

# **Sadler's Wells Foundation Limited**

**Company Number 08338605**

**Registered Charity Number 1150844**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED**

**31 March 2022**



# **Sadler's Wells Foundation Limited**

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# **Sadler's Wells Foundation Limited**

## **Trustees, Officers and Administrative Information**

### **Trustees**

Rab Bennetts OBE (Chairman)  
Nigel Higgins (Deputy chairman)  
Dan Daw  
Kathryn Firth  
Robert Glick  
Andrew Lerpiniere  
Roger Spence  
Paul Williams

### **Secretary**

Alistair Spalding CBE

### **Registered Office**

Sadler's Wells Theatre  
Rosebery Avenue  
London  
EC1R 4TN

### **Bankers**

Coutts & Co.  
440 Strand  
London  
WC2R 0QS

### **Auditors**

Moore Kingston Smith LLP  
6th Floor  
9 Appold Street  
London  
EC2A 2AP

### **Solicitors**

Clifford Chance LLP  
10 Upper Bank Street  
London  
E14 5JJ

# Sadler's Wells Foundation Limited

## Trustees' Report

The Trustees, who are also the Directors of the company under the Companies Act 2006, submit their report and the financial statements of Sadler's Wells Foundation Limited for the year ended 31 March 2022 which have been prepared in compliance with current statutory requirements, The Charities SORP (FRS102), and with the charity's governing document, its Memorandum and Articles of Association. The company was incorporated on the 20th December 2012 and registered with the Charity Commission on 15 February 2013. The company was formed to take over the activities of the unincorporated charity of the same name. Under a Charity Commission scheme dated 26 June 2013, all assets of the unincorporated charity were transferred to the charitable company with the exception of the freehold of the main theatre building and 179 Rosebery Avenue (land registry references NGL700054, LN19345 and 367089). These are considered to be permanent endowment assets and therefore remained in the unincorporated charity which became a linked charity to the new charitable company by virtue of the charitable company becoming the sole corporate trustee of the unincorporated charity. The financial statements are presented as if both charities were a single entity and the permanent endowment property is included in fixed assets at a nominal value of £100 in accordance with the accounting policy in note 1(f).

### Objectives, Principal Activities and Future Development

The principal activities of the Foundation in support of its objects have been to undertake essential repairs and refurbishments to Sadler's Wells to serve theatre activity while reducing environmental impact whenever possible. The Foundation has entered into an agreement for lease with the London Legacy Development Corporation. This agreement provides for the Foundation to enter into a 200 year lease for a new theatre and studios in the Queen Elizabeth Olympic Park as part of the East Bank project. The agreement for lease was signed on 2 May 2018. The new venue is due to open now in 2024 - future timings remain under review following the interruption to construction in late March arising from the UK government's response to the coronavirus pandemic. Following the closure of the Sadler's Wells theatre on the 16th March, the Board of the Foundation granted Sadler's Wells Trust a rental holiday to 31st March 2021 with immediate effect. This was paid in the year ended 31 March 2022. In approving the scale and timing of any future capital commitments, the trustees will take account of the reduced resources available as a result of this decision.

### Public Benefit

Sadler's Wells Foundation Limited recognises and welcomes the need to carry out its charitable activities for the benefit of the general public. To that end, and with regard to the guidance of the charity commission including the Charity Commission's guidance on public benefit ('public benefit: running a charity (PB2)'), the Trustees consider that the following activities demonstrate the way in which the Foundation achieves its aims:

- Repairs and refurbishments undertaken ensure that Sadler's Wells continues to operate with appropriate systems and equipment to support theatre operations and enhance audience experience
- Investment in project consultancy and legal advice has been made to ensure that the new venue can deliver forecast benefits locally, nationally and internationally

### Review of Financial Activities

The Foundation rented the theatre to Sadler's Wells Trust, with a rental income of £565,696 (2020/21: £0) received during the period. The increase from the prior year reflects the rental holiday granted to the Trust in 2020/21 as a result of the closure of the theatre. The board of Sadler's Wells Trust agreed to honour the rental agreement and repay the backdated rent in 2021/22. £166,906 was spent during the year on essential repairs and maintenance of the Sadler's Wells theatre in Islington, capitalised and depreciated in line with accounting policies. Expenditure of £143,691 was recorded under other resources with £55,189 relating mainly against costs connected with the SW theatre and £88,502 expended on fundraising activities for the new theatre currently being designed as part of East Bank. The delivery of the new Sadler's Wells theatre will require fixtures, fittings and equipment to be purchased by the Foundation.

# Sadler's Wells Foundation Limited

## Trustees' Report (continued)

### Reserves Policy

The charity's reserve policy is to accumulate sufficient unrestricted reserves to enable it to provide for a planned asset replacement, renewal and repair policy over the medium to long term. This is to be achieved by renting out its main asset, the theatre complex, seeking Arts Council grants and fundraising. £1,107,021 of unrestricted funds were held at year end. This fund is held as directed by the Trustees to be expended in line with the SWF Permanent Endowment Reserve, or any other expenditure which is charged against unrestricted income. An additional restricted fund was established during the year for fixtures, fittings and equipment at the theatre in Stratford. The financial impact of the time limited rental holiday provided to Sadler's Wells Trust will be managed through a revised programme of future capital commitments and the use of accumulated unrestricted reserves to fund future depreciation charges.

### Going Concern

There are no material uncertainties to be reported which would affect the charity's ability to continue as a going concern.

### Risk Management

The risk register has been updated during the period. Responsibility for monitoring and mitigating risks is delegated to the appropriate Trustees or managers. The charity holds unrestricted reserves as detailed previously to mitigate against unforeseen issues arising with its primary asset, the Theatre, and against issues arising with rental payments due from its primary unrestricted income stream, rental income from Sadler's Wells Trust Limited.

### Trustees

The Trustees who served during the period under review were as follows:

Rab Bennetts OBE (Chairman)  
Nigel Higgins (Deputy chairman)  
Dan Daw  
Kathryn Firth  
Robert Glick  
Andrew Lerpiniere  
Roger Spence  
Paul Williams

The Trustees are appointed by the members who are also the Trustees.

A skills audit of the Trustees is conducted annually in order to better inform decisions regarding the appointment of new Trustees. The Foundation provides an induction for newly appointed Trustees which informs them of their duties and responsibilities as directors of the company, and encourages Trustees to keep abreast of emerging future developments through attendance at relevant sector events as well as with charity commission guidance updates.

The Trustees delegate the day to day running of the Foundation to the Chief Executive and Artistic Director, Alistair Spalding. The Trustees approve the annual budget, and delegate responsibility for the day to day management of the operating budgets to appropriate senior staff.

### Statement of Trustees' Responsibilities

The Trustees (who are also directors of Sadler's Wells Foundation 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.)

# Sadler's Wells Foundation Limited

## Trustees' Report (continued)

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure of the charitable company for that period. In preparing these financial statements, the trustees are required to:

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

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

### Disclosure of information to Auditors

So far as the trustees are aware, there is no relevant audit information of which the company's auditors are unaware. The trustees have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### Connected Charities

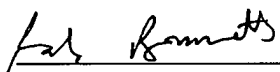
Sadler's Wells Foundation Limited is connected to other charities, details of which are given in note 20 to the financial statements. For a fuller understanding of the operation and performance of the Sadler's Wells group of charities, copies of the accounts of Sadler's Wells Trust can be obtained from Sadler's Wells, Rosebery Avenue, London EC1R 4TN.

### Auditors

The auditors, Moore Kingston Smith LLP, are deemed to be reappointed under section 487 (2) of the Companies Act 2006.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

Approved by the members of the board on 01/12/2022  
and signed on their behalf by:



Rab Bennetts OBE  
Chairman

# Sadler's Wells Foundation Limited

## Independent Auditor's Report to the Members of Sadler's Wells Foundation Limited

### Opinion

We have audited the financial statements of Sadler's Wells Foundation Limited (the 'company') for the year ended 31 March 2022 which comprise the Statement of Income and Retained Earnings, the Balance Sheet and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 charitable company's affairs as at 31 March 2022 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

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

### Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements,

We have nothing to report in this regard.

# Sadler's Wells Foundation Limited

## Independent Auditor's Report to the Members of Sadler's Wells Foundation Limited

### Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- 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 the knowledge and understanding of the 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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Directors' Report and take advantage of the small companies exemption from the requirement to prepare a Strategic Report.

### Responsibilities of Trustees

As explained more fully in the Trustees' Responsibilities Statement, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



# Sadler's Wells Foundation Limited

## Independent Auditor's Report to the Members of Sadler's Wells Foundation Limited (continued)

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions,
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

# Sadler's Wells Foundation Limited

## Independent Auditor's Report to the Members of Sadler's Wells Foundation Limited (continued)

### Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the company.

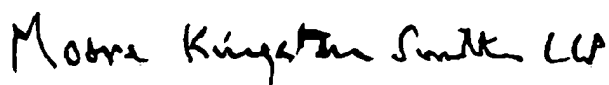
Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the company and considered that the most significant are the Companies Act 2006 and UK financial reporting standards as issued by the Financial Reporting Council.
- We obtained an understanding of how the company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

### Use of our Report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken for no purpose other than to draw to the attention of the company's members those matters we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and the company's members as a body, for our work, for this report, or for the opinions we have formed.



James Cross (Senior Statutory Auditor)  
for and on behalf of Moore Kingston Smith LLP,  
Chartered Accountants  
Statutory Auditor

6 January 2023

6th Floor  
9 Appold Street  
London  
EC2A 2AP

**Sadler's Wells Foundation Limited**  
**(Limited by Guarantee)**  
**Statement of Financial Activities for the year ended**  
**31 March 2022**

		<b>Unrestricted Funds for the Year ended 31 March 2022 £</b>	<b>Restricted Funds for the Year ended 31 March 2022 £</b>	<b>Total Funds for the Year ended 31 March 2022 £</b>	<b>Total Funds for the Year ended 31 March 2021 £</b>
<b>Income</b>	<b>Note</b>				
Income from					
Donations and legacies					
Sponsorship and donations		-	620,619	620,619	215
Rent receivable		565,696	-	565,696	-
Investment income		55	-	55	186
Other income		663	-	663	-
<b>Total Income</b>		<b>566,414</b>	<b>620,619</b>	<b>1,187,033</b>	<b>401</b>
<b>Expenditure</b>					
Raising funds		-	88,502	88,502	-
Charitable activities					
Depreciation	7	218,149	9,115	227,264	228,830
Other	3&4	55,189	-	55,189	35,820
<b>Total Expenditure</b>		<b>273,339</b>	<b>97,617</b>	<b>370,956</b>	<b>264,650</b>
<b>Net Income/(Expenditure)</b>		<b>293,076</b>	<b>523,002</b>	<b>816,078</b>	<b>(264,249)</b>
<b>Net Funds at 1 April 2021</b>		<b>813,946</b>	<b>411,589</b>	<b>1,225,535</b>	<b>1,489,784</b>
Transfers between funds		-	-	-	-
<b>Net Funds at 31 March 2022</b>	14	<b>1,107,021</b>	<b>934,591</b>	<b>2,041,613</b>	<b>1,225,535</b>

None of the company's activities were acquired or discontinued during the above financial periods.

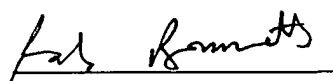
The company has no recognised gains and losses other than those dealt with in the above Statement of Financial Activities.

**Sadler's Wells Foundation Limited**  
**(Limited by guarantee)**  
**Balance Sheet as at**  
**31 March 2022**

		2022	2022	2021	2021
	Note	£	£	£	£
<b>Fixed Assets</b>					
Tangible assets	7		483,347		543,705
Investment property	8		<u>150,000</u>		<u>150,000</u>
			633,347		693,705
<b>Current Assets</b>					
Debtors	9	636,848		1,264	
Cash at bank and in hand		<u>876,640</u>		<u>536,286</u>	
		1,513,488		537,550	
<b>Creditors: Amounts Falling Due Within One Year</b>	10	<u>(105,223)</u>		<u>(5,720)</u>	
<b>Net Current Assets</b>			1,408,266		531,830
<b>Total Assets Less Current Liabilities</b>			<u><u>2,041,613</u></u>		<u><u>1,225,535</u></u>
<b>Funds</b>					
Restricted	15		934,591		411,589
Unrestricted	15		<u>1,107,021</u>		<u>813,946</u>
			<u><u>2,041,613</u></u>		<u><u>1,225,535</u></u>

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

The financial statements were approved by the board of trustees and authorised for issue on 1 December 2022 and, are signed on its behalf by:



Rab Bennetts OBE (Chairman)

Company number 08338605

**Sadler's Wells Foundation Limited**  
**(Limited by guarantee)**  
**Statement of Cash Flow for the year ended**  
**31 March 2022**

	Note	Year ended 31 March 2022		Year ended 31 March 2021	
		£	£	£	£
Net cash flows provided by/ (used in) operating activities	12		507,260		(13,232)
Cash flows from investing activities	13		(166,906)		(191,325)
<b>Net change in cash and cash equivalents in the period</b>			<u>340,354</u>		<u>(204,557)</u>

**Reconciliation of Net Cash Flow to movement in Net Cash**

Change in cash and cash equivalents in the period		<u>340,354</u>	<u>(204,557)</u>
Movement in net cash in the period		340,354	(204,557)
<b>Net cash and cash equivalents at 1 April 2021</b>		<u>536,286</u>	<u>740,843</u>
<b>Net cash and cash equivalents at 31 March 2022</b>	14	<u>876,640</u>	<u>536,286</u>

# Sadler's Wells Foundation Limited (Limited by guarantee)

## Notes to the financial statements for the year ended 31 March 2022

### 1. Accounting Policies

#### (a) Basis of accounting

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and updated for the Triennial Review 2017. The Charitable Company is a public benefit entity for the purposes of FRS 102 and therefore the Charity also prepared its financial statements in accordance with the 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 (The FRS 102 Charities SORP), the Companies Act 2006 and The Charities Act 2011.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in the financial statements are rounded to the nearest pound.

The financial statements have been prepared under the historical cost convention, modified to include investment properties at fair value. The principal accounting policies adopted are set out below.

#### (b) Going concern

The financial statements are prepared on a going concern basis which assumes that the charitable company will continue in operational existence for the foreseeable future. There are no material uncertainties to be reported which would affect the charitable company's ability to continue as a going concern.

#### (c) Recognition of income

- (i) Donations are credited to the Statement of Financial Activities when receivable without conditions.
- (ii) Interest income is credited to the Statement of Financial Activities when receivable.
- (iii) Restricted funds are used for the specific purpose laid down by the donor.
- (iv) Rent is credited to the Statement of Financial Activities when receivable.
- (v) The income recognition principles of FRS102 are adopted;
  - Evidence of entitlement to income.
  - Receipt is probable and the amount can be measured reliably.

#### (d) Expenditure

All direct charitable expenditure is accounted for on an accruals basis. Support costs are allocated based on the use of reserves where appropriate.

#### (e) Tangible fixed assets

Fixed assets are stated at cost.

Depreciation is provided on a straight line basis to write down the book value over the estimated useful lives of the assets as follows:

Freehold properties	50 years
Leasehold properties	Over the period of the lease - 125 years
Fixtures, fittings and equipment	Over 3 years
Specialist Equipment	Over 3 years
Construction and Buildings work	Over 3 years
Assets in the course of construction	Not depreciated until brought into practical use

# Sadler's Wells Foundation Limited

## Notes to the financial statements for the year ended 31 March 2022

### 1. Accounting Policies (con't)

A review of depreciation rates, useful lives of assets, residual value and impairment takes place on an annual basis.

#### (f) Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in the income and expenditure account.

#### (g) Freehold and leasehold land and buildings

The Foundation owns the freehold and leasehold interests in land and buildings comprising the Sadler's Wells Theatre redevelopment site. These are leased to Sadler's Wells Trust Limited which operates the theatre in fulfilment of the Foundation's principal objective to support the theatre activities and are therefore recognised as functional properties at cost less accumulated depreciation. The freehold of the original land is held on permanent endowment trusts as described at the start of the Trustees' Report at a nominal value of £100. The Foundation also owns the freehold interest in 1 Arlington Way which is leased to Sadler's Wells Limited, a related party, at a peppercorn rent. Sadler's Wells Limited has now granted a sublease to a commercial tenant and accordingly the freehold interest has now been recognised at fair value as an investment property.

#### (h) Grant making

The Foundation recognizes any grants it may make at the date that the trustees approve the grant and the intentions have been communicated to the recipient.

#### (i) Critical accounting areas and use of judgements

In preparing the financial statements it is necessary to make certain judgements, estimates and assumptions that affect the amounts recognised in the financial statements; including estimates of useful lives of assets and depreciation and impairment policies.

##### Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below:

##### Fair value of Investment property

The company's investment property is included in the financial statements at valuation as described in note 8 to the financial statements. This is considered to be a critical accounting estimate in view of the amounts involved and the judgements applied in their valuation. The independent valuation conducted in 2020 was subject to material uncertainty due to the impact of the coronavirus pandemic but the trustees have reviewed the position and consider that the valuations represents the best estimate of fair value at the balance sheet date.

# Sadler's Wells Foundation Limited

## Notes to the financial statements for the year ended 31 March 2022

### 1. Accounting Policies (con't)

#### (j) Financial Instruments

The charity has elected to apply the provisions of section two 'basic financial instruments' of FRS102 to all of its financial instruments. They are recognised in the charity's statement of financial position when the charity becomes party to the contractual provisions of the instrument.

#### a. Cash and cash equivalents

Cash and cash equivalents include cash at banks and in hand and short term deposits with a maturity date of three months or less.

#### b. Debtors and creditors

Debtors and creditors receivable or payable within one year of the reporting date are carried at their transaction price and subsequently at settlement value. Debtors and creditors that are receivable or payable in more than one year and not subject to a market rate of interest are measured at the present value of the expected future receipts or payment discounted at a market rate of interest.

### 2. Taxation

The company is a registered charity and as such, is entitled to exemption from taxation under the Corporation Tax Act 2010.

### 3. Expenditure

	Year Ended 31 March 2022 £	Year Ended 31 March 2021 £
<b>General Revenue Costs</b>		
Future capital project costs	50,689	31,320
Support costs	4500	4,500
	<u>55,189</u>	<u>35,820</u>

### 4. Support Costs

	Year Ended 31 March 2022 £	Year Ended 31 March 2021 £
Bank and credit card charges	-	-
Governance costs	4,500	4,500
	<u>4,500</u>	<u>4,500</u>

Auditors remuneration of £4,500 (2021: £4,500) is included in governance costs for the current year.

### 5. Employees

The company employed no staff during the year. Administrative support is provided by Sadler's Wells Trust Limited. The Trustees received no remuneration for the services they provided to the company, and no expenses were reimbursed. The company has an insurance policy in respect of claims against the Trustees of the company.



# Sadler's Wells Foundation Limited

## Notes to the financial statements for the year ended 31 March 2022

### 6 Intangible Fixed Assets

<b>Restricted</b>	<b>Restricted Intangible assets £</b>	<b>Total £</b>
<b>Cost</b>		
As at 1 April 2021 and 31 March 2022	<u>216,376</u>	<u>216,376</u>
<b>Amortisation</b>		
As at 1 April 2021 and 31 March 2022	<u>216,376</u>	<u>216,376</u>
<b>Net Book Value</b>		
As at 1 April 2021 and 31 March 2022	<u>-</u>	<u>-</u>
<b>Total Net Intangible Fixed Assets</b>		<u>-</u>

### 7 Tangible Fixed Assets

<b>Restricted</b>	<b>Restricted Freehold Land and Buildings £</b>	<b>Restricted Fixtures, Fittings &amp; Equipment £</b>	<b>Total £</b>
<b>Cost</b>			
As at 1 April 2021	2,742,181	3,836,516	6,578,697
Additions	-	-	-
As at 31 March 2022	<u>2,742,181</u>	<u>3,836,516</u>	<u>6,578,697</u>
<b>Depreciation</b>			
As at 1 April 2021	2,486,871	3,836,516	6,323,386
Charge for the year	9,115	-	9,115
As at 31 March 2022	<u>2,495,986</u>	<u>3,836,516</u>	<u>6,332,501</u>
<b>Net Book Value</b>			
At 31 March 2022	<u>246,195</u>	<u>-</u>	<u>246,195</u>
At 31 March 2021	<u>255,310</u>	<u>-</u>	<u>255,310</u>

# Sadler's Wells Foundation Limited

## Notes to the financial statements for the year ended 31 March 2022

### 7 Tangible Fixed Assets (continued)

#### Unrestricted

	Unrestricted Leasehold Land and Buildings £	Designated Fixtures Fittings & Equipment £	Unrestricted Fixtures Fittings & Equipment £	Total £
<b>Cost</b>				
As at 1 April 2021	85,750	459,977	693,215	1,238,943
Additions	-	-	166,906	166,906
As at 31 March 2022	85,750	459,977	860,121	1,405,849
<b>Depreciation</b>				
As at 1 April 2021	46,984	459,977	443,587	950,548
Charge for the year	692	-	217,457	218,149
As at 31 March 2022	47,676	459,977	661,044	1,168,697
<b>Net Book Value</b>				
At 31 March 2022	38,074	-	199,078	237,152
At 31 March 2021	38,766	-	249,629	288,395
<b>Total Net Tangible Fixed Assets</b>				<b>483,347</b>

Restricted freehold land and buildings comprises: the book value of the site of the theatre complex, 28 Arlington Way and 181 Rosebery Avenue.

Unrestricted leasehold land and buildings comprises: 15 parking spaces at 177 Rosebery Avenue.

### 8 Investment property

Investment property comprises the freehold interest of the Shakespeare's Head Public House at 1 Arlington Way, London. The fair value of the investment property has been arrived at on the basis of a valuation carried out as at 31 March 2020 by Fleurets Limited Chartered Surveyors, who are not connected with the company. The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties. The valuation was reviewed in the year internally and the trustees consider that this is the best estimate of the fair value at the balance sheet date.

	2022 £	2021 £
<b>Fair value</b>		
As at 1 April 2021 and 31st March 2022	150,000	150,000

# Sadler's Wells Foundation Limited

## Notes to the financial statements for the year ended 31 March 2022

### 9 Debtors

	31 March 2022 £	31 March 2021 £
Trade debtors	340,778	565
Taxation and social security	-	699
Prepayments and accrued income	296,070	-
	<u>636,848</u>	<u>1,264</u>

### 10 Creditors

	31 March 2022 £	31 March 2021 £
Trade creditors	10,912	1,220
Taxation and social security	66,811	-
Accruals	27,500	4,500
	<u>105,223</u>	<u>5,720</u>

# Sadler's Wells Foundation Limited

## Notes to the financial statements for the year ended 31 March 2022

### 11 Analysis of Net Assets between Funds

a) Current year	Tangible Fixed Assets	Investment properties	Net Current Assets	Total
	£		£	£
<b>Restricted funds</b>				
Arlington Way Redevelopment Fund	11,418	-	-	11,418
Restricted Fixed Assets	25,437	-	(25,437)	-
Theatre Redevelopment Fund	209,341	-	-	209,341
FF&E Refurbishment	-	-	713,832	713,832
	<u>246,195</u>	<u>-</u>	<u>688,396</u>	<u>934,592</u>
<b>Unrestricted funds</b>				
SWF Permanent Endowment Reserve	237,152	150,000	719,869	1,107,021
(No. 1150844-1)	<u>237,152</u>	<u>150,000</u>	<u>719,869</u>	<u>1,107,021</u>
<b>Net Funds</b>	<u>483,347</u>	<u>150,000</u>	<u>1,408,265</u>	<u>2,041,613</u>

b) Prior year	Tangible Fixed Assets	Investment properties	Net Current Assets	Total
<b>Restricted funds</b>				
Arlington Way Redevelopment Fund	11,857	-	-	11,857
Capital Project Reserve	25,437	-	(25,437)	-
Theatre Redevelopment Fund	218,017	-	-	218,017
FF&E Refurbishment	-	-	181,715	181,715
	<u>255,311</u>	<u>-</u>	<u>156,278</u>	<u>411,589</u>
<b>Unrestricted funds</b>				
SWF Permanent Endowment Reserve	288,395	150,000	375,551	813,946
(No. 1150844-1)	<u>288,395</u>	<u>150,000</u>	<u>375,551</u>	<u>813,946</u>
<b>Net Funds</b>	<u>543,706</u>	<u>150,000</u>	<u>531,829</u>	<u>1,225,535</u>

# Sadler's Wells Foundation Limited

## Notes to the financial statements for the year ended 31 March 2022

### Reconciliation of Net Income/(Expenditure) from Operating Activities to Net Cash 12 Flows

	Year ended 31 March 2022 £	Year ended 31 March 2021 £
Net income/(expenditure) for the reporting period	816,078	(264,249)
Depreciation	227,264	228,830
(Increase)/Decrease in debtors	(635,584)	22,647
Increase/(Decrease) in creditors	99,502	(460)
Net cash inflow/(outflow) from operating activities	<u>507,260</u>	<u>(13,232)</u>

### 13 Analysis of Cash Flows for Headings in Cash Flow Statement

	Year ended 2022 £	Year ended 2021 £
<b>Cash flows from investing activities:</b>		
Purchase of property, plant and equipment	(166,906)	(191,325)
	<u>(166,906)</u>	<u>(191,325)</u>

### 14 Analysis of Net Cash

	31 March 2021 £	Cash Flow £	31 March 2022 £
Cash at bank and in hand	536,286	340,354	<u>876,640</u>

# Sadler's Wells Foundation Limited

## Notes to the financial statements for the year ended 31 March 2022

### 15 Movement on Funds

a) current year	At 1 April 2021 £	Income £	Expenditure £	Transfers/ Gains £	At 31 March 2022 £
<b>Unrestricted funds</b>					
SWF Permanent Endowment Fund (No. 1150844-1)	813,946	566,414	(273,339)	-	1,107,021
	<u>813,946</u>	<u>566,414</u>	<u>(273,339)</u>	<u>-</u>	<u>1,107,021</u>
<b>Restricted funds</b>					
Arlington Way Redevelopment Fund	11,857	-	(439)	-	11,418
Theatre Redevelopment Fund	218,017	-	(8,676)	-	209,343
FF&E Refurbishment	181,715	620,619	(88,502)	-	713,832
	<u>411,589</u>	<u>620,619</u>	<u>(97,617)</u>	<u>-</u>	<u>934,592</u>
<b>Total Funds</b>	<u>1,225,535</u>	<u>1,187,033</u>	<u>(370,955)</u>	<u>-</u>	<u>2,041,613</u>
<b>b) prior year</b>	<b>At 1 April 2020 £</b>	<b>Income £</b>	<b>Expenditure £</b>	<b>Transfers/ Gains £</b>	<b>At 31 March 2021 £</b>
<b>Unrestricted funds</b>					
SWF Permanent Endowment Fund (No. 1150844-1)	1,069,268	186	(255,508)	-	813,946
	<u>1,069,268</u>	<u>186</u>	<u>(255,508)</u>	<u>-</u>	<u>813,946</u>
<b>Restricted funds</b>					
Arlington Way Redevelopment Fund	12,293	-	(436)	-	11,857
Theatre Redevelopment Fund	226,723	-	(8,706)	-	218,017
FF&E Refurbishment	181,500	215	-	-	181,715
	<u>420,516</u>	<u>215</u>	<u>(9,142)</u>	<u>-</u>	<u>411,589</u>
<b>Total Funds</b>	<u>1,489,784</u>	<u>401</u>	<u>(264,650)</u>	<u>-</u>	<u>1,225,535</u>

The Arlington Way Redevelopment Fund and the Theatre Redevelopment Fund represent the net book value of certain fixed assets purchased using monies donated to Sadler's Wells Foundation specifically for those purchases. Expenditure on those funds represent the depreciation charge on those assets.

The Capital Project Fund represents funds received and expended towards the current capital project. In addition it represents the net book value of assets purchased using monies donated towards the current capital project. In addition it represents the net book value of assets purchased using monies donated towards the current capital project. The Trustees have also designated two unrestricted funds. The General Project Fund represents funds received and resources expended towards the current capital project. The SWF Permanent Endowment Reserve (No. 1150844-1) represents funds transferred from Sadler's Wells Foundation. These funds are held in trust by Sadler's Wells Foundation Limited and are to be applied in meeting the costs of administering the charity, managing its assets and furthering the objects of the charity. These funds were created to allow them to be separately identified.

# Sadler's Wells Foundation Limited

## Notes to the financial statements for the year ended 31 March 2022

### 16. Comparative Fund and SOFA Balances

	Unrestricted Funds for the Year ended 31 March 2021 £	Designated Funds for the Year ended 31 March 2021 £	Restricted Funds for the Year ended 31 March 2021 £	Total Funds for the Year ended 31 March 2021 £
Note				
<b>Income</b>				
Income from				
Donations and legacies				
Sponsorship and donations	-	-	215	215
Rent receivable	-	-	-	-
Investment income	186	-	-	186
Other income	-	-	-	-
<b>Total Income</b>	<b>186</b>	<b>-</b>	<b>215</b>	<b>401</b>
<b>Expenditure</b>				
Charitable activities				
Depreciation	219,688	-	9,142	228,830
Other	35,820	-	-	35,820
<b>Total Expenditure</b>	<b>255,508</b>	<b>-</b>	<b>9,142</b>	<b>264,650</b>
<b>Net Income/(Expenditure)</b>	<b>(255,322)</b>	<b>-</b>	<b>(8,927)</b>	<b>(264,249)</b>
<b>Net Funds at 1 April 2020</b>	<b>1,069,268</b>	<b>-</b>	<b>420,516</b>	<b>1,489,784</b>
Transfers between funds	-	-	-	-
<b>Net Funds at 31 March 2021</b>	<b>813,946</b>	<b>-</b>	<b>411,589</b>	<b>1,225,535</b>

# Sadler's Wells Foundation Limited

## Notes to the financial statements for the year ended 31 March 2022

### 17. Contingent Liability

The assets of the company are subject to a fixed and floating charge by the Arts Council of England. As at 31 March 2022 the liabilities in respect of these balances amounted to £46,917,380 (2021: £46,917,380) The liabilities would fall due if the theatre complex was no longer used for its primary purpose.

### 18. Liability of Members

The company is limited by guarantee and the liability of members is limited to £1 each. At 31 March 2022 there were 8 members (2021: 8).

### 19. Capital Commitments

At 31 March 2022 Sadler's Wells Foundation Limited had £200,000 (2021: £249,550) capital commitments not yet contracted for, and £nil (2021: £98,074) contracted capital commitments.

### 20. Connected Charities

During the year Sadler's Wells Foundation Limited received rental income of £565,696 (2021: £nil) from Sadler's Wells Trust Limited. In addition the Foundation recharged to the Trust credit card transaction charges totalling £1,609 (2021: £295). Sadler's Wells Foundation Limited was owned £340,778 by Sadler's Wells Trust Limited (2021: £565) at the 31 March 2021. Sadler's Wells Foundation Limited is a member of Sadler's Wells Trust.

### 21. Related party transactions

Nigel Higgins is also a trustee and chairman of Sadler's Wells Trust Limited. There were no Trustee related party transactions to disclose in the reporting period.

### 22. Amounts receivable under operating leases

At the reporting date the company had contracted with tenants for the following minimum lease payments

	31 March 2022 £	31 March 2021 £
Within 1 year	-	282,848
2-5 years	-	-
over 5 years	-	-
Total	-	282,848