

WATTS GALLERY TRUST

England & Wales · Charity number 313612

Details

Other names WATTS GALLERY, WATTS GALLERY TRUST

Status Registered

Legal form Charitable company

Company number [06147572](#)

Registered 1967-09-07

Register [View on the Charity Commission register](#)

Contact

Address Watts Gallery
Down Lane
Compton
Guildford
GU3 1DQ

Phone 01483810235

Email info@wattsgallery.org.uk

Website www.wattsgallery.org.uk

Activities

Objects: THE OBJECTS OF THE CHARITY ARE:1.TO PROMOTE ART FOR THE BENEFIT OF THE PUBLIC BY THE ESTABLISHMENT AND MAINTENANCE OF THE WATTS ART GALLERY;2. TO ADVANCE THE EDUCATION OF THE PUBLIC IN THE SUBJECT OF ART;3.TO PRESERVE FOR THE BENEFIT OF THE PUBLIC THE WATTS ART GALLERY, ITS GROUNDS AND OTHER BUILDINGS ASSOCIATED WITH GEORGE FREDERIC AND MARY WATTS AS BUILDINGS OF HISTORIC, ARCHITECTURAL OR CONSTRUCTIONAL INTEREST (THE "OBJECTS").

Activities: The Watts Gallery Trust seeks to promote the understanding and appreciation of the Victorian artist G F Watts OM RA 1817-1904 and the ceramic artist Mary Seton Watts, in the context of the 19th Century, and to promote Compton as a centre for exploring Victorian art, social history and craft for present and future generations.

Classification

- **How:** Provides Buildings/facilities/open Space, Provides Advocacy/advice/information, Sponsors Or Undertakes Research, Other Charitable Activities
- **What:** Education/training, Arts/culture/heritage/science
- **Who:** The General Public/mankind

Geography

- **Area of benefit:** NATIONAL
- Surrey

Finances

Period end	Income	Expenditure	Assets	Employees
2025-03-31	£2,812,273	£3,382,095	£25,010,342	88
2024-03-31	£2,586,872	£3,074,413	£25,886,893	83
2023-03-31	£2,562,395	£3,150,402	£38,873,682	81
2022-03-31	£2,660,246	£3,245,571	£39,708,602	78
2021-03-31	£2,950,693	£2,881,148	£40,110,066	73

Trustees

Name	Role	Appointed
Sarah Katherine King	Chair	2023-05-29
Caroline Louise Ikin		2026-03-01
Dennis Ralph Brenninkmeijer		2023-09-26
Dr Gursimran Kaur Oberoi		2023-05-15
Jeremy Malise Mcilroy		2025-07-24
Julie Margaret Molloy		2023-12-12
Lysa Robin Schwartz		2026-03-01
Rachael Anne Willson		2026-03-01

Linked charities

- MRS MARY SETON WATTS BEQUEST (313612-1)
- GRAHAM WALFORD ROBERTSON TRUST FUND (313612-2)
- WATTS GALLERY (313612-3)

WATTS GALLERY TRUST

England & Wales - Charity number 313612

Accounts

Company registration number: 06147572
Charity registration number: 313612

WATTS GALLERY TRUST
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

WATTS GALLERY TRUST
(A company limited by guarantee)

CONTENTS

	Page
Reference and Administrative Details of the Charity, its Trustees and Advisers	1
Trustees' Report	2 - 14
Trustees' Responsibilities Statement	15
Independent Auditors' Report on the Financial Statements	16 - 19
Consolidated Statement of Financial Activities	20 - 21
Consolidated Balance Sheet	22 - 23
Charity Balance Sheet	24 - 25
Consolidated Statement of Cash Flows	26
Notes to the Financial Statements	27 – 57

WATTS GALLERY TRUST
(A company limited by guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2025**

Trustees A J Burtenshaw (resigned 31 July 2025)
 F Rutter (resigned 22 March 2025)
 D Brenninkmeijer
 Dr G K Oberoi
 J M McIlroy (appointed 24 July 2025)
 J M Molloy
 K C Ntumba
 M J Holt
 M N Macintyre (resigned 8 August 2025)
 O Houghton (appointed 22 May 2025)
 S K King, Chair
 U D Neblett-Leigh

Company registered number 06147572

Charity registered number 313612

Registered office Down Lane
 Compton
 Guildford
 Surrey
 GU3 1DQ

Independent auditors Azets Audit Services Limited
 Ashcombe Court
 Woolsack Way
 Godalming
 Surrey
 GU7 1LQ

Bankers Lloyds Bank plc
 49 High Street
 Godalming
 Surrey
 GU7 1AT

Solicitors Stone King LLP
 Upper Borough Court
 Upper Borough Walls
 Bath
 BA1 1RG

Investment Advisors CCLA
 Senator House
 85 Queen Victoria Street
 London
 EC4V 4ET

WATTS GALLERY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2025



Report from the Chair

Welcome from our Chair of Trustees

This year we welcomed record numbers of visitors to Watts Gallery but, like many in the arts sector, recovery post pandemic is taking far longer than we anticipated and expenditure rose at a much faster rate than income levels. With revenue streams and cost control a priority we managed to achieve core savings, but ongoing external challenges affecting the cultural sector and recent government changes to National Living Wage and National Insurance are adding significant cost pressures. However, with a new Board and changes to the senior leadership team there is fresh energy to face the challenges that lie ahead.

While admissions and associated income rose significantly year on year, the tough reality is that admissions income is still underperforming and highlights a need to strengthen upselling, improve Gift Aid conversion, refine pricing strategies, and maximise each visitor's value. The increase in admissions reflects a welcome resurgence in public engagement with the gallery and we were pleased to see many first-time visitors responding enthusiastically to our programming, particularly the Flower Fairies: The Magical World of Cicely Mary Barker exhibition, which proved especially popular with family audiences.

"A really wonderful visit with our two young sons. Lots to keep them occupied and entertained. We stayed much longer than I expected to. The Flower Fairy exhibition and tree trail were thoroughly enjoyable." Visitor review

This year we celebrated the 175th anniversary of the birth of our founder Mary Watts. An Edwardian trailblazer, Mary was not just an artist but a designer, writer, philanthropist and social pioneer and the creative powerhouse behind the creation of the gallery as well as two significant enterprises: the Watts Chapel and the Potters' Arts Guild at Compton. It was entirely fitting that this year we welcomed Professor Dame Magdalene Odondo as the first President of Watts Gallery Trust. Magdalene is a wonderful ambassador for our charity and celebrated for her pioneering practice in clay.

Watts Gallery Trust proudly upholds the legacy of our founders George Frederic and Mary Watts and their enduring conviction that art can inspire and transform lives. Our 120-year history is a testament to their vision and values that guide us, inspiring us to look ahead with ambition, creativity, and resolve. The work we do at Watts Gallery, with our community partners and through our engagement programming, steadfastly upholds the ethos of our founders and I'm delighted that we are able to extend our vital work with schools and with those communities who would otherwise face barriers to creative participation.

*"Coming to Watts Gallery is my therapy. It's like I can breathe out... art and making things is important to me."
Art for All Community Learning Programme participant from Woking Women's Support Centre*

As we approach our next chapter and transition to a more financially sustainable business model, we will remain dedicated to deepening our work with communities, delivering excellence in the arts and safeguarding the future of our charity for generations to come.

I want to take this opportunity to thank our outgoing Director Alistair Burtenshaw for his personal commitment to Watts Gallery and all that he achieved during his tenure. I would also like to thank Watts Gallery's hard-working and committed staff, volunteers and supporters – without whom we simply could not do what we do.

I passionately believe in the value and importance of our founding mission, the quality of our impact, and our people who will oversee the exciting transformation of Watts Gallery. Plus, with a new Director arriving shortly, we have an exciting journey ahead.

WATTS GALLERY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2025

As we look ahead to 2025/2026 our focus is on delivering the first phase of the Trading Company transformation, rolling out a revised commercial strategy, implementing an updated operating model and embedding new ways of working across the organisation. And as ever, we will continue to honour the legacy of our founders G F and Mary Watts, and their belief that art can transform lives.

Sarah King, Chair, Board of Trustees, Watts Gallery Trust

WATTS GALLERY TRUST
(A company limited by guarantee)

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2025**

Financial Statements and Review

Financial Statements

The Trustees present their report and the audited financial statements of the charity for the year ended 31 March 2025. The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" (FRS 102) in preparing the annual report and financial statements of the charity.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the Charities Acts of 2011 and 2022, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

Financial Review

Total revenue for the year amounted to £2,812,273, compared to £2,586,872 in the previous year, an increase of 9% on the prior financial year (FY2024). This was mainly attributed to:

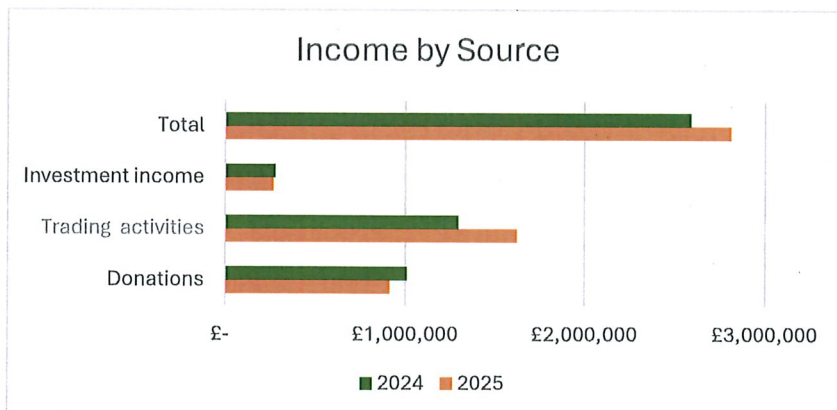
Donations of £915,037 (39% of total income) down 9% from FY2024 (£1,009,506):

	FY 2025	FY 2024
Patron and Friends	£122,946	£113,264
Gift Aid	£57,352	£87,228
General Donations	£676,425	£749,605
Arts Council England	£58,314	£59,409

Trading activities of £1,624,190 (50% of total income) up 25% from FY2024 (£1,295,396):

	FY 2025	FY 2024
Sale of goods and services	£1,135,437	£913,275
Learning events	£184,944	£244,645
Admissions	£288,235	£117,131
Tours of Gallery	£15,574	£20,345

Investment income of £273,046 (11% of total income) up 10% from £281,970 in FY2024.



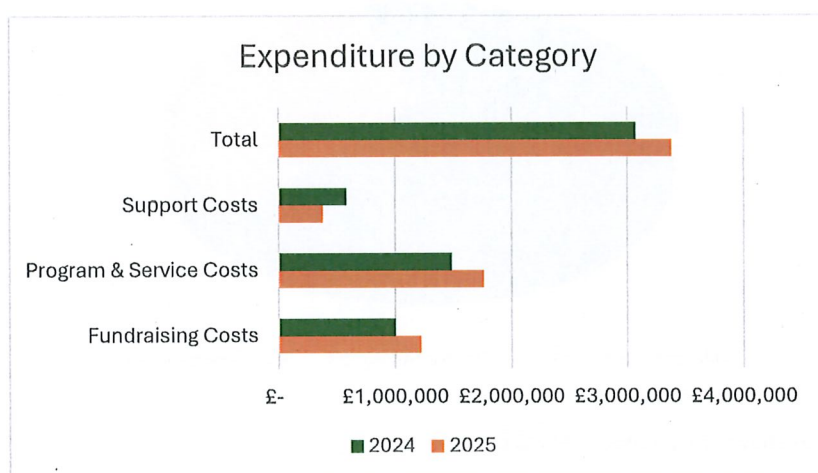
WATTS GALLERY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2025

Total expenditure for the year was £3,382,095 reflecting a 10% increase from previous FY 2024 (£3,074,413).

The major areas of expenditure were:

- Fundraising trading expenses
- Program and services expenses
- Support costs



The figures referred to above are denoted in £'000's.

The net income/expenditure for the year before any losses or gains on investments and transfers between funds was a deficit of £566,194 compared to a deficit of £487,541 for the prior financial year 2024.

During the year there were no revaluations of investment property and a loss on revaluation of listed investments of £306,729. This compared to a gain on listed investments of £568,279 in the 2024 financial year.

Reserves

The Trustees' policy is to build and maintain uncommitted reserves at a level equivalent to 3 to 6 months of current operating costs. For 2025, this equated to a target range of £844,617 to £1,546,184 (2024: £694,234 to £1,388,468). This level of reserves is considered appropriate to safeguard the continuity of Watts Gallery Trust's activities and to meet its contractual obligations in the event of unexpected reductions in income.

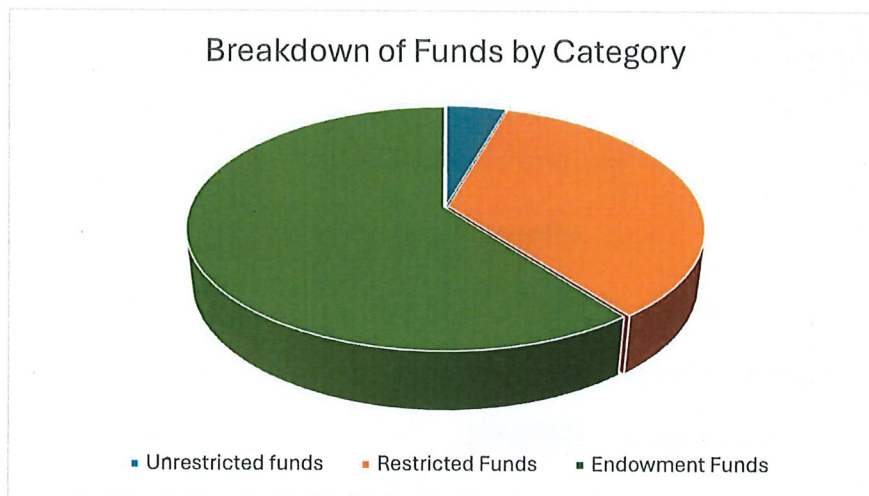
Watts Gallery Trust holds three categories of funds:

- Unrestricted funds: These are general funds available for use at the discretion of the Trustees in furtherance of the charity's objectives. They include both designated funds and free reserves.
- Restricted funds, which are donations where the use is determined by the donor (see Note 22).
- Endowment funds, which include Permanent endowments, largely consisting of the Gallery's permanent collection of artworks. Expendable endowments, primarily invested to generate income in support of the Gallery's ongoing costs.

WATTS GALLERY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2025

As at 31 March 2025, the Trust held consolidated total funds of £25,010,342 (2024: £25,886,893), comprising: £1,122,223 in unrestricted funds, £8,758,884 in restricted funds, £15,129,235 in endowment funds, including the permanent collection valued at £9,745,991.



The figures referred to above are denoted in £'000's.

The unrestricted funds are made up of £516,562 in freehold land, buildings and tangible assets and £30,954 of free reserves (2024: £82,767). This level of free reserve represents approximately 11% of a month's current operating costs.

We are committed to rebuilding our reserves to meet the organisation's agreed target level. This will be achieved through a combination of prudent cost management, strategic income generation, and improved financial planning. We will work to reduce our reliance on restricted funding sources while aligning programme delivery more closely to available core funding.

During the year, the trustees reviewed the financial position and long-term sustainability of the charity, including the status and intended use of the endowment fund. Following careful consideration, the trustees propose a partial drawdown of the endowment to support the charity's strategic objectives and immediate funding priorities. This decision has been guided by our commitment to ensuring that the fund continues to serve its original purpose while allowing for flexibility in addressing current needs. The drawdown will be carried out in line with the fund's terms and relevant legal and regulatory requirements, with appropriate financial oversight in place to ensure responsible stewardship.

Who We Are

Founded in 1904 as the only gallery in the UK devoted to a single artist, Watts Gallery offers a unique insight into the life and work of 'England's Michelangelo' George Frederic Watts and his wife Mary Seton Watts, the designer and founder of The Potters' Arts Guild at Compton.

G F and Mary Watts shared a vision that art had the power to change society and should be available for everyone to experience and enjoy. We continue this legacy in many ways, through our collection and exhibitions, programming, contemporary art projects and community engagement.

As a charity, our work is made possible through the support of our visitors, Friends, Patrons, donors and supporters, as well as our wonderful army of volunteers.

WATTS GALLERY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2025

Objects of the Trust

- To promote art for the benefit of the public by the establishment and maintenance of Watts Gallery.
- To advance the education of the public in the subject of art.
- To preserve for the benefit of the public Watts Gallery, its grounds and other buildings associated with George Frederic and Mary Watts – as buildings of historic, architectural or constructional interest.

Mission, vision and values

Our Vision:	<i>A Creative Home for our Local Community.</i>
Our Mission:	<i>Art for All by All Drawing on the legacy of our founders, GF and Mary Watts to inspire, engage and transform lives through art and creativity</i>
Our Values:	
Nurturing creativity	<i>We encourage creativity and making for all.</i>
Inclusive community	<i>We collaborate with our community to welcome all to enjoy art and creativity.</i>
A Place to Inspire	<i>We celebrate our heritage and beautiful location for all to enjoy.</i>

Our Structure

Structure

Watts Gallery Trust was established and registered as a charity in 1905. In 2008 it was incorporated as a company limited by guarantee. Watts Gallery Trading Limited is a trading subsidiary wholly owned by Watts Gallery Trust. The company is controlled by its governing document and a deed of Trust and constitutes a Company, limited by guarantee, as defined by the Companies Act 2006.

The Trust is governed by a board of Trustees who are also directors of the charity. The trustees meet at least four times a year and are responsible for the objectives and the strategy for the charity and are in overall control of its management and administration. Certain management and essentially all operational functions are delegated to the Director and Senior Leadership Team.

Public Benefit

The Trustees confirm they have had due regard to the Charity Commission's guidance on public benefit in planning and delivering the charity's activities. This report outlines the key activities undertaken during the year to further the charity's aims as set out in its Memorandum, all of which have provided identifiable benefits to the public.

Trustees

Watts Gallery Trust is governed by a Board of Trustees who are collectively responsible for the strategic direction, oversight, and overall performance of the charity in accordance with its charitable objects.

The Board meets regularly throughout the year to review progress against strategic objectives, monitor financial performance, manage risk, and ensure the charity is compliant with all regulatory obligations. The Trustees delegate day-to-day operations to the Director and Senior Leadership Team.

Trustees are appointed to ensure a balanced mix of skills, qualifications, and experience necessary for the effective and informed governance of the Trust and its assets. Recruitment is conducted openly and based on specific skills, with interviews designed to ensure Trustees reflect the diversity of our community and meet the strategic needs of the charity.

WATTS GALLERY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2025

New Trustees receive a full induction, including a copy of the Charity Commission's The Essential Trustee and a file of key policies and procedures. Each Trustee is initially appointed for a four-year term and may be re-elected for additional terms. Trustees rotate on a regular basis, and the Chair is appointed at the first meeting of each financial year.

In line with best practice, all Trustees complete an annual related party transaction declaration, alongside ongoing declarations of interest made at each Trustee meeting.

Governance

The Trust is committed to maintaining high standards of governance in line with the Charity Governance Code. The Board is supported by several committees with delegated responsibility for specific areas. Each committee includes Trustees with relevant expertise, and they report regularly to the full Board

- Finance Committee: Met quarterly to assess the charity's financial performance, budget management, investment strategy, and cashflow. The committee closely monitored expenditure, supported the introduction of new financial KPIs, and received investment reports from fund managers CCLA to guide reserve management.
- Audit Committee: Under Cedric Ntumba's leadership, began establishing a framework for internal controls, compliance monitoring, and policy review. It also provided oversight of statutory audit processes.
- Trading Company Board: Oversaw the Trust's commercial operations including retail, catering, and venue hire. The Board focused on increasing profitability, improving reporting structures, and supporting leadership through the rollout of a new customer relationship management (CRM) and ticketing system.
- Engagement Committee: Supported the development of exhibitions, learning programmes, and audience engagement. The committee advised on programming decisions, diversity in exhibition content, and contributed to the ongoing refinement of evaluation frameworks, including the annual audience survey and the six-year trend analysis.
- Property Committee: Provided oversight of the care and development of the Gallery's estate, buildings, and grounds. Key work included prioritising maintenance projects, compliance with health and safety standards, and progress toward the development of a long-term capital works strategy.
- Governance & Nominations Committee; Focused on Board effectiveness, Trustee recruitment, and succession planning. The committee reviewed governance policies, led the annual Board evaluation process, and ensured alignment with the Charity Governance Code.

Remuneration Policy

Watts Gallery Trust is committed to paying fair and competitive salaries, aligned with similar-sized organisations in the local charitable arts sector. Remuneration is proportionate to the responsibilities and complexity of each role and is informed by a regular, objective performance appraisal system. Salaries are benchmarked against comparable local roles to ensure consistency and fairness.

The Trustees, following recommendations from the Finance Committee, approve any annual percentage salary increases. In making these decisions, the Trustees consider affordability within the planned budget, the need to attract and retain skilled staff, and the relative responsibilities of each position.

The former Director of Watts Gallery Trust, who also served as a Trustee, was eligible for a performance-related bonus. This was assessed annually by the Chair and Deputy Chair of the Trustees, based on delivery against agreed objectives, and was reviewed and confirmed by the Finance Committee.

In line with governance best practice, any Trustee expenses must be approved by the Chair of the Trustees prior to processing and payment by the charity.

Investment Policy

Watts Gallery Trust aims to achieve the best possible financial return within an acceptable level of risk. The objective for the reserves is to deliver long-term growth above inflation while generating a sustainable income to support the charity's ongoing activities.

WATTS GALLERY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2025

The Trust's investments are managed on a total return basis by CCLA. The Finance Committee regularly reviews the performance of the investment portfolio to ensure it aligns with the charity's objectives.

When appointing CCLA, the Trustees gave careful consideration to their Environmental, Social, and Governance (ESG) credentials. CCLA holds an A+ rating across all principles for responsible investment, supporting the Trust's commitment to ethical and sustainable financial management.

Investment income continues to be an important and reliable source of funding and is reviewed as part of the Financial Review section of this report.

Risk Management

The Trustees have assessed the principal risks facing Watts Gallery Trust and are satisfied that appropriate systems and procedures are in place to manage and mitigate them effectively.

Key risks identified include:

- Fluctuation in visitor numbers
- Changes in government policy impacting the arts and charitable sectors
- Challenges in attracting and retaining skilled staff and volunteers
- Continued reliance on fundraising income

The risk register is actively managed and reviewed regularly by the Director and Senior Leadership Team, quarterly by the Finance Committee, and annually by the full Board of Trustees. Mitigation plans are in place for each key risk, and their effectiveness is monitored on an ongoing basis.

The Trustees are confident that the charity holds sufficient resources and has robust plans in place to ensure continued operation for the foreseeable future.

Strategic objectives

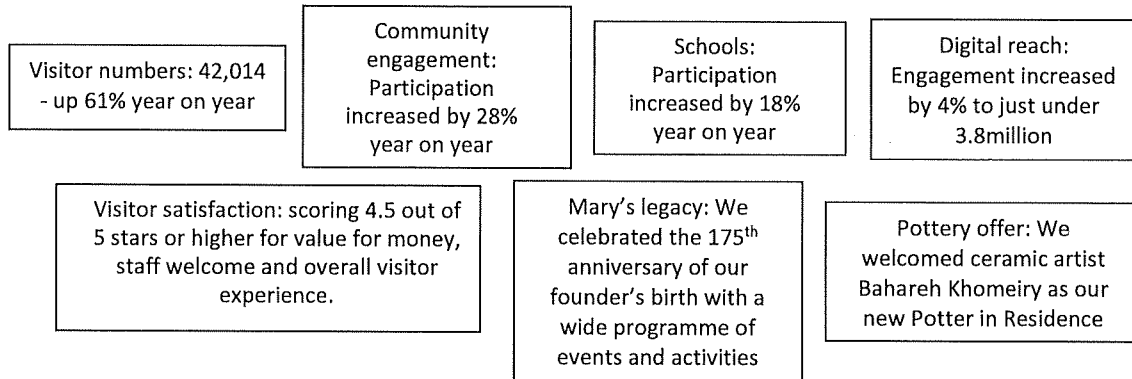
Our four key objectives for the period 2024 to 2027 are:

- 1. Attract more visitors**
Create a stronger, clearer, consistent offer clearly focused at families and art lovers
Ensure all activity is funded or creates a surplus
- 2. Focus on our regional audience**
Provide a customer-centric programme, offer, communications and community partnerships
Respond to the needs of our local audience – defined as within a one-hour travel time
- 3. Place Mary and G F Watts's vision and ethos at our core**
Build our offer around our founders' commitment to art having the power to transform lives
Highlight our founders' relevance and art for all ethos
- 4. Revitalise our work**
Become more results-focused; simplify and strengthen what we already do
Be more collaborative, adaptable, and effective in how we work
Lay the foundations for our future

WATTS GALLERY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2025

The Year in Review



"Beautiful setting, friendly staff, stunning sculptures, delicious sandwiches & rarebit. A lot to see - definitely worth another visit." Visitor review

"What an amazing place. Everyone friendly and knowledgeable. Will be recommending to friends." Visitor review

Our Impact

Community Engagement:

Watts Gallery Trust was founded on two commitments. Firstly, the care and preservation of our wonderful Arts & Craft buildings and the care and display of our wonderful and historically significant collections. And secondly our commitment to continuing Mary Watts work in the community.

We have continued to work in close partnership with key organisations and groups who represent members of our community who would otherwise face barriers to creative participation or who are traditionally under-served.

In 2024/2025 we were delighted to resume our work with STAR (Waverley Federation), funding courses for selected students from local secondary schools to participate in gallery-based activities.

With the funding we received in 2023/2024, this year saw the delivery of school activity supported by Clore Duffield Foundation Challenge and Opportunity Fund, inviting local schools who would otherwise not be able to visit, to take part in workshops at no cost to the school.

We are also delighted to have been able to extend our work with schools by welcoming a Teacher Fellow to the team. Funded by the Art Fund, the Teacher Fellow role has been created to support schools and museums/galleries to work collaboratively to develop rich learning programmes that support teachers to engage students in art and culture through using and visiting museums and galleries to enrich classroom learning. Watts Gallery is one of two host organisations in the pilot year of this multi-year programme.

Watts Pottery:

This year marked the 175th anniversary of Mary Watts' birth and celebrations of her work and influence, including themed workshops and activities as well as the revitalizing of our pottery offer. Following in the footsteps of Mary Watts we welcomed Bahareh Khomeiry as our first Potter in Residence and with her arrival an expansion of our public pottery teaching offer. We were also fortunate enough to have funding to allow for the acquisition and display of Halima Cassell's piece, *Bo Orb*.

WATTS GALLERY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2025

2024/2025 Exhibitions:

Edo Pop: Japanese Prints 1825 – 1895 (19 March – 6 October 2024)

Focusing on the period 1825 – 1895, visitors were invited to travel to the bustling metropolis of Edo (modern day Tokyo) through 19th-century Japanese woodblock prints. It was the first public display for many of the works and the exhibition also featured a new commission by contemporary Japanese printmaker Hiroko Imada.

“The captivating exhibition gives a vivid glimpse into Edo-style celebrity culture – Kabuki heartthrobs, prize-winning sumo wrestlers, courtesan influencers – which is not so different from ours.” The Spectator

Flower Fairies: The Magical World of Cicely Mary Barker (22 October 2024 – 27 April 2025) Visitors could experience the timeless appeal of Cicely Mary Barker's creation, the *Flower Fairies* and see a selection of the original *Flower Fairies* alongside her personal sketches and family photographs. Enjoy playful and creative moments throughout the exhibition. Dress-up as a fairy, design a garden and become a part of the enchanting fairy tales.

“Beautifully displayed with lots of interactive areas for children” Tripadvisor review

Both exhibitions provided rich opportunity for related activity across the whole Watts Gallery site including trails, workshops and programming and complementary decoration.

Alongside these exhibitions, the Contemporary Gallery showcased and sold work by Angie Lewin, Jonathan Chiswell Jones, and many other artists through various group exhibitions thematically aligned to our seasonal programming.

Our Collection

Caring for our Collection:

As custodians of the collection, we have a duty of care to ensure its long-term preservation for current and future generations to enjoy. Our conservation activities protect vulnerable works by providing a buffer from environmental change and protection from dust, helping slow natural ageing and postponing the need for urgent intervention measures.

Collection highlights:

- G F Watts' sculptural masterpiece *Physical Energy*: We secured planning permission for the installation in May 2024 then worked with our landscape architects, LDA, Surrey Wildlife Trust and Arbtech to discharge our planning conditions which were signed off by Guildford Borough Council in January 2025. Work started onsite in May 2025 and is due to finish at the start of Q3 2025/26.
- The conservation and installation of a beautiful Well Head by Mary Watts, outside the main entrance to Limnerslease. This important piece gives a new focal point to celebrate and further understand the work of Compton Pottery.
- *Limn: UCA Farnham x Watts Gallery*, 4 May – 30 June 2024, work by Fine Art MA students from University for the Creative Arts
- *Edges*, 13 July – 3 November, a group exhibition of site-specific installations and sound pieces
- A display of Mary Watts inspired panels by participants from Woking Women's Support Centre.

Sharing our Collection:

A conference *Drawing Connections* was delivered on 29 April 2024 with contributions from Tim Barringer, Gursimran Oberoi, Lucy Ella Rose, Chloe Ward, Ryan Nutting to 68 attendees and followed the launch of Watts Gallery Collections Online; a complex project which included moving over 7,000 collection items onto a new collections management software system and making them available to view on our new Collections Online portal.

WATTS GALLERY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2025

This year saw major international loans of works from our collection:

G F Watts, *Paolo and Francesca*

G F Watts, *Miss Virginia Julian Dalrymple*

To: 'Preraffaelliti: Rinascimento Moderno' at the Museo Civico San Domenico Forlì in Italy

G F Watts, *The Sower of the System, 1902*

To: 'Van Gogh and the Stars' at Fondation Vincent van Gogh Arles, France

Our Commitments

Our team

Following last year's departmental restructure, new ways of working were introduced and embedded organisation-wide. New roles included the introduction of an Exhibitions Curator, Collections Curator and Visitor Experience Manager. We also welcomed two new SLT members; Head of Trading and Head of Development.

The number of full-time equivalent (FTE) staff increased from 43 to 48 to fill roles that had been vacant for some time.

This year, we continued to invest in the development and wellbeing of our staff and volunteers, recognising their central role in delivering our charitable mission. These efforts have contributed to improved cross-team collaboration, greater resilience, and a consistently high standard of delivery across the organisation.

Our dedicated volunteer community also remained vital to our operations, supporting visitor services, learning programmes, collections care, and events. We remain grateful for the energy, expertise, and generosity our volunteers bring to Watts Gallery.

Diversity, Equity and Inclusion

Equality, diversity and inclusion are at the heart of our *Art for All* vision. Following in the footsteps of our founders' ethos we care for and respect our staff and communities, ensuring that everyone feels welcome, respected, represented and valued.

We believe that people from different backgrounds bring fresh ideas, thinking and approaches which make the way work is undertaken more effective and efficient and ultimately have a positive impact on the success of our organisation.

We do not tolerate direct or indirect discrimination against any person on grounds of age, disability, gender / gender reassignment, marriage / civil partnership, pregnancy / maternity, race, religion or belief, sex, or sexual orientation.

As colleagues it is our collective responsibility to take to endeavour to promote these concepts, to comply with all relevant legislation and to ensure that we do not discriminate against colleagues, customers, suppliers or any other person associated with our organisation.

Environment

We act as thoughtful, considerate, and consistent custodians of our estate and resources; a place where art and nature come together; our environment is at the heart of everything we do. We care about the environment and aim to keep our environmental impact to a minimum.

Environmentalism was a key concern of George Frederic Watts. When our Grade I and II* listed Arts & Crafts buildings were first constructed, provisions were put in place to ensure that they functioned sustainably and with minimal impact on the surrounding landscape. Today, nestled in the Surrey Hills Area of Outstanding Natural Beauty, we are acutely aware of our responsibility to care for and preserve the local environment for future generations.

In the face of a changing climate, we are taking many steps to improve awareness within our culture locally at Watts Gallery. We strive to become a frontrunner for environmentally sustainable practice among museums in the South East.

Many thanks to the advice and support we have received from Surrey Wildlife Trust.

Find out more: [Why is Environmental Sustainability important to us?](#)

WATTS GALLERY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2025

Thank you

In alphabetical order:

Amanda Wood
Anson Charitable Trust
Arbtech
Art Fund
Boodle Hatfield
Chelsea Square 1994 Trust
Clare Duffield Foundation
Compton Village Association
Creative Minds
Deborah Loeb Brice Foundation
Dr. Lee MacCormick Edwards Charitable Trust
Exhibition Circle Members
Frances Ruck Keene
Geoff Herrington Foundation
Guildford Borough Council
halow Project
Hans Christmas Anderson
HMP Send
Isabel Goldsmith-Patino
LDA
Little Green Paint company
Mary Watts Guild Members
Michael Varah Memorial Fund
Muddy Stiletos
Our Patrons and Friends
RHS Learning and Publication Engagement
Robin Privett
Royal Holloway, University of London
Sally Marriott
Salomon Oppenheimer Philanthropic Foundation
Silent Pool
Squires Garden centres
STAR (Waverley Federation)
Surrey County Council
Surrey County Council Youth Support Service
Surrey Wildlife Trust
Tavolozza Foundation
The Arts Society – Woking
The Borrowes Charitable Trust
The de Laszlo Foundation
The Foyle Foundation
The Grange
The National Lottery Heritage Fund
Voluntary Action South West Surrey
Woking Women's Support Centre
Wolfson Foundation

We are incredibly grateful to our donors, partners, funders and sponsors who supported us in 2024/2025

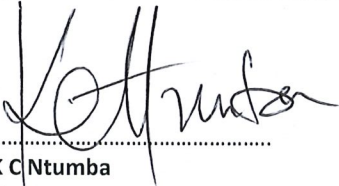
WATTS GALLERY TRUST
(A company limited by guarantee)

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2025**

Additional Information

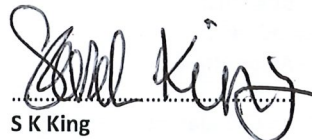
Additional information is available in the annual report on the website through the following link [www.wattsgallery.org.uk/our charity/trustees/](http://www.wattsgallery.org.uk/our-charity/trustees/).

Approved by order of the members of the board of Trustees on10/11/2025.....and signed on their behalf by:



.....

K C Ntumba
Trustee



.....

S K King
Trustee

WATTS GALLERY TRUST
(A company limited by guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 MARCH 2025

The Trustees (who are also the directors of Watts Gallery Trust for the purposes of company law) are responsible for preparing the Trustees' Report including the Strategic Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Charity and of their incoming resources and application of resources, including their income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2019 (FRS 102);
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

WATTS GALLERY TRUST
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WATTS GALLERY TRUST

Opinion

We have audited the financial statements of Watts Gallery Trust (the 'charitable parent company') and its subsidiary (the 'group') for the year ended 31 March 2025 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Charity Balance Sheet, the Consolidated Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Charities SORP Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the charitable parent company's affairs as at 31 March 2025 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.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the charitable parent 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.

WATTS GALLERY TRUST
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WATTS GALLERY TRUST (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The Trustees are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

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

- the charitable parent company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable parent 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 Trustees' Responsibilities Statement, the Trustees (who are also the directors of the charitable parent company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

WATTS GALLERY TRUST
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WATTS GALLERY TRUST (CONTINUED)

Auditors' 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 Auditors' 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

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:

Based on our understanding of the charitable parent company and industry, we identified that the physical risk of non-compliance with laws and regulations related to breaches of health and safety and employee laws and regulations. We also obtained an understanding of the legal and regulatory frameworks that the charitable parent company operates in, focusing on those that had a direct effect on material figures and disclosures in the financial statements, the main regulations considered in this context included the UK Companies Act 2006 and the Charities Act 2011.

We evaluated the incentives and opportunities for fraud in the financial statements, including, but not limited to, the risk of override of controls and designed procedures in response to these risks as follows;

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the Charity through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations; and
- Performing audit work over the risk of management bias and 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 indicators of potential bias.

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

There are inherent limitations in the audit procedures described above, and the risk of not detecting a material misstatement due to fraud is higher than one resulting from error as fraudulent misstatements may involve deliberate concealment.

WATTS GALLERY TRUST
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WATTS GALLERY TRUST (CONTINUED)

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

Azets Audit Services

Debra Saunders Bsc FCA (Senior Statutory Auditor)

For and on behalf of Azets Audit Services Limited, Statutory Auditor

Ashcombe Court
Woolsack Way
Godalming
Surrey
GU7 1LQ

Date: 11 November 2025

WATTS GALLERY TRUST
(A company limited by guarantee)

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND
EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2025**

	Note	Unrestricted funds 2025 £	Restricted funds 2025 £	Endowment funds 2025 £	Total funds 2025 £	Total funds 2024 £
Income and endowments from:						
Donations and legacies	3	682,436	202,601	30,000	915,037	1,009,506
Other trading activities	4	1,624,190	-	-	1,624,190	1,295,396
Investments	5	217,783	-	55,263	273,046	281,970
Total income and endowments		2,524,409	202,601	85,263	2,812,273	2,586,872
Expenditure on:						
Raising funds	6	1,228,448	-	-	1,228,448	1,005,130
Charitable activities	7	1,688,934	464,713	-	2,153,647	2,069,283
Total expenditure		2,917,382	464,713	-	3,382,095	3,074,413
Net (expenditure)/income before net losses on investments		(392,973)	(262,112)	85,263	(569,822)	(487,541)
Net (losses)/gains on investments and revaluation of fixed assets		-	(50,168)	(256,561)	(306,729)	(12,499,248)
Net expenditure		(392,973)	(312,280)	(171,298)	(876,551)	(12,986,789)
Transfers between funds	21	325,000	-	(325,000)	-	-
Net movement in funds		(67,973)	(312,280)	(496,298)	(876,551)	(12,986,789)

WATTS GALLERY TRUST
(A company limited by guarantee)

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND
EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2025**

Reconciliation of funds:

Total funds brought forward	1,190,196	9,071,164	15,625,533	25,886,893	38,873,682
Net movement in funds	(67,973)	(312,280)	(496,298)	(876,551)	(12,986,789)
Total funds carried forward	<u><u>1,122,223</u></u>	<u><u>8,758,884</u></u>	<u><u>15,129,235</u></u>	<u><u>25,010,342</u></u>	<u><u>25,886,893</u></u>

All of the group's activities derive from continuing operations during the above two periods.

The notes on pages 27 to 57 form part of these financial statements.

WATTS GALLERY TRUST

(A company limited by guarantee)
REGISTERED NUMBER: 06147572

**CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2025**

	Note	2025 £	2024 £
Fixed assets			
Tangible assets	13	5,808,101	5,897,718
Heritage assets - the collection	14	9,745,991	9,715,991
Investments	15	6,214,625	6,846,354
Investment property	16	2,515,886	2,515,886
		<u>24,284,603</u>	<u>24,975,949</u>
Current assets			
Stocks		70,569	95,325
Debtors	17	137,880	227,877
Cash and bank - restricted	26	760,321	864,805
Cash and bank - unrestricted	26	87,946	85,585
		<u>1,056,716</u>	<u>1,273,592</u>
Creditors: amounts falling due within one year	18	(317,644)	(329,315)
Net current assets		739,072	944,277
Total assets less current liabilities		25,023,675	25,920,226
Creditors: amounts falling due after more than one year	19	(13,333)	(33,333)
Net assets excluding pension asset		25,010,342	25,886,893
Total net assets		<u>25,010,342</u>	<u>25,886,893</u>
Charity funds			
Endowment funds	21	15,129,235	15,625,533
Restricted funds	21	8,758,884	9,071,164
Unrestricted funds	21	1,122,223	1,190,196
Total funds		<u>25,010,342</u>	<u>25,886,893</u>

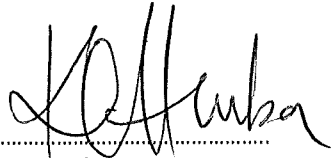
WATTS GALLERY TRUST

**(A company limited by guarantee)
REGISTERED NUMBER: 06147572**

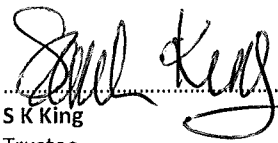
**CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2025**

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements were approved and authorised for issue by the Trustees on10/11/2025..... and signed on their behalf by:



.....
K C Ntumba
Trustee



.....
S K King
Trustee

The notes on pages 27 to 57 form part of these financial statements.

WATTS GALLERY TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 06147572

CHARITY BALANCE SHEET
AS AT 31 MARCH 2025

	Note	2025 £	2024 £
Fixed assets			
Tangible assets	13	5,759,018	5,847,923
Heritage assets - the collection	14	9,745,991	9,715,991
Investments	15	6,214,626	6,846,355
Investment property	16	2,515,886	2,515,886
		<u>24,235,521</u>	<u>24,926,155</u>
Current assets			
Debtors	17	181,020	289,103
Cash and bank - restricted		760,321	864,805
Cash and bank - unrestricted		62,102	51,606
		<u>1,003,443</u>	<u>1,205,514</u>
Creditors: amounts falling due within one year	18	(228,623)	(244,776)
Net current assets		774,820	960,738
Total assets less current liabilities		25,010,341	25,886,893
Total net assets		<u>25,010,341</u>	<u>25,886,893</u>
Charity funds			
Endowment funds	21	15,129,236	15,625,533
Restricted funds	21	8,758,884	9,071,164
Unrestricted funds	21	1,122,221	1,190,196
Total funds		<u>25,010,341</u>	<u>25,886,893</u>

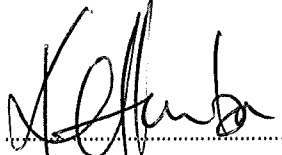
WATTS GALLERY TRUST

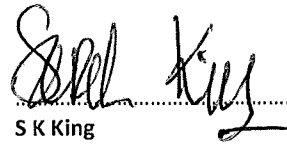
**(A company limited by guarantee)
REGISTERED NUMBER: 06147572**

**CHARITY BALANCE SHEET
AS AT 31 MARCH 2025**

The Charity's net movement in funds for the year was a deficit of £876,551 (2024 - a deficit of £12,986,789).

The financial statements were approved and authorised for issue by the Trustees on10/11/2025.....and signed on their behalf by:


.....
K C Ntumba
Trustee


.....
S K King
Trustee

The notes on pages 27 to 57 form part of these financial statements.

WATTS GALLERY TRUST
(A company limited by guarantee)

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2025**

	2025 £	2024 £
Cash flows from operating activities		
Net cash used in operating activities	(18,259)	(743,686)
Cash flows from investing activities		
Dividends, interests and rents from investments	258,476	254,853
Purchase of tangible fixed assets	(200,111)	(54,741)
Interest receivable and similar income	14,571	27,117
Net cash provided by investing activities	72,936	227,229
Cash flows from financing activities		
Repayments of borrowing	(156,800)	(20,000)
Net cash used in financing activities	(156,800)	(20,000)
Change in cash and cash equivalents in the year	(102,123)	(536,457)
Cash and cash equivalents at the beginning of the year	950,390	1,486,847
Cash and cash equivalents at the end of the year	<u>848,267</u>	<u>950,390</u>

All of the cash flows are derived from continuing operations during the above two periods.

The notes on pages 27 to 57 form part of these financial statements

WATTS GALLERY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

1. Accounting policies

1.1 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.

1.2 Statement of compliance

Watts Gallery Trust is a company limited by guarantee, incorporated in England. The registered office is Watts Gallery Trust, Down Lane, Compton, Guildford, Surrey, GU3 1DQ. The nature of the charity's operations is set out in the Report by the Trustees.

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 issued in October 2019, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Charities Act 2011 and the Companies Act 2006.

1.3 Basis of preparation

Watts Gallery Trust 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 notes.

1.4 Basis of consolidation

The consolidated financial statements consolidate the financial statements of the charity and its subsidiary undertaking drawn up to 31 March 2025.

No Statement of Financial Activities is presented for the charity as permitted by section 408 of the Companies Act 2006. For the financial year ending 31 March 2025 the charity generated a deficit of £392,973 (2024 - deficit of £286,875) on unrestricted funds related to the Gallery's operating activities and a deficit of £483,578 (2024 - deficit of £12,699,914) on restricted and endowment funds related to specific projects or purposes. This results in a net deficit of £876,551 for the financial year (2024 - deficit of £12,966,789).

A subsidiary is an entity controlled by the charity. Control is achieved where the charity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiary, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of the subsidiary have been changed where necessary to ensure consistency with the policies adopted by the group.

WATTS GALLERY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

1. Accounting policies (continued)

1.5 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. While cash flow is being closely monitored due to current financial pressures, the trustees are confident that the mitigating actions being taken, such as:

- Addressing core structural inefficiencies
- Unlocking untapped income and asset value
- Growing development and sponsorship income streams.
- Embedding sustainability into every aspect of the organisation
- Leveraging endowment flexibility to manage cashflow.

Provide strong justification for confidence in the organisation's ability to continue as a going concern through FY2026/27 and beyond.

Accordingly, the trustees consider that there are no material uncertainties that cast significant doubt on the group's ability to continue as a going concern, nor any significant areas of uncertainty that affect the carrying value of assets held by the group.

1.6 Income and endowments

All income is recognised once the Charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Donated goods are recognised as income, provided the above conditions are met, at their estimated fair value.

Voluntary donations are recognised in the period in which they are received.

Income from trading activities is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The point of recognition is on the date that goods are provided to customers or the period over which services are provided.

Investment income is recognised based on the date the group is entitled to the income.

1.7 Grants receivable

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.8 Donated services

Donated services are included as income at value to the charity and as resources expended at the same value.

WATTS GALLERY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

1. Accounting policies (continued)

1.9 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Raising funds

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

Charitable activities

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Support costs

Support costs are allocated against the respective activity concerned. Costs are apportioned to various cost centres and funds based on management's best estimates of expenditure incurred for each.

Expenditure on raising funds includes all expenditure incurred by the Group to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Expenditure on charitable activities is incurred on directly undertaking the activities which further the Group's objectives, as well as any associated support costs.

1.10 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.

1.11 Tangible fixed assets and depreciation

Tangible fixed assets costing £1,000 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.

WATTS GALLERY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

1. Accounting policies (continued)

1.11 Tangible fixed assets and depreciation (continued)

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives, provided on the following bases:

Land and buildings	- 2% on cost
Plant and equipment	- 10% on cost
Computers, fixtures and fittings	- 10% - 33% on cost

1.12 Heritage assets

Watts Gallery Trust has a collection of heritage assets which is held in support of the Gallery's primary objective of increasing knowledge, understanding and appreciation of George Frederic Watts and Mary Seton Watts.

A very significant proportion of these assets are inalienable. The collection comprises of over 250 paintings and over 800 drawings by G F Watts as well as over 500 pieces of sculpture, many by G F Watts and the remaining plaster casts (anonymous) from his studio. There are many items of Compton pottery including pieces by Mary Watts herself. In addition, there is a large archive including the Rob Dickins collection of photographs. A very significant proportion of the collection is available to view via a collections management database.

Additions to the collection are made by purchase or donation. Purchases are initially recorded at cost and donations at their estimated value. Heritage assets are periodically revalued in line with insurance valuations carried out by external valuers and based on the view of the Trustees, taking into account industry and market conditions and changes. The Trustees do not believe that obtaining more annual valuations by external valuers would warrant the utilisation of charitable resources.

The heritage assets are represented by a permanent endowment fund, which has been fully invested in the collection.

The assets are deemed to have an indeterminate life and a high residual value and therefore the Trustees do not consider it appropriate to charge depreciation. Although the non depreciation of this asset is not in accordance with the Companies Act 2006, the Trustees believe that this departure is necessary in order to provide a true and fair view.

1.13 Investment properties

Investment property is shown at the most recent market valuation. Any aggregate surplus or deficit arising from changes in market value is transferred to the statement of financial activities. Valuations are considered periodically by the Trustees.

WATTS GALLERY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

1. Accounting policies (continued)

1.14 Fixed asset investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance Sheet date, unless the value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and presented as 'Gains/(Losses) on investments' in the Consolidated Statement of Financial Activities.

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

1.15 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost is determined using the first-in, first-out (FIFO) basis of valuation.

1.16 Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at the transaction price. Any losses arising from impairment are recognised in the statement of financial activities.

1.17 Cash at bank and in hand

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.

1.18 Liabilities and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in a transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

1.19 Financial instruments

Financial assets and financial liabilities are recognised when the charity becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

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.

WATTS GALLERY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

1.20 Pensions

Contributions payable by the Group to an individual's personal pension scheme are charged to the statement of financial activities in the period to which they relate.

1.21 Fund structure

Unrestricted income funds are general funds that are available for use at the trustees' discretion in furtherance of the objectives of the Group.

Restricted income funds are those donated for use in a particular area or for specific purposes, the use of which is restricted to that area or purpose.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

2. Critical accounting estimates and areas of judgement

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, are discussed below.

Depreciation of tangible fixed assets

Depreciation is based upon the expected useful economic life of assets. This requires judgements to be made by the trustees and, being an estimate, the actual useful lives of these assets may vary between asset category and based on the nature of the asset. Reviews of these policies are performed annually to ensure that the depreciation methods used are appropriate for each class of tangible fixed asset.

Critical areas of judgement:

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

Investment property

Valuation of investment property is on the basis of the periodic, independent valuations of an expert. Trustees review the need for revaluation annually and prepare their own internal valuations in between independent valuations being received. Any gains or losses following each independent valuation are charged through the Statement of Financial Activities.

Heritage assets

Valuation of heritage assets are on the basis of the periodic, independent valuations of an expert. Trustees review the need for revaluation on an annual basis. Any gains or losses following each independent valuation are charged through the Statement of Financial Activities.

WATTS GALLERY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

3. Income from donations and legacies

	Unrestricted funds 2025 £	Restricted funds 2025 £	Endowment funds 2025 £	Total funds 2025 £	<i>Total funds 2024 £</i>
Donations					
Patrons and Friends	122,946	-	-	122,946	113,264
General Donations	502,138	144,287	30,000	676,425	749,605
Gift aid reclaimed	57,352	-	-	57,352	87,228
Arts Council - Trust Transition Fund	-	58,314	-	58,314	59,409
Total 2025	<u>682,436</u>	<u>202,601</u>	<u>30,000</u>	<u>915,037</u>	<u>1,009,506</u>

£682,436 (2024 - £750,875) of the above income was attributable to unrestricted funds, £202,601 (2024 - £138,631) to restricted funds and £30,000 to endowment funds (2024 - £120,000).

4. Income from other trading activities

Income from non charitable trading activities

	Unrestricted funds 2025 £	Total funds 2025 £	<i>Total funds 2024 £</i>
Admissions	288,235	288,235	117,131
Tours of Gallery	15,574	15,574	20,345
Sales of goods and services	1,135,437	1,135,437	913,275
Learning, events and other income	184,944	184,944	244,645
Total 2025	<u>1,624,190</u>	<u>1,624,190</u>	<u>1,295,396</u>

All of the above income for 2025 and 2024 was attributable to unrestricted funds.

WATTS GALLERY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

5. Investment income

	Unrestricted funds 2025 £	Endowment funds 2025 £	Total funds 2025 £	<i>Total funds 2024 £</i>
Dividends receivable from listed investments	128,946	55,263	184,209	182,580
Interest receivable	14,571	-	14,571	27,117
Income from rents	74,266	-	74,266	72,273
Total 2025	<u>217,783</u>	<u>55,263</u>	<u>273,046</u>	<u>281,970</u>

£217,783 (2024 - £273,381) of the above income was attributable to unrestricted funds and £55,263 (2024 - £8,589) to endowment funds.

6. Expenditure on raising funds

Fundraising trading expenses

	Unrestricted funds 2025 £	Total funds 2025 £	<i>Total funds 2024 £</i>
Costs of trading activities	519,142	519,142	405,924
Fundraising and trading - Wages and salaries	654,722	654,722	555,794
Fundraising and trading - Employer NI	43,132	43,132	35,678
Fundraising and trading - Employer pensions	11,452	11,452	7,734
Total 2025	<u>1,228,448</u>	<u>1,228,448</u>	<u>1,005,130</u>

£170,424 (2024: £135,029) of the above costs were in respect of fundraising and £1,058,024 (2024: £870,101) were in respect of trading. £1,228,448 (2024: £1,005,130) of the above expenditure was attributable to unrestricted funds.

WATTS GALLERY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

7. Analysis of expenditure by activities

	Activities undertaken directly 2025 £	Support costs 2025 £	Total funds 2025 £	Total funds 2024 £
Maintaining Watts Gallery and its collection	1,564,399	296,046	1,860,445	1,686,405
Great Studio Project	89,503	25,422	114,925	117,503
Limnerslease Project	844	30,506	31,350	62,550
Chapel Restoration Fund	14,526	-	14,526	45,864
Physical Energy Fund	96,961	17,795	114,756	126,961
Other Restricted Funds	-	17,645	17,645	30,000
Total 2025	<u>1,766,233</u>	<u>387,414</u>	<u>2,153,647</u>	<u>2,069,283</u>

£1,766,233 (2024 - £1,554,443) of the above expenditure was attributable to unrestricted funds and £387,414 (2024 - £514,840) to restricted funds.

WATTS GALLERY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

8. Analysis of support costs

Support costs allocated to charitable activities

	Activity undertaken directly	Activity support costs	Total 2025	Total 2024
	£	£	£	£
Maintaining Watts Gallery and its collection	163,522	132,524	296,046	402,644
Great Studio Project	-	25,422	25,422	30,000
Limnerslease Project	-	30,506	30,506	60,000
Chapel Restoration Fund	-	-	-	30,031
Other Restricted Project Management	-	17,645	17,645	30,000
Physical Energy Fund	-	17,795	17,795	30,000
	163,522	223,892	387,414	582,675

Governance costs

	Unrestricted	Restricted	Total 2025	Total 2024
	£	£	£	£
Audit of financial statements	22,250	-	22,250	15,000
Accountancy, consultancy and legal fees	75,091	66,181	141,272	163,193
	97,341	66,181	163,522	178,193

Other support costs

	Unrestricted	Restricted	Total 2025	Total 2024
	£	£	£	£
Project management	-	91,368	91,368	180,031
Office expenses	18,743	4,451	23,194	123,748
Telephone	14,135	-	14,135	16,164
Insurances	83,846	-	83,846	71,206
Travel and subsistence	8,642	2,707	11,349	13,333
	125,366	98,526	223,892	404,482

WATTS GALLERY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

9. Net movement in funds

Net movement in funds is stated after charging:

	2025	2024
	£	£
Audit fees	22,250	19,500
Accountancy fees	5,800	2,750
Depreciation of fixed assets	289,728	297,656
Operating lease charges	15,865	13,939
Decrease in valuation of heritage assets	-	13,169,573
(Increase)/decrease in revaluation of listed investments	306,729	(568,279)
(Increase)/decrease in revaluation of investment property	-	(102,046)

10. Staff costs

	Group 2025 £	Group 2024 £	Company 2025 £	Company 2024 £
Wages and salaries	1,498,554	1,620,680	996,037	1,006,955
Social security costs	117,706	112,988	82,059	88,758
Contribution to defined contribution pension schemes	32,441	34,862	23,840	28,640
	<u>1,648,701</u>	<u>1,768,530</u>	<u>1,101,936</u>	<u>1,124,353</u>

WATTS GALLERY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

10. Staff costs (continued)

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

	Group 2025 No.	Group 2024 No.
Directorate	1	2
Finance	4	4
Human Resources	-	1
Development	6	6
Operations	-	6
Learning	6	6
Estates	11	6
Curatorial	3	5
Marketing	6	4
Tea Shop	38	29
Shop	11	11
Commercial Gallery	-	1
Trading Management	2	2
	<u>88</u>	<u>83</u>

The staff full time equivalents were 48 this year (2024: 43).

The number of employees whose employee benefits exceeded £60,000 was:

	Group 2025 No.	Group 2024 No.
In the band £60,001 - £70,000	1	1
In the band £100,001 - £110,000	1	1

The total employee benefits of the key management personnel of the group were £407,480 (2024 - £458,908).

WATTS GALLERY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

11. Trustees' remuneration and expenses

During the year one of the trustees, A J Burtenshaw, received total remuneration of £105,338 (2024 - £102,838) and employers pension contributions of £7,562 (2024: £7,562) for the performance of his duties as chief executive of the charity. The payment of remuneration to the trustee who performs the chief executive role is permitted by a provision in the charity governing document, the memorandum and articles of association dated 28 September 2023. Remuneration is paid at market rate and is determined by assessment of performance and achievement of delivery targets which reviewed by the chair and deputy chair of the board of trustees and approved by the finance committee.

Additionally, during the year expenses were reimbursed to one trustee (2024 - one trustee) as follows in performance of his duties as chief executive:

	2025	2024
	£	£
Travel and subsistence	2,031	1,648
Entertainment	-	846
Sundry	180	464
	<u>2,211</u>	<u>2,958</u>

12. Taxation

The company is a registered charity and is therefore exempt from taxation. Tax relief recognised in the year relates to claims submitted and received prior to the year end for Museums and Galleries Exhibition tax relief.

WATTS GALLERY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

13. Tangible fixed assets

Group

	Land and buildings	Plant & equipment	Total
Cost or valuation			
At 1 April 2024	7,248,224	2,832,533	10,080,757
Additions	8,305	191,806	200,111
At 31 March 2025	<u>7,256,529</u>	<u>3,024,339</u>	<u>10,280,868</u>
	Land and buildings	Plant & equipment	Total
Depreciation			
At 1 April 2024	1,575,541	2,607,498	4,183,039
Charge for the year	141,236	148,492	289,728
At 31 March 2025	<u>1,716,777</u>	<u>2,755,990</u>	<u>4,472,767</u>
Net book value			
At 31 March 2025	<u>5,539,752</u>	<u>268,349</u>	<u>5,808,101</u>
At 31 March 2024	<u>5,672,683</u>	<u>225,035</u>	<u>5,897,718</u>

WATTS GALLERY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

13. Tangible fixed assets

Company

	Land and buildings £	Plant and equipment £	Total £
Cost or valuation			
At 1 April 2024	7,248,224	2,636,611	9,884,835
Additions	8,305	179,483	187,788
At 31 March 2025	<u>7,256,529</u>	<u>2,816,094</u>	<u>10,072,623</u>
Depreciation			
At 1 April 2024	1,575,541	2,461,371	4,036,912
Charge for the year	141,236	135,457	276,693
At 31 March 2025	<u>1,716,777</u>	<u>2,596,828</u>	<u>4,313,605</u>
Net book value			
At 31 March 2025	<u>5,539,752</u>	<u>219,266</u>	<u>5,759,018</u>
At 31 March 2024	<u>5,672,683</u>	<u>175,240</u>	<u>5,847,923</u>

WATTS GALLERY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

14. Heritage assets

Group

Assets recognised at valuation

	Heritage assets 2025 £
Carrying value at 1 April 2024	9,715,991
Additions	30,000
Carrying value at 31 March 2025	<u>9,745,991</u>

The addition in the year relates to a gift of an asset via the Governments' Acceptance in Lieu scheme, run by Arts Council England. There were no additions to heritage assets since the year ended 31 March 2019 other than the addition above and an addition of £120,000 in the year ended 31 March 2024.

The valuation recognised in the prior year financial statements was based on a partial valuation, performed on a sample of the heritage assets the Charity holds, prepared by Christie's in respect of the year ended 31 March 2024.

The valuation is on the basis that the value of the sample of assets selected is consistent across the whole collection of heritage assets. The Trustees consider this valuation to show a true and fair view of the valuation of heritage assets. The Trustees have assessed the valuation of heritage assets as of 31 March 2025 and do not believe there are any factors or conditions which have impacted the valuation recognised in the prior year financial statements. This will be reviewed annually by the Trustees.

Assets recognised at valuation

	Heritage assets 2025 £
Carrying value at 1 April 2024	9,715,991
Additions	30,000
Carrying value at 31 March 2025	<u>9,745,991</u>

WATTS GALLERY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

15. Fixed asset investments

Group	Listed investments £
Cost or valuation	
At 1 April 2024	6,846,354
Disposals	(325,000)
Revaluations	(306,729)
At 31 March 2025	6,214,625
Net book value	
At 31 March 2025	6,214,625
At 31 March 2024	6,846,354

Charity	Investments in subsidiary companies £	Listed investments £	Total £
Cost or valuation			
At 1 April 2024	1	6,846,354	6,846,355
Disposals	-	(325,000)	(325,000)
Revaluations	-	(306,729)	(306,729)
At 31 March 2025	1	6,214,625	6,214,626

WATTS GALLERY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

Net book value

At 31 March 2025	1	6,214,625	6,214,626
<i>At 31 March 2024</i>	<u><u>1</u></u>	<u><u>6,846,354</u></u>	<u><u>6,846,355</u></u>

Principal subsidiaries

Watts Gallery Trading Limited is a subsidiary undertaking of the Charity.

Details of undertakings

Watts Gallery Trust owns 100% of the shares & voting rights in Watts Gallery Trading Limited, a company incorporated in England and Wales (company registered number: 07184982). The principal activity of Watts Gallery Trading Limited is that of a tea & gift shop.

The registered office address of Watts Gallery Trading Limited is Down Lane, Compton, Guildford, Surrey GU3 1DQ.

The profit for the period of Watts Gallery Trading Limited was £77,413 (2024: £43,174) and the aggregate amount of capital and reserves at the end of the period was £1 (2024: £1). The profit is stated before making a distribution of profits to Watts Gallery Trust of £77,413 (2024 - £43,174).

WATTS GALLERY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

16. Investment property

Group

**Investment
property
£**

Valuation

At 1 April 2024

2,515,886

At 31 March 2025

2,515,886

Charity

**Investment
property
£**

Valuation

At 1 April 2024

2,515,886

At 31 March 2025

2,515,886

The valuation recognised in the current year financial statements was based on an internal valuation which took into account market conditions and estimated movements in similar property prices since the date of the previous valuation.

WATTS GALLERY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

17. Debtors

	Group 2025 £	Group 2024 £	Company 2025 £	Company 2024 £
Due within one year				
Trade debtors	30,356	11,302	21,385	8,448
Other debtors	101,463	209,632	101,463	208,123
Prepayments and accrued income	6,061	6,943	-	882
Amounts owed to group undertakings	-	-	58,172	71,650
	<u>137,880</u>	<u>227,877</u>	<u>181,020</u>	<u>289,103</u>

18. Creditors: Amounts falling due within one year

	Group 2025 £	Group 2024 £	Company 2025 £	Company 2024 £
Bank loans	20,000	20,000	-	-
Other loans	-	136,800	-	136,800
Trade creditors	99,870	32,289	71,918	958
Other taxation and social security	51,250	55,222	41,560	53,560
Other creditors	85,556	20,565	80,668	19,027
Accruals and deferred income	60,968	64,439	34,477	34,431
	<u>317,644</u>	<u>329,315</u>	<u>228,623</u>	<u>244,776</u>

The other loans balance, of £136,800 as of 31 March 2024, was repaid in the year. No interest was charged on the loan. No interest is charged on the loan unless the Charity fails to make any payment due under the agreement, in which case interest is charged at 7% from the date of non-payment to the date of repayment.

WATTS GALLERY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

19. Creditors: Amounts falling due after more than one year

	Group 2025 £	<i>Group</i> <i>2024</i> £	<i>Company</i> <i>2024</i> £
Bank loans	<u>13,333</u>	<u><i>33,333</i></u>	<u><i>-</i></u>

Included in bank loans is a £33,333 (2024 - £53,333) Coronavirus Business Interruption Loan with a nominal interest rate of 2.21% per annum, of which £20,000 (2024: £20,000) is repayable within one year and £13,333 (2024: £33,333) is repayable in more than one year. The loan term is 5 years to November 2026.

20. Charity status

The Charity is a company limited by guarantee and consequently does not have share capital.

WATTS GALLERY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

21. Statement of funds

Statement of funds - current year

	Balance at 1 April 2024 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2025 £
Unrestricted funds						
Watts Gallery	<u>1,190,196</u>	<u>2,524,409</u>	<u>(2,917,382)</u>	<u>325,000</u>	-	<u>1,122,223</u>
Endowment funds						
Mrs M S Watts Will Trust	448,599	-	-	-	(22,202)	426,397
Watts Gallery Permanent Endowment	3,487,794	-	-	-	(175,485)	3,312,309
Collection	9,741,203	30,000	-	-	-	9,771,203
Catalyst Endowment	1,163,206	55,263	-	-	(52,913)	1,165,556
G F Watts Book Fund	3,937	-	-	-	-	3,937
Watts Gallery Expendable Endowment	780,794	-	-	(325,000)	(5,961)	449,833
	<u>15,625,533</u>	<u>85,263</u>	<u>-</u>	<u>(325,000)</u>	<u>(256,561)</u>	<u>15,129,235</u>

WATTS GALLERY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

21. Statement of funds (continued)

Statement of funds - current year

Restricted funds

Gallery Restoration Fund	3,597,019	-	(96,961)	-	-	3,500,058
Graham Robertson Trust Fund	75,642	-	-	-	-	75,642
Other	68,969	202,601	(158,588)	-	-	112,982
Great Studio Project	2,808,789	-	(114,925)	-	(50,168)	2,643,696
Limnerslease	1,986,763	-	(31,350)	-	-	1,955,413
Chapel Restoration Fund	29,803	-	-	-	-	29,803
Physical Energy Fund	504,179	-	(62,889)	-	-	441,290
	<u>9,071,164</u>	<u>202,601</u>	<u>(464,713)</u>	<u>-</u>	<u>(50,168)</u>	<u>8,758,884</u>
Total of funds	<u><u>25,886,893</u></u>	<u><u>2,812,273</u></u>	<u><u>(3,382,095)</u></u>	<u><u>-</u></u>	<u><u>(306,729)</u></u>	<u><u>25,010,342</u></u>

WATTS GALLERY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

21. Statement of funds (continued)

Statement of funds - prior year

	Balance at 1 April 2023 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 March 2024 £
Unrestricted funds					
Watts Gallery	1,477,071	2,319,652	(2,558,573)	(47,954)	1,190,196
Endowment funds					
Mrs M S Watts Will Trust	411,206	-	-	37,393	448,599
Watts Gallery Permanent Endowment	3,192,346	-	-	295,448	3,487,794
Collection	22,790,776	120,000	-	(13,169,573)	9,741,203
Catalyst Endowment	1,065,511	8,589	-	89,106	1,163,206
G F Watts Book Fund	3,937	-	-	-	3,937
Watts Gallery Expendable Endowment	718,965	-	-	61,829	780,794
	<u>28,182,741</u>	<u>128,589</u>	<u>-</u>	<u>(12,685,797)</u>	<u>15,625,533</u>

WATTS GALLERY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

21. Statement of funds (continued)

Restricted funds

Gallery Restoration Fund	3,693,980	-	(96,961)	-	3,597,019
Graham Robertson Trust Fund	75,642	-	-	-	75,642
Other	54,866	138,631	(124,528)	-	68,969
Great Studio Project	2,841,789	-	(117,503)	84,503	2,808,789
Limnerslease	1,899,313	-	(62,550)	150,000	1,986,763
Chapel Restoration Fund	59,803	-	(30,000)	-	29,803
Physical Energy Fund	588,477	-	(84,298)	-	504,179
	<u>9,213,870</u>	<u>138,631</u>	<u>(515,840)</u>	<u>234,503</u>	<u>9,071,164</u>
Total of funds	<u><u>38,873,682</u></u>	<u><u>2,586,872</u></u>	<u><u>(3,074,413)</u></u>	<u><u>(12,499,248)</u></u>	<u><u>25,886,893</u></u>

WATTS GALLERY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

22. Funds

Restricted Funds

Gallery Restoration fund - This fund represents the investment in the restored Watts Gallery building following the Hope project. The ongoing non-cash cost is the depreciation of the restored assets.

Graham Robertson Trust Fund - This fund is invested in the Pottery Building.

Other - These funds are for the support of the learning programmes at Watts Gallery - Artists' Village and other further development projects. These funds all consist of cash.

Great Studio Project and Limnerslease - These funds were established to acquire and preserve the Watts' home and studios and consist of the acquisition costs and investment made in those properties, in addition to an element of cash.

Chapel Restoration Fund - This fund has been established for the preservation and restoration of the Watts Chapel and Cemetery. This fund consists of cash.

Physical Energy Fund - This fund has been established to site a posthumous cast of Watts' iconic sculpture Physical Energy in Compton including appropriate landscaping and interpretation. This fund currently consists of cash.

Endowment funds

The Collection - This fund represents the value of the Watts Gallery collection of heritage assets. This is a permanent endowment fund and represents paintings and other collection items.

Mrs M S Watts Will Trust Fund - This fund was set up through the will of Mary Watts and is now part of the permanent endowment which provides ongoing financial support for the Watts Gallery Trust. The fund is represented by investments and cash and only the income generated by the assets can be spent. The capital in this fund can never be spent.

Watts Gallery Permanent Endowment Fund - This is a permanent endowment fund to generate income to help provide financial security for the Gallery's future. The fund is represented by investments and cash and only the income generated by the assets can be spent. The capital in this fund can never be spent.

Catalyst Endowment - This is a permanent endowment fund which was established with the generosity of the Heritage Lottery Fund and a number of private donors. This fund generates income to help provide financial security for the Gallery's future. The fund is represented by investments and cash and only the income generated by the assets can be spent. The capital in this fund can never be spent.

Watts Gallery Expendable Endowment Fund - This is an expendable endowment fund consisting of quoted investments and cash. The income from the fund helps to provide financial security for the gallery's future.

G F Watts Book Fund - This expendable fund was established to support the Watts Gallery - Artists' Village archive and consists of quoted investments and cash. Both the capital and income can be spent.

WATTS GALLERY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

23. Summary of funds

Summary of funds - current year

	Balance at 1 April 2024 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2025 £
General funds	1,190,196	2,524,409	(2,917,382)	325,000	-	1,122,223
Endowment funds	15,625,533	85,263	-	(325,000)	(256,561)	15,129,235
Restricted funds	9,071,164	202,601	(464,713)	-	(50,168)	8,758,884
	<u>25,886,893</u>	<u>2,812,273</u>	<u>(3,382,095)</u>	<u>-</u>	<u>(306,729)</u>	<u>25,010,342</u>

Summary of funds - prior year

	<i>Balance at 1 April 2023 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 March 2024 £</i>
General funds	1,477,071	2,319,652	(2,558,573)	(47,954)	1,190,196
Endowment funds	28,182,741	128,589	-	(12,685,797)	15,625,533
Restricted funds	9,213,870	138,631	(515,840)	234,503	9,071,164
	<u>38,873,682</u>	<u>2,586,872</u>	<u>(3,074,413)</u>	<u>(12,499,248)</u>	<u>25,886,893</u>

WATTS GALLERY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

24. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2025 £	Restricted funds 2025 £	Endowment funds 2025 £	Total funds 2025 £
Tangible fixed assets	516,562	5,291,539	-	5,808,101
Fixed asset investments	-	967,885	5,246,740	6,214,625
Investment property	640,244	1,875,642	-	2,515,886
Heritage assets	-	-	9,745,991	9,745,991
Current assets	296,394	623,818	136,504	1,056,716
Creditors due within one year	(317,644)	-	-	(317,644)
Creditors due in more than one year	(13,333)	-	-	(13,333)
Total	<u>1,122,223</u>	<u>8,758,884</u>	<u>15,129,235</u>	<u>25,010,342</u>

Analysis of net assets between funds - prior year

	Unrestricted funds 2024 £	Restricted funds 2024 £	Endowment funds 2024 £	Total funds 2024 £
Tangible fixed assets	467,185	5,430,533	-	5,897,718
Fixed asset investments	-	1,018,054	5,828,300	6,846,354
Investment property	640,244	1,875,642	-	2,515,886
Heritage assets	-	-	9,715,991	9,715,991
Current assets	355,320	883,388	34,885	1,273,593
Creditors due within one year	(239,219)	(136,453)	46,357	(329,315)
Creditors due in more than one year	(33,333)	-	-	(33,333)
Total	<u>1,190,196</u>	<u>9,071,164</u>	<u>15,625,533</u>	<u>25,886,893</u>

WATTS GALLERY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

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

	Group 2025	<i>Group 2024</i>
	£	£
Net expenditure for the year (as per Statement of Financial Activities)	(876,551)	<i>(12,986,789)</i>
Adjustments for:		
Depreciation charges	289,728	<i>297,656</i>
(Gains)/losses on investments	306,729	<i>(670,325)</i>
Dividends, interests and rents from investments	(273,046)	<i>(281,970)</i>
Disposal of investments	325,000	<i>-</i>
Decrease in stocks	24,756	<i>9,174</i>
Decrease/(increase) in debtors	89,996	<i>(96,255)</i>
Increase/(decrease) in creditors	125,129	<i>(64,750)</i>
Decrease in valuation of heritage assets	-	<i>13,169,573</i>
Non-cash donations received	(30,000)	<i>(120,000)</i>
Net cash provided by/(used in) operating activities	<u>(18,259)</u>	<i><u>(743,686)</u></i>

26. Analysis of cash and cash equivalents

	Group 2025	<i>Group 2024</i>
	£	£
Cash in hand	848,267	<i>950,390</i>
Total cash and cash equivalents	<u>848,267</u>	<i><u>950,390</u></i>

WATTS GALLERY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

27. Analysis of changes in net debt

	At 1 April 2024	Cash flows £	At 31 March 2025 £
Cash and bank - unrestricted	85,585	2,361	87,946
Cash and bank - restricted	864,805	(104,484)	760,321
Debt due within 1 year	(156,800)	136,800	(20,000)
Debt due after 1 year	(33,333)	20,000	(13,333)
	<u>760,257</u>	<u>54,677</u>	<u>814,934</u>

28. Contingent liabilities

The Trustees of the National Heritage Memorial Fund hold a charge, by way of legal mortgage over The Great Studio, Limnerslease, as a continuing security for all monies, obligations and liabilities under the Grant Contract.

The Council of the Borough of Guildford hold a second charge, by way of legal mortgage, over The Great Studio, Limnerslease as a continuing security for non-repayable loans recognised as donations in 2017.

Surrey County Council holds a charge, by way of a legal mortgage, over the property known as Limnerslease. The charge acts as continuing security for a grant repayable under certain circumstances and was agreed as a condition of the donation to the Charity in 2017.

WATTS GALLERY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

29. Operating lease commitments

At 31 March 2025 the Group and the Charity had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	Group 2025 £	<i>Group</i> <i>2024</i> £	Company 2025 £	<i>Company</i> <i>2024</i> £
Not later than 1 year	11,185	15,276	11,185	15,276
Later than 1 year and not later than 5 years	-	11,185	-	11,185
	<u>11,185</u>	<u>26,461</u>	<u>11,185</u>	<u>26,461</u>

30. Related party transactions

During the year the group entered into the following related party transactions:

Trustees and organisations in which trustees have a controlling interest

During the year, the Group received donations from trustees and organisations in which trustees have a controlling interest, without conditions attached, totalling £95 (2024 - £7,515). At the balance sheet date the amount due to/from Trustees and organisations in which trustees have a controlling interest was £Nil (2024 - £Nil).

WATTS GALLERY TRUST

England & Wales - Charity number 313612

Accounts

Company registration number: 06147572
Charity registration number: 313612

WATTS GALLERY TRUST
(A company limited by guarantee)

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

WATTS GALLERY TRUST
(A company limited by guarantee)

CONTENTS

	Page
Reference and Administrative Details of the Charity, its Trustees and Advisers	1 - 2
Trustees' Report	3 - 14
Trustees' Responsibilities Statement	15
Independent Auditors' Report on the Financial Statements	16 - 19
Consolidated Statement of Financial Activities	20
Consolidated Balance Sheet	21 - 22
Charity Balance Sheet	23 - 24
Consolidated Statement of Cash Flows	25
Notes to the Financial Statements	26 - 56

REFERENCE AND ADMINIS

Trustees

D R
A J B
M J
S K M
M N
J M
U D
K C
Dr G
Prof
F A
G A
M B
M B
D B
Dr M
M S

Company registered number

0614

Charity registered number

3136

Registered office

Dow
Com
Guilf
Surr
GU3

Independent auditors

Azel
Ash
Woc
God
Surr
GU7

Bankers

Lloy
49 H
God
Surr
GU7

Solicitors

Stor
Upp
Upp
Bath
BA1

WATTS GALLERY TRUST
(A company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS
(CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

Investment Advisors CCLA
Senator House
85 Queen Victoria Street
London
EC4V 4ET

WATTS GALLERY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

purpose.

Research has repeatedly shown the extraordinary benefits art and craft can offer to personal wellbeing and the vital role they play in supporting disadvantaged sectors in society and those struggling with mental health problems or learning difficulties or in prison. Art and creativity are also critical to children's development, but current timetabling pressures mean there simply isn't the room for teachers to give this the attention it deserves.

Empowered by our founders' belief in 'art for all', our new strategy seeks to build impetus around our vision, focusing on families as well as art loving adults, with increased emphasis on creativity and a local-first approach as a creative resource for our community alongside our inspiring gallery and historic venue. All of which will be rolled out in the year ahead, backed by a revitalised business planning process and our strong value commitments to Nurturing Creativity, being an Inclusive Community and A Place to Inspire. As we look to the future, we feel particularly excited by the increasing focus on Mary Watts as an artist, pioneering social reformer, community champion, social entrepreneur, women's rights advocate through the suffrage movement, and partner to G F Watts. Following on from the 120th anniversary of our foundation on 1st April 2024, the coming year also sees the 175th anniversary of Mary Watts birth – an ideal moment to reflect on the relevance today of all she achieved in her lifetime.

Finally, we are immensely grateful for the continued support of our many loyal funders and volunteers, without whom we simply could not do what we do.

Sarah King, Chair, Board of Trustees, Watts Gallery Trust
Alistair Burtenshaw, Brice Director & Chief Executive, Watts Gallery Trust

WATTS GALLERY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

OUR GUIDING PRINCIPLES

Who We Are

Founded in 1904 as the only gallery in the UK devoted to a single artist, Watts Gallery offers a unique insight into the life and work of 'England's Michelangelo' George Frederic Watts and his wife Mary Seton Watts, the designer and founder of The Potters' Arts Guild at Compton.

George and Mary Watts shared a vision that art had the power to change society and should be available for everyone to experience and enjoy. We continue this legacy in many ways, through our collection and exhibitions, programming, contemporary art projects and community engagement.

As a charity, we endeavour to reach and inspire all audiences, work made possible by the support of our visitors, shoppers, Friends, Patrons, donors and supporters.

Our Objects

- To promote art for the benefit of the public by the establishment and maintenance of the Watts Art Gallery.
- To advance the education of the public in the subject of art.
- To preserve for the benefit of the public the Watts Art Gallery, its grounds and other buildings associated with George Frederic and Mary Watts as buildings of historic, architectural or constructional interest.

Our Vision: A Creative Home for our Local Community.

Our Mission: Art for All by All.

To inspire, engage and transform lives through art and creativity.

Our Values:

Nurturing Creativity: *We encourage creativity and making for all.*

Inclusive *We collaborate with our community to welcome all to enjoy art and creativity.*

Community

A Place to Inspire *We celebrate our heritage and beautiful location for all to enjoy.*

Core Purpose and *We honour the legacy of our founders, G F and Mary Watts, and their belief that art*
Belief: *can transform lives.*

Continuing our founders' belief, everything we do at Watts Gallery is founded on this social purpose.

Structure and Governance

Structure

Watts Gallery Trust was established and registered as a charity in 1905. In 2008 it was incorporated as a company limited by guarantee. Watts Gallery Trading Limited is a trading subsidiary wholly owned by Watts Gallery Trust. The company is controlled by its governing document and a deed of Trust and constitutes a Company, limited by guarantee, as defined by the Companies Act 2006.

The Trust is governed by a board of Trustees who are also directors of the charity. The trustees meet at least four times a year and are responsible for the objectives and the strategy for the charity and are in overall control of its management and administration. Certain management and essentially all operational functions are delegated to the Director and Senior Leadership Team.

Public Benefit

We have set out in this report the main activities undertaken by the organization in order to carry out the charity's aims for the public benefit as set out in its Memorandum. In doing so, we have had due regard to the public benefit guidance by the Charity Commission.

WATTS GALLERY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

Trustees

The Trustees are recruited so that there is a balance of skills, qualifications and experience available to ensure that the Trust and its property are managed efficiently and knowledgeably.

All new Trustees are given a full induction including a copy of the Charity Commission booklet, 'The Essential Trustee', on the responsibilities of a Trustee and a file of essential information including policies and procedures.

Each new Trustee is appointed for an initial term of four years and may then be re-elected for further periods of four years. Trustees rotate and the Chair is appointed at the first meeting in each financial year.

All trustees are recruited based on specific skills, via open recruitment, based on interview with a view to best represent our community and the range of skills and experience required.

All trustees complete an annual related party transaction form in addition to the declaration of interests taken at every trustee meeting.

On 28 September 2023, new Articles were approved and adopted to allow Trustees to serve for a more suitable period of time than was previously allowed under the original Articles.

Remuneration Policy

Watts Gallery Trust is committed to paying staff a fair salary that is competitive within similar sized organisations in the charitable arts sector locally and which is proportionate to the complexity and responsibilities of each role. Remuneration levels are linked to a regular and objective system of performance appraisal and are benchmarked against comparable local roles.

The Trustees, with recommendations from the Finance Committee, approve any annual percentage increase for staff. When determining salaries under normal conditions, the Trustees take account of a number of factors including whether the proposed salaries are affordable within planned budgets, the need to retain suitably qualified and experienced staff and the relative responsibilities of each post.

The Director of Watts Gallery Trust is also a Trustee. The Director is eligible for a bonus, which is determined by an assessment of performance and achievement of delivery targets carried out by the Chair and Deputy Chair of the Trustees. This is reviewed and confirmed by the Finance Committee.

It is our protocol that all trustees expenses be approved by the Chair of the Trustees prior to processing and payment by the charity.

Investment Policy

Watts Gallery Trust seeks to produce the best financial return commensurate with an acceptable level of risk. The investment objective for the reserves is to generate a return in excess of inflation over the long term whilst generating an annual income to support the ongoing activities of Watts Gallery. Investment management is undertaken by CCLA on a total return basis and the performance of the portfolio is regularly reviewed by the Finance Committee. The trustees in appointing CCLA considered their ESG credentials. CCLA hold an A+ rating across all principles for responsible investment. Investment income has been reviewed as part of the financial review section of this report and this remains a valuable source of income.

Risk Management

The Trustees have considered the major risks to which the charity is exposed and have reviewed those systems and procedures to manage those risks. The major risks to the charity include a sustained drop in admissions numbers, government policies, staff and volunteer attraction and retention, reliance on fundraising income and risks associated with systems and processes.

The risk register is reviewed regularly by the Director and Senior Leadership Team, quarterly by the Finance Committee and annually by the Trustee Board. The Trustees believe the charity has sufficient resources to

WATTS GALLERY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

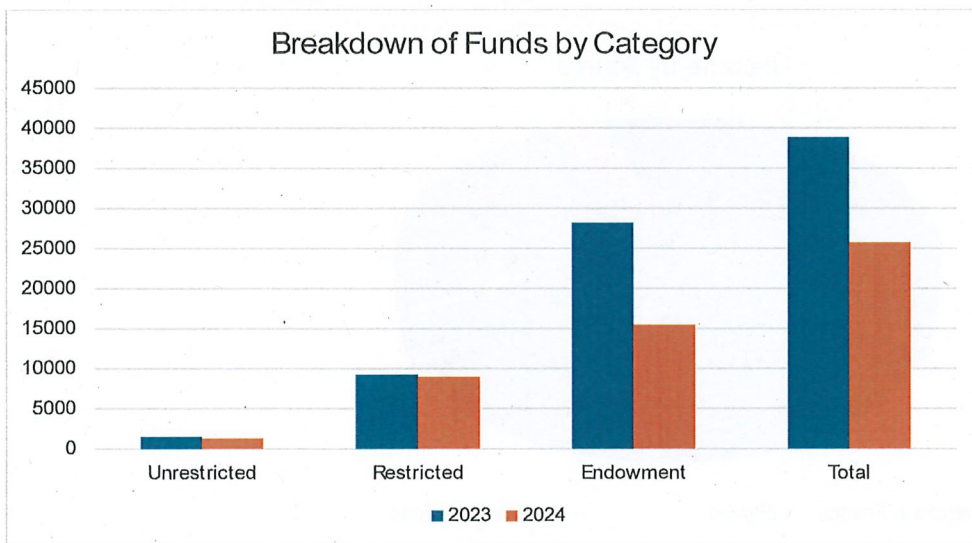
continue operating for the foreseeable future.

Reserves

The Directors' Policy is to aim to build up uncommitted reserves to a level equivalent to 3 - 6 months current running costs (2024 - between £694,234 and £1,388,468, 2023 - between £719,569 and £1,439,138) . This is in order to safeguard and underwrite Watts Gallery's continuing activities and meet its contractual obligations in the event of a reduction in income.

Watts Gallery Trust holds three categories of funds; restricted funds which are donations received by the charity where the purpose for which they can be used is determined by the donor (See note 22) and endowment funds which are either expendable or permanent. While the permanent endowments consist mainly of the value of the permanent collection of art works, the expendable endowments are used primarily to generate further income to support the Gallery's costs.

As at 31 March 2024 Watts Gallery Trust had consolidated total funds of £25,886,893 (2023: £38,873,682) of which £1,190,196 were unrestricted funds, £9,071,164 were restricted funds and £15,625,533 were held in endowments (which includes the collection valued at £9,715,991).



The figures referred to above are denoted in £'000's.

The unrestricted funds are made up of £1,107,429 in freehold land, buildings and tangible assets and £82,767 of free reserves (2023: £310,570). This level of free reserve represents approximately 36% of a months current operating costs.

The charity will, as a matter of urgency, consider a drawdown of some funds from its investment portfolio to cover the shortfall in unrestricted funds while pursuing other strategies to grow its income.

WATTS GALLERY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

Financial Review

Total revenue for the year amounted to £2,586,872, compared to £2,562,395 in the previous year, an increase of 1% on the prior financial year (FY2023). This was mainly attributed to:

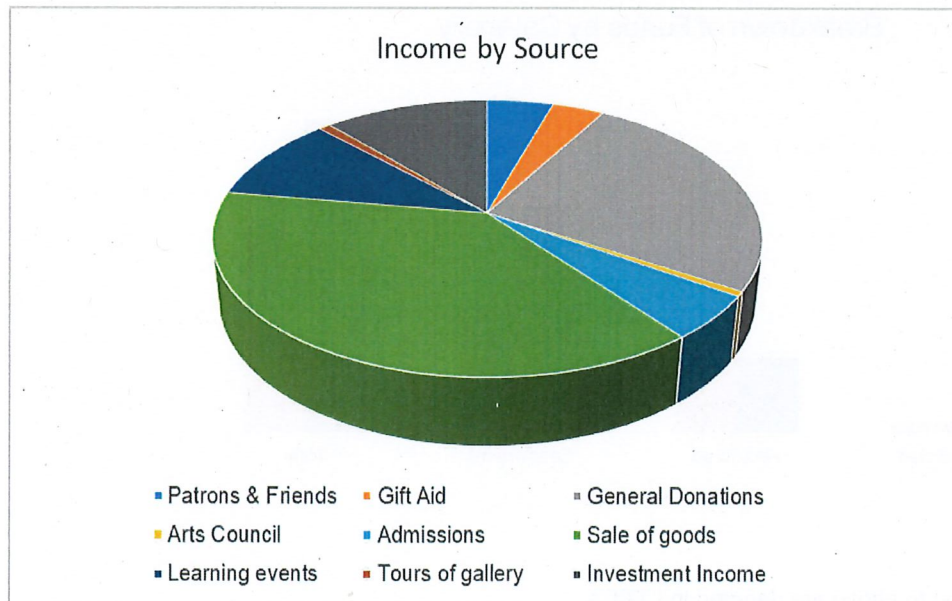
- Donations of £1,009,506 (39% of total income) down 14% from FY2023 (£1,177,388)

	FY 2024	FY 2023
Patron and Friends	£113,264	£102,848
Gift Aid	£87,228	£85,245
General Donations	£749,605	£884,755
Arts Council England	£59,409	£104,540

- Trading activities of £1,295,396 (50% of total income) up 15% from FY2023 (£1,129,919)

	FY 2024	FY 2023
Sale of goods and services	£913,275	£909,255
Learning events	£244,645	£34,990
Admissions	£117,131	£167,720
Tours of Gallery	£20,345	£17,954

- Investment income of £281,970 (11% of total income) up 11% from £255,088 in FY2023.

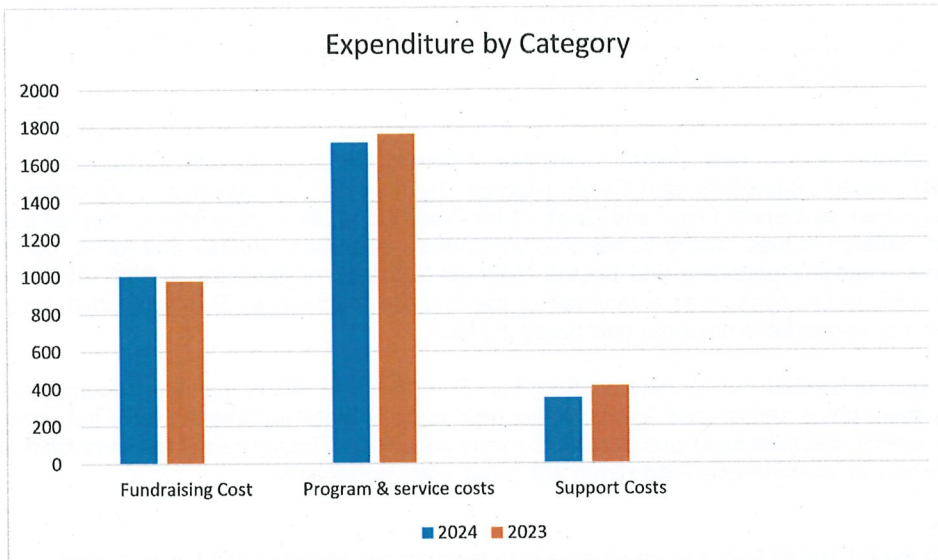


Total expenditure for the year was £3,074,413 reflecting a 2% reduction from previous FY 2023 (£3,150,402). The major areas of expenditure were:

- Fundraising trading expenses
- Program and services expenses
- Support costs

WATTS GALLERY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024



The figures referred to above are denoted in £'000's.

The net income/expenditure for the year before any losses or gains on investments and transfers between funds was a deficit of £487,541 compared to a deficit of £588,007 for the prior financial year 2023.

During the year there were gains on the revaluation of investment property of £102,046 and on the revaluation of listed investments of £568,279. This compared to a loss on listed investments of £246,913 in the 2023 financial year.

There was also a significant reduction in the value of the collections (fixed assets) as a result of an impairment of £13,169,573. This decline in value is attributed to several art market factors outside of our control such as a shift in artistic tastes and aesthetics, market saturation, changing cultural narratives and decline in institutional support for Victorian art.

Despite rising costs, the organisation remains committed to careful management of expenditure, increasing visitor numbers and average income per admission, and diversifying its income streams. Looking ahead, we are planning further investments in strategic initiatives to drive income growth while ensuring continued financial sustainability.

A Detailed Review of the Year

Strategy:

The four key objectives for the year were:

- to connect with, touch and inspire our wider community - defined as within a one-hour travel time.
- to engage all in dynamic, creative programming, placing contemporary artists at the heart of unlocking our artists, collections, and history.
- to safeguard our future by attracting 100,000 visits to the gallery (by 2032), expand our income mix, and generate enough revenue to match our ambitions, every year.
- to enable all to enjoy the Watts by listening and responding to the needs of all users.

To embed these ambitions, new quarterly staff and volunteer meetings were held throughout the year with the

WATTS GALLERY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

purpose of placing our core strategy and values at the heart of our organisation. We also held our first Board and Senior Leadership Team away day, which helped develop our new ten-year vision, three-year strategy and values, rolled out at the end of the financial year.

Governance:

Sarah King was appointed as our new Chair of Trustees, following an open recruitment process via board recruitment specialists Saxton Bampfylde and Cedric Ntumba, the current Treasurer and Chair of the Finance Committee, was appointed as Deputy Chair and Chair of the Audit Committee. Julie Molloy, former Managing Director of National Gallery Ltd was invited to become commercial operations trustee and joined our Trading Company Board, and Finance Committee and trustee Matthew Holt took on the role of Chair of the Trading Company Board as well as his position as a member of the Finance Committee. This concluded our phased board transition, and it is wonderful to have our new board in place.

We also reviewed and enhanced our Workforce Strategy. This included salary banding recommendations, training and development plans and actions to ensure our workforce is more representative of our community. With one exception, where specialist skills and experience were required, all board vacancies were filled by open recruitment, with a focus on local representation from within our wider community.

Staff and Volunteers:

During the year we ensured that all staff had equal access to learning opportunities, leading to a more skilled and adaptable workforce and helping maintain a high standard of performance across the organisation. The number of full-time equivalent staff dropped from 51 to 43 through natural churn, with a restructuring put in place at the start of the new financial year to align with the objectives of our new strategy.

Our volunteer induction programme was further developed to embed our values and ensure a consistent welcome for all visitors from our volunteer stewards and guides. An 'always on' volunteer recruitment campaign recruited 60 new volunteers across the year, with equal opportunity forms completed by all new volunteers, and a focus on increasing the number of young people volunteering.

Marketing & Admissions:

Admissions were 14% down on target (25,726 vs target of 29,750) with admissions income 45% down on target (£117k vs target of £211k) – both decreases due to the closure of the historic galleries for fifteen weeks or 28% of the year because of a small fire in the plant room that services the galleries.

We prepared a brief for an external brand perception study which will be commissioned as soon as funds allow to establish current brand awareness within a one-hour travel time. The study will focus on the visibility of the story of G F and Mary Watts as artists, the contemporary practicing artists we showcase today, and the thriving artists' village we support all year-round. In the meantime, clear Key Performance Indicators were established for monitoring brand awareness.

Our focus on promoting our whole offer more effectively via our new website has proved successful thanks to close monitoring of user experience, continual testing and the development of online content. The digital visitor journey has also been enhanced through the roll-out of our new ticketing and customer relationship management systems. Increased online bookings following the launch of these new systems have also enabled more dynamic and targeted communications. A new social media strategy was also implemented and increased digital engagement as we looked to optimise audience engagement with our digital platforms and growing digital revenues.

A total of 457 visitor surveys were completed through the Audience Finder platform, with the 15-week closure of the Historic Galleries impacting on the total sample size, which was smaller than usual. At the end of the year, we successfully moved to running the visitor survey in-house as we look to grow our understanding of our audiences and their needs. Across the year, we achieved a Net Promoter Score of 79% as we work towards our goal of achieving a score of 85%.

WATTS GALLERY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

Community Engagement:

Formal partnerships were further developed with key groups representing members of our community who would otherwise face barriers to creative participation or are traditionally under-served. These key strategic partners are HMP Send, Woking Women's Support Centre, Halow Project, Surrey County Council Youth Support Service, plus a social prescription service that is self-funded by Watts Gallery Trust. We also secured Clore Duffield Foundation Challenge and Opportunity funding to cover the costs during this year and next year of 12 days of visits for around 700 school pupils who would otherwise not be able to visit.

To enable young people to access paid opportunities in museums and galleries we made an open call for work experience placements amongst Year 10s-13s which resulted in three young people working across teams for week-long placements. We also worked alongside eight other cultural organisations across the UK as part of the New Routes pilot programme from Engage, the leading charity for encouraging engagement and participation in the visual arts. This included hosting a month-long paid work placement for a young person facing barriers to working in the cultural sector.

Our vitally important Community Forum group has also continued throughout the year, providing essential feedback and insights from members of our wider community. This has proved to be an incredibly useful group, and membership has been increased and diversified to 10 people with participant satisfaction monitored, including exit interviews conducted with any departing participants. These quarterly facilitated meetings informed our *Victorian Virtual Reality* and *Edo Pop* exhibitions as well as family-friendly interpretation, the role of creativity and making, the audience needs for our Clore Learning Studio, and general visitor experience and site navigation.

Engagement:

Much work took place during the year to significantly grow learning and engagement income as a core element of our new ten-year vision and three-year strategy. This informed a new departmental structure, combining the Collections & Exhibitions, Learning & Engagement teams, and our Contemporary Gallery Manager post, into a new Engagement team, led by Sarah Jarvis, formerly Head of Learning & Engagement. In addition, ambitious new goals were built into the budget for the financial year ahead with new income-generating event trialled during the year. These included family days, masterclasses and the re-launch of 5-week pottery courses.

A new internal strategic programming group, chaired by the Director and launched at the end of the previous financial year, was rolled out throughout the year with representatives from across the organisation. Its aim is to ensure ambitious seasonal programming, delivered effectively through cross-departmental collaboration, enabling the development of our programming ambitions to 2028 and beyond. This included a successful initial application to Art Fund's *Going Places* programme which will support the development of two funded community co-curated, co-designed and co-produced exhibitions in the period to 2030, as well as the development of a longer-term pipeline of audience-focused exhibitions developed in-house or in partnership with peer institutions. Highlights included exhibitions *Halima Cassell: From the Earth*, the first major exhibition by a contemporary artist, *Victorian Virtual Reality: Photographs from the Brian May Archive of Stereoscopy*, and the opening of *Edo Pop: Japanese Prints 1825 – 1895*, featuring a new commission 'Sakura Saku' by contemporary Japanese printmaker Hiroko Imada.

Collections:

The end of the financial year saw the completion of our five-year Collections Online programme, featuring detailed new insights from five Early Career Researchers into 160 key works by G F Watts. This complex project included moving over 7,000 collection items onto a new collections management software system and making them available to view on our new Collections Online portal, which was subsequently launched on our website in April 2024 alongside a major symposium of new research on G F Watts linked to the programme.

We were delighted that G F Watts' *Self-Portrait, 1867*, was gifted to the gallery in lieu of taxes thanks to Arts Council England and the Acquisition in Lieu Panel. In addition, we were able to acquire *Bo Orb*, a beautiful contemporary commission by Halima Cassell. Thanks to the generous assistance of a supporter who has purchased Habib Hajallie's residency work, *A British Hall of Fame*, we have also been able to secure this

WATTS GALLERY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

important new work on long term loan. A major photographic portraiture composition featuring staff and volunteers was also commissioned from wet-plate collodion photographer Emma Brown to mark the 120th anniversary of the opening of Watts Gallery on 1st April 2024.

The year also saw major loans of works from our collection to *Flowers Forever* at Kunsthalle München in Germany, *Flower Power* at the Musée des impressionnismes Giverny in France and *Preraffaelliti: Rinascimento Moderno* at the Museo Civico San Domenico Forlì in Italy as part of our ambition to lend works as proactively as their conditions allow.

We had hoped to launch an open tender for a Project Curator to act as artistic programme and inclusive interpretation lead ahead of the installation of a bronze cast of GF Watts' sculptural masterpiece *Physical Energy* in the woodlands at Limnerslease. The recruitment of this temporary post was postponed whilst we awaited planning permission of the sculpture's installation, now received, and will be tendered in the current financial year, subject to securing appropriate funding.

As part of our plan to develop an additional income stream from activities related to our collections, an informal review identified quick wins from loan fees, which have been introduced, as well as an action plan to be implemented once our new Collections Curator position, currently being advertised, is recruited.

Lastly, as we prepare to celebrate the 175th anniversary of Mary Watts' birth, a core aim has been to conserve and install a beautiful Well Head by Mary Watts outside the main entrance to Limnerslease. We were very pleased that after the financial year end, funding was concluded for this special project, enabling conservation to begin in August 2024, with installation scheduled for October 2024.

Enhanced Delivery:

The year-end operating budget recorded a significant improvement on original budget (£58,735 surplus versus a £163k original budget deficit target). This was principally due to close monitoring and management of unrestricted expenditure. Hence more restricted expenditure spending compared to prior year. Total income per visitor / admission was also up 17% for the year (target £77.42 vs £100.55 actual) and our cost of generating £1 of income was 3% better than target (£1.12 versus a target of £1.16).

We also created new evaluation and reporting mechanisms which were rolled out through the year and a new Key Performance Indicator tracker document was implemented. In addition, the annual audience survey was reviewed continually throughout year to ensure improvements could be made immediately, where possible. Annual survey results and a six-year trend report were also shared widely across the organisation.

Our new integrated customer relationship management and ticketing systems were completed and rolled out, together with staff training, during the year. Work also took place and is ongoing to ensure whole organisation buy-in to all compliance and business continuity requirements, including safety management, GDPR and safeguarding, led by the Head of Visitor Experience.

As part of our plan to manage costs effectively, the procurement arrangements were reviewed including a review of biggest suppliers by value. This resulted to significant cost savings and increased efficiency. A new comprehensive procurement policy was postponed due to reduced staff capacity but will be prepared for Board approval in the year ahead. A green energy broker was also appointed to ensure strong baseline data on all utilities and improve our environmental sustainability and costs and the process of moving accounts across to green contracts is underway as they come up for renewal.

To maximise investment income, an annual presentation to the Finance Committee by new fund managers CCLA was introduced in March with the Head of Finance & Resources also receiving a quarterly investment report and update from the fund managers.

Trading Company:

A major focus for the year has been to improve Trading Company profitability given inflationary cost pressures in

WATTS GALLERY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

recent years. Short term options were reviewed and implemented wherever possible to optimise Trading Company margins with a 3-year strategy put in place to increase significantly increase Trading Company profitability from the coming financial year. As part of this process, business planning took place during the year to create a major venue-hire and filming income stream, which informed the recruitment of our first Venue Hire & Events Officer, appointed early in the new financial year. In addition, a review with KD Fine Art to grow contemporary gallery space took place.

Contemporary Gallery exhibitions including *Watts Ceramics: Living Traditions*, *Re-invented: The Art of Upcycling*, *Formations: Fiona Millais and Lucy Lutyens*, *Roots and Journeys*, *In Print: Joy and Angie Lewin: Patterns of Nature* showcased new and established artists, brought in new audiences and supported our charity through profits from the sale of works, which are then gifted from the Trading Company to our charity.

Estate Masterplan:

A first quinquennial, or five-year property survey was completed across the whole estate and a phased delivery plan agreed with the Property Committee. In addition to planned preventative maintenance, the lychgate of the Grade I listed Watts Cemetery Chapel was seriously damaged during the year by a vehicle, flooding in the tea shop kitchen caused ten weeks of interruption to the catering offer, and a small fire in the plant room closed the historic galleries for fifteen weeks and depressed admissions and associated income for 28% of the year. These unexpected challenges were dealt with calmly and effectively thanks to the resilience of staff and volunteers and meant that we were able to continue to welcome visitors year-round and that our community engagement family and school programmes continued unaffected by these unforeseeable challenges. Repairs to the plant room were largely completed during the financial year with works to the kitchen and lychgate delivered in the first half of the new financial year.

Fundraising:

A large-scale summer garden party to cultivate new supporters was generously hosted on the Kent-East Sussex borders by a supporter. In addition, a dinner was hosted in London in aid of our Artist's Studio Museum Network and a reception held for the Network in Lucian Freud's former home and studio. We also held our largest US fundraising reception to date – and first ticketed fundraiser - in New York, which included a keynote speech by Professor Tim Barringer, Paul Mellon Chair of the History of Art at Yale University, ahead of our 120th anniversary.

Membership income for the year was 90% against a target of £152,776 due primarily to a lower than hoped for level of Exhibition Circle support. A membership review was conducted by an external consultant and key takeaways from the review have been implemented, with a new Patron level of £2,500 introduced to bridge the gap between Gold Patrons (£1,000 annually) and Exhibition Circle members (£5,000 annually). The three core Patron levels have been renamed – Silver (£500 annually), Gold and Platinum and a monthly newsletter for all members introduced, to keep members engaged and help ensure renewal rates remain high.

Looking to the future, a legacy memorial has also been scoped for installation in the cemetery at the Watts Chapel and further work will take place to secure permission for the installation, launch a legacy video, and increase awareness of our charitable status amongst supporters and local solicitors.

Visitor Experience:

A key feature of the year was the designing of the idyllic new woodland setting in the grounds at Limnerslease for our bronze cast of G F Watts' monumental sculpture *Physical Energy* with landscape architects LDA. Following this an application was also submitted for planning permission, which was received after the financial year-end.

Work also started on reviewing the findings of the Visitor Experience Report conducted immediately pre-pandemic. Once focus groups and other research has been completed in early 2024/25, the new Visitor Experience strategy will be written. Plans for improvements to signage have also been made so they can be acted on as budgets allow. To aid the focus on Visitor Experience, plans were made during the year to bring together the Operations, Visitor Services and Front of House teams in a new Visitor Experience team, led by Claire Griffin, formerly Head of Operations, which was launched at the start of the new financial year.

WATTS GALLERY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

Looking Ahead:

The new three-year strategy has outlined four key ambitions for the year ahead:

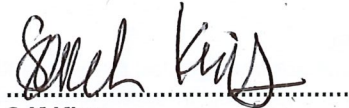
1. Attract more visitors: create a stronger, clearer, consistent offer with fewer, bigger themes clearly focussed on families and art lovers; return to our creative/commercial roots; ensure all activity is funded or creates a surplus.
2. Focus on Surrey audiences: provide a customer-centric programme, offer, communications and community partnerships; create new income streams and programmes that respond to the needs of Surrey audiences.
3. Place Mary and George at our core: highlight their relevance; build our offer around their commitment to art and artists; simplify and strengthen what we already do.
4. Revitalise our work: embrace our values; be more collaborative, adaptable, and effective in how we work; enjoy our work more; become results focussed; better evidence our work; simplify and strengthen what we already do; lay the foundations to address our future needs.

As we reflect on all that has been achieved in a challenging climate for the arts and culture and our ambitions for the future, the Brice Director & Chief Executive, Chair and trustees would like to reiterate their thanks to the staff, volunteers and supporters who make all the organisation's work possible.

Approved by order of the members of the board of Trustees on 10 December 2024 and signed on their behalf by:



A J Burtenshaw
Trustee



S K King
Trustee

WATTS GALLERY TRUST
(A company limited by guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 MARCH 2024

The Trustees (who are also the directors of Watts Gallery Trust for the purposes of company law) are responsible for preparing the Trustees' Report including the Strategic 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 . Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Charity and of their incoming resources and application of resources, including their income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2019 (FRS 102);
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

WATTS GALLERY TRUST
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WATTS GALLERY TRUST

Opinion

We have audited the financial statements of Watts Gallery Trust (the 'charitable parent company') and its subsidiary (the 'group') for the year ended 31 March 2024 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Charity Balance Sheet, the Consolidated Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Charities SORP Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the charitable parent company's affairs as at 31 March 2024 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.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the charitable parent 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.

WATTS GALLERY TRUST
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WATTS GALLERY TRUST (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The Trustees are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

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

- the charitable parent company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable parent 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 Trustees' Responsibilities Statement, the Trustees (who are also the directors of the charitable parent company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

WATTS GALLERY TRUST
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WATTS GALLERY TRUST (CONTINUED)

Auditors' 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 Auditors' 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

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:

Based on our understanding of the charitable parent company and industry, we identified that the physical risk of non-compliance with laws and regulations related to breaches of health and safety and employee laws and regulations. We also obtained an understanding of the legal and regulatory frameworks that the charitable parent company operates in, focusing on those that had a direct effect on material figures and disclosures in the financial statements, the main regulations considered in this context included the UK Companies Act 2006 and the Charities Act 2011.

We evaluated the incentives and opportunities for fraud in the financial statements, including, but not limited to, the risk of override of controls and designed procedures in response to these risks as follows;

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the Charity through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations; and
- Performing audit work over the risk of management bias and 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 indicators of potential bias.

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

There are inherent limitations in the audit procedures described above, and the risk of not detecting a material misstatement due to fraud is higher than one resulting from error as fraudulent misstatements may involve deliberate concealment.

WATTS GALLERY TRUST
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WATTS GALLERY TRUST (CONTINUED)

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

Azets Audit Services

Debra Saunders Bsc FCA (Senior Statutory Auditor)

For and on behalf of Azets Audit Services Limited, Statutory Auditor

Ashcombe Court
Woolsack Way
Godalming
Surrey
GU7 1LQ

12 December 2024

WATTS GALLERY TRUST
(A company limited by guarantee)

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND
EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2024**

	Note	Unrestricted funds 2024 £	Restricted funds 2024 £	Endowment funds 2024 £	Total funds 2024 £	Total funds 2023 £
Income and endowments from:						
Donations and legacies	3	750,875	138,631	120,000	1,009,506	1,177,388
Other trading activities	4	1,295,396	-	-	1,295,396	1,129,919
Investments	5	273,381	-	8,589	281,970	255,088
Total income and endowments		2,319,652	138,631	128,589	2,586,872	2,562,395
Expenditure on:						
Raising funds	6	1,005,130	-	-	1,005,130	976,100
Charitable activities	7	1,553,443	515,840	-	2,069,283	2,174,302
Total expenditure		2,558,573	515,840	-	3,074,413	3,150,402
Net (expenditure)/income before net (losses)/gains on investments						
		(238,921)	(377,209)	128,589	(487,541)	(588,007)
Net (losses)/gains on investments and revaluation of fixed assets						
		(47,954)	234,503	(12,685,797)	(12,499,248)	(246,913)
Net movement in funds		(286,875)	(142,706)	(12,557,208)	(12,986,789)	(834,920)
Reconciliation of funds:						
Total funds brought forward		1,477,071	9,213,870	28,182,741	38,873,682	39,708,602
Net movement in funds		(286,875)	(142,706)	(12,557,208)	(12,986,789)	(834,920)
Total funds carried forward		1,190,196	9,071,164	15,625,533	25,886,893	38,873,682

All of the group's activities derive from continuing operations during the above two periods.

The notes on pages 26 to 56 form part of these financial statements.

WATTS GALLERY TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 06147572

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2024

	Note	2024 £	2023 £
Fixed assets			
Tangible assets	13	5,897,718	7,790,452
Heritage assets - the collection	14	9,715,991	22,765,564
Investments	15	6,846,354	6,278,074
Investment property	16	2,515,886	763,840
		<u>24,975,949</u>	<u>37,597,930</u>
Current assets			
Stocks		95,325	104,499
Debtors	17	227,877	131,803
Cash and bank - restricted	26	864,805	1,202,814
Cash and bank - unrestricted	26	85,585	284,033
		<u>1,273,592</u>	<u>1,723,149</u>
Creditors: amounts falling due within one year	18	<u>(329,315)</u>	<u>(257,264)</u>
Net current assets		944,277	1,465,885
Total assets less current liabilities		25,920,226	39,063,815
Creditors: amounts falling due after more than one year	19	<u>(33,333)</u>	<u>(190,133)</u>
Net assets excluding pension asset		25,886,893	38,873,682
Total net assets		25,886,893	38,873,682
Charity funds			
Endowment funds	21	15,625,533	28,182,741
Restricted funds	21	9,071,164	9,213,870
Unrestricted funds	21	1,190,196	1,477,071
Total funds		25,886,893	38,873,682

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

WATTS GALLERY TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 06147572

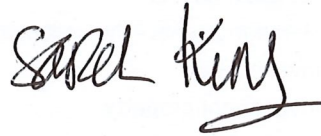
CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2024

The financial statements were approved and authorised for issue by the Trustees on 10 December 2024 and signed on their behalf by:

A J Burtenshaw
Trustee



S K King
Trustee



The notes on pages 26 to 56 form part of these financial statements.

WATTS GALLERY TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 06147572

CHARITY BALANCE SHEET
AS AT 31 MARCH 2024

	Note	2024 £	2023 £
Fixed assets			
Tangible assets	13	5,847,923	7,726,394
Heritage assets - the collection	14	9,715,991	22,765,564
Investments	15	6,846,355	6,278,076
Investment property	16	2,515,886	763,840
		<u>24,926,155</u>	<u>37,533,874</u>
Current assets			
Debtors	17	289,103	260,157
Cash and bank - restricted		864,805	1,202,814
Cash and bank - unrestricted		51,606	192,879
		<u>1,205,514</u>	<u>1,655,850</u>
Creditors: amounts falling due within one year	18	(244,776)	(179,242)
Net current assets		<u>960,738</u>	<u>1,476,608</u>
Total assets less current liabilities		<u>25,886,893</u>	<u>39,010,482</u>
Creditors: amounts falling due after more than one year	19	-	(136,800)
Total net assets		<u><u>25,886,893</u></u>	<u><u>38,873,682</u></u>
Charity funds			
Endowment funds	21	15,625,533	28,182,741
Restricted funds	21	9,071,164	9,213,870
Unrestricted funds	21	1,190,196	1,477,071
Total funds		<u><u>25,886,893</u></u>	<u><u>38,873,682</u></u>

The Charity's net movement in funds for the year was a deficit of £12,986,789 (2023 - a deficit of £834,920).

WATTS GALLERY TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 06147572

CHARITY BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2024

The financial statements were approved and authorised for issue by the Trustees on 10 December 2024 and signed on their behalf by:

A J Burtenshaw
Trustee



S K King
Trustee



The notes on pages 26 to 56 form part of these financial statements.

WATTS GALLERY TRUST
(A company limited by guarantee)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2024

	2024 £	2023 £
Cash flows from operating activities		
Net cash used in operating activities	(743,686)	(441,832)
Cash flows from investing activities		
Dividends, interests and rents from investments	254,853	252,406
Purchase of tangible fixed assets	(54,741)	(188,906)
Interest receivable and similar income	27,117	2,682
Net cash provided by investing activities	227,229	66,182
Cash flows from financing activities		
Repayments of borrowing	(20,000)	(20,000)
Net cash used in financing activities	(20,000)	(20,000)
Change in cash and cash equivalents in the year	(536,457)	(395,650)
Cash and cash equivalents at the beginning of the year	1,486,847	1,882,497
Cash and cash equivalents at the end of the year	950,390	1,486,847

All of the cash flows are derived from continuing operations during the above two periods.

The notes on pages 26 to 56 form part of these financial statements

WATTS GALLERY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

1. Accounting policies

1.1 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.

1.2 Statement of compliance

Watts Gallery Trust is a company limited by guarantee, incorporated in England. The registered office is Watts Gallery Trust, Down Lane, Compton, Guildford, Surrey, GU3 1DQ. The nature of the charity's operations is set out in the Report by the Trustees.

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 issued in October 2019, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Charities Act 2011 and the Companies Act 2006.

1.3 Basis of preparation

Watts Gallery Trust 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 notes.

1.4 Basis of consolidation

The consolidated financial statements consolidate the financial statements of the charity and its subsidiary undertaking drawn up to 31 March 2024.

No Statement of Financial Activities is presented for the charity as permitted by section 408 of the Companies Act 2006. For the financial year ending 31 March 2024 the charity generated a deficit of £286,875 (2023 - deficit of £205,400) on unrestricted funds related to the Gallery's operating activities and a deficit of £12,699,914 (2023 - deficit of £629,520) on restricted and endowment funds related to specific projects or purposes. This results in a net deficit of £12,966,789 for the financial year (2023 - deficit of £834,920).

A subsidiary is an entity controlled by the charity. Control is achieved where the charity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiary, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of the subsidiary have been changed where necessary to ensure consistency with the policies adopted by the group.

WATTS GALLERY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

1. Accounting policies (continued)

1.5 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The trustees consider that there are no material uncertainties about the group's ability to continue as a going concern nor any significant areas of uncertainty that affect the carrying value of assets held by the group.

1.6 Income and endowments

All income is recognised once the Charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Donated goods are recognised as income, provided the above conditions are met, at their estimated fair value.

Voluntary donations are recognised in the period in which they are received.

Income from trading activities is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The point of recognition is on the date that goods are provided to customers or the period over which services are provided.

Investment income is recognised based on the date the group is entitled to the income.

1.7 Grants receivable

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.8 Donated services

Donated services are included as income at value to the charity and as resources expended at the same value.

WATTS GALLERY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

1. Accounting policies (continued)

1.9 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Raising funds

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

Charitable activities

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Support costs

Support costs are allocated against the respective activity concerned. Costs are apportioned to various cost centres and funds based on management's best estimates of expenditure incurred for each.

Expenditure on raising funds includes all expenditure incurred by the Group to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Expenditure on charitable activities is incurred on directly undertaking the activities which further the Group's objectives, as well as any associated support costs.

1.10 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.

1.11 Tangible fixed assets and depreciation

Tangible fixed assets costing £1,000 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.

WATTS GALLERY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

1. Accounting policies (continued)

1.11 Tangible fixed assets and depreciation (continued)

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives, provided on the following bases:

Land and buildings	- 2% on cost
Plant and equipment	- 10% on cost
Motor vehicles	- 15% on cost
Computers, fixtures and fittings	- 10% - 33% on cost

1.12 Heritage assets

Watts Gallery Trust has a collection of heritage assets which is held in support of the Gallery's primary objective of increasing knowledge, understanding and appreciation of George Frederic Watts and Mary Seton Watts.

A very significant proportion of these assets are inalienable. The collection comprises of over 250 paintings and over 800 drawings by G F Watts as well as over 500 pieces of sculpture, many by G F Watts and the remaining plaster casts (anonymous) from his studio. There are many items of Compton pottery including pieces by Mary Watts herself. In addition, there is a large archive including the Rob Dickins collection of photographs. A very significant proportion of the collection is available to view via a collections management database.

Additions to the collection are made by purchase or donation. Purchases are initially recorded at cost and donations at their estimated value. Heritage assets are periodically revalued in line with insurance valuations carried out by external valuers and based on the view of the Trustees, taking into account industry and market conditions and changes. The Trustees do not believe that obtaining more annual valuations by external valuers would warrant the utilisation of charitable resources.

The heritage assets are represented by a permanent endowment fund, which has been fully invested in the collection.

The assets are deemed to have an indeterminate life and a high residual value and therefore the Trustees do not consider it appropriate to charge depreciation. Although the non depreciation of this asset is not in accordance with the Companies Act 2006, the Trustees believe that this departure is necessary in order to provide a true and fair view.

1.13 Investment properties

Investment property is shown at the most recent market valuation. Any aggregate surplus or deficit arising from changes in market value is transferred to the statement of financial activities. Valuations are considered periodically by the Trustees.

WATTS GALLERY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

1. Accounting policies (continued)

1.14 Fixed asset investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance Sheet date, unless the value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and presented as 'Gains/(Losses) on investments' in the Consolidated Statement of Financial Activities.

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

1.15 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost is determined using the first-in, first-out (FIFO) basis of valuation.

1.16 Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at the transaction price. Any losses arising from impairment are recognised in the statement of financial activities.

1.17 Cash at bank and in hand

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.

1.18 Liabilities and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in a transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

1.19 Financial instruments

Financial assets and financial liabilities are recognised when the charity becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

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.

WATTS GALLERY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

1. Accounting policies (continued)

1.20 Pensions

Contributions payable by the Group to an individual's personal pension scheme are charged to the statement of financial activities in the period to which they relate.

1.21 Fund structure

Unrestricted income funds are general funds that are available for use at the trustees' discretion in furtherance of the objectives of the Group.

Restricted income funds are those donated for use in a particular area or for specific purposes, the use of which is restricted to that area or purpose.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

WATTS GALLERY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

2. Critical accounting estimates and areas of judgement

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, are discussed below.

Depreciation of tangible fixed assets

Depreciation is based upon the expected useful economic life of assets. This requires judgements to be made by the trustees and, being an estimate, the actual useful lives of these assets may vary between asset category and based on the nature of the asset. Reviews of these policies are performed annually to ensure that the depreciation methods used are appropriate for each class of tangible fixed asset.

Critical areas of judgement:

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

Investment property

Valuation of investment property is on the basis of the periodic, independent valuations of an expert. Trustees review the need for revaluation annually and prepare their own internal valuations in between independent valuations being received. Any gains or losses following each independent valuation are charged through the Statement of Financial Activities.

Heritage assets

Valuation of heritage assets are on the basis of the periodic, independent valuations of an expert. Trustees review the need for revaluation on an annual basis. Any gains or losses following each independent valuation are charged through the Statement of Financial Activities.

WATTS GALLERY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

3. Income from donations and legacies

	Unrestricted funds 2024 £	Restricted funds 2024 £	Endowment funds 2024 £	Total funds 2024 £	Total funds 2023 £
Donations					
Patrons and Friends	113,264	-	-	113,264	102,848
General Donations	550,383	79,222	120,000	749,605	884,755
Gift aid reclaimed	87,228	-	-	87,228	85,245
Arts Council - National Portfolio Organisations	-	-	-	-	104,540
Arts Council - Trust Transition Fund	-	59,409	-	59,409	-
Total 2024	750,875	138,631	120,000	1,009,506	1,177,388

£750,875 (2023 - £977,388) of the above income was attributable to unrestricted funds, £138,631 (2023 - £200,000) to restricted funds and £120,000 to endowment funds (2023 - £nil).

4. Income from other trading activities

Income from non charitable trading activities

	Unrestricted funds 2024 £	Total funds 2024 £	Total funds 2023 £
Admissions	117,131	117,131	167,720
Tours of Gallery	20,345	20,345	17,954
Sales of goods and services	913,275	913,275	909,255
Learning, events and other income	244,645	244,645	34,990
Total 2024	1,295,396	1,295,396	1,129,919

All of the above income for 2024 and 2023 was attributable to unrestricted funds.

WATTS GALLERY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

5. Investment income

	Unrestricted funds 2024 £	Endowment funds 2024 £	Total funds 2024 £	Total funds 2023 £
Dividends receivable from listed investments	173,991	8,589	182,580	183,216
Interest receivable	27,117	-	27,117	2,682
Income from rents	72,273	-	72,273	69,190
Total 2024	273,381	8,589	281,970	255,088

£273,381 (2023 - £246,470) of the above income was attributable to unrestricted funds and £8,589 (2023 - £8,618) to endowment funds.

6. Expenditure on raising funds

Fundraising trading expenses

	Unrestricted funds 2024 £	Total funds 2024 £	Total funds 2023 £
Costs of trading activities	405,924	405,924	393,128
Fundraising and trading - Wages and salaries	555,794	555,794	536,310
Fundraising and trading - Employer NI	35,678	35,678	38,447
Fundraising and trading - Employer pensions	7,734	7,734	8,215
Total 2024	1,005,130	1,005,130	976,100

£135,029 (2023: £128,562) of the above costs were in respect of fundraising and £870,101 (2023: £847,538) were in respect of trading. £933,445 (2023: £968,833) of the above expenditure was attributable to unrestricted funds and £71,685 (2023: £7,267) to restricted funds.

WATTS GALLERY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

7. Analysis of expenditure by activities

	Activities undertaken directly 2024 £	Support costs 2024 £	Total funds 2024 £	<i>Total funds 2023 £</i>
Maintaining Watts Gallery and its collection	1,461,954	224,451	1,686,405	<i>1,848,472</i>
Great Studio Project	87,503	30,000	117,503	<i>121,210</i>
Limnerslease Project	2,550	60,000	62,550	<i>32,705</i>
Chapel Restoration Fund	15,833	30,031	45,864	<i>44,954</i>
Physical Energy Fund	96,961	30,000	126,961	<i>126,961</i>
Other Restricted Funds	-	30,000	30,000	<i>-</i>
Total 2024	1,664,801	404,482	2,069,283	<i>2,174,302</i>

£1,554,443 (2023 - £1,583,077) of the above expenditure was attributable to unrestricted funds and £514,840 (2023 - £591,225) to restricted funds.

WATTS GALLERY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

8. Analysis of support costs

Support costs allocated to charitable activities

	Activity undertaken directly	Activity support costs	Total 2024	Total 2023
	£	£	£	£
Maintaining Watts Gallery and its collection	178,193	224,451	402,644	272,310
Great Studio Project	-	30,000	30,000	20,000
Limnerslease Project	-	60,000	60,000	30,000
Chapel Restoration Fund	-	30,031	30,031	20,000
Other Restricted Project Management	-	30,000	30,000	20,000
Physical Energy Fund	-	30,000	30,000	30,000
	178,193	404,482	582,675	392,310

Governance costs

	Unrestricted	Restricted	Total 2024	Total 2023
	£	£	£	£
Audit of financial statements	15,000	-	15,000	14,250
Accountancy, consultancy and legal fees	163,193	-	163,193	130,758
	178,193	-	178,193	145,008

Other support costs

	Unrestricted	Restricted	Total 2024	Total 2023
	£	£	£	£
Project management	-	180,031	180,031	120,000
Office expenses	71,278	52,470	123,748	39,526
Telephone	16,164	-	16,164	18,203
Insurances	71,070	136	71,206	64,273
Travel and subsistence	8,746	4,587	13,333	5,300
	167,258	237,224	404,482	247,302

The total value of support costs in the filed 2023 financial statements totalled £294,705. It was identified that these should have in fact been of a value totalling £392,310. This has been amended in the note above for the comparative period.

WATTS GALLERY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

9. Net movement in funds

Net movement in funds is stated after charging:

	2024	2023
	£	£
Audit fees	15,000	14,250
Depreciation of fixed assets	297,656	272,126
Operating lease charges	13,939	14,591
Decrease in valuation of heritage assets	13,169,573	-
(Increase)/decrease in revaluation of listed investments	(568,279)	246,913
(Increase)/decrease in revaluation of investment property	(102,046)	-

10. Staff costs

	Group 2024	Group 2023	Company 2024	Company 2023
	£	£	£	£
Wages and salaries	1,440,680	1,346,490	1,006,955	926,169
Social security costs	112,988	121,061	88,758	93,829
Contribution to defined contribution pension schemes	34,862	32,829	28,640	25,972
	<u>1,588,530</u>	<u>1,500,380</u>	<u>1,124,353</u>	<u>1,045,970</u>

The 2023 filed financial statements included a group staff costs expense of £1,620,380 and a company staff costs expense of £1,165,970. Upon review, these amounts were shown to be overstated. Therefore, the amounts above in respect of the comparative 2023 period have been updated to £1,500,380 and £1,045,970 respectively.

WATTS GALLERY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

10. Staff costs (continued)

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

	Group 2024 No.	<i>Group 2023 No.</i>
Tea shop	29	23
Shop	11	13
Commercial gallery	3	3
Management	5	6
Curatorial	1	1
Learning	13	16
Marketing and fundraising	9	8
Finance, estates and administration	12	11
	<u>83</u>	<u>81</u>

The staff full time equivalents were 43 this year (2023: 51).

The number of employees whose employee benefits exceeded £60,000 was:

	Group 2024 No.	<i>Group 2023 No.</i>
In the band £60,001 - £70,000	1	1
In the band £100,001 - £110,000	1	1

The total employee benefits of the key management personnel of the group were £458,908 (2023 - £427,550).

The 2023 filed financial statements disclosed key management personnel costs of £210,264. The comparative costs in these financial statements have been updated to reflect a more accurate representation of the key management personnel costs of the comparative year. The 2023 filed financial statements also disclosed no employees as having received benefits between £60,001 and £70,000; this has been updated to reflect one employee in this band in the note above.

WATTS GALLERY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

11. Trustees' remuneration and expenses

During the year one of the trustees, A J Burtenshaw, received total remuneration of £102,838 (2023 - £100,822) and employers pension contributions of £7,562 (2023: £6,790) for the performance of his duties as chief executive of the charity. The payment of remuneration to the trustee who performs the chief executive role is permitted by a provision in the charity governing document, the memorandum and articles of association dated 28 September 2023. Remuneration is paid at market rate and is determined by assessment of performance and achievement of delivery targets which reviewed by the chair and deputy chair of the board of trustees and approved by the finance committee.

Additionally, during the year expenses were reimbursed to one trustee (2023 - one trustee) as follows in performance of his duties as chief executive:

	2024	2023
	£	£
Travel and subsistence	1,648	6,735
Entertainment	846	114
Sundry	464	120
	2,958	6,969

12. Taxation

The company is a registered charity and is therefore exempt from taxation. Tax relief recognised in the year relates to claims submitted and received prior to the year end for Museums and Galleries Exhibition tax relief.

13. Tangible fixed assets

Group

	Land and buildings £	Plant & equipment £	Total £
Cost or valuation			
At 1 April 2023	8,884,624	2,791,211	11,675,835
Additions	13,600	41,322	54,922
Transfers to investment property	(1,650,000)	-	(1,650,000)
At 31 March 2024	7,248,224	2,832,533	10,080,757

WATTS GALLERY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

13. Tangible fixed assets (continued)

Group (continued)

	Land and buildings £	Plant & equipment £	Total £
Depreciation			
At 1 April 2023	1,436,471	2,448,912	3,885,383
Charge for the year	139,070	158,586	297,656
At 31 March 2024	<u>1,575,541</u>	<u>2,607,498</u>	<u>4,183,039</u>
Net book value			
At 31 March 2024	<u>5,672,683</u>	<u>225,035</u>	<u>5,897,718</u>
<i>At 31 March 2023</i>	<u>7,448,153</u>	<u>342,299</u>	<u>7,790,452</u>

WATTS GALLERY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

13. Tangible fixed assets (continued)

Company

	Land and buildings £	Plant and equipment £	Total £
Cost or valuation			
At 1 April 2023	8,884,624	2,595,290	11,479,914
Additions	13,600	41,321	54,921
Transfers to investment property	(1,650,000)	-	(1,650,000)
At 31 March 2024	<u>7,248,224</u>	<u>2,636,611</u>	<u>9,884,835</u>
Depreciation			
At 1 April 2023	1,436,471	2,317,049	3,753,520
Charge for the year	139,070	144,322	283,392
At 31 March 2024	<u>1,575,541</u>	<u>2,461,371</u>	<u>4,036,912</u>
Net book value			
At 31 March 2024	<u>5,672,683</u>	<u>175,240</u>	<u>5,847,923</u>
At 31 March 2023	<u>7,448,153</u>	<u>278,241</u>	<u>7,726,394</u>

A transfer of £1,650,000 has been reflected in relation to a property included within freehold property which the Trustees deem to be investment property as of 31 March 2024.

WATTS GALLERY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

14. Heritage assets

Group

Assets recognised at valuation

	Heritage assets 2024 £
Carrying value at 1 April 2023	22,765,564
Additions	120,000
Revaluations	(13,169,573)
	<hr/> 9,715,991 <hr/>

The addition in the year relates to a gift of an asset via the Governments' Acceptance in Lieu scheme, run by Arts Council England. There were no additions to heritage assets since the year ended 31 March 2019 other than the addition above.

Revaluations

The valuation recognised in the prior year financial statements was based on a valuation prepared by Christie's in respect of the year ended 31 March 2012.

Christie's have prepared a partial valuation for the year ended 31 March 2024 on a sample of the heritage assets the Charity holds.

The financial statements have reflected a decrease in valuation based on the results of this valuation and on the basis that the valuation of the sample of assets selected is consistent across the whole collection of heritage assets. The Trustees consider this valuation to show a true and fair view of the valuation of heritage assets.

The Trustees will assess the valuation on an annual basis to consider whether subsequent valuation adjustments are required.

WATTS GALLERY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

14. Heritage assets (continued)

Assets recognised at valuation

	Heritage assets 2024 £
Carrying value at 1 April 2023	22,765,564
Additions	120,000
Revaluations	(13,169,573)
	<hr/> 9,715,991 <hr/> <hr/>

WATTS GALLERY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

15. Fixed asset investments

Group	Listed investments £
Cost or valuation	
At 1 April 2023	6,278,075
Revaluations	568,279
	6,846,354
At 31 March 2024	6,846,354
Net book value	
At 31 March 2024	6,846,354
At 31 March 2023	6,278,075

Charity	Investments in subsidiary companies £	Listed investments £	Total £
Cost or valuation			
At 1 April 2023	1	6,278,075	6,278,076
Revaluations	-	568,279	568,279
		6,846,354	6,846,355
At 31 March 2024	1	6,846,354	6,846,355
Net book value			
At 31 March 2024	1	6,846,354	6,846,355
At 31 March 2023	1	6,278,075	6,278,076

Principal subsidiaries

Watts Gallery Trading Limited is a subsidiary undertaking of the Charity.

WATTS GALLERY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

15. Fixed asset investments (continued)

Details of undertakings

Watts Gallery Trust owns 100% of the shares & voting rights in Watts Gallery Trading Limited, a company incorporated in England and Wales (company registered number: 07184982). The principal activity of Watts Gallery Trading Limited is that of a tea & gift shop.

The registered office address of Watts Gallery Trading Limited is Down Lane, Compton, Guildford, Surrey GU3 1DQ.

The profit for the period of Watts Gallery Trading Limited was £43,174 (2023: £61,717) and the aggregate amount of capital and reserves at the end of the period was £1 (2023: £1). The profit is stated after making a distribution of profits to Watts Gallery Trust of £43,174 (2023 - £61,717).

16. Investment property

Group

	Investment property £
Valuation	
At 1 April 2023	763,840
Revaluation	102,046
Transfer from Tangible fixed assets	1,650,000
	<hr/>
At 31 March 2024	2,515,886 <hr/> <hr/>

Charity

	Investment property £
Valuation	
At 1 April 2023	763,840
Revaluation	102,046
Transfer from Tangible fixed assets	1,650,000
	<hr/>
At 31 March 2024	2,515,886 <hr/> <hr/>

The valuation recognised in the prior year financial statements was based on a valuation prepared by Batcheller Monkhouse in respect of the year ended 31 March 2011. The Trustees have prepared an internal valuation for the year ended 31 March 2024 which takes into account market conditions and estimated movements in similar property prices since the date of the previous valuation.

WATTS GALLERY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

16. Investment property (continued)

The financial statements have reflected an increase in valuation based on the findings of the Trustees, and the Trustees consider this valuation to show a true and fair view of the valuation of the property.

The Trustees will assess the valuation on an annual basis to consider whether subsequent valuation adjustments are required.

A transfer of £1,650,000 has been reflected in relation to a property included within freehold property which the Trustees deem to be investment property as of 31 March 2024.

17. Debtors

	Group 2024 £	<i>Group 2023 £</i>	Company 2024 £	<i>Company 2023 £</i>
Due within one year				
Trade debtors	11,302	8,593	8,448	6,833
Amounts owed by group undertakings	-	-	71,650	138,073
Other debtors	215,693	120,210	208,123	112,251
Prepayments and accrued income	882	3,000	882	3,000
	<u>227,877</u>	<u>131,803</u>	<u>289,103</u>	<u>260,157</u>

18. Creditors: Amounts falling due within one year

	Group 2024 £	<i>Group 2023 £</i>	Company 2024 £	<i>Company 2023 £</i>
Bank loans	20,000	20,000	-	-
Other loans	136,800	-	136,800	-
Trade creditors	32,289	156,388	958	123,182
Other taxation and social security	55,222	12,573	53,560	12,573
Other creditors	20,565	12,671	19,027	11,515
Accruals and deferred income	64,439	55,632	34,431	31,972
	<u>329,315</u>	<u>257,264</u>	<u>244,776</u>	<u>179,242</u>

Included in other loans is £136,800 (2023 - £136,800) secured on the Charity bank account. The repayment date is 1 February 2025. No interest is charged on the loan unless the Charity fails to make any payment due under the agreement, in which case interest is charged at 7% from the date of non-payment to the date of repayment.

WATTS GALLERY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

19. Creditors: Amounts falling due after more than one year

	Group 2024	<i>Group</i> 2023	Company 2024	<i>Company</i> 2023
	£	£	£	£
Bank loans	33,333	53,333	-	-
Other loans	-	136,800	-	136,800
	33,333	190,133	-	136,800

Included in bank loans is a £53,333 (2023 - £73,333) Coronavirus Business Interruption Loan with a nominal interest rate of 2.21% per annum, of which £20,000 (2023: £20,000) is repayable within one year and £33,333 (2023: £53,333) is repayable in more than one year. The loan term is 5 years to November 2026.

20. Charity status

The Charity is a company limited by guarantee and consequently does not have share capital.

WATTS GALLERY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

21. Statement of funds

Statement of funds - current year

	Balance at 1 April 2023 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 March 2024 £
Unrestricted funds					
Watts Gallery	1,477,071	2,319,652	(2,558,573)	(47,954)	1,190,196
Endowment funds					
Mrs M S Watts Will Trust	411,206	-	-	37,393	448,599
Watts Gallery Permanent Endowment	3,192,346	-	-	295,448	3,487,794
Collection	22,790,776	120,000	-	(13,169,573)	9,741,203
Catalyst Endowment	1,065,511	8,589	-	89,106	1,163,206
G F Watts Book Fund	3,937	-	-	-	3,937
Watts Gallery Expendable Endowment	718,965	-	-	61,829	780,794
	<u>28,182,741</u>	<u>128,589</u>	<u>-</u>	<u>(12,685,797)</u>	<u>15,625,533</u>
Restricted funds					
Gallery Restoration Fund	3,693,980	-	(96,961)	-	3,597,019
Graham Robertson Trust Fund	75,642	-	-	-	75,642
Other	54,866	138,631	(124,528)	-	68,969
Great Studio Project	2,841,789	-	(117,503)	84,503	2,808,789
Limnerslease	1,899,313	-	(62,550)	150,000	1,986,763
Chapel Restoration Fund	59,803	-	(30,000)	-	29,803
Physical Energy Fund	588,477	-	(84,298)	-	504,179
	<u>9,213,870</u>	<u>138,631</u>	<u>(515,840)</u>	<u>234,503</u>	<u>9,071,164</u>
Total of funds	<u><u>38,873,682</u></u>	<u><u>2,586,872</u></u>	<u><u>(3,074,413)</u></u>	<u><u>(12,499,248)</u></u>	<u><u>25,886,893</u></u>

WATTS GALLERY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

21. Statement of funds (continued)

Statement of funds - prior year

	<i>Balance at 1 April 2022</i>	<i>Income</i>	<i>Expenditure</i>	<i>Transfers in/out</i>	<i>Gains/ (Losses)</i>	<i>Balance at 31 March 2023</i>
	£	£	£	£	£	£
Unrestricted funds						
Watts Gallery	1,682,471	2,353,777	(2,679,177)	120,000	-	1,477,071
Endowment funds						
Mrs M S Watts Will Trust	427,453	-	-	-	(16,247)	411,206
Watts Gallery Permanent Endowment Collection	3,320,716	-	-	-	(128,370)	3,192,346
Catalyst Endowment	22,790,776	-	-	-	-	22,790,776
G F Watts Book Fund	1,095,609	8,618	-	-	(38,716)	1,065,511
Watts Gallery Expendable Endowment	3,937	-	-	-	-	3,937
	745,829	-	-	-	(26,864)	718,965
	<u>28,384,320</u>	<u>8,618</u>	<u>-</u>	<u>-</u>	<u>(210,197)</u>	<u>28,182,741</u>
Restricted funds						
Gallery Restoration Fund	3,790,941	-	(96,961)	-	-	3,693,980
Graham Robertson Trust Fund	75,642	-	-	-	-	75,642
Other	120,260	200,000	(245,394)	(20,000)	-	54,866
Great Studio Project	2,999,715	-	(101,210)	(20,000)	(36,716)	2,841,789
Limnerslease Chapel Restoration Fund	1,932,018	-	(2,705)	(30,000)	-	1,899,313
	79,803	-	-	(20,000)	-	59,803

WATTS GALLERY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

21. Statement of funds (continued)

Statement of funds - prior year (continued)

	<i>Balance at 1 April 2022</i>	<i>Income</i>	<i>Expenditure</i>	<i>Transfers in/out</i>	<i>Gains/ (Losses)</i>	<i>Balance at 31 March 2023</i>
	£	£	£	£	£	£
Physical Energy Fund	643,432	-	(24,955)	(30,000)	-	588,477
	<u>9,641,811</u>	<u>200,000</u>	<u>(471,225)</u>	<u>(120,000)</u>	<u>(36,716)</u>	<u>9,213,870</u>
Total of funds	<u><u>39,708,602</u></u>	<u><u>2,562,395</u></u>	<u><u>(3,150,402)</u></u>	<u><u>-</u></u>	<u><u>(246,913)</u></u>	<u><u>38,873,682</u></u>

WATTS GALLERY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

22. Funds

Restricted Funds

Gallery Restoration fund - This fund represents the investment in the restored Watts Gallery building following the Hope project. The ongoing non-cash cost is the depreciation of the restored assets.

Graham Robertson Trust Fund - This fund is invested in the Pottery Building.

Other - These funds are for the support of the learning programmes at Watts Gallery - Artists' Village and other further development projects. These funds all consist of cash.

Great Studio Project and Limnerslease - These funds were established to acquire and preserve the Watts' home and studios and consist of the acquisition costs and investment made in those properties, in addition to an element of cash.

Chapel Restoration Fund - This fund has been established for the preservation and restoration of the Watts Chapel and Cemetery. This fund consists of cash.

Physical Energy Fund - This fund has been established to site a posthumous cast of Watts' iconic sculpture Physical Energy in Compton including appropriate landscaping and interpretation. This fund currently consists of cash.

Endowment funds

The Collection - This fund represents the value of the Watts Gallery collection of heritage assets. This is a permanent endowment fund and represents paintings and other collection items.

Mrs M S Watts Will Trust Fund - This fund was set up through the will of Mary Watts and is now part of the permanent endowment which provides ongoing financial support for the Watts Gallery Trust. The fund is represented by investments and cash and only the income generated by the assets can be spent. The capital in this fund can never be spent.

Watts Gallery Permanent Endowment Fund - This is a permanent endowment fund to generate income to help provide financial security for the Gallery's future. The fund is represented by investments and cash and only the income generated by the assets can be spent. The capital in this fund can never be spent.

Catalyst Endowment - This is a permanent endowment fund which was established with the generosity of the Heritage Lottery Fund and a number of private donors. This fund generates income to help provide financial security for the Gallery's future. The fund is represented by investments and cash and only the income generated by the assets can be spent. The capital in this fund can never be spent.

Watts Gallery Expendable Endowment Fund - This is an expendable endowment fund consisting of quoted investments and cash. The income from the fund helps to provide financial security for the gallery's future.

G F Watts Book Fund - This expendable fund was established to support the Watts Gallery - Artists' Village archive and consists of quoted investments and cash. Both the capital and income can be spent.

WATTS GALLERY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

23. Summary of funds

Summary of funds - current year

	Balance at 1 April 2023 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 March 2024 £
General funds	1,477,071	2,319,652	(2,558,573)	(47,954)	1,190,196
Endowment funds	28,182,741	128,589	-	(12,685,797)	15,625,533
Restricted funds	9,213,870	138,631	(515,840)	234,503	9,071,164
	<u>38,873,682</u>	<u>2,586,872</u>	<u>(3,074,413)</u>	<u>(12,499,248)</u>	<u>25,886,893</u>

Summary of funds - prior year

	Balance at 1 April 2022 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2023 £
General funds	1,682,471	2,353,777	(2,679,177)	120,000	-	1,477,071
Endowment funds	28,384,320	8,618	-	-	(210,197)	28,182,741
Restricted funds	9,641,811	200,000	(471,225)	(120,000)	(36,716)	9,213,870
	<u>39,708,602</u>	<u>2,562,395</u>	<u>(3,150,402)</u>	<u>-</u>	<u>(246,913)</u>	<u>38,873,682</u>

WATTS GALLERY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

24. Analysis of net assets between funds

Analysis of net assets between funds - current period

	Unrestricted funds 2024 £	Restricted funds 2024 £	Endowment funds 2024 £	Total funds 2024 £
Tangible fixed assets	467,185	5,430,533	-	5,897,718
Fixed asset investments	-	1,018,054	5,828,300	6,846,354
Investment property	640,244	1,875,642	-	2,515,886
Heritage assets	-	-	9,715,991	9,715,991
Current assets	355,319	883,388	34,885	1,273,592
Creditors due within one year	(239,219)	(136,453)	46,357	(329,315)
Creditors due in more than one year	(33,333)	-	-	(33,333)
Total	1,190,196	9,071,164	15,625,533	25,886,893

Analysis of net assets between funds - prior period

	Unrestricted funds 2023 £	Restricted funds 2023 £	Endowment funds 2023 £	Total funds 2023 £
Tangible fixed assets	531,634	7,258,818	-	7,790,452
Fixed asset investments	-	933,549	5,344,525	6,278,074
Investment property	75,642	688,198	-	763,840
Heritage assets	-	-	22,765,564	22,765,564
Current assets	1,132,891	517,606	72,652	1,723,149
Creditors due within one year	(209,763)	(47,501)	-	(257,264)
Creditors due in more than one year	(53,333)	(136,800)	-	(190,133)
Total	1,477,071	9,213,870	28,182,741	38,873,682

WATTS GALLERY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

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

	Group 2024 £	<i>Group 2023 £</i>
Net expenditure for the period (as per Statement of Financial Activities)	(12,986,789)	<i>(834,920)</i>
Adjustments for:		
Depreciation charges	297,656	<i>272,126</i>
(Gains)/losses on investments	(670,325)	<i>246,913</i>
Dividends, interests and rents from investments	(281,970)	<i>(255,088)</i>
Decrease/(increase) in stocks	9,174	<i>(8,936)</i>
Decrease/(increase) in debtors	(96,255)	<i>102,875</i>
Increase/(decrease) in creditors	(64,750)	<i>35,198</i>
Decrease in valuation of heritage assets	13,169,573	<i>-</i>
Non-cash donations received	(120,000)	<i>-</i>
Net cash used in operating activities	(743,686)	<i>(441,832)</i>

26. Analysis of cash and cash equivalents

	Group 2024 £	<i>Group 2023 £</i>
Cash in hand	950,390	<i>1,486,847</i>
Total cash and cash equivalents	950,390	<i>1,486,847</i>

WATTS GALLERY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

27. Analysis of changes in net debt

	At 1 April 2023	Cash flows	At 31 March 2024
	£	£	£
Cash and bank - unrestricted	284,033	(198,448)	85,585
Cash and bank - restricted	1,202,814	(338,009)	864,805
Debt due within 1 year	(20,000)	(136,800)	(156,800)
Debt due after 1 year	(190,133)	156,800	(33,333)
	<u>1,276,714</u>	<u>(516,457)</u>	<u>760,257</u>

28. Contingent liabilities

The Trustees of the National Heritage Memorial Fund hold a charge, by way of legal mortgage over The Great Studio, Limnerslease, as a continuing security for all monies, obligations and liabilities under the Grant Contract.

The Council of the Borough of Guildford hold a second charge, by way of legal mortgage, over The Great Studio, Limnerslease as a continuing security for non-repayable loans recognised as donations in 2017.

Surrey County Council holds a charge, by way of a legal mortgage, over the property known as Limnerslease. The charge acts as continuing security for a grant repayable under certain circumstances and was agreed as a condition of the donation to the Charity in 2017.

29. Operating lease commitments

At 31 March 2024 the Group and the Charity had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	Group 2024	Group 2023	Company 2024	Company 2023
	£	£	£	£
Not later than 1 year	15,276	14,591	15,276	14,591
Later than 1 year and not later than 5 years	11,185	26,461	11,185	26,461
	<u>26,461</u>	<u>41,052</u>	<u>26,461</u>	<u>41,052</u>

WATTS GALLERY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

30. Related party transactions

During the year the group entered into the following related party transactions:

Trustees and organisations in which trustees have a controlling interest

During the year, the Group received donations from trustees and organisations in which trustees have a controlling interest, without conditions attached, totalling £7,515 (2023 - £260,000). At the balance sheet date the amount due to/from Trustees and organisations in which trustees have a controlling interest was £Nil (2023 - £Nil).

WATTS GALLERY TRUST

England & Wales - Charity number 313612

Accounts

Company registration number: 06147572

Charity registration number: 313612

Watts Gallery Trust

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 March 2023

Previously known as Watts Gallery

Watts Gallery Trust

Contents

Reference and Administrative Details	1
Trustees' Report	2 to 14
Statement of Trustees' Responsibilities	15
Independent Auditor's Report	16 to 19
Consolidated Statement of Financial Activities	20 to 21
Consolidated Balance Sheet	22
Balance Sheet	23
Consolidated Statement of Cash Flows	24
Notes to the Financial Statements	25 to 54

Watts Gallery Trust

Reference and Administrative Details

Chair of Trustees	S King
Company Number	06147572
Charity Number	313612
Registered office	Down Lane Compton Guildford Surrey United Kingdom GU3 1DQ
Auditor	Azets Audit Services Limited Ashcombe Court Woolsack Way Godalming Surrey United Kingdom GU7 1LQ
Investment Advisors	CCLA Senator House 85 Queen Victoria Street London EC4V 4ET

Additional information

Additional information is available in the annual report on the website through the following link
www.wattsgallery.org.uk/our-charity/trustees/.

Watts Gallery Trust

Report of the Trustees for the Year Ended 31 March 2023

Financial Statements

The Trustees present their report and the audited financial statements of the charity for the year ended 31 March 2023. The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" (FRS 102) in preparing the annual report and financial statements of the charity.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the Charities Acts of 2011 and 2022, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

Trustees

T Adair (resigned 13 June 2022)
G Anson
M Beisly (resigned 27 September 2023)
M Bowcock, CBE (resigned 26 September 2023)
D R Brenninkmeijer (appointed 26 September 2022)
D Brice (resigned 27 September 2023)
A Burtenshaw
M Holt (appointed 11 April 2022)
S K King (Chair of Trustees - appointed 29 May 2023)
M Macintyre (appointed 14 April 2022)
R Napier, DL, CBE (resigned 31 May 2022)
U D Neblett-Leigh (appointed 13 February 2023)
K C Ntumba (appointed 13 February 2023)
Dr G K Oberoi (appointed 15 May 2023)
Professor Dame M Odundo, OBE
Dr M A Rogers, CBE (resigned 15 May 2023)
F A Rutter (appointed 13 June 2023)
M Stevens (resigned 30 April 2023)

OVERVIEW:

Chair of Trustee's Statement:

The vision that Mary and George Watts had when they created Watts Gallery – that art and creativity has a role in everyone's lives is what drew me to this organisation. Now entering its 120th year, I am delighted to have been appointed Chair of Trustees and would like to take this opportunity to thank outgoing Chair MaryAnne Stevens for her dedication and support of Watts Gallery Trust as a trustee, Deputy Chair and for five and a half years, Chair of Trustees.

Watts is so much more than just an attractive gallery to display one couple's art – when taken with their home-studio, the Grade I listed Chapel and the Compton Pottery all became core components of an innovative social experiment that provided training and jobs and created in the Chapel one of the most extraordinary small buildings in the country. 'Art for All by All' is a vision in which everyone can see art and create art whether here on site or out in the community where we can create more opportunities for creativity and reach more people.

Meeting the societal need for children, young people and adults to have access to creative learning through art and nature is critical to our mission and I look forward to ensuring we empower future generations as we look to the future. I was excited to see the organisation's first performance installation Beyond the Waves, in collaboration with StopGap Dance and Disability Arts in Surrey (DAISY), foregrounding performers' responses to G F Watts' sculptural practice. Shining a light on Mary

Watts Gallery Trust

Report of the Trustees for the Year Ended 31 March 2023

Watts as an artist and designer, a visionary, and a social reformer who was ahead of her time and lived in a period when female artists faced significant barriers is particularly crucial. I was delighted by the

reimagining of the Mary Watts Gallery and Compton Gallery at Limnerslease, so as to tell her story more effectively.

Given the impact of Covid and the wider ongoing post-pandemic economic challenges in the economy, a planned deficit was forecast for this financial year as we continue through what we anticipate being a five-year recovery period. Despite the severe unexpected economic headwinds during the year, the Gallery reduced its annual core operating budget deficit from the previous year. However, market turmoil led to a decrease in the value of our investments for the year of £246,913 (as context, the value of the organisation's investments grew by £183,839 in the prior year and by £721,317 in the year to March 2021). In addition, a depreciation charge of £272,126 has impacted the overall consolidated budget deficit.

Notwithstanding the challenges facing the cultural sector and the conclusion of both a £100,000 pa four-year grant from Surrey County Council as well as a five-year Arts Council England National Portfolio Organisation funding agreement of £101,840 pa during the year, significant strides forward were achieved as the report demonstrates. With a new Board and strategy under development and a reduced deficit forecast for the year ahead, we look forward to ensure a return to a break even budget by 2025/26.

On behalf of the Trustee Board, I would like to thank staff, volunteers and supporters alike for making Watts Gallery such a vibrant part of its community.

Sarah K King, Chair of Trustees, Watts Gallery Trust

Watts Gallery Trust

Report of the Trustees for the Year Ended 31 March 2023

Director's Statement:

Whilst the last year has not been without significant challenges for Watts Gallery Trust as for much of the sector and country, I am grateful to the dedicated staff and volunteer teams and our supporters for enabling our organisation to achieve so much in the last year.

This year saw the successful continuation of our planned board transition, the introduction of an updated Vision and Mission and a new ten-year strategy, consisting of four objectives to support the Museum to build on its strengths and fulfil its potential.

The year saw two major restoration programmes that have considerably strengthened our visitor offer. The re-opening of Limnerslease after restoration of the house and studios following a fifteen-month closure following the fire in September 2020 was a major achievement, with the domestic interiors of the house open to all visitors for the first time in the house's history. Significant new displays and interpretation that in particular highlight the art, life and social mission of Mary Watts, traditionally under-represented, have added greatly to our offer, as has the work to return GF Watts' Great Studio. That this inspiring creative space has been returned to its original colour scheme and display, thanks to paint scrapings and archival research, it's a wonderful development.

In addition, the Sculpture Gallery was completely refurbished with new lighting, decoration, displays and interpretation, which was marked by a major exhibition *A Fragmented Legacy: G F Watts and Sculpture*. The first in-depth exploration of G F Watts' sculptural practice, the exhibition provided a compelling look at his creative practice and the way in which sculptural models and maquettes informed many of his most famous paintings. We are indebted to the Deborah Loeb Brice Foundation for making the restoration of the Sculpture Gallery possible.

Two other major programmes also sat outside our annual roster of exhibitions, collection displays, events and social impact work. The first was a significant public consultation into G F Watts' sculptural masterpiece *Physical Energy*, completed over a ten-month period by Morris Hargreaves McIntyre and Covalent Creatives. Exploring public perceptions in the UK and further afield through depth interviews with artists, academics and communities as well as staff, volunteers, supporters and visitors and those who don't currently engage with the Gallery. The consultation has provided vital context to the sculpture's complex history and a roadmap for the installation of *Physical Energy* onsite in 2024.

Alistair Burtenshaw, Brice Director & Chief Executive, Watts Gallery Trustee

Watts Gallery Trust

Report of the Trustees for the Year Ended 31 March 2023

OUR GUIDING PRINCIPLES

Our Vision: Art for All by All

Our Mission: From our beautiful and inspiring setting of Watts Gallery - Artists Village, we welcome everyone to connect with the art and ideas of our founders George and Mary Watts. By caring for the collections and our environment, we advocate for the power, impact and relevance of art - onsite, online, with our community and via our international network of artists' studio museums. Our dynamic and multi-sensory programme of exploring, looking and making, takes you out of the everyday, into new encounters that invite you to view life through a different lens.

Our Values:

Dynamism: *We are an organisation with artists and creativity at its foundation, driven by the transformative power of art. We are innovative, forward-thinking and collaborative; able to respond to the challenges and opportunities ahead.*

Excellence: *We continually aim for the highest standards in everything that we do; whether providing a showcase for high quality art; continual research and in-depth scholarship; delivering innovative and experimental programmes to make and discover art and craft; or providing delicious food and exceptional customer service.*

Inclusivity: *Following in the footsteps of our founders' Art for All ethos, we care for and respect our local village community, as well as reaching out, addressing barriers, and ensuring that everyone feels welcome, respected, represented and valued.*

Responsibility: *We act as thoughtful, considerate, and consistent custodians of our estate and resources; a place where art and nature come together; our environment is at the heart of everything we do.*

Relevance: *Our exhibitions, research, and programming draw on the collection, surroundings and story of the Wattses to explore and present diverse narratives relevant to all our lives in the twenty-first century.*

Welcome: *We offer a warm welcome to all visitors ensuring that the commitment, enthusiasm and energy of staff and volunteers delivers a first-class visitor experience for everyone, every day.*

Key Priorities and Achievements

Objective 1 - Our Aspiration: *To connect with, touch and inspire our wider community - defined as within a one-hour travel time.*

1. Articulate an organisation-wide workforce strategy and implement, monitor and review, as necessary to ensure staff, volunteers and trustees reflect our wider community, with training and facilities to enable this.
2. Undertake further investment in staff training and development.
3. Extend Community Forum membership, engagement, reflection and listening.

What we have done this year:

1. Commenced the development of an organisation-wide workforce strategy, with the creation of a competency framework and salary spine for all roles below the Senior Leadership Team's positions, which will in turn be reviewed and categorised in the coming year with Board input. Rolled out a volunteer charter with 98% of active volunteers having signed the charter. Continued the open recruitment of trustees based on a skills audit with four appointments during

Watts Gallery Trust

Report of the Trustees for the Year Ended 31 March 2023

the year: Matt Holt (Digital), Michaela MacIntyre (Audience Development), Cedric Ntumba (Treasurer) and Ulric Neblett-Leigh (Learning & Engagement). Open recruitment also commenced for the position of Chair of Trustees via Saxton Bampfylde ahead of the completion of MaryAnne Stevens' maximum term as Chair at the end of April 2023 and of an Art Historian trustee, following the impending conclusion of Dr Malcolm Rogers' first term of office. Since year-end, Sarah King has been appointed Chair of Trustees as of 29 May 2023; Frances Rutter DL has been appointed as a Trustee as of 13 June 2023 and Chair of the Property Committee; Matt Holt has taken on the position of Chair of the Trading Company; and Ulric Neblett-Leigh the role of Safeguarding Lead.

2. Further investment in staff training and development has been made through participation in the National Portrait Gallery's National Skills Sharing Partnership with twelve other organisations nationally which has included a six month paid Collections & Learning Assistant position, formal mentoring opportunities, skills sharing, conferences and exchange opportunities. In addition, a staff leadership training programme was implemented for all line managers with a first full day training session held to build line management skills with a further session held since year-end. We continue to offer Fire Safety and First Aid training across the organisation. A new Induction and Onboarding process has been implemented to support new starters.
3. Phase one of an organisation-wide job evaluation project has been completed. All roles below Senior Leadership Team (SLT) level have been graded and assigned a salary band. Salary adjustments were made to any roles that fell outside the agreed grade to ensure fair, comparable and transparent pay for staff. Phase two will include external benchmarking and agreeing a process for pay progression as well as reviewing all SLT roles.
4. A full benefits analysis and review has been undertaken to amalgamate current benefits, introduce new ones and ensure all staff to have access to a competitive benefits package. This has included introducing a Celebration Day which has been very well received by staff and increasing our paternity pay above the statutory minimum. We continue to explore additional benefits including Group Life Assurance.
5. The Community Forum, launched in the previous year, has continued to be developed with further membership recruitment, engagement, reflection and listening via four sessions, ranging from feedback on our Pre-Raphaelite Treasures exhibition, what makes a warm welcome, topics around G F Watts and empire, the shaping of and feedback on our exhibition *A Fragmented Legacy: G F Watts & Sculpture*, promotional ideas for summer footfall and brainstorming for the public programme, interpretation approaches and naming for our *Victorian Virtual Reality* exhibition and to test family interpretation and family welcome.

What we plan to do next year:

1. Ensure our workforce, leadership and governance reflect our community. Create access and career opportunities for people from all parts of society.
2. Establish current brand awareness within a one-hour travel time for 2023/24 and set goal for 2024/25 by commissioning an external perception study with a focus on the visibility of the stories of G F and Mary Watts as artists, the artists we showcase today, and the artist's village.
3. Raise brand awareness to 30% (21% within 90 minutes at Q2 2022) and track performance via an external perception study, with a focus on the visibility of the stories of G F and Mary Watts as artists, the artists we showcase today, and the artists' village.

Watts Gallery Trust

Report of the Trustees for the Year Ended 31 March 2023

4. Recognise under-served communities and take action to develop and grow relationships with them including tightly focused partnership working with local and specific formal education settings and community groups, aligned to audience development objectives.
5. Enable young people to access work experience, career support, training, and paid opportunities in museums and galleries.
6. Embed Vision, Mission and Values internally (staff, volunteers, governance body).
7. Successfully conclude the board transition process including Chair, Deputy Chair and Commercial Operations Trustee & Chair of Trading Company.

Objective 2 - Our Activity: *To engage all in dynamic and creative programming*

1. Define our ambitions in research, conservation, digital engagement, collections management, outreach and learning and implement effectively, monitoring and reviewing as required.
2. Create and embed an evaluation framework (annual programme, strategy, plan and monitoring).
3. Develop a skilled and diverse workforce, in fit for purpose facilities (infrastructure): ensure that staff, volunteers and governance bodies reflect our wider community.
4. Ensure departmental collaboration to develop the annual programme via the Strategic Programming Board and Exhibition Programme Project Teams to enable co-working, sharing, mentoring, shadowing and cross-departmental working.

What we have done this year:

1. Museum Accreditation was re-secured from Arts Council England, an extensive commitment and process which included the updating of several key policies that define our approach to sharing, conserving and developing our collections.
2. Whilst our application for renewed Arts Council England National Portfolio Funding was unsuccessful, a successful Transition Funding application was made to provide equivalent funding for the first seven months of the subsequent year.
3. Significant work was undertaken by the Audience, Brand and Research Strategist to develop and roll out an evaluation framework to evidence our work, alongside plans to embed evaluation within team workloads and wider project frameworks, ensuring evaluation is captured in an appropriate and timely way.
4. Work has continued to ensure a skilled and diverse workforce, in fit for purpose facilities with work to improve the offices and infrastructure for the Trading Company on the first floor of the Compton Potters Arts Guild Building (the Pottery).
5. Recruitment best practice has been extended by the People Advisor to ensure that staff, volunteers and governance bodies reflect our wider community. The People Advisor is now tracking Diversity and Inclusion data on all applicants across all roles to map the profile of our recruitment and to use this data to inform how we might make our recruitment practices more inclusive.
6. Welcomed artist Habib Hajallie as artist-in-residence, coinciding with *Faces of Fame: G F Watts x Simon Frederick*, for a six-month period of research and development, made possible by collaboration between Learning & Engagement and Collections & Exhibitions teams, and including monthly open studio events for our visitors.
7. Departmental collaboration has been extended through the development of the Strategic Programming committee, which meets monthly, chaired by the Director to develop the annual programme, a new monthly Practical Programming group to look at detailed programme development and the development of inter-departmental workshops and sessions to ensure alignment across departments on strategic programming.
8. The Watts Contemporary Gallery developed a programme two years in advance to 2025. As part of this, we have already exhibited work by 64 living artists through the following exhibitions: *Drawing Together* (in partnership with members of the Society of Graphic Fine Art), *Creative*

Watts Gallery Trust

Report of the Trustees for the Year Ended 31 March 2023

Spaces (in partnership with Liss Llewelyn), *Figure & Form: Sculpture Now, Into the Woods, In Print: Kaleidoscopic and A Sense of Place: Tom Voyce & Grace Ellen.*

What we plan to do next year:

1. Begin delivering our Collections & Exhibitions ambitions for 2023-2028 and implement effectively, monitoring and reviewing as required with the newly reformatted Collections & Strategic Programming Committee.
2. Complete the Collections Online Programme (by Q3 2023).
3. Create and embed a clear evaluation framework, including the creation of an evaluation toolkit and case study toolkit, that ensures we understand how all elements of our work are perceived, use this to inform our work and to measure the success of our work as a continuous cycle and report annually to board.
4. Design the setting for Physical Energy at Limnerslease and secure all relevant planning consents (by end of Q2 of 2023/24) and complete installation (by end of Q3 of 2024/25).
5. Scope and launch an open tender for the Physical Energy Project Curator (Artistic Programme and Inclusive Interpretation Lead), supported by Covalent Creatives (by Q1 2023/24).
6. Work collaboratively across departments from conception to delivery and ensure an ambitious annual site-wide seasonal public programme up until end of financial year 25/26 that brings together historic collection, exhibitions, contemporary artistic practice and dynamic, multi-sensory and inclusive programming and interpretation.
7. Ensure sufficient volunteer recruitment, training, and retention to cover all stewarding needs.
8. Deliver the conservation and installation of the Well Head at Limnerslease with an activity plan that engages new audiences by Q2 of 2023/24.

Objective 3 - Our Business: *To safeguard our future by attracting 100,000 visitors to the gallery (by 2032), expand our income mix, and generate enough revenue to match our ambitions, every year.*

1. Review and further develop an environmentally sustainable site-wide infrastructure masterplan that facilitates access for all; supports 100,000 visitors and enables dynamic programming and sustainable income generation.
2. Produce an outline 'costed' phased Project Implementation Programme, targeted at supporting income generation, environmental sustainability, and fundraising opportunities.
3. Establish and deliver a Fundraising Strategy (from outline, through detail and delivery) to serve the phased Project Implementation Programme.
4. Develop and implement a costed Marketing and Communication Strategy that addresses the Masterplan Delivery Programme and the 'Art for All by All' vision, carbon footprint reduction and environmental advocacy.
5. Establish a process for departmental collaboration to develop bold and ambitious seasonal programming together.
6. Undertake programming as its own dedicated income-generating focus area (e.g. evening classes, workshops, two in-house potters full time in pottery for classes, rental income from affordable multiple artists' residencies in Limnerslease and elsewhere).
7. Enable growing Trading income: regroup the various income streams into 'quick wins' and longer-term tasks; planning and executing plans accordingly; monitoring and evaluation to ensure profitability.
8. Enable growing Development income: regroup the various income streams into 'quick wins' and longer-term tasks; planning and executing plans accordingly; monitoring and evaluation to ensure profitability.
9. Renew major endowment campaign: produced and delivered by the Development department with dedicated ownership of the relationship with fund manager CCLA from Finance & Resources (overseen by the Finance Committee), to maximise income.

Watts Gallery Trust

Report of the Trustees for the Year Ended 31 March 2023

What we have done this year:

1. The Sculpture Gallery has been refurbished thanks to funding from the Deborah Loeb Brice Foundation, including redecoration, new lighting, a complete redisplay of the collection, object interpretation and detailed information on the complex history of *Physical Energy*.
2. Trustees identified four locations for the siting of our bronze cast of *Physical Energy* following public consultation. These were measured against the twelve success criteria in the final report by Morris Hargreaves McIntyre and Covalent Creatives ahead of the selection of a location in the woodlands at Limnerslease and will contribute to an ecologically sustainable development of a significant portion of the estate. LDA Design was appointed as landscape architect for the project in March 2023 and worked with the internal project team to begin the RIBA Stage II designs. The remaining work to further develop an environmentally sustainable site-wide infrastructure masterplan is now scheduled for the 2023/24 financial year.
3. An outline 'costed' phased Project Implementation Programme targeted at supporting income generation, environmental sustainability, and fundraising opportunities will follow in the next year from the updating of the Masterplan.
4. Since year end, a new Fundraising Strategy has been drafted and will be updated to ensure that it serves the phased project implementation programme that will follow from the Masterplan.
5. The development and implementation of a costed Marketing and Communication Strategy that addresses the Masterplan Delivery Programme and the 'Art for All by All' vision, carbon footprint reduction and environmental advocacy was held off as a consequence of the decision to delay the updating of the Masterplan and extensive ongoing work during the year on the new website, new Customer Relationship Management (CRM) system and development of a new online and onsite ticketing platform, which will be completed in the subsequent year. The Marketing team's work continues in the interim with a focus on the three key areas of brand awareness, income generation and audience development.
6. A new Board Collections and Programming committee was approved during the year for implementation at the start of the subsequent year in addition to the further development of processes for departmental collaboration to develop bold and ambitious seasonal programming.
7. Developed and diversified income opportunities across Learning & Engagement activity; through paid school visits, new format family activities, sale of Limner Collection products, and public events. Successfully restored Public Programme Curator post with focus on income generating through ticketed activities; these include reinstating popular pottery workshops, a new 'Wellbeing at Watts' event strand, talks, evening events and music performances. A new event on sale process has been implemented to establish seasonal programmes and drive income.
8. Trading Company sales were 12% above the prior year's figures and 230% above the pandemic year's figures from 2020/21. The Trading Company net profit for the year 2022/23 was 38% below the 2021/22 figure due to the double effect of a drop in sales and significant rises in costs such as utilities.
9. The development team exceeded its target by 9%, raising £1,177,388 against a target of £1,076,924.
10. As part of a renewed major endowment campaign, a total of £154,514 was received from two legators.

What we plan to do next year:

1. Organisational sustainability plan to be enacted for the 2023/24 recovery period and rolled out across all departments.
2. Organisation-wide focus on completing roll out of Customer Relationship Management-Ticketing integration and maximising all benefits from the system together with a cross-

Watts Gallery Trust

Report of the Trustees for the Year Ended 31 March 2023

- organisational focus on creating any updated compliance and business continuity frameworks that may be required including safety, GDPR and safeguarding.
3. Organisation-wide focus on creating a major venue-hire and filming income stream.
 4. Generate significant new income streams from Learning & Engagement (public programme, participation fees, fundraising/sponsorship model to cover participation fees for supported groups, maximising use of the Foyle Pottery Studio and Clore Learning Studio, etc.).
 5. Generate significant new income streams from Collections and Exhibitions (touring exhibitions, loan fees, publications, image licensing, etc.).
 6. Appoint a dedicated procurement lead within the organisation to achieve a minimum of £20,000 in savings in 2023/24, an updated procurement policy and a review of our twenty biggest Trust and Trading suppliers together with a timeline to tender their contracts.
 7. Ensure strong baseline monthly data for all utilities and appoint a green energy broker to review all utilities and sign new green agreements focused on environmental sustainability, cost and quality.
 8. Complete a quinquennial survey of the estate in Q1 of 2023/24 and implement five-year recommendations in a phased approach.
 9. Develop a long-term strategy to achieve substantial growth in membership numbers and income.
 10. Embed and extend the legacy campaign to increase the return from our investment income.
 11. Maximise investment income via regular reviews with investment fund managers CCLA and strong relationship led by the Head of Finance & Resources and overseen by the Finance Committee.
 12. Agree and roll out near-term options to further grow Trading Company profitability given inflationary cost pressures via a post-pandemic Trading Company Strategy that focuses on the evolution of our current core Trading Company activities of catering, retail and contemporary art sales with new growth areas of venue hire, filming, licensing and other opportunities.

Objective 4 - Our Audience Focus: *To enable all to enjoy Watts Gallery by listening and responding to the needs of all users*

1. Seek external perceptions of our organisation and our work.
2. Define and describe the whole site offer more effectively and deliver via new website.

What we have done this year:

1. External perceptions of our organisation and our work were sought as part of the wider research project, run jointly by Morris Hargreaves McIntyre and Covalent Creatives to inform the siting of Physical Energy, consulting with supporters, visitors, non-visitors, artists and academics.
2. Further development of the Community Forum, which is made up of a diverse range of visitors and non-visitors in our community with three new members recruited.
3. The Gallery commissioned *Beyond the Waves*, a major video installation response to the sculpture of G F Watts created in collaboration with StopGap Dance, Disability Arts in Surrey (DAiSY), choreographed by Chris Pavia and directed by Roswitha Chesher, which was shown in the Showcase Gallery alongside the exhibition *A Fragmented Legacy: G F Watts and Sculpture*.
4. Participated in Art Fund's national Wild Escape project; engaging children from our nearest primary schools in discussions and activities exploring the wildlife and nature at Watts Gallery - Artists' Village, to connect to the national conversation.
5. Work commenced on defining and describing more effectively a whole site offer which informed the design and content of a completely new website, built by Supercool following a major tender process, as well promoting the day out offer across various channels.

Watts Gallery Trust

Report of the Trustees for the Year Ended 31 March 2023

What we plan to do next year:

1. Extend understanding across the organisation of current and future visitors within a one-hour travel time.
2. Increase the Net Promoter Score to 85% (currently 84% with 1% detractors).
3. Understand and grow digital audience engagement and income wherever possible.
4. Extend, deepen and further embed Community Forum membership, engagement, reflection and listening; ensure that recommendations and their implementation, where appropriate, are actioned in a timely fashion.
5. Seek external perceptions of our organisation and our work.
6. Visitor Experience findings to be reviewed and embedded in a new Visitor Experience Strategy that enables the 'whole site offer' to be defined and described more effectively via roll-out of the visitor experience findings, including new site signage aligned to the installation of *Physical Energy* in the Limnerslease grounds.

As we reflect on all that has been achieved in such a challenging climate and our ambitions for the future, the Director, Chair and trustees would like to reiterate their thanks to the staff, volunteers and supporters who make all the organisation's work possible.

Watts Gallery Trust

Report of the Trustees for the Year Ended 31 March 2023

Structure and Governance

Structure

Watts Gallery Trust was established and registered as a charity in 1905. In 2008 it was incorporated as a company limited by guarantee. Watts Gallery Trading Limited is a trading subsidiary wholly owned by Watts Gallery Trust. The company is controlled by its governing document and a deed of Trust and constitutes a Company, limited by guarantee, as defined by the Companies Act 2006.

Watts Gallery Trust charitable objects as set out in the Memorandum and Article of Association are:

- To promote art for the benefit of the public by the establishment and maintenance of the Watts Art Gallery
- To advance the education of the public in the subject of art.
- To preserve for the benefit of the public the Watts Art Gallery, its grounds and other buildings associated with George Frederic and Mary Watts as buildings of historic architectural or constructional interest,

These are the objects as updated during the year and adopted by the Board of Directors/Trustees on 25 May 2022.

The Trust is governed by a board of Trustees who are also directors of the Company. The trustees meet at least four times a year and are responsible for the objectives and the strategy for the Charity and are in overall control of its management and administration. Certain management and essentially all operational functions are delegated to the Director and Senior Leadership Team.

Public Benefit

We have set out in this report the main activities undertaken by the organization in order to carry out the charity's aims for the public benefit as set out in its Memorandum. In doing so, we have had due regard to the public benefit guidance by the Charity Commission.

Trustees

The Trustees are recruited so that there is a balance of skills, qualifications and experience available to ensure that the Trust and its property are managed efficiently and knowledgeably.

All new Trustees are given a full induction including a copy of the Charity Commission booklet, 'The Essential Trustee', on the responsibilities of a Trustee and a file of essential information including policies and procedures.

Each new Trustee is appointed for an initial term of four years and may then be re-elected for further periods of four years. Trustees rotate and the Chair is appointed at the first meeting in each financial year.

Following the governance review concluded by Cause 4 in Spring 2021, new Articles were adopted and trustee recruitment reviewed. All trustees are now recruited based on specific skills, via open recruitment, based on interview with a view to best represent our community and the range of skills and experience required.

All trustees complete an annual related party transaction form in addition to the declaration of interests taken at every trustee meeting.

On 28 September 2023, new Articles were approved and adopted to allow Trustees to serve for a more suitable period of time than was previously allowed under the original Articles.

Watts Gallery Trust

Report of the Trustees for the Year Ended 31 March 2023

Remuneration Policy

Watts Gallery Trust is committed to paying staff a fair salary that is competitive within similar sized organisations in the charitable arts sector locally and which is proportionate to the complexity and

responsibilities of each role. Remuneration levels are linked to a regular and objective system of performance appraisal and are benchmarked against comparable local roles.

The Trustees, with recommendations from the Finance and Buildings Committee, approve any annual percentage increase for staff. When determining salaries under normal conditions, the Trustees take account of a number of factors including whether the proposed salaries are affordable within planned budgets, the need to retain suitably qualified and experienced staff and the relative responsibilities of each post.

The Director of Watts Gallery Trust is also a Trustee. The Director is eligible for a bonus, which is determined by an assessment of performance and achievement of delivery targets carried out by the Chair and Deputy Chair of the Trustees. This is reviewed and confirmed by the Finance and Building Committee.

It is our protocol that all trustees expenses be approved by the Chair of the Trustees prior to processing and payment by the charity, however a policy will be brought to the Board for consideration during the 2024 financial year.

Investment Policy

Watts Gallery Trust seeks to produce the best financial return commensurate with an acceptable level of risk. The investment objective for the reserves is to generate a return in excess of inflation over the long term whilst generating an annual income to support the ongoing activities of Watts Gallery- Artist Village. Investment management is undertaken by CCLA on a total return basis and the performance of the portfolio is regularly reviewed by the Finance and Buildings Committee. The trustees in appointing CCLA considered their ESG credentials. CCLA hold an A+ rating across all principles for responsible investment. Investment income for the year was £183,216, a decrease on the previous year (2021/2022: £226,894) and this remains a valuable source of unrestricted income.

Risk Management

The Trustees have considered the major risks to which the Charity is exposed and have reviewed those systems and procedures to manage those risks. The major risks to the Charity include a sustained drop in admissions numbers, government policies, staff and volunteer attraction and retention, reliance on fundraising income and risks associated with systems and processes.

The risk register is reviewed regularly by the Director and Senior Leadership Team, quarterly by the Finance and Buildings Committee and annually by the Trustee Board. The Trustees believe the Charity has sufficient resources to continue operating for the foreseeable future.

Financial Review

The total income for the year was £2,562,395 compared to £2,660,246 in the previous year. Income less expenditure excluding depreciation and investment losses dropped by 11% to £315,881 (2022: £356,003). There was a significant loss on revaluation of the investment assets of £246,913 (2022: £183,839 gain) and depreciation increased to £272,126 (2022: £229,322) which contributed to the deficit in net movement in funds of £834,920 (2022: £401,465). The fall in income is associated with loss of funding from Surrey County Council and Arts Council funding though these were partially offset by general donations increases and gift/tea shop activity.

Watts Gallery Trust

Report of the Trustees for the Year Ended 31 March 2023

The principal funding sources for the year included Donations of £1,177,388 (2022: £1,317,761), Trading Activities of £1,129,919 (2022: £1,008,523) and Investment Income of £255,088 (2022: £285,652). Gift Aid recovered during the year was £85,245 (2022: £42,926) as detailed in note 2.

Day to day operations of the Gallery are accounted for within the unrestricted fund. Net expenditure within the unrestricted fund of £205,400 compared to the net income seen last year of £332,084.

The income and related expenditure on capital projects is raised and recognised within the restricted funds. A deficit of £395,386 on the restricted funds occurred in the year due to costs being recognised on projects for which the income was secured and recognised in prior years.

Watts Gallery Trading Limited, a subsidiary of Watts Gallery Trust, donated £61,717 to the Charity (£80,904 in 2022).

The Charity will continue to pursue the strategy of diversifying its income streams and hence less reliance on fundraising income.

Reserves

The Directors' Policy is to aim to build up uncommitted reserves to a level equivalent to 3 - 6 months current running costs (£719,569 - 2023, £754,130 - 2022). This is in order to safeguard and underwrite Watts Gallery's continuing activities and meet its contractual obligations in the event of a reduction in income.

Watts Gallery Trust holds three categories of funds; restricted funds which are donations received by the charity where the purpose for which they can be used is determined by the donor (See note 22) and endowment funds which are either expendable or permanent. While the permanent endowments consist mainly of the value of the permanent collection of art works, the expendable endowments are used primarily to generate further income to support the Gallery's costs.

As at 31 March 2023 Watts Gallery Trust had consolidated total funds of £38,873,682 (2022: £39,708,602) of which £1,477,071 were unrestricted funds, £9,213,870 were restricted funds and £28,182,741 held in endowments (which includes the collection valued at £22,790,776).

The unrestricted funds are made up of £1,219,834 in freehold land, buildings and tangible assets and £310,570 of free reserves (2022: £959,185). This level of free reserve represents approximately four months current operating costs.

The charity will, as a matter of urgency, consider a drawdown of some funds from its investment portfolio to cover the shortfall in unrestricted funds while pursuing other strategies to grow its income.

Watts Gallery Trust

Statement of Trustees' Responsibilities

The trustees (who are also directors of Watts Gallery Trust for the purposes of company law) are responsible for preparing the Trustees' Annual Report (including the Strategic 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, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

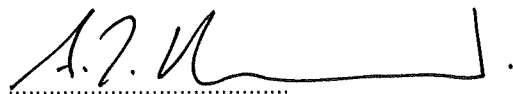
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

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

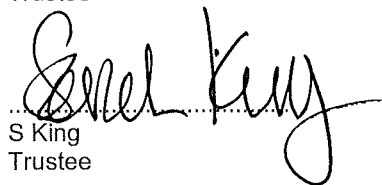
In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Approved by the trustees of the charity on 26.11.2023 and signed on its behalf by:



A Burtenshaw
Trustee



S King
Trustee

Watts Gallery Trust

Independent Auditor's Report to the Members of Watts Gallery Trust

Opinion

We have audited the financial statements of Watts Gallery Trust (the 'charitable parent company') and its subsidiary (the 'group') for the year ended 31 March 2023, 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, including 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 2023 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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.

Watts Gallery Trust

Independent Auditor's Report to the Members of Watts Gallery Trust

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.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report have 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 charitable parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

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

- adequate and sufficient accounting records have not been kept by the charitable parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable parent 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 (set out on page 15), 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's and the charitable parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the charitable parent company or to cease operations, or have no realistic alternative but to do so.

Watts Gallery Trust

Independent Auditor's Report to the Members of Watts Gallery Trust

Auditor's responsibilities for the audit of the financial statements

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

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

Based on our understanding of the charitable parent company and industry, we identified that the physical risk of non-compliance with laws and regulations related to breaches of health and safety and employee laws and regulations. We also obtained an understanding of the legal and regulatory frameworks that the charitable parent company operates in, focusing on those that had a direct effect on material figures and disclosures in the financial statements, the main regulations considered in this context included the UK Companies Act 2006 and the Charities Act 2011.

We evaluated the incentives and opportunities for fraud in the financial statements, including, but not limited to, the risk of override of controls and designed procedures in response to these risks as follows;

- enquiring of management concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- testing the appropriateness of journal entries and other adjustments;
- assessing whether the judgements made in making accounting estimates are indicative of a potential bias, and;
- evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

There are inherent limitations in the audit procedures described above, and the risk of not detecting a material misstatement due to fraud is higher than one resulting from error as fraudulent misstatements may involve deliberate concealment.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Watts Gallery Trust

Independent Auditor's Report to the Members of Watts Gallery Trust

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 group's 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.

Azets Audit Services

.....
Debra Saunders FCA, BSc (Hons) (Senior Statutory Auditor)
For and on behalf of Azets Audit Services Limited, Statutory Auditor

Ashcombe Court
Woolsack Way
Godalming
Surrey
GU7 1LQ

22 November 2023
Date:.....

Watts Gallery Trust

Consolidated Statement of Financial Activities for the Year Ended 31 March 2023 (Including Consolidated Income and Expenditure Account)

	Note	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2023 £	Total 2022 £
Income and Endowments from:						
Donations	2	977,388	200,000	-	1,177,388	1,317,761
Trading activities	3	1,129,919	-	-	1,129,919	1,008,523
Investment income	4	246,470	-	8,618	255,088	285,652
Other income	5	-	-	-	-	48,310
Total income		2,353,777	200,000	8,618	2,562,395	2,660,246
Expenditure on:						
Raising funds and trading costs	6	(976,100)	-	-	(976,100)	(909,728)
Charitable activities	7	(1,583,077)	(591,225)	-	(2,174,302)	(2,335,843)
Total expenditure		(2,559,177)	(591,225)	-	(3,150,402)	(3,245,571)
Net income/(expenditure) before gains/(losses) on investment assets		(205,400)	(391,225)	(8,618)	(588,007)	(585,325)
Gains/(losses) on investment assets		-	(36,716)	(210,197)	(246,913)	183,839
Net income/(expenditure)		(205,400)	(427,941)	(201,579)	(834,920)	(401,486)
Other recognised gains and losses						
Other gains/losses		-	-	-	-	21
Net movement in funds		(205,400)	(427,941)	(201,579)	(834,920)	(401,465)
Reconciliation of funds						
Total funds brought forward		1,682,471	9,641,811	28,384,320	39,708,602	40,110,067
Total funds carried forward	22	1,477,071	9,213,870	28,182,741	38,873,682	39,708,602

Watts Gallery Trust

Consolidated Statement of Financial Activities for the Year Ended 31 March 2022 (Including Consolidated Income and Expenditure Account)

	Note	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2022 £	Total 2021 £
Income and Endowments from:						
Donations	2	1,251,056	15,557	51,148	1,317,761	1,932,375
Trading activities	3	1,008,523	-	-	1,008,523	345,471
Investment income	4	274,979	-	10,673	285,652	301,346
Other income	5	48,310	-	-	48,310	371,501
Total income		2,582,868	15,557	61,821	2,660,246	2,950,693
Expenditure on:						
Raising funds and trading costs	6	(909,728)	-	-	(909,728)	(656,878)
Charitable activities	7	(2,005,224)	(330,619)	-	(2,335,843)	(2,224,270)
Total expenditure		(2,914,952)	(330,619)	-	(3,245,571)	(2,881,148)
Net income/(expenditure) before gains/(losses) on investment assets		(332,084)	(315,062)	61,821	(585,325)	69,545
Gains/(losses) on investment assets		-	27,337	156,502	183,839	721,317
Net income/(expenditure)		(332,084)	(287,725)	218,323	(401,486)	790,862
Other recognised gains and losses						
Other gains/losses		21	-	-	21	31,747
Net movement in funds		(332,063)	(287,725)	218,323	(401,465)	822,609
Reconciliation of funds						
Total funds brought forward		2,014,534	9,929,536	28,165,997	40,110,067	39,287,458
Total funds carried forward	22	1,682,471	9,641,811	28,384,320	39,708,602	40,110,067

All of the group's activities derive from continuing operations during the above two periods.

The funds breakdown for 2023 and 2022 are shown in note 22.


Watts Gallery Trust

(Registration number: 06147572)

Consolidated Balance Sheet as at 31 March 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible assets - Land and buildings	13	7,448,153	7,586,951
Tangible assets - Plant and equipment	13	342,300	286,723
Heritage assets - Collection	14	22,765,564	22,765,564
Investment properties	15	763,840	763,840
Listed investments	15	6,278,075	6,524,988
		37,597,932	37,928,066
Current assets			
Stocks		104,499	95,563
Debtors	16	131,801	234,675
Cash - restricted		1,202,814	924,006
Cash - unrestricted		284,033	958,491
		1,723,147	2,212,735
Creditors: Amounts falling due within one year	17	(257,264)	(222,066)
Net current assets		1,465,883	1,990,669
Total assets less current liabilities		39,063,815	39,918,735
Creditors: Amounts falling due after more than one year	18	(190,133)	(210,133)
Net assets	23	38,873,682	39,708,602
Funds of the group:			
Endowment funds		28,182,741	28,384,320
Restricted funds		9,213,870	9,641,811
Unrestricted income funds			
General funds		1,477,071	1,682,471
Total unrestricted funds		1,477,071	1,682,471
Total funds	22	38,873,682	39,708,602

The financial statements on pages 20 to 54 were approved by the trustees and authorised for issue on ~~26.12.2023~~ and signed on their behalf by:



 A Burtenshaw
 Trustee




 S King
 Trustee

Watts Gallery Trust

(Registration number: 06147572)
Balance Sheet as at 31 March 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible assets - Land and buildings	13	7,448,153	7,586,951
Tangible assets - Plant and equipment	13	278,241	208,234
Heritage assets - Collection	14	22,765,564	22,765,564
Investment properties	15	763,840	763,840
Shares in group undertakings and participating interests	15	1	1
Listed investments	15	6,278,075	6,524,988
		37,533,874	37,849,578
Current assets			
Debtors	16	260,156	364,514
Cash - restricted		1,202,814	924,006
Cash - unrestricted		192,879	845,926
		1,655,849	2,134,446
Creditors: Amounts falling due within one year	17	(179,242)	(138,623)
Net current assets		1,476,607	1,995,823
Total assets less current liabilities		39,010,481	39,845,401
Creditors: Amounts falling due after more than one year	18	(136,800)	(136,800)
Net assets	23	38,873,681	39,708,601
Funds of the charity:			
Endowment funds		28,182,741	28,384,320
Restricted funds		9,213,870	9,641,811
Unrestricted income funds			
General funds		1,477,070	1,682,470
Total unrestricted funds		1,477,070	1,682,470
Total funds	22	38,873,681	39,708,601

The financial statements on pages 20 to 54 were approved by the trustees and authorised for issue on ~~26.11.2023~~ 26.11.2023 and signed on their behalf by:



 A Burtenshaw
 Trustee



 S King
 Trustee

Watts Gallery Trust

Consolidated Statement of Cash Flows for the Year Ended 31 March 2023

	Note	2023 £	2022 £
Cash flows from operating activities			
Net cash income/(expenditure)		(834,920)	(401,465)
Adjustments to cash flows from non-cash items			
Depreciation	9	272,126	229,322
Investment income	4	(255,088)	(285,652)
(Gain)/loss on investments	15	246,913	(188,885)
		<u>(570,969)</u>	<u>(646,680)</u>
Working capital adjustments			
(Increase)/decrease in stocks		(8,936)	8,227
(Increase)/decrease in debtors	16	102,875	7,487
Increase/(decrease) in creditors	17	35,198	(43,509)
Net cash flows from operating activities		<u>(441,832)</u>	<u>(674,475)</u>
Cash flows from investing activities			
Interest receivable and similar income	4	2,682	458
Purchase of tangible fixed assets	13	(188,906)	(22,292)
Purchase of investments	15	-	(6,586,368)
Sale of investments	15	-	6,433,289
Income from fixed asset investments	4	252,406	285,194
Net cash flows from investing activities		<u>66,182</u>	<u>110,281</u>
Cash flows from financing activities			
Repayment of bank loans	18	(20,000)	(6,667)
Net cash flows from investing activities		<u>(20,000)</u>	<u>(6,667)</u>
Net (decrease)/increase in cash and cash equivalents		(395,650)	(570,861)
Cash and cash equivalents at 1 April 2022		<u>1,882,497</u>	<u>2,453,357</u>
Cash and cash equivalents at 31 March 2023		<u>1,486,847</u>	<u>1,882,496</u>

All of the cash flows are derived from continuing operations during the above two periods.

Watts Gallery Trust

Notes to the Financial Statements for the Year Ended 31 March 2023

1 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

Watts Gallery Trust is a company limited by guarantee, incorporated in England. The registered office is Watts Gallery Trust, Down Lane, Compton, Guildford, Surrey, GU3 1DQ. The nature of the charity's operations is set out in the Report by the Trustees.

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 issued in October 2019, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Charities Act 2011 and the Companies Act 2006.

Basis of preparation

Watts Gallery Trust 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 notes.

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the charity and its subsidiary undertaking drawn up to 31 March 2023.

No Statement of Financial Activities is presented for the charity as permitted by section 408 of the Companies Act 2006. For the financial year ending 31 March 2023 the charity generated a deficit of £205,394 (2022 - deficit of £332,063) on unrestricted funds related to the Gallery's operating activities and a deficit of £627,527 (2022 - deficit of £69,402) on restricted and endowment funds related to specific projects or purposes. This results in a net deficit of £834,921 for the financial year (2022 - deficit of £401,465).

A subsidiary is an entity controlled by the charity. Control is achieved where the charity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiary, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of the subsidiary have been changed where necessary to ensure consistency with the policies adopted by the group.

Watts Gallery Trust

Notes to the Financial Statements for the Year Ended 31 March 2023

1 Accounting policies

(Continued)

Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The trustees consider that there are no material uncertainties about the group's ability to continue as a going concern nor any significant areas of uncertainty that affect the carrying value of assets held by the group.

Income and endowments

All income is recognised once the Group has entitlement to the income, it is probable that the income will be received and the amount of the income receivable can be measured reliably.

Donated goods are recognised as income, provided the above conditions are met, at their estimated fair value.

Voluntary donations are recognised in the period in which they are received.

Income from trading activities is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The point of recognition is on the date that goods are provided to customers or the period over which services are provided.

Investment income is recognised based on the date the group is entitled to the income.

Grants receivable

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Government grants are recognised in the comparative period in relation to the Coronavirus Job Retention Scheme and other Council grants.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

Donated services

Donated services are included as income at value to the charity and as resources expended at the same value.

Expenditure

All expenditure is recognised once there is a legal or constructive obligation to that expenditure, it is probable settlement is required and the amount can be measured reliably. All costs are allocated to the applicable expenditure heading that aggregate similar costs to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Watts Gallery Trust

Notes to the Financial Statements for the Year Ended 31 March 2023

1 Accounting policies

(Continued)

Raising funds

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

Charitable activities

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Support costs

Support costs are allocated against the respective activity concerned. Costs are apportioned to various cost centres and funds based on management's best estimates of expenditure incurred for each.

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.

Heritage assets

Watts Gallery Trust has a collection of heritage assets which is held in support of the Gallery's primary objective of increasing knowledge, understanding and appreciation of George Frederic Watts and Mary Seton Watts.

A very significant proportion of these assets are inalienable. The collection comprises of over 250 paintings and over 800 drawings by G F Watts as well as over 500 pieces of sculpture, many by G F Watts and the remaining plaster casts (anonymous) from his studio. There are many items of Compton pottery including pieces by Mary Watts herself. In addition, there is a large archive including the Rob Dickins collection of photographs. A very significant proportion of the collection is available to view via a collections management database.

Additions to the collection are made by purchase or donation. Purchases are initially recorded at cost and donations at their estimated value. Heritage assets are periodically revalued in line with insurance valuations carried out by external valuers and based on commercial markets. The Trustees do not believe that obtaining more frequent valuations would warrant the utilisation of charitable resources.

The heritage assets are represented by a permanent endowment fund, which has been fully invested in the collection.

The assets are deemed to have an indeterminate life and a high residual value and therefore the Trustees do not consider it appropriate to charge depreciation. Although the non depreciation of this asset is not in accordance with the Companies Act 2006, the Trustees believe that this departure is necessary in order to provide a true and fair view.

Watts Gallery Trust

Notes to the Financial Statements for the Year Ended 31 March 2023

1 Accounting policies

(Continued)

Tangible fixed assets

All classes of tangible fixed assets are recorded at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation and amortisation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Depreciation method and rate
Land and buildings	2% on cost
Computers, fixtures & fittings	10%-33% on cost
Motor vehicles	15% on cost
Plant & equipment	10% on cost

Investment properties

Investment property is shown at the most recent market valuation. Any aggregate surplus or deficit arising from changes in market value is transferred to the statement of financial activities. Valuations are considered periodically by the Trustees.

Fixed asset investments

Fixed asset investments are included at market value at the balance sheet date. Realised gains and losses on investments are calculated as the difference between sales proceeds and their market value at the start of the year, or their subsequent cost, and are charged or credited to the Statement of Financial Activities in the period of disposal.

Unrealised gains and losses represent the movement in market values during the year and are credited or charged to the Statement of Financial Activities based on the market value at the year end.

Stock

Stock is valued at the lower of cost and estimated selling price less costs to complete and sell, after due regard for obsolete and slow moving stocks. Cost is determined using the first-in, first-out (FIFO) basis of valuation.

Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at the transaction price. Any losses arising from impairment are recognised in the statement of financial activities.

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.

Watts Gallery Trust

Notes to the Financial Statements for the Year Ended 31 March 2023

1 Accounting policies

(Continued)

Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in a transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Fund structure

Unrestricted income funds are general funds that are available for use at the trustees' discretion in furtherance of the objectives of the Group.

Designated funds are unrestricted funds set aside for specific purposes at the discretion of the trustees.

Restricted income funds are those donated for use in a particular area or for specific purposes, the use of which is restricted to that area or purpose.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Pensions and other post retirement obligations

Contributions payable by the Group to an individual's personal pension scheme are charged to the statement of financial activities in the period to which they relate.

Financial instruments

Financial assets and financial liabilities are recognised when the charity becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

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.

Summary of significant judgements and key accounting estimates

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Watts Gallery Trust

Notes to the Financial Statements for the Year Ended 31 March 2023

1 Accounting policies

(Continued)

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

Depreciation of tangible fixed assets

Depreciation is based upon the expected useful economic life of assets. This requires judgements to be made by the trustees and, being an estimate, the actual useful lives of these assets may vary between asset category and based on the nature of the asset. Reviews of these policies are performed annually to ensure that the depreciation methods used are appropriate for each class of tangible fixed asset.

Investment property

Valuation of investment property is on the basis of the periodic, independent valuations of an expert. Trustees review the need for revaluation on an annual basis. Any gains or losses following each independent valuation are charged through the Statement of Financial Activities.

Heritage assets

Valuation of heritage assets are on the basis of the periodic, independent valuations of an expert. Trustees review the need for revaluation on an annual basis. Any gains or losses following each independent valuation are charged through the Statement of Financial Activities.

Watts Gallery Trust

Notes to the Financial Statements for the Year Ended 31 March 2023

2 Income from donations

	Unrestricted funds £	Restricted funds £	Total 2023 £	Total 2022 £
Donations;				
Patrons and Friends	102,848	-	102,848	99,205
General Donations	684,755	200,000	884,755	769,381
Gift aid reclaimed	85,245	-	85,245	42,926
Grants, including capital grants;				
Surrey County Council	-	-	-	100,000
Arts Council - National Portfolio Organisations	104,540	-	104,540	101,840
Arts Council - Culture Recovery Fund Round 1	-	-	-	204,409
	977,388	200,000	1,177,388	1,317,761

£977,388 (2022 - £1,251,056) of the above income was attributable to unrestricted funds and £200,000 (2022 - £66,705) to restricted funds.

3 Income from trading activities

	Unrestricted funds £	Total 2023 £	Total 2022 £
Trading income:			
Admissions	167,720	167,720	165,523
Tours of Gallery	17,954	17,954	5,948
Sales of goods and services	909,255	909,255	812,909
Learning, events and other income	34,990	34,990	24,143
	1,129,919	1,129,919	1,008,523

All of the above income for 2023 and 2022 was attributable to unrestricted funds.

4 Investment income

	Unrestricted funds £	Endowment funds £	Total 2023 £	Total 2022 £
Income from dividends:				
Dividends receivable from listed investments	174,598	8,618	183,216	226,894
Interest receivable and similar income:				
Interest receivable	2,682	-	2,682	458
Income from rents	69,190	-	69,190	58,300
	246,470	8,618	255,088	285,652

£246,470 (2022 - £274,979) of the above income was attributable to unrestricted funds and £8,618 (2022 - £10,673) to restricted funds.

Watts Gallery Trust

Notes to the Financial Statements for the Year Ended 31 March 2023

5 Other income

	Total 2023 £	Total 2022 £
Government grants including furlough income	-	48,310
	-	48,310

All of the above income for 2023 and 2022 was attributable to unrestricted funds.

6 Expenditure on raising funds and trading costs

	Direct costs £	Total 2023 £	Total 2022 £
Costs of generating donations	128,562	128,562	148,681
Costs of trading activities	847,538	847,538	756,397
Investment management costs	-	-	4,650
	976,100	976,100	909,728

a) Costs of generating donations

	Total 2023 £	Total 2022 £
Staff Costs	128,562	145,311
Patrons and Friends costs	-	3,370
	128,562	148,681

All of the above expenditure for 2023 and 2022 was attributable to unrestricted funds.

b) Costs of trading activities

	Total 2023 £	Total 2022 £
Trading subsidiary staff costs	454,410	400,721
Trading subsidiary costs	393,128	355,676
	847,538	756,397

All of the above expenditure for 2023 and 2022 was attributable to unrestricted funds.

Watts Gallery Trust

Notes to the Financial Statements for the Year Ended 31 March 2023

6 Expenditure on raising funds and trading costs

(Continued)

c) Investment management costs

	Unrestricted funds £	Total 2023 £	Total 2022 £
Administration of the investments	-	-	4,650
	-	-	4,650

7 Expenditure on charitable activities

	Activity undertaken directly £	Activity support costs £	Total 2023 £	Total 2022 £
Maintaining Watts Gallery and its collection	1,555,976	292,496	1,848,472	2,117,455
Great Studio Project	101,210	20,000	121,210	107,231
Limnerslease Project	2,705	30,000	32,705	12,705
Chapel Restoration Fund	4,623	40,331	44,954	20,112
Physical Energy Fund	96,961	30,000	126,954	78,340
	1,761,475	412,827	2,174,302	2,335,843

£1,583,077 (2022 - £2,005,224) of the above expenditure was attributable to unrestricted funds and £591,225 (2022 - £330,619) to restricted funds.

Watts Gallery Trust

Notes to the Financial Statements for the Year Ended 31 March 2023

8 Analysis of support costs

Support costs allocated to charitable activities

	Activity undertaken directly £	Activity support costs £	Total 2023 £	Total 2022 £
Maintaining Watts Gallery and its collection	145,008	29,697	174,705	186,380
Great Studio Project	-	20,000	20,000	20,000
Limnerslease Project	-	30,000	30,000	10,000
Chapel Restoration Fund	-	20,000	20,000	20,000
Other Restricted Project Management		20,000	20,000	-
Physical Energy Fund	-	30,000	30,000	30,000
	<u>145,008</u>	<u>149,697</u>	<u>294,705</u>	<u>266,380</u>

Governance costs

	Unrestricted funds £	Restricted funds £	Total 2023 £	Total 2022 £
Audit of financial statements	14,250	-	14,250	11,250
Accountancy, consultancy and legal fees	130,758	-	130,758	10,302
	<u>145,008</u>	<u>-</u>	<u>145,008</u>	<u>21,552</u>

Other support costs

	Unrestricted funds £	Restricted funds £	Total 2023 £	Total 2022 £
Project management	-	120,000	120,000	80,000
Office expenses	12,218	-	12,218	92,235
Telephone	18,203	-	18,203	15,102
Insurances	64,273	-	64,273	56,340
Travel and subsistence	5,300	-	5,300	1,151
	<u>99,994</u>	<u>120,000</u>	<u>219,994</u>	<u>244,828</u>

Watts Gallery Trust

Notes to the Financial Statements for the Year Ended 31 March 2023

9 Net Income/(Expenditure)

Net income/(expenditure) are stated after charging:

	2023 £	2022 £
Audit fees	14,250	11,250
Depreciation of fixed assets	272,126	229,322

10 Trustees' remuneration and expenses

During the year the group made the following transactions with trustees:

A Burtenshaw

A Burtenshaw received total remuneration of £108,174 (2022: £104,380) during the year. This included bonus payments for achieving his target in 2019 and 2020 but was not paid at the time due to the Covid-19 pandemic.

Legal authority has been obtained to employ and remunerate Mr A Burtenshaw at a market rate as Director of the Charity.

During the year expenses of the following nature were paid to 1 (2022: 1) trustee:

	2023 £	2022 £
Travel and subsistence	6,735	992
Entertaining	114	34
Sundry	120	211
	6,969	1,237

Watts Gallery Trust

Notes to the Financial Statements for the Year Ended 31 March 2023

11 Staff costs

The aggregate payroll costs were as follows:

	2023	2022
	£	£
Wages and salaries	1,466,490	1,380,000
Social security costs	121,061	110,090
Pension costs	32,829	31,911
	<u>1,620,380</u>	<u>1,522,001</u>

The monthly average number of persons (including senior management team) employed by the group during the year was as follows:

	2023	2022
	No	No
Tea shop	23	22
Shop	13	10
Commercial gallery	3	3
Management	6	1
Curatorial	1	9
Learning	16	11
Marketing and fundraising	8	9
Finance, estates and administration	11	13
	<u>81</u>	<u>78</u>

The staff full time equivalents were 51 this year (2022: 52).

One employee received emoluments of more than £60,000 during the year (2022: One). The number of employees whose emoluments fell within the following bands was:

	2023	2022
	No	No
£100,001 - £110,000	1	1

The total employee benefits of the key management personnel of the group were £210,264 (2022 - £204,190).

12 Taxation

The company is a registered charity and is therefore exempt from taxation. Tax relief represents claims submitted prior to the year end for Museums and Galleries Exhibition tax relief.

Watts Gallery Trust

Notes to the Financial Statements for the Year Ended 31 March 2023

13 Tangible fixed assets

Group

	Land and buildings £	Plant & equipment £	Total £
Cost			
At 1 April 2022	8,884,625	2,602,306	11,486,931
Additions	-	188,906	188,906
At 31 March 2023	<u>8,884,624</u>	<u>2,791,212</u>	<u>11,675,836</u>
Depreciation			
At 1 April 2022	1,297,674	2,315,583	3,613,257
Charge for the year	138,797	133,329	272,126
At 31 March 2023	<u>1,436,471</u>	<u>2,448,912</u>	<u>3,885,383</u>
Net book value			
At 31 March 2023	<u>7,448,153</u>	<u>342,300</u>	<u>7,790,453</u>
At 31 March 2022	<u>7,586,951</u>	<u>286,723</u>	<u>7,873,674</u>

Charity

	Land and buildings £	Plant & equipment £	Total £
Cost			
At 1 April 2022	8,884,624	2,406,384	11,291,008
Additions	-	188,906	188,906
At 31 March 2023	<u>8,884,624</u>	<u>2,595,290</u>	<u>11,479,914</u>
Depreciation			
At 1 April 2022	1,297,674	2,198,150	3,495,824
Charge for the year	138,797	118,899	257,696
At 31 March 2023	<u>1,436,471</u>	<u>2,317,049</u>	<u>3,753,520</u>
Net book value			
At 31 March 2023	<u>7,448,153</u>	<u>278,241</u>	<u>7,726,394</u>
At 31 March 2022	<u>7,586,950</u>	<u>208,234</u>	<u>7,795,185</u>

Watts Gallery Trust

Notes to the Financial Statements for the Year Ended 31 March 2023

14 Heritage assets

Group and Charity

	Total £
Cost	
At 1 April 2022	22,765,564
Depreciation	
At 31 March 2023	<u>-</u>
Net book value	
At 31 March 2023	<u>22,765,564</u>

Summary of transaction

The value of additions in the five years prior to the year end date of 31 March 2023 totalled £13,000, all of which were in 2019.

Revaluations

Heritage assets were last revalued in 2012 by Christies at current auction estimates.

Watts Gallery Trust

Notes to the Financial Statements for the Year Ended 31 March 2023

15 Fixed asset investments

Group and charity

Investment properties

	Investment properties £
Cost or Valuation	
At 1 April 2022	<u>763,840</u>
Provision	
At 31 March 2023	<u>-</u>
Net book value	
At 31 March 2023	<u>763,840</u>
At 31 March 2022	<u>763,840</u>

Investment properties were valued by Batcheller Monkhouse in the year ended 31 March 2011. In subsequent years the values have been considered against market conditions by the Trustees and the costs of further improvements have been added.

Watts Gallery Trust

Notes to the Financial Statements for the Year Ended 31 March 2023

15 Fixed asset investments

(Continued)

Group and charity

Listed investments

	Listed investments £
Cost or Valuation	
At 1 April 2022	6,524,988
Revaluations	(246,913)
Additions	-
Disposals	-
At 31 March 2023	<u>6,278,075</u>
Net book value	
At 31 March 2023	<u>6,278,075</u>
At 31 March 2022	<u>6,524,988</u>

Watts Gallery Trust

Notes to the Financial Statements for the Year Ended 31 March 2023

15 Fixed asset investments

(Continued)

Shares in group undertakings and participating interests

	Subsidiary undertakings £	Total £
Cost		
At 1 April 2022	1	1
At 31 March 2023	1	1
Net book value		
At 31 March 2023	1	1
At 31 March 2022	1	1

Details of undertakings

Details of the investments in which the charity holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Country of incorporation	Holding	Proportion of voting rights and shares held		Principal activity
			2023	2022	
Subsidiary undertakings					
Watts Gallery Trading Limited	England and Wales	Ordinary	100%	100%	Gift shop and tea shop

The company registration number of Watts Gallery Trading Limited is 07184982. The registered office address is:

Down Lane
Compton
Guildford
Surrey
GU3 1DQ

The profit for the period of Watts Gallery Trading Limited was £61,717 (2022: £100,200) and the aggregate amount of capital and reserves at the end of the period was £1 (2022: £1).

The profit for the year for Watts Gallery Trading Limited is stated after making a distribution of profits to Watts Gallery Trust of £67,717 (2022 - £80,904).

Watts Gallery Trust

Notes to the Financial Statements for the Year Ended 31 March 2023

16 Debtors

	Group		Charity	
	2023 £	2022 £	2023 £	2022 £
Trade debtors	8,593	19,148	6,833	18,975
Due from group undertakings	-	-	138,073	131,785
Prepayments	3,000	11,067	3,000	11,067
Other debtors	120,208	204,460	112,250	202,687
	131,801	234,675	260,156	364,514

17 Creditors: amounts falling due within one year

	Group		Charity	
	2023 £	2022 £	2023 £	2022 £
Bank loans	20,000	20,000	-	-
Trade creditors	156,388	108,598	123,182	70,923
Other taxation and social security	-	-	-	-
Other creditors	25,244	13,356	24,088	13,032
Accruals	55,632	80,112	31,972	54,668
	257,264	222,066	179,242	138,623

Watts Gallery Trust

Notes to the Financial Statements for the Year Ended 31 March 2023

18 Creditors: amounts falling due after one year

	Group		Charity	
	2023 £	2022 £	2023 £	2022 £
Bank loans	53,333	73,333	-	-
Other loans	136,800	136,800	136,800	136,800
	190,133	210,133	136,800	136,800

Included in bank loans is a £73,333 (2022 - £93,333) Coronavirus Business Interruption Loan with a nominal interest rate of 2.21% per annum. The loan term is 5 years to November 2026.

Included in other loans is £136,800 (2022 - £136,800) secured on the Charity bank account. The repayment date is 15 May 2024. No interest is charged on the loan unless the Charity fails to make any payment due under the agreement, in which case interest is charged at 7% from the date of non-payment to the date of repayment.

19 Obligations under leases and hire purchase contracts

The total value of future minimum lease payments was as follows:

	Group		Charity	
	2023 £	2022 £	2023 £	2022 £
Within one year	14,591	13,939	14,591	13,939
In two to five years	26,461	41,052	26,461	41,052
	41,052	54,991	41,052	54,991

20 Charity status

The Charity is a company limited by guarantee and consequently does not have share capital.

21 Contingent liabilities

The Trustees of the National Heritage Memorial Fund hold a charge, by way of legal mortgage over The Great Studio, Limnerslease, as a continuing security for all monies, obligations and liabilities under the Grant Contract.

The Council of the Borough of Guildford hold a second charge, by way of legal mortgage, over The Great Studio, Limnerslease as a continuing security for non-repayable loans recognised as donations in 2017.

Surrey County Council holds a charge, by way of a legal mortgage, over the property known as Limnerslease. The charge acts as continuing security for a grant repayable under certain circumstances and was agreed as a condition of the donation to the Charity in 2017.

Watts Gallery Trust

Notes to the Financial Statements for the Year Ended 31 March 2023

22 Funds

Restricted funds

Gallery Restoration fund - This fund represents the investment in the restored Watts Gallery building following the Hope project. The ongoing non-cash cost is the depreciation of the restored assets.

Limnerslease and Great Studio Funds - These funds were established to acquire and preserve the Watts' home and studios and consist of the acquisition costs and investment made in those properties, in addition to an element of cash.

Other - These funds are for the support of the learning programmes at Watts Gallery - Artists' Village and other further development projects. These funds all consist of cash.

Graham Robertson Trust Fund - This fund is invested in the Pottery Building.

Great Studio Project and Limnerslease - These funds were established to acquire and preserve the Watts' home and studios and consist of the acquisition costs and investment made in those properties, in addition to an element of cash.

Chapel Restoration Fund - This fund has been established for the preservation and restoration of the Watts Chapel and Cemetery. This fund consists of cash.

Physical Energy Fund - This fund has been established to site a posthumous cast of Watts' iconic sculpture Physical Energy in Compton including appropriate landscaping and interpretation. This fund currently consists of cash.

Endowment funds

The Collection - This fund represents the value of the Watts Gallery collection of heritage assets. This is a permanent endowment fund and represents paintings and other collection items.

Mrs M S Watts Will Trust Fund - This fund was set up through the will of Mary Watts and is now part of the permanent endowment which provides ongoing financial support for the Watts Gallery Trust. The fund is represented by investments and cash and only the income generated by the assets can be spent. The capital in this fund can never be spent.

Watts Gallery Permanent Endowment Fund - This is a permanent endowment fund to generate income to help provide financial security for the Gallery's future. The fund is represented by investments and cash and only the income generated by the assets can be spent. The capital in this fund can never be spent.

Catalyst Endowment - This is a permanent endowment fund which was established with the generosity of the Heritage Lottery Fund and a number of private donors. This fund generates income to help provide financial security for the Gallery's future. The fund is represented by investments and cash and only the income generated by the assets can be spent. The capital in this fund can never be spent.

Watts Gallery Expendable Endowment Fund - This is an expendable endowment fund consisting of quoted investments and cash. The income from the fund helps to provide financial security for the gallery's future.

G F Watts Book Fund - This expendable fund was established to support the Watts Gallery - Artists' Village archive and consists of quoted investments and cash. Both the capital and income can be spent.

Watts Gallery Trust

Notes to the Financial Statements for the Year Ended 31 March 2023

22 Funds

(Continued)

Group	Balance at 1 April 2022 £	Income £	Expenditure £	Transfers £	Other recognised gains/(losses) £	Balance at 31 March 2023 £
Unrestricted funds						
Watts Gallery	1,682,471	2,353,777	(2,679,177)	120,000	-	1,477,041
Designated						
Watts Gallery	-	-	-	-	-	-
Total unrestricted funds	1,682,471	2,353,777	(2,679,177)	120,000	-	1,477,071
Restricted funds						
Gallery Restoration Fund	3,790,941	-	(96,961)	-	-	3,693,980
Graham Robertson Trust Fund	75,642	-	-	-	-	75,642
Other	120,260	200,000	(245,394)	(20,000)	-	54,866
Great Studio Project	2,999,715	-	(101,210)	(20,000)	(36,716)	2,841,789
Limnerslease	1,932,018	-	(2,705)	(30,000)	-	1,899,313
Chapel Restoration Fund	79,803	-	-	(20,000)	-	59,803
Physical Energy Fund	643,432	-	(24,955)	(30,000)	-	588,477
Total restricted funds	9,641,811	200,000	(471,225)	(120,000)	(36,716)	9,213,870
Endowment funds						
Permanent						
Mrs M S Watts Will Trust	427,453	-	-	-	(16,247)	411,206
Watts Gallery Permanent Endowment	3,320,716	-	-	-	(128,370)	3,192,346
Collection	22,790,776	-	-	-	-	22,790,776
Catalyst Endowment	1,095,609	8,618	-	-	(38,716)	1,065,511
	27,634,554	8,618	-	-	(183,333)	27,459,839

Watts Gallery Trust

Notes to the Financial Statements for the Year Ended 31 March 2023

22 Funds

(Continued)

	Balance at 1 April 2022 £	Income £	Expenditure £	Transfers £	Other recognised gains/(losses) £	Balance at 31 March 2023 £
Expendable						
G F Watts Book Fund	3,937	-	-	-	-	3,937
Watts Gallery Expendable Endowment	745,829	-	-	-	(26,864)	718,965
	749,766	-	-	-	(26,864)	722,902
 Total endowment funds	 28,384,320	 8,618	 -	 -	 (210,197)	 28,182,741
Total funds	39,708,602	2,562,395	(3,150,402)	-	(246,913)	38,873,682

Watts Gallery Trust

Notes to the Financial Statements for the Year Ended 31 March 2023

22 Funds

(Continued)

	Balance at 1 April 2021 £	Income £	Expenditure £	Transfers £	Other recognised gains/(losses) £	Balance at 31 March 2022 £
Unrestricted funds						
Watts Gallery	1,574,534	2,582,868	(2,914,952)	440,000	21	1,682,471
Designated						
Watts Gallery	440,000	-	-	(440,000)	-	-
Total unrestricted funds	2,014,534	2,582,868	(2,914,952)	-	21	1,682,471
Restricted funds						
Gallery Restoration Fund	3,887,903	-	(96,962)	-	-	3,790,941
Graham Robertson Trust Fund	75,642	-	-	-	-	75,642
Other	120,885	14,643	(15,268)	-	-	120,260
Great Studio Project	3,079,610	-	(107,232)	-	27,337	2,999,715
Limnerslease	1,944,723	-	(12,705)	-	-	1,932,018
Chapel Restoration Fund	99,001	914	(20,112)	-	-	79,803
Physical Energy Fund	721,772	-	(78,340)	-	-	643,432
Total restricted funds	9,929,536	15,557	(330,619)	-	27,337	9,641,811
Permanent						
Mrs M S Watts Will Trust	415,356	-	-	-	12,097	427,453
Watts Gallery Permanent Endowment	3,225,139	-	-	-	95,577	3,320,716
Collection	22,790,776	-	-	-	-	22,790,776
Catalyst Endowment	1,056,110	10,673	-	-	28,826	1,095,609
	27,487,381	10,673	-	-	136,500	27,634,554

Watts Gallery Trust

Notes to the Financial Statements for the Year Ended 31 March 2023

22 Funds	(Continued)					
	Balance at 1 April 2021 £	Income £	Expenditure £	Transfers £	Other recognised gains/(losses) £	Balance at 31 March 2022 £
<i>Expendable</i>						
G F Watts Book Fund	3,937	-	-	-	-	3,937
Watts Gallery Expendable Endowment	674,679	51,148	-	-	20,002	745,829
	678,616	51,148	-	-	20,002	749,766
 Total endowment funds	 28,165,997	 61,821	 -	 -	 156,502	 28,384,320
Total funds	40,110,067	2,660,246	(3,245,571)	-	183,860	39,708,602

Watts Gallery Trust

Notes to the Financial Statements for the Year Ended 31 March 2023

22 Funds

(Continued)

Charity

	Balance at 1 April 2022 £	Income £	Expenditure £	Transfers £	Other recognised gains/(losses) £	Balance at 31 March 2023 £
Unrestricted funds						
<i>General</i>						
Watts Gallery	1,682,470	1,506,239	(1,831,639)	120,000	-	1,477,070
<i>Designated</i>						
Watts Gallery	-	-	-	-	-	-
Total Unrestricted funds	1,682,470	1,506,239	(1,831,639)	120,000	-	1,477,070
Restricted funds						
Gallery Restoration Fund	3,790,941	-	(96,961)	-	-	3,693,980
Graham Robertson Trust Fund	75,642	-	-	-	-	75,642
Other	120,260	200,000	(245,394)	(20,000)	-	54,866
Great Studios Project	2,999,715	-	(101,210)	(20,000)	(36,716)	2,841,789
Limnerslease	1,932,018	-	(2,705)	(30,000)	-	1,899,313
Chapel Restoration Fund	79,803	-	-	(20,000)	-	59,803
Physical Energy Fund	643,432	-	(24,955)	(30,000)	-	588,477
Total restricted funds	9,641,811	200,000	(471,225)	(120,000)	(36,716)	9,213,870

Watts Gallery Trust

Notes to the Financial Statements for the Year Ended 31 March 2023

22 Funds

(Continued)

	Balance at 1 April 2022 £	Income £	Expenditure £	Transfers £	Other recognised gains/(losses) £	Balance at 31 March 2023 £
Endowment funds						
<i>Permanent</i>						
Mrs M S Watts Will Trust	427,453	-	-	-	(16,247)	411,206
Watts Gallery Permanent Endowment Collection	3,320,716	-	-	-	(128,370)	3,192,346
Catalyst Endowment	22,790,776	-	-	-	-	- 22,790,776
	1,095,609	8,618	-	-	(38,716)	1,065,511
	<u>27,634,554</u>	<u>8,618</u>	<u>-</u>	<u>-</u>	<u>(183,333)</u>	<u>27,459,839</u>
<i>Expendable</i>						
GF Watts Book Fund	3,937	-	-	-	-	3,937
Watts Gallery Expendable Endowment	745,829	-	-	-	(26,864)	718,965
	<u>749,766</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(26,864)</u>	<u>722,902</u>
Total endowment funds	<u>28,384,320</u>	<u>8,618</u>	<u>-</u>	<u>-</u>	<u>(210,197)</u>	<u>28,182,741</u>
Total funds	<u>39,708,601</u>	<u>1,714,857</u>	<u>(2,302,864)</u>	<u>-</u>	<u>(246,913)</u>	<u>38,873,681</u>

Watts Gallery Trust

Notes to the Financial Statements for the Year Ended 31 March 2023

22 Funds

(Continued)

	Balance at 1 April 2021 £	Income £	Expenditure £	Transfers £	Other recognised gains/(losses) £	Balance at 31 March 2022 £
Unrestricted funds						
<i>General</i>						
Watts Gallery	1,593,830	1,812,276	(2,163,657)	440,000	21	1,682,470
<i>Designated</i>						
Watts Gallery	440,000	-	-	(440,000)	-	-
Total Unrestricted funds	2,033,830	1,812,276	(2,163,657)	-	21	1,682,470
Restricted funds						
Gallery Restoration Fund	3,887,903	-	(96,962)	-	-	3,790,941
Graham Robertson Trust Fund	75,642	-	-	-	-	75,642
Other	120,885	14,643	(15,268)	-	-	120,260
Great Studios Project	3,079,610	-	(107,232)	-	27,337	2,999,715
Limnerslease	1,944,723	-	(12,705)	-	-	1,932,018
Chapel Restoration Fund	99,001	914	(20,112)	-	-	79,803
Physical Energy Fund	721,772	-	(78,340)	-	-	643,432
Total restricted funds	9,929,536	15,557	(330,619)	-	-	9,641,811

Watts Gallery Trust

Notes to the Financial Statements for the Year Ended 31 March 2023

22 Funds	(Continued)					
	Balance at 1 April 2021 £	Income £	Expenditure £	Transfers £	Other recognised gains/(losses) £	Balance at 31 March 2022 £
Endowment funds						
<i>Permanent</i>						
Mrs M S Watts Will Trust	415,356	-	-	-	12,097	427,453
Watts Gallery Permanent Endowment Collection	3,225,139	-	-	-	95,577	3,320,716
Catalyst Endowment	22,790,776	-	-	-	-	- 22,790,776
	1,056,110	10,673	-	-	28,826	1,095,609
	27,487,381	10,673	-	-	136,500	27,634,554
<i>Expendable</i>						
GF Watts Book Fund	3,937	-	-	-	-	3,937
Watts Gallery Expendable Endowment	674,679	51,148	-	-	20,002	745,829
	678,616	51,148	-	-	20,002	749,766
Total endowment funds	28,165,997	61,821	-	-	156,502	28,384,320
Total funds	40,129,363	1,889,654	(2,494,276)	-	183,860	39,708,601

The funds are represented by a mix of assets, primarily property and artwork, as disclosed further in note 23.

Transfers

Reversal of a transfer of £440,000 made in 2021 from Unrestricted General Funds to Unrestricted Designated Funds set aside for the following purposes:

Website, Digital and IT Fund - to replace IT equipment and improve digital access and engagement
Covid Fund - to cover operating costs and reduced income streams due to the ongoing effects of the pandemic.

Buildings and Estate Maintenance Fund - to support the ongoing development, conservation and maintenance of the estate.

Future Sustainability Fund - to support strategic commercial initiatives and improve the future financial sustainability of the organisation.

Watts Gallery Trust

Notes to the Financial Statements for the Year Ended 31 March 2023

23 Analysis of net assets between funds

Group - Year ended 31 March 2023

	Unrestricted funds - General £	Restricted funds £	Permanent £	Total funds £
Tangible fixed assets	531,636	7,258,817	-	7,790,453
Heritage assets	-	-	22,765,564	22,765,564
Fixed asset investments	688,198	1,009,192	5,344,525	7,041,915
Current assets	520,333	1,130,162	72,652	1,723,147
Current liabilities	(209,763)	(47,501)	-	(257,264)
Creditors over 1 year	(53,333)	(136,800)	-	(190,133)
Total net assets	1,477,071	9,213,870	28,182,741	38,873,682

Charity - Year ended 31 March 2023

	Unrestricted funds - General £	Restricted funds £	Permanent £	Total funds £
Tangible fixed assets	467,577	7,258,817	-	7,726,394
Heritage assets	-	-	22,765,564	22,765,564
Fixed asset investments	688,199	1,009,192	5,344,525	7,041,916
Current assets	453,035	1,130,162	72,652	1,658,348
Current liabilities	(131,741)	(47,501)	-	(179,236)
Creditors over 1 year	-	(136,800)	-	(136,800)
Total net assets	1,477,070	9,213,870	28,182,741	38,873,681

Group - Year ended 31 March 2022

	Unrestricted funds - General £	Restricted funds £	Permanent £	Total funds £
Tangible fixed assets	427,960	7,445,714	-	7,873,674
Heritage assets	-	-	22,765,564	22,765,564
Fixed asset investments	688,198	1,045,908	5,554,722	7,288,828
Current assets	848,729	1,299,972	64,034	2,212,735
Current liabilities	(209,083)	(12,983)	-	(222,066)
Creditors over 1 year	(73,333)	(136,800)	-	(210,133)
Total net assets	1,682,471	9,641,811	28,384,320	39,708,602

Watts Gallery Trust

Notes to the Financial Statements for the Year Ended 31 March 2023

23 Analysis of net assets between funds

(Continued)

Charity - Year ended 31 March 2022

	Unrestricted funds - General £	Restricted funds £	Permanent £	Total funds £
Tangible fixed assets	349,471	7,445,714	-	7,795,185
Heritage assets	-	-	22,765,564	22,765,564
Fixed asset investments	688,199	1,045,908	5,554,722	7,288,829
Current assets	770,440	1,299,972	64,034	2,134,446
Current liabilities	(125,640)	(12,983)	-	(138,623)
Creditors over 1 year	-	(136,800)	-	(136,800)
Total net assets	1,682,470	9,641,811	28,384,320	39,708,601

24 Related party transactions

During the year the group made the following related party transactions:

Trustees and organisations in which trustees have a controlling interest

During the year, the Group received donations from trustees and organisations in which trustees have a controlling interest, without conditions attached, totalling £260,000 (2022 - £324,061). At the balance sheet date the amount due to/from Trustees and organisations in which trustees have a controlling interest was £Nil (2022 - £Nil).

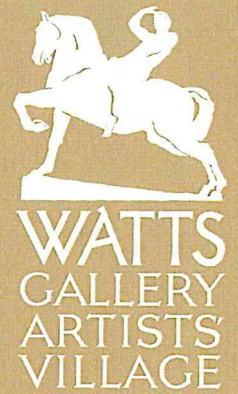
WATTS GALLERY TRUST

England & Wales - Charity number 313612

Accounts

ANNUAL REPORT

2020-2021



Discovery | Authenticity | Community | Welcome | Art for All | Excellence

CONTENTS

The Trustees, who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 March 2021.

The Trustees have adopted the provisions of 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 (FRS102) (effective 1 January 2015).

TRUSTEES

M V Stevens, Chair
T Adair
G Anson
M Baisly
M Bowcock, CBE
D Brice
A Burtenshaw
Professor R Dickens, CBE (resigned 20 December 2020)
I Goldsmith
R Napier, DL, CBE
Professor Dame M Odundo, OBE
Dr M A Rogers, CBE
Lady E Verey

AUDITORS

Azets Audit Services Limited
Statutory Auditors and Chartered Accountants
Ashcombe Court, Woolsack Way, Godalming,
Surrey GU7 1LQ

INVESTMENT ADVISORS

Baring Asset Management Limited (until 9 August 2021)
155 Bishopsgate, London EC2M 3XY

CCLA

Senator House, 85 Queen Victoria Street, London, EC4V 4ET

PATRON OF THE LIMNERSLEASE APPEAL

HRH The Prince of Wales

ARTS PATRON OF THE LIMNERSLEASE APPEAL

Sir Antony Gormley, OBE, RA

DIRECTOR

Allstair Burtenshaw

SENIOR MANAGEMENT TEAM

Matthew Carter Estates and Facilities Manager
Claire Griffin Head of Operations
Sarah James Head of Development
Sue Miller Head of Finance
Niharika Jain Head of Marketing and Communications (from 24 March 21)
Dr Cicely Robinson Brice Chief Curator
Kara Wescombe Blackman Head of Learning and Public Programming
Jo Wilks Head of Trading

Watts Gallery Trust is a company limited by guarantee (company number 06147572)

Registered Office: Watts Gallery, Down Lane, Compton, Surrey GU3 1DQ

Registered Charity Number: 313612

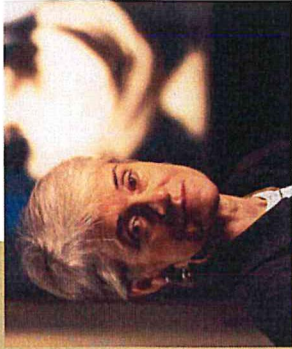
VAT Reg. No. 974 9894 34

Chair's introduction	Page 2
Director's Introduction	Page 3
Our Vision & Mission	Page 4
Trustees' Report	Page 6
ORGANISATIONAL OBJECTIVES	
ENGAGE	Page 8
ENHANCE	Page 10
INSPIRE	Page 12
LEAD	Page 14
EXHIBITIONS & PROGRAMMING	Page 16
CONSERVATION WORK	Page 20
AUDIENCE DEVELOPMENT	Page 22
WATTS AT HOME	Page 24
LOOKING TO THE FUTURE	Page 26
Supporters	Page 34
Governance	Page 36
Strategic Report	Page 38
Annual Report & Financial Statements	Page 40



Cover image
Art pack which was sent out to Art for All Community learning programme participants during lockdown.

Right
Goldfinch, Susan O'Byrne, part of the Artistic Aviary Exhibition.



CHAIR'S INTRODUCTION

My introduction to last year's report was written as the Gallery was reopening following its enforced closure during the first COVID-19 lockdown and it was hard to imagine, at that time, that further lengthy closures would happen. However, despite the challenge of both further closures, it is heartening to note that our financial results for the year ending 31 March 2021 are above expectations. This reflects not only the hard work of the management team and our staff and volunteers but also the assistance provided by a variety of emergency funding, whether from local and central government, Arts Council England and the National Lottery Heritage Fund, trusts and foundations, or individual philanthropy of all sizes. This and the annual funding from Surrey County Council to support Surrey children and families, enabled our community work to continue uninterrupted during a particularly challenging period for our organisation and so many in our society. I have been particularly heartened that so many core community programmes were able to take place digitally, via the distribution of individual workbooks to secure settings and via our community partners.

We also had the challenge of a small fire in the Studios at Lummerslease, the home of G F and Mary Watts, during the night of Friday 11 September 2020 with significant consequences. Our senior management and our Operations, Curatorial and Estate & Facilities teams were put to the test in one of the worst types of event that an arts establishment can experience. Our thanks go to everyone involved and particularly to the emergency services for their prompt response and to the team of conservation cleaners and conservators for their hard work in ensuring the preservation of our precious collection. You can read more about the recovery process in the spotlight section of this report.

I would like to particularly thank our Finance team for their herculean work on complex furlough arrangements throughout the entire financial year and to our Development team whose very significant fundraising efforts continued throughout the pandemic. However, all of our staff and volunteers are to be thanked for all they have done to support the organisation during a particularly difficult year.

My thanks also go to my fellow Trustees for their unwavering support and I would like to acknowledge the immense contribution made by Professor Rob Dickens CBE, who resigned in December 2020, and thank him for his service and support over many years, including the generous donations that make up the Rob Dickens Collection at Watts Gallery Trust – a lasting legacy for generations to come.

Finally, my sincere thanks go to our funders, lenders, donors and our visitors for their continuing support of Watts Gallery – Artists' Village during this year of unprecedented change and challenge.

MaryAnne Stevens
Chair, Watts Gallery Trust

Annual Report 2020 – 2021

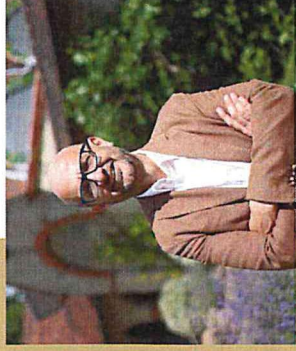


Photo by Lottie Morris

DIRECTOR'S INTRODUCTION

Like many other museums and galleries, while Watts Gallery's doors remained closed to visitors due to the COVID-19 pandemic during the early part of the financial year, its engine kept running in the background as ways were sought to ensure the Art for All ethos of our founders continued to make an impact during a period of national uncertainty none of us thought we would witness. The hard work, creativity and dedication of our Learning and Programmes team can be measured by their success in continuing to deliver activities to families, schools and young people (including young carers), and in their community and outreach programme. The team's tenacity in looking for new ways of delivering the Art for All learning programme resulted in the development of digital workshops and interactive guided tours while materials continued to be hand delivered by staff or posted out to programme participants where needed. You can read more about the team's work in the spotlight section of this report.

The digital development at Watts Gallery included the successful introduction by our Curatorial team of audio tours for our temporary exhibitions and our Historic Galleries and the expansion of online channels for our collection and our Contemporary Gallery. This innovation enabled wider accessibility for all not just during periods of forced closure but also as our doors reopened, sadly only temporarily, during the summer and autumn of 2020.

While many of our staff unfortunately had to be placed on the government's Coronavirus Job Retention Scheme, or work from home, our core Estate & Facilities team worked hard to keep our grounds and buildings in shape in preparation for our visitors' return. I hope that those of you who were able to visit during the summer and autumn of 2020 were able to appreciate the results of this enormous task, and I am confident you will continue to see the difference as you return in the future.

This financial year has been particularly challenging for our Trading team, who make such a significant contribution to our financial position. Our Tea Shop and Visitor Centre faced months of closure without income, although the team worked hard to promote our online shop which I am pleased to say has gone from strength to strength and saw some very good results, particularly from sales in our Contemporary Gallery. These works of art were, for the first time, available to purchase through our online shop. However, we were all delighted to see visitors return in the summer in good numbers with our Tea Shop remaining an ever-popular feature of Watts Gallery – Artists' Village.

The heart of Watts Gallery is the Art for All ethos of our founders, George Frederic Watts OM RA and Mary Seton Watts and the collections of their work. However, we would not be able to support their legacy of Art for All without the creativity, dynamism, hard work and dedication of the staff across the site of Watts Gallery – Artists' Village. This includes all those who work behind the scenes and in customer facing roles during our open periods, the incredible contribution of our volunteers, and the unwavering support of our Trustees, whose counsel during this difficult time has been invaluable.

Alistair Burtenshaw FRSA
Director, Watts Gallery Trust

Annual Report 2020 – 2021

OUR VISION & MISSION

OUR VISION

To be an international centre for engaging with mid-19th- to early-20th-century art, social history, craft, design and architecture, and the exploration of its relevance in our lives.

To provide an inspiring and enriching visitor experience that celebrates artistic excellence by partnering with practising artists and makers to explore the art and ideas of G F and Mary Watts, and how their values shape our vision for equality of opportunity through the arts.

To use inspiring and innovative ways to transform lives through art, inside and beyond Watts Gallery - Artists' Village.

To play a leading role in the international Artist's Studio Museum Network and to advocate with audiences worldwide for Watts Gallery - Artists' Village and the other unique places and spaces within the network that inspire artists.

OUR MISSION

To protect, enhance, and promote the legacy of G F and Mary Watts and the heritage of our site as one unique to the UK.

To invest in and celebrate the overall Artists' Village experience, the setting, buildings, collections, art and community.

To be a catalyst for inspiration, creativity and engagement.

To promote the relevance of the Watts' values and the Artists' Village in the context of the 19th century for the 21st century.

Image
Beyond the Waves, choreographed by Chris Pavla.
Photo by Callum Graham Robertson

TRUSTEES' REPORT

The structure of the Trustees' Report follows our organisational objectives:

ENGAGE

ENHANCE

INSPIRE

LEAD

LOOKING TO THE FUTURE
EXHIBITIONS

NEW AT THE ARTISTS' VILLAGE
OBJECTIVES FOR 2021 / 22



Image
Potter Josh Scheeman creating an instructional
video for our postal clay eubibacks.

ORGANISATIONAL OBJECTIVES

The organisational objectives for 2020/21 were formulated by the Four-Year Business Plan for 2018-22. Some objectives remain on-going due to their level of ambition and complexity and as a consequence of the enforced closure of Watts Gallery - Artists' Village during the pandemic. The objectives were categorised into four themes to provide structure and clarity behind their purpose.

ENGAGE

Provide a compelling indoor visitor experience centred around the original full-scale plaster model of Physical Energy and secure the final approvals necessary to install the new bronze cast of Physical Energy at Watts Gallery - Artists' Village following the exhibition. New interpretation exploring the history of Physical Energy was installed in the Sculpture Gallery in July 2020. Pre-commencement technical approval and planning permissions were obtained, together with meaningful commencement in February 2021, enabling a five-year window to conclude the project.

Deliver the second year of the two-year Collections Online Project to ensure collections are increasingly dynamic, engaging and accessible; this includes offering a further three Early Career Research fellowships, the migration of collections from Adlib to Axiell Collections, and the construction of a new online platform to host the collection for enhanced global access. Our second Collections Online Early Career Research Fellow (Historical and Biblical Themes) was significantly impacted by the pandemic as access to material on site was not possible, and the recruitment of the third research fellow was delayed. The migration of collections from Adlib to Axiell Collections was similarly delayed.

Deliver a year-round programme of arts engagement activities for schools, families, young people and adults, reaching an overall annual target of 30,000 learning and community engagement participations, developing online and blended learning engagement. This was partially achieved with 15,948 people participating in our programme of activities and events onsite or online, much of which was not of the scale originally expected due to COVID restrictions.

Build on existing community partnerships to deliver a blended remote, digital and online Learning Through Making programme to 200 vulnerable adults, children and young people in lower socio-economic groups, targeting key wards of deprivation and nurturing new partnerships for Syrian Refugees, Park Barn Centre for elderly people, Twister LGBTQIA+ youth group and Woking Women's Centre. We saw 860 participants in our community programmes (both digitally and by post). Our partnership community groups for 2020/21 were Adults; Park Barn, Woking Women's Centre, halow, HMP YO1 Bronzefield, HMP Send, DAISY and the local community; Youth Groups: User Voice, Surrey Young Carers and Surrey County Council Youth Services. Engagement was offered to HMP YO1 Feltham, Opportunities, the Star, Project and Syrian Refugees, however participation declined due to the groups' capacity during the pandemic. Participants worked with artists to co-produce designs and patterns for the Linmer Collection, a social enterprise and interpretation of the gallery collections, and exhibitions included conversational reflections and an animation.

Right
Artwork created by Art For All
Community Learning Programme
participants.

Widen the Make! family programme to include a year-round creative learning resource for local families, achieving 10,000 participations annually, developing independent learning activities, outdoor learning and digital learning participation.

Make Space activities were adapted to an online offer in response to the pandemic, with packs being sent to families via schools and also being available in the Visitor Centre when restrictions allowed. 7,606 people engaged with the family programme and the Make Space content was shared with local community groups who support families.

Achieve a target of 500 annual participations from young people through new blended online and onsite engagement to include the youth-led Art Forum advisory group for 14-18 year olds and creating a youth led film; cultivating a partnership with Godalming Sixth Form College to deliver a youth-led panel discussion for young people around Art, Environment and Activism; producing a new programme of Art Schools to increase engagement from young people; establishing a partnership with Guildford Sixth Form College leading to increased engagement from diverse young people with opportunities to complete Arts Awards onsite and remotely. Deliver and evaluate two audience development events targeted at 18-30-year-olds; develop the Make Festival as a platform for young people to learn about education and career progression routes in the Arts; award 60 Arts Awards.

Despite the impact of the pandemic on our plans for educational groups, 1,471 participations were recorded of young people taking part in projects and activities including the ARTICulation Prize, Guildford College Art & Design Coursework Project, Art Awards courses and Art Club.

Maintain 40 Surrey school partnerships, producing remote and digital learning resources and delivering a deeper whole-school learning programme with at least one secondary school and one primary school, leading to Artsmark and continuing to partner with the charity Delight and Cultural Education Partnership, Culture Box Surrey, to deliver impact in local schools with high pupil premium.

Despite school closures, our digital and postal offer continued with 56 schools throughout the pandemic, and we continued our work in partnership with Delight and Culture Box Surrey, engaging 4,028 pupils over the year.

Offer two free Surrey Residents Days with a focus on attracting new audiences, particularly from diverse communities and areas of socio-economic deprivation. This objective was not able to be delivered due to the pandemic.

Partner with the University of Surrey to deliver guidebooks in five locally spoken languages and support for a funding application for translation of the 'Your Visit' information. This objective was cancelled as a result of the pandemic.

ENHANCE

Following staff, volunteer and audience feedback on outline concepts, deliver new site-wide interpretation of the outdoor heritage and landscape. The successful recruitment of a Curator of Landscape, funded by the John Ellerman Foundation, culminated in the creation of a Landscape Interpretation Plan in March 2021 which will be installed across the Watts Gallery 18-acre site, interpreting the buildings, site and history of the Artists' Village.

Develop a new visitor experience for delivery from 1 April 2021 that combines Limmerlease, Watts Studios and the surrounding grounds, informed by recent Visitor Experience Research and the completion of a new interpretation and visitor experience plan to be introduced across the entire Limmerlease site during 2021/22. The Operations Team led a significant recovery programme to prepare for the reopening of Limmerlease, now scheduled for 6 December 2021, together with the Curatorial and Estate & Facilities teams in particular.

Develop and implement a new volunteer strategy with the aim of diversifying the Trust's volunteer team and improving the welcome offered to visitors: this will involve updated policy frameworks, recruitment, training, recognition and retention via a supported volunteer scheme. The development of the volunteer strategy was put on hold due to the pandemic but will be delivered during 2021/22.

Deliver a new site-wide Quinquennial Review to inform long-term collections and maintenance requirements as part of an updated Estate Management Plan that includes all recent and near-term site projects and small-scale capital repairs together with a framework to ensure visitor experience and business continuity is maintained throughout small- and large-scale capital projects.

We have concentrated on ensuring the best climate control system, a crucial element of the Trust's ability to display treasured works of art, in place with a new contractor appointed in October 2020. An experienced controls company was commissioned to report on updating obsolete software and providing options on remote control systems and staff training.

Deliver small-scale capital enhancements to the Trading operations to increase profitability, including a new kitchen, the extension of the Tea Shop into the Old Kiln, a new visual identity to reveal the heritage of the building complemented by new furniture and menus, the development of the Cloister Office as an additional retail space, and enhancements to the Contemporary Gallery.

An upgrade of the kitchen dishwashing and storage areas was completed in July 2020 and work commenced, thanks to government funding from the Culture Recovery Fund (CRF), on improvements to the Tea Shop, including a new visual identity, and the development of the Cloister office space adjacent to the Shop for future use as a new book and print room. The Contemporary Gallery was not significantly enhanced, due to a reprioritisation of funds, however it was repainted throughout in March 2021.

Achieve £76,388 ticketed income from adult and family participations and £41,000 from groups and tours through a blended model of onsite and online engagement, working in partnership with organisations to attract new and more diverse audiences. This was not achieved due to the impact of the pandemic on income generating activities. However, 7,413 admissions were achieved generating £59,968. In addition, £11,077 of income was achieved from digital and postal programmes.

Complete the audience development strategy as per the four-year audience development plan and the recommendations of the Board Diversity and Inclusion Working Group. Ensure all Trustees and staff complete the additional annual survey question on socio-economic background and increase the profiling data held on the freelance and contractor workforce to 80% and the data held for the volunteer workforce to 50% by year end. Profiling data was held in 2020/21 for the Staff (100% Staff); Board (100%); Freelance and Contractors (81%); and active Volunteers (59%).

Annual Report 2020 - 2021

Respond to the delayed outcome of the 2019 Accreditation review and deliver year one of a five-year collection development plan, ensuring the collections become increasingly accessible and dynamic, facilitated by ongoing improvements to care, management and documentation as outlined in the plan.

While security and care of collections has been at the forefront of our work during 2020/21, the pandemic significantly impacted the Curatorial team's delivery of the 2019 Accreditation review year-one outcomes. However, during the closure of the Gallery our online collections accessibility increased significantly via online channels including Smartify, social media and web blogs. In March 2020 it was confirmed that our current accreditation award status had been automatically extended by twelve months and this date has since been further extended until 1 April 2022.

Deliver a social enterprise profit centre for the Trading Company and Art for All community learning programme participants from the online and onsite sale of work produced at Watts Gallery - Artists' Village. Participants worked with artists to co-produce designs and patterns for the Limner Collection - a homeware social enterprise. The Limner Collection, launched in June 2020, was sold through the Watts Gallery shop and online and took £300 of income.

Grow visitor numbers from communities within a mile to support the Place Making Partnerships Programme and develop the local community webpage to highlight partnerships with Compton Parish Council, Guildford Borough Council, The Surrey Hills to South Downs Community Rail Partnership, Surrey County Council, Surrey Hills Arts, Surrey Hills AONB and Visit Surrey and new Arts & Crafts trails developed by the Arts & Crafts Consortium for Surrey.

Whilst overall visitor numbers were hampered by the pandemic, the local community webpage was developed further during the year, highlighting the history of the village of Compton, local highlights and businesses operating within the parish. Further development will follow to highlight partnerships that support our work in the community.

Image
Artwork created by Art For All Community Learning
Programme participants.

Annual Report 2020 - 2021

INSPIRE

Deliver the 2020/21 temporary exhibitions *Unto This Last: Two Hundred Years of John Ruskin and Art and Action*, which evaluate the ongoing relevance and complexities of Victorian and Edwardian art and ideas – both in their own time and today, including dynamic and engaging contemporary responses to both exhibitions, including works by Spanish-US artist Jorge Otero-Palios (*Unto This Last: Two Hundred Years of John Ruskin*), and by contemporary artists and public programme participants (*Art and Action*) through cross-departmental co-ordination between the Curatorial, Learning & Public Programmes and Trading departments. *Unto This Last: Two Hundred Years of John Ruskin* first opened to the public on 10 March 2020, only to close just over a week later due to the pandemic. The exhibition reopened on 17 August 2020 for its remaining eleven weeks and ran until 1 November 2020.

The autumn exhibition, *Art & Action: making change in Victorian Britain*, opened on 17 November 2020 but was only able to be open for a total of three weeks due to the impact of the third national lockdown, reopening for a short time in the 2021/22 financial year.

Redisplay the Historic Galleries to include the portraiture collection, create a new Curatorial Highlights tour on Smartify, and publish a new book, edited by Brice Chief Curator Dr Cicely Robinson with Yale University Press to coincide with the exhibition Henry Scott Tuke. The Historic Galleries were rehung twice: the early years and portraiture sections were rehung in July 2020 to coincide with a new one-way route introduced following the reopening of the Gallery after the first lockdown. The sculptures of Aurora and Clytie were also re-sited. In November 2020 the social realist works were rehung to better align with the *Art & Action* exhibition. The new 'Highlights of the Historic Galleries' tour was created on Smartify to coincide with the July 2020 reopening, featuring new accessible interpretation and additional audio content. The publication of a book of essays with Yale University Press to coincide with the exhibition Henry Scott Tuke was postponed due to revisions to the exhibition programme resulting from pandemic related closures.

Partner with Woking Women's Centre to co-create audience-led interpretation of the De Morgan collection, with Broadwater Secondary School to create interpretation ahead of the installation of Physical Energy, and with disability groups to improve access to and interpretation of the permanent collection, temporary exhibitions, public programmes and estate. In 2020/21 we were unable to work with Broadwater School because of the pandemic. The work between artists and students from the school in the previous financial year was made into a film and we will continue to work with them in the lead up to the Sculpture exhibition *G F Watts: A Fragmented Legacy*, in the next financial year.

Woking Women's Centre, User Voice and halow worked with the De Morgan Curator, Sarah Hardy, to create community informed interpretation for the rehanging of the De Morgan Collection at Watts Gallery.

Community groups contributed to the My Watts project to create community informed interpretation of the Watts Gallery collection and exhibitions. Outcomes include written and recorded reflections, drawings and a co-produced animation.

The Curatorial team have created Display & Interpretation Accessibility Guidelines to ensure all displays and interpretation align with accessible industry standards.

Partner with artists, organisations and digital platforms to develop and strengthen engagement through the Watts at Home programme, working both with specific community programme partners and with wider global audiences, to enhance participation as part of a new organisation-wide digital strategy.

Digital engagement included live workshops for education and community groups, live talks and 'Conversations With ...' via video conference and on social media; pre-recorded courses and supporting downloadable packs. Over 4,289 people participated, contributing £7,905 to the income generating learning and events activities. This included engagement of 1,759 people through Instagram Live talks with artists.

Annual Report 2020 - 2021

Strengthen collection engagement with global audiences online and onsite via Smartify and other digital platforms to enhance exhibition and display interpretation and engagement as part of a new organisation-wide digital strategy.

During the year to March 2021, 4,700 unique users visited Smartify 61,070 times to discover more about the artworks in our collection. In the same period, the Curatorial team produced two bespoke audio tours to accompany the temporary exhibition programme with all audio content fully transcribed to increase user accessibility.

Develop a new website to increase income and engagement as part of a new organisation-wide digital strategy that includes a strengthened online shop and digital admissions offer. The development of a new website was postponed until 2021/22 as a consequence of the pandemic.

Extend the International Women's Day programme across the year through a series of high profile, targeted and measurable events that highlight the contribution of Mary Watts and women artists in the Compton Potters' Arts Guild, women in the arts, and the contribution of women to society through onsite programmes and digital channels.

This ambition was curtailed due to furloughed staff. However, the following talks were held digitally:

Contemporary Craft: Crafting Identities and Communities chaired by artist and academic Daniel Fountain with artists Raisa Kabir, Rose Schmits and Bisila Noha; *Great Thoughts: Mary Watts and Craft: Art, Action & Craft* with Sarah Corbett; Founder of the Craftivist Collective as well as the Suffragette Necklace workshop led by Tatty Devine.

Develop and strengthen the partnership with the Craft Council on the Make Festival season, with a focus on talent development, diverse artists and routes into the creative industries and explore new platforms for its delivery in response to COVID-19.

This ambition was curtailed due to furloughed staff. However, much work was undertaken to address diversity and talent development through our Artist Residency programme via which artists were invited to take part in talks, projects and community engagement. In addition, an advisory platform for artists was created during the pandemic. Of 26 contributors to the adult programme across the year, this included 18 artists from diverse backgrounds.

Image
Christmas Wreath Making 2019.

Annual Report 2020 - 2021



LEAD

Ensure that a 'Strong' Arts Council England Creative Case for Diversity rating is secured across all six themes during 2020/21 and that the Equality Action Plan objectives are delivered, including rigorous evaluation of the equality and inclusion programmes with a focus on exhibitions, collections, learning, public programmes, and marketing and communications to increase BAME audiences from 5% to 7% and people with disabilities from 3% to 7% by year end.

Arts Council England cancelled their detailed Creative Case rating for 2020/21, however their Annual Feedback for the year listed the Creative Case rating as 'Met' with 'little evidence in forward plan of diversity informing programme'. Whilst this is very disappointing it will act as a catalyst for further development of diversity-led programming.

Diversity was at the heart of the departmental planning processes, ensuring that the objectives outlined in the Equality Action Plan were met. Rigorous evaluation through onsite forms and online surveys allowed us to closely monitor the diversity of both our workforce and our audiences, and insights gained from this data has allowed us to identify barriers to visiting for certain groups.

Ensure a 4-star Creative Green certification rating for environmental sustainability and completion of the Arts Council England's and Julie's Bicycle Accelerator Programme working in partnership with the Courtyard Centre for the Arts to reduce transport emissions from car travel to rural sites.

The Creative Green certification for 2020/21 has yet to be secured as a result of the pandemic, which also caused the postponement of the Accelerator programme, which will continue during 2021/22.

Undertake a second Artist's Studio Museum Network members' survey to assess the impact of COVID-19. Together with the survey prior to the pandemic, the results will inform a plan to find points of commonality and ways of mutually supporting other institutions to reach out to wider and more diverse audiences in communities around the world. The Trust will issue quarterly e-newsletters, focussing on key themes, such as digital, to enhance areas of professional skills sharing.

The follow-up COVID-19 survey was conducted in January 2021. During 2020/21 the ASMN has continued to showcase digital resources, tours and exhibition listings on the ASMN website and has continued to deliver a quarterly e-newsletter to network members which included *The Impact Issue* (including the COVID-19 impact survey report, *The Unprecedented Issue*, *The Reopening Issue* and *The Innovation Issue*).

Develop and deliver a cross-organisational contemporary strategy aligned to the organisation's recent acceptance into the Contemporary Visual Arts Network South East (CVAN-SE), encompassing the contemporary Gallery programme, contemporary responses to the temporary exhibition programme, engagement with contemporary artists in the public programmes, site-specific and generic installations within the landscape, and the development of Artists' Editions and other commercial opportunities. The development of a cross-organisational contemporary strategy was postponed due to the pandemic but will be developed during 2021/22.

Ensure co-ordinated seasonal programme goals via Strategic Programming Board, chaired by the Director, with minuted outputs from focus groups used to support and inform specific seasonal audience development goals, key themes, interpretation treatment and desired outcomes, with a specific focus on people with disabilities, BAME audiences, and marginalised communities. The Strategic Programming Board did not take place during the pandemic but will be re-instituted in 2021/22 along with the new Community Forum.



Image
Chris Paula rehearsing *Beyond the Waves*.
Photo by Callum Graham Robertson

EXHIBITIONS & PROGRAMMING

UNTO THIS LAST: TWO HUNDRED YEARS OF JOHN RUSKIN

Travelling to Watts Gallery from the Yale Centre for British Art, *Unto This Last: Two Hundred Years of John Ruskin* first opened to the public at the end of the last financial year, only to close just over a week later due to COVID-19. Thankfully, all lenders agreed to an eleven-week extension and the exhibition reopened to the public on 17 August 2020 (closing on 1 November 2020). The exhibition was guest curated by three PhD candidates in the History of Art department at Yale University with Professor Tim Barringer, Paul Mellon Chair of Art History at Yale University.

Two centuries after his birth, this exhibition examined Ruskin's legacy as a social reformer, ecological thinker, and educator. Featuring major loans from the Yale Center for British Art, Beinecke Rare Book and Manuscript Library, and Yale University Library collections, much of the material had never been shown in the UK before. The exhibition looked at how Ruskin's aesthetic, social and political theories spread globally, to the United States, Japan, Russia and India.

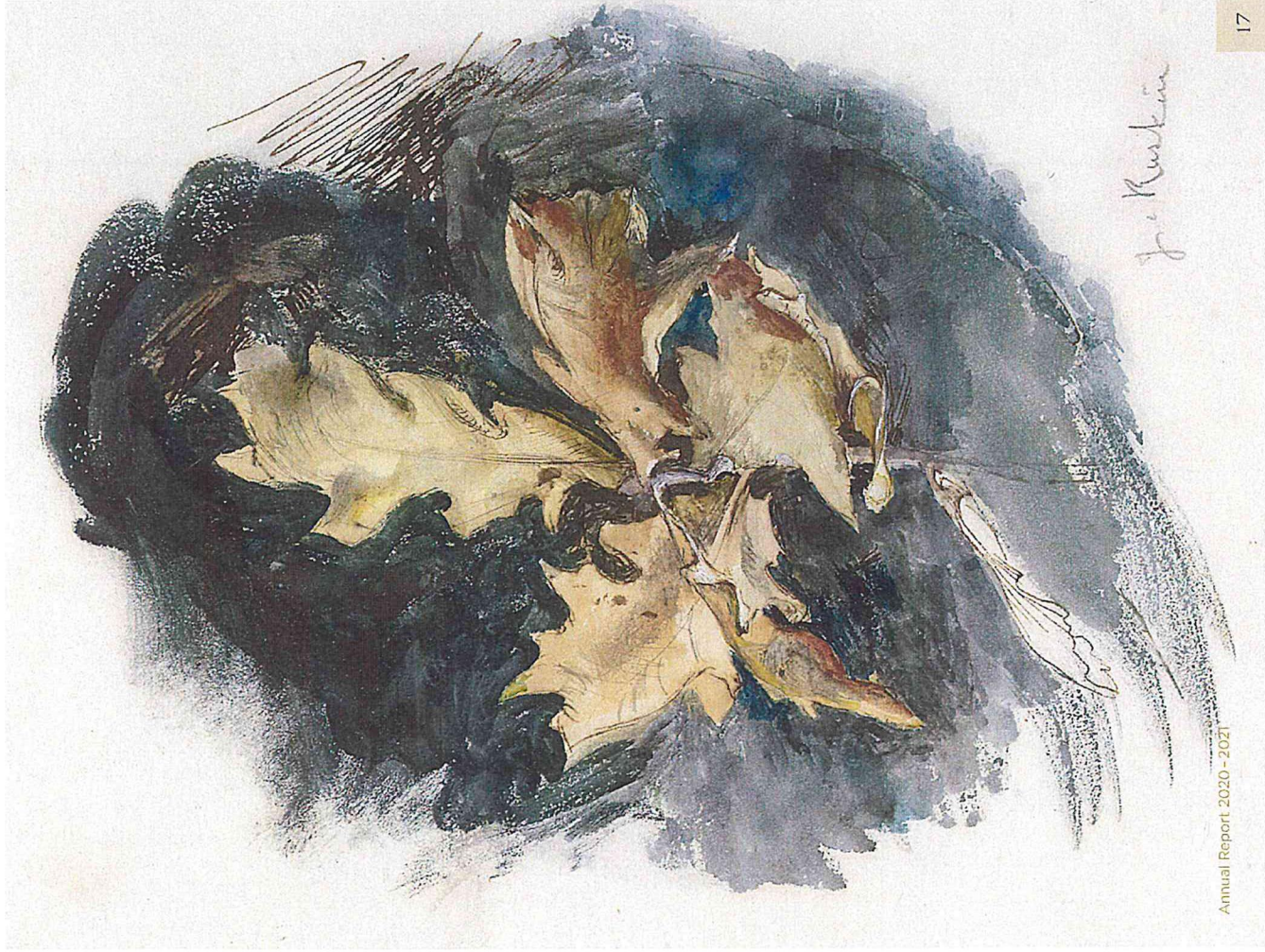
As Watts Gallery's first trans-Atlantic temporary exhibition, *Unto This Last* also featured important work by Spanish New York-based contemporary artist Jorge Otero-Palacios, whose luminous series *The Ethics of Dust* resulted from a sustained engagement with Ruskin's work.

The autumn exhibition, *Art & Action: making change in Victorian Britain*, opened at Watts Gallery on 17 November 2020. Watts Gallery worked with Guest Curator, Dr Chloe Ward, Senior Lecturer in the History of British Art at Queen Mary, University of London. The exhibition formed part of the AHRC sponsored project 'From Protest to Propaganda: A History of Activist Art in Britain, 1845–1918'.

Exploring how artists sought not only to comment on social problems but to use their art to actively help solve them, *Art & Action: making change in Victorian Britain* explored the nineteenth-century origins of art activism.

The Curatorial department produced two bespoke audio tours 'Unto This Last' and 'Art and Action' which accompanied the temporary exhibition programme, featuring a range of speakers and with all audio content fully transcribed, to increase user accessibility. The Curatorial team also produced a 'Watts at Home' audio tour whilst the galleries were closed featuring members of the team sharing their personal highlights, drawing on their expertise and research from across the collections. A 'Highlights of the Historic Galleries' was also created in order to showcase highlights of the redisplayed Historic Galleries and encourage a one-way system route throughout the four gallery spaces.

Right
John Ruskin, *Study of an Oak Leaf*, undated, pen and brown ink with watercolor over graphite, heightened with gouache and gum on paper, Yale Center for British Art, Paul Mellon Collection.



WATTS CONTEMPORARY GALLERY PROGRAMME

The usual programming rhythm of six contemporary exhibitions each year was heavily impacted by the pandemic. Three exhibitions took place in a year that saw the gallery closed to the public for over eight months. The Contemporary Gallery was closed due to the national lockdown until 26 April 2020 and then affected by two further periods of closure due to national lockdowns which continued through to the end of the financial year (closed from 5 November to 1 December 2020 and again from 20 December 2020 to beyond the end of the financial year). This was a challenging year both financially and operationally with rearranging programmed exhibitions and being unable to showcase as many artists as we would normally through our programme.

During this extraordinary period a contemporary art category was added to our online shop platform and for the first time we sold our full contemporary exhibitions offer online. Whilst commission sales were down by 24% compared to the income budget and overall contribution was down by 42%, there was much to celebrate.

Towards the end of the last financial year we opened an exhibition by Norman Ackroyd CBE RA - one of Britain's foremost contemporary etchers and leading landscape artist and printmakers. Scheduled to end on 29 April 2020, its enforced closure due to the national lockdown required a move onto an online presentation and selling platform. An extension until 27 September 2020 saw the reintroduction of onsite visits from 6 July 2020 when the gallery reopened.

Etching the Archipelago presented 40 aquatint etchings - including a number of new prints - inspired by Norman's expeditions to the edge of the British Archipelago over almost 50 years - from St Kilda's UNESCO World Heritage Site to Clear Island, the most southerly point of Ireland - the exhibition affirms Ackroyd's status as "a master in the medium".

Commission sales for the exhibition were up 64% on budget with 80% of these sales made in this financial year. A total of 35 etchings were sold with a quarter of these sold online. The exhibition was featured in *The Guardian's* '30 great exhibitions to catch as art returns' and received warm praise from our audiences including 'Wish I was in the Western Isles ... this is a fine substitute'. The exhibition achieved a reach of 100,267 across Facebook, Twitter and Instagram from February to September 2020. During the first lockdown our Instagram calls to visit the online shop for Ackroyd Etchings were our 7th most engaged with.

Following its success last year, a new group ceramics show opened on 1 October 2020, featuring work by nine women ceramicists - all new to Watts Contemporary - including Irena Sibriljns, Agalis Manessi and Elizabeth Renton.

As we were unable to hold a private view due to the restrictions imposed as a result of the pandemic, we planned a series of weekly features on our social media channels, including Instagram takeover days by some of the ceramicists. The show performed well on social media with significant reach and engagement across Facebook, Twitter and Instagram. A highlight was ceramicist Janine Roper's spotlight: this post specifically had a reach of 12,937 and was our highest reaching organic (non-sponsored) post of 2020. The exhibition ran for four weeks, shorter than planned, to enable our annual printmaking exhibition to be installed on schedule but achieved commission sales 27% above budget with 101 pieces sold.

In Print was installed and ready to open on 5 November 2020 - the day the gallery had to close due to the second national lockdown. The theme 20/20 Vision celebrated the work of 20 printmakers, with over 100 limited edition prints, as the year 2020 came to an end. This is twice the number of printmakers usually featured in this annual show as we were keen to support more printmakers in such a challenging year.

Due to the enforced closure, the exhibition was made available for sale on our online shop and a video of the show produced to help with social media promotion and sales. Sadly, the exhibition was only open to the public for just over two weeks in December and remained closed to the end of this financial year due to the pandemic.

Image
Pottery created by ART for All Community Learning
Programme Participants.

STUDIOS FIRE & CONSERVATION WORK

On a September evening in 2020, the Gallery faced one of its biggest challenges as the result of an electrical fire at the entrance of Watts Studios. Housed in the then fully restored east wing of Limmerslease, the home of G F and Mary Watts, the Studios is a museum space displaying over 150 objects including oil paintings, sculpture, architectural friezes, works of art on paper, personal letters, diaries, sketchbooks and Compton Pottery. The Gallery's Collections Manager, Emma Coburn, ACR, recalls events of that night.

'On the evening of Friday 11 September, 2020, I received that call that we all prepare for but hope we don't receive as Guildford Fire Service responded to an electrical fire on the ground floor lift shaft at the entrance of Watts Studios, at Watts Gallery - Artists' Village. Within thirty minutes of receiving the call, I arrived on site to be faced with eight fire engines and an ambulance. The Watts Gallery team met up with the Red Watch Commander from Guildford Fire Service, who thankfully was the lead that evening. I say thankfully as, in my role of Collections Manager, I had been working with Guildford Fire Service on familiarisation of our buildings just the week before. The immediate information exchange was frantic.

The Fire Service needed to know about the building, the utility services, the location of everything relating to gas, electricity and water and we are immensely fortunate that the fire was localised and limited to an electrical component located in the lift shaft within the modern extension to the Studios. The cladding was removed to quickly identify and isolate the source of the fire, which was extinguished with very limited amounts of water. Smoke extraction became the next priority. After three hours on site, the Fire Service left with our heartfelt gratitude.

Smoke had permeated through the whole building leaving a fine residue on all surfaces, the impact of which would now dominate our work for the next year. Following the incident and knowing the structure of the building was safe, our immediate attention turned to those objects owned by Watts Gallery Trust and those on loan from other institutions and private lenders. Within 24 hours, a full conservation assessment had taken place throughout the building and each individual object had been inspected with a conservation treatment plan proposed. We began communicating with our lenders, immediately reporting the incident itself and reassuring them that the objects within our care were safe and secure.

Smoke had permeated throughout the building, leaving its mark on everything. The relief was immense that the damage could have been so much worse. However, in many ways, the real work began the following Monday morning with calls to and meetings with insurers, loss adjusters and contractors and quoting for conservation and decontaining. Within two weeks, we had formulated a practical plan for the full conservation clean of the Studios' collections and the subsequent preparation for cleaning, decontamination and re-decoration of the building itself.

In many ways it was good that Watts Studio had not yet re-opened following the period of closure during lockdown in spring and summer of 2020. Whilst we had planned to re-open in April 2021, the impact of this incident created challenges as well as opportunities for the future.

We appointed four paintings conservators to create a specialist on site team, each conservator had a space in which to work safely within the Covid-19 guidance on the twenty-seven oil paintings on display. Alongside this, we worked with other specialists on site, working within the space safely. Specialist contractors joined us to complete conservation cleaning of the furniture, fixtures and fittings in Limmerslease, including fireplaces; decorative screens and sculptural busts; to decant our library collections ready to clean; to conduct specialist conservation cleaning of the decorative ceiling panels in Limmerslease and Aldershot Chapel Frieze panels in the Studios. The remaining objects (sculpture, ceramics, works on paper and books) would be conserved offsite by other specialists in their field and we engaged with a transport and art storage agent to transport all works.

The team at Watts Gallery - Artists' Village remain extremely grateful to everyone who attended on the night of the incident, especially to Guildford Fire Brigade for their quick response and to all those who have supported us since.

Image
Selection of works created by the
Compton Potters' Art Guild.

AUDIENCE DEVELOPMENT

This has been an exceptional year for Watts Gallery Trust in terms of its audiences. The Covid restrictions and social distancing measures had an undisputable impact on our onsite visitors, both in terms of visitor numbers and audience diversity. Whilst conversely our online reach, through our digital channels, grew considerably, reaching new audiences.

We continue to use Audience Finder to collect profiling data and feedback from visitors providing valuable insights that inform future plans. This year, 240 surveys were conducted online post-visit during our autumn open period from September - December. We introduced for the first time a shortened version of the visitor survey specifically for participants of the Learning & Events programme, and in partnership with the Audience Agency carried out a survey of our digital audience which received 858 responses from 1 December - 31 March.

NET PROMOTER SCORE

- Net Promoter Score +13 Year-on-Year increase to 79/100

TEMPORARY EXHIBITION

- 49% said the Temporary Exhibition was their main motivation to visit

WELCOME

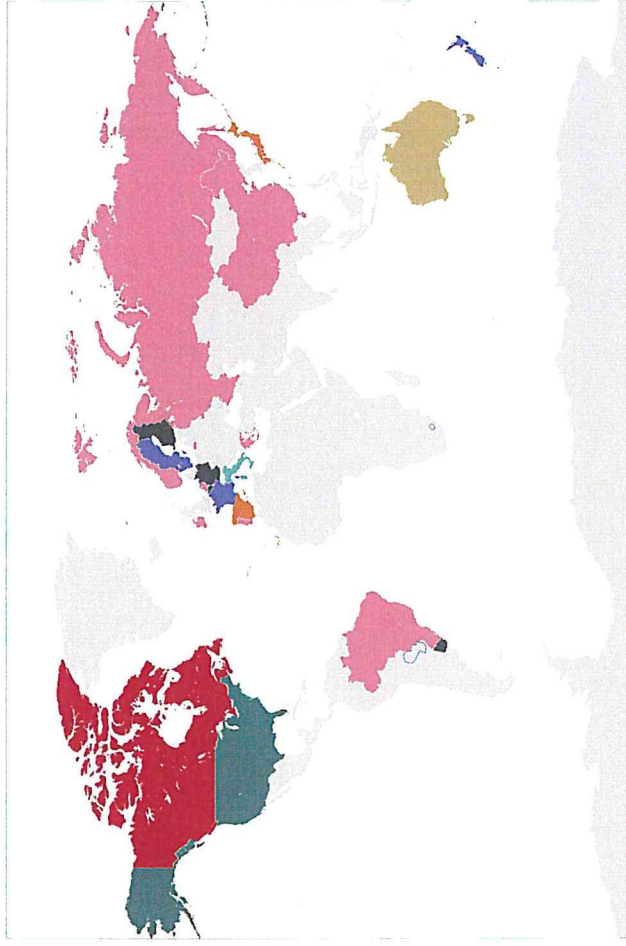
- 96% rated their Welcome as either Very Good or Good

OVERALL EXPERIENCE

- 7% Year-on-Year increase in visitors rating their overall experience Very Good to 65%

The pandemic has driven a shift in our onsite visitor profile and behaviours. We have seen an increase in our core art focused audience with the temporary exhibition becoming the main motivation for 49% of visitors this year, compared to 20% last year, whilst attending an event declined as a motivator from 22% in 2019/20 to 1% in 2020/21, which reflects the shift of the events programme to digital platforms. We have seen an increase in the age profile of our audience with a 9% year on year increase in the 65+ age group, and a 100% increase in the number of people visiting as part of a couple with corresponding decreases in groups of five or more.

For the first time a Digital Audiences survey has given us insights into our online audience. Our online reach is wide, with 11% of respondents being international. This online audience also showed greater diversity in terms of disability with 11% identifying as disabled compared to 6% of onsite visitors.



INTERNATIONAL DIGITAL AUDIENCE



WATTS AT HOME

As the museum closed its doors in March 2020, the Learning & Public Programmes team quickly adapted to delivering programmes digitally and from home. Having planned that in future we would start thinking about different kinds of digital programming, we were unprepared for how quickly we would need to get up to speed with the latest technology and work out the logistics of delivering our programmes remotely and from our homes. However, we surprised ourselves with what we could do and how welcome our activities would be for a public stuck at home and for whom creativity would provide the perfect antidote to their isolation.

The Make Space, usually delivered to families on Sundays and during school holidays, moved to an online creative offer with artist films, activities and downloadable resources for children to do at home. Our Watts Tots early years programme came to life online through bedtime stories based on art from the collections created and delivered by storyteller Olivia Armstrong, and Schools and Community Groups were keen to receive their weekly creative workshops which were delivered postally and via Zoom. In addition, our programme of Artist Talks and History of Art courses were adapted online, enabling for the first time, international participants and speakers to engage with our programme.

With artists lacking much needed work and our exhibitions having so few visitors due to closures, we continued our programme of artist projects. This included Drawing Our Future, a programme delivered as part of our Art & Action: making change in Victorian Britain programme, in partnership with Queen Mary University. Led by artist Lily Ash Sakula and Woking Women's Centre for women with experience of the criminal justice system, HMP / YO1 Bronzezfield, User Voice (Surrey County Council's Youth Support Group) and the hallow project for adults with learning disabilities - Lily led creative workshops with the Learning Team via Zoom and through postal activities. The result was an animated film, using the drawings and audio recordings of participants who give their interpretation of the art and ideas in the exhibition in a contemporary context.

In addition, residents in the local area of Park Barn received creative packs with food parcels created by artist Becki Kenning. The packs contained images of birds - inspired by the Watts Collections and Ruskin Drawings exhibition, as well as paper, pens and the tools to create a bird feeder with bird seed to fill it. The drawings were sent back to the Learning Team and collated into a colouring book, Flock Together, which every participant received.

We celebrated the artwork and achievements of the Community programme participants and launched the Linmer Collection, a social enterprise of products co-produced by participants and artists together. Drawings, paintings and prints made during the digital and postal workshops were brought together in collaborative designs and sold in the Watts Shop and Online. A digital celebration also accompanied the launch.

The Limmerslease woodland became a new exhibition space, with 250 wooden birds made by pupils in Surrey primary schools supported by our partnership organisation, Delight, in a colourful installation. In partnership with Surrey Hills Arts, artist Liz K Miller installed the Forest Listening Project in the Limmerslease woodland, accompanied by digital audio on the app Smartify, while Deborah Davies installed Belonging in the prominent Lady Verrey Oak Tree, providing an artistic backdrop for the Watts Teashop while the gallery remained closed.



The year saw the development, rehearsal and filming of Beyond The Waves. The series of three solo dances is a collaboration between choreographer Chris Pavia, Watts Gallery Trust and DAISY (Disability Arts in Surrey) with mentoring support and dance artists from Stoppap Dance Company. Chris explored the dynamics of energy and movement seen in the full and partial sculptures by G F Watts and the resulting film of the dances will be displayed at Watts Gallery in Summer 2022 along with accompanying teachers' resources that explore dance and sculpture.

We are grateful for our vibrant community partnerships with whom we have worked collaboratively during this challenging time. Surrey Arts, Woking Women's Support Centre, HMP Send and the Michael Varah Memorial Fund, The Hive (formerly the Park Barn Centre), Disabilities in the Arts Surrey, halow, User Voice, HMP YO1 Bronzezfield and many other community support organisations, charities and schools all continued to provide vital support to our community and contribute creatively to Watts at Home.

This past year has reaffirmed the value of creativity in people's lives whether seeing and talking about art and ideas or making art and expressing ideas through creativity and it continues to remind us of the Art for All vision of G F and Mary Watts, who saw that art could bring together a community and give hope and aspiration for the future.

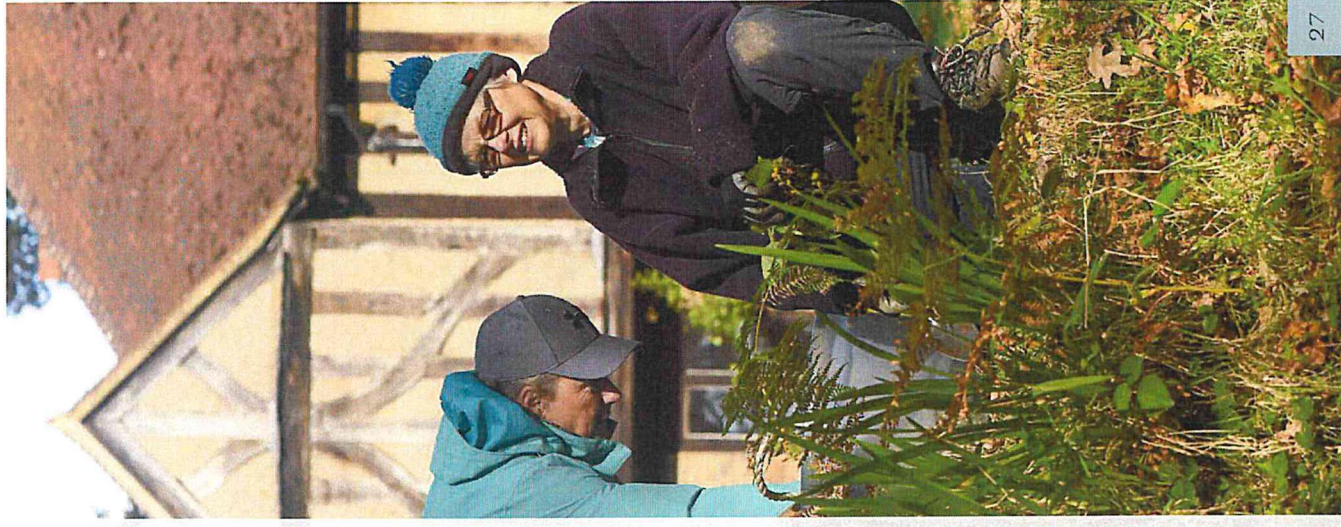
During the financial year, Watts Gallery also commissioned a new report from the University of Surrey on the Economic and Social Impact of the Arts in Theatre, together with The Lightbox and Yvonne Arnaud Theatre, which acted as a vital piece of advocacy for the role played by arts institutions in Surrey.

Image
Colouring book co-created with Art For All
Community Learning Programme participants.

LOOKING TO THE FUTURE

INCLUSIVITY & RELEVANCE

- Recruiting and appointing ten people to join the Watts Community Forum in May 2021:
 - Over the next 12 months, holding forum meetings in June, September and November 2021 and February 2022.
 - Following each forum meeting with a report, totalling four reports a year. Each report will reflect the group's discussions and recommendations.
 - Carefully considering reports at every executive and board meeting; discussions and recommendations will be evidenced in board papers. This will be cascaded to the executive and the relevant staff members. Providing clear evidence by 1 September 2021.
- Ensuring that the board and workforce more closely reflect our community by increasing the following:
 - Significantly increasing percentage of male employees from 17% with a plan developed and delivered during next NPO Business Plan period (2023-2027) with appropriate progress registered in 2021-22 and in each subsequent year.
 - Increasing percentage of Asian/Asian British staff from 1% to 5% in 2021-22 with a further increase of 5% in 2022-23; increasing percentage of Black/Black British staff from 1% to 3% in 2021-22 with a further increase of 1% in 2022-23; increasing percentage of Mixed/Multi Ethnic staff from 0% to 2% in 2021-22 with a further increase of 1% in 2022-23; increasing percentage of Other Ethnic staff from 0% to 1% in 2021-22 with a further increase of 1% in 2022-23; increasing Asian/Asian British board representation from 0% to 8% in 2021-22, maintaining Black/Black British board representation at 8% in 2021-22 and increasing total non-white board representation from 8% to 24% by 2022-23.
 - Increasing percentage of board representation from the 25-34 age range from 0% to 8%, and 35-44 from 0% to 8% with at least one of the above appointments made each year from 2021-22.
 - Increasing percentage of disabled staff from 11% to 13%, with a further increase of 1% in 2022-23 and increase percentage of disabled board representation from 0% to 8% in 2021-22.
- Implementing any changes to the 2018 Recruitment Policy as part of a review by the board and staff Diversity and Inclusion working groups, and to ensure effective roll-out to the executive by Q3 of 2021-22.
- Fully embedding the Equality, Diversity & Dignity at Work Policy in all aspects of employment, including individual standards of behaviour, training and development, appraisal, pay, promotion and leaving our organisation by running a series of annual discussion groups for all staff by Q3 of 2021-22.
- Continuing unconscious bias and anti-racism training for the board, staff and volunteers in Q3 of 2021-22.
- Reviewing and discussing by the executive and the board the action points following each quarterly meeting of the Staff Diversity & Inclusion Working Group.
- Scoring 'strong' in all six Creative Case for Diversity themes by 2021-22 (currently 'met' in four themes and 'strong' in two themes).



- Establishing a Contemporary Art Working Group including staff from the curatorial, learning, and commercial teams in Q1 of 2021-22.
- Launching a new Contemporary Art Strategy by Q3 of 2021-22 to align all contemporary responses with our creative and cultural programmes including evidencing an increase in the number of creative practitioners and cultural workers from diverse backgrounds to reflect our community by 31 March 2022. Including:
 - Gender: increasing percentage of male creative practitioners and cultural workers from 17% to 50% by the end of the next NPO Business Plan period (2023-2027) with appropriate progress registered each year.
 - Ethnicity: increasing percentage of Asian/Asian British creative practitioners and cultural workers from 3% to 7% with a further increase of 5% in 2022-23; increasing percentage of Black/Black British creative practitioners and cultural workers from 3% to 4%; increasing percentage of Other Ethnic creative practitioners and cultural workers from 0% to 1% with a further increase of 1% in 2022-23.
- Celebrating and displaying the work made by the artist participants from underserved communities who take part in our community engagement and outreach programme in G F and Mary Watts's former home and studio Limmerslease, in the landscape, and in any other appropriate locations.
- Selling work made by the artist participants from underserved communities who take part in our community engagement and outreach programme in the Shop.

Image
Gardening Volunteers.
Photo by Andy Newbold Photography.

DYNAMISM

- **Increasing access to great art for everyone:**
 - Installing Audio Visual and digital streaming equipment to support both digital and onsite creative and cultural programmes by 30 June 2021.
 - Launching a new website by Q4 of 2021-22. Earned income will be at the heart of the new website, with a digital shop front for admissions, shop and commercial gallery, and a platform to market inspiring, innovative cultural and creative programmes in digital and onsite formats. It will also enable us to build a back catalogue of valuable content (exhibition tours, public events, courses, and publications) to generate income, and free-at-the-point-of-use content to engage new audiences and extend our reach.
 - Scoping a fully integrated CRM system to enable an enhanced organisation-wide system linking all business units, including pre-booking, timed ticketing, donations, and Gift Aid confirmation, scanning and access control as well as GDPR compliance enhancements. It will link to tills and to our SAGE finance system, as well as audience insight linked to Audience Finder.
- **Outdoor Engagement:**
 - Installing chestnut rail fencing, gates, and landscape interpretation by Q1 of 2021-22 to define the boundary of our site; this is the first step to increasing admission income by discouraging unticketed access.
 - Installing Bench 1, a raised timber amphitheatre in the woodland at Watts Gallery - Artists' Village by Q1 of 2021-22. Designed by Paloma Gormley and Practice Architecture, Bench 1 will seat 70 people for outdoor creative and cultural programmes.
 - Installing covered outdoor seating by Q1 of 2021-22 to enable us to make the most of our outdoor spaces throughout the year.
- **Financial sustainability:**
 - Creating a cohesive, compelling visitor offer of Limmerslease (house, studios, and gardens) by 1 July 2021. This will offer an historic context to G F and Mary Watts 'working at home' and it will explore their life, art, and practice in the nineteenth and early twentieth centuries.
 - Increasing the admission price to Watts Gallery - Artists' Village to accompany the reopening of Limmerslease by 1 July 2021.
 - Rebranding the Tea Shop, and refurbishing this important commercial space including new tables, chairs, serving counter, crockery, staff uniforms and outdoor furniture, and 'telling the story' interpretation by Q1 of 2021-22.
 - Converting office space adjoining the shop into additional retail space (+11%) by Q1 of 2021-22.
- Undertake a governance review by Cause 4 to inform board best practice in the recruitment of trustees as we move forward, and to consider the governance workload for executive and trustees by reviewing the number, nature and roles of the board's sub-committees and implement those findings deemed appropriate during Q1 of 2021-22.
- Offering an Employee Assistance Programme (EAP) to improve the health and wellbeing of our workforce. The EAP offers counsellors from a range of ethnic, cultural, and disciplinary backgrounds within the British Association for Counselling and Psychotherapy's ethical framework of good practice. It also offers financial guidance and advice, legal advice, and advice on medical and health related issues. The support is offered 24/7 and it is confidential and free of charge to staff and their immediate family.

- Conducting an analysis of current digital skills and associated training requirements and implement by Q3 of 2021-22.
- Complete staff salary banding exercise, initiated prior to the pandemic, and make recommendations to the board for implementation from the start of 2022-23.
- All permanent roles are advertised via Creative Access, of which Watts Gallery Trust is an existing Employer Partner, or other appropriate diversity-led recruitment agencies.
- Recruiting new Head of Marketing and Communications and new Senior Marketing Officer with high level digital and social media skills to fill existing vacancies and updating current Marketing Strategist role (0.2 FTE) to focus on audience data as Audience, Research & Brand Strategist.
- Maintaining the 2020-21 Net Promoter Score of 79 (66 in 2019-20 and 70 in 2018-19) with 82% of visitors saying they will positively recommend Watts Gallery - Artists' Village to others (72% in 2019-20 and in 2018-19).
- Culminating in 2022, the Collections Online project research outcomes delivered by the four Early Career Researchers (see Collections, below) will be accompanied by a programme of substantial digital investment, which will transform the presentation and accessibility of Watts Gallery - Artists' Village's collection online. Through the creation of a live link between the in-house collections database and the online platform, the latest research and interpretation can be made instantly available to audiences worldwide.

AMBITION & QUALITY

- Evaluation framework:
 - o Creating a framework template by Q1 of 2021-22.
 - o Establishing an evaluation hub and briefing all staff on how to use and where to find data and evaluation by Q2 of 2021-22.
 - o Once the annual business plan is agreed, working with each team to translate this into the evaluation framework template, and offering ongoing support to ensure evaluation is happening as per timings in evaluation framework.
- Collections:
 - o Launching the recruitment of the third of four Collection Online Early Research Fellows in summer 2021, to undertake a six-month placement from October 2021 to March 2022. This research will be supported by a programme of digital investment to prepare the digital records in order to share them online.
 - o Conducting a review of the accessibility of the display and interpretation of the collection and temporary exhibitions in Q3 of 2021-22 following the review of Curatorial Display and Interpretation Accessibility Guidelines.
- Temporary Exhibitions:
 - o Working with the Senior Management Team, conducting a review of the selection criteria, passporting system and exhibition programming themes in order to ensure diversity of this programme in terms of remit, process, and partnerships for Collections & Exhibitions Committee and Board approval.
- Physical Energy Project:
 - o Launching a consultation in Q1 of 2021-22 with a series of facilitated conversations including board and executive coaching and in-depth one-to-one conversations with academics and experts. The learning from these sessions will inform the wider public consultation, which will include groups from the African diaspora, our local community, staff, volunteers and artists of colour.
- Establishing partnerships with other councils whose counties fall within our target area of a one-hour drive from Watts Gallery - Artists' Village: this includes Hampshire, West Sussex and Berkshire.
- With plans underway for the display of the new bronze cast of Physical Energy in Compton, we will work with a specialist to undertake a consultation with our community in order to critically re-examine the sculpture's multiple histories and explore what Physical Energy might mean today.
- As part of the Physical Energy consultation process, we will also seek advice from national creative and cultural agencies including ACE and Art Fund, and from other museums which have sought to challenge established narratives and welcome new perspectives.

- Ensuring that the visitors to Watts Gallery - Artists' Village more closely reflect our community by increasing the following by 31 March 2022:
 - o Age: at least a two-percentage point improvement in percentage of visitors from these age groups: under 16s, 16 - 24, 25 - 34, 35 - 44 and 45 - 54.
 - o Gender: at least a five-percentage point improvement in male visitors.
 - o Ethnicity: at least a one-percentage point increase in other ethnic and mixed + multi-ethnic categories and at least a three-percentage point improvement in Asian + Asian British and Black / Black British categories.
 - o Disability: at least a three-percentage improvement in disabled visitors.

Image
Teachers CPD workshop 2019.

ENVIRONMENTAL RESPONSIBILITY

- Comparing data collected in 2020-21 with previous years, we will review the aims and objectives of Watts Gallery Trust's Environmental Sustainability Policy in 2021-22.
- Using Julie's Bicycle's Creative Green Tools, we will continue to measure and record the units of energy and water consumed at Watts Gallery - Artists' Village, and how much of our waste is recycled and goes to landfill in 2021-22. The results will be published in the 2021-22 annual report, published online in December 2022.
- **Reducing energy consumption:**
 - o Implementing a 'Switch It Off' campaign to all staff office areas and evidencing a 10% increase in devices being switched off overnight.
 - o Contracting a recognised renewable or green tariff utility provider when energy accounts come up for renewal and considering these against cost.
 - o Upgrading lighting in all gallery spaces to extend usage of LED bulbs.
- **Reducing use of water:**
 - o Creating benchmark data for current usage from 1 April 2021, to enable reduction targets to be in place for 2022-23.
 - o Review of efficacy of current water storage / usage, to ensure maximum efficacy and any resultant enhancements required can be budgeted for appropriately.
- **Reducing waste:**
 - o Using a materials catalogue across the organisation to encourage redeployment of materials across all departments.
 - o Partnering with local community networks to always offer materials before disposal by publishing a contact list of community groups to contact.
 - o Investigate the opportunities for on-site composting to divert food waste.
 - o Identifying the greatest waste item from each area of the site and develop reduction strategies for each item.
- **Reducing car travel:**
 - o Promote the two new walking routes from Guildford and Farncombe stations produced during 2020-21 by the Surrey Hills to South Downs Community Rail Partnership that Watts Gallery Trust joined in 2020-21, bus routes, cycle routes, secure car-pooling apps / websites, and North Downs Way access to Watts Gallery - Artists' Village with the North Downs Way Trail Manager.
 - o Inclusion of questions on visitor mode of transport, vehicle fuel type, emissions (where feasible) on the audience surveys to create a benchmark in 2021-22 for future target setting in 2022-23.
 - o Travel expenses form amended in liaison with finance department from 1 April 2021 to enable carbon emissions data to be calculated with end-of-year summary of all staff expensed transportation to provide a benchmark for 2021-22 to ensure reductions targets can be implemented in 2022-23.
 - o Annual staff survey of average days on-site, mode of usual daily commute and distance to create a benchmark for 2021-22 to ensure reductions targets can be implemented in 2022-23.

- **Utilising the woodland:**
 - o Creating ten or more micro-climates including hedgehog homes, insect hotels, additional beehives, and natural log piles by 31 March 2022.
 - o Installing relevant on-site interpretation including plant labels and interpretation panels.
 - o Creating the 'Green Watts' programme to engage our audiences with environmental sustainability and actions which Watts Gallery - Artists' Village is implementing to mitigate our environmental impact.
- **Influence, Education and Advocacy:**
 - o Ensuring robust discussion and decision making during the existing board Environmental Sustainability standing agenda item, with a summary of the debate and all decisions recorded in the minutes and actions delivered.
 - o Ensuring that responses to the survey to establish understanding of our current programme, actions that can be implemented and feedback is received from the board, staff and volunteers and is collated and fed back to the Environmental Sustainability Working Group and then, with recommendations, to the board by 31 March 2022.
 - o Sending at least 26 bulletins to staff and 12 bulletins to volunteers from the Chair of the Staff Environmental Sustainability Working Group.
 - o Inviting the board, staff and volunteers to attend two online training sessions during 2021-22.
 - o Conducting one peer organisational visit to Creative Green member organisation with a higher rating to garner strategic guidance and tactical actions that can be implemented at Watts Gallery - Artists' Village.
 - o Including Environmental Sustainability Policy and Action Plan in the staff handbook and highlighting this policy and plan in all staff inductions.
 - o Including environmental responsibilities in all new starter's roles by 31 March 2022.
 - o Ensuring that the staff and volunteer feedback surveys are written, distributed and feedback collated by 31 March 2022.
 - o Giving an environmental sustainability update in weekly staff meetings and quarterly volunteer meetings.

Image
Forest Listening, An audio visual installation, Liz Miller,
in association Surrey Hills Arts.

SUPPORTERS

We are extremely grateful to all our generous supporters including, but not limited to, the following organisations and individuals for their particularly significant support:

BENEFACTORS, TRUSTS AND FOUNDATIONS

The Borrows
Charitable Trust
The Coleman
Charitable Trust
The de Laszlo Foundation
The George John & Sheila
Livanos Charitable Trust
The Tanner Trust
University of Surrey
Sir David & Lady Verey
Waitrose Godalming
Wolfson Foundation
York Foundation for
Conservation and
Craftmanship
MARY WATTS GUILD
Dame Theresa Sackler
Deborah Brice
Helen Bowcock PhD OBE DL
Kate Siebert
Kirsty Anson
Lady Angela Nevill
Sarah Bayliss
EXHIBITION CIRCLE
Billmeir Charitable Trust
Deborah Loeb Brice
Foundation
George & Kirsty Anson
Henry & Julia Pearson
Jemima Pitman
John & Kate Siebert
Michael Hartall
Tim & Dede Sanderson
ADOPT-A-WATTS
Anthony Davis & the Karten
Charitable Trust
Alan Midgley & Jan Chapman
Alastair Gray OBE & Lyn Gray
Ann Laver
Annie Norman
Anthea Vernell
The Borrows
Charitable Trust
Carol Kemma
Carol Wates
Carole Dale
Claire Ayres
Colin Ford CBE & Sue
Grayson Ford MBE
David M Smith
David Pike
Desna Greenhow
Dr & Mrs John Vardon
Dr Jill Armitage &
Tom Sawyer
Dr John & Sheila Dobson
Elisabeth Butcher
Erma Verey
Jamie & Julia Korner
Ron & Jane Cork
Jane Knox
Jane Turner
Jim & Patricia Rothman
John & Kate Siebert
Karen & Paige Nicolaou
Liz & Brian Watson
Margaret & Derek Carley
Marie-Claire & Peter Wilson
Marina Logan-Bruce
Marion Dell
Martin Beisly
The Calderwood family
Richard & Leonee Ormond
Neil Watts
Philip Sebastian,
9th Lord Somers
Robert Napier CBE
Rugby School
Rupert & Robin Hambro
Sir Andrew & Lady Duff
Gordon
Sir Mark Jones
Susan & Anthony Holmes
The de Laszlo Foundation

Arts Council England
Anson Charitable Trust
Banham Foundation
Carole & Geoffrey Lawson
Foundation
Chelsea Square 1994 Trust
Jonathan & Jane Clarke
Clare Duffield Foundation
Community Foundation
for Surrey
David Williamson Trust
Deborah Loeb Brice
Foundation
Dr. Lee McCormick
Edwards Charitable Trust
Dame Sarah Goad, DCVO
Geoff Herrington
Foundation
Isabel Goldsmith-Patino
Guildford Borough Council
Hazelhurst Trust
John Ellerman Foundation
Julia & Hans Raising Trust
Marsh Christian Trust
Michael Varah
Memorial Fund
National Lottery
Heritage Fund
Robin & Penny Privett
Radcliffe Trust
Frances Ruck Keene
Salomon Oppenheimer
Philanthropic Foundation
John & Kate Siebert
Stevenson Family's
Charitable Trust
Stowe Family Law
Surrey County Council
Tavolozza Foundation
The Atlas Fund

The Hawtree family
Tim & Lucy Lindholm
GOLD PATRONS
Cindy Lass
David a& Christine Thorp
David Preston
Elizabeth Bowes
George & Kirsty Anson
Isabel Goldsmith-Patino
Jamie & Julia Korner
Jonathan Tyler
Keystone Capital Ltd
Malcolm Herring
Marina Logan-Bruce
Matthew & Helen Bowcock
Patricia Grayburn MBE DL
Peter & Monica Bryden
Peter Trevor Lawrence
Richard & Leonee Ormond
Robin and Penny Privett
Sir Andrew & Lady Duff
Gordon
Sir David & Lady Verey
Sir James & Lady Scott
Sir John & Lady Sunderland
The de Laszlo Foundation
PATRONS
Adam Prideaux
Alexander & Mary Creswell
Alistair & Francisca
Burtenshaw
Andrew P. Bridges &
J. Rebecca Lyman
Angela Alabaster
Anthony & Carolyn
Townsend
Belgravia Gallery
Christopher & Teresa
Satterthwaite
Colonel Euan Houstoun
David Pike
Desna Greenhow

Dr Malcolm Rogers CBE
Elisabeth Butcher
Henry & Julia Pearson
Jemima Pitman
Surrey Young Carers
Surrey Youth Support
Services – User Voice
The Campaign
for Drawing
The Royal Drawing School
OPPORTUNITIES
Surrey Heath Early Onset
Dementia
Park Barn Food Bank
Amber
Burbank Children's Home
Bloomin'Arts.
The Hive (Formally Park
Barn Centre)
Woking Women's
Support Centre

Watts Gallery Trust would like to take this opportunity to thank all those who have generously supported the organisation's work this year and in recent years.
Watts Gallery Trust would like to take this opportunity to thank all those who have generously supported the organisation's work this year and in recent years.

Stop Gap Dance
Surrey Arts
Surrey Hills Arts
Surrey Young Carers
Surrey Youth Support
Services – User Voice
The Campaign
for Drawing
The Royal Drawing School
OPPORTUNITIES
Surrey Heath Early Onset
Dementia
Park Barn Food Bank
Amber
Burbank Children's Home
Bloomin'Arts.
The Hive (Formally Park
Barn Centre)
Woking Women's
Support Centre

Watts Gallery Trust would like to take this opportunity to thank all those who have generously supported the organisation's work this year and in recent years.
Watts Gallery Trust would like to take this opportunity to thank all those who have generously supported the organisation's work this year and in recent years.

GOVERNANCE

STRUCTURE

Watts Gallery Trust was established and registered as a charity in 1905. In 2008 it was incorporated as a company limited by guarantee. Operation of The Tea Shop, Shop, Watts Contemporary Gallery and venue hire is carried out through its wholly owned subsidiary, Watts Gallery Trading Ltd. The charity is controlled by its governing document, a deed of trust, and constitutes a company, limited by guarantee, as defined by the Companies Act 2006.

The Trust is governed by a board of Trustees who are also directors of the Company. The Trustees, who meet at least four times a year, are responsible for the objectives and the strategy of the charity and are in overall control of its management and administration. Certain management and essentially all operational functions are delegated to the Director and Senior Management Team.

TRUSTEES

The Trustees are recruited so that there is a balance of skills, qualifications and experience maintained in order to ensure that the Trust and its property are managed efficiently and knowledgeably.

When a vacancy occurs, a profile of the new Trustee is agreed, and suitable candidates identified depending upon the expertise required. Two representative Trustees are nominated by the Directors of the National Portrait Gallery and the National Gallery respectively after due consultation with the Chair of Watts Gallery Trustees. All new Trustees are given a full induction including a copy of the Charity Commission's booklet, 'Trustee of Charitable Trust Guide', on the responsibilities of a Trustee and a file of essential information including policies and procedures.

Each new Trustee is appointed for an initial term of five years and may then be re-elected for further periods of five years. The Chair is appointed at the first meeting in each year until the following year.

This year Cause4 was commissioned by the Chair of Trustees and Director to undertake a governance review, the findings of which will be presented to trustees for consideration during the next financial year.

REMUNERATION POLICY

Watts Gallery Trust is committed to paying staff a fair salary that is competitive within similar sized organisations in the not-for-profit sector locally and is proportionate to the complexity and responsibilities of each role. Remuneration levels are linked to a regular and objective system of performance appraisal and are benchmarked against comparable roles.

The Trustees, with recommendations from the Finance and Buildings Committee, approve any annual percentage increases for staff. When determining salaries under normal conditions, the Trustees take account of a number of factors including whether the proposed salaries are affordable within planned budgets, the need to retain suitably qualified and experienced staff and the relative responsibilities of each post. As a consequence of the pandemic an organisation-wide salary freeze was put in place during this financial year. In addition, as a condition of receiving Culture Recovery Fund Round 1 funding from 12 October 2020 and Culture Recovery Fund Round 2 funding from 29 March 2021, the organisation agreed that it would exercise pay restraint where legally possible to do so for at least 18 months from each of these two dates and a pay freeze for all senior employees until at least 29 September 2022.

The Director of Watts Gallery Trust is also a Trustee. The Director is eligible for a bonus, which is determined by an assessment of performance and achievement of delivery targets carried out by the Chair and Deputy Chair of the Trustees. This is reviewed and confirmed by the Finance and Buildings Committee.

PUBLIC BENEFIT

The Trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the organisation's aims and objectives and in planning its future activities. In particular, the Trustees consider how planned activities will contribute to the aims and objectives they have set.

FINANCIAL REVIEW

The Charity's unrestricted funds showed a surplus of £146,105 after a transfer of £440,000 to the Designated Fund (versus a surplus of £43,850 in 2019/20). Watts Gallery Trust secured £31,747 from the Museum and Gallery Exhibitions Tax Relief, a creative tax relief introduced by the government. It is designed to support organisations to create, and tour public exhibitions through the recovery of some of their costs.

The pandemic had a very significant impact on the Charity, with Watts Gallery - Artists' Village closed for nine months of the year and admissions of 7,413 against a pre-pandemic target of 41,000. The Trading Company made a loss of £22,894 as a consequence of the pandemic which, under the extremely difficult circumstances, was a positive outcome.

A total of £1.9m was received from donations out of which £372k related to government support during the financial year in response to the pandemic, including £282k claimed through the Job Retention Scheme, £81k in government grants and £9k via the Eat Out to Help Out programme.

2020/21 was the third year of statutory funding – £101,840 from Arts Council England as a National Portfolio Organisation, and £100,000 from Surrey County Council towards learning and outreach work in the county.

The Charity's financial strategy aims to reduce reliance on fundraising and to increase earned unrestricted funding.

INVESTMENT POLICY

Watts Gallery Trust seeks to produce the best financial return commensurate with an acceptable level of risk. The investment objective for the reserves is to generate a return in excess of inflation over the long term whilst generating an annual income to support the ongoing activities of Watts Gallery - Artists' Village. Investment management was undertaken by Barings Asset Management. The performance of the portfolio is regularly reviewed by the Finance and Buildings Committee. Investment income for the year was £232,683, a decrease on the previous year (2019/20: £282,773), due to the impact of the global pandemic on investment returns.

The value of the investment portfolio increased by 3% during the year following the 15% decrease in value in March 2020.

RESERVES

Watts Gallery Trust holds four categories of funds: Restricted Funds, Endowment Funds and Unrestricted Funds including Designated Funds.

At 31 March 2021 Watts Gallery Trust had total funds of £40,110,066 (£39,287,457 in 2019/20) of which £2,014,533 was unrestricted funds, £9,929,536 was held in restricted funds and £28,165,997 was endowment funds.

The Unrestricted Fund of £2,014,533 is made up of £1136,290 in freehold land, buildings and tangible assets, £440,000 in a designated fund and £438,243 of free reserves (2019/20: £336,704), which are available to support the Watts Gallery Trust's annual operating expenses. The Trustees have examined the charity's requirements for reserves in light of the main risks to the organisation and have established a policy whereby unrestricted funds not committed or invested in tangible assets should be between three to six months of expenditure to ensure continued financial security and to provide for contingencies. The Trustees are committed to increasing the levels of free reserves over the coming years. The Designated Fund has been established to support the future work of the charity.

Restricted funds are donations received by the charity where the purpose for which they can be used is determined by the donor, by the wording of an appeal for the funds or by a decision of the Trustees. Most of the charity's restricted funds relate to the Hope, Saving the Studios and Limerlease projects, these funds being represented mainly by the capital investments in the refurbished Gallery and House. Two other restricted funds of note are The Chapel Restoration Fund which was set up for the preservation and restoration of the Grade I listed Watts Chapel and Grade II* listed cemetery and the Physical Energy Fund which was set up to site a posthumous cast of Watts's iconic sculpture, Physical Energy, in Compton.

Endowment funds are used primarily to generate income to support the Gallery's costs, including the conservation of the collection, and the Trustees are seeking to increase the size of the Endowment to improve the Gallery's future financial security. Endowments are either Permanent, which cannot be spent, or Expendable. The Permanent Endowments total £27,487,381 (£26,940,867 19/20) which includes the value of the permanent collection of art works (£22,790,776) and the Expendable Endowments total £678,616 (19/20: £600,138).

The Funds are explained in detail in Note 22 to the Accounts.

RISK MANAGEMENT

The Trustees have considered the major risks to which the charity is exposed and have reviewed those risks and established systems and procedures to manage those risks. A comprehensive risk register, including risks to reputation, income and visitors is updated regularly and reviewed by the Director and Senior Management team. The Risk Register is reviewed quarterly by the Finance and Buildings Committee, and annually by the Trustee Board.

Watts Gallery Trust

Statement of Trustees' Responsibilities

The trustees (who are also the directors of Watts Gallery Trust for the purposes of company law) are responsible for preparing the financial statements in accordance with the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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 of its income resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and 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 keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Approved by the trustees of the charity on 20.11.2024 and signed on its behalf by:


.....
A Burtenshaw
Trustee


.....
M V Stevens
Trustee

Independent Auditor's Report to the Members of Watts Gallery Trust

Opinion

We have audited the financial statements of Watts Gallery Trust (the 'charitable parent company') and its subsidiary (the 'group') for the year ended 31 March 2021, 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, including Charities SORP - FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law (United Kingdom Generally Accepted Accounting Practices).

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 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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.

Independent Auditor's Report to the Members of Watts Gallery Trust

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. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Chair's Foreword and Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Chair's Foreword and Trustees' Report have 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 charitable parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report and 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 charitable parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable parent 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 (set out on page 41), 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's and the charitable parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the charitable parent company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report to the Members of Watts Gallery Trust

Auditor's responsibilities for the audit of the financial statements

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

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

Based on our understanding of the charitable parent company and industry, we identified that the physical risk of non-compliance with laws and regulations related to breaches of health and safety and employee laws and regulations. We also obtained an understanding of the legal and regulatory frameworks that the charitable parent company operates in, focusing on those that had a direct effect on material figures and disclosures in the financial statements, the main regulations considered in this context included the UK Companies Act 2006 and the Charities Act 2011.

We evaluated the incentives and opportunities for fraud in the financial statements, including, but not limited to, the risk of override of controls and designed procedures in response to these risks as follows;

- enquiring of management concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- testing the appropriateness of journal entries and other adjustments;
- assessing whether the judgements made in making accounting estimates are indicative of a potential bias, and;
- evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

There are inherent limitations in the audit procedures described above, and the risk of not detecting a material misstatement due to fraud is higher than one resulting from error as fraudulent misstatements may involve deliberate concealment.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent Auditor's Report to the Members of Watts Gallery Trust

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 group's 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.

.....
 Sharon Ward BSc FCA CF (Senior Statutory Auditor)
 For and on behalf of Azets Audit Services Limited, Statutory Auditor

Ashcombe Court
 Woolsack Way
 Godalming
 Surrey
 GU7 1LQ

Date:.....

Watts Gallery Trust

Consolidated Statement of Financial Activities for the Year Ended 31 March
2021
(Including Consolidated Income and Expenditure Account)

	Note	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2021 £
Income and Endowments from:					
Donations	2	1,729,413	202,962	-	1,932,375
Trading activities	3	345,471	-	-	345,471
Investment income	4	290,401	-	10,945	301,346
Other income	5	369,858	1,643	-	371,501
Total income		2,735,143	204,605	10,945	2,950,693
Expenditure on:					
Raising funds and trading costs	6	(656,878)	-	-	(656,878)
Charitable activities	7	(1,523,919)	(700,351)	-	(2,224,270)
Total expenditure		(2,180,797)	(700,351)	-	(2,881,148)
Gains/(losses) on investment assets		12	107,258	614,047	721,317
Net income/(expenditure)		554,358	(388,488)	624,992	790,862
Other recognised gains and losses					
Other gains/losses		31,747	-	-	31,747
Net movement in funds		586,105	(388,488)	624,992	822,609
Reconciliation of funds					
Total funds brought forward		1,428,428	10,318,024	27,541,005	39,287,457
Total funds carried forward	22	2,014,533	9,929,536	28,165,997	40,110,066

Day to day operations of the Gallery are accounted for within the unrestricted fund. Net income within the unrestricted fund of £554,358, compared to the net income seen last year of £18,151, per the 2020 Statement of Financial Activities overleaf.

The income and related expenditure on capital projects is raised and recognised within the restricted funds. A deficit of £388,488 on the restricted funds has occurred in the year due to significant costs being recognised on projects for which the income was secured and recognised in prior years.

A transfer of £440,000 was made from Unrestricted General Funds to Unrestricted Designated Funds set aside for the Website, Digital and IT Fund, Covid Fund, Buildings and Estate Maintenance Fund and Future Sustainability Fund.

Watts Gallery Trust

Consolidated Statement of Financial Activities for the Year Ended 31 March
2020
(Including Consolidated Income and Expenditure Account)

	Note	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2020 £
Income and Endowments from:					
Donations	2	947,831	915,482	-	1,863,313
Trading activities	3	1,202,962	-	-	1,202,962
Investment income	4	342,870	-	12,409	355,279
Total income		2,493,663	915,482	12,409	3,421,554
Expenditure on:					
Raising funds and trading costs	6	(920,712)	-	-	(920,712)
Charitable activities	7	(1,554,810)	(665,923)	-	(2,220,733)
Total expenditure		(2,475,522)	(665,923)	-	(3,141,445)
Gains/(losses) on investment assets		10	(152,364)	(886,274)	(1,038,628)
Net income/(expenditure)		18,151	97,195	(873,865)	(758,519)
Other recognised gains and losses					
Other gains/losses		25,699	-	-	25,699
Net movement in funds		43,850	97,195	(873,865)	(732,820)
Reconciliation of funds					
Total funds brought forward		1,384,578	10,220,829	28,414,870	40,020,277
Total funds carried forward	22	1,428,428	10,318,024	27,541,005	39,287,457


All of the group's activities derive from continuing operations during the above two periods. The funds breakdown for 2020 is shown in note 22.


Watts Gallery Trust

(Registration number: 06147572)
Consolidated Balance Sheet as at 31 March 2021

	2021 £	2020 £
Fixed assets		
Tangible assets - Land and buildings	7,686,645	7,825,443
Tangible assets - Plant and equipment	394,059	560,235
Heritage assets - Collection	22,765,564	22,765,564
Investment properties	763,840	763,840
Shares in group undertakings and participating interests	6,183,024	5,472,570
Listed investments	37,793,132	37,387,652
Current assets		
Stocks	103,790	101,795
Debtors	242,162	226,151
Cash - restricted	1,623,093	1,702,474
Cash - unrestricted	390,264	230,643
Cash - designated	440,000	-
Creditors: Amounts falling due within one year	2,799,309	2,261,063
Net current assets	(252,242)	(224,458)
Total assets less current liabilities	2,547,067	2,036,605
Total assets falling due after more than one year	40,340,199	39,424,257
Creditors: Amounts falling due after more than one year	(230,133)	(136,800)
Net assets	40,110,066	39,287,457
Funds of the group:		
Endowment funds	28,165,997	27,541,005
Restricted funds	9,929,536	10,318,024
Unrestricted income funds		
General funds	1,574,533	1,428,428
Designated funds	440,000	-
Total unrestricted funds	2,014,533	1,428,428
Total funds	40,110,066	39,287,457

The financial statements on pages 46 to 77 were approved by the trustees, and authorised for issue on **30.11.2021** and signed on their behalf by:


A Burtenshaw
Trustee


M V Stevens
Trustee


Watts Gallery Trust

(Registration number: 06147572)
Balance Sheet as at 31 March 2021

	2021 £	2020 £
Fixed assets		
Tangible assets - Land and buildings	7,686,645	7,825,443
Tangible assets - Plant and equipment	300,617	525,717
Heritage assets - Collection	22,765,564	22,765,564
Investment properties	763,840	763,840
Shares in group undertakings and participating interests	6,183,024	5,472,570
Listed investments	37,699,691	37,353,135
Current assets		
Debtors	353,365	470,740
Cash - restricted	1,623,093	1,702,474
Cash - unrestricted	367,089	86,986
Cash - designated	440,000	-
Creditors: Amounts falling due within one year	2,783,547	2,260,200
Net current assets	(217,076)	(192,676)
Total assets less current liabilities	2,566,471	2,067,524
Total assets falling due after more than one year	40,266,162	39,420,659
Creditors: Amounts falling due after more than one year	(136,800)	(136,800)
Net assets	40,129,362	39,283,859
Funds of the charity:		
Endowment funds	28,165,997	27,541,005
Restricted funds	9,929,536	10,318,024
Unrestricted income funds		
General funds	1,593,829	1,424,830
Designated funds	440,000	-
Total unrestricted funds	2,033,829	1,424,830
Total funds	40,129,362	39,283,859

The financial statements on pages 46 to 77 were approved by the trustees, and authorised for issue on **30.11.2021** and signed on their behalf by:


A Burtenshaw
Trustee


M V Stevens
Trustee

Consolidated Statement of Cash Flows for the Year Ended 31 March 2021

	2021 £	2020 £
Cash flows from operating activities		
Net cash income/(expenditure)	822,609	(732,820)
Adjustments to cash flows from non-cash items		
Depreciation	391,653	383,074
Investment income	(301,346)	(355,279)
(Gain)/loss on investments	(721,315)	1,038,628
	191,601	333,603
Working capital adjustments		
Increase in stocks	(1,995)	(18,968)
(Increase)/decrease in debtors	(16,011)	38,740
Increase/(decrease) in creditors	21,117	(81,837)
Net cash flows from operating activities	194,712	271,538
Cash flows from investing activities		
Interest receivable and similar income	863	3,656
Purchase of tangible fixed assets	(86,679)	(56,046)
Purchase of investments	(528,416)	(230,041)
Sale of investments	539,277	147,211
Income from fixed asset investments	300,483	351,623
Net cash flows from investing activities	225,528	216,403
Cash flows from financing activities		
Value of new loans obtained during the period	100,000	-
Net increase in cash and cash equivalents	520,240	487,941
Cash and cash equivalents at 1 April	1,933,117	1,445,176
Cash and cash equivalents at 31 March	2,453,357	1,933,117

All of the cash flows are derived from continuing operations during the above two periods.

Notes to the Financial Statements for the Year Ended 31 March 2021

1 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

Watts Gallery Trust is a company limited by guarantee, incorporated in England. The registered office is Watts Gallery Trust, Down Lane, Compton, Guildford, Surrey, GU3 1DQ. The nature of the charity's operations is set out in the Report by the Trustees.

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) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Charities Act 2011 and the Companies Act 2006.

Basis of preparation

Watts Gallery Trust 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 notes.

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the charity and its subsidiary undertaking drawn up to 31 March 2021.

No statement of financial activities is presented for the charity as permitted by section 408 of the Companies Act 2006. For the financial year ending 31 March 2021 the charity made a surplus of £608,999 (2020 - surplus of £41,693) on unrestricted funds related to the Gallery's operating activities and a surplus of £236,504 (2020 - deficit of £776,670) on restricted and endowment funds related to specific projects or purposes. This results in a net surplus of £845,503 for the financial year (2020 - deficit of £734,977).

A subsidiary is an entity controlled by the charity. Control is achieved where the charity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiary, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of the subsidiary have been changed where necessary to ensure consistency with the policies adopted by the group.

Notes to the Financial Statements for the Year Ended 31 March 2021

Going concern

The trustees have considered the likely and ongoing effects on the group of the current Covid-19 outbreak and remain confident that the group will have sufficient resources to enable the group to continue as a going concern for the foreseeable future. The trustees consider that there are no material uncertainties about the group's ability to continue as a going concern nor any significant areas of uncertainty that affect the carrying value of assets held by the group.

Income and endowments

All income is recognised once the Group has entitlement to the income, it is probable that the income will be received and the amount of the income receivable can be measured reliably.

Donated goods are recognised as income, provided the above conditions are met, at their estimated fair value.

Voluntary donations are recognised in the period in which they are received.

Income from trading activities is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The point of recognition is on the date that goods are provided to customers or the period over which services are provided.

Investment income is recognised based on the date the group is entitled to the income.

Grants receivable

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Government grants are in relation to the Coronavirus Job Retention Scheme and other Council grants.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

Donated services

Donated services are included as income at value to the charity and as resources expended at the same value.

Expenditure

All expenditure is recognised once there is a legal or constructive obligation to that expenditure, it is probable settlement is required and the amount can be measured reliably. All costs are allocated to the applicable expenditure heading that aggregate similar costs to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Notes to the Financial Statements for the Year Ended 31 March 2021

Raising funds

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

Charitable activities

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Support costs

Support costs are allocated against the respective activity concerned. Costs are apportioned to various cost centres and funds based on management's best estimates of expenditure incurred for each.

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.

Heritage assets

Watts Gallery Trust has a collection of heritage assets which is held in support of the Gallery's primary objective of increasing knowledge, understanding and appreciation of George Frederic Watts and Mary Saton Watts.

A very significant proportion of these assets are inalienable. The collection comprises of over 250 paintings and over 800 drawings by G F Watts as well as over 500 pieces of sculpture, many by G F Watts and the remaining plaster casts (anonymous) from his studio. There are many items of Compton pottery including pieces by Mary Watts herself. In addition, there is a large archive including the Rob Dickens collection of photographs. A very significant proportion of the collection is available to view via a collections management database.

Additions to the collection are made by purchase or donation. Purchases are initially recorded at cost and donations at their estimated value. Heritage assets are periodically revalued in line with insurance valuations carried out by external valuers and based on commercial markets. The Trustees do not believe that obtaining more frequent valuations would warrant the utilisation of charitable resources.

The heritage assets are represented by a permanent endowment fund, which has been fully invested in the collection.

The assets are deemed to have an indeterminate life and a high residual value and therefore the Trustees do not consider it appropriate to charge depreciation. Although the non depreciation of this asset is not in accordance with the Companies Act 2006, the Trustees believe that this departure is necessary in order to provide a true and fair view.

Notes to the Financial Statements for the Year Ended 31 March 2021

Tangible fixed assets

All classes of tangible fixed assets are recorded at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation and amortisation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Depreciation method and rate
Land and buildings	2% on cost
Computers, fixtures & fittings	10%-33% on cost
Motor vehicles	15% on cost
Plant & equipment	10% on cost

Investment properties

Investment property is shown at the most recent market valuation. Any aggregate surplus or deficit arising from changes in market value is transferred to the statement of financial activities. Valuations are considered periodically by the Trustees.

Fixed asset investments

Fixed asset investments are included at market value at the balance sheet date. Realised gains and losses on investments are calculated as the difference between sales proceeds and their market value at the start of the year, or their subsequent cost, and are charged or credited to the Statement of Financial Activities in the period of disposal.

Unrealised gains and losses represent the movement in market values during the year and are credited or charged to the Statement of Financial Activities based on the market value at the year end.

Stock

Stock is valued at the lower of cost and estimated selling price less costs to complete and sell, after due regard for obsolete and slow moving stocks. Cost is determined using the first-in, first-out (FIFO) basis of valuation.

Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at the transaction price. Any losses arising from impairment are recognised in the statement of financial activities.

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.

Notes to the Financial Statements for the Year Ended 31 March 2021

Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in a transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Fund structure

Unrestricted income funds are general funds that are available for use at the trustees' discretion in furtherance of the objectives of the Group.

Designated funds are unrestricted funds set aside for specific purposes at the discretion of the trustees.

Restricted income funds are those donated for use in a particular area or for specific purposes, the use of which is restricted to that area or purpose.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Pensions and other post retirement obligations

Contributions payable by the Group to an individual's personal pension scheme are charged to the statement of financial activities in the period to which they relate.

Financial instruments

Financial assets and financial liabilities are recognised when the charity becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

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.

Change of company name

With effect from 19 November 2021, the name of the company was changed from Watts Gallery to Watts Gallery Trust.

Summary of significant judgements and key accounting estimates

The significant judgements and sources of key accounting estimates that have been applied in the preparation of these financial statements relate to the valuations of heritage assets and investment property. Further details can be found in the accounting policies for these assets. These have been deemed appropriate and consistently applied to all the years presented.

Watts Gallery Trust

Notes to the Financial Statements for the Year Ended 31 March 2021

2 Income from donations	Unrestricted funds £	Restricted funds £	Total 2021 £	Total 2020 £
Donations;				
Patrons and Friends	97,320	-	97,320	109,427
Donations	1,028,278	139,836	1,168,114	1,479,721
Gift aid reclaimed	43,121	-	43,121	74,165
Grants, including capital grants;				
Surrey County Council	100,000	-	100,000	100,000
Arts Council - National Portfolio Organisations	101,840	-	101,840	100,000
Arts Council - Culture Recovery Fund Round 1	358,854	63,126	421,980	-
	<u>1,729,413</u>	<u>202,962</u>	<u>1,932,375</u>	<u>1,863,313</u>

3 Income from trading activities

	Unrestricted funds £	Total 2021 £	Total 2020 £
Trading income:			
Admissions	52,079	52,079	186,372
Tours of Gallery	197	197	25,315
Sales of goods and services	275,804	275,804	933,242
Learning, events and other income	17,391	17,391	58,033
	<u>345,471</u>	<u>345,471</u>	<u>1,202,962</u>

4 Investment income

	Unrestricted funds £	Endowment funds £	Total 2021 £	Total 2020 £
Income from dividends:				
Dividends receivable from listed investments	221,738	10,945	232,683	282,773
Interest receivable and similar income;				
Interest receivable	863	-	863	3,656
Income from rents	67,800	-	67,800	68,850
	<u>290,401</u>	<u>10,945</u>	<u>301,346</u>	<u>355,279</u>

Watts Gallery Trust

Notes to the Financial Statements for the Year Ended 31 March 2021

5 Other income	Unrestricted funds £	Restricted funds £	Total 2021 £	Total 2020 £
Government grants including furlough income	369,858	1,643	371,501	
6 Expenditure on raising funds and trading costs				
Direct costs				
Costs of generating donations	141,156	141,156	128,347	
Costs of trading activities	504,436	504,436	784,987	
Investment management costs	11,286	11,286	7,378	
	<u>656,878</u>	<u>656,878</u>	<u>920,712</u>	

a) Costs of generating donations

	Unrestricted funds £	Total 2021 £	Total 2020 £
Staff Costs	138,051	138,051	123,997
Patrons and Friends costs	3,105	3,105	4,350
	<u>141,156</u>	<u>141,156</u>	<u>128,347</u>

b) Costs of trading activities

	Unrestricted funds £	Total 2021 £	Total 2020 £
Trading subsidiary staff costs	361,746	361,746	411,035
Trading subsidiary costs	142,690	142,690	373,952
	<u>504,436</u>	<u>504,436</u>	<u>784,987</u>

Watts Gallery Trust

Notes to the Financial Statements for the Year Ended 31 March 2021

c) Investment management costs

	Unrestricted funds £	Total 2021 £	Total 2020 £
Investment management costs; Administration of the investments	11,286	11,286	7,378
	11,286	11,286	7,378

7 Expenditure on charitable activities

	Activity undertaken directly £	Activity support costs £	Total 2021 £	Total 2020 £
Maintaining Watts Gallery and its collection	1,757,624	133,610	1,891,234	1,823,731
Great Studio Project	85,873	10,000	95,873	102,231
Limmerslease Project	1,101	10,000	11,101	2,705
Chapel Restoration Fund	35,213	150	35,363	89,723
Physical Energy Fund	160,699	30,000	190,699	202,343
	2,040,510	183,760	2,224,270	2,220,733

£1,523,919 (2020 - £1,554,810) of the above expenditure was attributable to unrestricted funds and £700,351 (2020 - £665,923) to restricted funds.

£101,840 (2020 - £100,000) of the above expenditure was attributable to Arts Council (National Portfolio Organisations) funding (unrestricted - £101,840, restricted - £Nil).

£379,782 (2020 - £Nil) of the above expenditure was attributable to Arts Council (Culture Recovery Fund Round 1) funding (unrestricted - £316,656, restricted £63,126).

Watts Gallery Trust

Notes to the Financial Statements for the Year Ended 31 March 2021

8 Analysis of support costs

	Governance costs £	Other support costs £	Total 2021 £	Total 2020 £
Support costs allocated to charitable activities				
Maintaining Watts Gallery and its collection	13,365	120,245	133,610	161,276
Great Studio Project	-	10,000	10,000	15,000
Limmerslease Project	-	10,000	10,000	-
Chapel Restoration Fund	150	-	150	20,000
Physical Energy Fund	-	30,000	30,000	35,758
	13,515	170,245	183,760	232,034

Governance costs

	Unrestricted funds General £	Restricted funds £	Total 2021 £	Total 2020 £
Audit fees				
Audit of the financial statements	9,450	-	9,450	9,150
Under/(over) accrual of prior year audit fee	-	-	-	(100)
Accountancy and legal fees	3,915	150	4,065	10,034
	13,365	150	13,515	19,084

Watts Gallery Trust

Notes to the Financial Statements for the Year Ended 31 March 2021

Other support costs

	Unrestricted funds		Total 2021 £	Total 2020 £
	General £	Restricted funds £		
Project management	-	50,000	50,000	70,000
Office expenses	50,091	660	50,751	66,412
Telephone	18,608	-	18,608	16,922
Insurances	38,758	-	38,758	38,808
Sundries	10,951	900	11,851	12,293
Travel & subsistence	277	-	277	8,516
	<u>118,685</u>	<u>51,560</u>	<u>170,245</u>	<u>212,951</u>

9 Net incoming/outgoing resources

Net incoming / outgoing resources for the year include:

	2021 £	2020 £
Audit fees	9,450	9,150
Under/(over) accrual of prior year audit fee	-	(100)
Depreciation of fixed assets	<u>391,653</u>	<u>383,074</u>

10 Trustees remuneration and expenses

During the year the group made the following transactions with trustees:

	2021 £	2020 £
A Burtenshaw	41	2,918
A Burtenshaw received remuneration of £103,077 (2020: £105,664) during the year.	-	181
Legal authority has been obtained to employ and remunerate Mr A Burtenshaw at a market rate as Director of the Charity.	120	206
During the year expenses of the following nature were paid to 1 (2020: 1) trustee:	<u>161</u>	<u>3,305</u>
Travel and subsistence		
Entertaining		
Sundry		

Watts Gallery Trust

Notes to the Financial Statements for the Year Ended 31 March 2021

11 Staff costs

The aggregate payroll costs were as follows:

	2021 £	2020 £
Wages and salaries	1,254,501	1,269,458
Social security costs	97,802	100,551
Pension costs	<u>27,582</u>	<u>29,767</u>
	<u>1,379,885</u>	<u>1,399,776</u>

The monthly average number of persons (including senior management team) employed by the group during the year was as follows:

	2021 No	2020 No
Tea shop	18	18
Shop	11	12
Commercial gallery	1	-
Management	2	2
Curatorial	8	8
Learning	12	12
Marketing and fundraising	9	9
Finance, estates and administration	<u>12</u>	<u>11</u>
	<u>73</u>	<u>72</u>

The staff full time equivalents were 48 this year (2020: 51).

One employee received emoluments of more than £60,000 during the year (2020: One). The number of employees whose emoluments fell within the following bands was:

	2021 No	2020 No
£100,001 - £110,000	1	1

The total employee benefits of the key management personnel of the group were £197,722 (2020 - £192,277). There was an organisation wide pay freeze during the year. The slight increase in key management pay was additional days worked by the Part time Head of Finance due to the additional workload created by the Pandemic.

12 Taxation

The company is a registered charity and is therefore exempt from taxation. Tax relief recognised in the year represents claims submitted prior to the year end for Museums and Galleries Exhibition tax relief.

Notes to the Financial Statements for the Year Ended 31 March 2021

Group	Land and buildings £	Plant & equipment £	Total £
13 Tangible fixed assets			
Cost			
At 1 April 2020	8,884,624	2,493,335	11,377,959
Additions	-	86,679	86,679
At 31 March 2021	8,884,624	2,580,014	11,464,638
Depreciation			
At 1 April 2020	1,059,181	1,933,100	2,992,281
Charge for the year	138,798	252,855	391,653
At 31 March 2021	1,197,979	2,185,955	3,383,934
Net book value			
At 31 March 2021	7,686,645	394,059	8,080,704
At 31 March 2020	7,825,443	560,235	8,385,678
Charity			
Cost			
At 1 April 2020	8,884,624	2,369,096	11,253,720
Additions	-	14,996	14,996
At 31 March 2021	8,884,624	2,384,092	11,268,716
Depreciation			
At 1 April 2020	1,059,181	1,843,379	2,902,560
Charge for the year	138,798	240,096	378,894
At 31 March 2021	1,197,979	2,083,475	3,281,454
Net book value			
At 31 March 2021	7,686,645	300,617	7,987,262
At 31 March 2020	7,825,443	525,717	8,351,160

Notes to the Financial Statements for the Year Ended 31 March 2021

14 Heritage assets	2021 £	2020 £	2019 £	2018 £	Total £
Group and Charity					
Cost					
At 1 April 2020					22,765,564
Depreciation					
At 31 March 2021					-
Net book value					22,765,564
At 31 March 2021					
Summary of transactions					
Purchases and additions					
Heritage assets					13,000
Revaluations					
Heritage assets were last revalued in 2012 by Christie's at current auction estimates.					

Watts Gallery Trust

Notes to the Financial Statements for the Year Ended 31 March 2021

15 Fixed asset investments	
Group	
Investment properties	Investment properties
	£
Cost or Valuation	763,840
At 1 April 2020	
Provision	-
At 31 March 2021	
Net book value	763,840
At 31 March 2021	
At 31 March 2020	

Investment properties were valued by Batcheller Monkhouse in the year ended 31 March 2005. In subsequent years the values have been considered against market conditions by the Trustees and the costs of further improvements have been added.

Watts Gallery Trust

Notes to the Financial Statements for the Year Ended 31 March 2021

Listed investments	Listed investments
	£
Cost or Valuation	5,472,570
At 1 April 2020	
Revaluation	721,315
Additions	528,416
Disposals	(539,277)
At 31 March 2021	<u>6,163,024</u>
Net book value	6,163,024
At 31 March 2021	
At 31 March 2020	<u>5,472,570</u>
Charity	
Investment properties	Investment properties
	£
Cost or Valuation	763,840
At 1 April 2020	
Provision	-
At 31 March 2021	
Net book value	763,840
At 31 March 2021	
At 31 March 2020	<u>763,840</u>

Investment properties were valued by Batcheller Monkhouse in the year ended 31 March 2005. In subsequent years the values have been considered against market conditions by the Trustees and the costs of further improvements have been added.

Watts Gallery Trust

Notes to the Financial Statements for the Year Ended 31 March 2021

Shares in group undertakings and participating interests

	Subsidiary undertakings £	Total £
Cost		
At 1 April 2020	1	1
At 31 March 2021	1	1
Net book value		
At 31 March 2021	1	1
At 31 March 2020	1	1

Details of undertakings

Details of the investments in which the charity holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Country of incorporation	Holding	Proportion of voting rights and shares held	Principal activity
			2021	2020
Subsidiary undertakings				
Watts Gallery Trading Limited	England and Wales	Ordinary	100%	100%
				Gift shop and tea shop

The company registration number of Watts Gallery Trading Limited is 07184982. The registered office address is:
Down Lane
Compton
Guildford
Surrey
GU3 1DQ

The loss for the period of Watts Gallery Trading Limited was £22,894 and the aggregate amount of capital and reserves at the end of the period was (£19,295).

The loss for the year for Watts Gallery Trading Limited is stated after making a provision for the donation payable to Watts Gallery Trust of £Nil (2020 - £155,000).

Watts Gallery Trust

Notes to the Financial Statements for the Year Ended 31 March 2021

Listed investments

		Listed investments £
Cost or Valuation		
At 1 April 2020		5,472,570
Revaluation		721,315
Additions		528,416
Disposals		(539,277)
At 31 March 2021		6,183,024
Net book value		
At 31 March 2021		6,183,024
At 31 March 2020		5,472,570

16 Debtors

	Group	Charity
	2021 £	2020 £
Trade debtors	463	463
Due from group undertakings	-	126,120
Prepayments	23,317	26,777
Other debtors	218,382	197,133
	242,162	226,151
		353,365
		470,740

17 Creditors: amounts falling due within one year

	Group	Charity
	2021 £	2020 £
Bank loans	6,667	-
Trade creditors	106,694	98,097
Other taxation and social security	49,450	22,117
Other creditors	16,967	20,746
Accruals	72,464	83,498
	252,242	224,458
		217,076
		192,676

Notes to the Financial Statements for the Year Ended 31 March 2021

18 Creditors: amounts falling due after one year

	Group		Charity	
	2021	2020	2021	2020
Bank loans	£ 93,333	£ -	£ -	£ 136,800
Other loans	136,800	136,800	136,800	136,800
	<u>230,133</u>	<u>136,800</u>	<u>136,800</u>	<u>136,800</u>

Included in bank loans is a £100,000 (2020 - £Nil) Coronavirus Business Interruption Loan with a nominal interest rate of 2.21% per annum. A one year holiday payment ends December 2021. The loan term is 5 years to November 2026.

Included in other loans is £136,800 (2020 - £136,800) secured on the Charity bank account. The repayment date is 15 May 2024. No interest is charged on the loan unless the Charity fails to make any payment due under the agreement, in which case interest is charged at 7% from the date of non-payment to the date of repayment.

19 Obligations under leases and hire purchase contracts

The total value of future minimum lease payments was as follows:

	Group		Charity	
	2021	2020	2021	2020
Within one year	£ 13,318	£ 895	£ 13,318	£ 895
In two to five years	54,991	3,580	54,991	3,580
	<u>68,309</u>	<u>4,475</u>	<u>68,309</u>	<u>4,475</u>

20 Charity status

The Charity is a company limited by guarantee and consequently does not have share capital.

21 Contingent liabilities

The Trustees of the National Heritage Memorial Fund hold a charge, by way of legal mortgage over The Great Studio, Limmerslease, as a continuing security for all monies, obligations and liabilities under the Grant Contract.

The Council of the Borough of Guildford hold a second charge, by way of legal mortgage, over The Great Studio, Limmerslease as a continuing security for non-repayable loans recognised as donations in 2017.

Surrey County Council holds a charge, by way of a legal mortgage, over the property known as Limmerslease. The charge acts as continuing security for a grant repayable under certain circumstances and was agreed as a condition of the donation to the Charity in 2017.

Notes to the Financial Statements for the Year Ended 31 March 2021

22 Funds

Restricted funds

Gallery Restoration fund - This fund represents the investment in the restored Watts Gallery building following the Hope project. The ongoing non-cash cost is the depreciation of the restored assets.

Limmerslease and Great Studio Funds - These funds were established to acquire and preserve the Watts' home and studios and consist of the acquisition costs and investment made in those properties, in addition to an element of cash.

Other - These funds are for the support of the learning programmes at Watts Gallery - Artists' Village and other further development projects. These funds all consist of cash.

Graham Robertson Trust Fund - This fund is invested in the Pottery Building.

Chapel Restoration Fund - This fund has been established for the preservation and restoration of the Watts Chapel and Cemetery. This fund consists of cash.

Physical Energy Fund - This fund has been established to site a posthumous cast of Watts' iconic sculpture Physical Energy in Compton including appropriate landscaping and interpretation. This fund currently consists of cash.

Endowment funds

The Collection - This fund represents the value of the Watts Gallery collection of heritage assets. This is a permanent endowment fund and represents paintings and other collection items.

Mrs M S Watts Will Trust Fund - This fund was set up through the will of Mary Watts and is now part of the permanent endowment which provides ongoing financial support for the Watts Gallery Trust. The fund is represented by investments and cash and only the income generated by the assets can be spent. The capital in this fund can never be spent.

Watts Gallery Permanent Endowment Fund - This is a permanent endowment fund to generate income to help provide financial security for the Gallery's future. The fund is represented by investments and cash and only the income generated by the assets can be spent. The capital in this fund can never be spent.

Catalyst Endowment - This is a permanent endowment fund which was established with the generosity of the Heritage Lottery Fund and a number of private donors. This fund generates income to help provide financial security for the Gallery's future. The fund is represented by investments and cash and only the income generated by the assets can be spent. The capital in this fund can never be spent.

Watts Gallery Expendable Endowment Fund - This is an expendable endowment fund consisting of quoted investments and cash. The income from the fund helps to provide financial security for the gallery's future.

G F Watts Book Fund - This expendable fund was established to support the Watts Gallery - Artists' Village archive and consists of quoted investments and cash. Both the capital and income can be spent.

Watts Gallery Trust

Notes to the Financial Statements for the Year Ended 31 March 2021

Group	Balance at 1 April 2020 £	Incoming resources £	Resources expended £	Transfers gains/(losses) £	Other recognised gains/(losses) £	Balance at 31 March 2021 £
Unrestricted funds						
Watts Gallery	1,428,428	2,735,143	(2,180,797)	(440,000)	31,759	1,574,533
Designated						
Watts Gallery	-	-	-	440,000	-	440,000
Total unrestricted funds	1,428,428	2,735,143	(2,180,797)	-	31,759	2,014,533
Restricted funds						
Gallery Restoration Fund	4,147,506	-	(259,603)	-	-	3,887,903
Graham Robertson Trust Fund	75,642	-	-	-	-	75,642
Other	108,828	119,769	(107,712)	-	-	120,885
Great Studio Project	3,068,225	-	(95,873)	-	107,258	3,079,610
Limnerslease Chapel	1,955,824	-	(11,101)	-	-	1,944,723
Restoration Fund	50,028	84,336	(35,363)	-	-	99,001
Physical Energy Fund	911,971	500	(190,699)	-	-	721,772
Total restricted funds	10,318,024	204,605	(700,351)	-	107,258	9,929,536
Endowment funds						
Permanent						
Mrs M S Watts Will Trust	367,894	-	-	-	47,462	415,356
Watts Gallery Permanent Endowment Collection	2,850,133	-	-	-	375,006	3,225,139
Catalyst Endowment	22,790,776	-	-	-	-	22,790,776
	932,064	10,945	-	-	113,101	1,056,110
Total	26,940,867	10,945	-	-	535,569	27,487,381

Watts Gallery Trust

Notes to the Financial Statements for the Year Ended 31 March 2021

	Balance at 1 April 2020 £	Incoming resources £	Resources expended £	Transfers gains/(losses) £	Other recognised gains/(losses) £	Balance at 31 March 2021 £
Expendable						
G F Watts Book Fund	3,937	-	-	-	-	3,937
Watts Gallery Expendable Endowment	596,201	-	-	-	78,478	674,679
	600,138	-	-	-	78,478	678,616
Total endowment funds	27,541,005	10,945	-	-	614,047	28,165,997
Total funds	39,287,457	2,950,693	(2,881,148)	-	753,064	40,110,066

Watts Gallery Trust

Notes to the Financial Statements for the Year Ended 31 March 2021

	Balance at 1 April 2019 £	Incoming resources £	Resources expended £	Other recognised gains/(losses) £	Balance at 31 March 2020 £
Unrestricted funds					
<i>General</i>					
Watts Gallery	1,384,578	2,493,663	(2,475,522)	25,709	1,428,428
Restricted funds					
Gallery Restoration Fund	4,406,724	-	(259,218)	-	4,147,506
Graham Robertson Trust Fund	75,642	-	-	-	75,642
Other	19,231	99,300	(9,703)	-	108,828
Great Studio Project	3,322,820	-	(102,231)	(152,364)	3,068,225
Limmerslease	1,948,529	10,000	(2,705)	-	1,955,824
Chapel Restoration Fund	76,881	62,870	(89,723)	-	50,028
Physical Energy Fund	371,002	743,312	(202,343)	-	911,971
Total restricted funds	10,220,829	915,482	(665,923)	(152,364)	10,318,024
Endowment funds					
<i>Permanent</i>					
Mrs M S Watts Will Trust	436,186	-	-	(68,292)	367,894
Watts Gallery Permanent Endowment	3,389,551	-	-	(539,418)	2,850,133
Collection	22,790,776	-	-	-	22,790,776
Catalyst Endowment	1,083,481	12,409	-	(163,826)	932,064
	27,699,994	12,409	-	(771,536)	26,940,867
<i>Expendable</i>					
G F Watts Book Fund	3,937	-	-	-	3,937
Watts Gallery Expendable Endowment	710,939	-	-	(114,738)	596,201
	714,876	-	-	(114,738)	600,138
Total endowment funds	28,414,870	12,409	-	(886,274)	27,541,005
Total funds	40,020,277	3,421,554	(3,141,445)	(1,012,929)	39,287,457

Watts Gallery Trust

Notes to the Financial Statements for the Year Ended 31 March 2021

Charity	Balance at 1 April 2020 £	Incoming resources £	Resources expended £	Transfers gains/(losses) £	Other recognised gains/(losses) £	Balance at 31 March 2021 £
Unrestricted funds						
<i>General</i>						
Watts Gallery	1,424,830	2,254,594	(1,677,354)	(440,000)	31,759	1,593,829
<i>Designated</i>						
Watts Gallery	-	-	-	440,000	-	440,000
Total Unrestricted funds	1,424,830	2,254,594	(1,677,354)	-	31,759	2,033,829
Restricted funds						
Gallery Restoration Fund	4,147,506	-	(259,603)	-	-	3,887,903
Graham Robertson Trust Fund	75,642	-	-	-	-	75,642
Other	108,828	119,769	(107,712)	-	-	120,885
Great Studios Project	3,068,225	-	(95,873)	-	107,258	3,079,610
Limmerslease	1,955,824	-	(11,101)	-	-	1,944,723
Chapel Restoration Fund	50,028	84,336	(35,363)	-	-	99,001
Physical Energy Fund	911,971	500	(190,699)	-	-	721,772
Total restricted funds	10,318,024	204,605	(700,351)	-	107,258	9,929,536
Endowment funds						

Watts Gallery Trust

Notes to the Financial Statements for the Year Ended 31 March 2021

	Balance at 1 April 2020 £	Incoming resources £	Resources expended £	Transfers £	Other recognised gains/(losses) £	Balance at 31 March 2021 £
Permanent						
Mrs M S Watts Will Trust	367,894	-	-	-	47,462	415,356
Watts Gallery Permanent Endowment	2,850,133	-	-	-	375,006	3,225,139
Collection Catalyst Endowment	22,790,776	-	-	-	-	22,790,776
	932,064	10,945	-	-	113,101	1,056,110
	<u>26,940,867</u>	<u>10,945</u>	<u>-</u>	<u>-</u>	<u>535,569</u>	<u>27,487,381</u>
Expendable						
GF Watts Book Fund	3,937	-	-	-	-	3,937
Watts Gallery Expendable Endowment	596,201	-	-	-	78,478	674,679
	<u>600,138</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>78,478</u>	<u>678,616</u>
Total endowment funds	<u>27,541,005</u>	<u>10,945</u>	<u>-</u>	<u>-</u>	<u>614,047</u>	<u>28,165,997</u>
Total funds	<u>39,283,859</u>	<u>2,470,144</u>	<u>(2,377,705)</u>	<u>-</u>	<u>753,064</u>	<u>40,129,362</u>

Watts Gallery Trust

Notes to the Financial Statements for the Year Ended 31 March 2021

	Balance at 1 April 2019 £	Incoming resources £	Resources expended £	Other recognised gains/(losses) £	Balance at 31 March 2020 £
Unrestricted funds					
General/					
Watts Gallery	1,383,137	1,715,421	(1,699,437)	25,709	1,424,830
Restricted funds					
Gallery Restoration Fund	4,406,724	-	(259,218)	-	4,147,506
Graham Robertson Trust Fund	75,642	-	-	-	75,642
Other	19,231	99,300	(9,703)	-	108,828
Great Studios Project	3,322,820	-	(102,231)	(152,364)	3,068,225
Limmerslease	1,948,529	10,000	(2,705)	-	1,955,824
Chapel Restoration Fund	76,881	62,870	(89,723)	-	50,028
Physical Energy Fund	371,002	743,312	(202,343)	-	911,971
Total restricted funds	<u>10,220,829</u>	<u>915,482</u>	<u>(665,923)</u>	<u>(152,364)</u>	<u>10,318,024</u>
Endowment funds					
Permanent					
Mrs M S Watts Will Trust	436,186	-	-	(68,292)	367,894
Watts Gallery Permanent Endowment	3,369,551	-	-	(539,418)	2,850,133
Collection Catalyst Endowment	22,790,776	-	-	-	22,790,776
	1,083,481	12,409	-	(163,826)	932,064
	<u>27,699,994</u>	<u>12,409</u>	<u>-</u>	<u>(771,536)</u>	<u>26,940,867</u>

Watts Gallery Trust

Notes to the Financial Statements for the Year Ended 31 March 2021

Expendable	Balance at 1 April 2019	Incoming resources	Resources expended	Other recognised gains/(losses)	Balance at 31 March 2020
	£	£	£	£	£
GF Watts Book Fund	3,937	-	-	-	3,937
Watts Gallery Expendable Endowment	710,939	-	-	(114,738)	596,201
	714,876	-	-	(114,738)	600,138
Total endowment funds	28,414,870	12,409	-	(886,274)	27,541,005
Total funds	40,018,836	2,643,312	(2,365,360)	(1,012,929)	39,283,859

The funds are represented by a mix of assets, primarily property and artwork, as disclosed further in note 23.

Transfers

A transfer of £440,000 was made from Unrestricted General Funds to Unrestricted Designated Funds set aside for the following purposes:

- Website, Digital and IT Fund - to replace IT equipment and improve digital access and engagement
- Covid Fund - to cover operating costs and reduced income streams due to the ongoing effects of the pandemic
- Buildings and Estate Maintenance Fund - to support the ongoing development, conservation and maintenance of the estate
- Future Sustainability Fund - to support strategic commercial initiatives and improve the future financial sustainability of the organisation

Watts Gallery Trust

Notes to the Financial Statements for the Year Ended 31 March 2021

23 Analysis of net assets between funds

Group	Unrestricted funds		Restricted funds	Endowment funds		Total funds
	General	Designated		Permanent		
	£	£	£	£	£	£
Tangible fixed assets	448,092	-	7,632,612	-	8,080,704	
Heritage assets	-	-	-	22,765,564	22,765,564	
Fixed asset investments	688,199	-	995,058	5,263,608	6,946,864	
Current assets	736,214	440,000	1,486,270	136,825	2,799,309	
Current liabilities	(204,638)	-	(47,604)	-	(252,242)	
Creditors over 1 year	(93,333)	-	(136,800)	-	(230,133)	
Total net assets	1,574,533	440,000	9,929,536	28,165,997	40,110,066	

Charity

Charity	Unrestricted funds		Restricted funds	Endowment funds		Total funds
	General	Designated		Permanent		
	£	£	£	£	£	£
Tangible fixed assets	354,650	-	7,632,612	-	7,987,262	
Heritage assets	-	-	-	22,765,564	22,765,564	
Fixed asset investments	688,199	-	995,058	5,263,608	6,946,865	
Current assets	720,452	440,000	1,486,270	136,825	2,783,547	
Current liabilities	(169,472)	-	(47,604)	-	(217,076)	
Creditors over 1 year	-	-	(136,800)	-	(136,800)	
Total net assets	1,593,829	440,000	9,929,536	28,165,997	40,129,362	

24 Related party transactions

During the year the group made the following related party transactions:

Trustees and organisations in which trustees have a controlling interest

During the year, the Group received donations from Trustees and organisations in which trustees have a controlling interest, without conditions attached, totalling £185,020 (2020 - £829,532). At the balance sheet date the amount due to/from Trustees and organisations in which trustees have a controlling interest was £Nil (2020 - £Nil).

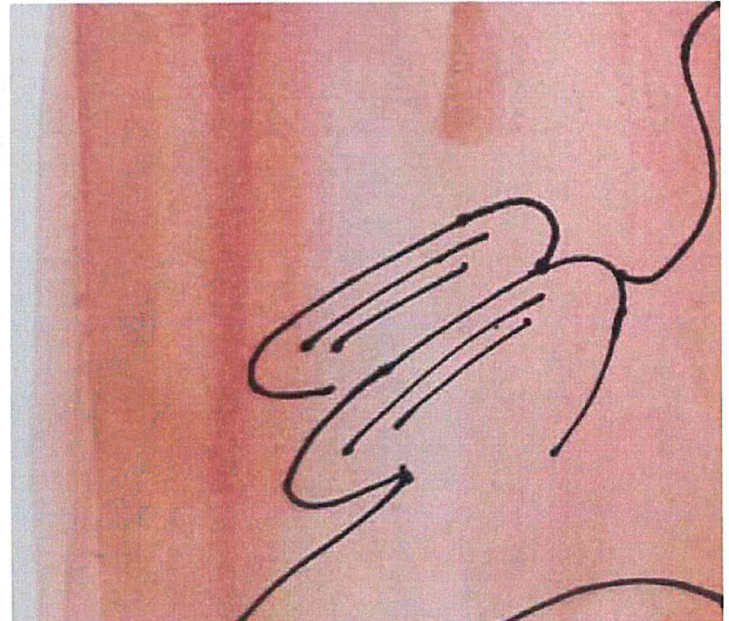
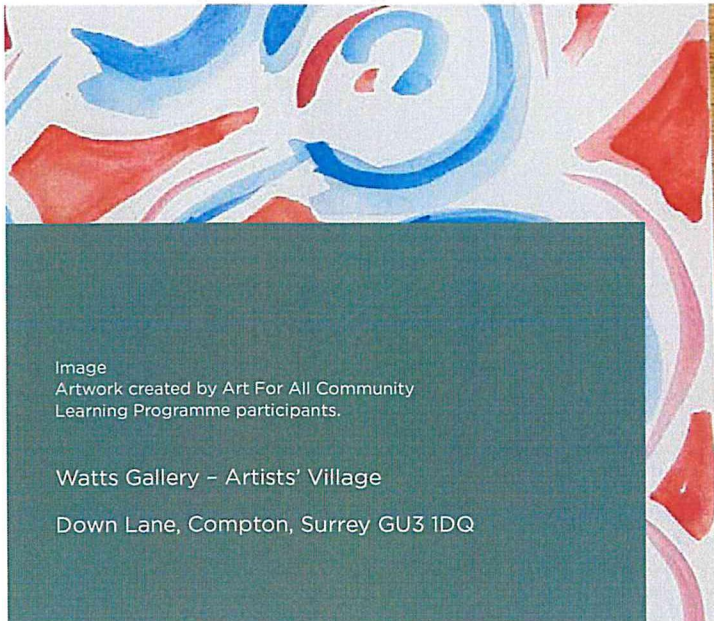
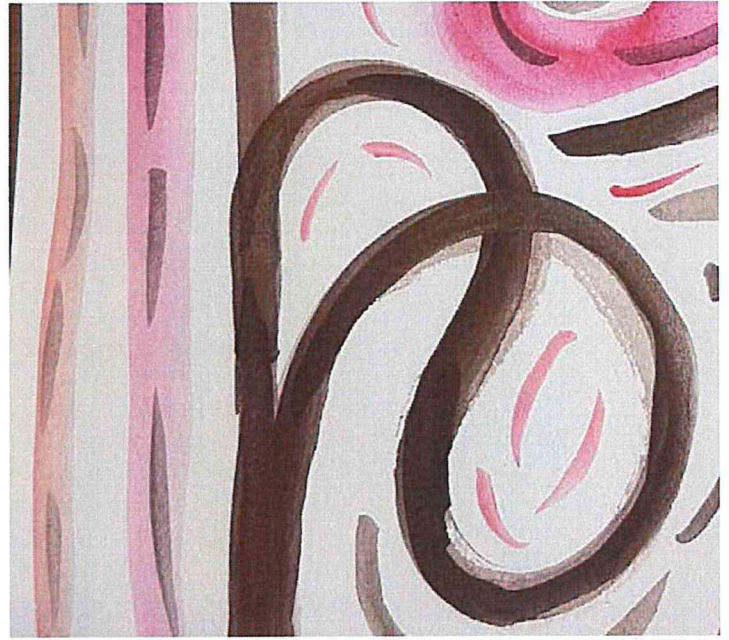
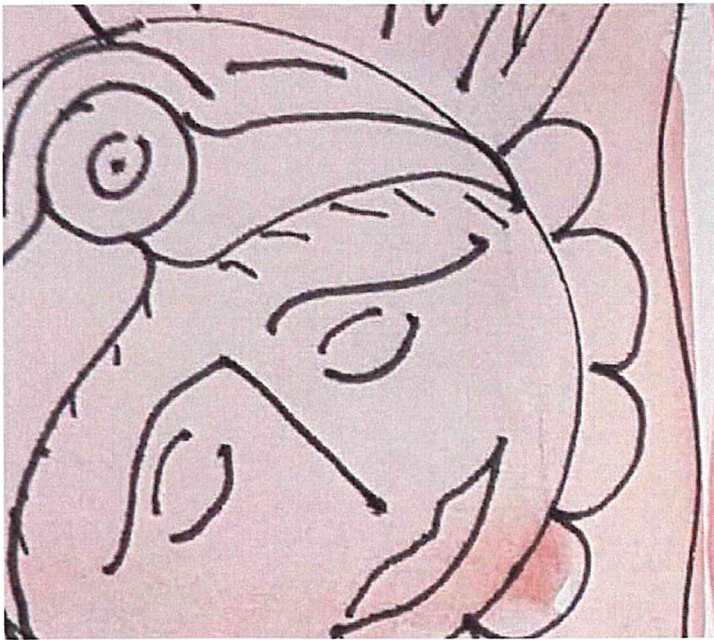
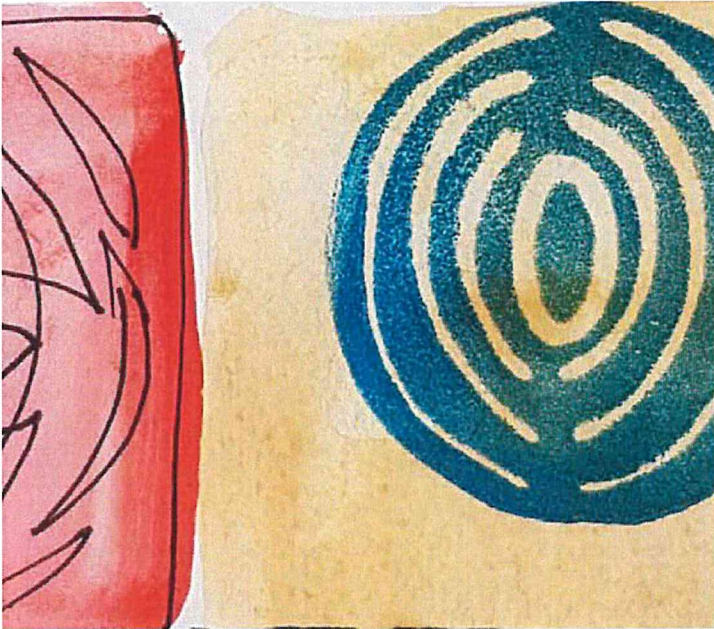


Image
Artwork created by Art For All Community
Learning Programme participants.

Watts Gallery - Artists' Village
Down Lane, Compton, Surrey GU3 1DQ