodation
- Decorate dressing rooms and auditorium walls in theatre
- Refurbish and varnish wooden floors in auditorium
- Refurbish and oil elm floor in restaurant
- Refurbish and oil spiral staircase in foyer
- Provide an erect outbuilding for House keeping storage
- Replace kitchen in Mill House
- Repair and treat emergency escape staircase at rear of theatre
- Survey and prep work for new roof Mill House
- All annual servicing required around the site such as boilers and kitchen equipment

As a site based organisation, most of our value lies in our buildings, which comprise the theatre, actors' accommodation and offices. During closure, access has been restricted to all buildings and additional security measures have been introduced by installing security cameras.

Fundraising

In what has been an incredibly challenging year for the charity, the Development Department has sensitively harnessed the opportunity to maximise income in 2020/21 and has performed extremely well. This has resulted with total gross fundraised income (unrestricted, restricted and Friends) reaching £629k (2019-20: £516k). This represents £499k (unrestricted income, excluding ACE grant), £61k (restricted income) and £68k (Friends income). Direct expenditure (unrestricted and Friends) is low with a combined total of £4k (2019-20: £32k).

The Watermill Theatre has adopted its own 'Fundraising Code of Conduct', has a governance Check List and is a member of The Fundraising Regulator and abides by their Code of Conduct.

The majority of unrestricted income comes from Trusts and Foundations which stands at £199k and we acknowledge and thank The Sackler Trust in particular, for continuing their support of our Core Education and Outreach Programme. This support has enabled us to adapt to the changing circumstances of 2020 and has helped us to keep our community connected and engaged. The Business Interruption Fund generated £180k which includes all fundraising campaigns below.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

Achievements and Performance (continued)

Unrestricted Income Overview

Within a week of closing the theatre due to the pandemic, the Development Department launched ACT NOW! To help us ACT tomorrow - the first of three fundraising campaigns to help the theatre survive and recover. Through a targeted online appeal, putting social media at the heart of our work, and using the Department's in-house creative assets, an emotive film was created and uploaded across many social channels, appealing for donations.

Individuals were encouraged to make one-off donations, benefactors were asked to top up their already generous support and audience members were asked to convert the value of tickets (for cancelled shows) into a donation. Box Office staff were instrumental in this fundraising endeavour, for which thanks are given. Around 787 individuals donated to the ACT NOW! To help us ACT tomorrow appeal.

Businesses also played a part in our survival and they were asked to renew memberships despite the theatre being closed and sponsors continued to sponsor cancelled shows.

Trusts and Foundations have also shown incredible support and flexibility during 2020-21 by bringing payments forward to help with cash flow, and/or allowing us to apply flexibility to our terms of use, for specific grants.

We also secured and welcomed two supporters for our pared down productions Lone Flyer and A Christmas Carol.

In July, and partnering with Greenham Trust, we launched Double Matched Day, which encouraged individuals to donate via the Greenham Trust platform during a 24-hour period. All donations (up to a combined maximum of £10k) were double match funded by the Trust. Over 820 people made a donation to this successful campaign which raised in the region of £45k in total, including Gift Aid.

Our third appeal entitled FULL HOUSE was launched in October - the focus of this was to help mitigate against loss of income due to reduced seating capacity in the auditorium. Around 625 supporters made a donation to FULL HOUSE.

As we enter into the new financial year, our plans to launch ACT 2 are in place. This appeal will coincide with the new summer season announcement.

Gift Aid contributions remain a valuable source of income for the Watermill and as a result of a significant uplift in donations, Gift Aid has generated £29k for general donations and £12k for Friends donations including membership donations.

The Friends of the Watermill Theatre

Despite the pandemic, the Friends of the Watermill made an impressive contribution to the charity, raising £68k during the year (2019-20: £118k). This mainly relates to membership donations which stand at £64k including Gift Aid, (2019-20: £67k). The majority of events were cancelled which had a direct impact on Friends revenue income. However, we were able to retain the majority of our members as well as welcoming 206 new members. We currently have a total of 1,386 Friends (2019-20: 1,413).

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

Financial review

Overview

The consolidated statement of financial activities show income from charitable activities for the year was £266k (2019-20: £1.8m). Total income for the year was £1.9m (2019-20: £3.3m).

Expenditure on charitable activities in the year was £1.2m (2019-20: £3m) and total expenditure for the year was £1.6m (2019-20: £3.7m)

Watermill results for 2020-21 are reflective of the disruptive year caused by the pandemic. The theatre remained closed for a large proportion of the year, we were lucky to be able to benefit from the coronavirus job retention scheme which enabled us to retain the staff during the year.

In 2020-21, the charity entered its third year of a four-year funding cycle from Arts Council England as a National Portfolio Organisation, this has been extended for a further year to 2022-23.

Unrestricted Funds

The Trustees report a surplus for the year on unrestricted funds of £333k (2019-20: deficit £303k). We wrote off a large amount of expenditure in 19/20 at the start of the pandemic relating to cancelled shows and with the determination of the Development team, together with the generous donations of our supporters we have managed to recoup this loss. Taking the two years together we have managed to achieve a breakeven position for the Watermill.

Watermill Theatre Productions Limited is a subsidiary of Watermill Theatre Limited (the charity) and is commissioned by the Trustees of the charity to produce and make artistic decisions about all its shows and to claim Theatre Tax Relief (TTR) on qualifying production costs. TTR provides the Watermill with a repayable credit and has enabled more investment in the direct cost of our productions. The amount derived in a financial year is reinvested in future productions. During 2020/21 the amount of TTR has dramatically reduced to £15k (2019-20: £177k) due to the reduction in the number of shows that ran.

The Watermill's charitable activities are made up of income from ticket sales, Outreach and Education activities, programme sales and TTR. In 2020/21 income from charitable activities represented 14% (2019-20: 55%) of unrestricted income, reflecting the reduction in performances and activity during the year. Income was supported by grants from Arts Council England 25% (2019-20: 14%), Job Retention Scheme Grant 23% (2019-20: 0%), Fundraising income 31% (2019-20: 14%), Catering 6% (2019-20: 16%) and other income including interest and local authority grants 1% (2019-20: 1%).

Unrestricted expenditure for the year was £1.5m (2019-20: £3.5m). Decrease in costs this year due to the reduction in activity during the pandemic.

Restricted Funds

The Watermill restricted funds are receipts which have been provided by donors for specific purposes within the overall aim of the organisation. The restricted income in the year is a grant from the Greenham Trust of £61k to support the Community Associate Programme. Whilst activities were reduced during the year, the Watermill has been able to continue with some activities in relation to this income, albeit in a different way. As a result of the pandemic and the financial pressure the theatre was under due to closure, permission was obtained from Greenham Trust to apply flexibility to this specific grant. Ongoing support was also received from the Andrew Lloyd Webber Foundation for our Trainee programme.

The cumulative balance of restricted funds at the year end are £2.3m (2019-20: £2.4m).

WATERMILL THEATRE LIMITED
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

Financial review (continued)

Capital Expenditure

In response to the pandemic, capital expenditure was kept to a minimum with only £4k spent during the year (2019-20: £77k).

Reserves Policy and Going Concern

The aim for reserves continue to be to cover at least twelve months of current budgeted expenditure. The unrestricted reserves are currently £2.3m, the help from our supporters has enabled us to increase the reserves back up to the March 2019 level. Activity is still anticipated to be reduced during 2021-22 and current budgeted expenditure is £2.3m.

The trustees consider that a reserves policy is necessary to maintain sufficient resources to ensure that the following objectives are achieved:

- To manage the impact of the coronavirus pandemic, and the uncertainties surrounding the future of live entertainment to ensure the Watermill's future
- To take all necessary action to ensure the theatre's core activity can resume after this period of unforeseen difficulty including taking measures to protect staff jobs wherever possible
- To support fixed costs in light of the expected shortfall in box office income
- To continue investment in the charity's key assets of the Grade 2 listed property and its amenities as resources allow
- To further the diversification of all our theatre's activities as resources allow.

Having assessed the potential level of risk and taking account of the theatre's planned activities, the Trustees see the reserves being applied in the following way.

Designated reserves of £1.15m for:

- Possible shortfalls in Box Office income - £500k
- Major capital works - Improvements to/re- development of the Grade 2 listed theatre, its offices, rehearsal rooms, and accommodation for actors and creative team - £650k.

There are no changes to the designated reserves from last year as no major capital works took place and there is still a risk of reduction in box office income during the next financial year.

The trustees have considered the level of funds and cash held, the impact of a challenging fundraising environment, the future budgeted income and expenditure as well as the current economic climate and the uncertainties surrounding cultural venues, and have determined that the charity has sufficient liquidity to continue its charitable activities for at least twelve months. Therefore, the trustees are of the opinion that the financial statements should be prepared on a going concern basis.

WATERMILL THEATRE LIMITED
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

Financial review (continued)

Financial Resilience

The measures put in place by the government to contain the pandemic involve a high degree of social disruption which has affected the delivery and demand for the activities of the charity. The implications on the charity's income and expenditure remain unpredictable despite the recent relaxation of the measures.

In response, the Watermill's management and Trustees have taken steps to secure the theatre's resilience by ensuring:

- Staff are fully equipped to continue remote working whilst still being able to collaborate and communicate using Microsoft teams
- Putting systems in place to ensure the site is COVID – 19 safe which will encourage the return of audiences and participants
- That we balance and align our artistic ambition with our ability to generate income resulting in a break-even position
- That we manage our resources carefully and creatively, for example reusing production assets for multiple shows where possible.

The Trustees, having regard to the liquidity requirements of the theatre and the reserves policy, operate a policy of keeping available funds in interest bearing deposits, and seek to achieve the best possible rate of return available without risk to the underlying funds of the charity.

Investments

Cash held at the year end was £1.7m (2019-20: £1.2m). Currently all cash deposits are held with instant access or one month notice accounts with five financial institutions. Consideration of longer term deposits will be looked at when there is more certainty around future activity.

WATERMILL THEATRE LIMITED
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

Financial review (continued)

Structure, Governance and Management

Since the charity and the group qualifies as small under section 383, the strategic report required of medium and large companies under The Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013 is not required to be submitted.

The Board collaborates with the Artistic and Executive Director and the Senior Management Team to ensure that the Watermill's aims and objectives are fulfilled. The Board delegates to the Artistic and Executive Director overall responsibility for the day-to-day management of the Watermill.

The Board meets six times a year and receives a presentation on all aspects of the running of the theatre from the Artistic and Executive Director and the Senior Management Team. There are three further committees:

- Finance Committee, reviews Annual Budget, Management Accounts, Risk Register and Financial Statements
- Nominations Committee, board recruitment
- Friends Committee, a volunteer fundraising committee

The Trustees regularly review the structure, size and composition of the Board, with the object of having a membership of varied and diverse experience that is able to offer help and advice to the Artistic and Executive Director and the theatre's management team.

Board members are appointed for an initial term of three years, and appointments are extended by approval at the AGM following the end of the term of office.

The existing Trustees, together with the Artistic and Executive Director, ensure that new Trustees receive proper briefing and induction on their appointment.

Objectives and Aims

The principal objects of the Watermill are to promote, maintain, improve and advance education particularly by the production of high-quality theatre experiences and outreach activities.

The Watermill plays a central part in the quality of life of its community. The purpose of our activities is to encourage an understanding and knowledge of the arts through a wide and varied theatrical programme that inspires and provokes thought. A hub for the development of new, diverse talent and work.

In order to achieve the company's charitable aims, the Watermill's programme focuses on:

- Delivering a wide range of theatre productions for everyone
- Delivering a range of participatory activities for all ages and abilities to encourage creativity
- Providing a creative hub for artist development
- Connecting with the local community to work with and inspire people of all ages and abilities

In developing the objectives for the year, and in planning activities, the Trustees have considered the Charity Commission's guidance on public benefit and pricing. The programme is planned by the Artistic Director so that during the year it provides opportunity for a wealth of freelance artists at different stages of their career creating work that entertains, inspires, and challenges the broadest possible audience. Regard is given to ticket prices in terms of affordability, accessibility, and audience development to build and cement relationships with audiences old and new, making sure our theatre is a place where everyone is welcome.

WATERMILL THEATRE LIMITED
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

Financial review (continued)

Environmental Sustainability

Watermill Theatre strives to lead the way to reduce its environmental impact. We do this through:

- Running all of our radio systems on rechargeable batteries
- Recycling old sets or placing used sets on a set exchange website for other groups to use. None of the theatre's set have been sent to landfill sites
- Continued use of energy efficient LED light sources which reduces 80% of power consumption in the auditorium and a reduction of heat from the lights in the auditorium, making our air conditioning system more efficient
- Converting all working areas to LED fittings as units fail and the continued recycling of cooking oil used in our catering department
- The organisation is now using recycled paper for all administration purposes
- All print cartridges are recycled

The environmental policy was updated and steps have been taken to reduce waste and minimise the impact on the environment resulting from our activities in the theatre, restaurant and offices. The Green Committee meets regularly throughout the year to find and implement ways in which the organisation can operate in a more environmentally friendly way.

WATERMILL THEATRE LIMITED
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

Financial review (continued)

Risk management

The Watermill faces the following principal risks and challenges:

The charity has a risk register, which is reviewed at the meeting of the Senior Management Team and presented at each Board meeting as part of the business review and planning process. The system of internal control and risk management is designed to identify and prioritise strategic and operational risks to the achievement of the Watermill's aims and objective, evaluate the likelihood of those risks being realised and their potential impact, and manage these risks efficiently, effectively and economically.

The Watermill faces the following principal risks and challenges. Main risks include:

- Continuing to attract audiences and participants in sufficient numbers to achieve its charitable objectives especially in light of the current pandemic
- Retaining staff to ensure that the organisation can quickly reopen.
- Ensuring that the necessary funds are generated to maintain and improve the assets of the Theatre
- Ensuring continued access to publicly and non-publicly funded grants in an environment of increased demand for these funds

We will address these risks by:

- Making our artistic programme attractive to audiences and ensuring that production values are maintained in all our work; encouraging the audience back by making sure the theatre is compliant in all Covid-19 related safety regulations; being mindful that ticket prices are accessible and affordable
- Utilising the Government's Staff Retention Scheme
- Generating sufficient income to cover costs
- Continue to nurture relationships with all present and future funding bodies and researching new funding opportunities.

We undertake to comply with relevant law and regulations, in particular;

- General Data Protection Regulation
- The Charities Act
- Tax and Gift Aid legislation
- Charity Commission guidance (in relation to seeking views on whether to accept or refuse a particular donation)
- The Bribery Act 2010 (in relation to bribery offences)
- Fundraising Regulator, Code of Practice

We ensure that clear policies on data protection, health and safety and safeguarding children and vulnerable adults exist and are compliant with current requirements.

The trustees are satisfied that appropriate internal control systems and risk management processes are in place.

WATERMILL THEATRE LIMITED
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

Plans for the future

This report serves to demonstrate the enormity of the impact that Covid-19 has had on the organisation and the wider industry. Though there remains uncertainty as we emerge out of lockdown we aim to reopen with our outdoor stage with a limited summer season when restricted are lifted.

Though the plans continue to be firmed up at present the summer season began with a revival of last year's production of *The Hound Of The Baskervilles* which played both at the theatre and on tour, enabling us to once again reach a wealth of rural venues and assist in our aims to combat isolation through theatre. After their last production, *Hamlet*, halted early in rehearsals The Watermill Ensemble returned with a new version of *As You Like It*. And finally a new production of *Just So*, a musical that has enabled us to invite family audiences back to the theatre.

This year has seen a focus on new building management practices to use the site more effectively to ensure safety for the public and the workforce and to comply with the guidelines as they evolve. We will continue to ensure that our site remains responsive to the pandemic and put the safety of all those who spend time on it at the forefront of our thinking. We have also been able to evolve to develop new digital practices moving Outreach work online as well as streaming *A Christmas Carol*, these have opened up new ways of working and reaching a wider audience and is something we will continue to explore in the future.

We have also undergone an intensive period of recruitment to expand our board, with the hopes of reaching a wealth of new voices and experience with 5 new board members appointed in July. We have also recruited for a new role of Executive Director who started late summer. This new role has been created in response to the continued expansion of our work.

We continue to place great focus on increasing the diversity within the organisation at all levels. Our artistic programme has evolved to ensure we are finding space for new work and new voices and we will continue to interrogate these possibilities as we reopen. As we emerge out of the pandemic we also continue to make sure we place real importance on working with emerging artists and generating new work. We acknowledge that there are issues in our industry about access to opportunities and prejudice. We are aware of the implications of the last year in terms of the importance of movements such as Black Lives Matter and are working hard to identify areas where we can improve access to the industry for those from a Global Majority background. The pandemic has afforded us the time to build new relationships and develop new thinking which we will take forward as we reopen. We are working with Talawa and Inc Arts to review our recruitment and internal processes; these discussions will affect our work across the board from artists, to programming, to audiences, volunteers and workforce. Our aim is to create work with and for everyone.

At the time of writing, we look forward to welcoming audiences back for a live theatre experience as soon as possible whilst we also think strategically about the longer term revival of the organisation with the ambition of getting back to our full working capacity as soon as possible.

WATERMILL THEATRE LIMITED
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

Statement of Trustees' responsibilities

The Trustees (who are also the directors of the Charity 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 law requires the Trustees to prepare financial statements for each financial year. Under company 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 Group and the Charity and of their incoming resources and application of resources, including their income and expenditure, 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 (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and the Charity's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Charity 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 Group and the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditor

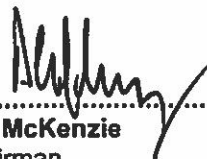
Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable group's auditor is unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable group's auditor is aware of that information.

Auditor

The auditor, James Cowper Kreston, has indicated its willingness to continue in office. The designated Trustees will propose a motion reappointing the auditor at a meeting of the Trustees.

Approved by order of the members of the board of Trustees and signed on their behalf by:


.....
A G McKenzie
Chairman
Date: 5-11-21.

WATERMILL THEATRE LIMITED
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WATERMILL THEATRE LIMITED

Opinion

We have audited the financial statements of Watermill Theatre Limited (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2021 which comprise the Consolidated Statement of Financial Activities, the Consolidated balance sheet, the Charity balance sheet, the Consolidated statement of cash flows and the related notes, 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 Group's and of the parent charitable company's affairs as at 31 March 2021 and of the Group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 Group's or the parent 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.

WATERMILL THEATRE LIMITED
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WATERMILL THEATRE LIMITED
(CONTINUED)

Other information

The other information comprises the information included in the Annual report other than the financial statements and our Auditor's report thereon. The Trustees are responsible for the other information contained within the Annual report. Our opinion on the 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.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our 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 Trustees' Report.

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

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Trustees' Report and from the requirement to prepare a Strategic Report.

Responsibilities of trustees

As explained more fully in the 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 Group's and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

WATERMILL THEATRE LIMITED
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WATERMILL THEATRE LIMITED
(CONTINUED)

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.

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.

The specific procedures for this engagement that we designed and performed to detect material misstatements in respect of irregularities, including fraud, were as follows:

- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Enquiry of management and those charged with governance to identify any material instances of non-compliance with laws and regulations;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

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.

WATERMILL THEATRE LIMITED
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WATERMILL THEATRE LIMITED
(CONTINUED)

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, Part 4 of the Charities (Accounts and Reports) Regulations 2008. 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 its members, as a body, for our audit work, for this report, or for the opinions we have formed.

M N Farwell

Michael Farwell MA FCA DChA (Senior statutory auditor)

for and on behalf of

James Cowper Kreston

Chartered Accountants and Statutory Auditor

Greenham Business Park

2 Communications Road

Greenham

Newbury

RG19 6AB

Date:

9/11/2021

WATERMILL THEATRE LIMITED
(A company limited by guarantee)

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND
EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2021**

	Note	Restricted funds 2021 £	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Income from:					
Donations and legacies	3	61,181	1,457,193	1,518,374	966,473
Charitable activities	9	-	265,712	265,712	1,777,697
Other trading activities	6	-	108,340	108,340	549,188
Investments	8	-	4,120	4,120	8,173
Total income		61,181	1,835,365	1,896,546	3,301,531
Expenditure on:					
Raising funds:	10	-	180,479	180,479	207,226
Voluntary income		-	217,517	217,517	481,326
Fundraising income		-			
Charitable activities	11	134,795	1,103,897	1,238,692	3,013,288
Total expenditure		134,795	1,501,893	1,636,688	3,701,840
Net income / (expenditure)		(73,614)	333,472	259,858	(400,309)
Net movement in funds		(73,614)	333,472	259,858	(400,309)
Reconciliation of funds:					
Total funds brought forward		2,408,430	1,945,843	4,354,273	4,754,582
Net movement in funds		(73,614)	333,472	259,858	(400,309)
Total funds carried forward		2,334,816	2,279,315	4,614,131	4,354,273

The notes on pages 28 to 48 form part of these financial statements.


WATERMILL THEATRE LIMITED
(A company limited by guarantee)
REGISTERED NUMBER: 978279

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	18	3,326,999	3,471,460
		<u>3,326,999</u>	<u>3,471,460</u>
Current assets			
Stocks	20	5,555	8,440
Debtors	21	122,915	306,150
Cash at bank and in hand		1,659,858	1,176,231
		<u>1,788,328</u>	<u>1,490,821</u>
Creditors: amounts falling due within one year	22	(501,196)	(608,008)
Net current assets		<u>1,287,132</u>	<u>882,813</u>
Total net assets		<u><u>4,614,131</u></u>	<u><u>4,354,273</u></u>
Charity funds			
Restricted funds	23	2,334,816	2,408,430
Unrestricted funds	23	2,279,315	1,945,843
Total funds		<u><u>4,614,131</u></u>	<u><u>4,354,273</u></u>

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements were approved and authorised for issue by the Trustees and signed on their behalf by:



A G McKenzie
 Chairman

Date: 5-11-21

The notes on pages 28 to 48 form part of these financial statements.


WATERMILL THEATRE LIMITED
(A company limited by guarantee)
REGISTERED NUMBER: 978279

CHARITY BALANCE SHEET
AS AT 31 MARCH 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	18	3,326,999	3,471,460
Investments	19	1	1
		<u>3,327,000</u>	<u>3,471,461</u>
Current assets			
Stocks	20	5,555	8,440
Debtors	21	122,914	306,149
Cash at bank and in hand		1,659,858	1,176,231
		<u>1,788,327</u>	<u>1,490,820</u>
Creditors: amounts falling due within one year	22	(501,196)	(608,008)
Net current assets		<u>1,287,131</u>	<u>882,812</u>
Total net assets		<u><u>4,614,131</u></u>	<u><u>4,354,273</u></u>
Charity funds			
Restricted funds	23	2,334,816	2,408,430
Unrestricted funds	23	2,279,315	1,945,843
Total funds		<u><u>4,614,131</u></u>	<u><u>4,354,273</u></u>

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements were approved and authorised for issue by the Trustees and signed on their behalf by:



A G McKenzie
 Chairman
 Date: 5-11-21.

The notes on pages 28 to 48 form part of these financial statements.

WATERMILL THEATRE LIMITED
(A company limited by guarantee)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021

	2021 £	2020 £
Cash flows from operating activities		
Net cash provided by / (used in) operating activities	483,941	(224,729)
Cash flows from investing activities		
Dividends, interests and rents from investments	4,120	8,173
Purchase of tangible fixed assets	(4,434)	(76,881)
Net cash used in investing activities	(314)	(68,708)
Change in cash and cash equivalents in the year	483,627	(293,437)
Cash and cash equivalents at the beginning of the year	1,176,231	1,469,668
Cash and cash equivalents at the end of the year	1,659,858	1,176,231

The notes on pages 28 to 48 form part of these financial statements

WATERMILL THEATRE LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Watermill Theatre Limited meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The Consolidated statement of financial activities (SOFA) and Consolidated balance sheet consolidate the financial statements of the Charity and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

The Charity has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of financial activities in these financial statements.

1.2 Company status

The charity is a company limited by guarantee. The members of the company are the Trustees named on page 2. 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.

1.3 Going concern

The Trustees have considered the impact of the global COVID-19 pandemic on the ability of the charity to continue trading for the foreseeable future. This review has included considering the impact of the pandemic to the date of signing the financial statements and updating financial projections. Based on this review and taken together with existing financing facilities the Trustees believe that the financial statements have been prepared appropriately on the going concern basis.

1.4 Income

All income is recognised once the Charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably. Where income is received in advance of performance of specified services it is deferred until the charity is entitled to that fund.

Income from charitable activities represent the amounts received from the box office and from touring activities in respect of all productions performed during the period.

Donations and legacies represents the amounts receivable from grants, sponsorship and other donations.

Grants and donations are recognised as income when entitlement is demonstrable, no conditions are attached, it is probable that the income will be received and the monetary value of the income can be measured reliably.

Income from other trading activities represents the amounts received in respect of the restaurant and bar and other related activities.

Investment income represents interest receivable on cash balances held in appropriate interest bearing deposit accounts.

WATERMILL THEATRE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

1. Accounting policies (continued)

1.4 Income (continued)

Interest on funds held on deposit by the charity is included when receivable.

1.5 Expenditure

All resources expended are recognised once there is a legal or constructive obligation to make a payment to a third party. All resources expended are classified under activity headings.

Resources expended are accounted for on an accruals basis.

Resources expended on charitable activities represent the expenditure incurred in respect of productions performed during the period and includes both the direct costs and support costs relating to these activities. Expenditure incurred in respect of productions performed after the date of the balance sheet is deferred to future accounting periods.

Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.

Costs of raising funds represents the expenditure incurred in attracting donations and legacies and in respect of the restaurant and bar and other related activities.

Overhead costs are those costs which cannot be directly allocated to an activity of the charity, but nonetheless support these activities. These costs have been allocated between support, management and administration and fundraising, and then further apportioned to appropriate resources expended categories.

The value of services provided by volunteers is not incorporated into these financial statements.

All expenditure is inclusive of irrecoverable VAT.

1.6 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Group and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Group for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

1.7 Taxation

The Charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

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1. Accounting policies (continued)

1.8 Tangible fixed assets and depreciation

Tangible fixed assets costing £500 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed asset into its intended working condition should be included in the measurement of cost.

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives, using the following methods.

Depreciation is provided on the following bases:

Freehold property	- 2% on cost and land not provided
Leasehold improvements	- 20% on cost
Theatre equipment	- 25% on cost and 25% on reducing balance
Motor vehicles	- 25% on reducing balance
Heating and cooling installation	- 6.6% on cost
Restaurant equipment	- 25% on reducing balance

1.9 Investments

Investments in subsidiaries are valued at cost less provision for impairment.

1.10 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Group; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

1.11 Operating leases

Rentals paid under operating leases are charged to the Consolidated statement of financial activities on a straight line basis over the lease term.

1.12 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.13 Debtors

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

1.14 Cash at bank and in hand

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

WATERMILL THEATRE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

1. Accounting policies (continued)

1.15 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

1.16 Financial instruments

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

1.17 Government grants

Government grants are credited to the Consolidated statement of financial activities as the related expenditure is incurred.

1.18 Pensions

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

2. Critical accounting estimates and areas of judgment

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcome could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Critical accounting estimates and assumptions:

Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives taking into account residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. Residual value assessments consider issues such as the remaining life of the asset and projected disposal values.

WATERMILL THEATRE LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

3. Income from donations and legacies

	Restricted funds 2021 £	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Grants	-	889,668	889,668	450,386
Trusts and donations	61,181	483,880	545,061	371,071
Friends of the Watermill	-	73,270	73,270	126,716
Sponsorship	-	10,375	10,375	17,300
Legacies	-	-	-	1,000
Total donations and legacies	61,181	1,457,193	1,518,374	966,473
Total 2020	78,478	887,995	966,473	

Included within Friends of the Watermill is £4,800 received from Corporate Friends of the Watermill (2020: £9,200).

4. Grants

	2021 £	2020 £
Arts Council England - general grant	458,673	450,386
LA grant	14,035	-
Job retention scheme grant	416,960	-
Total	889,668	450,386

5. Sponsorship

	2021 £	2020 £
Sheepdrove Organic Farm	6,000	-
Du Pre	-	2,750
Horsey Lightly	1,750	4,550
Saica Pack	2,625	4,500
Heritage Financial	-	5,500
Total	10,375	17,300

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

6. Income from other trading activities

Income from fundraising events

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Theatre, room and technical hire	200	200	12,065
Restaurant, bar and other income	108,140	108,140	537,123
Total 2021	<u>108,340</u>	<u>108,340</u>	<u>549,188</u>
Total 2020	<u>549,188</u>	<u>549,188</u>	

7. Restaurant, bar and other income and expenditure

	2021 £	2020 £
Income	108,140	537,123
Cost of sales	(210,977)	(387,998)
Gross surplus	<u>(102,837)</u>	149,125
Administration expense	(6,540)	(93,328)
Net surplus	<u>(109,377)</u>	<u>55,797</u>

8. Investment income

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Interest	4,120	4,120	8,173
Total 2020	<u>8,173</u>	<u>8,173</u>	

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**NOTES TO THE FINANCIAL STATEMENTS
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9. Income from charitable activities

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Theatre box office	204,556	204,556	1,205,102
Touring productions	16,889	16,889	208,865
Outreach	-	-	38,788
Excel/Federation of schools	-	-	6,647
Education and youth theatre	25,233	25,233	111,350
Other theatre projects	-	-	7,726
Programme receipts	3,568	3,568	23,221
Tax credit on theatre production costs	15,466	15,466	175,998
Total 2021	265,712	265,712	1,777,697
Total 2020	1,777,697	1,777,697	

10. Expenditure on voluntary income

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Staff costs	121,255	121,255	128,950
Premises costs	5,672	5,672	6,068
Office costs	5,083	5,083	7,671
Fundraising and appeal costs	24,037	24,037	31,712
Publicity costs	24,432	24,432	32,825
Total 2021	180,479	180,479	207,226
Total 2020	207,226	207,226	

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

11. Analysis of expenditure by activities

	Activities undertaken directly 2021 £	Support costs 2021 £	Total funds 2021 £	Total funds 2020 £
Production costs	459,590	-	459,590	2,218,451
Management and administration	288,389	-	288,389	292,747
Support costs	-	475,299	475,299	482,975
Governance costs	-	15,414	15,414	19,115
Total 2021	747,979	490,713	1,238,692	3,013,288
Total 2020	2,511,198	502,090	3,013,288	

12. Production costs

	Restricted funds 2021 £	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Theatre productions	-	306,883	306,883	1,427,498
Touring productions	-	3,243	3,243	409,365
Outreach	-	51,540	51,540	78,704
Excel/Federation of schools	-	-	-	9,499
Youth theatre	39,081	21,537	60,618	195,585
Irrecoverable VAT	-	32,983	32,983	67,974
Other theatre projects	-	162	162	2,256
Programmes	-	4,161	4,161	12,938
Total 2021	39,081	420,509	459,590	2,203,819
Total 2020	80,016	2,123,803	2,203,819	

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**NOTES TO THE FINANCIAL STATEMENTS
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13. Management and administration

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Staff costs	181,475	181,475	237,292
Premises and repair costs	47,857	47,857	9,567
Office costs	5,083	5,083	6,623
Insurance	1,774	1,774	2,568
Finance costs	6,785	6,785	2,020
Other management and administration costs	37,438	37,438	27,557
Depreciation and loss on disposal	7,977	7,977	7,120
Total 2021	288,389	288,389	292,747
Total 2020	292,747	292,747	

14. Support costs

	Restricted funds 2021 £	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Staff costs	-	207,835	207,835	198,216
Premises and repair costs	-	81,342	81,342	80,719
Office costs	-	5,237	5,237	9,520
Insurance	-	13,880	13,880	21,831
IT related costs	-	19,243	19,243	30,083
Other support costs	-	6,844	6,844	19,015
Depreciation and loss on disposal	95,714	45,204	140,918	138,223
Total 2021	95,714	379,585	475,299	497,607
Total 2020	96,014	401,593	497,607	

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**NOTES TO THE FINANCIAL STATEMENTS
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15. Governance costs

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Professional fees	14,219	14,219	18,515
Trustees' insurance	1,195	1,195	600
Total 2021	15,414	15,414	19,115

16. Net income/(expenditure)

This is stated after charging:

	2021 £	2020 £
Depreciation of tangible fixed assets: - owned by the charitable group	148,895	162,427
Auditor's remuneration - audit	7,190	6,970
Auditor's remuneration - other services	4,910	3,485
Operating lease rentals	5,094	4,952
Pension costs	24,115	44,226

During the year, no Trustees received any remuneration (2020: £Nil).

During the year, no Trustees received any benefits in kind (2020: £Nil).

During the year, no Trustees received any reimbursement of expenses (2020: £Nil).

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**NOTES TO THE FINANCIAL STATEMENTS
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17. Staff costs

	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Wages and salaries	871,785	1,019,203	871,785	1,019,203
Social security costs	58,790	73,221	58,790	73,221
Other pension costs	24,115	29,594	24,115	29,594
	<u>954,690</u>	<u>1,122,018</u>	<u>954,690</u>	<u>1,122,018</u>

The average number of persons employed by the Charity during the year was as follows:

	Group 2021 No.	Group 2020 No.
Average employee number	<u>49</u>	<u>53</u>

No employee received remuneration amounting to more than £60,000 in either year.

The key management personnel of the parent charity and the group comprise Trustees and the Senior Management Team. The total employee costs of the key management personnel were £317,094 (2020: £352,637).

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**NOTES TO THE FINANCIAL STATEMENTS
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18. Tangible fixed assets

Group and Charity

	Freehold property £	Long- term leasehold property £	Theatre equipment £	Motor vehicles £	Heating / cooling equipment £	Restaurant equipment £	Total £
Cost or valuation							
At 1 April 2020	4,044,681	68,596	226,455	15,097	583,443	147,678	5,085,950
Additions	-	-	4,434	-	-	-	4,434
Disposals	-	-	-	-	-	(64)	(64)
At 31 March 2021	<u>4,044,681</u>	<u>68,596</u>	<u>230,889</u>	<u>15,097</u>	<u>583,443</u>	<u>147,614</u>	<u>5,090,320</u>
Depreciation							
At 1 April 2020	1,025,859	62,312	179,209	12,679	203,384	131,047	1,614,490
Charge for the year	84,034	786	17,252	605	39,766	6,452	148,895
On disposals	-	-	-	-	-	(64)	(64)
At 31 March 2021	<u>1,109,893</u>	<u>63,098</u>	<u>196,461</u>	<u>13,284</u>	<u>243,150</u>	<u>137,435</u>	<u>1,763,321</u>
Net book value							
At 31 March 2021	<u>2,934,788</u>	<u>5,498</u>	<u>34,428</u>	<u>1,813</u>	<u>340,293</u>	<u>10,179</u>	<u>3,326,999</u>
At 31 March 2020	<u>3,018,822</u>	<u>6,284</u>	<u>47,246</u>	<u>2,418</u>	<u>380,059</u>	<u>16,631</u>	<u>3,471,460</u>

Included in land and buildings is freehold land at cost of £28,000 (2020: £28,000) which is not depreciated. Assessment of any difference between carrying value and the market value of freehold land is not considered practicable given the nature of the land.

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**NOTES TO THE FINANCIAL STATEMENTS
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19. Fixed asset investments

	Investments in subsidiary companies £
Charity	
Cost or valuation	
At 1 April 2020	1
At 31 March 2021	<u>1</u>

Principal subsidiaries

The following was a subsidiary undertaking of the Charity:

Name	Company number	Holding	Included in consolidation
Watermill Theatre Productions Limited	09280479	100%	Yes

The financial results of the subsidiary for the year were:

	Net assets £
Watermill Theatre Productions Limited	1

20. Stocks

	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Restaurant and bar	5,248	7,754	5,248	7,754
Merchandise	307	686	307	686
	<u>5,555</u>	<u>8,440</u>	<u>5,555</u>	<u>8,440</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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21. Debtors

	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Trade debtors	405	57,350	405	57,350
Amounts owed by group undertakings	-	-	15,466	175,656
Other debtors	64,920	189,116	49,453	13,459
Prepayments and accrued income	57,590	59,684	57,590	59,684
	<u>122,915</u>	<u>306,150</u>	<u>122,914</u>	<u>306,149</u>

22. Creditors: Amounts falling due within one year

	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Trade creditors	43,515	76,321	43,515	76,321
Other taxation and social security	14,825	24,345	14,825	24,345
Other creditors	15,834	53,043	15,834	53,043
Accruals and deferred income	427,022	454,299	427,022	454,299
	<u>501,196</u>	<u>608,008</u>	<u>501,196</u>	<u>608,008</u>

	Group 2021 £	Group 2020 £
Deferred income at 1 April 2020	338,479	335,851
Resources deferred during the year	204,120	338,479
Amounts released from previous periods	(190,588)	(335,851)
	<u>352,011</u>	<u>338,479</u>

Deferred income represents amounts received in respect of future productions and donations and grants which the donor has specified to be used in future accounting periods.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

23. Statement of funds

Statement of funds - current year

	Balance at 1 April 2020 £	Income £	Expenditure £	Balance at 31 March 2021 £
Unrestricted funds				
Designated funds				
Major capital works	650,000	-	-	650,000
Shortfalls in Box Office income	500,000	-	-	500,000
	<u>1,150,000</u>	<u>-</u>	<u>-</u>	<u>1,150,000</u>
General funds				
General funds	795,843	1,835,365	(1,501,893)	1,129,315
	<u>795,843</u>	<u>1,835,365</u>	<u>(1,501,893)</u>	<u>1,129,315</u>
Total Unrestricted funds	<u>1,945,843</u>	<u>1,835,365</u>	<u>(1,501,893)</u>	<u>2,279,315</u>
Restricted funds				
Save the Watermill Appeal	1,951,233	-	(55,949)	1,895,284
ACE Sustainable Grant - Energy Efficient	442,360	-	(39,766)	402,594
Greenham Community Associate Fund	8,158	61,181	(34,229)	35,110
Andrew Lloyd Webber Foundation	6,679	-	(4,851)	1,828
	<u>2,408,430</u>	<u>61,181</u>	<u>(134,795)</u>	<u>2,334,816</u>
Total of funds	<u><u>4,354,273</u></u>	<u><u>1,896,546</u></u>	<u><u>(1,636,688)</u></u>	<u><u>4,614,131</u></u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

23. Statement of funds (continued)

Statement of funds - prior year

	Balance at 1 April 2019 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 March 2020 £
Unrestricted funds					
Designated funds					
Major capital works	1,000,000	-	-	(350,000)	650,000
Shortfalls in Box Office income	300,000	-	-	200,000	500,000
Developing and commissioning work	25,000	-	-	(25,000)	-
Commercial enterprise	25,000	-	-	(25,000)	-
Development of digital capability	5,000	-	-	(5,000)	-
	<u>1,355,000</u>	<u>-</u>	<u>-</u>	<u>(205,000)</u>	<u>1,150,000</u>
General funds					
General funds	<u>893,598</u>	<u>3,223,053</u>	<u>(3,525,808)</u>	<u>205,000</u>	<u>795,843</u>
Total Unrestricted funds	<u>2,248,598</u>	<u>3,223,053</u>	<u>(3,525,808)</u>	<u>-</u>	<u>1,945,843</u>
Restricted funds					
Save the Watermill Appeal	2,007,482	-	(56,249)	-	1,951,233
ACE Sustainable Grant - Energy Efficient	482,126	-	(39,766)	-	442,360
Greenham Community Associate Fund	9,813	62,978	(64,633)	-	8,158
Andrew Lloyd Webber Foundation	6,563	15,500	(15,384)	-	6,679
	<u>2,505,984</u>	<u>78,478</u>	<u>(176,032)</u>	<u>-</u>	<u>2,408,430</u>
Total of funds	<u>4,754,582</u>	<u>3,301,531</u>	<u>(3,701,840)</u>	<u>-</u>	<u>4,354,273</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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24. Fund details

Designated Funds

In the 2019 the Trustees assessed the potential level of risk for the theatre and taking into account planned activities designated £1,150,000 of reserves as detailed above.

Restricted Funds

Save the Watermill Appeal - this represents the historic amounts raised to fund the purchase of the theatre premises and to complete associated essential building works.

ACE Sustainable energy efficient grant - this fund comprises Arts Council England 's Lottery Funds and additional funds raised for the heating and cooling project to improve the energy efficiency of the theatre.

Greenham Community Associate - this comprises the grant from Greenham Trust and other funds raised for the Community Associate Project.

Andrew Lloyd Webber Foundation - this fund is the Production and Stage Management Trainee Post.

25. Summary of funds

Summary of funds - current year

	Balance at 1 April 2020 £	Income £	Expenditure £	Balance at 31 March 2021 £
Designated funds	1,150,000	-	-	1,150,000
General funds	795,843	1,835,365	(1,501,893)	1,129,315
Restricted funds	2,408,430	61,181	(134,795)	2,334,816
	<u>4,354,273</u>	<u>1,896,546</u>	<u>(1,636,688)</u>	<u>4,614,131</u>

Summary of funds - prior year

	Balance at 1 April 2019 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 March 2020 £
Designated funds	1,355,000	-	-	(205,000)	1,150,000
General funds	893,598	3,223,053	(3,525,808)	205,000	795,843
Restricted funds	2,505,984	78,478	(176,032)	-	2,408,430
	<u>4,754,582</u>	<u>3,301,531</u>	<u>(3,701,840)</u>	<u>-</u>	<u>4,354,273</u>

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26. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Restricted funds 2021 £	Unrestricted funds 2021 £	Total funds 2021 £
Tangible fixed assets	1,978,519	1,348,480	3,326,999
Current assets	356,297	1,432,031	1,788,328
Creditors due within one year	-	(501,196)	(501,196)
Total	2,334,816	2,279,315	4,614,131

Analysis of net assets between funds - prior year

	Restricted funds 2020 £	Unrestricted funds 2020 £	Total funds 2020 £
Tangible fixed assets	2,074,234	1,397,226	3,471,460
Current assets	334,196	1,156,625	1,490,821
Creditors due within one year	-	(608,008)	(608,008)
Total	2,408,430	1,945,843	4,354,273

27. Reconciliation of net movement in funds to net cash flow from operating activities

	Group 2021 £	Group 2020 £
Net income/expenditure for the year (as per Statement of Financial Activities)	259,858	(400,309)
Adjustments for:		
Depreciation charges	148,895	162,427
Dividends, interests and rents from investments	(4,120)	(8,173)
Loss on the sale of fixed assets	-	1,865
Decrease in stocks	2,885	154
Decrease/(increase) in debtors	183,235	(3,911)
Increase/(decrease) in creditors	(106,812)	23,218
Net cash provided by/(used in) operating activities	483,941	(224,729)

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**NOTES TO THE FINANCIAL STATEMENTS
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28. Analysis of cash and cash equivalents

	Group 2021 £	Group 2020 £
Cash in hand	1,659,858	1,176,231
Total cash and cash equivalents	1,659,858	1,176,231

29. Analysis of changes in net debt

	At 1 April 2020 £	Cash flows £	At 31 March 2021 £
Cash at bank and in hand	1,176,231	483,627	1,659,858
	1,176,231	483,627	1,659,858

30. Operating lease commitments

At 31 March 2021 the Group and the Charity had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Not later than 1 year	4,115	5,094	4,115	5,094
Later than 1 year and not later than 5 years	4,100	7,744	4,100	7,744
	8,215	12,838	8,215	12,838

31. Related party transactions

The Charity has not entered into any related party transaction during the year, nor are there any outstanding balances owing between related parties and the Charity at 31 March 2021 (2020: £nil).

32. Controlling party

There is no individual controlling party. The charity is controlled by the Trustees as a body.

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33. Charity status

The charity is limited by the guarantees of its members. The extent of each member's liability should the charity be unable to continue as a going concern is limited to an amount not exceeding £1.

34. Appendix

Production reviews

The Hound of the Baskervilles

Presented in The Watermill Gardens. Devised by the company and directed by Watermill Associate Director Abigail Pickard Price.

'This production can only be described as a total miracle.' Oxford Mail *****

'Delivered with tongue-in-cheek energy.' The Times ****

'a frolicsome spectacle of heavenly delight.' Daily Telegraph ****

A concert version of Camelot

Presented in The Watermill Gardens. Book and Lyrics by Alan Jay Lerner, Music by Frederick Loewe. Directed by Watermill Artistic Director Paul Hart. Featuring a cast of ten actor-musicians including Damien James who made his professional debut.

'In its world of knights, chivalry, romance and vengeance, Camelot is a touch of escapism in the midst of a crazy world.' Musical Theatre Review ****

'Together they convey the romance and chivalry of the tale with charm and simplicity.' Pocket Sized Theatre *****

'It's a miracle that in a matter of weeks director Paul Hart has marshalled and rehearsed a company of 10 (the majority actor-musicians) and ensured they can take their place in a socially distanced way on a pavilion-style... I salute the collective effort and applaud individual contributions.' The Daily Telegraph

Bloodshot

Returning to The Watermill for the second time. By Douglas Post, starring Simon Slater. An Ingenious Purpose production.

'It is a compelling one-man performance, fast-paced, humorous and showing off Slater's talents.' Pocket Sized Theatre *****

'Brimming with nostalgia... Bloodshot is everything that I've missed in the past few theatre-free months.' Daily Info Oxford

Lone Flyer

By Ade Morris, Directed by Watermill Creative Associate Lucy Betts, making her directorial debut at the theatre. Designed by Creative Associate Isobel Nicholson, also making her design debut.

'The play holds its power right until that final crash, and all the hope of a magnificent, adventuring life in it.' The Guardian *****

'Uplifting story...edifying biopic told with passion, humour and attention to detail.' The Stage ****

'Atmospheric, pacey and done with panache.' Libby Purves, TheatreCat Blog / My Theatre Mates ****

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A Christmas Carol

By Associate Artist Danielle Pearson, directed by Creative Associate Georgie Straight and designed by Isobel Nicholson.

'Danielle Pearson and the Watermill Company's retelling of Dickens' story succeeds magnificently in bringing comfort and cheer at this difficult time.' WhatsOnStage ****

'Every element of this show is lovely, well made, detailed, delivered by a faultless cast and creative team. The Watermill Theatre handles the Covid-19 restrictions fantastically and patiently, and it is a pleasure to be back in a theatre again...' Spy in the Stalls ****

'Hearty, haunting adaptation beautifully and simply told' The Stage ****

'An exquisite piece of magical theatre.' Musical Theatre Review *****