

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 2023

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2023

Trustees

A G McKenzie (Chair)	B Chadder (appointed 2 April 2022)
K Breathwick (Vice Chair)	C Titley-Rawson (appointed 28 January 2023)
D W Grindrod	D Powell (appointed 28 January 2023)
H Williamson	N Humby (appointed 28 January 2023)
I M Widdowson	R Jahangard (appointed 28 January 2023)
J Bunting	
M Whitlum Cooper	C P G Farrant (resigned 24 September 2022)
S K Parsonage	S Foster (resigned 24 September 2022)
S Bansal	
T Wentworth	

Company registered number 978279

Charity registered number 261430

Registered office Bagnor
Newbury
Berkshire
RG20 8AE

**Company secretary and
Chief Executive Officer** Paul Hart

Key management personnel Claire Murray – Executive Director
Clare Lindsay – General Manager
Heidi Bird – Outreach Director
Emma Bright – Marketing Director
Kim Austen – Finance Director

Independent auditor Wenn Townsend, 30 St Giles', Oxford
OX1 3LE

Bankers Handelsbanken, Oxford Square, Newbury RG14
1JQ

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

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CHAIRMAN'S REPORT FOR THE YEAR ENDED 31 MARCH 2023

The Chair presents his statement for the year.

Dealing with the continuing effects of the pandemic – This year marked a return to full strength for The Watermill. New writing, actor musicianship and fresh adaptations of classic work were at the centre of our programme and we were delighted to welcome over 55,000 people to watch and participate across the year.

Despite acknowledging the value of the Watermill's work, Arts Council England announced in November that The Watermill Theatre wouldn't continue to be funded as part of the National Portfolio. The value of the grant was £458k per annum, set against a typical box office income of £1.3M. Upon receiving the news of the cut, the Executive immediately re-shaped as much of the 23/24 programme as possible to ensure that we could deliver on our charitable objectives, at the same time as reworking our business model for the future.

Our focus for the future will be based on maximising the potential of our greatest assets. We have a well-established reputation for creating world-class theatre that can tour and transfer to reach audiences far beyond our corner of West Berkshire. We plan to invest in co-producing partnerships as a means of sharing costs and increasing financial potential. We will also redouble our efforts to leverage the potential for shows to have a further life beyond our stage. We will strengthen our commercial offer, making a capital investment in the spaces to support planned growth in our event hire, restaurant, and bar business. We have also reviewed our fundraising strategy and will be focusing on developing new relationships with national trusts and foundations as well as realising the potential for increased income from individual donors. We remain an organisation that is committed to investing in talent, in celebrating, to exploring and reflecting the diversity of modern Britain and to understanding and meeting the needs of our communities and audiences by creating work with and for them. We also remain alert to playing our part in addressing the climate emergency and bringing this perspective to the way we make theatre and care for our unique site and historic buildings.

We have been pleased to welcome four new trustees this year, bringing further diverse perspectives and enhancing our expertise in producing, fundraising, finance, and community engagement. We have also welcomed new staff to key roles including a Marketing Director, Technical and Production Manager and will soon have a new Development Director in post. These appointments have given us an even strong team to work on the development of the strategic plan.

We have continued to enjoy fantastic support from a range of trusts, foundations, sponsors, and donors. This support has been much appreciated in the aftermath of the Arts Council's decision and we look forward to building on these relationships in future years.

Finally, I'd like to say a heartfelt thanks to the Executive and to the whole team at The Watermill, to Ian Widdowson, the Chair of the Friends, and to my fellow trustees, including those who have stepped down in this financial year: Colin Farrant and Susan Foster. The work of all of these people has been vital in securing a positive result in a challenging year.


A G McKenzie

Chair

Date:



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TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2023

The Trustees present their annual report together with the audited financial statements of the group and the charity for the year to 31 March 2023. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" in preparing the annual report and financial statements of the charity.

THE WATERMILL: WHO WE ARE AND WHAT WE DO

The Charity's charitable objects are to promote, maintain and improve and advance education particularly by the production of educational plays and the encouragement of the arts.

Our mission is to nurture and develop emerging talent and to welcome everyone to enjoy the very best theatre, and all that it can offer; theatre that is relevant and speaks to our times.

Nestled on the banks of the river Lambourn, our converted Grade II listed rural watermill is home to a unique powerhouse of residential and artistic facilities which provide a crucible for creativity, innovative storytelling, and artistic excellence. Artists and creatives from the UK and beyond develop their craft with us, making work which bursts out of the building to tour across the UK, or transfer to the West End. The reach, quality and innovation of our productions is evidenced by a strong track record of co-productions with commercial and subsidised companies, resulting in 50% of our productions being optioned for transfers and tours over the last 5 years.

Our work is characterised by an enduring pursuit of artistic innovation and the weaving of actor-musicianship through new writing and reinvigorated classics. We create the environment for actors and creatives to take risks, we tell stories on stage which reflect diverse lived experiences and we discover new ways to connect our annual audiences of 60,000, with live theatre that truly resonates. With a core belief in the transformative power of the arts, we open up opportunities for people from lower socio-economic backgrounds, young families and isolated or displaced communities to explore their own creativity. Our engagement programmes reach 20,000 people each year, in the theatre, schools and other community settings. We engage with those who are underrepresented, hard to reach, or at risk and we drive long term impact for communities.

In order to achieve our stated aims and objectives we focus on four areas:

1. Produced work

- Producing eight full-scale productions at our 200-seat home in Newbury each year, with a central ethos to commission, discover and amplify new voices to create work that excites audiences now and will become part of the theatrical canon in the future
- Remaining at the forefront of integrated and accessible live theatre-making by embedding BSL, captioning, audio description and relaxed performances into our homegrown and toured work

TRUSTEES' REPORT CONT'D FOR THE YEAR ENDED 31 MARCH 2023

2. Artists

- Acting as an incubator of talent and the development of work, supporting artists and actors from historically underrepresented backgrounds to develop their craft and innovate in the sector
- Connecting emerging artists and creatives with experienced and highly skilled industry leaders who can mentor and support their work

3. Outreach

- Deepening engagement through strategic partnerships e.g. Educafe; home of Diverse Ethnic Communities Support Agency, and Recovery in Mind, as we use our artistic programme as a springboard for inspiring people to discover their own creativity and lasting connection to the arts
- Growing the provision for families and early years whilst sustaining a regular presence in local schools through workshops, educational resources and touring. Giving parity within our artistic programme to the work of the next generation of theatre makers by showcasing the Youth Ensemble in an annual 2-week production run, enabling two young casts to bring a popular title to life on the Watermill stage
- Building pathways to the creative industries by creating over 100 volunteering and work experience opportunities, providing paid employment and work-based training to school leavers. Prioritising local young people least engaged in culture and creating a positive intervention to address under-representation within our sector's workforce

4. Touring

- Building on our strong network of partners in the subsidised and commercial sectors, we aim to make work that has a life beyond the Watermill stage
- Presenting our unique Watermill Ensemble productions of Shakespeare's works to reach audiences across the UK through tour and transfer, including international reach
- Touring work to reach rural communities (including the 30% living in West Berkshire's most isolated communities) and to engage children and young people directly in their classrooms through our school's tours

We monitor and measure our success in delivering our aims and objectives throughout the year, including the use of customer, artist and participant feedback as a qualitative measure. We also report against KPIs in relation to audience numbers, active participants, diversity across trustees, staff, artists and all audiences and participants, people reached through touring work. This data features in the annual accounts.

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TRUSTEES' REPORT CONT'D FOR THE YEAR ENDED 31 MARCH 2023

ARTISTIC PROGRAMME

2022-23 saw an ambitious return to a full programme of activity following two years of disruption from the pandemic. Our programme showcased new writing – musicals and plays – as well as a welcome return to bringing fresh adaptations of Shakespeare's work to our stage. Our stories and our companies reflected a diversity of perspectives, from OTHELLO'S searing narrative in an adaptation alive to the Black Lives Matter movement to THE SLEEPING SWORD performed by a majority visually impaired company and featuring integrated, creative captioning and audio description. Whilst the challenges of Covid remained in terms of illness affecting rehearsals and performances and audience confidence, we were heartened by the response to the work and by our success in reengaging previous bookers and with new audiences.

We opened the year with OUR MAN IN HAVANA, a new musical adaptation of Graham Greene's novel. This was originally scheduled for May 2020 and had proved popular with audiences, most of whom transferred their booking to the new dates. Directed by our Associate, Abigail Pickard Price with book and lyrics by Richard Hough and Music by Ben Moales Frost, the show achieved 87% capacity and a positive contribution to the budget.

We continued with Mark Evans' BLEAK EXPECTATIONS, a new stage adaptation of the popular Radio 4 comedy of the same name – a Dickensian spoof which ran for five series between 2007-12. Caroline Leslie (WIPERS TIMES and TRIAL BY LAUGHTER) directed, and the show attracted a clutch of excellent reviews for "an adrenalised stage adaptation filled with fast-paced physical comedy, joshing satire and oodles of silliness." (The Guardian). We produced the show in association with Anthology Theatre Productions Limited who have gone on to secure a further life for the production in the West End in 2023.

Our rural tour was a new piece – CAMP ALBION – by Danielle Pearson, which explored the range of perspectives around the building of the Newbury bypass. The show toured to gardens, playing fields and car parks across Berkshire and surrounding counties before coming back to the theatre for a two week run. The production surfaced many conversations on the building of the bypass as well as reflections on the environmental impact of the work.

In summer, we brought WHISTLE DOWN THE WIND to our stage, directed by Tom Jackson Greaves. The rehearsal process was significantly impacted by covid infections and during the run we had a week without either of our lead actors being fit to perform. Thankfully we were able to cover the lead role of Swallow from within the company and found an understudy for The Man at 24 hours' notice. The show was well received by audiences and media alike. "Outstanding" ★★★★★ The Guardian.

Our production of OTHELLO brought Paul Hart and Anjali Mehra together as co-directors. Kalungi Ssebandeke played the title role, alongside Sophie Stone, a celebrated deaf actor who began performing as a member of our Youth Theatre, as Iago. The production featured the Watermill's distinctive approach to the text and music, adapted by Karla Marie Sweet and featuring music from Billy Eilish, The Fugees and Emeli Sande.

"An excellent cast animate Karla Marie Sweet's adaptation with a drilled menace, while contemporary songs are employed to remarkable effect." ★★★★★ The Guardian

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TRUSTEES' REPORT CONT'D FOR THE YEAR ENDED 31 MARCH 2023

There were two Youth Ensemble productions within the year: A MONSTER CALLS in November directed by our Community Associate Angharad Arnott Phillips, and THROUGH THE LOOKING GLASS in March, directed by our Outreach Assistant, Matty Green. Each featuring a talented company of over 30 young people, with around 20% working backstage or on delivering access services including captioning and audio description. The productions attracted strong support from audiences and offered a rich and inclusive experience for everyone involved.

In November we staged Michael Morpurgo's THE SLEEPING SWORD, a new adaptation written by Tatty Hennessy which took to The Watermill stage before heading off on a week-long tour to schools. We welcomed five schools to the theatre and visited five schools across the region with this creative exploration of visual impairment. The process of developing and making our first show with integrated creative captioning and audio description gave us an invaluable insight into the process and the areas on which we should focus as we continue to create work that is inclusive and accessible to visually impaired audiences.

"Honouring Morpurgo's original words, The Sleeping Sword is a detailed exploration of what it is like to live with a visual impairment in a time of inaccessibility. For children and adult audiences alike, it is audaciously creative." The Guardian

Christmas brought Annie Siddons' wonderful adaptation of RAPUNZEL to the Watermill stage. Directed by Creative Associate, Lucy Betts, this twist on a traditional tale brought over 12,000 people through our doors – an increase on the previous Christmas which felt like a sign that the green shoots of recovery continued.

"...should Rapunzel as retold in the Watermill's thrilling house style be on everyone's Christmas show wish list? The answer from me and the enthusiastic young schools' audience who shared the fun with me is a resounding 'Oh yes it should!'" WhatsOnStage

The New Year began with NOTES FROM A SMALL ISLAND, a witty adaptation of Bill Bryson's famous novel of the same name, directed by Paul Hart. This proved to be a popular choice for audiences with attendance at 92% capacity – a positive end to the financial year.

★★★★ *"a thoroughly enjoyable piece of theatre that can only bring new audiences to the writer's work."* The Stage

Inclusivity and Diversity

We continue to ensure that we are reflecting the diversity of the UK in our acting and creative companies, as well as in the stories we are sharing.

Of the actors we employed this year:

- 47% were Female (including trans women) (48% in 21/22)
- 5% identified as deaf or disabled (1% in 21/22)
- 35% identified as Global Majority (on par with 21/22)
- 35% were graduates (16% 21/22)

We undertook recruitment for 10 replacement permanent roles in the staff team as well as in open recruitment process for new Trustees. Widening where we advertised the roles, including a greater use of social media and LinkedIn, supported us to attract a more diverse pool of applicants.

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TRUSTEES' REPORT CONT'D FOR THE YEAR ENDED 31 MARCH 2023

The staff team is reflective of the demographic of the local community, and we endeavour to ensure that we are inclusive of a much wider range of lived experience through our Trustees and our work with freelancers.

Other work in this area included:

- Becoming a Disability Confident Employer, affirming the practice and processes that are already in place
- Providing Disability Equality training for staff, freelance facilitators, and trustees in post in September 2022. This supported all of our teams to explore our working practice and encouraged discussion and change to continuously improve our inclusivity and accessibility
- Continued use of the Theatre Casting Toolkit Tracker and our bespoke Creatives Tracker to manage and monitor the diversity of our companies
- Offering opportunities to early career and diverse artists and staff by working with drama schools, working with Open Hire and Creative Access to reach a wider range of candidates
- Offering a range of pricing options to support those with lower incomes, including ticket prices starting from only £10
- Offering BSL lessons to staff and volunteers to support improved confidence and communication skills with deaf customers, participants, and artists
- Broadened the diversity of the Board of Trustees in terms of gender, ethnicity, age, and disability. 20% identify as global majority, 27% identify as D/deaf or disabled and 40% are aged between 20 and 49 years old
- Offering bursary places for Outreach programmes, specialist support for people with additional or complex needs and a fully inclusive Youth Ensemble experience bringing together all of the diverse youth theatre groups
- Developing partnerships and initiatives with organisations including Educafe, Dingley's Promise, Mary Hare School, and Berkshire Mind
- Offering accessible performances across the full programme with 8 relaxed and 8 BSL interpreted, 27 audio described and 23 captioned performances

Audiences

Over the course of the 2022-23 financial year, we welcomed over 53,950 people to 366 performances and events. This reflects the steady recovery of audience numbers post-pandemic.

- 4,441 new customers booked during this period, totalling 14,316 tickets over the year. 27% of those new bookers in 2022-23 booked for NOTES FROM A SMALL ISLAND
- Overall sales across the year have not recovered to pre-pandemic capacities, but several strong-selling productions exceeded targets and increased ticket prices and the introduction of an additional price band mitigated some of the impact of the lower numbers of tickets sold
- The World Premiere of OUR MAN IN HAVANA, a new musical version, played to 8647 audience members, reaching 87% capacity
- Our rural tour CAMP ALBION played to 14 venues across Berkshire, Wiltshire, Hampshire, and Oxfordshire, playing to 763 people

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TRUSTEES' REPORT CONT'D FOR THE YEAR ENDED 31 MARCH 2023

- WHISTLE DOWN THE WIND played to 9541 audience members (82% capacity) with lots of customers, who regularly book for the summer musical commenting that they had returned this summer as part of their annual tradition, with previous summer musicals coming up very high in the crossover reports
- The early autumn sales period proved more challenging with OTHELLO and THE SLEEPING SWORD achieving lower than anticipated audience numbers, OTHELLO played to an average audience of 113 (57% of capacity) and THE SLEEPING SWORD 124 (63%). We noted the challenge of attracting schools to both of these productions
- We analysed our data to understand more about the audiences who had not returned to the theatre since the pandemic, which amounted to 7% of our usual annual attendance rate. We have developed a strategy to reengage those customers, recognising the importance of maintaining those established relationships
- Our Christmas production of RAPUNZEL exceeded its financial target and played to an average audience of 168 (78%), an increase in per-performance attendance compared to both THE JUNGLE BOOK (72%) and THE PRINCE AND THE PAUPER (75%)
- NOTES FROM A SMALL ISLAND reached 96% of saleable capacity and finished £60k above target. We introduced social media advertising to this campaign which contributed to the 21% of new bookers to The Watermill. We also introduced dynamic pricing, which increased revenue by over £10,000, and this has now been rolled out across further productions
- The Youth Ensemble productions of, A MONSTER CALLS and THROUGH THE LOOKING GLASS were well attended and received very positive audience feedback

OUTREACH, LEARNING AND PARTICIPATION

This year the Outreach department have had a focus on strengthening participation in our onsite activities. We offered 230 opportunities for young people to take part each week and we have further developed our early years' offer through our monthly outdoor sensory Story Adventures session. Having identified a decline in early years' attendance post COVID-19, we have aimed to increase family engagement. Numbers have steadily grown, with our Story Adventures session at full capacity. Moving forward, we are committed to continue building this audience through larger scale family events such as our Duckling Day and Wild Weekends.

Our Youth Ensemble presented two productions in the year. The first, A MONSTER CALLS had its roots in physical theatre and tackled themes of bereavement and mental health. We worked closely with West Berkshire Mind to support the process, providing the young people with resources to create a safe working environment. We had three young people who worked backstage delivering the captioning and audio description and supporting stage management on this production.

"If this cast represent young British acting talent, the future is very bright for British theatre" **Audience Member** (November 2022)

We then advanced our approach to access with our spring Youth Ensemble production of THROUGH THE LOOKING GLASS which offered captioning, audio description, BSL integrated interpretation and a relaxed atmosphere on every performance. This wonderfully imaginative and vibrant piece had 6 young people working backstage, including 2 young people preparing and delivering the captioned and audio described performances. Following the run of the production we held a focus group with

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TRUSTEES' REPORT CONT'D FOR THE YEAR ENDED 31 MARCH 2023

the young people involved to gather their thoughts and feedback to inform our planning moving forward.

"It's like another home/community where I can explore different parts of myself and create new worlds and characters and make friends." **Youth Ensemble Participant** (March 2023)

Providing these opportunities for young people to be part of making work, alongside a professional creative team is something that is highly valued by participants and something that we are committed to continuing to deliver.

This year we re-established one of our larger schools' projects post COVID-19. The Excel performance involved over 100 Primary aged children who rehearsed and performed a new play, WHAT MAKES A TOWN, written by local secondary school students, exploring, and celebrating the history of Newbury. This production, supported by a professional team from The Watermill, was performed at Trinity School in June.

Recognising the lack of provision and stretch on existing resources for young people locally, we introduced two new weekly groups – Yes And is a theatre group for 8-11 years with autism and Stagecraft, a mindful visual art session for young people aged 11-17 with added complications in their lives. This gentle visual arts session was introduced to specifically reach young people who, following the pandemic, have increased anxiety, or have become more disengaged. It is designed as a gentle re-introduction to our work to build connection, trust, and confidence. This group helps act as an introductory session or springboard into our other provision.

We have developed bespoke projects with partner organisations, reaching underserved communities. Opportunities have included, weekly drama sessions for locally housed Afghan young refugees, monthly storytelling sessions for Educafe (a local CIC for the benefit of diverse communities) and weekly sensory storytelling sessions for Dingley's Promise (a local charity supporting under 5s with special educational needs & disabilities, and their families). We also worked with the libraries service to take a production of The Ugly Duckling, by local writer and performer, Lizzie Lewis to 4 local libraries. This performance reached over 150 young people and adults and we are exploring ways we can continue to work with the service to continue to connect with young families in a community setting.

Working in partnership with The Corn Exchange, we have launched our Careers in the Arts programme. This programme aims to inspire and educate young people aged 14 - 25 in West Berkshire and North Hampshire about careers in the industry. This programme will also enable us to create traineeships in each organisation, offering an opportunity for several young people to develop their skills and experience with on the job training.

Safeguarding

We work extensively with young people and vulnerable adults, and have clear procedures in place to safeguard our participants:

- Full-time Outreach staff, Designated Safeguarding Officers and freelance facilitators are DBS checked (Disclosure and Barring Service)
- Staff working directly with young people on productions in backstage departments are DBS checked

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TRUSTEES' REPORT CONT'D FOR THE YEAR ENDED 31 MARCH 2023

- Safeguarding Policy is reviewed and updated regularly and is shared with all staff at the Watermill
- Our Outreach Director, Outreach Assistant and Community Associates 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
- Freelance Outreach Facilitators complete Wet Berkshire's online safeguarding training before commencing work in the department
- Concerns raised are documented and confidentially discussed by our designated Safeguarding Officers, who takes any necessary action

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 3 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 Finance and Audit Committee review and monitor the overall payroll for permanent staff. Approval of any annual percentage increase is then required from the Board of Trustees
- 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
- In deciding pay increases, benchmarking from within the mid-scale theatre community is taken into consideration. Remuneration of key management personnel is decided by the Finance and Audit Committee
- There is access to 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. We also recognise Equity for actors and stage management freelancers. Despite the loss of Arts Council funding, we aim to continue to use the sub-rep agreement for all of our contracts.

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TRUSTEES' REPORT CONT'D FOR THE YEAR ENDED 31 MARCH 2023

Recruitment

- We have processes in place to support us to attract a diverse range of candidates. This includes non-theatre specific and specialist sites reach those who are least represented within the sector. We are particularly keen to attract people from a Global Majority background and those who identify as deaf or disabled and our recruitment processes reflect this
- Our robust evaluation and reporting process includes an online equal opportunities form. This form is made available to all job applicants and all freelancers (including stage management and outreach). We use this data to identify how diversity is tracked through the recruitment process and to monitor our success throughout the year

BUILDING AND CAPITAL WORK

The site and our buildings represent important assets which need ongoing investment in their maintenance. Our Grade II listed theatre is unique and at the centre of our creative activities, with accommodation, offices and a restaurant and bar being integral to our operations.

Work this year included replacement of the main roof on the Mill House.

We also commissioned and installed a new access bridge in the theatre as part of our ongoing review of health and safety around the site.

We are eager to return to the long-term plans we initiated pre-pandemic to undertake capital improvement works and hope to do so once we have finalised our business plan as a non-funded organisation.

FUNDRAISING

On the back of the news of the loss of the Arts Council funding the Development Department generated £679k (gross) (£502k 21/22) for the theatre. Of this, £83k is restricted income and £106k (£500 21/22) relates to legacy income.

The Development Director left during the year, just prior to the news of the Arts Council's decision to cut our funding for 2023-26. We took the opportunity to review our fundraising strategy with the support of a specialist consultancy. The recommendations from this review have been incorporated into our future business and financial planning. A new Development Director will join us in May 2023.

During the course of the year, we ran two public-facing, match funded campaigns. In the first part of the year, we focused on nurturing talent, attracting £27k in donations. In November, as a response to the news of our funding cut, we launched our Thrive campaign which generated £20k between November and March.

The Friends of The Watermill have remained strong supporters with membership representing an important part of our fundraised income (membership has remained constant at around 1,460 Friends). A limited number of events have happened during 22/23 including a successful Christmas Fayre, which was realised with the combined work of our volunteer committee members and our in-house team. The Chair of the Friends committee kindly extended their tenure due to an ongoing challenge in finding a successor, combined with difficulty in attracting new committee members.

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The continued support of this active team of volunteers is deeply appreciated by The Watermill. As we move forward into the new financial year, we are reviewing how we work with the volunteers who make up the Friends committee, and how we further embed the Friends in the broader strategy for individual giving.

We remain grateful for the continued generosity of our incredible supporters, from Trusts and Foundations to corporate partners, individual donors, benefactors, and Friends of The Watermill Theatre. Without this help, we would not be able to be so ambitious in our artistic vision or nurture those at the beginning of their career or create hundreds of opportunities for those in our community to take part in a range of outreach and education activities. The response we received to the news of our funding cut has been encouraging and we are pleased to be going into the next financial year with a solid base from which we can grow.

Ethical Policy & Due Diligence

The Watermill Theatre is committed to ensuring that its fundraising activities are carried out with the upmost integrity and takes account of the Charity Commission Code of Fundraising Practice. The Watermill Theatre is registered with the Fundraising Regulator and works to its standards of charitable fundraising to ensure honesty and transparency with our donors, and that fundraising activities are legal, respectful, open, honest, and accountable to the public. No complaints were received in 2022/23.

We ensure that all direct fundraising activity is directed to those who have elected to receive information from us or people who would be considered to have a legitimate interest in supporting the theatre. Our strategy is focused on building personal relationships with individuals, businesses, Trusts, and Foundations who are engaged with our work. Relationships are managed by members of the fundraising team and executive with clear records kept of any contact made with donors.

The Board of Trustees has overall responsibility for acting in the charity's best interests, including reviewing fundraising agreements within the context of the ethical fundraising policy, in line with Charity Commission guidance. The day-to-day running of the business is delegated to the Chief Executive and delivered by the Executive Director and Management Team. The responsibility to undertake all fundraising is assigned to the Development Director.

Due diligence in relation to our fundraising relationships is a standing agenda item at each meeting of the Board of Trustees.

FINANCIAL REVIEW

The consolidated statement of financial activities show income from charitable activities for the year was £1.9M (2021-22: £1.1M, pre-pandemic 2018-19: £1.7M). Total income for the year was £3.5M (2021-22: £2.7M, pre-pandemic 2018-19: £3.2M).

Expenditure on charitable activities in the year was £2.8M (2021-22: £2.2M, pre-pandemic 2018-19 £2.5M) and total expenditure for the year was £3.6M (2021-22: £2.8M, pre-pandemic 2018-19 £3.2M)

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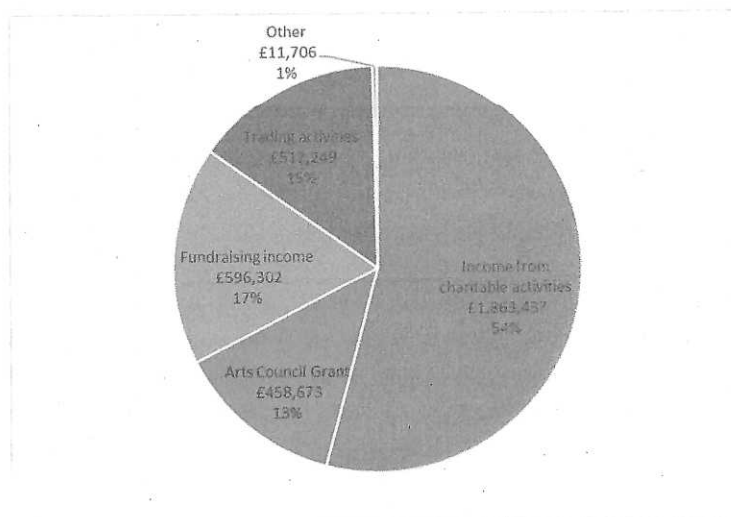
In 2022-23, the charity entered the last year of a four-year funding cycle from Arts Council England as a National Portfolio Organisation. An application was made for funding for 2023-26 at the same level as the last cycle (£458k per annum) but was unsuccessful. Transition funding has been received for 2023-24 of £268k.

Unrestricted Funds

The Trustees report a surplus for the year on unrestricted funds of £18k. This result has enabled us to retain our current level of reserves as we go into a potentially challenging few years with the loss of Arts Council Funding and continued cost of living crisis affecting prices and audience numbers.

Watermill Theatre Productions Limited is a subsidiary of Watermill Theatre Limited (the charity) and is commissioned 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 significant repayable credit each year which has enabled and continues to enable more investment in the direct cost of our productions. This has been especially valuable in supporting our actors, creatives and others working on our shows; the people that were so badly affected by the impact of the Covid pandemic. During 2022/23 the amount of TTR receivable has increased to £410k (2021-22: £158k). This increase is due in part to a full year of activity compared to last year but mostly to the temporary increase in the recovery rate from 20% to 45%. It is very positive news for us and our industry that the enhanced % recovery rate on core costs has now been extended to the end of 2024/25.

The Watermill's charitable activities are made up of income from ticket sales, Outreach and Education activities, programme sales and TTR. In 2022/23 income from charitable activities represented 54% (2021-22: 42%) of unrestricted income, nearly back to pre-pandemic levels of 55%. A breakdown of full unrestricted income is shown below:



Unrestricted expenditure for the year was £3.4M (2021-22: £2.6M). Increase in costs reflects a full operational year after two years affected by the pandemic.

WATERMILL THEATRE LIMITED
(A company limited by guarantee)

TRUSTEES' REPORT CONT'D FOR THE YEAR ENDED 31 MARCH 2023

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 of £83k is from a grant supporting the Community Associate Programme from Greenham Trust.

The cumulative balance of restricted funds at the year-end are £40K (2021-22: £47K).

Capital Expenditure

Expenditure on capital items continued to be small as we recovered from the effects of the pandemic with only essential purchases being made, £62k spent during the year (2021-22: £27k). This included the purchase of a bridge for the theatre (£25k) to improve the safe working method for production rigging.

Reserves Policy and going concern

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

- to manage the uncertainties around individual production sales to ensure The Watermill's future
- 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 £650K for:

- Major capital works – Reserves provide the funds to respond to unplanned, but significant issues relating to the maintenance and development of the Grade 2 listed theatre, its offices, rehearsal rooms, restaurant and accommodation for actors and creative team. This provision is also made as a contribution towards a fuller programme of capital development to make improvements to the accessibility, environmental sustainability, and financial resilience of the organisation. - £650,000

For this financial year, the Trustees have decided to change the layout of the Statement of Financial Activities to better reflect the free reserves of the charity. The accounts have therefore been changed to create a Designated Fixed Asset fund to show the level of reserves which are tied up in the fixed assets of the theatre. This has involved removing restricted funds which had been created to fund fixed asset projects in previous years, namely Save the Watermill Appeal which was set up when the charity purchased the theatre and Arts Council restricted fund which was created from a grant used for the heating and cooling system for the theatre. As both of these restricted funds have been used to purchase the relevant assets it can be demonstrated that the restriction has been met and thus the cost of assets purchased can be transferred from the restricted funds to the designated fixed asset fund.

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TRUSTEES' REPORT CONT'D FOR THE YEAR ENDED 31 MARCH 2023

The aim for the charity is to have unrestricted reserves (excluding the designated fixed asset reserve) of around six months budgeted expenditure. The reserves are currently £1.3M and budgeted expenditure for 23/4 has been set at £3.5M and therefore Trustees seek to build unrestricted reserves over the coming years to protect the work of the Charity.

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 culture 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.

Financial Resilience

Whilst we continue to recover from the pandemic and the cost of living crisis the threat of future disruption has not been completely removed.

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

- regular review of costs and introducing cost cutting plans
- that we explore other possible income streams and increase fundraising options
- that we balance and align our artistic ambition with our ability to generate income resulting in a break-even position. This may mean having to produce lower cost productions or more co-productions in order to remain sustainable
- that we manage our resources carefully and creatively, for example reusing production assets for multiple shows where possible.

Investments

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.

Cash held at the year end was £1.8M (2021-22: £1.8M). Currently all cash deposits are held with five financial institutions, mainly in short term accounts. With interest rates now increasing, a longer term deposit has been placed since the year end.

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 Strategic Management Team

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TRUSTEES' REPORT CONT'D FOR THE YEAR ENDED 31 MARCH 2023

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 Strategic Management Team. There are two further committees:

- Finance and Audit Committee, reviews Annual Budget, Management Accounts, Risk Register and Financial Statements
- Nominations Committee, board recruitment

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. Bursary places and taxis are provided to open up access to participants for whom costs and transport are an issue. A large number of workshops and events are provided free of charge and we work with local partners to offer reduced price and free tickets to

WATERMILL THEATRE LIMITED
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TRUSTEES' REPORT CONT'D FOR THE YEAR ENDED 31 MARCH 2023

specific audiences when possible. Open concessions are available on shows, enabling those who would benefit from a discount to self-identify and purchase a lower price ticket.

Our access performances and inclusive participation programme support deaf and disabled people to enjoy everything the Watermill has to offer. We work with local partners and produce accessible marketing materials to help us reach as many potential audiences and participants as possible.

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 to the Finance and Audit Committee and the Board every six months 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 objectives, 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:

- 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
- Continuing to attract audiences and participants in sufficient numbers to achieve its charitable objectives especially in light of the current cost of living crisis
- retaining staff

We will address these risks by:

- Generating sufficient income to cover costs
- Continuing to nurture relationships with all present and future funding bodies and researching new funding opportunities
- Making our artistic programme attractive to audiences and ensuring that production values are maintained in all our work; encouraging the audience back by being mindful that ticket prices are accessible and affordable

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

- General Data Protection Regulation (in relation to handling the personal data of any donors)
- 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

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TRUSTEES' REPORT CONT'D FOR THE YEAR ENDED 31 MARCH 2023

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.

PLANS FOR THE FUTURE

Looking ahead

In November 2022 we were notified that we had been unsuccessful in securing Arts Council funding for 2023-26. We then applied and were successful in securing transition funding for 23/24. At the time of the announcement we were already committed to most of our 23/24 season, further details of which are laid out below. Longer term, we are reviewing our business model to ensure the future success of the theatre.

Artistic

- The new year began with VISITORS, Barney Norris' tender play about learning to live and love with dementia.
- In May we staged the world premiere of Alexandra Wood's adaptation of THE SUSPICIONS OF MR WHICHER based on the book by Kate Summerscale. Directed by Kate Budgen, this Victorian whodunnit will be sponsored by Saica Pack
- In June we took to the road for our rural tour. This year we're working with Two Gents Productions on a new version of MANSFIELD PARK, which will uncover themes of racism and historic slavery to give a fresh perspective on this classic story. The production ran in The Watermill Gardens for two weeks following its tour across Berkshire, Hampshire, Wiltshire and Oxfordshire
- In the summer, we will present our most ambitious project to date: THE LORD OF THE RINGS THE MUSICAL. Immersing audiences in a hobbit's eye view of the story, the production will take place in the gardens and in the theatre
- MACBETH follows in the autumn. This pacey adaptation will revisit our extraordinary production from 2019, and will go on to tour to local schools
- At Christmas, we follow the yellow brick road for THE WIZARD OF OZ. The classic story will be a perfect treat for families with children aged 4+ and we are delighted to have Horsey Lightly return as sponsors
- Our plans for 2024 are soon to be announced as we finalise our planning for the end of the financial year.
- Continue to explore the potential for commercial and subsidised partnerships to invest in new writing and create work for our stage.

Leadership and Governance

- Develop the business strategy to address the loss of statutory funding and ensure long term resilience and sustainability of the company
- Appoint up to 4 new trustees to replace those who come to the end of their tenure in 2023. We will also be recruiting for a new Chair

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TRUSTEES' REPORT CONT'D FOR THE YEAR ENDED 31 MARCH 2023

- Organisational development work – including theory of change and branding – embedding a clear understanding of the organisation's mission and purpose
- Full staff review within business planning process

Audience Engagement and Development

- Develop and build on partnerships to with a specific focus on family audiences and Deaf and hard of hearing audiences
- Implement processes that support a better understanding of the needs of our audiences and participants.
- Continue to develop the strategy to reengage those who have lapsed since the pandemic and engage those who are new to the Watermill

Environmental sustainability & site development

- Improvements to the on-site accommodation for the benefit of actors and creatives, for whom The Watermill becomes home when they are making work here, and in line with Equity's Dignity in Digs recommendations
- Continued improvements to support the safety and integrity of the land around the banks of the river, working in conjunction with the Environment Agency
- Improvements to the restaurant and bar as we seek to attract more conferences, weddings, and other events
- A review of the maintenance schedule to ensure a structured approach to the ongoing management of the site and buildings.
- Trustees to review the 10-year plan – a capital development scheme which was originally conceived pre-pandemic

Fundraising

- Following our work with Achates Philanthropy on our Theory of Change we will work with Trustees and the wider staff team to develop our programmes and initiatives and grow fundraised income to support this work
- Review of individual giving, including Benefactors and Friends of The Watermill Theatre, to maximise the potential of growth in this area
- Explore new funding relationships and opportunities to support our work on inclusivity, diversity, environmental sustainability, community engagement and talent development

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STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE YEAR ENDED 31 MARCH 2023

The Trustees (who are also directors of the Watermill Theatre Limited 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 charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP
- make judgments and accounting estimates that are reasonable and prudent
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable group will continue in operation

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company and the group's transactions and disclose with reasonable accuracy at any time the financial position of the charitable group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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, Wenn Townsend, has indicated its willingness to continue in office. The Designated Trustees will propose a motion reappointing the auditor at a meeting of the Trustees. This report was approved by the Trustees, on and signed on their behalf by:

This report has been prepared having taken advantage of the small companies' exemption in the Companies Act 2006

A handwritten signature in black ink, appearing to read 'A McKenzie', is written over a horizontal dotted line.

A McKenzie - Chairman

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

OPINION

We have audited the financial statements of Watermill Theatre Ltd (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31st March 2023 which comprise Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheet, the Consolidated Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31st March 2023, 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 responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the 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 and 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
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE WATERMILL THEATRE LTD CONT'D

OTHER INFORMATION

The other information comprises the information included in the trustees 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.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the trustees' report (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report has been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Act 2011 requires us to report to you if, in our opinion:

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

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE WATERMILL THEATRE LTD CONT'D

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Trustees' responsibilities statement set out on page 20, the trustees (who are also the directors of the parent charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITOR RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

We have been appointed auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts.

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

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

- Enquiry of management, those charged with governance around actual and potential litigation and claims;
- Enquiry of entity staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations;
- Reviewing minutes of meetings of those charged with governance;
- 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.

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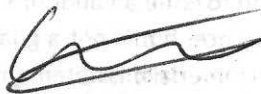
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE WATERMILL THEATRE LTD CONT'D

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the FRC's website at: <https://www.frc.org.uk/auditors/audit-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor%E2%80%99s-responsibilities-for>. This description forms part of our auditor's report.

USE OF OUR REPORT

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



Lee Baker FCA (Senior Statutory Auditor)
For and on behalf of Wenn Townsend
Chartered Accountants and Statutory Auditor
30 St Giles
Oxford OX1 3LE
5th August 2023

WATERMILL THEATRE LIMITED
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CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2023

	Notes	Restricted Funds 2023	Designated Fixed Asset Fund 2023	Other Designated Funds 2023	Unrestricted Funds 2023	Total Funds 2023	Total Funds 2022
		£	£	£	£	£	£
Income from:							
Donations and Legacies (Voluntary Income)	3	82,851	-	-	1,054,975	1,137,826	1,259,668
Charitable Activities	8	-	-	-	1,863,437	1,863,437	1,098,424
Other Trading Activities (activities for generating funds)	6	-	-	-	512,249	512,249	363,241
Investments (investment Income)	7	-	-	-	11,706	11,706	1,596
Total Income		82,851	-	-	3,442,367	3,525,218	2,722,929
Expenditure on:							
Raising Voluntary Income	9	-	-	-	338,168	338,168	257,858
Fundraising Trading (Restaurant, bar and other trading)	6	-	-	-	419,836	419,836	322,639
Charitable Activities	10	89,914	151,329	-	2,604,769	2,846,012	2,226,567
Total expenditure		89,914	151,329	-	3,362,773	3,604,016	2,807,064
Net income / expenditure		(7,063)	(151,329)	-	79,594	(78,798)	(84,135)
Transfer between funds – Fixed asset additions		-	61,569	-	(61,569)	-	-
Net movement in funds		(7,063)	(89,760)	-	18,025	(78,798)	(84,135)

WATERMILL THEATRE LIMITED
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CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2023

	Notes	Restricted Funds 2023	Designated Fixed Asset Fund 2023	Other Designated Funds 2023	Unrestricted Funds 2023	Total Funds 2023	Total Funds 2022
Net movement in funds (from overleaf)		£ (7,063)	£ (89,760)	£ -	£ 18,025	£ (78,798)	£ (84,135)
Total funds brought forward		46,802	3,199,913	650,000	633,281	4,529,996	4,614,131
Total funds carried forward		39,739	3,110,153	650,000	651,306	4,451,198	4,529,996
Represented by:							
Tangible fixed assets		-	3,110,153	-	-	3,110,153	3,199,193
Current assets		39,739	-	650,000	1,669,621	2,359,360	2,116,753
Creditors due within one year		-	-	-	(1,018,315)	(1,018,315)	(786,670)
		39,739	3,110,153	650,000	651,306	4,451,198	4,529,996


The notes on pages 30 and 46 form part of these financial statements.

WATERMILL THEATRE LIMITED
(A company limited by guarantee)
REGISTERED NUMBER: 978279
CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible assets	17	3,110,153	3,199,913
		<u>3,110,153</u>	<u>3,199,913</u>
Current assets			
Stocks	19	8,813	9,146
Debtors	20	600,332	259,965
Cash at bank and in hand		<u>1,750,215</u>	<u>1,847,641</u>
		2,359,360	2,116,752
Creditors: amounts falling due within one year	21	(1,018,315)	(786,670)
Net current assets		<u>1,341,045</u>	<u>1,330,082</u>
Total net assets		<u><u>4,451,198</u></u>	<u><u>4,529,996</u></u>
Charity funds			
Unrestricted funds (excluding designated)		651,306	633,281
Designated fixed asset reserve		3,110,153	3,199,913
Other designated reserves		650,000	650,000
Restricted funds		39,739	46,802
Total funds	22	<u><u>4,451,198</u></u>	<u><u>4,529,996</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:

5th August 2023

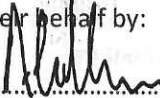
The notes on pages 30 and 46 form part of these financial statements.

WATERMILL THEATRE LIMITED
(A company limited by guarantee)
REGISTERED NUMBER: 978279
CHARITY BALANCE SHEET AS AT 31 MARCH 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible assets	17	3,110,153	3,199,913
Investments	18	1	1
		<u>3,110,154</u>	<u>3,199,914</u>
Current assets			
Stocks	19	8,813	9,146
Debtors	20	600,331	259,965
Cash at bank and in hand		1,750,215	1,847,641
		<u>2,359,359</u>	<u>2,116,752</u>
Creditors: amounts falling due within one year	21	(1,018,315)	(786,670)
Net current assets		1,341,044	1,330,082
Total net assets		<u>4,451,198</u>	<u>4,529,996</u>
Charity funds			
Unrestricted funds (excluding designated)		651,306	633,281
Designated fixed asset reserve		3,110,153	3,199,913
Other designated reserves		650,000	650,000
Restricted funds		<u>39,739</u>	<u>46,802</u>
Total funds	22	<u>4,451,198</u>	<u>4,529,996</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:

5/8/23

The notes on pages 30 and 46 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 2023

	Note	2023 £	2022 £
Cash flows from operating activities			
Net cash provided by/ (used in) operating activities	25	(47,563)	212,961
		<hr/>	<hr/>
Cash flows from investing activities			
Dividends, interest and rents from investments		11,706	1,596
Purchase of tangible fixed assets		(61,569)	(26,774)
		<hr/>	<hr/>
Net cash used in investing activities		(49,863)	(25,178)
		<hr/>	<hr/>
Change in cash and cash equivalents in the year		(97,426)	187,783
Cash and cash equivalents at the beginning of the year		1,847,641	1,659,858
		<hr/>	<hr/>
Cash and cash equivalents at the end of the year	26	1,750,215	1,847,641
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 30 and 46 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 2023

1. Accounting policies

a. Basis of preparation of financial statements

The charity is incorporated in England and Wales and 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 to 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.

b. 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.

c. Going concern

The Trustees have considered the impact of global pandemic and the cost living crisis on the ability of the charity to continue trading for the foreseeable future. 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.

d. Income

All income is recognised once the charity has entitlement to the income, it is probably that the income will be received and the amount of the 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.

WATERMILL THEATRE LIMITED
(A company limited by guarantee)

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

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

e. Expenditure

All resources expended are recognised once there is a legal or constructive obligation to make a payment to a third part. 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.

f. 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.

WATERMILL THEATRE LIMITED
(A company limited by guarantee)

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

g. 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.

h. 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 depreciation bases:

Freehold land	no depreciation
Freehold property	2% on cost
Freehold property improvements	2% - 10% on cost
Theatre equipment	20%/25% on cost and 25% reducing balance
Motor vehicles	25% reducing balance
Heating and cooling installation	6.6% on cost
Restaurant equipment	25% reducing balance

i. Investments

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

j. 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.

k. 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.

l. 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.

WATERMILL THEATRE LIMITED
(A company limited by guarantee)

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

m. 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.

n. Cash at bank and in hand

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

o. 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.

p. 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.

q. Government grants

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

r. 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 judgement

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.

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
(A company limited by guarantee)

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

3. Income from donations and legacies

	Restricted Funds 2023 £	Unrestricted funds 2023 £	Total funds 2023 £	Total funds 2022 £
Grants	-	458,673	458,673	757,554
Trusts and donations	82,851	373,038	455,889	401,344
Friends of The Watermill	-	95,764	95,764	86,520
Sponsorship	-	21,500	21,500	13,750
Legacies	-	106,000	106,000	500
Total donations and legacies	82,851	1,054,975	1,137,826	1,259,668
Total 2022	98,351	1,161,317	1,259,668	

Included within Friends of the Watermill is £8,642 received from Corporate Friends of the Watermill (2022: £5,858)

4. Grants

	2023 £	2022 £
Arts Council England – General grant	458,673	458,673
Arts Council England- Culture recovery grant	-	197,646
Local Authority grant	-	33,000
Job retention scheme grant	-	68,235
Total	458,673	757,554

5. Sponsorship

	2023 £	2022 £
Sheepdrove Organic Farm	6,000	6,000
Horsey Lightly	5,500	5,000
Saica Pack	5,500	2,750
Savills UK	4,500	-
Total	21,500	13,750

WATERMILL THEATRE LIMITED
(A company limited by guarantee)

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

6. Restaurant, bar and other income and expenditure

	2023 £	2022 £
Income	512,249	361,216
Cost of sales	(404,836)	(314,379)
Gross surplus	107,413	46,837
Administration expense	(15,000)	(8,260)
Net surplus	92,413	38,577

7. Investment income

	Unrestricted funds 2023 £	Total funds 2023 £	Total funds 2022 £
Interest	11,706	11,706	1,596
Total 2022	1,596	1,596	

8. Income from charitable activities

	Unrestricted funds 2023 £	Total funds 2023 £	Total funds 2022 £
Theatre box office	1,299,302	1,299,302	833,344
Touring productions	27,618	27,618	19,266
Youth theatre, education, and outreach	97,827	97,827	68,466
Other theatre projects	7,036	7,036	2,902
Programme receipts	21,947	21,947	16,223
Tax credit on theatre production costs	409,707	409,707	158,221
Total 2023	1,863,437	1,863,437	1,098,422
Total 2022	1,098,422	1,098,422	

WATERMILL THEATRE LIMITED
(A company limited by guarantee)

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

9. Expenditure on voluntary income

	Unrestricted funds 2023 £	Total funds 2023 £	Total funds 2022 £
Staff costs	129,847	129,847	146,324
Premises costs	13,076	13,076	11,088
Office costs	15,598	15,598	6,568
Fundraising and appeal costs	70,355	70,355	38,341
Publicity costs	109,292	109,292	55,537
Total 2023	338,168	338,168	257,858
Total 2022	257,858	257,858	

10. Analysis of expenditure by activities

	Activities undertaken directly 2023 £	Support costs 2023 £	Total funds 2023 £	Total funds 2022 £
Production costs	1,764,550		1,764,550	1,265,685
Management and administration	352,077		352,077	304,620
Support costs		714,920	714,920	640,165
Governance costs		14,465	14,465	16,097
Total 2023	2,116,627	729,385	2,846,012	2,226,567
Total 2022	1,570,305	656,262	2,226,567	

WATERMILL THEATRE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

11. Production costs

	Restricted funds 2023 £	Unrestricted funds 2023 £	Total funds 2023 £	Total funds 2022 £
Theatre productions	-	1,370,191	1,370,191	984,474
Touring productions	-	13,272	13,272	13,192
Youth theatre, education and outreach	89,914	144,291	234,205	205,431
Irrecoverable VAT	-	122,525	122,525	54,232
Other theatre projects	-	3,312	3,312	-
Programmes	-	21,045	21,045	8,356
Total 2023	<u>89,914</u>	<u>1,674,636</u>	<u>1,764,550</u>	<u>1,265,685</u>
Total 2022	<u>88,488</u>	<u>1,177,197</u>	<u>1,265,685</u>	

12. Management and administration

	Unrestricted funds 2023 £	Total funds 2023 £	Total funds 2022 £
Staff costs	234,109	234,109	231,129
Premises and repair costs	22,557	22,557	19,451
Office costs	15,598	15,598	6,568
Insurance	3,594	3,594	2,724
Other management and administration costs	53,519	53,519	36,365
Depreciation and loss on disposal	22,700	22,700	8,383
Total 2023	<u>352,077</u>	<u>352,077</u>	<u>304,620</u>
Total 2022	<u>304,620</u>	<u>304,620</u>	

WATERMILL THEATRE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

13. Support costs

	Restricted funds 2023 £	Unrestricted funds 2023 £	Total funds 2023 £	Total funds 2022 £
Staff costs	-	300,012	300,012	262,725
Premises and repair costs	-	191,737	191,737	165,334
Office costs	-	16,070	16,070	6,767
Insurance	-	29,162	29,162	21,708
IT related costs	-	29,543	29,543	28,080
Other support costs	-	19,765	19,765	12,576
Depreciation and loss on disposal	-	128,631	128,631	142,975
Total 2023	-	714,920	714,920	640,165
Total 2022	95,474	544,691	640,165	

14. Governance costs

	Unrestricted Funds 2023 £	Total funds 2023 £	Total Funds 2022 £
Professional fees	13,081	13,081	14,655
Trustees' insurance	1,384	1,384	1,442
Total 2023	14,465	14,465	16,097

WATERMILL THEATRE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

15. Net income/(expenditure)

This is stated after charging:	2023 £	2022 £
Depreciation of tangible fixed assets: -owned by the charitable group	151,329	152,647
Auditor's remuneration - audit	10,500	7,550
Auditor's remuneration – other services	-	5,155
Operating lease rentals	2,975	4,785
Pension costs	32,988	30,299

During the year, one Trustee received remuneration of £1,500 for adaptation of a play (2022: £Nil).
This fee is completely unrelated to their work as a Trustee.

During the year, no Trustees received any benefits in kind (2022: £Nil).

During the year, no Trustees received any reimbursement of expenses (2022: £Nil).

16. Staff costs

	Group 2023 £	Group 2022 £	Charity 2023 £	Charity 2022 £
Wages and salaries	1,385,807	1,505,129	1,385,807	1,050,129
Social security costs	45,914	78,310	45,914	78,310
Other pension costs	32,988	30,299	32,988	30,299
	<u>1,464,709</u>	<u>1,158,738</u>	<u>1,464,709</u>	<u>1,158,738</u>

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

	Charity 2023 No.	Charity 2022 No.
Average employee number	<u>51</u>	<u>49</u>

The average full time equivalents employed by the Charity during the year was 37 (2022: 35)

The number of employees whose emoluments as defined for taxation purposes excluding pension contribution amounted to £60,000 or more on an annualised basis was as follows:

	Charity 2023 No.	Charity 2022 No.
£60,000 - £70,000	<u>1</u>	<u>Nil</u>

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 £368,618 (2022: £315,098).

WATERMILL THEATRE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

17. 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 2022	4,044,681	68,596	242,098	20,995	583,443	148,184	5,107,997
Additions			48,417			13,152	61,569
Disposals						-	-
At 31 March 2023	4,044,681	68,596	290,515	20,995	583,443	161,336	5,169,566
Depreciation							
At 1 April 2022	1,193,928	63,884	214,307	9,299	282,916	143,750	1,908,084
Charge for the year	83,643	784	19,607	2,924	39,765	4,605	151,329
On disposals						-	-
At 31 March 2023	1,277,571	64,668	233,914	12,223	322,681	148,355	2,059,413
Net book value							
At 31 March 2023	<u>2,767,110</u>	<u>3,928</u>	<u>56,601</u>	<u>8,772</u>	<u>260,762</u>	<u>12,981</u>	<u>3,110,153</u>
At 31 March 2022	<u>2,850,753</u>	<u>4,712</u>	<u>27,791</u>	<u>11,696</u>	<u>300,527</u>	<u>4,434</u>	<u>3,199,913</u>

Included in land and buildings is freehold land at cost of £28,000 (2022: £28,000) which is not depreciated.

WATERMILL THEATRE LIMITED
(A company limited by guarantee)

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

18. Fixed asset investments

Investments
In
Subsidiary
Companies
£

Charity

Cost or valuation

At 1 April 2022	<u>1</u>
At 31 March 2023	<u><u>1</u></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:

	Income £	Expenditure £	Net assets £
Watermill Theatre Productions Limited	1,122,408	1,122,408	1

19. Stocks

	Group 2023 £	Group 2022 £	Charity 2023 £	Charity 2022 £
Restaurant and bar	8,464	8,572	8,464	8,572
Merchandise	349	574	349	574
	<u><u>8,813</u></u>	<u><u>9,146</u></u>	<u><u>8,813</u></u>	<u><u>9,146</u></u>

WATERMILL THEATRE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

20. Debtors

	Group 2023 £	Group 2022 £	Charity 2023 £	Charity 2022 £
Trade debtors	22,602	21,239	22,602	21,239
Amounts owed by group undertakings	-	-	409,705	158,220
Other debtors	420,368	163,307	10,662	5,086
Prepayments and accrued income	157,363	75,420	157,363	75,420
	<u>600,333</u>	<u>259,966</u>	<u>600,332</u>	<u>259,965</u>

21. Creditors: Amounts falling due within one year

	Group 2023 £	Group 2022 £	Charity 2023 £	Charity 2022 £
Trade creditors	124,446	62,749	124,446	62,749
Other taxation and social security	31,570	43,087	31,570	43,087
Other creditors	10,988	35,995	10,988	35,995
Accruals and deferred income	851,311	644,839	851,311	644,839
	<u>1,018,315</u>	<u>786,670</u>	<u>1,018,315</u>	<u>786,670</u>

	Group 2023 £	Group 2022 £
Deferred income at 1 April 2022	492,167	352,011
Resources deferred during the year	(442,167)	354,162
Amounts released from previous periods	726,509	(214,006)
	<u>776,509</u>	<u>492,167</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.

WATERMILL THEATRE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

22. Statement of funds

	Balance at 1 April 2022 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 March 2023 £
Unrestricted funds					
Designated fixed asset fund	3,199,913	-	(151,329)	61,569	3,110,153
Other Designated funds					
Major capital works	650,000				650,000
General funds	633,281	3,442,367	(3,362,773)	(61,569)	651,306
Total Unrestricted funds	<u>4,483,194</u>	<u>3,442,367</u>	<u>(3,514,102)</u>	<u>-</u>	<u>4,411,459</u>
Restricted funds					
Greenham Community Associate Fund	37,741	82,851	(82,954)		37,638
Andrew Lloyd Webber Foundation	9,061	-	(6,960)		2,101
	<u>46,802</u>	<u>82,851</u>	<u>(89,914)</u>	<u>-</u>	<u>39,739</u>
Total of funds	<u>4,529,996</u>	<u>3,525,218</u>	<u>(3,604,016)</u>	<u>-</u>	<u>4,451,198</u>

WATERMILL THEATRE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

22. Statement of funds (continued)

Statement of funds – prior year restated

	Balance at 1 April 2021 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 March 2022 £
Unrestricted funds					
Designated fixed asset fund	3,326,999	-	(153,860)	26,774	3,199,913
Other Designated funds					
Major capital works	650,000	-	-	-	650,000
General funds	633,281	2,624,577	(2,564,716)	(26,774)	633,281
Total Unrestricted funds	<u>4,483,194</u>	<u>2,624,577</u>	<u>(2,718,576)</u>	<u>-</u>	<u>4,483,194</u>
Restricted funds					
Greenham Community Associate Fund	35,110	82,851	(80,220)	-	37,741
Andrew Lloyd Webber Foundation	1,828	15,500	(8,267)	-	9,061
	<u>46,802</u>	<u>98,351</u>	<u>(88,487)</u>	<u>-</u>	<u>46,802</u>
Total of funds	<u>4,614,131</u>	<u>2,722,928</u>	<u>(2,807,063)</u>	<u>-</u>	<u>4,529,996</u>

23. Fund details

Designated funds

Designated Fixed Asset Fund - the accounts have been restated in 22/23 with the creation of a Designated Fixed Asset fund to represent the value of funds tied up in the fixed assets of the charity.

Other Designated funds – the trustees have set aside funds for future capital expenditure

Restricted funds

Greenham Community Associate – this comprises the grant from Greenham Trust

Andrew Lloyd Webber Foundation – this fund covered the production and Stage Management trainee post and finished in summer 2022.

WATERMILL THEATRE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

24. Summary of funds

	Balance at 1 April 2022 £	Income £	Expenditure £	Transfers In/out £	Balance at 31 March 2023 £
General funds	633,281	3,442,367	(3,362,773)	(61,569)	651,306
Designated fixed asset fund	3,199,913	-	(151,329)	61,569	3,110,153
Other designated funds	650,000	-	-	-	650,000
Restricted funds	46,802	82,851	(89,914)	-	39,739
	1,330,083	3,525,218	(3,452,687)	(61,569)	1,341,045

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

	Group 2023 £	Group 2022 £
Net income/expenditure for the year (as per Statement of Financial Activities)	(78,798)	(84,135)
Adjustments for:		
Depreciation charges	151,329	152,647
Dividends, Interests and rents from investments	(11,706)	(1,596)
Loss on the sale of fixed assets	-	1,213
Decrease/(increase) in stocks	334	(3,591)
Decrease/(increase) in debtors	(340,367)	(137,051)
Increase/(decrease) in creditors	231,645	285,474
	31,235	297,096
Net cash provided by/ (used in) operating activities	(47,563)	212,961

WATERMILL THEATRE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

26. Analysis of cash and cash equivalents

	Group 2023 £	Group 2022 £
Cash in hand	1,750,215	1,847,641
Total cash and cash equivalents	<u><u>1,750,215</u></u>	<u><u>1,847,641</u></u>

Analysis of changes in net debt

	At 1 April 2022 £	Cash flows £	At 31 March 2023 £
Cash at bank and in hand	1,847,641	(97,426)	1,750,215
Total changes in net debt	<u><u>1,847,641</u></u>	<u><u>(97,426)</u></u>	<u><u>1,750,215</u></u>

27. Operating lease commitments

At 31 March 2023 the Group and the Charity had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	Group 2023 £	Group 2022 £	Charity 2023 £	Charity 2022 £
Not later than 1 year	-	567	-	567
Later than 1 year and not later than 5 years	<u><u>48,123</u></u>	<u><u>6,624</u></u>	<u><u>48,123</u></u>	<u><u>6,624</u></u>
	<u><u>48,123</u></u>	<u><u>7,191</u></u>	<u><u>48,123</u></u>	<u><u>7,191</u></u>