

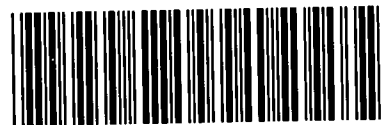
Registered number: 978279
Charity number: 261430

WATERMILL THEATRE LIMITED

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

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WATERMILL THEATRE LIMITED

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WATERMILL THEATRE LIMITED

CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

The chairman presents his statement for the period.

Alongside the Watermill's hugely successful productions this year, the theatre's commitment to community and inclusivity has been at the heart of our work. As an organisation that nurtures diverse new talent, we continue to provide a variety of platforms and opportunities for new and emerging practitioners, whilst creating productions of the highest standard.

The theatre's fantastic achievements include hugely popular productions of new plays, musical and revivals including being the first regional theatre to produce Jez Butterworth's hit play JERUSALEM which is set in neighboring Wiltshire. A number of our shows received near sell-out runs and received major coverage nationwide.

The theatre continues to thrive and has shown remarkable tenacity and resilience in a somewhat unstable arts landscape. Despite a challenging time for arts funding, the theatre continues to perform exceptionally well.

Our commitment to new writing continued with Danielle Pearson's darkly passionate stage adaptation of JANE EYRE, which was a notable success both here and on tour. TRIAL BY LAUGHTER and SWEET CHARITY both played to packed houses and ROBIN HOOD, our Christmas show, thrilled audiences with its energy, musicality and laughter. Our Young Company proved their talent and dedication yet again with their run of Noël Coward's EASY VIRTUE.

MURDER FOR TWO toured nationally in association with Paul Taylor-Mills, returning to the Watermill for another well received run following its 2017 success and BURKE AND HARE went on a rural tour and transferred to Jermyn Street, London following its run at the theatre. We maintained our unique and renowned approaches to Shakespeare with our widely acclaimed productions of MACBETH and A MIDSUMMER NIGHT'S DREAM.

Our work off stage continues to thrive - through the outreach and education department, which offers a range of participatory activities for all ages and abilities.

I wish to pay a heartfelt tribute to the Watermill staff for another successful year and in this, I include our talented and energetic Artistic Director Paul Hart.

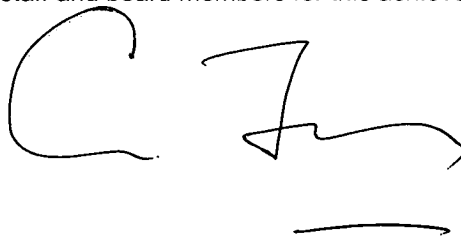
Many thanks to Arts Council England, whose funding support has been crucial in maintaining the artistic output of this wonderful regional theatre.

We are able to celebrate a terrific year at the theatre, on tour and in London all thanks to the unwavering support of our loyal audiences. The hard work and dedication of artists, sponsors, donors, friends of the theatre is gratefully acknowledged. My thanks also extend to and the Board of Trustees and the Friends Committee who all give their time so generously.

I shall be stepping down as Chairman at the forthcoming AGM in September 2019. My involvement with the Watermill goes back to 2005 with the Save the Watermill campaign, which raised the money to buy the theatre and secure its future. Subsequently I joined the Board and took over as Chairman in October 2007. During my chairmanship, I have had the privilege of working with three artistic directors - James Sargent, Hedda Bebbby and now Paul Hart and the unstinting support of a talented board. I am delighted that Andrew McKenzie has agreed to take over as Chairman and I wish him well. No one could have enjoyed my involvement with the Watermill more than I have. It is a unique institution with a fantastic and committed staff dedicated to producing work of the highest standard and my thanks go to all staff and board members for this achievement.

A M L Tuckey
Chairman

Date 21.09.19



WATERMILL THEATRE LIMITED

REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS FOR THE YEAR ENDED 31 MARCH 2019

Trustees

C A Armstrong (resigned 29 September 2018)
C P G Farrant
P C Griffin
D W Grindrod
A M Tuckey
T Rossiter
S Foster
M Whitlum - Cooper
A G McKenzie
S K Parsonage
I Widdowson (appointed 29 September 2018)

Company registered number

978279

Charity registered number

261430

Company secretary

Paul Hart

Chief executive officer

Paul Hart

Independent auditor

James Cowper Kreston
Chartered Accountants and Statutory Auditor
Mill House
Overbridge Square
Hambridge Lane
Newbury
RG14 5UX

Bankers

Svenska Handelsbanken
St Anthony's House
Oxford Square
Oxford Street
Newbury
Berkshire
RG14 1JQ

Solicitors

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

WATERMILL THEATRE LIMITED

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2019

The Trustees present their annual report together with the audited financial statements of the group and the charity for the year 1 April 2018 to 31 March 2019. The Trustees confirm that the Annual Report and financial statements of the company comply with the current statutory requirements, the requirements of the company's governing document and the provisions of the Statement of Recommended Practice (SORP), applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) as amended by Update Bulletin 1 (effective 1 January 2015).

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

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

The Board meets six times a year and receives a presentation on all aspects of the running of the theatre from the Artistic Director and the Senior Management Team.

The Finance Committee meets at least six times a year, prior to each Board meeting. Its primary role is to review the Annual Budget, Management Accounts, Risk Register and Financial Statements and make representations to the Board as required. The committee also reviews any major financial decision prior to Board approval.

Andrew Tuckey chairs the Board and a list of Board members at the year end is shown on page 2. The Trustees regularly review the structure, size and composition of the Board, with the object of having a membership of varied experience that is able to offer help and advice to the Artistic and Executive Director and the theatre's management team.

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

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

OBJECTIVES AND ACTIVITIES

Objectives and aims

The principal objects of the Watermill are to promote, maintain, improve and advance education particularly by the production of educational plays and the encouragement of the arts including the arts of drama, ballet, music, singing, literature, sculpture and painting.

The principal objects and aims were fulfilled in 2018-19 through the continued production of educational plays and the development of theatre and the performing arts.

The purpose of all our activities is to encourage an understanding and knowledge of the arts through a programme, which is focussed on education and enjoyment for the public of drama, music, and the arts in general. The Watermill plays an important part in the quality of life of its community and aims to present a programme of live performances that is inspiring and thought provoking.

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

- a broad range programme of theatre productions that includes classical and contemporary drama, musical theatre and work for young people;
- a range of participatory activities for all ages to encourage creativity of all kinds;
- providing an environment and resources for amateur and professional artists to develop;
- involving people of all ages in the arts.

WATERMILL THEATRE LIMITED

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2019

In developing the objectives for the year, and in planning activities, the Trustees have considered the Charity Commission's guidance on public benefit and pricing. The programme is planned so that during the year it entertains, inspires and challenges the broadest possible audience. Particular regard is given to ticket prices in terms of affordability, accessibility and audience development. We offer several concessions including, £10 tickets for 16 to 25 year olds for all performances of main house shows, 20% discount on Tuesday to Saturday performances for schools and youth groups, £5 standby tickets for under 18s, reduced priced tickets on first Thursday and Friday evenings on main house shows, and Monday evening and Thursday matinee ticket prices are reduced.

Our key performance indicators within the Arts Council's wider objectives are particularly focused on age and disability, and the Outreach and Education activities are integral to fulfilling these aims and objectives.

In response to these objectives in 2018-19, we:

- continually review The Equality Action Plan;
- widen our offer by programming Relaxed Performances (for both ROBIN HOOD and MACBETH);
- have a full time member of staff trained as an Audio Descriptor;
- have piloted one captioned performance and continue to develop this capability;
- offered a specific access programme for adults and young people who are at risk, session for those who are D/deaf, on the autistic spectrum and/or have a learning disability;
- continue to offer a variety of activities aimed at preschool children to adults;
- continue to offer a daytime weekly drama group for older adults no longer in full time work;
- UPSTAGE - a weekly evening drama group for people over 18 years.

We ensure that tickets are priced consistently and encourage accessibility. In addition, we continue to work to build a strong and sustainable audience base for access performances. Our touring work furthers our objectives to deliver our work to reach as wide an audience as possible.

Artistic Programme

The Watermill Theatre presented a packed artistic programme this year by producing nine shows. This included one outreach touring production and one schools touring production and one youth theatre production as well as a host of events and workshops. Overall, 392 performances were delivered, with 67,740 audience members seeing our work at the theatre and we played to an average 89% capacity.

We kicked off the year with BURKE AND HARE, a new version by Tom Wentworth and directed by Abigail Pickard Price, which ran for two weeks before launching a 22 venue tour across the county and finishing with a two week run at Jermyn Street London. Following this, we reunited our Watermill Ensemble who, with director Paul Hart, created an incredibly fresh and innovative A MIDSUMMER'S NIGHT'S DREAM which ran for six weeks and played to 7,287 audience members with 21 schools seeing the show. Tyrone Huntley was nominated for an Ian Charleson Award for his performance as Lysander in this production.

JERUSALEM, directed by Lisa Blair, was next on stage with Jasper Britton playing the lead role of Johnny Rooster Byron and who was subsequently nominated for Best Actor by UK Theatre Awards. JERUSALEM received major national press coverage with The Telegraph, The Times and WhatsOnStage all awarding the production 5*.

Our Summer Musical SWEET CHARITY with Gemma Sutton playing the lead also proved very popular during its eight week run. Directed by Paul Hart, SWEET CHARITY played to 95% capacity and again received favourable reviews from major reviewers. Hot on the heels of this successful summer musical we welcomed the return of Ian Hislop and Nick Newman with their new play, TRIAL BY LAUGHTER, directed by Caroline Leslie. This premiere, inspired by extraordinary real-life events, entertained 8,575 audience members over a six week run.

JANE EYRE, adapted by Danielle Pearson, the Watermill's young playwright in-residence, and directed by Chloe France, (who previously gained experience via our Nurturing New Talent Scheme) played on The Watermill stage for just one week before launching its tour to schools in the region. Pupils from 11 schools saw this production and it visited four local village halls.

WATERMILL THEATRE LIMITED

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2019

It was another fantastic year for our Young Company with a near sell-out show of Noel Coward's *EASY VIRTUE*, directed by Seamus Allen, exploring a new genre of work with a talented group of young performers.

ROBIN HOOD, our much anticipated family Christmas show was next on the artistic calendar. Directed by Laura Keefe and adapted by Laura Dockrill, we welcomed over 15,487 audience members during the 8 week run with 60 schools and youth groups booking to see the show.

With the start of the New Year, we welcomed the return of *MURDER FOR TWO*, following its huge success in 2017. This high energy musical whodunit, directed by Luke Sheppard, continued to wow audiences and played to an impressive 78% capacity during its four week run.

Our unique approach to Shakespeare continues to thrive. The year concluded with *MACBETH*, a thrilling, dark and powerful production created by The Watermill Ensemble and directed by Paul Hart. This production received 4* from The Guardian, WhatsOnStage and The Stage and played to 93% capacity.

2018-19 saw some astonishing touring and transfer achievements too. We produced more tours and transfers than ever before, increasing our exposure on a national scale. Shows on tour included *TRIAL BY LAUGHTER* running two national tours, *THE WIPERS TIMES* which ran a third national tour and second west end run at the Arts Theatre, *CRAZY FOR YOU* which completed a nine month national tour, *TEDDY* which completed a national tour with its extensive run at The Vaults in London, *MURDER FOR TWO* embarked on a national tour and returned to The Other Palace in London, *BURKE AND HARE* ran for four weeks over Christmas at Jermyn Street, London, and *TWELFTH NIGHT* was revived and played at Wilton's Music Hall, London for two weeks.

Our Associate Artist Programme continued a focused approach to talent development and excellence in the areas of choreography, orchestration, and set design. We have also given opportunities to 26 recent actor graduates. 22% of actors invited to auditions were from BAME background. Attention was also given to gender equality casting throughout the year.

Our one-off events have continued with great success. We have welcomed a number of companies who create work for young people including Tell Tale Hearts with their range of *SUITCASE STORIES* and Rhubarb Theatre presenting *SIDNEY'S SHED*. Our Sunday Music Sessions are proving very popular with events continually selling out – these have included *THE DAISY CHAINS*, *MANDY AND THE MIDNIGHT SWINGERS* and *JOHNNY VALENTINE AND THE BROKEN HEARTS* as well as live comedy with *BOUNDER AND CAD*. We continue to run our Family Fun Days and this year our *ROBIN HOOD* themed event attracted over 150 children and their families.

Our commissions and adaptations included *JANE EYRE* a new version by Danielle Pearson, *ROBIN HOOD*, in a new version by Laura Dockrill and *BURKE AND HARE* was a new play by Tom Wentworth.

We were delighted to be named as Regional Theatre Of The Year by theatre blog 'Spy In The Stalls' and there was recognition too for our work off stage with Clare Lindsay, our General Manager receiving Theatre Employee of the Year at the UK Theatre Awards.

The Watermill continued to attract excellent levels of national and local press coverage, which has continued to highlight the excellence of the theatre's work. A selection of press reviews provides evidence of the work's continued strong reception.

A Midsummer Night's Dream:

'Expect the unexpected in an evening of magical delight' **** WhatsOnStage

'A playful production... fizzing with humour and charm' **** The Stage

'Big-hearted and dazzling' **** The Spy in the Stalls

Jerusalem:

'Magnificent' ***** The Telegraph

'This modern great play remains immense' ***** The Times

'This vision of England, at once fantastical and real, funny and tragic, wild and profound is a modern classic' ***** WhatsOnStage

WATERMILL THEATRE LIMITED

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2019

Burke and Hare:

'A fast-paced piece of vaudeville complete with audience participation, foot tapping songs, snappy visual gags and an abundance of comedy accents' The Stage
'A beautifully constructed piece' Henley Standard
'An amusing and brisk take on a sinister true crime' **** The Spy in the Stalls
'Imaginative and inventive... a lively and fun production' Pocket Size Theatre

Sweet Charity:

'A tremendous leading turn from Gemma Sutton as Charity' **** The Telegraph
'Stunning orchestrations' **** WhatsOnStage
'Poignant, sassy and exhilarating... Impossible to resist' The Times
'A stylish and entertaining summer treat' **** The Sunday Express

Jane Eyre (Schools Tour):

'This is both a story of 1847 and one of today... not a moment is wasted' The Spy in the Stalls ****
'A play that had the audience riveted from start to finish' Newbury Weekly News

Easy Virtue (Young Company):

'The Watermill Young Company did their home theatre proud' Newbury Weekly News
'An enjoyable journey' Newbury Weekly News

Trial By Laughter:

'An engaging and educational tribute to a remarkable figure' The Guardian
'A David-v-Goliath celebration of dissent' **** The Telegraph

Robin Hood:

'An off the wall adaptation of the famous folk tale' The Stage
'An auditorium full of small children was delightedly entertained' The Guardian
'Charming and agreeably silly' The Times
'Refreshingly vibrant... the perfect start to the festive season' British Theatre Guide

Murder For Two:

'A killer show... hilarious and brilliantly performed' **** The Stage
'A cracking, fast-moving production' Newbury Weekly News
'A better way of avoiding the winter blues for a couple of hours is hard to imagine' Oxford Times *****

Macbeth:

'Dazzling... a show that burns with purpose, passion and energy to spare' The Guardian ****
'Hart directs with a fine sense of the cinematic' WhatsOnStage ****
'Raucous and bloody' The Stage ****

Our support of new talent has continued. Following our initial support of our Associate Company Wildcard, their show 'Electrolyte' went on to become a huge hit at this year's Edinburgh festival, winning six major awards including 'Les Enfants Terrible Award', 'Pleasant Newcomer' and 'Mental Health Fringe Award'. The company have launched a national tour of the show, which will play at the Watermill as part of the tour. We worked with over 30 creative team members at the start of their careers and we employed over 100 artists to work with us over the last twelve months.

WATERMILL THEATRE LIMITED

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2019

OUTREACH, LEARNING AND PARTICIPATION

The Outreach Department has had another strong year of participation with over 19,000 people taking part in our programme. We now consistently welcome over 300 young people each week and have engaged with 2,000 adults during the year.

This extensive programme consists of activities for:

Young People

- Weekly workshops for ages 5-25 years including Youth Theatre, Senior Youth theatre, Young Company, and Associate Youth Theatre.
- Waterminis for families and children aged 18 months to school starting age.
- Autism friendly youth theatre.
- Youth well-being drama groups.
- Mixed hearing and D/deaf youth theatre group.
- Weekly workshops for Home Educated young people.

Adults

- Monthly session for adults with mental health and well-being needs.
- A daytime weekly session for retired adults.
- Performance insight projects for adults with a learning disability.
- An evening weekly session for adults living locally.
- Session for adults with learning disabilities.

'We feel that K's connection with The Watermill is enabling and encouraging her to develop a huge spectrum of skills which, we are already seeing, stand her in good stead to tackle life's challenges and to fulfil her ambitions'.

- Senior Youth Theatre parent

'It means that I can be who I am rather than what people want me to be'.

- Interval Participant

Through this provision, we recognised the importance of offering performance opportunities to give participants a well-rounded, authentic and fulfilling experience. During 2018-19, we hosted four large-scale performances for our regular groups. These included:

- THE OUT OF REACH - A celebratory performance involving over 60 adults and young people who are vulnerable or at risk.
- DREAM IN THE GARDEN – A site-specific performance in the Watermill gardens performed by the Associate Youth Theatre, involving over 60 young people.
- EASY VIRTUE – Our Young Company production fully supported by a professional team from the Watermill and performed by 18 young people for a weeklong, sell-out run at the Watermill.
- BRONTE'S UNVEILED – A large-scale community performance, celebrating the Brontë Sisters, involving over 100 adults and young people from some of our regular groups.

We also produced a new interactive performance of GOLDILOCKS specifically for children aged 0-5 years and their families. This production, written and performed by a local actor, toured to five library settings and four early years education settings.

We continue to extend our provision into the surrounding community and have focused on creating strong partnerships with local organisations and schools. During 2018-19, we engaged with 50 local schools, reaching over 6,000 young people. These workshops have covered a variety of subjects including communication skills, curriculum-based support, LAMDA coaching and theatre skills sessions. We also toured our production of JANE EYRE to school, which reached over 1,376 students from 11 schools.

'Thank you for bringing this fabulous performance to our school'

- Jane Eyre audience member

This ongoing relationship with local schools led to our fourth biennial Excel performance, THE MYSTERY AT

WATERMILL THEATRE LIMITED

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2019

MOWBRAY MANOR. This special production was written by students from Trinity school and, was performed by over 140 young people from seven local primary schools in West Berkshire.

To extend our provision for schools and students, we continue to produce insightful and informative education packs to accompany our main shows. In the past year, we produced seven packs, which were sent to schools who booked to see a performance, and these were available on the Watermill's website. In addition, education packs for BURKE AND HARE and TWELFTH NIGHT were updated and shared with touring venues in receipt of our shows.

Recognising the importance of nurturing young people, we continue to host work experience placements. Last year we were able to offer five weeklong placements and a further three placements through our Horizons programmes, designed specifically for young people who are vulnerable or at risk. During these placements, we aim to fully immerse the young people in the operational aspects of the theatre, giving them an authentic experience.

Our holiday courses continue to be popular. During the year, we offered 12 holiday courses including a Play In A Week and a Musical in a Week, Stage Combat, Theatre Academy, Scribbles from the Margins and a Musical Theatre Day. Over 1,350 participants attended a holiday course. In the autumn, we programmed a course during the holiday for people with profound learning disabilities. This sensory storytelling session welcomed 22 participants and companions to the theatre, many of whom had not previously taken part. Throughout the year, we continue to offer one-off events for adults designed to support their visit to the theatre and widen their experience. We held Scratch Choir events, Shakespeare Skills Day and 'The World Of' courses, as well as backstage tours and talkbacks.

As part of our ongoing commitment to support local arts professionals, we programmed monthly workshops for our Actors Forum members giving actors within our community the space to meet and develop their craft with like-minded people and visiting creatives.

Our Outreach department is committed to supporting our professional productions in a variety of ways, which aim to continue that promotes and supports access to our productions. To increase and widen our offer, we hosted two Relaxed Performances for both ROBIN HOOD and MACBETH, welcoming 278 people in total. To help prepare audience members, we also created and distributed detailed visual stories for these performances.

During our run of BURKE AND HARE, we piloted one captioned performance and we continue to explore the best method of presenting captioned performances going forward. Following the previous success of our Sign integrated performance; we programmed seven Sign integrated performances across the year reaching 143 audience members with a hearing impairment.

'For anyone looking for the future of interpreted/accessible performance, they would do well to follow the example and culture that you are setting there'.

- Hearing director who works with D/deaf actors

We have also offered the following provision for the least engaged: sight-guided touch tours, familiarisation visits, backstage tours, introductory workshops, British Sign Language interpreted introductions and tours.

We are committed to sharing best practice and knowledge. During the year, we have trained designated volunteer ushers and front-facing staff in sight-guiding and hearing impairment awareness.

As our Outreach Department work extensively with young people and vulnerable adults, we have clear procedures in place to safeguard our participants. All our full-time and free-lance facilitators are DBS checked (Disclosure and Barring Service). Our Safeguarding Policy is regularly reviewed and updated and is shared with all outreach staff at the Watermill. The policy is also available on our shared drive for all to access.

WATERMILL THEATRE LIMITED

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2019

Our Outreach Director, Outreach Assistant and Community Associate have all completed Child and Vulnerable Adult Safeguard training. This knowledge and best practice is shared with all freelance facilitators, full-time staff, volunteers and actors, where necessary. They are also informed about the Watermill's in-house safeguarding procedures. If a concern is raised, this is documented and confidentially discussed by our designated Safeguarding Officers, who takes any necessary action. These records are kept indefinitely. There were no complaints in the year.

Volunteers

The Watermill's day to day running is supported by a team of volunteers who contribute in many ways. Front of House ushers come from a pool of over 70 volunteers. Thanks to this, staff costs are kept lower than would otherwise be possible, and they are the crucial front face of the theatre for our audience. This loyal and enthusiastic group of people give approximately 1828 hours supporting the 392 performances. We continue to recruit new ushers each year, looking to attract people from diverse backgrounds and age groups.

Specialised training was offered to the team to support visually impaired audience members. We offer a one to one service for the patrons wishing to attend our Audio Described performances.

We are enormously grateful to all our Volunteers for their continued loyal support.

Pricing Policy and Marketing

The Watermill welcomed audience members to 392 performances or events (2017-18: 457), with a total ticketed attendance of 67,740, achieving 89% of capacity (2017-18: 73,145). 65,267 tickets were sold for main house shows and 2,473 for one off events.

JERUSALEM, SWEET CHARITY, TRIAL BY LAUGHTER, JANE EYRE (schools tour), EASY VIRTUE (Young Company) and MACBETH achieved over 90% of capacity.

Overall, we offered 7,252 tickets at a concessionary rate to children and senior citizens. In addition to this, we sold 383 discounted tickets for those aged 16 to 25 and 44 student standby tickets were purchased.

9,161 tickets were issued to school and youth groups, making up 13% of overall ticket sales. We welcomed 114 schools and youth groups with 67 attending our Christmas show, ROBIN HOOD, an increase on last year's 63 schools.

We attracted audiences to the Watermill from a wide geographic area and reached audiences around the UK on tour. As part of our ongoing commitment to making theatre available in locations where the provision is often limited, we toured our productions of BURKE AND HARE and JANE EYRE to rural areas where 2,040 people saw the shows in village halls and small arts centres.

We retained 46% of audiences who attended in 2017 for a return visit in 2018 as well as attracting new customers to the theatre. First time visitors accounted for 25% of the total tickets sold for ROBIN HOOD, 24% for MACBETH and 21% for JERUSALEM.

We raised awareness of the theatre's work and profile through strong national and regional press coverage. Particular highlights include a broadcast piece by BBC South who covered our Sign integrated performances of A MIDSUMMER NIGHT'S DREAM and a feature by theatre and education journalist Susan Elkin exploring our innovative use of integrating sign language with Shakespeare.

'The signing is taking centre stage' BBC South

'The Watermill are setting new standards' Susan Elkin, Inkpellet Magazine

We also achieved multiple national reviews for JERUSALEM, TRIAL BY LAUGHTER, SWEET CHARITY and ROBIN HOOD.

WATERMILL THEATRE LIMITED

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2019

We continued to reach a large online audience through digital platforms and content. 46% of ticket sales were achieved online. We had 274,926 visits to our website, a 4.38% increase on last year. We also produced and published 17 pieces of video content on YouTube and Facebook including trailers, backstage footage, interviews with actors and directors and BSL introductions to our shows.

Pricing policy

Our pricing policy is aimed at maximising our potential income to support the charity whilst at the same time ensuring all members of our community can attend the theatre. Productions are priced in relation to the costs of mounting a particular show. Full price tickets for main house shows ranged from £12 - £33 with concessions available for children, students, senior citizens, job seekers, people with disabilities and their companions, schools, groups and West Berkshire Green Card holders.

There are also special discount initiatives aimed at attracting particular groups and first-time attendees. We plan and implement audience development, sales and marketing strategies and campaigns that ensure the theatre continues to reach new and more diverse audiences.

During 2018-19, we conducted a detailed audience survey and completed initial analysis with Silver Sea Insight (pricing and audience development consultants) to inform future changes to our pricing policy. We aim to implement an updated pricing structure from the beginning of 2020 to ensure our work is affordable and accessible to as broad a range of people as possible whilst also maximising potential income.

Our exceedingly high Net Promoter Score is evidence that its audiences hold the Watermill in high regard. As part of a survey sent to audience members, respondents were asked how likely they were to recommend the Watermill. Generally, a positive NPS is seen as good, with a score of 50+ seen as excellent. The Net Promoter Score across our survey sample was 78, higher than the arts average of 60-65.

Accessibility

The Watermill is 90% accessible to wheelchair users and people with mobility difficulties. We offer familiarisation visits to anyone who would benefit from coming to the theatre to get their bearings in advance of their visit.

In 2018-19, our Signed Integrated performances continued to thrive and we presented seven performances, attended by 143 audience members with a hearing impairment.

We held two Relaxed Performances, for ROBIN HOOD and MACBETH, attended by 278 audience members. Audio description was offered on all long-running main house productions with a Touch Tour before the show. 28 people with a visual impairment attended these.

Digital

Watermill increased its digital output in 2018-19:

- We used video projection in three productions –SWEET CHARITY, TRIAL BY LAUGHTER and MACBETH.
- Utilised video to reach audiences on Sign Integrated performances.
- We piloted The Watermill Theatre Podcast, producing four episodes resulting in over 1,300 listens across multiple platforms and continued to create and embed Spotify playlists on our website to further audience engagement with the show pages. We also produced two audio brochures and distributed these to our access list.
- Our social media following has increased too with 1,769 followers on Instagram (61% increase), 5,284 likes on Facebook (11% increase) and 14,200 followers on Twitter (5% increase).

WATERMILL THEATRE LIMITED

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2019

Building work

Our building is unique and at the centre of our creative activities. We are committed to ensuring that our facilities remain well cared for and fit for purpose.

Through consultation and discussions with staff members and the Board several key projects to maintain and develop the site have been identified. As a result, the Board commissioned an architectural review of the whole site. The findings of the report and any actions will be discussed and priorities decided in 2019-20.

A site manager was recruited in this financial year in response to the increase complexity and time required to look after the theatre building, and the actors' accommodation.

During each financial year we carry out a review of, and where required a programme of expenditure on the improvement of our IT infrastructure and repairs and maintenance to the theatre and its grounds, the restaurant and bar and the actor's accommodation. £60k was spent in this way in 2018-19.

Fundraising

Development income has performed extremely well in 2018-19 with total gross fundraised income (including restricted, unrestricted and Friends) reaching a pleasing £469,018.

Unrestricted Income

Unrestricted income (excluding Friends and ACE grant income) stands at £291,553 (2017-18 - £321,614, which included £40,000 of anniversary income). The majority of income comes from Trusts & Foundations representing 61% followed by general donations at 25%, corporate/sponsorship at 12% and legacies/other making up the remaining 2%.

We are incredibly grateful to those who support our artistic programme and who provide financial assistance for the work we do in the community. In particular, the contributions we receive from Trusts and Foundations for our outreach and education programme is invaluable and these grants are the bedrock of our fundraising success. Without this, we would struggle to reach target and deliver a range of inspirational programmes. It is worth noting that we currently receive funding from one particular Trust, which makes up around 70% of overall Trust income. This grant agreement expires in March 2020 and best efforts will be made to replace/renew this support.

Corporate support remains relatively strong with 17 companies (mostly local) supporting our work through sponsorship and corporate club membership. Again, our gratitude is extended to our loyal corporate partners. We welcomed five Principal and Performance sponsors this year and together with corporate membership, this generated £35,750. It is our intention to focus on corporate support in the future, as we believe this may provide an area of increased growth for us.

For the third year in a row, we have received a Legacy gift. We publicise the opportunities and benefits of Legacy Giving in a number of publications, on the website and around the theatre and will continue to do so next year.

The income from our Individual Giving Programme remains constant with some anticipated attrition. However, overall, we have managed to replace most dropouts with new commitments of support. We currently have 10 Benefactors which generates around £15,000 per year.

Restricted Income

Restricted income totalled £71,538 (2017-18 - £74,260)

We are delighted to report that following a very successful initial three year project, Greenham Trust has agreed to renew its support of the Watermill's Community Associate post together with associated costs for the programme. The role of the Community Associate is to manage and deliver a series of drama projects to further engage with vulnerable and disadvantaged people in our community. A significant increase in grant for this project (35% compared to the previous year) has been granted with support continuing to 2021.

WATERMILL THEATRE LIMITED

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2019

The Andrew Lloyd Webber Foundation has also kindly confirmed its continued support of a Trainee Production/Stage Management Assistant post. This year long opportunity provides hands-on training for a young person at the beginning of their career. This programme will continue for a further three years, to 2021 giving three individuals professional training second to none.

The Friends of the Watermill

Friends income reached £105,926 (2017-18 £112,776) which was a great achievement.

The Friends Committee is run by dedicated volunteers who give their time freely to raise funds for the benefit of the theatre. They have been particularly active this year running a number of interesting events and activities for our audience to enjoy. A series of lunchtime talks and supper clubs with keynote speakers were organised together with walks with talks, a series of Summer, Craft and Christmas Fairs and regular 'meet the cast' evenings, workshops and visits to places of interest.

Friends income is divided into two areas: event activities and membership. The committee raised an impressive £45,988 (gross) for event activities and Friends Membership generates £59,938 (gross). Membership stands at 1,346 members and following a Friends membership recruitment drive in October, there was an encouraging lift in numbers with 65 new members supporting the theatre as a Friend.

The work which the Friends committee undertakes is applauded, and their contribution is greatly appreciated. We welcomed our new Chair, Ian Widdowson to the role in September 2018 and he has already made a positive impact on Friends activities. Special thanks go to all committee members for their tireless work.

Expenditure

Development Expenditure in relation to unrestricted income continues to be managed well with total direct costs of £9,373 (2017-18 - £11,313). The majority of spending relates to ticket costs necessary to deliver corporate partnership benefits. Total restricted costs associated with administering the Greenham Trust and Andrew Lloyd Webber grants came to £69,946.

The Friends expenditure is kept to a minimum at £16,795 with most costs relating to event costs.

FINANCIAL REVIEW

Watermill's key financial objective is to ensure that the theatre has the necessary resources to deliver its charitable objectives and maintain financial viability and resilience. The financial performance in 2018-19 resulted in an overall surplus of £77k.

The financial results show good progress towards the goals for the Arts Council's complete funding period. Income was up 2% from budget and as a result it has not been necessary to draw on reserves.

There remains pressure on costs because of the increase in pension contributions, the minimum wage, and cost of materials used to create our productions.

Unrestricted Funds

Watermill Theatre Productions Limited is a subsidiary of Watermill Theatre Limited (the charity), and is commissioned by the Trustees of the charity to produce and make artistic decisions about all its shows and to claim Theatre Tax Relief on qualifying production costs. Theatre Tax Relief (TTR) was introduced in Finance Act 2014 to provide a tax break for production companies engaged in qualifying theatre productions. The relief is designed to recognise the unique cultural value theatre brings to the UK, and encourage greater and more diverse productions.

TTR provides the Watermill with a repayable credit and has enabled more investment in the direct cost of our productions. The amount derived from current year productions is reinvested in future productions. Provision for amounts due for 2018-19 is just over £136k (2017-18 -£160k, £31k of this related to previous years) and is included as part of income from charitable activities.

WATERMILL THEATRE LIMITED

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2019

In 2018-19, the charity entered its first year of a four year funding cycle from Arts Council England as a National Portfolio Organisation.

The Trustees report a surplus for the year on unrestricted funds of £171k (2017-18 £238k). All areas of income generation performed well given the uncertain economic climate. The Watermill maintains a healthy balance between self generated income (box office, fundraising, catering, and front of house) and grants from Arts Council England. Of the total incoming resources of £3.2m (2017-18 £3.4), 86% (2017-18 87%) is self generated and the balance of 14% (2018 13%) is Arts Council grant income.

Ticket sales and related activities continue to be the main source of self-generated income with 62% (2017-56%) achieved from income from charitable activities, 23% from other trading activities and 15% from donations and legacies. The number of tickets sold was 67,740.

The positive financial outcome has been supported by royalties from our co production activities - CRAZY FOR YOU with Jamie Wilson Productions Limited, THE WIPERS TIMES and TRIAL BY LAUGHTER with Trademark Touring Limited.

Donations from trusts and individuals, the activities of the Friends, corporate sponsorship and fund raising from other sources continue to be essential funding sources and voluntary income excluding grants represents 47% of this income source at £397k.

Other trading activities include the income from the theatre's restaurant. The catering operation traded well generating a gross surplus of £144k (2017-18: £121k). The performance of the restaurant mirrors that of the theatre due to the theatre's location. The increase in net income is primarily due to higher spend per head in the restaurant and an increase in front of house merchandise sales.

Total unrestricted expenditure for the year was £3.2m (2017-18 £3.2m). Costs incurred in one financial year fluctuate depending on whether there is a major tour. Our main tour will be in 2019-20.

Of the total spent in the year, theatre production accounted for 77%, restaurant and bar 16%, and cost of raising voluntary funds 7%.

We managed to keep costs down in various ways, for example by using one company primarily to build our sets we managed to achieve some economies of scale. In addition, the co-production activities helped to keep costs down as did the return of the 2017-18 production of MURDER FOR TWO.

Support costs covers expenditure on front of house staff responsible for contact with the audience, marketing, box office, management and maintenance of the building including insurance, energy costs, finance, governance and IT. These costs are allocated against the main activities of the Watermill.

The cumulative balance of unrestricted funds at the yearend is £2.2m (2017-18: £2.1m).

Restricted Funds

The Watermill restricted funds reduced by £94k during the year.

Restricted funds are receipts, which have been provided by donors for specific purposes within the overall aim of the organisation.

The Restricted income in the year is made up of the two grants:

- grant from Greenham Trust of £53k for the Community Associate Project and a balance of donations from participants.
- grant from the Andrew Lloyd Webber Foundation of £15.5k for the Stage Management Trainee Post.

Expenditure on restricted funds comprised of the costs associated with the two grants and depreciation on freehold land and building.

The cumulative balance of restricted funds at the year end is £2.5m (2017-18: £2.6m).

WATERMILL THEATRE LIMITED

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2019

Capital Expenditure

Total capital expenditure for the year was £60k, and was spent on the theatre, restaurant equipment and the replacement of IT equipment.

Reserves Policy

The Trustees have reviewed the financial outlook, and whilst acknowledging the risk surrounding the high expectation from Box Office income, consider the level of reserves sufficient for the Watermill to be able to continue to operate on a going concern basis.

The Watermill's policy is each year to match income and expenditure and avoid accumulating a deficit whilst taking into account the level of grant receivable from the Arts Council.

If surpluses arise, these are carried to reserves, which may be called upon

- to ensure the theatre's core activity could continue during a period of unforeseen difficulty,
- to continue investment in the charity's key assets of the Grade 2 listed property and its amenities,
- to further the diversification of all our theatre's activities.

Trustees reviewed the unrestricted reserves to ensure they provide adequate resources to enable the continuity of operations in the event of an unexpected fall in income, in recognition of the volatility of box office income and the knock on effect of lower attendance on catering income. The trustees also acknowledge the ongoing challenges of fundraising in the current economic climate. The Trustees' aim in accumulating reserves is to build resilience and sustain the charity's current level of activity bearing in mind the nature and vulnerability of its main source of income.

A healthy Reserves balance will allow the charity to take advantage of opportunities, and develop its artistic output.

Cash flow projections show that the charity has sufficient liquidity to continue its charitable activities for at least twelve months and the Trustees are therefore of the opinion that the financial statements should be prepared on a going concern basis.

Having assessed the potential level of risk and taking account of the theatre's planned activities the Trustees see the £2.2m unrestricted funds of the theatre being applied in the following way:

Designated reserves of £1.355m for:

- Possible shortfalls in Box Office income - £300k
- Major capital works - improvement to/redevelopment of the Grade 2 listed theatre, its offices, rehearsal rooms and accommodation for actors and creative team - £1m
- Potential future investment in developing and commissioning work - £25k
- Take advantage of opportunities outside the normal budgeting cycle in fulfilment of our charitable objectives and Arts Council England's requirements - £25k
- Improving our digital capability - £5k

Unrestricted reserves of £845k represents 3 months of operational costs.

This level of provision is considered appropriate by the Trustees given the plans for future activities.

WATERMILL THEATRE LIMITED

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2019

Financial Resilience

As an organisation in receipt of grant funding and reliant on donor support, the Watermill Theatre has a particular responsibility to operate responsibly, prudently and sustainably. The aim of the Watermill is to maintain a healthy balance between self generated income and grants whilst ensuring affordable access to our programme. We must ensure that our planned activities, whilst delivering against our vision for the Watermill, are also manageable within a balanced budget. We continue to seek to build on our success in raising most of our operating income from our activities nationally. In building a long term financial model we seek to use any earnings in excess of a core sustainable level to build reserves, invest in capital and seed fund development projects.

Our financial sustainability is strengthened by a steady rate of unrestricted income at £3m per year. The net movement in unrestricted operational funds was £171k (2017-18 - £238k) increasing operational reserves to £2.2m.

The Watermill's ability to maintain its current level of activity is heavily dependent on the financial performance of the core activities, donations and on the funding received from the Arts Council of £450k per year.

In order to ensure financial sustainability, the Watermill has a four year business plan which looks in detail at potential challenges as well as opportunities for the organisation. Progress against this plan is monitored, updated, and reported to the Trustees and the Arts Council on a regular basis.

This policy for budgeting annual income and expenditure is directed towards enabling the Watermill to continue its current level and quality of activity.

To create income growth, we continue to explore opportunities such as commercial co – productions as well as offering some of our successful activities off site. In addition, the cost base is monitored constantly with the aim of ensuring value for money.

Trustees review the unrestricted reserves target during the year to ensure it provides adequate resources to enable the continuity of our operations in the event of an unexpected fall in income or some other unforeseen event. Where required the Trustees will reinvest reserves to enhance the artistic output.

Investments

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

Cash held at the year end was £1.5m, which includes advance box office income in relation to 2019-20 shows of £263k. The cash deposits were spread between three financial institutions. £730k of the cash reserves has been invested in this way at the year end.

Environmental Sustainability

The Watermill is committed to achieving the highest standards of environmental performance by continual improvement to minimise the impact of our operations on the environment. The environmental policy was updated and steps have been taken to reduce waste and minimise the impact on the environment resulting from our activities in the theatre, restaurant and offices.

The Watermill continues to be one of the few musical theatres that run all of their radio systems on rechargeable batteries - this includes all radio microphones, production communication and radio lighting control.

Scenically – agreements are now in place with our current scenery construction company - that where practical sets can be returned in order to recycle specific materials.

WATERMILL THEATRE LIMITED

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2019

Where this is considered not to be efficient old sets are placed onto the set exchange website where they are then offered to schools and amateur theatre groups - as the result of both of these actions - none of the Watermill sets has gone to landfill in the last few years.

Lighting – the Watermill has continued to invest in the more efficient LED light sources and where artistically practical designers are encouraged to use as replacement for traditional tungsten lights.

This is giving the double bonus of not only the reduction of power consumption for show lighting (an average of about 80%) but also the reduction of heat from the lights in the auditorium. This also helps that the air conditioning works more efficiently.

The catering department has installed a new lighting system within the restaurant using LED bulbs, thereby saving power and increasing the life of the bulbs. The system has 8 options for different settings with the brightness pre-set so saving electricity.

A shed has been erected for the catering department, which allows us to store more stock and particularly from our drinks suppliers we aim to have 1 delivery every 2 weeks as opposed to 1 a week.

A walk-in fridge has been installed so we have been able to remove 4 upright fridges saving on maintenance and power we would hope to do the same in the long term with our freezers.

We have removed "one use" plastic glasses for use in the theatre and replaced them with washable plastic "glasses" which has been well received by the audiences.

Our cooking oil is collected and recycled.

We have also purchased more china mugs for outreach groups to use in place of throw away cups.

Whilst most of our food purchases are from national suppliers, we do obtain our eggs & turkeys from a local farm.

We have also changed our chemical usage in the kitchen and restaurant by buying the concentrate and adding water.

The restaurant also now has different size water jugs therefore offering a more suitable one for the size of the table reducing our water wastage.

Risk management

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

The Watermill faces the following principal risks and challenges:-

Artistic and audience development objectives

Balancing its artistic and audience development objectives with the considerations necessary to maintain financial viability in the current climate of public funding. The focus is on achieving a balance between retaining current audiences and attracting new ones. This is achieved through our marketing policy, which is updated regularly, and through budgeting and cost monitoring to ensure a breakeven point for the theatre.

WATERMILL THEATRE LIMITED

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2019

Reliance on high box office and fundraising targets

Programming in such a way as to achieve the maximum balance between income and artistic output mitigates this risk.

£300k of reserves is in support of any shortfall in box office and fundraising income.

Additional effort continues toward increasing and diversifying our audience as well as exploring other sources of income generation. In addition, where possible we facilitate corporate meetings and use of the catering facilities for special occasions.

Data protection and fundraising

Charities are facing a number of legislative changes and associated with this is the possibility of significant fines, and damage to reputation.

The new General Data Protection Regulation became enforceable in May 2018. The Watermill continues to ensure that it is compliant with all changes and will continue to keep abreast of any further development in legislation regarding this.

The Development team is employed to research, solicit and process sponsorship, donations and memberships from individuals, charitable trusts, businesses and public bodies with oversight from the Board of Trustees.

If the charity receives complaints about its fundraising activity, we will respond to any such concerns efficiently and in a timely manner. No complaints were received during the year.

All those fundraising on behalf of the Watermill Theatre are expected to:

- act in the best interests of the Watermill Theatre,
- behave in a professional manner at all times, demonstrating the highest level of integrity,
- observe the Watermill's commitment to its supporters, as well as all relevant laws and regulations,
- read, observe and regularly review the Fundraising Regulator's Code of Fundraising Practice,
- disclose to donors relevant information which may affect the making of a donation,
- consider the appropriateness and proportionality of any gift that they are offered by a donor,
- decline all personal gifts.

The Watermill Theatre is a member of The Fundraising Regulator and abides by the Code of Fundraising Practice. We are committed to being legal, open, honest and respectful.

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

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

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

We acknowledge the generous support from The Sackler Trust for our Core Education and Outreach Programme. The current agreement expires at the end of March 2020 and the theatre received the final instalment in May 2019.

WATERMILL THEATRE LIMITED

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2019

The Trustees are aware of recent controversy surrounding this specific trust. The Trustees reserve the right not to comment on specific allegations and are satisfied that appropriate due diligence has been undertaken to justify acceptance of this gift which is in accordance with the Charity's Gift Acceptance Policy. However due to the size of the support, the risk register has been updated to highlight the possible impact on the Charity's fundraising income. Steps are being taken to address the potential loss of this funding source going forward.

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

Staff

Watermill is committed to ensuring that we pay our staff fairly and in a way which ensures we attract and retain the right skills to have the greatest impact in delivering our charitable objectives.

The Finance Committee meets to discuss and recommend any annual percentage increase in the payroll for full time staff. Approval of an increase is then required from the Board of Trustees.

As a subsidised theatre, Equity and UK Theatre guide our actors' remuneration.

The appropriateness and relevance of the remuneration is kept under review with reference to comparisons with other charities ensuring the Watermill remains sensitive to the broader issues of pay and employment conditions elsewhere.

We aim to recruit, subject to experience, at the lower – medium point within a band, providing scope to be rewarded for excellence. We ensure that all staff earn at least the minimum wage.

All staff members outside of the Equity guided scheme received the same pay increase.

There is access to contributory pension scheme for all qualifying members of staff.

BECTU (Broadcasting, Entertainment, Communications and Theatre Union) is the UK's media and entertainment trade union. It represents staff, contract and freelance workers who are based primarily in the United Kingdom negotiating pay, conditions and contracts with employers. Although the Watermill does not use BECTU contracts, we recognise and pay in accordance with the rates set by the organisation.

PLANS FOR THE FUTURE

Arts Council England funding plays a crucial role in our ability to continue our commitment to creating inclusive, quality work. The Watermill has had funding confirmed in the next round of National Portfolio until 2022 with others including, Greenham Trust and The Andrew Lloyd Webber Foundation having also agreed to continue their support of the theatre to 2021.

Our work continues to delight not only our local community but beyond as our sell-out production of AMELIE embarks on a major national tour following its critical acclaim at the Watermill. With this tour, we have continued to increase recognition for the Watermill on a national scale. Our commitment to championing new writing and expanding upon our relationships with local rural venues has also continued with our tour of OUR CHURCH.

Currently, THE IMPORTANCE OF BEING EARNEST has been an incredible hit with our audiences and is nearing the end of its hugely successful run here. Rehearsals have begun for our ambitious upcoming summer musical KISS ME KATE.

We build upon our unique reputation and passion for accessibility and diversity with Shakespeare as MACBETH and A MIDSUMMER NIGHT'S DREAM, both heading on an Arts Council supported UK tour this autumn. This will be the first time that many of the ensemble's actors will tour with shows supported on this scale.

WATERMILL THEATRE LIMITED

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2019

We continue to establish new relationships with, venues, writers, producing partners and creative practitioners to further our body of outstanding work.

At the Watermill, our commitment to inclusivity, diversity and developing new talent is key. We will continue to provide a range of opportunities for emerging practitioners to hone their craft here whilst working on our programme of professional productions.

Establishing both the rural touring and schools touring work as opportunities to work with new writers has worked extremely well and has furthered our relationships with both established and emerging playwrights.

We look forward to welcoming Andrew McKenzie as Chairman in September following the AGM. Andrew takes over from the long and successful tenure of Andrew Tuckey, who will be stepping down. We thank him for his hard work and constant commitment.

Many thanks are extended to the tremendous team of Watermill staff, artists, technicians, volunteers, Friends, audience members and supporters who do so much to keep this unique theatre a thriving centre of artistic excellence.

WATERMILL THEATRE LIMITED

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2019

TRUSTEES' RESPONSIBILITIES STATEMENT

The Trustees (who are also directors of the Watermill Theatre Limited for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

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

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

DISCLOSURE OF INFORMATION TO AUDITOR

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

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

AUDITOR

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

This report was approved by the Trustees, on 21.04.19 and signed on their behalf by:

.....
A M L Tuckey
Chairman

WATERMILL THEATRE LIMITED

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

OPINION

We have audited the financial statements of the Watermill Theatre Limited (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 March 2019 set out on pages 24 to 44. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 March 2019 and of the group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

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 or the parent charitable company'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.

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.

WATERMILL THEATRE LIMITED

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

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 the Companies Act 2006 requires us to report to you if, in our opinion:

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

RESPONSIBILITIES OF TRUSTEES

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

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

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.

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

USE OF OUR REPORT

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's Trustees, as a body, Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the

WATERMILL THEATRE LIMITED

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

charitable company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Michael Farwell MA FCA DChA (Senior statutory auditor)

for and on behalf of

James Cowper Kreston

Chartered Accountants and Statutory Auditor

Mill House
Overbridge Square
Hambridge Lane
Newbury
RG14 5UX

Date:

7/10/2019

WATERMILL THEATRE LIMITED

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND
EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2019**

	Note	Restricted funds 2019 £	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
INCOME FROM:					
Donations and legacies	2	71,538	847,867	919,405	959,036
Charitable activities	8	-	1,684,781	1,684,781	1,934,988
Other trading activities	5	-	633,299	633,299	622,222
Investments	7	-	6,989	6,989	7,551
TOTAL INCOME		71,538	3,172,936	3,244,474	3,523,797
EXPENDITURE ON:					
Raising funds:					
Voluntary income	9	-	203,463	203,463	198,526
Fundraising trading		-	484,590	484,590	493,264
Charitable activities	10,14	165,268	2,314,238	2,479,506	2,678,628
TOTAL EXPENDITURE		165,268	3,002,291	3,167,559	3,370,418
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		(93,730)	170,645	76,915	153,379
NET MOVEMENT IN FUNDS		(93,730)	170,645	76,915	153,379
RECONCILIATION OF FUNDS:					
Total funds brought forward		2,599,714	2,077,953	4,677,667	4,524,288
TOTAL FUNDS CARRIED FORWARD		2,505,984	2,248,598	4,754,582	4,677,667

The notes on pages 28 to 44 form part of these financial statements.

WATERMILL THEATRE LIMITED
REGISTERED NUMBER: 978279

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2019

	Note	£	2019 £	2018 £
FIXED ASSETS				
Tangible assets	17		3,558,871	3,653,795
CURRENT ASSETS				
Stocks	19	8,594		8,525
Debtors	20	302,239		293,640
Cash at bank and in hand		1,469,668		1,230,090
		<u>1,780,501</u>		<u>1,532,255</u>
CREDITORS: amounts falling due within one year	21	(584,790)		(508,383)
NET CURRENT ASSETS			<u>1,195,711</u>	<u>1,023,872</u>
NET ASSETS			<u><u>4,754,582</u></u>	<u><u>4,677,667</u></u>
CHARITY FUNDS				
Restricted funds	23		2,505,984	2,599,714
Unrestricted funds	23		2,248,598	2,077,953
TOTAL FUNDS			<u><u>4,754,582</u></u>	<u><u>4,677,667</u></u>

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

The financial statements were approved and authorised for issue by the Trustees on 31.03.2019 and signed on their behalf, by:

.....
A M L Tuckey, Chairman

The notes on pages 28 to 44 form part of these financial statements.

WATERMILL THEATRE LIMITED
REGISTERED NUMBER: 978279

CHARITY BALANCE SHEET
AS AT 31 MARCH 2019

	Note	£	2019 £	£	2018 £
FIXED ASSETS					
Tangible assets	17		3,558,871		3,653,795
Investments	18		1		1
			3,558,872		3,653,796
CURRENT ASSETS					
Stocks	19	8,594		8,525	
Debtors	20	302,238		293,639	
Cash at bank		1,469,668		1,230,090	
		1,780,500		1,532,254	
CREDITORS: amounts falling due within one year	21	(584,790)		(508,383)	
NET CURRENT ASSETS			1,195,710		1,023,871
NET ASSETS			4,754,582		4,677,667
CHARITY FUNDS					
Restricted funds			2,505,984		2,599,715
Unrestricted funds			2,248,598		2,077,952
TOTAL FUNDS			4,754,582		4,677,667

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

The financial statements were approved and authorised for issue by the Trustees on 21.09.2019 and signed on their behalf, by:

.....
A M L Tuckey, Chairman

The notes on pages 28 to 44 form part of these financial statements.

WATERMILL THEATRE LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2019**

	Note	2019 £	2018 £
Cash flows from operating activities			
Net cash provided by operating activities	25	<u>292,195</u>	<u>245,062</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		6,989	7,551
Purchase of tangible fixed assets		<u>(59,606)</u>	<u>(19,363)</u>
Net cash used in investing activities		<u>(52,617)</u>	<u>(11,812)</u>
Change in cash and cash equivalents in the year		239,578	233,250
Cash and cash equivalents brought forward		<u>1,230,090</u>	<u>996,840</u>
Cash and cash equivalents carried forward	26	<u><u>1,469,668</u></u>	<u><u>1,230,090</u></u>

The notes on pages 28 to 44 form part of these financial statements.

WATERMILL THEATRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

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) and the Companies Act 2006.

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

The Statement of financial activities (SOFA) and Balance sheet consolidate the financial statements of the charity and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

No separate SOFA has been presented for the charity alone as permitted by section 408 of the Companies Act 2006.

1.2 Company status

The charity is a company limited by guarantee. The members of the company are the Trustees named on page 2. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

1.3 Incoming resources

All incoming resources are accounted for when the charity has entitlement to the funds, it is probable that the income will be received and the amount is measurable. Where income is received in advance of performance or specified services it is deferred until the charity is entitled to that fund.

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

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

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

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

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

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

WATERMILL THEATRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1. ACCOUNTING POLICIES (continued)

1.4 Resources expended

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

Resources expended are accounted for on an accruals basis.

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

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

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

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

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

1.5 Fund accounting

The charity's reserves have been allocated to separate funds for future application.

Unrestricted funds

These funds arise from the accumulated surplus and deficit on general charitable activities.

Restricted funds

These funds are subject to specific conditions imposed by the donors.

1.6 Taxation

The charity is exempt from tax on income and gains to the extent that these are applied to its charitable activities.

1.7 Tangible fixed assets and depreciation

All assets costing more than £500 are capitalised.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

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

WATERMILL THEATRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1. ACCOUNTING POLICIES (continued)

1.8 Investments

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

1.9 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

1.10 Operating leases

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

1.11 Stocks and work in progress

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

1.12 Debtors

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

1.13 Cash at bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity.

1.14 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 the 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.

1.15 Financial instruments

The charity only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable.

1.16 Pensions

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

WATERMILL THEATRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1. ACCOUNTING POLICIES (continued)

1.17 Fund accounting

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

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

1.18 Irrecoverable VAT

Any irrecoverable element of VAT is included with the item of expense to which it relates.

1.19 Critical accounting estimates and areas of judgment

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

Tangible fixed assets

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

2. INCOME FROM DONATIONS AND LEGACIES

	Restricted funds 2019 £	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Grants	-	450,386	450,386	450,386
Trusts and donations	71,538	250,805	322,343	360,924
Friends of the Watermill	-	105,926	105,926	112,776
Sponsorship	-	26,250	26,250	26,250
Corporate Friends of the Watermill	-	9,500	9,500	7,700
Legacies	-	5,000	5,000	1,000
Total donations and legacies	71,538	847,867	919,405	959,036
Total 2018	74,260	884,776	959,036	

WATERMILL THEATRE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

3. GRANTS

	2019	2018
	£	£
General		
Arts Council England - General grant	450,386	450,386

4. SPONSORSHIP

	2019	2018
	£	£
Sheepdrove Organic Farm	12,000	15,000
Du Pre	5,000	5,000
Horsey Lightly	2,750	2,500
Saica Pack	2,750	2,500
Heritage Financial	3,750	1,250
Total	26,250	26,250

5. INCOME FROM OTHER TRADING ACTIVITIES

	Restricted funds 2019 £	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Theatre, room and technical hire	-	4,298	4,298	7,533
Restaurant, bar and other income	-	629,001	629,001	614,689
	-	633,299	633,299	622,222
Total 2018	-	622,222	622,222	

WATERMILL THEATRE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

6. RESTAURANT, BAR AND OTHER INCOME AND EXPENDITURE

	2019 £	2018 £
Income	629,001	614,689
Cost of sales	(413,666)	(412,260)
Gross surplus	215,335	202,429
Administration expenditure	(70,924)	(81,004)
Net surplus	144,411	121,425

7. INVESTMENT INCOME

	Restricted funds 2019 £	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Interest	-	6,989	6,989	7,551
Total 2018	-	7,551	7,551	

8. INCOME FROM CHARITABLE ACTIVITIES

	Restricted funds 2019 £	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Theatre box office	-	1,252,030	1,252,030	1,272,859
Touring productions	-	120,684	120,684	285,110
Outreach	-	23,567	23,567	42,963
Excel/Federation of schools	-	1,664	1,664	7,328
Education and youth theatre	-	113,544	113,544	110,980
Other theatre projects	-	25,871	25,871	26,397
Programme receipts	-	26,460	26,460	28,528
Tax credit on theatre production costs	-	120,961	120,961	160,823
	-	1,684,781	1,684,781	1,934,988
Total 2018	-	1,934,988	1,934,988	

WATERMILL THEATRE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

9. VOLUNTARY INCOME EXPENDITURE

	Restricted funds 2019 £	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Premises costs	-	3,467	3,467	3,582
Office costs	-	9,102	9,102	9,433
Repairs and renewals	-	2,959	2,959	4,325
Fundraising and appeal costs	-	26,233	26,233	32,276
Publicity costs	-	32,094	32,094	28,313
Staff costs	-	129,608	129,608	120,597
	-	203,463	203,463	198,526
Total 2018	-	198,526	198,526	

10. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Activities undertaken directly 2019 £	Support costs 2019 £	Total 2019 £	Total 2018 £
Production costs	1,697,682	-	1,697,682	1,905,802
Management and administration	273,555	-	273,555	261,794
Support costs	-	480,132	480,132	492,468
Total 2019	1,971,237	480,132	2,451,369	2,660,064
Total 2018	2,167,596	492,468	2,660,064	

11. PRODUCTION COSTS

	Restricted funds 2019 £	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Theatre productions	-	1,308,925	1,308,925	1,305,406
Touring productions	-	94,061	94,061	275,841
Outreach	-	30,134	30,134	78,340
Excel/Federation of schools	-	6,907	6,907	12,119
Youth theatre	67,946	103,114	171,060	145,984
Irrecoverable VAT	-	68,542	68,542	64,551
Other theatre projects	-	5,905	5,905	10,946
Programmes	-	12,148	12,148	12,615
Total	67,946	1,629,736	1,697,682	1,905,802

WATERMILL THEATRE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

12. MANAGEMENT AND ADMINISTRATION

	Restricted funds 2019 £	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Staff costs	-	233,617	233,617	216,067
Premises costs	-	6,936	6,936	7,164
Office costs	-	5,709	5,709	5,855
Repairs and renewals	-	5,919	5,919	8,650
Finance costs	-	3,261	3,261	2,274
Other management and administration costs	-	12,484	12,484	18,189
Depreciation and loss on disposal	-	5,629	5,629	3,595
Total	-	273,555	273,555	261,794

13. SUPPORT COSTS

	Restricted funds 2019 £	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Staff costs	-	187,018	187,018	179,251
Premises costs	-	58,943	58,943	60,897
Office costs	-	5,709	5,709	5,855
Repairs and renewals	-	50,308	50,308	73,527
Other support costs	-	48,375	48,375	43,310
Depreciation and loss on disposal	97,322	32,457	129,779	129,628
Total	97,322	382,810	480,132	492,468

14. GOVERNANCE COSTS

	Restricted funds 2019 £	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Professional costs	-	27,537	27,537	18,564
Trustees' insurance	-	600	600	600
Total	-	28,137	28,137	19,164

WATERMILL THEATRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

15. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2019 £	2018 £
Depreciation of tangible fixed assets:		
- owned by the charitable group	152,719	148,574
Auditor's remuneration - audit	6,800	6,650
Auditor's remuneration - other services	3,400	3,350
Operating lease rentals	4,762	4,886
Pension costs	32,659	24,547
	<u>200,340</u>	<u>187,857</u>

During the year, no Trustees received any remuneration (2018 - £NIL).

During the year, no Trustees received any benefits in kind (2018 - £NIL).

During the year, no Trustees received any reimbursement of expenses (2018 - £NIL).

16. STAFF COSTS

Staff costs were as follows:

	2019 £	2018 £
Wages and salaries	1,719,835	1,856,124
Social security costs	77,195	72,450
Other pension costs	32,659	24,547
	<u>1,829,689</u>	<u>1,953,121</u>

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

	2019 No.	2018 No.
Average employee number	48	46

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

The key management personnel of the parent charity and the group comprise Trustees and the Senior Management Team. The total employee benefits of the key management personnel were £345,493 (2018: £332,984).

WATERMILL THEATRE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

17. TANGIBLE FIXED ASSETS

Group and Charity	Freehold property £	Leasehold improvements £	Theatre equipment £	Motor vehicles £
Cost				
At 1 April 2018	4,016,759	60,740	212,142	15,097
Additions	14,723	7,856	21,235	-
Disposals	(840)	-	(16,072)	-
At 31 March 2019	4,030,642	68,596	217,305	15,097
Depreciation				
At 1 April 2018	882,898	60,740	194,891	10,799
Charge for the year	81,756	786	9,306	1,075
On disposals	(152)	-	(15,099)	-
At 31 March 2019	964,502	61,526	189,098	11,874
Net book value				
At 31 March 2019	3,066,140	7,070	28,207	3,223
At 31 March 2018	3,133,861	-	17,251	4,298
		Heating/ cooling equipment £	Restaurant equipment £	Total £
Group and Charity				
Cost				
At 1 April 2018		583,443	134,771	5,022,952
Additions		-	15,792	59,606
Disposals		-	(2,284)	(19,196)
At 31 March 2019		583,443	148,279	5,063,362
Depreciation				
At 1 April 2018		123,853	95,976	1,369,157
Charge for the year		39,767	20,029	152,719
On disposals		-	(2,134)	(17,385)
At 31 March 2019		163,620	113,871	1,504,491
Net book value				
At 31 March 2019		419,823	34,408	3,558,871
At 31 March 2018		459,590	38,795	3,653,795

Included in land and buildings is freehold land at cost of £28,000 (2018: £28,000) which is not depreciated. Assessment of any difference between the carrying value and the market value of freehold land is not considered practicable given the nature of the land.

WATERMILL THEATRE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

18. FIXED ASSET INVESTMENTS

Charity Market value	Shares in group undertakings £
At 1 April 2018 and 31 March 2019	<u><u>1</u></u>

19. STOCKS

	<u>Group</u>		<u>Charity</u>
	2019 £	2018 £	2019 £
Restaurant and bar	8,092	6,824	8,092
Merchandise	502	1,701	502
	<u><u>8,594</u></u>	<u><u>8,525</u></u>	<u><u>8,594</u></u>
			<u><u>8,525</u></u>

20. DEBTORS

	<u>Group</u>		<u>Charity</u>
	2019 £	2018 £	2019 £
Trade debtors	7,949	11,919	7,949
Amounts owed by group undertakings	-	-	136,154
Other debtors	141,860	178,234	5,705
Prepayments and accrued income	152,430	103,487	152,430
	<u><u>302,239</u></u>	<u><u>293,640</u></u>	<u><u>302,238</u></u>
			<u><u>293,639</u></u>

21. CREDITORS: Amounts falling due within one year

	<u>Group</u>		<u>Charity</u>
	2019 £	2018 £	2019 £
Bank loans and overdrafts	-	10	-
Trade creditors	79,219	68,053	79,219
Other taxation and social security	29,667	35,536	29,667
Other creditors	113,728	99,014	113,728
Accruals and deferred income	362,176	305,770	362,176
	<u><u>584,790</u></u>	<u><u>508,383</u></u>	<u><u>584,790</u></u>
			<u><u>508,383</u></u>

WATERMILL THEATRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

22. DEFERRED INCOME

	2019 £	2018 £
At 1 April 2018	267,479	288,535
Amount released to incoming resources	(267,479)	(288,535)
Amount deferred in the period	335,851	267,479
Total	335,851	267,479

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

23. STATEMENT OF FUNDS

STATEMENT OF FUNDS - CURRENT YEAR

	Balance at 1 April 2018 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 March 2019 £
Designated funds					
Major capital works	-	-	-	1,000,000	1,000,000
Possible shortfalls in Box Office income	-	-	-	300,000	300,000
Developing and commissioning work	-	-	-	25,000	25,000
Commercial enterprise	-	-	-	25,000	25,000
Development of digital capability	-	-	-	5,000	5,000
	-	-	-	1,355,000	1,355,000
General funds					
General funds	2,077,953	3,172,936	(3,002,291)	(1,355,000)	893,598
Total Unrestricted funds	2,077,953	3,172,936	(3,002,291)	-	2,248,598
Restricted funds					
Save the Watermill Appeal	2,065,038	-	(57,556)	-	2,007,482
ACE Sustainable Grant - Energy Efficient	521,892	-	(39,766)	-	482,126
Greenham Community Associate Fund	6,029	56,038	(52,254)	-	9,813
Andrew Lloyd Webber Foundation	6,755	15,500	(15,692)	-	6,563
	2,599,714	71,538	(165,268)	-	2,505,984
Total of funds	4,677,667	3,244,474	(3,167,559)	-	4,754,582

WATERMILL THEATRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

23. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 April 2017 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 March 2018 £
Unrestricted funds					
General funds	1,840,176	3,449,537	(3,211,760)	-	2,077,953
Restricted funds					
Save the Watermill Appeal	2,122,454	-	(57,416)	-	2,065,038
ACE Sustainable Grant - Energy Efficiency	561,658	-	(39,766)	-	521,892
Greenham Community Associate Fund	-	50,895	(44,866)	-	6,029
Andrew Lloyd Webber Foundation	-	23,365	(16,610)	-	6,755
	2,684,112	74,260	(158,658)	-	2,599,714
Total of funds	4,524,288	3,523,797	(3,370,418)	-	4,677,667

Designated Funds

During the year the Trustees have assessed the potential level of risk for the theatre and taking into account planned activities have designated £1,355k of reserves as detailed above.

Restricted Funds

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

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

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

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

SUMMARY OF FUNDS - CURRENT YEAR

	Balance at 1 April 2018 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 March 2019 £
Designated funds	-	-	-	1,355,000	1,355,000
General funds	2,077,953	3,172,936	(3,002,291)	(1,355,000)	893,598
	2,077,953	3,172,936	(3,002,291)	-	2,248,598
Restricted funds	2,599,714	71,538	(165,268)	-	2,505,984
	4,677,667	3,244,474	(3,167,559)	-	4,754,582

WATERMILL THEATRE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

23. STATEMENT OF FUNDS (continued)

SUMMARY OF FUNDS - PRIOR YEAR

	Balance at 1 April 2017 £	Income £	Expenditure £	Balance at 31 March 2018 £
General funds	1,840,176	3,449,537	(3,211,760)	2,077,953
Restricted funds	2,684,112	74,260	(158,658)	2,599,714
	<u>4,524,288</u>	<u>3,523,797</u>	<u>(3,370,418)</u>	<u>4,677,667</u>

24. ANALYSIS OF NET ASSETS BETWEEN FUNDS

ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT YEAR

	Restricted funds 2019 £	Unrestricted funds 2019 £	Total funds 2019 £
Tangible fixed assets	2,130,645	1,428,226	3,558,871
Current assets	375,339	1,405,162	1,780,501
Creditors due within one year	-	(584,790)	(584,790)
	<u>2,505,984</u>	<u>2,248,598</u>	<u>4,754,582</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Restricted funds 2018 £	Unrestricted funds 2018 £	Total funds 2018 £
Tangible fixed assets	2,188,201	1,465,594	3,653,795
Current assets	411,513	1,120,742	1,532,255
Creditors due within one year	-	(508,383)	(508,383)
	<u>2,599,714</u>	<u>2,077,953</u>	<u>4,677,667</u>

WATERMILL THEATRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

25. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Group	
	2019	2018
	£	£
Net income for the year (as per Statement of Financial Activities)	76,915	153,379
Adjustment for:		
Depreciation charges	152,719	148,574
Dividends, interest and rents from investments	(6,989)	(7,551)
Loss on the sale of fixed assets	1,811	1,040
Increase in stocks	(69)	(617)
Increase in debtors	(8,599)	(42,719)
Increase/(decrease) in creditors	76,407	(7,044)
Net cash provided by operating activities	292,195	245,062

26. ANALYSIS OF CASH AND CASH EQUIVALENTS

	Group	
	2019	2018
	£	£
Cash in hand	1,469,668	1,230,090
Total	1,469,668	1,230,090

27. OPERATING LEASE COMMITMENTS

At 31 March 2019 the total of the group's future minimum lease payments under non-cancellable operating leases was:

	2019	2018
	£	£
Group		
Amounts payable:		
Within 1 year	4,881	4,394
Between 1 and 5 years	6,931	8,065
Total	11,812	12,459

At 31 March 2019 the charity had annual commitments under non-cancellable operating leases as follows:

	2019	2018
	£	£
Charity		
Amounts payable:		
Within 1 year	4,881	4,394
Between 1 and 5 years	6,931	8,065
Total	11,812	12,459

WATERMILL THEATRE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

28. RELATED PARTY TRANSACTIONS

There were no related party transactions in the year (2018: no related party transactions).

29. CONTROLLING PARTY

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

30. CHARITY STATUS

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

WATERMILL THEATRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

31. PRINCIPAL SUBSIDIARIES

Watermill Theatre Productions Limited

Subsidiary name	Watermill Theatre Productions Limited
Company registration number	09280479
Basis of control	Wholly-owned subsidiary
Equity shareholding %	100%

Total assets as at 31 March 2019	£ 136,155
Total liabilities as at 31 March 2019	£ 136,154
Total equity as at 31 March 2019	£ 1

Turnover for the year ended 31 March 2019	£	-
Expenditure for the year ended 31 March 2019	£	-
Result for the year ended 31 March 2019	£	-