

Company registration number: 01608779

Charity registration number: 284188

Watershed Arts Trust Limited

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 March 2025



Watershed Arts Trust Limited
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Watershed Arts Trust Limited Trustees' Report

Watershed is a values-led cultural organisation centred around cinema and creative technology. We bring artists and audiences together to fire up the imagination and build hope about the future.

Strategic Report

The story of Watershed is one of both idealism and pragmatism: Watershed opened its doors in 1982 and declared itself to be 'Britain's First Media Centre' seeking to capture and contextualise the shift in media at the point when satellite TV and Channel 4 were starting up. Since those early days in 1982 the organisation has changed and evolved but the original sense of being at the cutting edge has remained central to our DNA.

Watershed Values

Our values are co-authored with staff, partners and audiences and applied in everything we do:

- **Inclusive** We listen to and learn from our community, creating equity and addressing harm where it occurs
- **Transparent** We share our approach openly and clearly, working at a pace which enables everyone to participate who wishes to
- **Responsible** We use our sustainable with our resources and consider our impact on future generations
- **Kind** We are careful and caring with ourselves and with others
- **Hopeful** We celebrate culture, creativity and wonder as paths to a better future

The pillars of our work

Our Creative Programme

- Europe's leading independent Cinema
- Cinema Rediscovered - annual festival bringing back classic films to the big screen.
- Work in progress showcases, talks and events around media, tech and creative innovation
- Large scale R&D projects in Bristol, across the UK and around the world
- Undershed - one of the world's only immersive galleries
- Talent development across film and creative technology

Civic and Social Infrastructure

- Welcoming and accessible venue
- Gifted workspace to over 250 creatives in The Pervasive Media Studio.
- Distributor of lottery and research funding to creative ecology
- Stewardship of heritage building and prime city centre harbourside space
- Inclusive facilities open to everyone - from provision of public toilets to rest space
- Development and knowledge sharing for culture sector on inclusive organisational culture

This work is underpinned through highly successful income generating activities which include renting space to tenants, the delivery of a high-quality events and conferencing service and a café bar with a locally sourced menu which caters to multiple tastes and needs.

Achievements and performance

- 4.8 million people visited us on the web.
- 318,261 people visited our building.
- 152,509 people bought tickets for our venue screenings and events.
- We screened 323 film titles, over 3,618 screenings.
- 24,100 people engaged with our online programme.
- 46,413 young people engaged with our programme.
- 4,457 people engaged with projects beyond the venue.
- 238 artists and creatives are resident in the Pervasive Media Studio.
- 129 Employees at Watershed
- Pervasive Media Studio residents reported secured research funding in excess of £500K

Programme highlights

Cinema

Watershed delivered exceptional cinema programming, finishing the year 7% ahead of budget and achieving significant year-on-year growth. The venue presented high-profile Q&As with talent including Josh O'Connor, Viggo Mortensen, Kneecap, and Joshua Oppenheimer, contributing to Watershed's reputation as a leading UK independent cinema.

Notable achievements included being the top-performing UK venue for Love Lies Bleeding, Timestalker, Kneecap, and A Sudden Glimpse to Deeper Things. Perfect Days ran for an unprecedented 52 weeks (February 2024-February 2025) with over 8,700 admissions and £50k+ gross. The Chantal Akerman season attracted 1,500+ attendees across two months.

Cinema Rediscovered achieved record admissions in July 2024, with overall attendance up 21% and pass sales up 40% on the previous year. Family programming included successful runs of Wallace & Gromit and My Neighbour Totoro.

Film Sector Leadership

As BFI Film Hub South West, Watershed distributed Film Exhibition Fund grants totalling £177,500 to 24 independent cinemas and festivals, including Stroud Film Festival and Queer Vision Film Festival. The Beyond Boundaries programme supported 14 participants from underrepresented communities.

CrossFAN's UK-wide Art of Action season coordinated 713 events across 82 venues, reaching 23,900 admissions with £224,433 in National Lottery funding distributed. BFI NETWORK South West supported regional filmmakers through mentoring, workshops, and the Early Development Fund.

BFI Film Academy South West delivered programmes including Inside Screen industry events, partnerships with Cables & Cameras for young people from underrepresented ethnic backgrounds, and mentoring for working-class filmmakers aged 16-25.

Undershed and Immersive Arts

Undershed, Watershed's new immersive gallery, opened in October 2024 with Sing the Body Electric, attracting 1,699 visitors across two months. The ambitious exhibition featured seven artworks from international artists working in VR, haptics, projection, and experimental formats.

Arts Council England awarded Watershed £350,000 to lead a national network of immersive galleries with Broadway Nottingham, FACT Liverpool, and Wales Millennium Centre, establishing Watershed as a sector leader.

Watershed also acted as the lead producer for Immersive Arts – a funding programme across four nations. The first round received 2,517 applications, with 83 projects awarded funding, exceeding population benchmarks for Global Majority, women and minoritised genders, and disabled/neurodivergent artists.

Pervasive Media Studio and Talent development

Pervasive Media Studio continued to support an extraordinary creative technology community throughout 2024-25, with 23 new permanent residents and 36 new temporary residencies. The Studio delivered 76 public events (Lunchtime Talks and First Friday) reaching 4,690 people in person and 4,769 online. Major research collaborations included the MyWorld Fellowship programme supporting creative practitioners embedded with industry partners like Aardman Animations, and the More than AI Sandbox commissioning six creative technology prototypes. The Sony Assistive Musical Instruments Hackathon exemplified the Studio's inclusive approach, bringing together Disabled musicians from Paraorchestra, creative technologists, and Sony engineers for three days of co-design, culminating in a public performance that showcased collaborative innovation.

Talent development and inclusion remained central to the Watershed's mission, with extensive work supporting young people and underrepresented communities. The Studio delivered family workshops throughout the year, hosted 36 students for work experience exploring immersive experiences, and partnered with Bristol Brunel Academy to provide Film in a Day workshops for eight care-experienced young people. Make Shift programming expanded with the launch of Is Jazz, a monthly peer-led drop-in for early-stage creatives, while the annual Make Shift Camp supported eight practitioners from working-class backgrounds.

The Connected Futures Festival engaged over 3,000 people and 62 young people from four Bristol schools in exploring 6G technologies, while new signage improvements and accessibility measures enhanced the physical environment for all residents.

Community Partnerships

New partnerships included Bristol Butch Bar (Love Lies Bleeding opening night party), FAM Films (Black Bristol on Film), and Afrika Eye (Dahomey panel discussion). The venue presented Bristol Palestine Film Festival, Slapstick Festival's 20th edition, and Diaspora Festival.

Earth Day celebrations in April 2024 attracted 130+ attendees for film screenings and 60+ for networking, featuring climate action organisations including Avon Rivers Trust and Soil Association.

**Watershed Arts Trust Limited
Trustees' Report (continued)**

Our ethical AI policy states we will be transparent about our use of AI. The programme highlights were authored using Claude.Ai to summarise existing Watershed documents.

Report on 2024 - 2025 Organisational Priorities

Business planning

We began working with Moira Sinclair to develop a new business plan and case for support for Watershed – responding to the challenge of the times.

Watershed Wild and Generous

Watershed secured Heritage Lottery Funding to undertake feasibility for Watershed Wild and Generous, including a condition report on the building to fully scope the scale of the refurbishment and retrofit that is needed to ensure it is fit for the next 100 years. We recruited two directors of Regenerative Futures to oversee this work and begin planning and fundraising for the bigger project.

Deliver new cinema and audience development strategy

We delivered a new Cinema strategy designed to increase audiences and profitability.

Undershed

We launched Undershed - a new Immersive Gallery in Autumn 2024 and began producing a new national network of immersive venues.

Finance Systems

After a competitive and thorough process, we selected and contracted X-Ledger as Watershed's new finance system to improve efficiency and business reporting.

Looking ahead: 25-26 Organisational priorities

- Programme - Develop comprehensive cross organisational programme for theme of Home (25-26) and Sound (26-27) to encourage cross pollination and supports fundraising.
- Launch Club Shed membership scheme to grow mailing list and frequency of visits
- Link Undershed much more clearly to Watershed creative technology programme
- Wild and Generous - deliver plan and fundraising approach. to leverage our heritage, meet our values and respond to the changing opportunities of our business.
- Development - Launch Corporate Membership scheme
- Finance - Implement new finance software

Risk Management

Effective risk management is crucial to Watershed thriving in the changeable environment in which it operates. Watershed's risk management strategy ensures that the organisation can:

- Maintain a resilient, flexible, and viable operation.
- Make calculated investments in new and speculative areas without undermining the coherence and sustainability of the organisation.

Watershed's risk register identifies the key areas of risk the business faces, assesses the indicators, likelihood and impact of those risks and identifies the actions required in order to mitigate them should they arise.

The risk register is created and regularly reviewed by the Board and the Executive team. Watershed's risk management strategy involves maintaining:

- Procedures to ensure early detection of identified and emergent risks.
- Regular monitoring of key performance indicators across the organisation
- Procedures to effectively mitigate identified risks.
- Procedures to minimise the impact on the organisation should identified risks materialise.

Principal risks and uncertainties

Watershed's assessment of risk has been reviewed in light of the continuing challenging circumstance and the key risks facing the company have been identified as:

Business Model

- Trend analysis and historic data cannot be relied upon as patterns are changing.
- Increases in salary costs, services and purchasing and utilities.

Watershed Arts Trust Limited Trustees' Report (continued)

- Public funding not increasing year on year to match inflation.
- Fundraising – Trusts and Foundations are oversubscribed and closing their applications.

Building and Systems

- Systems infrastructure with unreliable and unsupported legacy systems impacting operational efficiency.
- Financial reporting and planning failing to meet organisational need, due to poor financial systems and controls.
- Fall behind with critical building work or fixed asset replacement causing Facilities/equipment to be no longer fit for purpose or meet customer expectations.

For each of these risks, Watershed has in place indicators and mitigating actions to monitor, avoid, mitigate or transfer the impact of its principal risks and uncertainties. The Trustees consider that adequate controls are in place to mitigate the key risks identified in its risk register.

Development (Fundraising)

Watershed is committed to the highest fundraising standards and believes that it is important that all our fundraising activities are clear, open, honest, respectful, and compliant.

Watershed is registered with the Fundraising Regulator. We commit to its Fundraising Promise and follow its Code of Fundraising Practice. Watershed raise funds via multiple fundraising activities, including postal and digital appeals, events and fundraising that has been organised by others on our behalf. We ensure compliance with these standards by:

- Our Head of Development ensures that all those engaging in fundraising for Watershed are aware of the Code of Fundraising Practice and any updates.
- Fundraising is conducted in line with our Fundraising Policy and supporters can raise an issue or complain about our fundraising activities as outlined in our Fundraising Feedback, Compliments and Complaints Policy.
- Fundraising complaints are monitored, recorded, and reported annually to the Fundraising Regulator by the Head of Development. There were no complaints or concerns received during the year.
- We value all our donors, no matter what they donate, will treat them fairly and with respect as well as being accountable for the resources given to us.
- We will not fundraise in a way which is an unreasonable intrusion on a person's privacy, is unreasonably persistent or places undue pressure on a person to donate.
- We will consider the needs of any possible donor who may be in vulnerable circumstances or need extra care and support to make an informed decision and will not take a donation if we believe this is appropriate.

Financial review

Overview

The consolidated results set out on page 13 show a deficit of £191,647, for the year (2024: deficit of £798,224). The deficit on unrestricted funds for the year totalled £44,459 (2024: deficit of £630,149).

Before transfers between funds, Watershed showed an unrestricted deficit of £191,647 reflecting the challenging operating and trading conditions over the year. Unrestricted income (excluding income from restricted programme funds) was £4.90 million during the year and unrestricted expenditure (excluding programme costs) was £5.10 million.

Subsidiary Company Results

The charity's wholly owned subsidiary, **Watershed Trading Limited**, continued to operate Watershed's café/bar and conference facilities.

In a normal year, these activities provide a valuable income stream to support the charitable activities of the Arts Trust and form a key part of the Watershed offer, providing a welcoming, open and inclusive meeting place for all to enjoy.

Watershed Trading Limited generated a profit before tax and donations of £250,703 (2024: profit of £341,813). Donations of £393,029 were made through gift aid to the Charity, based upon the previous year's trading (2024: £158,403).

The two main sources of income generation for the Trading Company are:

- Café/bar food and liquor sales generated £1,838,512 (2024: £1,451,457)
- Conference sales generated £336,137 (2024: £572,258)

Watershed Arts Trust Limited Trustees' Report (continued)

The charity's wholly owned subsidiary, Watershed Ventures CIC, did not carry out any activity in the current or previous year. In the year, Watershed Ventures CIC made no donations (2024 £nil) through gift aid to the Charity and generated a profit before tax of £1,132 (2024: loss of £237) and total revenue of £nil (2024: £nil).

No activity was undertaken by Watershed Ventures CIC in 2024/25. On 12 August 2025, Watershed Ventures CIC ceased to trade and the company was dissolved.

Financial monitoring and control

Watershed's financial systems enable early detection of potential problems allowing actions to be taken to mitigate any likely impact in a timely manner, including:

- A careful and prudent budgeting process to ensure that financial targets (income and costs) are realistic and achievable.
- Production of management accounts to assess overall Group performance against budget.
- Weekly and monthly sales reports ensure that progress against sales targets is kept in close check. Food and liquor sales margins are tracked weekly and are verified by a monthly stock take.
- Financial performance is reviewed regularly by Watershed's Executive team and quarterly by Watershed's Finance Sub-Group and Board.
- The application of restricted funds is carefully monitored through individual profit and loss accounts relating to each fund. This ensures the correct application of restricted programme funds and maintains activities within the budget parameters set.
- Cash flow is tracked through a rolling annual forecast which is reviewed and updated on a weekly basis.

Watershed's income portfolio includes:

Programme Funds

Programme funds received through partnership agreements, restricted project grants and contracts for services account 34% of Watershed's income in 24/25 (up from 30% in 2023/24). Building relationships with key funders and partners is vital to growth, allowing Watershed to increase activity and invest in developing new, exciting initiatives. In 2024/25 programme funds totalled £2.37 million (2023/24: £1.99 million). Principal funding partners in the year included the University of the West of England (UWE), University of Bristol (UoB), Arts Council England (ACE), British Film Institute (BFI) and West of England Combined Authority (WECA).

Unrestricted Grants

Watershed receives regular funding from Arts Council England (as a National Portfolio Organisation) and Bristol City Council. Although these funds account for a relatively small portion of Group turnover (10%) they form a vital part of Watershed's income portfolio enabling the organisation to plan for the future and deliver an exceptional cultural offer.

General Fundraising

In the 2024/25 financial year Watershed secured £151,825 (2024: £122,950) from fundraising through individual giving and private sponsorship.

Commercial sales - Café/bar and Conference

Sales generated by Watershed's trading subsidiary through its café/bar and conference operations account for 30% of Group turnover in 2023/24, compared to 31% in 2023/24.

Cinema sales

Cinema ticket sales accounted for 15% of Group turnover in 2024/25, compared to 16% of Group turnover in 2024/25.

Property Income

Rental income received from Watershed's head lease tenancies continue to be applied to the charitable objectives of the Arts Trust. The property income in the year was 3% of the group turnover for 2024/25 (3% 2024/25).

Reserves policy

Watershed's Reserves Policy is reviewed annually by trustees.

Overview

Watershed's reserves policy ensures that we remain sustainable, have the capacity to mitigate financial challenges and the ability to invest in its future.

**Watershed Arts Trust Limited
Trustees' Report (continued)**

In establishing the level of reserves appropriate to its business, Watershed has considered:

- income and expenditure levels in the current and future years
- the obligations and operational requirements of the Charity and Group
- the future development needs of the organisation

Reserves

Watershed reserves are split into the following funds:

General Fund

The General Fund ensures that Watershed has the funds to meet its obligations as they fall due in the event of a loss of income or the need to close. Our general reserves target is 3 months of Group operating costs, which amounts to £1.26m in 2025. As of March 31, 2025, Watershed's General Fund stood at £898,554. By the end of 2025/26, General Fund Reserves are estimated to increase to £1,493K, well above the target.

However, if Watershed was to cease current operations the Trustees will seek to realize the value of our real estate assets mindful of our obligations to tenants and secure the best available options to discharge Watershed's liability for ongoing costs for the building in the short and long term and meet our obligations to staff and suppliers.

The trustees are confident that in the event that Watershed had to wind up its business, the option of selling the Watershed building could generate sufficient funds to settle outstanding debts. In the event of an enforced closure, recent pandemic experiences suggest that approximately 50% of business operations could continue, allowing the General Fund to support the business for about 10 months.

Designated Funds

Watershed also holds several designated funds which are established to ring-fence surpluses attributable to timing differences in areas of project activity supported by specific one-off programme funds.

As at 31 March 2025, Watershed's reserves comprise*:

General fund	£ 898,554
Building fund	£ 33,010
Total	£ 931,564

*Note – net current assets available at 31 March 2025 stand at £709,653.

Following the revaluation of the head lease in July 2019, accumulated depreciation charges have been written back. A new capital designated fund was set up in 2019/20 to ring-fence this amount for the purposes of capital investment.

The new head lease valuation of £6,770,000 is represented as:

Head lease designated fund	£5,504,856
Capital designated fund	£ 709,544
Revaluation reserve	£ 555,600
Total	£6,770,000

These funds represent a tangible fixed asset from which Watershed operates, which are fundamental to the delivery of the business plan. They are therefore not included in Watershed's unrestricted reserves.

Structure, governance and management

Watershed is structured as a group of two companies, the parent company Watershed Arts Trust Limited and two wholly owned subsidiaries, Watershed Trading Limited. Watershed Ventures CIC was closed after the year end as it had not been active for some time. The Arts Trust delivers the core programme, Watershed Trading Ltd manages hospitality.

Watershed's governance structure reflects and supports the Group structure and its organisational core values, culture and needs. It provides the management capacity and expertise to deliver Watershed's overall aims and objectives.

The Board of Trustees, which governs the Charity, meets four times a year. Prior to appointment new members are familiarised with Watershed's memorandum and articles of association, business plan and recent financial performance. Watershed's Board of Trustees are volunteers and receive no remuneration.

Watershed's Executive group, comprising four senior managers, report to the Chief Executive Officer. The Executive Team meet weekly, joined by the Senior Management Team every fortnight. The Executive Team take responsibility for strategy and overall performance whilst senior managers take responsibility for the day-to-day operations. The Board review and approve changes to key management's remuneration.

Watershed Arts Trust Limited
Trustees' Report (continued)

Statement of Trustees' responsibilities

The trustees, who are also directors of Watershed Arts Trust Limited for the purposes of company law, are responsible for preparing the Trustees' Report (incorporating the strategic report) and the financial statements in accordance with 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).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Watershed Arts Trust Limited
Trustees' Report (continued)

Reference and administrative details

Watershed Arts Trust Limited was incorporated as a company limited by guarantee on 19 January 1982. The company was registered with the charity commission on 18 March 1982. The wholly owned subsidiary Watershed Trading Limited was incorporated on 12 March 1982. Watershed Ventures CIC (previously iShed CIC) was incorporated on 12 February 2007.

The members of the Board of Trustees who served during the year and post year end and who constitute directors for Companies Act purposes are listed below.

Trustees:	Stephen Gatfield, (Chair) appointed 27 th March '24 Kate Arthurs, (Secretary) Sherrie Eugene Hart Sidharth Sharma Louise Goux Wirth Charlotte Lester Louise Davies, appointed 18 th June '25 Bashir Noor, appointed 18 th June '25 Daniella Jenkins, appointed 18 th June '25
Trustee resignations:	Louise deCordova, resigned 10 th October '24 James Touzel, resigned 4 th December '24 Tricia Tuttle, resigned 8 th February '25 Parys Gardener, resigned 10 th December '25
Secretary:	Kate Arthurs
Chief Executive Officer:	Clare Reddington
Charity number:	284188
Company number:	01608779
Registered Office:	1 Canon's Road, Harbourside, Bristol, BS1 5TX
Auditors:	AC Mole, Stafford House, Blackbrook Park Ave, Taunton TA1 2PX
Bankers:	HSBC Bank, 62 George White Street, Cabot Circus, Bristol, BS1 3BA
Solicitors:	TLT LLP, 1 Redcliff Street, Bristol, BS1 6TP

Disclosure of information to auditors

The Trustees who held office at the date of approval of this Board of Trustees' report confirm that, so far as they are each aware, there is no relevant audit information of which the charitable Company's auditors are unaware, and each Trustee has taken all the steps that they ought to have taken as a Trustee to make themselves aware of any relevant audit information and to establish that the charitable Company's auditors are aware of that information.

By order of the Board



S Gatfield
Chair of the Board

15 May 2026

1 Canon's Road
Bristol
BS1 5TX

Watershed Arts Trust Limited
Independent Auditor's Report to the Members of Watershed Arts Trust Limited

Opinion

We have audited the financial statements of Watershed Arts Trust Limited (the 'charitable parent company') and its subsidiaries (the 'group') for the year ended 31 March 2025, which comprise the Consolidated Statement of Financial Activities, Consolidated Balance Sheet, Balance Sheet, Consolidated Statement of Cash Flows and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, comprising Charities SORP - FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and applicable law (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 charitable parent company's affairs as at 31 March 2025 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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's or charitable parent company's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Watershed Arts Trust Limited
Independent Auditor's Report to the Members of Watershed Arts Trust Limited
(continued)

We have nothing to report in this regard.

Opinion on other matter 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' Annual Report which includes the Trustees' Report and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report (incorporating the strategic report) has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees' responsibilities the trustees 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 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 and charitable company's or to cease operations, or have no realistic alternative but to do so.

Auditor responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Watershed Arts Trust Limited
Independent Auditor's Report to the Members of Watershed Arts Trust Limited
(continued)

Identifying and assessing potential risks of material misstatement due to irregularities

We consider the following when identifying and assessing risks of material misstatement due to irregularities, including fraud and non-compliance with laws and regulations:

- the legal and regulatory framework in which the charitable parent company and group operate
- the nature of the sector in which the charitable parent company and group operate
- the control environment and controls established to mitigate such risks
- the results of our enquiries of management about their identification and assessment of risks of irregularities.
- discussions with the audit engagement team about where fraud might occur
- The incentive for fraud

Laws and regulations which are considered to be significant to the charitable parent company and group include those relating to the requirements of financial reporting framework FRS102, the Charities Act 2011, the Companies Act 2006, UK tax legislation, employment law and health and safety. In addition, we consider other laws and regulation which may not directly impact the financial statements but may impact on the operation of the charitable parent company or group.

In accordance with International Auditing Standards we concluded that a risk in relation to the potential for management override of controls existed.

Audit response to risks identified:

We undertook audit procedures to respond to the risks identified, and designed our audit testing to respond to these risks. The additional procedures we undertook included the following.

- Gaining an understanding of the charitable parent company and group's procedures for ensuring compliance with laws and regulations
- testing the appropriateness of journal entries and other adjustments
- considering whether accounting estimates were indicative of potential bias
- considering whether any transactions arose outside the normal course of business.
- making enquiries of management
- corroborating our enquires through review of Board minutes and correspondence

We also communicated relevant laws and regulations and potential fraud risks to all engagement team members and remained alert to any indicators of fraud or non-compliance with laws and regulations throughout the audit.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities

This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable parent company's trustees, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the trustees 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 parent company and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Watershed Arts Trust Limited
Independent Auditor's Report to the Members of Watershed Arts Trust Limited
(continued)

Alexandra Shore

.....
Alexandra Shore FCA DChA (Senior Statutory Auditor)
For and on behalf of A C Mole LLP, Statutory Auditor

Stafford House
Blackbrook Park Avenue
Taunton
TA1 2PX

Date: *15 May 2026*

Watershed Arts Trust Limited
Consolidated Statement of Financial Activities for the Year Ended 31 March 2025
(Including Consolidated Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted funds £	Restricted funds £	Total 2025 £
Income				
Donations and legacies	3	900,349	20,180	920,529
Other trading activities		2,162,507	-	2,162,507
Investment income	8	213,251	-	213,251
Charitable activities	4	<u>1,630,405</u>	<u>2,565,967</u>	<u>4,196,372</u>
Total income		<u>4,906,512</u>	<u>2,586,147</u>	<u>7,492,659</u>
Expenditure				
Raising funds	9	(1,745,516)	-	(1,745,516)
Charitable activities	10	<u>(3,352,643)</u>	<u>(2,586,147)</u>	<u>(5,938,790)</u>
Total expenditure		<u>(5,098,159)</u>	<u>(2,586,147)</u>	<u>(7,684,306)</u>
Net expenditure		(191,647)	-	(191,647)
Transfers between funds		<u>147,098</u>	<u>(147,098)</u>	<u>-</u>
Net movement in funds		(44,549)	(147,098)	(191,647)
Reconciliation of funds				
Total funds brought forward		<u>7,746,113</u>	<u>1,164,975</u>	<u>8,911,088</u>
Total funds carried forward	26	<u><u>7,701,564</u></u>	<u><u>1,017,877</u></u>	<u><u>8,719,441</u></u>

The notes on pages 18 to 48 form an integral part of these financial statements.

Watershed Arts Trust Limited
Consolidated Statement of Financial Activities for the Year Ended 31 March 2025
(continued)
(Including Consolidated Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted funds £	Restricted funds £	Total 2024 £
Income				
Donations and legacies	3	934,934	-	934,934
Other trading activities		2,043,943	-	2,043,943
Investment income	8	200,135	-	200,135
Charitable activities	4	<u>1,386,049</u>	<u>1,990,019</u>	<u>3,376,068</u>
Total income		<u>4,565,061</u>	<u>1,990,019</u>	<u>6,555,080</u>
Expenditure				
Raising funds	9	(1,532,813)	-	(1,532,813)
Charitable activities	10	<u>(2,950,472)</u>	<u>(1,990,019)</u>	<u>(4,940,491)</u>
Total expenditure		<u>(4,483,285)</u>	<u>(1,990,019)</u>	<u>(6,473,304)</u>
Net (losses) on investments		<u>(428,600)</u>	<u>-</u>	<u>(428,600)</u>
Net (expenditure) before transfers		(346,824)	-	(346,824)
Transfers between funds		168,075	(168,075)	-
Other recognised gains and losses				
(Losses) on revaluation of fixed assets		<u>(451,400)</u>	<u>-</u>	<u>(451,400)</u>
Net movement in funds		(630,149)	(168,075)	(798,224)
Reconciliation of funds				
Total funds brought forward		<u>8,376,262</u>	<u>1,333,050</u>	<u>9,709,312</u>
Total funds carried forward	26	<u>7,746,113</u>	<u>1,164,975</u>	<u>8,911,088</u>

The notes on pages 18 to 48 form an integral part of these financial statements.

Watershed Arts Trust Limited
(Registration number: 01608779)
Balance Sheet as at 31 March 2025

	Note	2025 £	2024 £
Fixed assets			
Tangible assets	15	4,726,087	4,833,549
Investments	16	<u>3,348,001</u>	<u>3,348,001</u>
		<u>8,074,088</u>	<u>8,181,550</u>
Current assets			
Debtors	18	932,308	647,688
Cash at bank and in hand		<u>517,244</u>	<u>570,593</u>
		1,449,552	1,218,281
Creditors: Amounts falling due within one year	19	<u>(1,040,516)</u>	<u>(867,568)</u>
Net current assets		<u>409,036</u>	<u>350,713</u>
Total assets less current liabilities		8,483,124	8,532,263
Creditors: Amounts falling due after more than one year	20	<u>(29,690)</u>	<u>(29,690)</u>
Net assets		<u>8,453,434</u>	<u>8,502,573</u>
Unrestricted funds			
Unrestricted funds		632,547	470,144
British Film Industry designated funds		-	64,444
Building fund		33,010	33,010
Head lease unrestricted designated fund		5,504,856	5,504,856
Capital unrestricted designated fund		709,544	709,544
Revaluation reserve (head lease)		555,600	555,600
Restricted funds			
Restricted capital funds		<u>1,017,877</u>	<u>1,164,975</u>
Total funds	26	<u>8,453,434</u>	<u>8,502,573</u>

The financial statements on pages 13 to 48 were approved by the trustees, and authorised for issue on 15/5/26 and signed on their behalf by:



 Stephen Gatfield
 Chair of the Board

The notes on pages 18 to 48 form an integral part of these financial statements.

Watershed Arts Trust Limited
(Registration number: 01608779)
Consolidated Balance Sheet as at 31 March 2025

	Note	2025 £	2024 £
Fixed assets			
Tangible assets	15	4,746,447	4,855,732
Investments	16	<u>3,297,900</u>	<u>3,297,900</u>
		<u>8,044,347</u>	<u>8,153,632</u>
Current assets			
Stocks	17	22,809	18,101
Debtors	18	657,171	558,396
Cash at bank and in hand		<u>1,270,227</u>	<u>1,291,020</u>
		1,950,207	1,867,517
Creditors: Amounts falling due within one year	19	<u>(1,240,554)</u>	<u>(1,076,816)</u>
Net current assets		<u>709,653</u>	<u>790,701</u>
Total assets less current liabilities		8,754,000	8,944,333
Creditors: Amounts falling due after more than one year	20	(29,690)	(29,690)
Provisions	23	<u>(4,869)</u>	<u>(3,555)</u>
Net assets		<u>8,719,441</u>	<u>8,911,088</u>
Unrestricted funds			
Unrestricted funds		898,554	878,659
British Film Industry designated fund		-	64,444
Building fund		33,010	33,010
Head lease unrestricted designated fund		5,504,856	5,504,856
Capital unrestricted designated funds		709,544	709,544
Revaluation reserve (head lease)		555,600	555,600
Restricted funds			
Restricted capital funds		<u>1,017,877</u>	<u>1,164,975</u>
Total funds	26	<u>8,719,441</u>	<u>8,911,088</u>

The financial statements on pages 13 to 48 were approved by the trustees, and authorised for issue on 15/5/26 and signed on their behalf by:


Stephen Gatfield
Chair of the Board

Watershed Arts Trust Limited
Consolidated Statement of Cash Flows for the Year Ended 31 March 2025

	Note	2025 £	2024 £
Cash flows from operating activities			
Net expenditure		(191,647)	(346,824)
Adjustments to cash flows from non-cash items			
Depreciation	15	225,939	229,710
Investment income	8	(213,251)	(200,135)
Revaluation of investments		-	428,600
		(178,959)	111,351
Working capital adjustments			
Increase in stocks	17	(4,708)	(1,448)
(Increase)/decrease in debtors	18	(98,775)	145,761
Increase in creditors	19	163,738	115,626
Increase in provisions	23	1,314	70
Net cash flows from operating activities		(117,390)	371,360
Cash flows from investing activities			
Interest receivable and similar income	8	213,251	200,135
Purchase of tangible fixed assets	15	(116,654)	(129,424)
Net cash flows from investing activities		96,597	70,711
Net (decrease)/increase in cash and cash equivalents		(20,793)	442,071
Cash and cash equivalents at 1 April		1,291,020	848,949
Cash and cash equivalents at 31 March		1,270,227	1,291,020

The notes on pages 18 to 48 form an integral part of these financial statements.

Watershed Arts Trust Limited
Notes to the Financial Statements for the Year Ended 31 March 2025

1 Charity status

The charity is limited by guarantee, incorporated in England and Wales, and consequently does not have share capital. Each of the trustees is liable to contribute an amount not exceeding £1 towards the assets of the charity in the event of liquidation.

The address of its registered office is:

1 Canon's Road
Harbourside
Bristol
BS1 5TX

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Statement of compliance

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless stated otherwise within these notes. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice (applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)) (issued in October 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Watershed Arts Trust Limited meets the definition of a public benefit entity under FRS 102.

Basis of consolidation

These financial statements consolidate the results of the charity and its wholly owned subsidiaries on a line-by-line basis. All intra-group transactions are eliminated on consolidation.

No statement of financial activities is presented for the charity as permitted by section 408 of the Companies Act 2006. The charity made a loss after tax for the financial year of £49,139 (2024 - loss of £981,020).

Watershed Arts Trust Limited
Notes to the Financial Statements for the Year Ended 31 March 2025 (continued)

2 Accounting policies (continued)

Going concern

The company and group have experienced significant challenges due to the impact of the Covid-19 pandemic on its operations and financial performance. However, we are currently witnessing a gradual recovery in trading and revenue growth. Throughout the recover phase, the management has taken several proactive measures to enhance financial resilience, including implementing cost containment initiatives and optimising cash flow management. While there are ongoing uncertainties, we believe the company's going concern assumption is appropriate, given the positive indicators of recovery and the steps taken to ensure operational sustainability.

Watershed's core funding from Arts Council England and Bristol City Council continued as did the project funding for areas of our creative programme. Watershed's technical resource and expertise enabled these activities to continue operating in a digital environment, which presents opportunities for the future as Watershed assesses new ways of delivering its programmes and impact in a changing operating environment.

Budget and cashflow forecasts undertaken throughout the year indicates that the Watershed Group will maintain sufficient cashflow throughout 2025/26 and continue operating without impediment for the foreseeable future.

The financial statements have therefore been prepared on a going concern basis as considered appropriate by Watershed's Trustees.

Income

Voluntary income

Income from government and other grants is recognised when the charity has entitlement to the funds, any performance conditions are met, the amount can be measured reliably, and in line with the timing implied by any multi-period grant agreements.

Grants received in respect of revenue expenditure are credited to income in the period to which they relate. One off non-specific revenue grants which support core activities are categorised as voluntary income.

Revenue grants received for specific creative projects are also categorised as income from charitable activities.

Grants received to fund capital expenditure are recognised in the Statement of Financial Activities in the year of receipt and held as appropriate in restricted or unrestricted funds. Where restricted, the balance in restricted funds is transferred to unrestricted funds in future years at the same rate so as to match the depreciation of the related assets.

Donations and legacies

Donations are recognised when the charity has been notified in writing of both the amount and settlement date. In the event that a donation is subject to conditions that require a level of performance by the charity before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that these conditions will be fulfilled in the reporting period.

Watershed Arts Trust Limited
Notes to the Financial Statements for the Year Ended 31 March 2025 (continued)

2 Accounting policies (continued)

Donated services and facilities

Where services are provided to the charity as a donation that would normally be purchased from our suppliers, this contribution is included in the financial statements as value to the charity, at an estimate provided by the donors.

Investment income

Investment income is recognised when receivable.

Charitable activities

Earned income from cinema activities represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the year in respect of cinema ticket sales and is accounted for on a receivable basis. Deposits received in respect of cinema tickets for the next accounting period are included in deferred income in creditors on the balance sheet until the criteria for income recognition are met.

Rentals receivable under operating leases, including any lease incentives, are charged to income on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

Turnover in respect of the restaurant, shop and bar takings is in the form of cash and credit cards and is accounted for on a receipts basis. Turnover in respect of the conferencing activities is accounted for on the receivable basis with income recognised in the profit and loss account for conferences completed in the current accounting period.

Non-refundable deposits received in respect of conferences in the next accounting period are held as deferred income in creditors on the balance sheet.

Expenditure

All expenditure is accounted for on an accrual basis. Costs directly attributable to a specific expense heading are allocated to that heading. Expenditure is recognised when a liability is incurred: costs of generating funds are those costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds; charitable activities include expenditure associated with the cinema exhibition programme and digital studio programmes and include both the direct costs and support costs relating to these activities; governance costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements; support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources, e.g., allocating property costs by floor areas, staff costs by the time spent and other costs by their usage.

Raising funds

These are costs incurred in attracting voluntary income, the management of investments and those incurred in trading activities that raise funds.

Watershed Arts Trust Limited
Notes to the Financial Statements for the Year Ended 31 March 2025 (continued)

2 Accounting policies (continued)

Taxation

The Trust was registered as a charity in March 1982. Under s505 ICTA 1988 the Charity is not subject to taxation on its charitable activities. The majority of the profits of the non-charitable subsidiary are normally gift aided to the parent charity thus reducing the group's exposure to corporation tax. The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year.

Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax is provided in full in respect of timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

Tangible fixed assets

Fixed assets are carried at historic cost, less accumulated depreciation, except for the head lease which is carried at fair value. Any movements in fair value are recognised in the Statement of Financial Activity in the year in which they occur. Details of how fair value has been determined are set out in Note 11.

Assets under £1,000 are not capitalised unless they form part of an asset with a combined value of over £1,000.

Watershed Arts Trust Limited
Notes to the Financial Statements for the Year Ended 31 March 2025 (continued)

2 Accounting policies (continued)

Depreciation and amortisation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Asset class	Depreciation method and rate
Furniture and fittings	10%-20% per annum
Plant and equipment	10%-33% per annum
Leasehold improvements	10-25 years straight line basis

Investment properties

Investment properties are carried at fair value. Any movements in fair value are recognised in the Statement of Financial Activity in the year in which they occur. Details of how fair value has been determined are set out in Note 16.

Investments in Subsidiary Undertakings (parent only)

Investments in subsidiaries undertaking in the charitable company are stated at cost. Details of subsidiary undertakings owned by the charity are disclosed in notes 6 and 7.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Provisions

Provisions are recognised when the charity has an obligation at the reporting date as a result of a past event, it is probable that the charity will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the income and expenditure account.

Fund accounting

The Charity has various types of funds for which it is responsible, and which require separate disclosure. These are as follows:

Unrestricted funds

Funds that are expendable at the discretion of the Board in furtherance of the objects of the charity. In addition to expenditure on the principal activities of the Trust, such funds may be held in order to finance capital investment and working capital.

Watershed Arts Trust Limited
Notes to the Financial Statements for the Year Ended 31 March 2025 (continued)

2 Accounting policies (continued)

Restricted funds

These funds are earmarked by the donor for specific purposes. Grant income received to fund capital expenditure is held in restricted funds. The balance is transferred to unrestricted funds in future years at the same rates as to match the depreciation charges of the related assets. Revenue funds restricted by the donor are matched against expenditure as appropriate.

Designated funds

The Building Fund (previously named the Bristol + fund) is to ensure that Watershed buildings are maintained in an excellent state of repair, to meet the cost of unplanned emergency repairs and to meet future capital development needs.

Other designated funds ringfence surpluses attributable to timing differences associated with specific project activity and are utilised over the life of the project.

Head Lease

The head lease is a mixed-use property under Paragraph 10.47 of the Charities SORP. Units which are leased to third party tenants on commercial terms are shown as investment property. Units which are occupied by the charity are classified as tangible fixed assets.

Leases

Operating lease rentals are charged to the statement of financial activities on a straight-line basis over the period of the lease.

Stocks

Stocks are stated at the lower of cost and net realisable value, where cost is determined with reference to current prices. Stocks are assumed to be on a first in first out basis.

Financial instruments

Recognition and measurement

The charity and group only enters into basic financial instruments. Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the Instrument.

Basic financial assets

Basic financial assets, which include trade and other debtors, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Watershed Arts Trust Limited
Notes to the Financial Statements for the Year Ended 31 March 2025 (continued)

2 Accounting policies (continued)

Basic financial liabilities

Basic financial liabilities, including trade creditors, other creditors, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as "creditors: amounts falling due after more than one year". Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Critical accounting judgements and estimation uncertainty

The preparation of the financial statements in conformity with FRS 102 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income, and expenses.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The resulting accounting estimates may not translate to actual future outcomes. The Trustees consider that the following critical accounting estimates and judgements have a significant risk of causing a material adjustment in future periods:

Valuation of head lease (investment property and fixed assets)

The head lease is a mixed-use property. Units which are rented to third parties on commercial terms, are classified as investment property, units which are occupied by the charity are classified as tangible fixed assets.

The Trustees have engaged the services of Carter Baynes to assist in determining the fair value of the head lease. Details of the valuation is set out in Note 15.

In the event of disposal, the actual value of the lease could be materially different to this estimate.

Watershed Arts Trust Limited
Notes to the Financial Statements for the Year Ended 31 March 2025 (continued)

3 Income from donations and legacies

	Unrestricted funds £	Restricted funds £	Total 2025 £
Donations	142,365	20,180	162,545
Arts Council England - National Portfolio funds	757,984	-	757,984
	<u>900,349</u>	<u>20,180</u>	<u>920,529</u>
	Unrestricted funds £	Restricted funds £	Total 2024 £
Donations	122,950	-	122,950
Arts Council England - National Portfolio funds	757,984	-	757,984
Bristol City Council - Key Arts Provider funds	54,000	-	54,000
	<u>934,934</u>	<u>-</u>	<u>934,934</u>

4 Income from charitable activities

	Unrestricted funds £	Restricted funds £	Total 2025 £
Earned income from cinema activities	1,204,030	-	1,204,030
Service charges	140,142	49,250	189,392
Other earned income	286,233	150,277	436,510
Programme funding	-	2,366,440	2,366,440
	<u>1,630,405</u>	<u>2,565,967</u>	<u>4,196,372</u>
	Unrestricted funds £	Restricted funds £	Total 2024 £
Earned income from cinema activities	1,042,294	-	1,042,294
Service charges	161,413	-	161,413
Other earned income	182,342	-	182,342
Programme funding	-	1,990,019	1,990,019
	<u>1,386,049</u>	<u>1,990,019</u>	<u>3,376,068</u>

5 Financial activities of the charity

A separate Statement of Financial Activities and Income and Expenditure Account for the charity has not been presented as it has taken advantage of the exemption afforded by section 408 of the Companies Act 2006.

For the parent charity net movement in funds for the year is a deficit of £49,139 (2024: deficit of £981,020).

Watershed Arts Trust Limited
Notes to the Financial Statements for the Year Ended 31 March 2025 (continued)

6 Trading subsidiary's results (Watershed Trading Limited)

	2025 £	2024 £
Turnover	2,212,815	2,043,943
Cost of sales	<u>(1,664,224)</u>	<u>(1,369,215)</u>
Gross profit	548,591	674,728
Administration and other costs	<u>(52,610)</u>	<u>(106,239)</u>
Net income	495,981	568,489
Other operating income	10,448	-
Gift aid payment to Watershed Arts Trust Limited	(393,029)	(158,403)
Management charge from Watershed Arts Trust Limited	<u>(255,726)</u>	<u>(226,676)</u>
(Loss)/profit for the year	(142,326)	183,410
Tax on profit	(1,314)	-
Retained profit brought forward	<u>401,558</u>	<u>218,148</u>
Retained profit carried forward	<u><u>257,918</u></u>	<u><u>401,558</u></u>

The assets and liabilities of the subsidiary were:

	2025 £	2024 £
Fixed Assets	20,360	22,183
Current Assets	854,901	818,667
Creditors: amounts falling due within one year	(612,374)	(435,637)
Provisions for liabilities and charges	<u>(4,869)</u>	<u>(3,555)</u>
Net assets	<u>258,018</u>	<u>401,658</u>
Equity shareholders' funds	<u><u>258,018</u></u>	<u><u>401,658</u></u>

Watershed Arts Trust Limited
Notes to the Financial Statements for the Year Ended 31 March 2025 (continued)

7 Trading subsidiary's results (Watershed Ventures CIC)

	2025 £	2024 £
Gross profit	-	-
Administration and other costs	-	(1,243)
Trading (loss)	-	(1,243)
Other income	1,132	1,006
Net profit/(loss)	1,132	(237)
Retained profit brought forward	6,957	7,194
Retained profit carried forward	<u>8,089</u>	<u>6,957</u>

The assets and liabilities of the subsidiary were:

	2025 £	2024 £
Current assets	60,431	59,299
Creditors: amounts falling due within one year	(2,341)	(2,341)
Net assets	<u>58,090</u>	<u>56,958</u>
Equity shareholders' funds	<u>58,090</u>	<u>56,958</u>

8 Investment income

	Unrestricted funds £	Restricted funds £	Total funds £
Rental income	198,583	-	198,583
Interest receivable	14,668	-	14,668
Total for 2025	<u>213,251</u>	<u>-</u>	<u>213,251</u>
Rental income	198,832	-	198,832
Interest receivable	1,303	-	1,303
Total for 2024	<u>200,135</u>	<u>-</u>	<u>200,135</u>

Watershed Arts Trust Limited
Notes to the Financial Statements for the Year Ended 31 March 2025 (continued)

9 Expenditure on raising funds

a) Costs of generating donations and legacies

	Unrestricted funds £	Restricted funds £	Total funds £
Fundraising costs	27,368	-	27,368
Total for 2025	<u>27,368</u>	<u>-</u>	<u>27,368</u>
Fundraising costs	57,359	-	57,359
Total for 2024	<u>57,359</u>	<u>-</u>	<u>57,359</u>

b) Costs of trading activities

	Unrestricted funds £	Restricted funds £	Total funds £
Commercial trading operations	1,718,148	-	1,718,148
Total for 2025	<u>1,718,148</u>	<u>-</u>	<u>1,718,148</u>
Commercial trading operations	1,475,454	-	1,475,454
Total for 2024	<u>1,475,454</u>	<u>-</u>	<u>1,475,454</u>

Watershed Arts Trust Limited
Notes to the Financial Statements for the Year Ended 31 March 2025 (continued)

10 Expenditure on charitable activities

	Unrestricted funds £	Restricted funds £	Total 2025 £
Operation of cinema, engagement and creative	3,195,081	2,586,147	5,781,228
Property management costs	157,562	-	157,562
CIC Operation	-	-	-
	<u>3,352,643</u>	<u>2,586,147</u>	<u>5,938,790</u>
	Unrestricted funds £	Restricted funds £	Total 2024 £
Operation of cinema, engagement and creative	2,821,083	1,990,019	4,811,102
Property management costs	128,146	-	128,146
CIC Operation	1,243	-	1,243
	<u>2,950,472</u>	<u>1,990,019</u>	<u>4,940,491</u>

Watershed Arts Trust Limited
Notes to the Financial Statements for the Year Ended 31 March 2025 (continued)

10 Expenditure on charitable activities (continued)

Operation of cinema, engagement and creative

	Audience Engagement Programme £	Creative technology and talent development costs £	Total 2025 £
Cinema Screening - direct costs	1,139,065	-	1,139,065
Direct programme/project costs	764,047	1,730,728	2,494,775
Arts programme management and marketing	218,435	218,435	436,870
Premises costs	478,697	88,111	566,808
General support costs	651,820	162,955	814,775
Governance costs	91,746	22,936	114,682
Depreciation	171,403	42,850	214,253
	<u>3,515,213</u>	<u>2,266,015</u>	<u>5,781,228</u>
	Audience Engagement Programme £	Creative technology and talent development projects £	Total 2024 £
Cinema Screening - direct costs	1,246,205	-	1,246,205
Direct Programme/project costs	637,941	867,856	1,505,797
Arts programme management and marketing	436,519	327,013	763,532
Premises costs	410,305	217,032	627,337
General support costs	259,486	64,871	324,357
Governance costs	100,464	25,116	125,580
Depreciation	174,635	43,659	218,294
	<u>3,265,555</u>	<u>1,545,547</u>	<u>4,811,102</u>

Included in the above is restricted expenditure of £2,586,147 (2024: £1,990,019).

Watershed Arts Trust Limited
Notes to the Financial Statements for the Year Ended 31 March 2025 (continued)

11 Analysis of support costs

The Trust allocates its support costs between the two charitable activities undertaken (see note 10). Detailed allocation of support costs is shown below. Support costs are allocated on a basis consistent with the use of resources.

	Charitable activities £	Fundraising costs £	Governance £	Total 2025 £
General office	492,395	5,206	12,833	510,434
Finance office	306,963	2,805	60,081	369,849
External audit	-	-	15,301	15,301
Professional services	15,417	-	26,467	41,884
Fundraiser costs	-	19,357	-	19,357
	<u>814,775</u>	<u>27,368</u>	<u>114,682</u>	<u>956,825</u>

	Charitable activities £	Fundraising costs £	Governance £	Total 2024 £
General office	123,263	2,312	16,760	142,335
Finance office	180,709	2,387	51,946	235,042
External audit	-	-	36,878	36,878
Professional services	20,385	-	19,996	40,381
Fundraiser costs	-	52,660	-	52,660
	<u>324,357</u>	<u>57,359</u>	<u>125,580</u>	<u>507,296</u>

12 Net income/expenditure

	2025 £	2024 £
Auditors' remuneration - audit services - group	9,500	2,574
Auditors' remuneration - audit services - charity	23,000	18,000
Auditors' remuneration - non audit services - group	9,800	-
Auditors' remuneration - non audit services - charity	25,810	-
Depreciation and other amounts written off tangible fixed assets	225,939	229,710
Operating lease payments recognised as an expense	10,303	10,303

Watershed Arts Trust Limited
Notes to the Financial Statements for the Year Ended 31 March 2025 (continued)

13 Staff costs

	2025 £	2024 £
Wages and salaries	3,287,670	2,674,572
Social security costs	299,815	232,739
Pension costs	69,991	57,614
	<u>3,657,476</u>	<u>2,964,925</u>

The average headcount in the year for the group was 127 (2024: 118).

The monthly average number of persons (including senior management / leadership team) employed by the group during the year expressed as full time equivalents was as follows:

	2025 No	2024 No
Cultural engagement programme	50	44
Administration	12	13
Trading	30	27
	<u>92</u>	<u>84</u>

During the current and previous year, the Trustees were not paid any remuneration or reimbursed for expenses. No Trustees made a donation to the charity in the current or previous year.

Key management compensation in total for the year was £98,518 (2024: £95,650). The key management personnel of the charity comprises the Leadership Team and Extended Leadership Team. (2024: Key management personnel of the charity comprises of the Chief Executive Officer).

The number of employees whose emoluments fell within the following bands was:

	2025 No	2024 No
£80,001 - £90,000	<u>2</u>	<u>1</u>

14 Taxation

The company, which is a registered charity, is not liable to taxation on the net income from its primary activities to the extent that these relate to its charitable purposes.

Watershed Arts Trust Limited
Notes to the Financial Statements for the Year Ended 31 March 2025 (continued)

15 Tangible fixed assets

Group

	Head lease £	Leasehold improvements £	Furniture and equipment £	Total £
Cost				
At 1 April 2024	3,472,100	3,671,501	1,559,442	8,703,043
Additions	-	26,059	90,595	116,654
Disposals	-	-	(12,123)	(12,123)
At 31 March 2025	<u>3,472,100</u>	<u>3,697,560</u>	<u>1,637,914</u>	<u>8,807,574</u>
Depreciation				
At 1 April 2024	-	2,370,359	1,476,952	3,847,311
Charge for the year	-	151,963	73,976	225,939
Eliminated on disposals	-	-	(12,123)	(12,123)
At 31 March 2025	<u>-</u>	<u>2,522,322</u>	<u>1,538,805</u>	<u>4,061,127</u>
Net book value				
At 31 March 2025	<u>3,472,100</u>	<u>1,175,238</u>	<u>99,109</u>	<u>4,746,447</u>
At 31 March 2024	<u>3,472,100</u>	<u>1,301,142</u>	<u>82,490</u>	<u>4,855,732</u>

In March 2007 Watershed purchased the long leasehold head lease to E & W sheds for its unexpired term of 111 3/4 years. The final price paid was £5.95 million. In 2019/20, the total value of the head lease was revalued at a market value of £7,650,000.

The Trustees instructed Carter Baynes (Chartered Surveyors) to provide a valuation of the market (fair) value of the head lease at 31 March 2024. The valuation was carried out in accordance with the RICS Valuation - Global Standards January 2022 and the UK national supplement ("The Red Book").

The Trustees consider the March 2024 valuation remains appropriate as at 31 March 2025.

The total valuation of the head lease at 31 March 2025 was £6,770,000 of which £3,472,100 is categorised as tangible fixed assets (occupied by the charity) and £3,297,900 as investment property which is rented to third parties on commercial terms.

Watershed Arts Trust Limited
Notes to the Financial Statements for the Year Ended 31 March 2025 (continued)

15 Tangible fixed assets (continued)

Charity

	Head lease £	Leasehold improvements £	Furniture and equipment £	Total £
Cost				
At 1 April 2024	3,472,100	3,671,501	1,405,367	8,548,968
Additions	-	26,059	80,732	106,791
Disposals	-	-	(12,123)	(12,123)
At 31 March 2025	<u>3,472,100</u>	<u>3,697,560</u>	<u>1,473,976</u>	<u>8,643,636</u>
Depreciation				
At 1 April 2024	-	2,370,359	1,345,060	3,715,419
Charge for the year	-	151,963	62,290	214,253
Eliminated on disposals	-	-	(12,123)	(12,123)
At 31 March 2025	<u>-</u>	<u>2,522,322</u>	<u>1,395,227</u>	<u>3,917,549</u>
Net book value				
At 31 March 2025	<u>3,472,100</u>	<u>1,175,238</u>	<u>78,749</u>	<u>4,726,087</u>
At 31 March 2024	<u>3,472,100</u>	<u>1,301,142</u>	<u>60,307</u>	<u>4,833,549</u>

16 Fixed asset investments

Group

	2025 £	2024 £
Investment properties	<u>3,297,900</u>	<u>3,297,900</u>

Investment properties

	Investment properties £
Cost or Valuation	
At 1 April 2024	<u>3,297,900</u>
At 31 March 2025	<u>3,297,900</u>
Net book value	
At 31 March 2025	<u>3,297,900</u>
At 31 March 2024	<u>3,297,900</u>

Charity

Watershed Arts Trust Limited
Notes to the Financial Statements for the Year Ended 31 March 2025 (continued)

16 Fixed asset investments (continued)

	2025	2024
	£	£
Investment properties	3,297,900	3,297,900
Investments in subsidiaries	50,101	50,101
	<u>3,348,001</u>	<u>3,348,001</u>

Investment properties

	Investment properties £
Cost or Valuation	
At 1 April 2024	<u>3,297,900</u>
Provision	
At 31 March 2025	<u>-</u>
Net book value	
At 31 March 2025	<u>3,297,900</u>
At 31 March 2024	<u>3,297,900</u>

Investments in Subsidiaries

The above shares represent equity investments in group undertakings.

The company owns 100% of the issued share capital of Watershed Trading Limited (company registration number: 01621620), a company incorporated in England and Wales. The principal activities of this company are the operation of the café/bar, and conference facilities at Watershed.

The company owns 100% of the issued share capital of Watershed Ventures CIC (company registration number: 06097013), a company incorporated in England and Wales. The company is dormant and was dissolved after the year end on 12 August 2025.

Watershed Arts Trust Limited
Notes to the Financial Statements for the Year Ended 31 March 2025 (continued)

17 Stocks

	Group		Charity	
	2025	2024	2025	2024
	£	£	£	£
Finished goods and goods for resale	<u>22,809</u>	<u>18,101</u>	<u>-</u>	<u>-</u>

18 Debtors

	Group		Charity	
	2025	2024	2025	2024
	£	£	£	£
Trade debtors	363,408	218,994	224,814	82,331
Due from group undertakings	-	-	414,680	228,729
Prepayments	84,603	189,778	83,787	187,004
Accrued income	205,058	141,395	204,925	141,395
Other debtors	<u>4,102</u>	<u>8,229</u>	<u>4,102</u>	<u>8,229</u>
	<u>657,171</u>	<u>558,396</u>	<u>932,308</u>	<u>647,688</u>

19 Creditors: amounts falling due within one year

	Group		Charity	
	2025	2024	2025	2024
	£	£	£	£
Trade creditors	397,518	223,770	388,946	212,192
Other taxation and social security	74,157	72,291	52,906	57,730
VAT	102,593	84,876	16,861	218
Other creditors	119,370	73,335	72,367	45,842
Accruals & deferred income	<u>546,916</u>	<u>622,544</u>	<u>509,436</u>	<u>551,586</u>
	<u>1,240,554</u>	<u>1,076,816</u>	<u>1,040,516</u>	<u>867,568</u>

Watershed Arts Trust Limited
Notes to the Financial Statements for the Year Ended 31 March 2025 (continued)

19 Creditors: amounts falling due within one year (continued)

Deferred income consists of deferred rent income, advanced cinema sales, and conference deposits. The balance at the year-end was:

Deferred income

	2025 £	2024 £
Charity		
Deferred income at 1 April	204,609	15,622
Resources deferred in the period	<u>191,741</u>	<u>188,987</u>
Deferred income at year end	<u><u>396,350</u></u>	<u><u>204,609</u></u>

20 Creditors: amounts falling due after one year

	Group		Charity	
	2025 £	2024 £	2025 £	2024 £
Rent deposits	<u>29,690</u>	<u>29,690</u>	<u>29,690</u>	<u>29,690</u>

The balance of £29,690 relates to rental deposits held in respect of tenancies to E&W Sheds.

The balance is wholly repayable within 5 years.

Watershed Arts Trust Limited
Notes to the Financial Statements for the Year Ended 31 March 2025 (continued)

21 Obligations under leases and hire purchase contracts

Operating lease commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Charity	
	2025	2024	2025	2024
	£	£	£	£
Plant and equipment				
Within one year	11,996	10,306	11,996	10,306
Between one and five years	27,991	6,974	27,991	6,974
	<u>39,987</u>	<u>17,280</u>	<u>39,987</u>	<u>17,280</u>

22 Operating leases as a lessor

The future minimum lease payments under non-cancellable operating leases expected to be received by the Charity and Group are due to be received as follows:

	2025	2024
	Group and	Group and
	Charity	Charity
	leasehold	leasehold
	property	property
	£	£
Within one year	245,835	245,835
Between one and five years	492,469	691,057
	<u>738,304</u>	<u>936,892</u>

23 Provisions

Group

	2025	2024
	£	£
At beginning of year	3,555	3,485
Movement in year	1,314	70
Deferred tax liability	<u>4,869</u>	<u>3,555</u>

The charity has no deferred tax liabilities.

Watershed Arts Trust Limited
Notes to the Financial Statements for the Year Ended 31 March 2025 (continued)

24 Financial instruments

The group and charity have the following financial instruments:

Financial instruments which are debt instruments measured at amortised cost

	Group 2025 £	Group 2024 £	Charity 2025 £	Charity 2024 £
Trade debtors	363,408	218,994	224,814	82,331
Due from group undertakings	-	-	414,680	228,729
Other debtors	4,102	8,229	4,102	8,229

Financial liabilities measured at amortised costs

	Group 2025 £	Group 2024 £	Charity 2025 £	Charity 2024 £
Trade creditors	397,518	223,770	388,946	212,192
Other creditors	296,120	230,502	142,134	103,790

25 Pension and other schemes

Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension charge for the year represents contributions payable by the group to the scheme and amounted to £51,873 (2024 - £44,225).

Watershed Arts Trust Limited
Notes to the Financial Statements for the Year Ended 31 March 2025 (continued)

26 Funds									
Group	Balance at 1 April 2024 £	Income £	Expenditure £	Transfers £	Other recognised gains/(losses) £	Balance at 31 March 2025 £			
Unrestricted funds	878,659	4,906,512	(5,098,159)	211,542	-	898,554			
Designated									
British film industry	64,444	-	-	(64,444)	-	-			
Building fund	33,010	-	-	-	-	33,010			
Head lease fund	5,504,856	-	-	-	-	5,504,856			
Capital fund	709,544	-	-	-	-	709,544			
Revaluation reserve (head lease)	555,600	-	-	-	-	555,600			
Total unrestricted funds	7,746,113	4,906,512	(5,098,159)	147,098	-	7,701,564			
Restricted funds									
ACE lease purchase grant	496,583	-	-	(8,712)	-	487,871			
Garfield Weston capital grant	87,500	-	-	(10,000)	-	77,500			
Other capital grants	580,892	-	-	(128,386)	-	452,506			
Revenue grants	-	2,586,147	(2,586,147)	-	-	-			
	1,164,975	2,586,147	(2,586,147)	(147,098)	-	1,017,877			
Total funds	8,911,088	7,492,659	(7,684,306)	-	-	8,719,441			

Watershed Arts Trust Limited
Notes to the Financial Statements for the Year Ended 31 March 2025 (continued)

26 Funds (continued)

	Balance at 1 April 2023 £	Income £	Expenditure £	Transfers £	Other recognised gains/(losses) £	Balance at 31 March 2024 £
Unrestricted funds	693,252	4,565,061	(4,483,285)	103,631	-	878,659
Designated						
British film industry	-	-	-	64,444	-	64,444
Building fund	33,010	-	-	-	-	33,010
Head lease fund	5,504,856	-	-	-	-	5,504,856
Capital fund	709,544	-	-	-	-	709,544
Revaluation reserve (head lease)	1,435,600	-	-	-	(880,000)	555,600
Total unrestricted funds	8,376,262	4,565,061	(4,483,285)	168,075	(880,000)	7,746,113
Restricted funds						
ACE lease purchase grant	505,295	-	-	(8,712)	-	496,583
Garfield Weston capital grant	97,500	-	-	(10,000)	-	87,500
Other capital grants	730,255	-	-	(149,363)	-	580,892
Revenue grants	-	1,990,019	(1,990,019)	-	-	-
	1,333,050	1,990,019	(1,990,019)	(168,075)	-	1,164,975
Total funds	9,709,312	6,555,080	(6,473,304)	-	(880,000)	8,911,088

Watershed Arts Trust Limited
Notes to the Financial Statements for the Year Ended 31 March 2025 (continued)

26 Funds (continued)

Charity

	Balance at 1 April 2024 £	Income £	Expenditure £	Transfers £	Balance at 31 March 2025 £
Unrestricted funds	470,144	3,381,180	(3,430,319)	211,542	632,547
Designated					
British film industry	64,444	-	-	(64,444)	-
Building fund	33,010	-	-	-	33,010
Head lease fund	5,504,856	-	-	-	5,504,856
Capital fund	709,544	-	-	-	709,544
Revaluation reserve (head lease)	555,600	-	-	-	555,600
Total unrestricted funds	7,337,598	3,381,180	(3,430,319)	147,098	7,435,557
Restricted funds					
ACE lease purchase grant	496,583	-	-	(8,712)	487,871
Garfield Weston capital grant	87,500	-	-	(10,000)	77,500
Other capital grants	580,892	-	-	(128,386)	452,506
Revenue grants	-	2,586,147	(2,586,147)	-	-
	1,164,975	2,586,147	(2,586,147)	(147,098)	1,017,877
Total funds	8,502,573	5,967,327	(6,016,466)	-	8,453,434

Watershed Arts Trust Limited
Notes to the Financial Statements for the Year Ended 31 March 2025 (continued)

26 Funds (continued)

	Balance at 1 April 2023 £	Income £	Expenditure £	Transfers £	Other recognised gains/(losses) £	Balance at 31 March 2024 £
Unrestricted funds						
<i>General</i>						
Unrestricted funds	467,533	2,896,078	(2,997,098)	103,631	-	470,144
<i>Designated</i>						
British film industry	-	-	-	64,444	-	64,444
Building fund	33,010	-	-	-	-	33,010
Head lease fund	5,504,856	-	-	-	-	5,504,856
Capital fund	709,544	-	-	-	-	709,544
Revaluation reserve (head lease)	1,435,600	-	-	-	(880,000)	555,600
Total unrestricted funds	8,150,543	2,896,078	(2,997,098)	168,075	(880,000)	7,337,598
Restricted funds						
ACE lease purchase grant	505,295	-	-	(8,712)	-	496,583
Garfield Weston capital grant	97,500	-	-	(10,000)	-	87,500
Other capital grants	730,255	-	-	(149,363)	-	580,892
Revenue grants	-	1,990,019	(1,990,019)	-	-	-
	1,333,050	1,990,019	(1,990,019)	(168,075)	-	1,164,975
Total funds	9,483,593	4,886,097	(4,987,117)	-	(880,000)	8,502,573

Watershed Arts Trust Limited
Notes to the Financial Statements for the Year Ended 31 March 2025 (continued)

26 Funds (continued)

Transfer to unrestricted income funds is in respect of the annual release to the SOFA in respect of capital grants. Sufficient resources are held to enable each fund to be applied in accordance with any restrictions.

Designated Funds

British Film Industry

Where British Film Industry income is unspent at the year end, the balance is transferred to a designated fund to ring-fence then unspent balance for the next year.

Building Fund

The Building Fund (previously named the Bristol + fund) is to ensure that Watershed buildings are maintained in an excellent state of repair, to meet the cost of unplanned emergency repairs and to meet future capital development needs.

Other designated funds ringfence surpluses attributable to timing differences associated with specific project activity and are utilised over the life of the project.

Head lease Fund

The head lease fund (£5,504,856) represents the head lease purchased via a capital grant of £6,400,000 provided to Watershed by South West Regional Development Agency (SWRDA) in March 2007.

Capital Fund

Following the re-evaluation of the head lease in July 2019 and a change in accounting treatment, accumulated depreciation charges of £709,544 have been written back. A new capital designated fund was set up in 2019/20 to ring-fence this amount for the purposes of capital investment.

Revaluation Reserve

The uplift in the value of the head lease (£555,600) is held in the Revaluation reserve.

These three funds represent the head lease valuation of £6,770,000 and therefore do not form part of the freely available reserves of the Trust.

Watershed Arts Trust Limited
Notes to the Financial Statements for the Year Ended 31 March 2025 (continued)

26 Funds (continued)

Restricted Funds

ACE Lease Purchase Grant

Grant support from Arts Council England Stabilisation scheme to enable the Watershed's lease purchase has been transferred to deferred capital grants and is being taken to income funds over a period of 79 years to match the unexpired period of the lease.

Garfield Weston capital grant

Grant support received from the Garfield Weston Foundation towards the costs of phase 1 of Watershed's proposed capital development project has been transferred to deferred capital grants. Since this project has been delayed, the funds have now been approved for use in supporting the refurbishment of Watershed's first floor toilets into a fully inclusive facility and are being taken to income over the same period time as the depreciation of the assets it funds

Other Restricted Capital Grants

Grant support to fund historic refurbishments and construction which began in 2001 has been transferred to Other Restricted Capital Grants and is being taken to income over the same period of time (25 years) as the depreciation of the assets funded by the grants.

Donations specifically to support Watershed's capital development project (including support from Bristol City Council towards the costs of refurbishing Watershed's first floor toilets into a fully inclusive facility) have been transferred to deferred capital grants and will be taken to income over the same period as the depreciation of the assets they fund.

Restricted Revenue Grants

Revenue grants, including donated services and one-off grants for specific creative projects which are restricted by the donors are categorised income from charitable activities and spent in accordance with the donors' restrictions.

Watershed Arts Trust Limited
Notes to the Financial Statements for the Year Ended 31 March 2025 (continued)

27 Analysis of net assets between funds

Group

	Unrestricted funds £	Restricted funds £	Total funds at 31 March 2025 £
Tangible fixed assets	3,728,570	1,017,877	4,746,447
Fixed asset investments	3,297,900	-	3,297,900
Current assets	1,950,207	-	1,950,207
Current liabilities	(1,240,554)	-	(1,240,554)
Creditors over 1 year	(29,690)	-	(29,690)
Provisions	(4,869)	-	(4,869)
Total net assets	<u>7,701,564</u>	<u>1,017,877</u>	<u>8,719,441</u>
	Unrestricted funds £	Restricted funds £	Total funds at 31 March 2024 £
Tangible fixed assets	3,690,757	1,164,975	4,855,732
Fixed asset investments	3,297,900	-	3,297,900
Current assets	1,867,517	-	1,867,517
Current liabilities	(1,076,816)	-	(1,076,816)
Creditors over 1 year	(29,690)	-	(29,690)
Provisions	(3,555)	-	(3,555)
Total net assets	<u>7,746,113</u>	<u>1,164,975</u>	<u>8,911,088</u>

Watershed Arts Trust Limited
Notes to the Financial Statements for the Year Ended 31 March 2025 (continued)

27 Analysis of net assets between funds (continued)

Charity

	Unrestricted funds £	Restricted funds £	Total funds at 31 March 2025 £
Tangible fixed assets	3,708,210	1,017,877	4,726,087
Fixed asset investments	3,348,001	-	3,348,001
Current assets	1,449,552	-	1,449,552
Current liabilities	(1,040,516)	-	(1,040,516)
Creditors over 1 year	(29,690)	-	(29,690)
Total net assets	7,435,557	1,017,877	8,453,434

	Unrestricted funds £	Restricted funds £	Total funds at 31 March 2024 £
Tangible fixed assets	3,668,574	1,164,975	4,833,549
Fixed asset investments	3,348,001	-	3,348,001
Current assets	1,218,281	-	1,218,281
Current liabilities	(867,568)	-	(867,568)
Creditors over 1 year	(29,690)	-	(29,690)
Total net assets	7,337,598	1,164,975	8,502,573

28 Related party transactions

During the year legal fees of £Nil (2024: £4,350) were paid to TLT LLP in respect of legal services provided to the Watershed Group. (James Touzel is a trustee of Watershed Arts Trust Limited and a partner of TLT LLP).

Watershed has a non-exclusive arrangement with TLT LLP for the provision of legal services. This arrangement has previously been approved by the Board and was reconfirmed in June 2016.

The Board has delegated authority to the Chief Executive Officer to instruct TLT LLP, or any other law firm, on matters where the total fee charged on that transaction does not exceed £10,000. Transactions above this limit are approved by the Board. James Touzel absents himself from any discussion of any proposal to instruct TLT LLP or to approve fee proposals submitted by TLT LLP.

During the year £600 (2024: £Nil) was paid to the National Film and Television School. A trustee of the charity is an employee of the National Film and Television School.

During the year £18,000 (2024: £2,985) was received from The Royal Shakespeare Company. A trustee of the charity is a trustee of The Royal Shakespeare Company.

Watershed Arts Trust Limited
Notes to the Financial Statements for the Year Ended 31 March 2025 (continued)

29 Post balance sheet events

On 12 August 2025, Watershed Ventures CIC ceased to trade and the company was dissolved.

30 Contingent liabilities

After the year end an error was identified in the charity's approach to its partial exemption VAT calculation, which is likely to have resulted in an underpayment of VAT. At the date of approval of these financial statements the impact of this was not yet ascertained and therefore no provision has been included within these financial statements for any potential underpayment as no reliable estimate was available.