

Company registration number: 06147572
Charity registration number: 313612

WATTS GALLERY TRUST
(A company limited by guarantee)

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

WATTS GALLERY TRUST
(A company limited by guarantee)

CONTENTS

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

WATTS GALLERY TRUST
(A company limited by guarantee)

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

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

Company registered number 06147572

Charity registered number 313612

Registered office Down Lane
 Compton
 Guildford
 Surrey
 GU3 1DQ

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

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

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

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

WATTS GALLERY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2025



Report from the Chair

Welcome from our Chair of Trustees

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

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

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

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

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

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

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

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

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

WATTS GALLERY TRUST
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2025

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

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

WATTS GALLERY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2025

Financial Statements and Review

Financial Statements

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

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

Financial Review

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

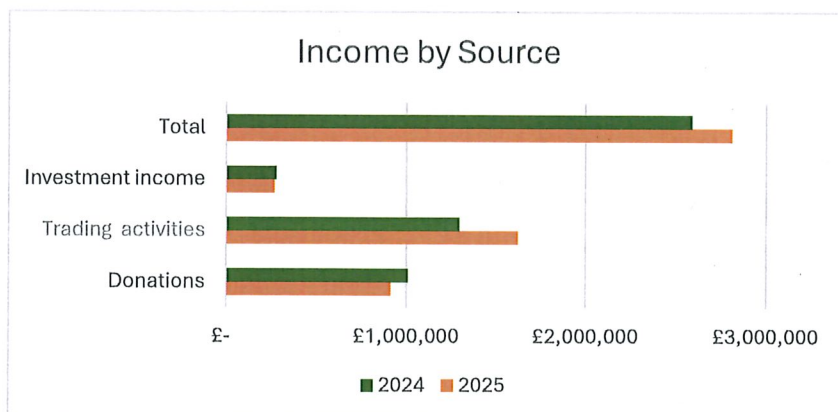
Donations of £915,037 (39% of total income) down 9% from FY2024 (£1,009,506):

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

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

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

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



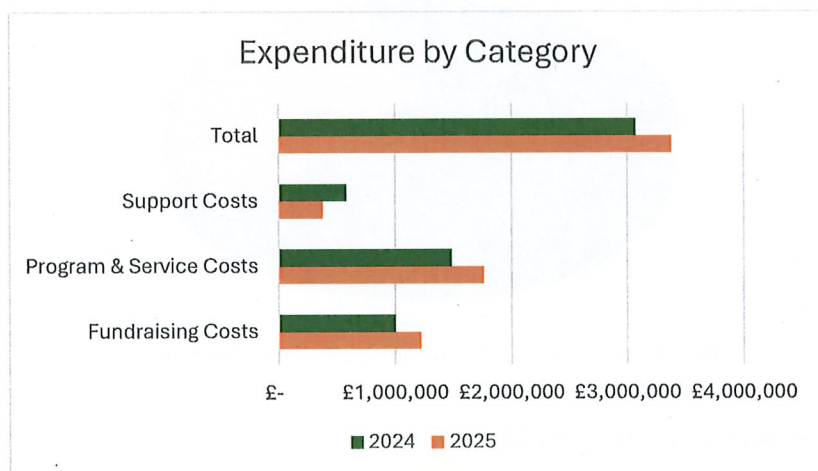
WATTS GALLERY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2025

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

The major areas of expenditure were:

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



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

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

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

Reserves

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

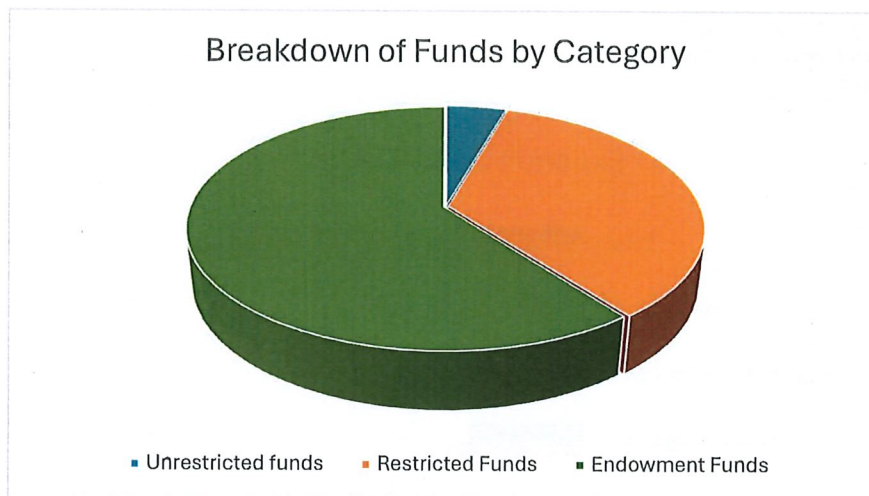
Watts Gallery Trust holds three categories of funds:

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

WATTS GALLERY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2025

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



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

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

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

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

Who We Are

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

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

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

WATTS GALLERY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2025

Objects of the Trust

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

Mission, vision and values

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

Our Structure

Structure

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

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

Public Benefit

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

Trustees

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

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

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

WATTS GALLERY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2025

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

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

Governance

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

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

Remuneration Policy

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

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

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

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

Investment Policy

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

WATTS GALLERY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2025

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

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

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

Risk Management

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

Key risks identified include:

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

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

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

Strategic objectives

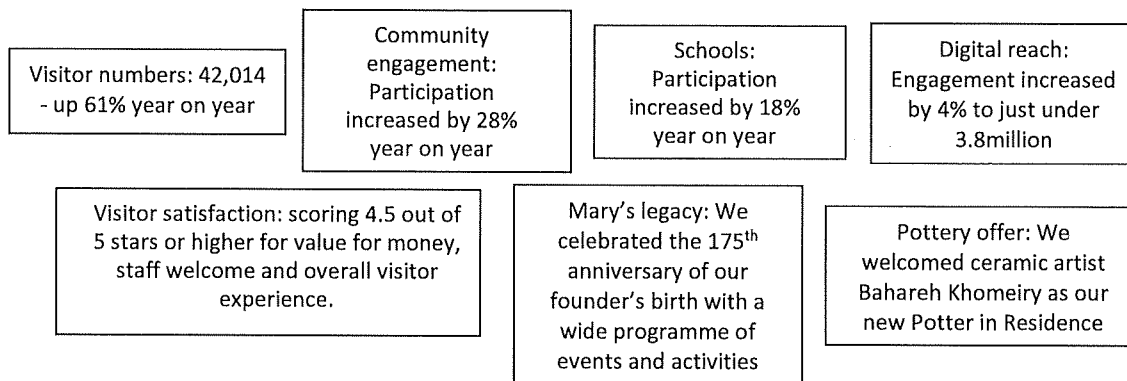
Our four key objectives for the period 2024 to 2027 are:

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

WATTS GALLERY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2025

The Year in Review



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

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

Our Impact

Community Engagement:

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

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

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

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

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

Watts Pottery:

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

WATTS GALLERY TRUST

(A company limited by guarantee)

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2025

2024/2025 Exhibitions:

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

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

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

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

"Beautifully displayed with lots of interactive areas for children" Tripadvisor review

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

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

Our Collection

Caring for our Collection:

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

Collection highlights:

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

Sharing our Collection:

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

WATTS GALLERY TRUST
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2025

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

G F Watts, *Paolo and Francesca*

G F Watts, *Miss Virginia Julian Dalrymple*

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

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

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

Our Commitments

Our team

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

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

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

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

Diversity, Equity and Inclusion

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

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

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

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

Environment

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

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

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

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

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

WATTS GALLERY TRUST
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2025

Thank you

In alphabetical order:

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

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

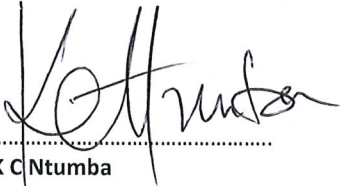
WATTS GALLERY TRUST
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**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2025**

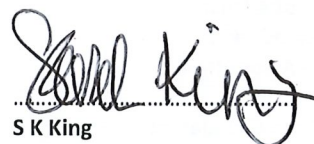
Additional Information

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

Approved by order of the members of the board of Trustees onand signed on their behalf by:



.....
K C Ntumba
Trustee



.....
S K King
Trustee

WATTS GALLERY TRUST
(A company limited by guarantee)

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

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

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

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

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

In so far as the trustees are aware:

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

WATTS GALLERY TRUST
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WATTS GALLERY TRUST

Opinion

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

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the charitable parent company's affairs as at 31 March 2025 and of the Group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

WATTS GALLERY TRUST
(A company limited by guarantee)

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

Other information

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

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

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

WATTS GALLERY TRUST
(A company limited by guarantee)

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

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

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

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the Charity through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations; and
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

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

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

WATTS GALLERY TRUST
(A company limited by guarantee)

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

Use of our report

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

Debra Saunders Bsc FCA (Senior Statutory Auditor)

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

Ashcombe Court
Woolsack Way
Godalming
Surrey
GU7 1LQ

Date:

WATTS GALLERY TRUST
(A company limited by guarantee)

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

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

WATTS GALLERY TRUST
(A company limited by guarantee)

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

Reconciliation of funds:

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

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

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

WATTS GALLERY TRUST

(A company limited by guarantee)
REGISTERED NUMBER: 06147572

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

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

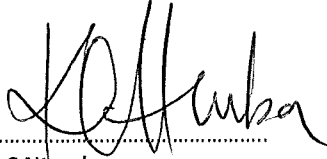
WATTS GALLERY TRUST

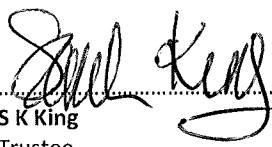
(A company limited by guarantee)
REGISTERED NUMBER: 06147572

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2025

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

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


.....
K C Ntumba
Trustee


.....
S K King
Trustee

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

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

CHARITY BALANCE SHEET
AS AT 31 MARCH 2025

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

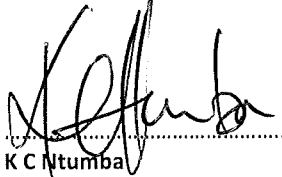
WATTS GALLERY TRUST

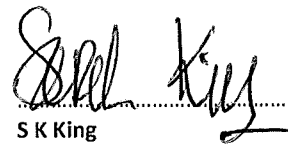
(A company limited by guarantee)
REGISTERED NUMBER: 06147572

CHARITY BALANCE SHEET
AS AT 31 MARCH 2025

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

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


.....
K C Ntumba
Trustee


.....
S K King
Trustee

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

WATTS GALLERY TRUST
(A company limited by guarantee)

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

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

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

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

WATTS GALLERY TRUST
(A company limited by guarantee)

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

1. Accounting policies

1.1 Summary of significant accounting policies and key accounting estimates

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

1.2 Statement of compliance

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

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland issued in October 2019, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Charities Act 2011 and the Companies Act 2006.

1.3 Basis of preparation

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

1.4 Basis of consolidation

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

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

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

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

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

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

WATTS GALLERY TRUST
(A company limited by guarantee)

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

1. Accounting policies (continued)

1.5 Going concern

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

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

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

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

1.6 Income and endowments

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

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

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

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

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

1.7 Grants receivable

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

1.8 Donated services

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

WATTS GALLERY TRUST
(A company limited by guarantee)

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

1. Accounting policies (continued)

1.9 Expenditure

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

Raising funds

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

Charitable activities

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

Support costs

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

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

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

1.10 Taxation

The Charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.11 Tangible fixed assets and depreciation

Tangible fixed assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed asset into its intended working condition should be included in the measurement of cost.

WATTS GALLERY TRUST
(A company limited by guarantee)

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

1. Accounting policies (continued)

1.11 Tangible fixed assets and depreciation (continued)

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

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

1.12 Heritage assets

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

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

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

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

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

1.13 Investment properties

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

WATTS GALLERY TRUST
(A company limited by guarantee)

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

1. Accounting policies (continued)

1.14 Fixed asset investments

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

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

1.15 Stocks

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

1.16 Short-term debtors and creditors

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

1.17 Cash at bank and in hand

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

1.18 Liabilities and provisions

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

1.19 Financial instruments

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

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

The Group only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

WATTS GALLERY TRUST
(A company limited by guarantee)

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

1.20 Pensions

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

1.21 Fund structure

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

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

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

2. Critical accounting estimates and areas of judgement

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

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

Key sources of estimation uncertainty

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

Depreciation of tangible fixed assets

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

Critical areas of judgement:

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

Investment property

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

Heritage assets

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

WATTS GALLERY TRUST
(A company limited by guarantee)

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

3. Income from donations and legacies

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

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

4. Income from other trading activities

Income from non charitable trading activities

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

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

WATTS GALLERY TRUST
(A company limited by guarantee)

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

5. Investment income

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

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

6. Expenditure on raising funds

Fundraising trading expenses

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

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

WATTS GALLERY TRUST
(A company limited by guarantee)

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

7. Analysis of expenditure by activities

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

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

WATTS GALLERY TRUST
(A company limited by guarantee)

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

8. Analysis of support costs

Support costs allocated to charitable activities

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

Governance costs

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

Other support costs

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

WATTS GALLERY TRUST
(A company limited by guarantee)

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

9. Net movement in funds

Net movement in funds is stated after charging:

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

10. Staff costs

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

WATTS GALLERY TRUST
(A company limited by guarantee)

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

10. Staff costs (continued)

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

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

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

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

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

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

WATTS GALLERY TRUST
(A company limited by guarantee)

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

11. Trustees' remuneration and expenses

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

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

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

12. Taxation

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

WATTS GALLERY TRUST
(A company limited by guarantee)

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

13. Tangible fixed assets

Group

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

WATTS GALLERY TRUST
(A company limited by guarantee)

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

13. Tangible fixed assets

Company

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

WATTS GALLERY TRUST
(A company limited by guarantee)

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

14. Heritage assets

Group

Assets recognised at valuation

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

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

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

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

Assets recognised at valuation

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

WATTS GALLERY TRUST
(A company limited by guarantee)

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

15. Fixed asset investments

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

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

WATTS GALLERY TRUST
(A company limited by guarantee)

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

Net book value

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

Principal subsidiaries

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

Details of undertakings

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

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

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

WATTS GALLERY TRUST
(A company limited by guarantee)

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

16. Investment property

Group

**Investment
property
£**

Valuation

At 1 April 2024

2,515,886

At 31 March 2025

2,515,886

Charity

**Investment
property
£**

Valuation

At 1 April 2024

2,515,886

At 31 March 2025

2,515,886

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

WATTS GALLERY TRUST
(A company limited by guarantee)

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

17. Debtors

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

18. Creditors: Amounts falling due within one year

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

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

WATTS GALLERY TRUST
(A company limited by guarantee)

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

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

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

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

20. Charity status

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

WATTS GALLERY TRUST
(A company limited by guarantee)

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

21. Statement of funds

Statement of funds - current year

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

WATTS GALLERY TRUST
(A company limited by guarantee)

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

21. Statement of funds (continued)

Statement of funds - current year

Restricted funds

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

WATTS GALLERY TRUST
(A company limited by guarantee)

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

21. Statement of funds (continued)

Statement of funds - prior year

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

WATTS GALLERY TRUST
(A company limited by guarantee)

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

21. Statement of funds (continued)

Restricted funds

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

WATTS GALLERY TRUST
(A company limited by guarantee)

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

22. Funds

Restricted Funds

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

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

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

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

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

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

Endowment funds

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

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

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

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

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

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

WATTS GALLERY TRUST
(A company limited by guarantee)

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

23. Summary of funds

Summary of funds - current year

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

Summary of funds - prior year

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

WATTS GALLERY TRUST
(A company limited by guarantee)

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

24. Analysis of net assets between funds

Analysis of net assets between funds - current year

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

Analysis of net assets between funds - prior year

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

WATTS GALLERY TRUST
(A company limited by guarantee)

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

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

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

26. Analysis of cash and cash equivalents

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

WATTS GALLERY TRUST
(A company limited by guarantee)

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

27. Analysis of changes in net debt

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

28. Contingent liabilities

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

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

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

WATTS GALLERY TRUST
(A company limited by guarantee)

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

29. Operating lease commitments

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

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

30. Related party transactions

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

Trustees and organisations in which trustees have a controlling interest

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

