

# ANNUAL REPORT 2018-2019

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# The Royal National Theatre

Trustees' Report

- Introduction 3
- Who We Are and What We Do 5
- Strategic Report 8
- Governance 37
- Independent Auditors' Report 43
- Financial Statements 46
- Notes to the Financial Statements 50
- Acknowledgements 86

In this document The Royal National Theatre is referred to as 'the NT', 'the National', and 'the National Theatre'.

# INTRODUCTION

## THE YEAR IN SUMMARY

- **We presented a world-class programme of theatre on the South Bank.**  
Our theatres were 91% full, and 30% of tickets cost £20 or less, ensuring theatre remains accessible to all.
- **We continued to tour our work extensively across the UK.**  
**Touring:** Six productions went to 38 towns and cities. This included a version of *The Curious Incident of the Dog in the Night-Time* which toured into 60 secondary schools, reaching 13,500 pupils in areas of low arts engagement.  
  
**Theatre Nation Partnerships (TNP):** a strategic touring project with seven partner theatres delivered results which showed that it was helping develop audiences for touring drama across the country. For our UK tour of *Macbeth*: 55% of bookers in TNP areas were first time bookers (vs. 35% tour average). 43% of attenders were school children in TNP areas (vs. 29% tour average).  
  
**NT Live:** extended our reach on a more granular level with broadcasts to 340,000 people at cinemas from Shetland to Penzance.
- **It was a fantastic year for the National Theatre in the West End and in New York.**  
Five productions played in the West End, including *Nine Night* which was the first ever play to do so by a living Black British female writer.  
Five productions played in New York: *Angels in America*, *Network*, *The Lehman Trilogy*, *Hadestown* and *The Jungle*.
- **NT productions were seen in 65 countries around the world.**  
We engaged 7.2 million people worldwide through live, broadcast, participation, and digital activity.
- **We invested at scale in new work and talent development, playing a crucial role supporting the health of the sector and the wider creative industries.**  
Over 1,000 artists worked in the New Work Department, and we partnered with a range of UK and international theatres and theatre companies.
- **Our major new initiative, Public Acts, created extraordinary acts of theatre and community.**  
We built sustained partnerships with theatres and community organisations across London, and members of these organisations took part in regular creative activity and bespoke workshop programmes. Together we created an ambitious new work of participatory theatre - the first Public Acts production, *Pericles*, which featured a community company of 223. The second Public Acts production will be *As You Like It* in summer 2019 at the Queen's Theatre Hornchurch.
- **National learning programmes covering ages 5 to 18.**  
**On Demand in Schools:** 64% of state secondary schools use our free streaming service.  
**Connections:** our annual nationwide youth theatre festival involved 270 young companies and 28 professional venues across the UK.  
**Let's Play:** we launched a collection of five new plays for primary school children to perform, supported by teacher training and digital resources.  
**New Views:** 580 students from 73 schools submitted scripts to our annual nationwide playwriting course and competition for young people.

# INTRODUCTION

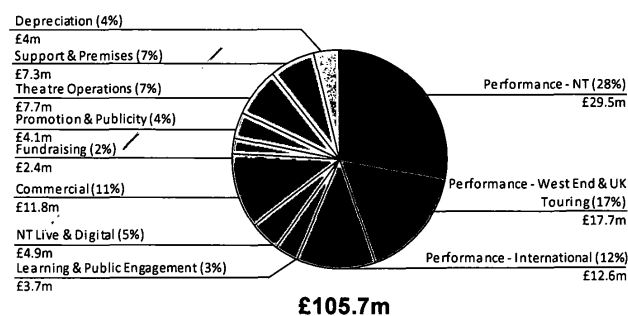
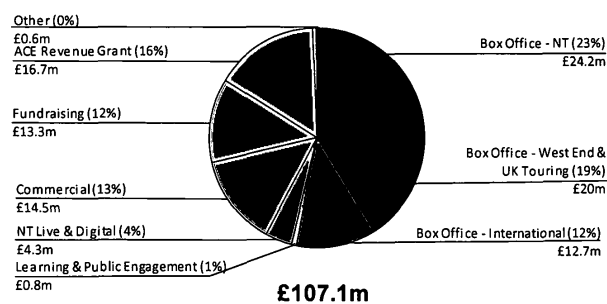
## FINANCIAL SUMMARY

The charts below show total income and expenditure on group funds excluding long-term restricted funds (which comprise the NT's building-related fundraising income and depreciation).

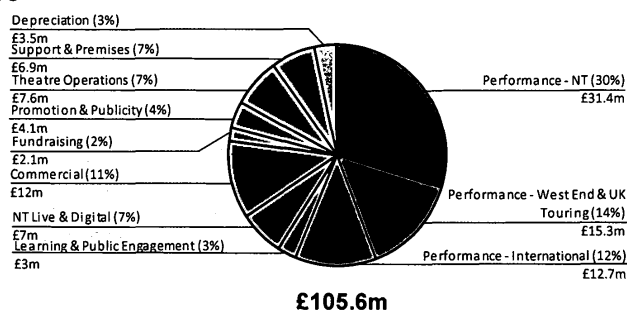
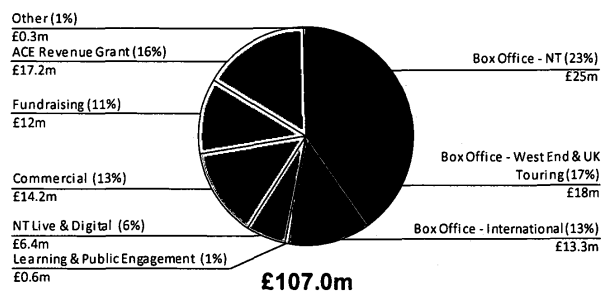
### INCOME

2018-2019

### EXPENDITURE



2017-2018



# WHO WE ARE AND WHAT WE DO

## CHAIR'S STATEMENT

The National Theatre is in the business of creating unforgettable moments, and 2018-2019 was full of them – from the sparring of lovers *Antony and Cleopatra* in the Olivier Theatre, played by Ralph Fiennes and Sophie Okonedo, to the triumphant opening night of *Network* on Broadway.

However, unquestionably at the heart of 2018-19 was *Pericles*, the first production from the new theatre and community programme Public Acts. *Pericles*, and the wider Public Acts programme, was a major artistic and logistical achievement, and in its first year became the north star for how we understand the future ambition of the National Theatre summed up so perfectly in The Times' five-star review: 'What is a national theatre? What should it do? What should it look and sound like? The answer [...] was defiantly this: inclusive, empowering, revitalising, celebratory, multicultural, multilingual and downright fun.'

Beyond *Pericles*, the National Theatre had a fantastic artistic year on the South Bank, playing again at a very healthy 91% capacity. Testament to the popularity and quality of the programme were the 10 transferred productions playing or on sale in London's West End and in New York. A particular highlight was the transfer for Natasha Gordon's debut play *Nine Night*, which attracted a wider and more diverse audience than typically attend at the NT or the West End. At the Olivier Awards, *Nine Night* went head to head with another NT production, *Home I'm Darling* by Laura Wade, for Best New Comedy. *Network* and *Hedestown* were a Tony award-winning hits on Broadway, and were joined in New York by *The Lehman Trilogy* for a limited time ahead of its anticipated West End run.

After 2017-2018's record breaking year of touring work, the National Theatre achieved another very healthy year of touring in 2018-19, with several popular productions on the road including *Macbeth* and *War Horse*. A special adapted version of *The Curious Incident of the Dog in the Night-Time* also toured into schools across the country. It is very encouraging to see this step up in activity sustained – a new normal which speaks to the National's ambition to live up to its name by engaging with audiences right across the country.

Innovation has also helped make theatre more inclusive. 64% of all UK state secondary schools have signed up to use our free streaming service, On Demand In Schools, which gives young people access to high-quality theatre in the classroom. This annual report also looks back on the launch of the transformative smart caption glasses, which provide closed captions from any seat at any performance at the NT. The feedback has been overwhelmingly positive, with users sharing their joy at being able to access and enjoy theatre with family and friends. The next development phase for this technology is now supported by a grant from UK Trade and Investment – an important indication that the NT's work is not only transforming the experiences of individuals but is also playing its part in the industrial success of the country.

Finally, we were very proud to welcome the Duchess of Sussex in January 2019 on her first public visit as the new royal patron of the National Theatre. From meeting some of the fantastic apprentices working in our production departments, to seeing a special performance put on by Edith Neville Primary School about *War Horse*, the Duchess got a real sense of the breadth of the National's work. We look forward to welcoming her back again soon to tell her more of the National Theatre story.

The many successes of the last year are testament to the hard work and creativity of the hundreds of staff at the NT – my sincerest congratulations to them all.

Sir Damon Buffini  
11 July 2019

*D. M. B.*

## WHO WE ARE AND WHAT WE DO

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### MISSION & STRATEGY

#### **MISSION**

At the National, we make world-class theatre that is entertaining, challenging and inspiring. And we make it for everyone.

#### **VISION**

Theatre can lead to extraordinary moments of shared imagination. It enables us to stand in another's shoes to better understand ourselves and the world around us. It shows us who we are, who we have been, who we could be. The NT delivers on this promise through a world-class programme of performance, reinvigorating existing work and exploring progressive new voices and forms.

We make theatre with as wide a range of artists as possible, seeking always to find fresh perspectives on the stories that we tell. On our stages in London, and through tours, partnerships, digital and broadcast, we share this work with a large, diverse and evolving audience, throughout the UK and around the world.

We aim to provide leadership and advocacy for theatre across the country. Our work is shaped by the world around us, and we seek to be constantly engaged with the wider national conversation. Through the work we make and our world-leading learning programme, we want to engage all audiences with the power and potential of theatre.

We are a theatre for the whole nation, a theatre for everyone.

# WHO WE ARE AND WHAT WE DO

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## OUR STRATEGY

A new four-year business plan for the period 2018-2022 marked the opportunity to set new strategic objectives for the National Theatre with effect from 2018-2019. The hallmark of this is a continuing commitment to excellence and ambition in our artistic work, but sitting alongside this a social purpose for the National.

Our plan came at a time when we saw declining opportunities for children and young people to participate in drama at school, a falling off in audiences for drama at many venues around the country, a decline in local authority funding and uncertainty around other public funding. But the striking thing was that individual creativity and ambition for what theatre can achieve remains strong. Digital presents new ways of making work as well as a channel for wide distribution, and internationally there is a growing audience for our work as well as a strong appetite to collaborate and make work at the NT.

Against this backdrop of challenge and opportunity we saw a leading role for the NT as the largest producer of theatre in the UK, and with the real possibility of changing lives through our work. This is a role which we relish and has driven our business planning.

We set ourselves five key aims:

1. To make theatre that resonates with contemporary audiences, by developing new voices and forms and reinvigorating existing work
2. To increase opportunities for all to experience the transformative power of theatre
3. To use the National's leadership position to advocate for the importance of the arts in society and support the health of the sector
4. To expand the National's international reach and impact
5. To deliver in a financial and socially sustainable way

# STRATEGIC REPORT

**National  
Theatre**

## AIM 1. TO MAKE THEATRE THAT RESONATES WITH CONTEMPORARY AUDIENCES, BY DEVELOPING NEW VOICES AND FORMS AND REINVIGORATING EXISTING WORK

### DEVELOPING A BROAD RANGE OF AMBITIOUS WORK

In 2018-19 we presented high-profile productions and bold new writing in all three theatres including our first Public Acts production – *Pericles* – which saw a community company of over 200 take to the Olivier stage, and received five-star reviews. Major box office and critical hits shared space with artistic risk-taking. Work from every stage subsequently enjoyed a revival or a transfer. Landmark productions included *Antony and Cleopatra*, *Downstate*, *Hadestown*, *Home I'm Darling*, *Nine Night* and *The Lehman Trilogy*.

11 pieces of new writing were programmed in our theatre at the South Bank; showcasing the NT's strong relationships with the world's leading and emerging theatre artists. *Hadestown* by Anais Mitchel, *Home I'm Darling* by Laura Wade and *Nine Night* by Natasha Gordon, which between them challenge the principles' gender roles in modern society, the depths of loss and family, and the obscure corners of immigration and citizenship. The resonance that the three genre-defying productions generated with audiences saw them transfer to Broadway (*Hadestown*) and the West End (*Home I'm Darling*, *Nine Night*).

Number of productions played (new in brackets)	2018-19	2017-18	2016-17	2015-16	2014-15
<b>Olivier</b>	8 (6)	7 (5)	7 (6)	8 (6)	8 (7)
<b>Lyttelton</b>	9 (7)	7 (5)	7 (6)	9 (7)	9 (8)
<b>Dorfman / Cottesloe</b>	11 (9)	8 (7)	11 (10)	7 (5)	3 (3)
<b>Temporary Theatre</b>	- -	- -	1 (1)	11 (9)	5 (3)
<b>TOTAL</b>	<b>28 (22)</b>	<b>22 (17)</b>	<b>26 (23)</b>	<b>35 (27)</b>	<b>25 (21)</b>

### REINVIGORATING EXISTING MATERIAL

Classics reimagined for the present moment introduced new audiences to great canonical work. We staged two major commissions which adapted an existing work: Polly Stenham's *Julie* recontextualized Strindberg's tragedy *Miss Julie*, and John Donnelly highlighted contemporary concerns around power, privilege and accountability in his adaptation of *Tartuffe*.

# STRATEGIC REPORT

**National  
Theatre**

We staged landmark productions of *Top Girls*, *Translations* and *Exit the King* in our largest spaces, at scales befitting their significance as major works of the 20<sup>th</sup> century. Meanwhile, *Antony & Cleopatra* attracted our biggest audience of the year, was broadcast via NT Live and recognised at the Olivier Awards.

## SUPPORTING THE CREATIVE CASE FOR DIVERSITY

### **Diversity on our stages**

We believe that a successful theatre is a theatre for everyone, where inclusivity and accessibility are paramount. This begins with the work on our stages and our responsibility to tell stories that represent the whole country, that resonate with the wider national conversation and from a broad and diverse range of voices. We have set targets which we aim to achieve by the end of 2021 and have committed to report progress against every year.

Results for our 2018-19 staged work alongside our targets for the end of 2021 (in brackets):

- 35% of living writers were female (50%)
- 46% female directors (50%)
- 47% female performers (50%)
- 10% work by BAME writers (20%)
- 13% BAME directors (20%)
- 33% BAME performers (>25%)

### **Diversity of artists working at the New Work Department:**

We want the NT to offer a broad, world-leading programme, and to significantly increase the diversity of the artists making the work by 2021. The New Work department (NWD) plays an instrumental role in helping us meet both ambitions.

- 1,631 writers, directors, actors and creatives were contracted by the NWD (52% female, 30% BAME, 17% disabled).
- We commissioned 66 plays from 70 writers (47% female, 16% BAME, 13% disabled).
- 32 writers were on attachment - playwrights receiving development support who we ultimately hope to commission (66% female, 33% BAME, 28% disabled).

## DEVELOPING NEW VOICES FOR OUR STAGES

It was a strong year for the debut of new and developing voices on our stages. Natasha Gordon won the Evening Standard Most Promising Playwright Award for her debut play *Nine Night* and became the first living Black British female playwright in the West End; Roy Alexander Weise and Rajha Shakiry also made NT debuts on that production. Branden Jacobs-Jenkins and Georgia Lowe made NT debuts with *An Octoroon*, which transferred from the Orange Tree Theatre. *Pericles* was the Olivier Theatre debut of Emily Lim, Chris Bush, Jim Fortune and Fly Davis.

As part of our talent development plan many artists introduced to the NT through the Dorfman are now attached to work being programmed in our larger spaces. In 2019 Roy Alexander Weise will direct *Master Harold and the Boys*, and Inua Ellams presents his adaption of *Three Sisters* in the Lyttleton.

# STRATEGIC REPORT

Every casting process at the NT now uses ProFile Performers, our video casting database designed to showcase D/deaf and disabled talent. The service features over 200 performers, has been accessed by almost 5,000 unique users, and has facilitated castings at the Old Vic, RSC, Manchester Royal Exchange and film/TV amongst others.

## **AIM 2. TO INCREASE OPPORTUNITIES FOR ALL TO EXPERIENCE THE TRANSFORMATIVE POWER OF THEATRE**

### **REACHING AUDIENCES NATIONWIDE THROUGH TOURING AND PARTICIPATION**

We continued to deliver a substantial UK touring programme, with performances out-of-London of *War Horse*, *Macbeth*, *This House*, *Home I'm Darling*, *LOVE*, and *The Prisoner*, as well as two titles adapted for schools, *The Winter's Tale* and *The Curious Incident of the Dog in the Night-Time*. Across the year we reached 569,000 people across 94 touring weeks in 38 towns and cities – comparable to 2017-18's all-time high of 115 touring weeks in 44 towns and cities. A particular success was the UK tour of *Macbeth*, which was seen by 133,000 people including a school's audience of 30,000.

**Theatre Nation Partnerships (TNP)** is a three-year project that focuses aspects of our nationwide work into areas where there are challenges to arts engagement, working with local theatres to build a lasting audience for drama – and drawing on combined expertise and resources, and each partner's deep community links. Our partners are Cast in Doncaster, The Lowry in Greater Manchester, Queen's Theatre in Hornchurch, The Empire and The Fire Station in Sunderland, Theatre Royal in Wakefield and The Grand in Wolverhampton.

- Halfway through the three-year project, we're on track to reach our target of 200,000 people, with over 100,000 people engaged with theatre.
- *Macbeth* saw a huge uplift in first time bookers in the TNP areas, where 55% of audiences were first time bookers against 35% in other venues.
- *Macbeth* also saw a huge uplift in schools attendance in TNP areas, where 43% of attenders were school children against a 29% tour average.
- We created a new schools version of our production of *The Curious Incident of the Dog in the Night-Time* which toured into 60 secondary schools, reaching 13,500 pupils in our TNP areas and additional areas of low arts engagement in London.
- We engaged with 10,800 children and young people through our TNP programme, ahead of our target of 10,000 and compared to 2,700 in the previous year.

### **DEVELOPING PUBLIC ACTS, OUR THEATRE AND COMMUNITY PROGRAMME**

Our Public Acts programme allowed us to forge relationships with eight community organisations across a two-year period. Bespoke programmes were designed in collaboration with each partner including workshops, theatre trips and opportunities for creating together. Workshops with community participants have begun in Hornchurch ahead of *As You Like It* in August 2019.

*Pericles*, our first public acts production in the Olivier Theatre, was distilled from Shakespeare's play into an inclusive adventure for a community cast of 223, with contemporary themes on migration and the meaning of home. Queen's Theatre Hornchurch were embedded into the production process, taking learnings and expertise into Public Acts 2019.

# STRATEGIC REPORT

**National  
Theatre**

## INCREASING PARTICIPATION IN DRAMA AND THEATRE-MAKING IN UK SCHOOLS

### **National Programmes: Connections, Let's Play & New Views**

Our nationwide Learning programmes continued to be an important way to engage children and young people through in-depth experiences at school. For our Connections youth theatre festival, we recruited 324 young companies from schools and youth theatres - 29% came from areas with the lowest engagement with the arts and 42% were allocated a bursary to support their participation. 90 schools signed up to our New Views playwriting programme. We also launched Let's Play in 101 primary schools, a new programme to support theatre-making by giving teachers the materials and training to create fantastic school plays.

However, the rate of drop out was high. We had aimed to increase numbers taking part in Connections from 270 (2017-2018) to 300 (our target), but only 276 companies are completing the programme. We have seen a similar pattern with New Views which reduced to 74 participating schools, falling short of our target of 100 schools. Feedback tells us that drop outs mostly result from staff illness or changes, lack of senior support or budgetary pressures, rather than dissatisfaction with the project – although we continue to consult closely on how our activity can best suit schools and young people. The evidence points to an increasingly fragile infrastructure for young people's participation in the arts, which we will continue to monitor and explore how we can increase our support and advocacy.

## REACHING MORE PEOPLE THROUGH DIGITAL DISTRIBUTION

### **NT Live**

NT Live seeks to broadcast the best of British theatre throughout the UK and in 2019 we broadcast nine new titles, including the Nottingham Playhouse production of *The Madness of George III*. There were 6,632 screenings in the UK reaching 340,000 people and a total world-wide audience of 0.8 million, down on the target of 1.2 million. This was down year-on-year due to a reduced number of titles in the season and no break out titles, compared to the bumper programme of 17 titles in the 2017-2018 financial year with a total audience of 1.1 million. Audiences for event cinema have an ever-widening choice of work and in that busier market-place casting and title prove ever more important.

### **Television**

Our 2017 production of *LOVE* by Alexander Zeldin was adapted as a film for BBC2 with Cuba Pictures, featuring the original cast and directed by Zeldin. The film was watched by an estimated 121,000 people.

### **On Demand in Schools**

We added a further four titles to our free production streaming service, bringing the total number of titles up to 14. 64% of all state secondary schools have signed up to use the service, putting us well on track to achieve 75% sign up by 2022 (our target for the year was 64%, in the previous year we achieved 54%). Productions were streamed 24,000 times to an estimated audience of 536,000 pupils.

### **Social Media**

Last year we uploaded 61 pieces of new high-quality video content to our YouTube channel, which were viewed 950,000 times. Overall, our wider content received 3.3 million views in total, in line with our target and up on the previous year of 2.9 million.

# STRATEGIC REPORT

**National  
Theatre**

## **Immersive Storytelling Studio**

The ISS enables us to explore and test new forms of story-telling through digital technology. In 2019 we staged our first ticketed VR/motion capture work *Draw Me Close* – which played at the Young Vic. This work had been presented at a number of film festivals and this public presentation was important in bringing the work to a wider audience as well as increasing our understanding of audience response. Weaving theatrical storytelling with cutting-edge technology, the project takes a deceptively simple and humanistic approach to the immersive medium: it allows the audience member to experience life as a child inside a live, animated world, where a live actress' movements are translated into the virtual world using motion capture. Inspired by *Small Island* we are currently working on *All Kinds of Limbo*, a musical performance staged in virtual reality that celebrates the influence of West Indian culture on UK society.

## **INCREASING ATTENDANCE BY UNDERREPRESENTED GROUPS ON THE SOUTH BANK**

### **Audience diversity**

- 31% of audiences were first time bookers, just ahead of our 30% target.
- 19% were under 35 – shy of our 20% target and in line with the previous year.
- 9% were from BAME backgrounds, up from 8% in the previous year, with a significant proportion of productions above forecast – on track to hit our 2023 target of 10%. When *Nine Night* transferred to the West End it played to 34,000 people, 41% from BAME backgrounds; compared with our South Bank audience, and represented a brilliant opportunity to widen the audience for the production beyond those who had been able to secure tickets for the limited Dorfman Theatre run.
- Accessible ticket pricing remains an important part of sharing our work in London with broad audiences, and we maintained our commitment to ensure that 30% of tickets cost £20 or less.
- Over 120,000 people deepened their engagement by attending talks, events and free exhibitions. The free River Stage festival attracted a young and diverse audience of 25,000. We also presented *Courage Everywhere*, a series of rehearsed readings of plays written and directed by women in celebration of the 100th anniversary of women's suffrage.

### **Access**

17,309 concessionary tickets were sold to disabled people and their companions for NT productions on the South Bank (2017-2018: 17,834). These included 1,412 patrons using captioning and 407 audience members accessing audio-described performances (2017-2018: 1,585 and 639, respectively).

We launched our revolutionary Smart Caption Glasses in Autumn 2018. When wearing the glasses users see a transcript of the dialogue and descriptions of the sound in a performance displayed on the lenses. For the first-time service users can experience our productions from any seat, in any theatre, on any date. Traditional captioned performances must be delivered live, presenting practical and financial barriers – the glasses give users the opportunity to attend flexibly. The glasses are available on 100% of productions and at 80% of performances. 493 people have used the glasses so far.

# STRATEGIC REPORT

**National  
Theatre**

## **AIM 3. TO USE THE NATIONAL'S LEADERSHIP POSITION TO ADVOCATE FOR THE IMPORTANCE OF THE ARTS IN SOCIETY AND SUPPORT THE HEALTH OF THE SECTOR**

### **ADVOCATING FOR THE IMPORTANCE OF THE ARTS AND STORYTELLING ECONOMY**

#### **Supporting our objectives around policymaking and funding**

In an unstable political landscape, it has been challenging to deepen relationships, but we have continued to work with parliamentarians and policy influencers. Rufus Norris spoke at the Prince of Wales' Children and the Arts education event which brought together ministers from the Department for Education and Department for Digital, Culture, Media and Sport, and was also attended by the Director of Learning, Alice King-Farlow. Lisa Burger was invited to address the Industry and Parliament Trust's meeting to consider progress in the Creative Industries sector deal.

We formalised monitoring processes on key issues, such as Creativity in Education, Diversity, and Arts Funding and Policy, and plan to develop frameworks to shape stakeholder engagement and a research & evidencing strategy. The NT made substantial contributions to industry research/consultation – including the Creative Industries Federation's Comprehensive Spending Review recommendations (*'Public Investment, Public Gain'* (2019)), London Mayor's Office research on cultural organisation supply chains in London.

### **SHARING LEARNING AND EXPERTISE WITH THE SECTOR**

#### **Theatre Nation Partnerships - Sharing skills and leading change**

The TNP meetings held during the year in Wolverhampton, Doncaster and Sunderland proved invaluable forums for collaboration and knowledge exchange. The meetings brought together Executive Directors, learning, marketing, programming & audience development teams from our seven partner theatres across England, with topics including engaging schools, digital marketing and access. We have helped these theatres develop joined-up approaches to programming and audience development and to plan and test audience development strategies locally. Leeds University are assessing the TNP programme and their report will inform the way we share our learnings with the wider sector.

#### **Formal sector guidance**

Our senior staff sit on over 30 major industry boards including Bush Theatre, High Tide, Eclipse and Nottingham Playhouse. We take part in industry mentoring schemes like Stage One and Momentum. Momentum is run by the National Theatre, Barbican, the Royal Opera House, and the Southbank Centre.

### **ADVOCATING FOR AND SUPPORTING THEATRE, DRAMA, AND CREATIVE EDUCATION IN SCHOOLS**

#### **Advocacy for Creative Education**

We contributed evidence to various reports and inquiries including Ofsted curriculum review, Durham Commission, Prince's Trust & DCMS Select Committee. One intended area of focus had been to improve information on careers in the Creative Industries, but in light of significant external activity on this issue we are now delivering on this aim by working in partnership with industry bodies such as the Creative Industries, Creative and Cultural Skills, The Stage and The Edge Foundation.

# STRATEGIC REPORT

**National  
Theatre**

## Supporting Creative Education in Schools

We are collaborating with Royal Shakespeare Company and Arts Council England on strategies to support drama teachers in schools and colleges, and are in discussion with Wellcome Trust around developing an expanded offering of professional development and training for teachers. Alongside more granular work the NT runs 4 national cultural education programmes for schools, and each offers bursaries and support for teachers.

1,314 teachers and youth theatre leaders took part in our annual Continual Professional Development (CPD) programme, ahead of our target of 1,125 and the previous year at 950. 155 young people aged 14-18 took part in our technical and production arts training programmes, ahead of our target of 110 and the previous year at 76.

479 high priority schools (those with nationwide high levels of free school meals, English as an additional language or in areas of low arts engagement) engaged directly with NT activity during the year, ahead of our target of 200 schools and up on the previous year of 165 schools.

## AIM 4. TO EXPAND THE NATIONAL'S INTERNATIONAL REACH AND IMPACT

### DEEPENING OUR PRESENCE IN KEY INTERNATIONAL TERRITORIES AND INCREASING INTERNATIONAL AUDIENCES

We worked closely with international partners in co-productions at the National Theatre. We presented *The Prisoner* in the Dorfman Theatre in co-production with Théâtre des Bouffes du Nord, co-directed by Peter Brook and Marie-Hélène Estienne. We also produced Bruce Norris' new play *Downstate* with Chicago-based company Steppenwolf. We toured Alex Zeldin's production of *LOVE* to three French venues including l'Odeon in Paris with a view to making relationships with European partners. Beyond these co-productions, we worked with a number of major international artists, including actors Cate Blanchett and Dennis O'Hare on *When We Have Sufficiently Tortured Each Other* and *Tartuffe* respectively.

In 2018-19 we saw 7.2 million engagements with the NT worldwide; this included 2.8 million ticketed attendances for theatre both live at a theatre and broadcast to cinemas. NT Live broadcasts reached 0.8 million people in the UK and internationally, taking the very best of British theatre to a wide audience in 65 countries.

It was a significant year for the National Theatre's activity in New York, where our audience for live theatre was 311,000. The transfer of *Angels in America*, which began in 2017-2018, continued its run, playing to an additional 101,000 people; the production was nominated for 11 Tony Awards, more than any other play in the awards history – it won three, including Best Revival of a Play. We transferred our production of *Network* to the Belasco Theatre in November 2018 – the production was a critical and box office hit, extending to June 2019, picking up the Tony Award for Best Actor in a Play. In March 2019, *The Lehman Trilogy* transferred to the Park Avenue Armory for a limited period ahead of the production's West End run. The year also saw the Broadway transfer of *Hadestown*, which opened at the Walter Kerr on 22 March and went on to win eight Tony awards including best new musical and the New York and San Francisco runs of *The Jungle*, our co-production with the Young Vic.

Beyond the US, *The Curious Incident of the Dog in the Night-Time* continued its international tour in Austria, New Zealand, China, Hong Kong and Singapore. In addition, the Mandarin language production of *War Horse* continued to play in China.

# STRATEGIC REPORT

## AIM 5. TO DELIVER IN A FINANCIAL AND SOCIALLY SUSTAINABLE WAY

### ORGANISATIONAL RESILIENCE AND CAPACITY

#### **Governance & Risk Management**

The appointment of new Board trustees enabled 40% female and 30% BAME Board representation. We strengthened governance arrangements regarding compliance and assurance oversight by the Finance and Audit Committee (FAAC), and national and international production transfer and touring activity by the National Theatre Productions Board. We increased internal resource to better support Business Planning and Risk Management, and have improved our internal Business Planning tracking and reporting processes.

#### **Compliance**

Progress was made to strengthen the NT's compliance arrangements; from updating our Health and Safety policy and procedures documentation, and the introduction of self-help tools, to progressing GDPR compliance, with high priority areas (customers and donors) achieved by May 2018. A key piece of work was a cross-organisational review and update of our Safeguarding policy and procedures, including the formation of a new Safeguarding Group to monitor compliance and report issues to the Finance and Audit Committee, along with a Safeguarding e-learning course for staff. The challenges in this area are the on-going requirements as NT activities evolve.

#### **IT Strategy**

IT governance arrangements were reviewed and updated with an IT Strategy Group supported by three new steering groups: Audiences & Digital; Production & Planning and Operations & Security. A cross-organisational review of IT needs and gap analysis of existing systems defined priorities for investment over the next three years. Progress was made with our Cloud migration project, with priority services migrated across.

A key challenge was the re-direction of significant IT resource to stabilise our on-line ticket selling capabilities and determine its longer-term strategy. The key issue relates to the stability of our bespoke on-line ticket selling capabilities under significant user load, i.e. at the beginning of new booking periods. Whilst stability has been achieved, the long-term solution is to move to a third-party provider. The preferred provider has been identified, subject to load testing which is scheduled in Autumn 2019. As a result, several other aspects of our IT plans have been delayed into 2019-2020.

#### **Security**

Our security environment was enhanced with a major upgrade of our CCTV systems and a new 24/7 control room monitoring CCTV in all public facing areas of our building, improving the security of our audience and visitors. We strengthened the leadership of our Security function and appointed a new security provider for our out-sourced officers, providing a more resilient service.

#### **Major Incident Response Planning**

Progress was made towards developing a Major Incident Response Plan during the year, supported with initial training for the Senior Management Team. A new communications app was launched to all staff to support communication in emergency situations and provide response guidance to those staff managing incidents.

# STRATEGIC REPORT

## STAFF RESILIENCE AND CAPACITY

### **Staff Resilience**

We established a Stress Management Group in conjunction with staff and unions to identify ways to better manage stress and introduced an Employee Assistance Programme for all workers, giving access to 24/7, 365-day support. Most senior managers were trained in supporting Mental Health at Work.

### **Staff Training**

We launched an E-learning programme covering personal development, compliance and management training, and an internal training programme which offers courses in foundations of management, risk assessment, personal impact, managing safely, negotiation and communication skills.

We launched the National's new Safeguarding and Flexible Working policies, with access to online resource. We trained over 390 managers and supervisors in Managing Inclusive Cultures to support management understanding of diversity, discrimination, harassment and creating a positive culture.

### **Technical skills and compliance**

We assessed the skills of more than 250 technical staff and created a development matrix to ensure that all are trained in key competencies, have undertaken core compliance and safety training, and have kept specific training licences (e.g. Forklift truck driving) up to date. An ongoing training and refreshment programme is now in place.

## EMBEDDING ENVIRONMENTAL SUSTAINABILITY AT THE HEART OF OUR PRACTICE

We continued to take significant steps to reduce the National Theatre's impact on the environment, as well as fulfilling our artistic and sectoral leadership roles by engaging with audiences, other arts organisations and the wider range of businesses we work with. The key themes of our Environmental strategy are: People, Place and Production.

### **People**

- We continue to encourage and embed environmental thinking among staff which we progress via our staff intranet and company meetings.
- We engaged our audiences with an environmental article in programmes, which was seen by an estimated 25,000 people. During Recycle Week 2018 we replaced our front of house bins with clearer recycling segregation and created 'table talkers' for our foyer tables about recycling aimed at the public.
- We took part in Season for Change 2018, an international creative response to climate change. As well as presenting talks and screenings addressing environmental themes, we created 'Nowhere to Call Home' in partnership with Environmental Justice Foundation, an audio-visual installation about climate change and forced migration which was projected on the building and distributed online.
- We attended roundtable workshops arranged with the Greater London Authority on the circular economy and energy saving, asked our food suppliers to commit to our environmental guidelines on sourcing, and are in talks with South Bank Employers Group looking at feasibility of a South Bank freight and waste consolidation project.

## Place

- We achieved a 14% reduction in our greenhouse gas emissions against our 2016 benchmark. We contributed to this improvement by investing £600,000 in moving to LED lighting both on stage and in the auditoriums. We installed a heat exchanger on the Max Rayne Centre Ground Source Heat Pump to supply cooling to the main building which will substantially reduce our energy demand for cooling in winter. And we introduced data analysis metering and software for all our sub-meters.
- We established sustainable sourcing and disposal methodologies in the building that included new guidelines for the sustainable procurement of produce and ingredients, developed with support from the sustainable restaurant association. We worked with several suppliers to reduce the number of deliveries.
- We reduced our dependency on Thames Water supplies by 40% through enhancements to our water abstraction process, and we are now supplying this water to Dorfman Theatre toilets. 67% of non-production waste was recycled (up 7%) and 43% of production waste was recycled (up 3%).
- We adapted our planting to support the health and productivity of our bees, who subsequently produced a bumper crop of honey. We also installed three 'free to use' electric car charging points for use in our public car park.

## Production

- As part of our work to develop a sustainable production model, we formed a Production Environmental Group to change practice across the production departments. A list of initiatives with short/mid-term goals are being progressed and tracked. We also increased our off-site storage capacity to allow for more equipment and scenery to be kept for re-use, resulting in a significant reduction in scenery waste.

# STRATEGIC REPORT

**National  
Theatre**

## FINANCIAL SUSTAINABILITY

Unrestricted income of £102.3 million was in line with the previous year (£102.8 million), reflecting continued high levels of box office income achieved for NT productions at the South Bank and significant UK and international touring activity.

The net movement in unrestricted operational funds was £0.5 million, taking operational reserves to £12.2 million; equivalent to nearly 2.5 months of core operating expenditure. Our target is to hold a minimum of the equivalent of three months of core operating expenditure in operational reserves, which is circa £15 million.

The NT's Arts Council England core revenue grant funding, which in 2018-2019 was £16.7 million, is critical to support the risk inherent within, and the breadth of, our artistic aims. This represents a cash reduction of £0.5 million on the previous year's grant at £17.2 million. Our grant has been cut by £2.9 million since 2010-11, a real terms reduction of 33%. The Strategic Touring grant of £1.2 million over three years is fundamental to support one of the NT's key aims, our Theatre Nation programme. The NT has also become increasingly dependent in recent years on Theatre and Film tax credits, which in 2018-2019 amounted to £4.1 million.

We continue to face pressure on certain costs largely outside our control. The apprenticeship levy, the increase to employers' auto enrolment pension contributions, enhanced security provision following the heightened terror risk in London and the impact of a building revaluation on our insurance costs have collectively increased our cost base over the past couple of years. We are also very concerned about our ability to keep pace with pay inflation given that circa 58% of our cost base relates to payments to individuals.

The NT has a four-year business plan for the period 2018-2022 which identifies our strategic aims and objectives and looks in detail at potential opportunities and challenges for the organisation, with a plan to support financial sustainability.

Over the four-year plan period, our ACE grant contributes 17% of our income, and a hugely significant 47% of the net funding (contribution) required to support our activities; the balance of funding required is self-generated, including fundraising net income at 32%, net income from trading activities at 9%, and net contributions from NT Live and our commercial transfers and touring activities each at 6%.

The NT initially coped with cuts to its ACE funding and delivered activity growth by increasing its commercial transfer earnings. In 2014-2015, £5 million of net commercial earnings was used to fund core activity. We subsequently reviewed our financial model to reduce reliance for core activity funding on this uncertain income source to an achievable annual target of circa £1.5 million per annum, which has been achieved each year thereafter. We continue to consider the potential for further commercial exploitation of all shows presented at the NT both to extend our reach and provide much needed funding to support capital and development projects and to strengthen longer term financial sustainability through building our reserves.

Our challenge is to find a way to bridge the gap between the real term decline in ACE funding and the additional investment we require to strengthen our operational resilience - in recognition of the challenges to further growth in box office, development and commercial trading income and within a climate of expected inflationary pressure on all our costs.

We see a solution to this in finding new income streams, with focus on international and digital development opportunities, and investment in our on-site commercial catering and hospitality facilities.

# STRATEGIC REPORT

Steps taken to balance the 2019-2020 budget and address longer term financial sustainability concerns include:

- Independent review of box office pricing in line with accessibility objectives and implementation of the recommendations.
- Review of pricing and further commercial exploitation of our food & beverage, retail and events offer.
- Creation of three internal working groups to review cost efficiency and revenue generating initiatives:
  - Operating & administration costs
  - Producing cost model
  - Space optimisation in relation to commercial and mission growth opportunities
- Digital – review of revenue growth opportunities and cost efficiencies.

Our four-year financial plan assumes an annual designation of £3.4 million to meet the on-going capital replacement needs of the building, our stages technical infrastructure and equipment and our IT systems. Our ability to deliver shows at the standards of excellence we aspire to requires a technical infrastructure that is reliable and fit for purpose. We have benefitted from the technical refurbishment of the Dorfman Theatre as part of NT Future and recognise that a similar capital spend will be necessary in the larger spaces. A review of our stage's technical infrastructure needs, started in 2018-2019, together with a review of our buildings infrastructure and equipment needs, with a focus on environmental sustainability, will be undertaken in 2019-2020 and inform our long-term capital planning and funding needs.

The 2018-2019 positive results (discussed within the Financial Summary) allowed the designation of funding, in addition to capital of £4.6m, to increase our Strategic Touring fund to support our planned Theatre Nation Partnerships touring activity and Public Acts for the next two years; and a modest growth to unrestricted reserves.

The Trustees have reviewed the financial outlook and, whilst acknowledging the risk surrounding box office income and earnings from commercial transfers, consider the recent financial performance and level of reserves to indicate that the National Theatre will be able to continue to operate on a going concern basis.

## OUR APPROACH TO FUNDRAISING

We are committed to fundraising best practice and abide by the Fundraising Regulator's key principles and behaviours of a fundraising organisation: to be legal, open, honest and respectful. We have complied with relevant laws and regulations, including the Proceeds of Crime Act, Data Protection, Tax and Gift Aid legislation, and Charity Commission guidance, as well as the National Theatre's corporate policies, such as Anti-Bribery. The NT voluntarily subscribes to the Fundraising Regulator and its Code of Fundraising Practice; there has been no non-compliance with this code during the year (2017-2018 - none). All our fundraising activity is delivered in-house and we ensure our fundraising staff are trained in our fundraising policies and procedures, supported with controls to ensure compliance. We raise money from a range of sources including corporate partnerships (cash and in-kind), corporate memberships, major gifts, individual memberships, legacies, audience appeals, special events and gifts from trusts and foundations. We operate according to an agreed strategy and report back to Trustees at regular board meetings. There are processes in place to manage and identify risks to protect the National Theatre's income, assets and reputation.

An internal audit review of fundraising was undertaken in 2017-2018, all the recommended actions arising from this were completed before or during 2018-2019. This included formalising due diligence procedures for acceptance of major gifts and corporate partnerships, and updating all data processing for General Data Protection Regulation requirements.

No complaints with regard to our fundraising practices were received during the year (2017-2018 – none).

# STRATEGIC REPORT

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**National  
Theatre**

It is possible that our fundraisers may come into contact with vulnerable people. We are especially careful and sensitive when engaging with vulnerable people. We are confident in the safeguarding measures we have in place, but to ensure we are doing all we can to protect vulnerable people a review of our policy, procedures and processes was undertaken during the year.

## SELF EVALUATION

We are committed to rigorously evaluating and assessing the quality and impact of our work. We measure this through surveys, qualitative research and data analysis. We measure audience response to NT productions and feed this audience insight into the production planning process. We also commission bespoke evaluations into other areas including NT Live, NT Learning and our Membership schemes. The Associates group meets regularly to discuss and objectively assess the strengths and weaknesses of the repertoire, to hold ourselves up to the highest possible standards and to develop a forward-looking creative strategy.

We conduct detailed press campaign reports for every production as well as a wide variety of audience feedback research. We are constantly seeking feedback from all stakeholders and audiences and use the learning to try and improve the quality of the work on our stages.

The diversity targets we have set for writers, directors, and performers on our stages are already helping us approach programming with a greater degree of self-awareness. We look across current and future programming, assess our current performance against these targets and make appropriate adjustments to our programme decision-making.

On the South Bank, the repertoire is planned with the twin objectives of retaining existing audiences and building new ones. Over the past five years we have dramatically increased our understanding of audiences by expanding our programme of insight and analysis. Our bespoke audience segmentation, which draws together attitudinal and behavioural factors, has been used for several years to aid understanding of audience groups. In tandem, our Audience Insight programme, comprising quantitative and qualitative research, is used to examine who is attending and inform audience projections for our future programme. We currently collect and analyse over 31,000 qualitative and quantitative responses from audiences every year, the results of which are monitored and shared across the organisation.

Across the Learning programme we run a rigorous quarterly reporting process which reviews progress against objectives, strengths and challenges and feedback from participants for each strand of activity. In addition we have commissioned three external research studies this year: Professor Helen Nicholson from Royal Holloway, University of London, has led a team of researchers exploring the impact of the first two years of Public Acts on participants and partner organisations; Dr Ben Walmsley of the University of Leeds and Dr Maria Barrett, University of Warwick, are evaluating Theatre Nation Partnerships; consultants Bird & Gorton have worked with the Connections team and partners on an in-depth review of the programme. Reports on Public Acts and Theatre Nation Partnership will be published later in 2019.

# STRATEGIC REPORT

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**National  
Theatre**

## FUTURE PLANS

The following objectives have been set for the 2019-2020 financial year:

- To present a diverse and popular repertoire to reach the widest possible audience through around 22 productions at the South Bank, to include:
  - at least two original world premieres across the Olivier and Lyttelton programme;
  - at least one major co-production with an international partner and two co-productions with British partners;
  - at least one piece of main stage programming specifically aimed at younger audiences;
  - one major community production, *As You Like It*, at the Queen's Theatre Hornchurch, as part of our new community programme, Public Acts;
  - to present at least one new musical premiere;
  - at least one major reimagining of a classic text by an emerging voice;
  - continue to work towards our diversity strategy targets and ensure that the whole of society is reflected in the voices and artists in the NT repertoire.
- On the South Bank, to continue to grow the NTs reputation as a building where all are welcome and attendance by under-represented groups through programming of ticketed and free events, and quality of front of house experience.
- To reach audiences nationwide through touring and participation, including six areas of low arts engagement where we will work with local partners to engage new audiences: our Theatre Nation Partnerships programme. Our UK touring programme will include *A Taste of Honey* and further touring into schools of the school's adaptation of *The Curious Incident of the Dog in the Night-Time*.
- To report on the research project undertaken to monitor the impact of our Theatre Nation engagement programme.
- To continue to increase participation in drama and theatre-making in UK schools through creative programmes, touring, resources, training and partnership work.
- To continue to engage all our staff and colleagues in our Diversity and Inclusion strategy through an on-going series of workshops and seminars and to make progress against our diversity targets – they are published on our web site and reported on every six months.

To reach more people through digital distribution by growing UK audiences for NT Live in cinemas, creating content in partnership with broadcasters, and developing new forms of digital storytelling.
- To continue to be an effective advocate for the importance of arts in society, including theatre, arts and creativity in education and the creative industries; supporting our objectives around policy-making and funding.
- To continue to share learning and expertise within the theatre and arts sectors.
- To increase awareness of the NT internationally and build on international work.

# STRATEGIC REPORT

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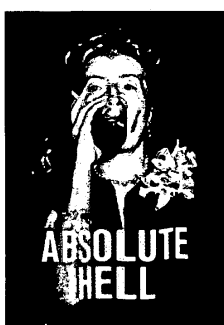
**National  
Theatre**

- To extend the reach and impact of the NT in the education sector via the launch of *The National Theatre Collection*, utilising the filmed assets from NT Live and other digital content.
- To continue work to deliver a financially sustainable business model that supports our 2018-2022 business plan objectives, balances income and costs, and builds our unrestricted reserves. This will include:
  - Progressing the initiatives arising from three internal working groups to identify cost efficiency and revenue generating opportunities.
  - A review of our buildings infrastructure and equipment needs, with a focus on environmental sustainability, which together with a review of our stages technical infrastructure needs undertaken in 2018-2019 will inform long-term capital planning and funding needs.
- To continue to strengthen organisational resilience and capacity, with a focus on:
  - Strengthening our IT systems support, to include:
    - To implement an integrated sales and EPOS solution.
    - To transition to a third-party provider for on-line ticket sales.
    - Other on-line developments to support customer & business needs.
  - Continue to deliver our Health, Safety and Risk Management strategy to strengthen our culture and compliance.
  - Continue to strengthen our regulatory compliance, with a continuing focus on General Data Protection Requirements and our internal assurance framework.
  - Continue to strengthen the resilience and capabilities of our staff, including the leadership and management capabilities and a re-launch of our staff induction programme.
  - Finalise and test the Major Incident Response plan.
- To continue to embed environmental sustainability at the heart of National Theatre's practice and continue to engage all our staff and colleagues in our Environmental Sustainability strategy.

# STRATEGIC REPORT

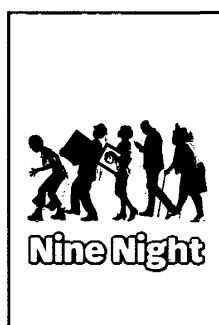
# National Theatre

## PRODUCTIONS OPENED IN 2018/2019



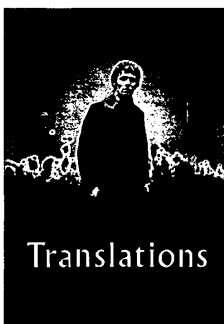
**ABSOLUTE HELL**  
By Rodney Ackland  
*Lyttelton Theatre, 18 April 2018*

Director Joe Hill-Gibbins  
Set Designer Lizzie Clachan  
Costume Designer Nicky Gillibrand  
Lighting Designer Jon Clark  
Associate Director and Movement Jenny Ogilvie  
Sound Designer Paul Arditti  
Music Director Harvey Brough  
Company Voice Work Jeannette Nelson  
Dialect Coach Charmian Hoare  
Staff Director Ali Pidsley



**NINE NIGHT**  
By Natasha Gordon  
*Dorfman Theatre, 21 April 2018*

Director Roy Alexander Weise  
Designer Rajha Shakiry  
Lighting Designer Paule Constable  
Sound Designer George Dennis  
Movement Director Shelley Maxwell  
Fight Director Bret Yount  
Company Voice Work Rebecca Cuthbertson  
Dialect Coach Hazel Holder  
Staff Director Jade Lewis  
Assistant to the Movement Director Sarita Piotrowski



**TRANSLATIONS**  
By Brian Friel  
*Oliver Theatre, 22 May 2018*

Director Ian Rickson  
Designer Rae Smith  
Lighting Designer Neil Austin  
Music Stephen Warbeck  
Sound Designer Ian Dickinson  
Movement Anna Morrissey  
Voice Work Charmian Hoare / Jeannette Nelson  
Dialect Coach Majella Hurley  
Staff Director Shane Dempsey  
Associate Sound Designer Alexander Caplen

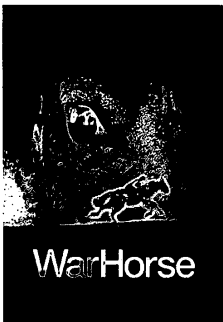


**JULIE**  
By Polly Stenham, after Strindberg  
*Lyttelton Theatre, 31 May 2018*

Director Carrie Cracknell  
Designer Tom Scutt  
Lighting Designer Guy Hoare  
Movement Director Ann Yee  
Music Stuart Earl  
Sound Designer Christopher Shutt  
Fight Director Owain Gwynn  
Illusions Chris Fisher  
Video Designer Mogzi Bromley-Morgans  
Company Voice Work Jeannette Nelson  
Staff Director Jo Tyabji  
Associate Movement Director Michela Meazza

## STRATEGIC REPORT

# National Theatre



### WAR HORSE

**By Nick Stafford, based Michael Morpurgo's novel**  
*Lyttelton Theatre, 31 May 2018*

Directors **Marianne Elliott & Tom Morris**  
Designer / Drawings **Rae Smith**  
Puppet Design and Fabrication **Basil Jones & Adrian Kohler for Handspring Puppet Company**  
Lighting Designer **Paule Constable**  
Director of Movement and Horse Choreography **Toby Sedgwick**  
Puppetry Directors **Basil Jones & Adrian Kohler**  
Animation and Projection Design **Leo Warner & Mark Grimmer for 59 Productions Ltd**  
Music **Adrian Sutton**  
Songmaker **John Tams**  
Sound Designer **Christopher Shutt**



### AN OCTOROON

**By Branden Jacob-Jenkins**  
*Dorfman Theatre, 7 June 2018*

Director **Ned Bennett**  
Designer **Georgia Lowe**  
Lighting Designer **Elliot Griggs**  
Movement Director **Ivan Blackstock**  
Music **Theo Vidgen**  
Sound Designer **George Dennis**  
Puppetry **Jimmy Grimes**  
Music Director **Michael Henry**  
Fight Director **Kev McCurdy**  
Company Voice Work **Rebecca Cuthbertson**  
Dialect Coach **Mary Howland**  
Staff Director **Steven Kavuma**



### THE LEHMAN TRILOGY

**By Stefano Massini, adapted by Ben Power**  
*Lyttelton Theatre, 4 July 2018*

Director **Sam Mendes**  
Designer **Es Devlin**  
Costume Designer **Katrina Lindsay**  
Video Designer **Luke Halls**  
Lighting Designer **Jon Clark**  
Music and Sound **Nick Powell**  
Music Director & Piano **Candida Caldicot**  
Movement **Polly Bennett**  
Associate Director **Zoé Ford**  
Associate Lighting Designer **Ben Pickersgill**  
Technical Sound Associate **Dominic Bilkey**  
Company Voice Work **Charmian Hoare**



### EXIT THE KING

**By Eugene Ionesco**  
*Olivier Theatre, 17 July 2018*

Director **Patrick Marber**  
Designer **Anthony Ward**  
Lighting Designer **Hugh Vanstone**  
Music and Sound **Adam Cork**  
Movement **Emily-Jane Boyle**  
Company Voice Work **Jeannette Nelson**  
Staff Director **Anna Girvan**

## STRATEGIC REPORT

**National  
Theatre**



### **HOME, I'M DARLING**

**By Laura Wade**

*Dorfman Theatre, 24 July 2018*

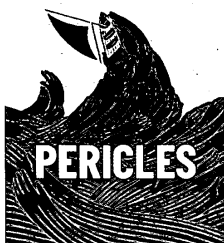
Director **Tamara Harvey**  
Designer **Anna Fleischle**  
Lighting Designer **Lucy Carter**  
Sound Designer **Tom Gibbons**  
Choreographer **Charlotte Broom**  
Staff Director **Hannah Noone**



### **STAR SEEKERS**

*Lyttelton Theatre, 8 August 2018*

Director **Helena Middleton**  
Designer **Nichola Holter & Katie Sykes**  
Company Producer **Hannah Smith**  
Younger Years Producer **Emily Greenslade**

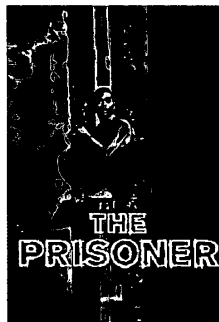


### **PERICLES**

**By Chris Bush, with music by Jim Fortune**

*Olivier Theatre, 26 August 2018*

Director **Emily Lim**  
Designer **Fly Davis**  
Choreographer **Robby Graham**  
Lighting Designer **Paule Constable**  
Sound Designer **Paul Arditti**  
Music Director **Tarek Merchant**  
Company Voice Work **Hazel Holder**  
Assistant Director **Gethin Evans**  
Rehearsal Director **Jon Beney**



### **THE PRISONER**

**By Peter Brook & Marie-Hélène Estienne**

*Dorfman Theatre, 12 September 2018*

Co-Director **Peter Brook**  
Co-Director **Marie-Hélène Estienne**  
Lighting Designer **Philippe Vialatte**  
Stage Elements **David Violi**  
Costume Designer **Alice François**

## STRATEGIC REPORT

**National  
Theatre**



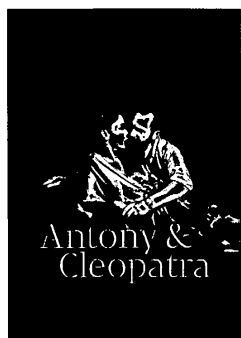
**I'M NOT RUNNING**  
By David Hare  
*Lyttelton Theatre, 2 October 2018*

Director Neil Armfield  
Set Designer Ralph Myers  
Costume Designer Sussie Juhlin-Wallén  
Lighting Designer Jon Clark  
Sound Designer Paul Arditti  
Music Alan John  
Projection Designer Jon Driscoll  
Company Voice and Dialect Work Charmian Hoare  
Associate Set Designer Tim Blazdell  
Staff Director Cara Nolan



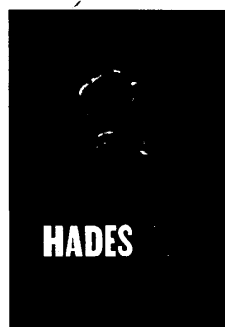
**STORIES**  
By Nina Raine  
*Dorfman Theatre, 10 October 2018*

Director Nina Raine  
Designer Jeremy Herbert  
Lighting Designer Bruno Poet  
Music and Sound Alex Baranowski  
Movement Director Jane Gibson  
Voice and Dialect Coach Charmian Hoare  
Staff Director Piers Black



**ANTONY AND CLEOPATRA**  
By William Shakespeare  
*Olivier Theatre, 18 September 2018*

Director Simon Godwin  
Set Designer Hildegard Bechtler  
Costume Designer Evie Gurney  
Lighting Designer Tim Lutkin  
Music Michael Bruce  
Movement Directors Jonathan Goddard & Shelley Maxwell  
Sound Designer Christopher Shutt  
Video Designer Luke Halls  
Music Director Magnus Mehta  
Fight Director Kev McCurdy  
Associate Director Emily Burns  
Associate Costume Designer Laura Hunt  
Company Voice Work Jeannette Nelson



**HADESTOWN**  
Music, lyrics and book by Anais Mitchel, developed with Rachel Chavkin  
*Olivier Theatre, 2 November 2018*

Director Rachel Chavkin  
Choreographer David Neumann  
Set Designer Rachel Hauck  
Costume Designer Michael Krass  
Lighting Designer Bradley King  
Sound Designers Jessica Paz & Nevin Steinberg  
Music Director and Vocal Arranger Liam Robinson  
Arrangements and Orchestrations Michael Chorney & Todd Sickafoose  
Associate Director Maria Crocker  
Associate Choreographer Steve Kirkham  
Associate Lighting Director Fridthjofur Thorsteinsson  
Rehearsal Music Director John Rutledge  
Performance Music Director Mike Guy  
Dramaturg Ken Cerniglia

# STRATEGIC REPORT

**National  
Theatre**



**Courage Everywhere**

## **COURAGE EVERYWHERE**

*Dorfman Theatre, 15-18 November 2018*

**Votes for Women** by Elizabeth Robins

Director Lyndsey Turner

**In The Parlour** by Judy Tate

Director Dawn Walton

**Magda, Jo, Isabella** by Saviana Stanescu, Aoise

**Stratford and Lyrae** Van Clief-Stefanon

Director Dawn Walton

**Her Naked Skin** by Rebecca Lenkiewicz

Director Nadia Fall

**Bull in a China Shop** by Bryana Turner

Director Phyllida Lloyd

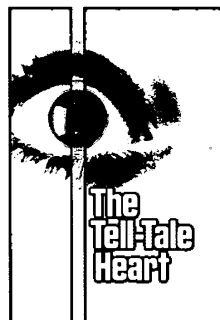
**And others** curated by Dr Susan Croft, Graeae & NT

Director Jenny Sealey

Lighting Designer Craig West

Sound Designer Claire Stamp

Video Designer Mogzi Bromley-Williams



## **THE TELL-TALE HEART**

**By Anthony Neilson**

*Dorfman Theatre, 5 December 2018*

Director Anthony Neilson

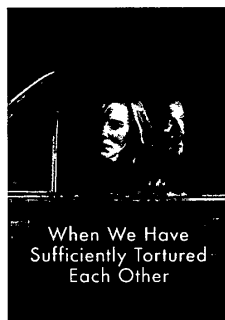
Designer Francis O'Connor

Lighting Designer Nigel Edwards

Composer and Sound Designer Nick Powell

Video Designer Andrzej Goulding

Staff Director Sophie Larsmon



## **WHEN WE HAVE SUFFICIENTLY TORTURED EACH OTHER**

**By Martin Crimp**

*Dorfman Theatre, 16 January 2019*

Director Katie Mitchell

Set Designer Vicki Mortimer

Costume Designer Sussie Juhlin-Wallén

Lighting Designer James Farncombe

Composer and Sound Designer Melanie Wilson

Composer of Song (Scene IX) Roald van Oosten

Fight Directors Rachel Bown-Williams and

Ruth Cooper-Brown of Rc-Annie Ltd

Staff Director Lily McLeish



## **THE WINTER'S TALE**

**By Shakespeare, adapted by Justin Audibert**

*Dorfman Theatre, 6 February 2019*

Director Ruth Mary Johnson

Designer Lucy Sierra

Composer and Musical Director Jonathan Girling

Lighting Designer Paul Knott

Puppet Designer Sam Wyr

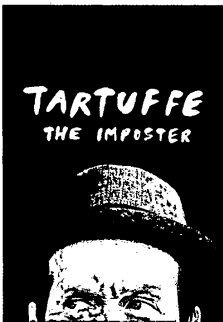
Sound Designer Mike Winship

Movement Director Lucy Cullingford

Assistant Director Ellie Hurt

## STRATEGIC REPORT

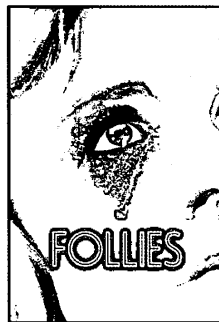
**National  
Theatre**



### **TARTUFFE**

**By John Donnelly, after Moliere**  
*Lyttelton Theatre, 9 February 2019*

Director **Blanche McIntyre**  
Set and Costume Designer **Robert Jones**  
Lighting Designer **Oliver Fenwick**  
Composition and Sound Design **Ben and Max Ringham**  
Physical Comedy Director **Toby Park**  
Company Voice Work **Jeannette Nelson**  
Staff Director **Ed Madden**



### **FOLLIES**

**Music and Lyrics by Stephen Sondheim, Book by James Goldman**  
*Olivier Theatre, 12 February 2019*

Director **Dominic Cooke**  
Designer **Vicki Mortimer**  
Choreographer **Bill Deamer**  
Music Supervisor **Nicholas Skilbeck**  
Orchestrations **Jonathan Tunick with Josh Clayton**  
Music Director **Nigel Lilley**  
Lighting Designer **Paule Constable**  
Sound Designer **Paul Groothuis**  
Company Voice Work **Jeannette Nelson**  
Company Dialect Work **Penny Dyer**  
Associate Director **Josh Seymour**  
Associate Designer **Matt Hellyer**  
Associate Choreographer **Kylie Anne Cruikshanks**  
Associate Music Director **Jennifer Whyte**  
Associate Sound Designer **Alexander Caplen**



### **DOWNSTATE**

**By Bruce Norris**  
*Dorfman Theatre, 12 March 2019*

Director **Pam MacKinnon**  
Scenic Design **Todd Rosenthal**  
Costume Designer **Clint Ramos**  
Lighting Designer **Adam Silverman**  
Sound Designer **Carolyn Downing**  
Company Voice Work **Gigi Buffington**  
Staff Director **Eva Sampson**

# STRATEGIC REPORT

## FINANCIAL SUMMARY

### FINANCIAL REVIEW

In 2018-2019 incoming resources were £107.6 million with £110.3 million of expenditure; giving a negative net movement in total group funds of £2.7 million. The net movement in group funds excluding long term restricted funds (which comprise fundraising income and depreciation in respect of our buildings) was an increase of £1.4 million. This compares to an increase of £1.4 million in 2017-2018.

The positive 2018-2019 result reflects strong box office income for NT productions at the South Bank at 81% financial capacity, driven by the popularity of a number of productions, continued high levels of UK touring activity and a growth to international transfers.

### PRINCIPAL FUNDING SOURCES

The National maintains a balance between self-generated income – box office and exploitation of National Theatre productions in UK and internationally (58%), catering and front-of-house trading (13%), fundraising support from our donors, including individuals, trusts, foundations, corporate donations and sponsorship (13%) and public subsidy from Arts Council England (ACE) (16%).

The funding received from the Arts Council and our donors is vitally important to maintain the innovation, accessibility and reach of which the NT is proud.

### ARTS COUNCIL FUNDING

Arts Council revenue funding at £16.7 million (2017-2018 £17.2 million), in addition to touring grants totalling £0.5 million, represents 16% of the income received by the NT. The NT took a 3% ACE funding cut for the four-year funding period 2018-2022 alongside Southbank Centre, RSC, and Royal Opera House, in order to support the diversification of the National Portfolio Organisations and the investment of funds outside London. With effect from 2018-2019 the grant has been cut by £2.9 million since 2010-2011, a real terms reduction of 33%.

### FUNDRAISING

The Development department had a strong year raising £13.8 million (vs £12.8 million in 2017-2018), which comprised £13.3 million for revenue activity (vs £12.0 million in 2017-2018) and £0.5 million for capital projects (vs £0.8 million in 2017-2018). £0.6 million of revenue activity in both years was in relation to commercial promotion and is recorded within income from other trading activities.

### BOX OFFICE INCOME

Box office income on the South Bank as well as the UK tour of *War Horse* and *Macbeth*, together with limited season transfers of *The Curious Incident of the Dog in the Night-Time*, *Nine Night* and *Home, I'm Darling* in the West End and NT Live amounted to £48.5 million (2017-2018: £49.4 million).

# STRATEGIC REPORT

**National  
Theatre**

Theatre and Film Tax Credits are a significant contributor to the NT's financial model. Total tax credits, which are offset against expenditure, in 2018-2019 amounted to £4.1 million.

## TRADING AND OTHER INCOME

Trading operations, including food and drink, venue hire, publications and retail, programmes, car park, costume hire and commercial promotion, are conducted through the National's wholly-owned subsidiary Royal National Theatre Enterprises Limited. The car park is operated under a franchise and the Green Room restaurant is operated by the National but under a joint arrangement with Coin Street Community Builders. All the other businesses are operated directly by the National.

The total consolidated income generated by Royal National Theatre Enterprises in 2018-2019 was £15.8 million (2017-2018: £15.5 million). The total profit before the management charge payable to the National was £3.4 million (2017-2018: £3.4 million). Trading income also includes licensing fees generated by National Theatre Productions Limited and National Theatre North America LLC, and box office and other income generated by Curious Incident Broadway LP, Curious Incident National Tour LP and The Great Works Begins LP.

Other income included bank interest receivable and income from education activities.

The National Theatre continues to benefit from its culturally-exempt VAT status, which means that there is no VAT on ticket income at the National Theatre but that a proportion of VAT on expenditure is irrecoverable.

## REVENUE EXPENDITURE

### PRODUCTION COSTS

Production expenditure at the National Theatre, in the West End and on tour, totalled £61.0 million (£60.1 million in 2017-2018) and represented 55% of total expenditure for the year.

### NT LEARNING AND PUBLIC ENGAGEMENT

Total expenditure for the year for the NT Learning (education) and public engagement programme was £4.2 million (£3.9 million in 2017-2018). £1.8 million was covered by fundraising, £0.8 million generated through ticket and fee income and the remainder covered by core funding.

### RESEARCH AND DEVELOPMENT

Expenditure on research and development totalled £2.4 million (£2.3 million in 2017-2018), including £1.9 million expenditure in the NT New Work Department.

# STRATEGIC REPORT

**National  
Theatre**

## SUPPORT COSTS

Support costs cover expenditure on front of house staff responsible for contact with the audience; marketing, box office and press; management and maintenance of the building including insurance and energy costs; and finance, governance, HR and IT. These costs are allocated against the activities listed above. Total support costs of £18.4 million (£18.2 million in 2017-2018).

## STAFF COSTS

Staff costs, including social security and pension costs, totalled £51.3 million (£50.7 million in 2017-2018). Staff numbers increased marginally on the previous year to 1,213 (1,188 in 2017-2018).

## CAPITAL EXPENDITURE

Total capital expenditure for the year was £6.3 million (£6.2 million in 2017-2018). This comprises completion of the replacement of the NT's hospitality facility, The Deck, of £0.6 million (£1.7 million in 2017-2018); investment in our stages' lighting infrastructure and equipment, including moving to energy efficient LEDs, of £1.6 million, on the Olivier Drum Revolve of £0.2 million, and in our sound and video infrastructure and equipment of £0.4 million; building-wide infrastructure projects including replacement of our CCTV system of £0.4 million, and replacement of our IT Local Area Network of £0.3 million; improvements to the resiliency of our main web site and development of our NT Live site of £0.5 million; and £2.3 million on a number of relatively small building refurbishment projects, technical equipment upgrade projects, investment in catering equipment, and IT projects. Irrecoverable VAT capitalised in the year was £0.7 million (£0.7 million in 2017-2018).

The transfer from the operations fund to the designated fund for capital was £4.7 million (£5.3 million in 2017-2018); this was made up of an annual provision of £3.4 million and an additional sum of £1.3 million to provide funding to support four specific capital projects: (1) to carry out urgent works to stage lighting infrastructure (£0.6 million) and (2) undertake a capital project feasibility study (£0.3 million), both to be carried out in 2019-2020; and (3) strengthening the resilience and load bearing capacity of our website infrastructure (£0.2 million) and (4) enhance planned upgrades to the main Olivier PA system (£0.2 million), both carried out in 2018-2019.

## RESERVES

### UNRESTRICTED OPERATIONS FUND

The policy for budgeting annual income and expenditure is directed towards enabling the National Theatre to continue its current level and quality of activity. In order to avoid accumulating a deficit, the NT seeks each year to match income and expenditure, whilst taking into account the level of grant receivable from the Arts Council.

The unrestricted reserves target is set to ensure that it provides adequate resources to enable the continuity of the NT's operations in the event of an unexpected fall in income or some other unforeseen event, and in recognition of the volatility of box office revenue and the knock-on impact of a reduction in box office attendance on catering profits and fundraising, the risk of future cuts in public funding and economic uncertainty, particularly in light of the UK's decision to leave the European Union. Following a risk assessed impact review of income and expenditure the Trustees have determined that a target equivalent to three months of core operating expenditure is appropriate, currently £15 million. This policy is reviewed on an annual basis. Unrestricted reserves as at 31 March 2019 of £12.2 million represent good progress towards this target.

# STRATEGIC REPORT



Trustees have determined that the National Theatre will work towards building these reserves over the forthcoming years, giving due consideration to a proportionate balance between short and medium-term strategic project funding and capital needs, and longer-term financial sustainability concerns.

## BUILDINGS AND EQUIPMENT DESIGNATED FUND

The policy is to ensure that sufficient money is set aside in the reserve so that over a three-year period the National is able to maintain and renew the building in accordance with its rolling capital plan. Over time, these reserves will reduce to zero as the assets are fully depreciated.

## NT FUTURE DESIGNATED FUND

This represents NT Future assets funded by the National. NT Future was a major project largely completed by 2014 which included new building and refurbishment works, and technical infrastructure upgrades. Over time, these reserves will reduce to zero as the assets are fully depreciated.

## RESTRICTED FUNDS

These are funds which have been earmarked by the donor for specific purposes within the overall aims of the organisation. The funds are analysed between long-term and short-term – long-term being mostly for capital purposes, and short-term for project activity, as set out in Note 18 of the financial statements. Short-term funds will be spent in full in the next 18 months. The balance on the long-term capital funds represents funds received from donors to purchase fixed assets less the depreciation charged on an annual basis. Over time, these reserves will reduce to zero as the assets are fully depreciated.

## INTERNAL CONTROL AND RISK MANAGEMENT

The Trustees are responsible for ensuring that the National Theatre has effective risk management and control systems in place. Agreed processes are in place by which the Trustees review, identify and assess major risks and agree with management the controls that already are, or will be, put in place to manage those risks. The details form part of the Risk Register, which Trustees review on a regular basis. Senior management has responsibility for managing resources, monitoring performance and establishing and maintaining effective internal control systems. The system of internal control and risk management is designed to:

- Identify and prioritise strategic and operational risks to the achievement of the National Theatre's aims and objectives;
- Evaluate the likelihood of those risks being realised and their potential impact;
- Manage these risks efficiently, effectively and economically.

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

The key components of the National Theatre's risk management include:

- A four-year strategic plan and annual budget approved by the Trustees, against which progress is reported regularly, including monthly financial reporting of results;

# STRATEGIC REPORT

- Regular consideration by the Trustees of financial results and variance from budgets;
- Delegation of authority and segregation of duties;
- Clear policies on health and safety, and safeguarding children and vulnerable adults, to ensure compliance with statutory requirements;
- The Trustees review the National Theatre's Risk Register on a regular basis;
- Senior management review of key strategic and operational risks on a regular basis. Consideration is given to progress on mitigating actions, new and emerging risks and opportunities;
- The Internal Auditor reviews risks and internal controls on a regular basis and reports findings to the Finance and Audit Committee.

The system is designed to manage rather than to eliminate the risks faced by the National Theatre and it must be recognised that such a system can provide only reasonable and not absolute assurance.

## PRINCIPAL RISK AND UNCERTAINTIES

The National Theatre faces the following principal risks and challenges:

Risk	Area of concern	Mitigation
Financial sustainability	<p>Financial Risk impacts the NT as follows:</p> <ul style="list-style-type: none"> <li>• Insufficient funding to invest adequately in the repertoire, and/or to support current activity levels and/or annual capital replacement requirements as a result of a fall to one or more of our revenue streams, which could be caused by reputational issues, an economic downturn or other political factors.</li> <li>• We are also very concerned about the potential impact of Brexit on the London workforce supply chain and our cost base, given 60% of our cost base represents payments to individuals.</li> <li>• Our financial model is highly dependent on Arts Council funding, fundraising revenue and box office income; all of which are dependent to a large extent on maintaining high artistic standards, achieving our artistic ambitions and attracting close to capacity audiences for our productions.</li> </ul>	<p>This risk is mitigated through a number of means including:</p> <ul style="list-style-type: none"> <li>• Our four-year business and financial planning process</li> <li>• Annual revenue and longer-term capital budgeting</li> <li>• Monthly management reporting against budget and KPIs</li> <li>• On-going evaluation of processes and expenditure</li> <li>• Our audience development and pricing strategy</li> <li>• Customer relationship management and fundraising strategies</li> <li>• Strong stakeholder relations</li> </ul>
Reputation	<p>Our reputation can be impacted by:</p> <ul style="list-style-type: none"> <li>• Negative critical or audience response to the repertoire</li> <li>• Inability to invest adequately in the repertoire resulting in a drop in the quality of output</li> <li>• Health and safety/safeguarding/security/major incident response planning failure</li> <li>• Failure of key customer facing business systems</li> </ul>	<p>We aim to mitigate this risk by:</p> <ul style="list-style-type: none"> <li>• Maintaining high artistic standards</li> <li>• Our advocacy activity</li> <li>• Maintaining best practice in                             <ul style="list-style-type: none"> <li>• health and safety</li> <li>• customer care</li> </ul> </li> </ul>

# STRATEGIC REPORT

	<ul style="list-style-type: none"> <li>• A data protection breach</li> <li>• Negative publicity arising from an association with a donor, artist, creative or member of staff who attracts negative media attention</li> </ul> <p>All of which could impact one or more income streams and our ability to attract talent.</p>	<ul style="list-style-type: none"> <li>• fundraising</li> <li>• HR policies &amp; practices including staff training and expectation setting, particularly with regard to staff conduct, bullying &amp; harassment</li> <li>• Capital planning to ensure adequate investment in our key business systems</li> </ul>
Artistic ambition	<p>Presenting new writing on our two main stages can be challenging given:</p> <ul style="list-style-type: none"> <li>• The size and associated challenges of these theatres</li> <li>• Our reliance on strong box office</li> <li>• Our aim to grow our audience reach</li> </ul>	<p>We aim to mitigate this risk through:</p> <ul style="list-style-type: none"> <li>• Seeking and developing talent</li> <li>• On-going development work within our New Work department</li> <li>• Effective customer relationship management and marketing</li> </ul>
Attraction and retention of staff and artists	<p>The risk that we will be unable to recruit and retain staff and artistic/production talent of the calibre required to support our standards of excellence and innovation in our work and/or our wide-ranging support and commercial operations, owing to:</p> <ul style="list-style-type: none"> <li>• Insufficient or inadequate training pathways</li> <li>• Our inability to pay competitive fees and salaries</li> <li>• The impact of Brexit on the London workforce</li> <li>• Reputational concerns</li> </ul>	<p>This risk is mitigated through:</p> <ul style="list-style-type: none"> <li>• A range of talent development initiatives</li> <li>• Creative and workforce diversity strategies</li> <li>• Fair pay</li> <li>• Internal communication</li> </ul>
Health, safety, security and major incident response planning	<p>Risk arises from:</p> <ul style="list-style-type: none"> <li>• The inherent risks involved in theatre production and presentation (e.g. working at height, noise, manual handling)</li> <li>• combined with</li> <li>• The challenges of operating an open and popular public venue in a tourist and cultural hot spot in central London</li> <li>• The potential for a terrorist attack on London</li> </ul>	<p>This risk is mitigated through:</p> <ul style="list-style-type: none"> <li>• A robust management structure for safety and security issues</li> <li>• Staff training and awareness raising</li> <li>• Investigation of near misses and incidents</li> <li>• Close liaison with, and advice from, counter terrorism police and other specialists</li> </ul> <p>Additionally, an updated Major Incident Response plan and communications protocol is being rolled out in 2019.</p>
Organisational capacity	<p>There is a risk that we fail to support our growing organisational and artistic ambitions with:</p> <ul style="list-style-type: none"> <li>• Sufficiently robust support structures:             <ul style="list-style-type: none"> <li>◦ planning</li> <li>◦ risk management</li> <li>◦ decision making</li> </ul> </li> <li>• Adequately trained and/or informed staff</li> </ul>	<p>This is mitigated through:</p> <ul style="list-style-type: none"> <li>• Our business planning processes</li> <li>• Staff communication</li> <li>• Training and development</li> </ul> <p>Additionally, following a review of organisational capacity, additional resource was taken on in 2018-19 to better support our business planning, compliance and risk management processes.</p>

# STRATEGIC REPORT

## FINANCIAL POLICIES

### INVESTMENT POLICY

The policy is to hold investments in liquid funds so they are available to meet predicted cash-flow needs. In selecting suitable cash deposits the policy is to maximise the return and maintain low transaction costs whilst ensuring high levels of capital security by minimising credit risk and interest rate risk. The policy was reviewed by the Finance and Audit Committee in 2017-18 and deposits and interest rates are reviewed each time the Finance and Audit Committee meets. At 31 March 2019, the cash deposits were spread between four major clearing banks and CCLA. The bank interest earned for the year was £0.08m (£0.01m in 2018).

### CREDITOR PAYMENT POLICY

It is the National's policy to pay creditors in accordance with terms of payment agreed at the start of business with each supplier.

### REMUNERATION

The National aims to pay salaries which are fair, competitive with the arts sector and proportionate to the complexity of each role. In determining the right level of pay the National:

- Has a detailed job evaluation process.
- Ensures all staff are paid the London Living Wage as a minimum.
- Currently pays a dispersion ratio of approximate 1:5 between the highest salary and the median salary.

The Board is responsible for reviewing and benchmarking the pay, benefits and total compensation of the Executive team, comprising the Director and Executive Director. The Executive is responsible for reviewing and benchmarking the pay, benefits and total compensation of the Senior Management Team and reporting annually to the Board.

## FINANCIAL RISK MANAGEMENT

The following statements summarise the Board's policy in managing identified forms of financial risk.

**Price risk:** Payments to employees or individuals represent a significant proportion (circa 60%) of total expenditure at the National. During an inflationary climate with upward pressure on individual pay, the National may face difficulties in increasing income to keep pace with such inflationary pressures. 16% of the National's income comes from the Arts Council (£16.7 million); this is expected to remain flat for the following two years. The National has freedom over its ticket pricing, and ticket income represents 58% of revenue. However, the aim is to hold the lowest ticket price at an accessible level.

# STRATEGIC REPORT

**National  
Theatre**

**Credit risk:** Risk on amounts owed to the National by its customers is low as payment for ticket sales and operations through the trading subsidiary are mostly settled at point of purchase.

**Liquidity risk:** The National has no long-term borrowings. The liquidity risk relating to amounts owed by the National to its creditors is low since its credit risk is low and it operates cash flow management to ensure sufficient levels of its unrestricted reserves are held in cash as operating capital on short term deposit.

**Interest rate cash flow risks:** The National places surplus funds on short-term deposit split between four major clearing banks and CCLA. Interest rates available on longer term deposits are kept under review but longer-term deposits will only be made for specific major project funds where the term of the deposit matches the anticipated cash flow requirement.

## PROPERTY INTERESTS

The National has a lease of its building on the South Bank site from Arts Council England for a term expiring in March 2138. The building is Grade 2\* listed. The freehold of the Old Vic Annexe (the NT Studio), The Cut, London SE1 is owned by the National and this building was listed in March 2006.

See Note 11 of the financial statements for details of legal charges.

## SUBSIDIARIES AND RELATED UNDERTAKINGS

23

Details of the group's subsidiaries and related undertakings included in the consolidated Financial Statements are in Note 1 of the Notes to the Financial Statements.

## GOING CONCERN

We have set out above a review of financial performance and the National Theatre's reserves position. We have adequate financial resources and are well placed to manage the business risks. Our planning process, including financial projections, has taken into account the current economic climate and levels of Arts Council support and their potential impact on the various sources of income and planned expenditure. The Trustees have reviewed future cash flow projections and working capital needs. Whilst the National Theatre places significant reliance on Arts Council grant funding support in order to balance income and expenditure on an annual basis, Trustees have taken into account confirmed Arts Council funding until March 2022 and assume such support will continue thereafter. Trustees believe that the National Theatre will continue in operational existence for the foreseeable future and based on future financial forecasts to September 2020 be in a position to continue to meet its liabilities as they fall due for at least 12 months from signing these financial statements.

The Financial Statements have therefore been prepared on the basis that the Company and Group are a going concern.

# GOVERNANCE

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**National  
Theatre**

## BOARD MEMBERS AS AT 11<sup>TH</sup> JULY 2019

Sir Damon Buffini (Chair)  
Sir Lenny Henry  
Sabine Chalmers  
Vikki Heywood CBE  
Elizabeth Offord  
Alan Rusbridger  
Tim Score  
Simon Warshaw  
Vicki Mortimer  
Louise Charlton  
Dame Karen Pierce DCMG

## SENIOR MANAGEMENT TEAM

Alex Bayley, Director of Audiences & Marketing  
Kash Bennett, Managing Director of NT Productions  
George Cardwell, Deputy Director of Enterprises  
Jon Cheyne, Director of Information & Technology  
Sarah Fellingham-Adkin, Director of Enterprises  
Liz Fosbury, Chief Operating Officer  
Christine Gettins, Associate Producer  
Paul Handley, Head of Production  
Alice King-Farlow, Director of Learning  
Colin Lawrence, Commercial and Media Director  
Kathryn Marten, Director of Development  
Angela McDermott, Director of Finance  
Tony Peers, Director of Human Resources  
Jonathan Suffolk, Technical Director

## EXECUTIVE

*Director & Joint Chief Executive* Rufus Norris  
*Executive Director & Joint Chief Executive* Lisa Burger

# GOVERNANCE

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**National  
Theatre**

## GOVERNING DOCUMENT

The Royal National Theatre is a company limited by guarantee (Company Number 749504) governed by its Memorandum and Articles of Association, which were last updated on 26 November 2012. It is a registered charity at the Charity Commission (charity number 224223).

## CHARITABLE OBJECTS

The National's charitable objects, as stated in its governing document, are: to promote and assist the advancement of education so far as such promotion and assistance shall be of a charitable nature and in particular, so far as of a charitable nature, to procure and increase the appreciation and understanding of the dramatic art in all its forms as a memorial to William Shakespeare. The achievement of our aims as set out in the Strategic Report above enable us to fulfil our charitable objects and legal purpose.

## PUBLIC BENEFIT

In developing the objectives for the year, and in planning activities, the Trustees have considered the Charity Commission's guidance on public benefit and fee charging. The repertoire is planned so that across a full year it will cover the widest range of world class theatre that entertains, inspires and challenges the broadest possible audience. Particular regard is given to ticket-pricing, affordability, access and audience development, in the provision of lower price tickets for all performances. Geographical reach is achieved through touring and NT Live broadcasts to cinemas in the UK and overseas. The NT's Learning programme seeks to introduce children and young people to theatre and offers participation opportunities both on-site and across the country. Through a programme of talks, exhibitions, publishing and digital content the NT inspires and challenges audiences of all ages.

## THE BOARD

The Board is the non-executive and unpaid governing body of the National. Board members are both directors of the company and charity trustees who under company and charity law are responsible for policy, administration and general control. The Board works with the Executive to ensure that the National's remit is fulfilled, its work remains of the highest quality and it is managed efficiently and cost-effectively. The Board has responsibility for setting the remuneration of the Executive. The Board delegates to the Director the selection and staging of all productions and does not interfere in repertoire decisions. During 2018-19, the Board met six times, with the Executive and COO present, to ensure it was maintaining effective control over strategic, financial, organisational and compliance issues. The Board received and considered regular reports from its Committees and subsidiary companies. Following his appointment as Chair in June 2016, Sir Damon Buffini and the Board commissioned an independent Board effectiveness review from Egon Zehnder so that they could consider in detail the Board composition, skills, diversity, meetings, strategy and performance, and succession planning. Recommendations from that review have been taken forward, and the Nominations Committee undertook a search process to identify a diverse range of possible Board candidates.

## TRUSTEE INDUCTION AND TRAINING

New Trustees are briefed by the Executive on the activities of the National and their obligations as Trustees, meet with the Senior Management Team to understand each area of its operations, and are given the opportunity to tour the National and see its activities.

## GOVERNANCE

**National  
Theatre**

### THE EXECUTIVE

The Executive comprises the Director\*, Rufus Norris and the Executive Director, Lisa Burger; both Joint Chief Executives. Together they are responsible to the Board for devising and delivering the artistic programme, policies and management of the NT to the strategy agreed with the Board. The Board appoints the Executive, both of whom report to the Board.

### ASSOCIATE DIRECTORS\* AND NT ASSOCIATES

Rufus Norris is supported in making repertoire decisions by the National's Associate Directors.

*\*The term "Director" is a traditional title used at the National. Neither the Director, the Associate Directors nor other members of the Executive, are directors under the Companies Act 2006, or Trustees under the Charities Act 2011.*

### BOARD MEMBERSHIP

The Board is chaired by Sir Damon Buffini and a list of Board members at the date of this Report is listed on page 37. Board members are appointed for an initial term of four years. Members may be appointed for a second term of up to four years which is extended only in exceptional circumstances.

### BOARD COMMITTEES AND SUBSIDIARY COMPANIES

The membership of the Committees is listed on pages 86 and 87 of this Report and details of the subsidiaries are set out in Note 23 to the Financial Statements.

### FINANCE AND AUDIT COMMITTEE

Members of the Finance and Audit Committee are appointed by and from the Board. Key responsibilities are for Finance and Control, Audit and Risk. The Committee met seven times during the year and met the external, independent Auditors on two occasions. The Executive and Chief Operating Officer attend all meetings.

### THE NOMINATIONS COMMITTEE

The Nominations Committee is appointed by and from the Board and reviews the structure, size and composition of the Board and, in the light of that review, makes recommendations to the Board with regard to the appointment of new members and the re-appointment of any director and the Chair at the conclusion of his or her first term of office.

### DEVELOPMENT BOARD

The Development Board assists in fundraising for the National. Its members, who are co-opted onto the Development Board, represent the three fundraising sectors – Individuals, Trusts and Corporates. The full Development Board meets at least twice a year, and each sector group also meets at least twice a year. The Development Board reports regularly to the NT Board through its Chair, who is a member of the main Board.

## GOVERNANCE

### CONNECTED CHARITIES

Details of Connected Charities are set out in Note 22 to the Financial Statements.

### EXECUTIVE MANAGEMENT AT THE NATIONAL

The review of activities shows that the National has many facets. The Director and Executive Director hold the overall responsibility for the day to day management of the NT with the assistance of a Senior Management Team who are responsible for different areas and who report to either a member of the Executive, who in turn report to the Board, or to the Chief Operating Officer who reports to the Executive Director. In addition to a fortnightly meeting of the Senior Management Team, efficient cross-departmental working is managed through a series of groups meeting on a regular basis. The key decision-making groups include Producing, Planning, Capital Projects, National Theatre Productions, Enterprises, Health and Safety, and IT Strategy and Steering groups.

Communication is key and the National aims to engage all its employees and others working at the National in its activities and achievements. All staff are invited to a weekly company meeting led by Rufus Norris and Lisa Burger and information from these meetings and other new developments and policies are available on the National's intranet. In addition, staff briefings, led by the Executive, are held six times a year to brief staff in more detail on various aspects of policy and programming and to provide a forum for discussion.

The National has a five year diversity plan for the period 2017-2022. All staff are required to cooperate with the National's policies and procedures to promote inclusivity and diversity, and whilst the diversity of our workforce is reflective of the UK population, particular focus has been given to understanding why the National's workforce is not better representative of the population of London; what barriers if any there might be and what measures might be taken to improve diversity.

The National's disability policy includes (a) full and fair consideration of applications for employment made by disabled persons, having regard to their particular aptitudes and abilities; (b) continuing the employment of, and arranging training for, employees who have become disabled persons while employed; and (c) ensuring the same training, career development and progression opportunities are available to all staff regardless of any disability.

The Health and Safety team is closely involved in the key risk areas of the organisation and advises and assists with health and safety aspects of productions, special events, accident investigations and training.

### TRUSTEES' TRANSACTIONS

The Trustees are not remunerated for their work as Trustees of the National Theatre. From time to time, members of the Board or persons connected with them enter into transactions with the National in the normal course of business of both parties. Such transactions are conducted on an arm's length basis, on normal commercial terms, and are in accordance with the specific provisions of clause 5 of the Memorandum of Association. It is the Board's policy that they should be disclosed to and approved by the Board and disclosed in the Financial Statements.

### STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also directors of The Royal National Theatre 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 regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice). 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 the affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Statement of Recommended Practice: Accounting and Reporting by Charities;
- make judgments and estimates that are reasonable and prudent;
- state whether FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" has been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The Trustees are responsible for the maintenance and integrity of the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## GOVERNANCE

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**National  
Theatre**

### STATEMENT ON DISCLOSURE OF INFORMATION TO THE AUDITORS

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

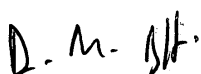
### TRUSTEES' INDEMNITIES

As permitted by the Articles of Association, the Trustees have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The National also purchased and maintained throughout the financial year Trustees' and Officers' liability insurance in respect of itself and its Trustees.

### AUDITORS

PricewaterhouseCoopers LLP will continue in office as auditors of the National for the next financial year.

The Trustees' Report, including the Strategic Report, was approved by the Board of Trustees and authorised for issue on 11 July 2019 and signed on its behalf by



Sir Damon Buffini  
Chair

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE ROYAL NATIONAL THEATRE

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## Report on the audit of the financial statements

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### OPINION

In our opinion, The Royal National Theatre's group financial statements and parent charitable company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 March 2019 and of the group's incoming resources and application of resources, including its income and expenditure, and cash flows, for the 52 week period (the "period") then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the balance sheets (group and company) as at 31 March 2019; the group statement of financial activities (including an income and expenditure account) and the group cash flow statement for the period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### INDEPENDENCE

We remained independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### CONCLUSIONS RELATING TO GOING CONCERN

ISAs (UK) require us to report to you when:

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

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and parent charitable company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the group's and parent charitable company's activities, beneficiaries, suppliers and the wider economy.

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE ROYAL NATIONAL THEATRE

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## REPORTING ON OTHER INFORMATION

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

### *STRATEGIC REPORT AND TRUSTEES' REPORT*

In our opinion, based on the work undertaken in the course of the audit the information given in the Trustees' Report, including the Strategic Report, for the financial period for which the financial statements are prepared is consistent with the financial statements; and the Strategic Report and the Trustees' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the group and parent charitable company and their environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Trustees' Report. We have nothing to report in this respect.

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## RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

### *RESPONSIBILITIES OF THE TRUSTEES FOR THE FINANCIAL STATEMENTS*

As explained more fully in the Statement of Trustees' responsibilities set out on page 41, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The trustees are also responsible for such internal control as they 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 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 and parent charitable company or to cease operations, or have no realistic alternative but to do so.

### *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

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE ROYAL NATIONAL THEATRE

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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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

## USE OF THIS REPORT

This report, including the opinions, has been prepared for and only for the charity's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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## OTHER REQUIRED REPORTING

### COMPANIES ACT 2006 EXCEPTION REPORTING

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Andrew Lowe (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors

// July 2019

# GROUP STATEMENT OF FINANCIAL ACTIVITIES (Including an Income and Expenditure account)

for the 52 weeks ended 31 March 2019

**National  
Theatre**

	Notes	52 weeks ended 31 March 2019					53 weeks ended 1 April 2018				
		Unrestricted Funds		Restricted Funds			Unrestricted Funds		Restricted Funds		
		Operations £m	Designated £m	Projects £m	Long Term £m	Total £m	Operations £m	Designated £m	Projects £m	Long Term £m	Total £m
<b>Income &amp; Endowments from:</b>											
Donations & legacies	5(a)/(b)	25.1	-	4.8	0.5	30.4	24.6	-	4.2	0.8	29.6
Charitable activities	5(c)	51.1	-	-	-	51.1	52.0	-	-	-	52.0
Other trading activities	5(d)	26.1	-	-	-	26.1	26.2	-	-	-	26.2
<b>TOTAL Income &amp; Endowments</b>	<b>18</b>	<b>102.3</b>	<b>-</b>	<b>4.8</b>	<b>0.5</b>	<b>107.6</b>	<b>102.8</b>	<b>-</b>	<b>4.2</b>	<b>0.8</b>	<b>107.8</b>
<b>Expenditure on:</b>											
Raising donations & legacies		(2.5)	-	-	-	(2.5)	(2.3)	-	-	-	(2.3)
Charitable activities	6(a)/(c)	(69.2)	(4.8)	(4.8)	(4.6)	(83.4)	(71.2)	(3.9)	(4.4)	(4.2)	(83.7)
Other trading activities	6(b)/(c)	(24.4)	-	-	-	(24.4)	(23.8)	-	-	-	(23.8)
<b>TOTAL Expenditure</b>	<b>18</b>	<b>(96.1)</b>	<b>(4.8)</b>	<b>(4.8)</b>	<b>(4.6)</b>	<b>(110.3)</b>	<b>(97.3)</b>	<b>(3.9)</b>	<b>(4.4)</b>	<b>(4.2)</b>	<b>(109.8)</b>
<b>Net Income/(Expenditure)</b>		<b>6.2</b>	<b>(4.8)</b>	<b>-</b>	<b>(4.1)</b>	<b>(2.7)</b>	<b>5.5</b>	<b>(3.9)</b>	<b>(0.2)</b>	<b>(3.4)</b>	<b>(2.0)</b>
Transfers between Group funds	18	(5.7)	5.7	-	-	-	(5.3)	5.3	-	-	-
<b>Net Movement in Group Funds</b>		<b>0.5</b>	<b>0.9</b>	<b>-</b>	<b>(4.1)</b>	<b>(2.7)</b>	<b>0.2</b>	<b>1.4</b>	<b>(0.2)</b>	<b>(3.4)</b>	<b>(2.0)</b>
<b>Reconciliation of Group Funds:</b>											
Total funds brought forward	18	11.7	24.1	0.2	56.9	92.9	11.5	22.7	0.4	60.3	94.9
<b>TOTAL Group Funds carried forward</b>	<b>18</b>	<b>12.2</b>	<b>25.0</b>	<b>0.2</b>	<b>52.8</b>	<b>90.2</b>	<b>11.7</b>	<b>24.1</b>	<b>0.2</b>	<b>56.9</b>	<b>92.9</b>

All income and expenditure are derived from continuing activities. A separate statement of other comprehensive income is not required as all gains and losses are included in the Statement of Financial Activities. The Notes on pages 50 to 85 form part of these financial statements.

## BALANCE SHEETS (Group & Company)

for the 52 weeks ended 31 March 2019

# National Theatre

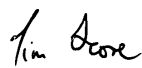
		As at 31 March 2019		As at 1 April 2018	
		Group £m	Company £m	Group £m	Company £m
<b>Fixed Assets:</b>	<b>Note</b>				
Tangible assets	<u>11</u>	66.0	63.7	68.4	66.0
Investments	<u>12</u>	0.2	0.2	0.2	0.2
<b>TOTAL Fixed Assets</b>		<b>66.2</b>	<b>63.9</b>	<b>68.6</b>	<b>66.2</b>
<b>Current assets:</b>					
Stocks	<u>13</u>	0.6	0.1	0.5	0.1
Cost of productions not yet opened	<u>14</u>	1.0	0.7	0.6	0.6
Debtors	<u>15</u>	13.0	14.4	17.4	20.2
Investments	<u>16</u>	10.1	10.1	5.1	5.1
Cash at bank and in hand	<u>16</u>	16.6	12.0	19.0	13.7
<b>TOTAL Current Assets</b>		<b>41.3</b>	<b>37.3</b>	<b>42.6</b>	<b>39.7</b>
<b>Liabilities:</b>					
Creditors: amounts falling due within one year	<u>17</u>	(17.3)	(13.1)	(18.3)	(15.5)
<b>Net Current Assets</b>		<b>24.0</b>	<b>24.2</b>	<b>24.3</b>	<b>24.2</b>
<b>TOTAL Assets less Current Liabilities</b>		<b>90.2</b>	<b>88.1</b>	<b>92.9</b>	<b>90.4</b>
<b>TOTAL Net Assets</b>		<b>90.2</b>	<b>88.1</b>	<b>92.9</b>	<b>90.4</b>
<b>The Funds of the Group and Company:</b>					
Operations fund	<u>18/19</u>	12.2	10.1	11.7	9.2
Designated funds	<u>18/19</u>	25.0	25.0	24.1	24.1
Restricted funds	<u>18/19</u>	53.0	53.0	57.1	57.1
<b>TOTAL Group and Company Funds</b>	<u>18/19</u>	<b>90.2</b>	<b>88.1</b>	<b>92.9</b>	<b>90.4</b>

A separate statement of financial activities and income and expenditure account are not presented for the Company itself as permitted by Section 408 of the Companies Act 2006. The net expenditure for the Company for the year was £2.3m (2018: £1.5m)

The Notes on pages 50 to 85 form part of these financial statements.

The financial statements were approved by the Board of Trustees on 11 July 2019 and signed on its behalf by:

  
Sir Damon Buffini (Chair)

  
Tim Score (Trustee)

## GROUP CASH FLOW STATEMENT

for the 52 weeks ended 31 March 2019

	Note	52 weeks ended 31 March 2019 £m	53 weeks ended 1 April 2018 £m
<b>Net cash provided by operating activities</b>	(i)*	8.9	4.3
<b>Cash flows from investing activities:</b>			
Purchase of property, plant and equipment	11	(6.3)	(6.2)
Increase in current asset investments	16	(5.0)	-
<b>Net cash used in investing activities</b>		(11.3)	(6.2)
<b>Net cash used in financing activities</b>		-	-
<b>Decrease in cash and cash equivalents in the reporting period</b>		(2.4)	(1.9)
Cash and cash equivalents at the beginning of the reporting period	(ii)*	19.0	20.9
<b>Cash and cash equivalents at the end of the reporting period</b>	(ii)*	16.6	19.0

\*See next page

The Notes on pages 50 to 85 form part of these financial statements.

## GROUP CASH FLOW STATEMENT

for the 52 weeks ended 31 March 2019

	Note	52 weeks ended 31 March 2019	53 weeks ended 1 April 2018
(i) Reconciliation of net (expenditure)/income to net cash flow from operating activities:		£m	£m
Net (expenditure)/income for the reporting period (as per the Statement of Financial Activities)		(2.7)	(2.0)
Depreciation charge	11	8.6	7.7
Loss on disposal of fixed assets	11	0.1	-
Working capital movements:			
(Increase) in stocks	13	(0.1)	-
(Increase)/decrease in work in progress	14	(0.4)	0.7
(Increase)/decrease in debtors	15	4.4	(2.4)
Increase/(decrease) in creditors	17	(1.0)	0.3
<b>Net cash provided by operating activities</b>		<b>8.9</b>	<b>4.3</b>
(ii) Analysis of cash and cash equivalents		£m	£m
Cash at bank and in hand	16	16.6	19.0
<b>TOTAL cash and cash equivalents</b>	<b>16</b>	<b>16.6</b>	<b>19.0</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 1 GENERAL INFORMATION

The Royal National Theatre ("the National", "the NT" or "the Company") is a company limited by guarantee, and a registered charity (incorporated in the UK and registered in England and Wales). The liability of members is limited to £1. It was established in 1963 for the advancement of education and, in particular, to procure and increase the appreciation and understanding of the dramatic art in all its forms as a memorial to William Shakespeare. The registered address is Upper Ground, London SE1 9PX. The registered charity number is 224223, and company number is 749504.

These objects are set out in the governing document, which is its Memorandum and Articles of Association, and have been developed into a set of aims and objectives as described within the Trustees' report on pages 6 to 7.

### 2 STATEMENT OF COMPLIANCE

The Royal National Theatre meets the definition of a public benefit entity under FRS 102. The financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards, the Companies Act 2006, the Charities Act 2011, and in accordance with Financial Reporting Standards applicable in the UK and the Republic of Ireland (FRS 102) and the recommendations of "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland" (the "Charities SORP").

### 3 PRINCIPAL ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

#### A BASIS OF PREPARATION

The financial statements have been prepared on a going concern basis, under the historical cost convention.

The National continues to benefit from the support of the Arts Council England as a National Portfolio Organisation, and revenue funding has been confirmed until March 2022. The Trustees, having reviewed financial business plan and cash flow projections until September 2020, consider that the National has adequate financial resources in place to ensure the Group's operational existence for the foreseeable future and be able to continue to meet its obligations as they fall due for at least 12 months after the signing of these financial statements. The Trustees therefore consider it appropriate to present the financial statements on a going concern basis.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

4

## NOTES TO THE FINANCIAL STATEMENTS

### 3 PRINCIPAL ACCOUNTING POLICIES (CON'T)

#### B EXEMPTIONS FOR QUALIFYING ENTITIES UNDER FRS 102

The Company has taken advantage of the following disclosure exemptions:

- From preparing a statement of cash flows, on the basis that it is a qualifying entity and the Group cash flow statement, included in these financial statements, include the Company's cash flows; and
- From the financial instrument disclosures, required under FRS 102 para 11.40 to 11.48A and para 12.26 to 12.29, as the information is provided in the Group financial statement disclosures.

#### C BASIS OF CONSOLIDATION

The "Group" financial statements consolidate those of The Royal National Theatre and its wholly owned non-charitable subsidiaries (as set out in Note 1). The National's subsidiaries are entities controlled either directly or indirectly by the National. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Transactions and balances outstanding between the entities are eliminated on consolidation.

#### D FOREIGN CURRENCIES

Transactions in foreign currencies undertaken during the period have been translated at the prevailing rate of exchange at the date of the transaction. Non-monetary assets are recorded at the prevailing rate of exchange at the date of the original transaction. Monetary assets and liabilities in foreign currencies are translated at rates of exchange prevailing at the balance sheet date.

Foreign exchange differences incurred in respect of overseas activities are recorded in the Statement of Financial Activities within the activity which the income and expenditure relates in the period in which they are incurred.

The functional currency of the Company and its UK based subsidiaries is pounds sterling, and the functional currency of its US subsidiaries, National Theatre North America LLC, Curious Incident Broadway LP, Curious Incident National Tour LP and The Great Work Begins LP, is US dollars. The presentational currency of the Group is pounds sterling.

The income and expenditure of foreign subsidiaries consolidated within the Group financial statements are translated from their functional currency to the presentational currency at the average rate for the period. The balance sheet of each foreign subsidiary is translated to the presentational currency at the prevailing foreign exchange rate at the balance sheet date. Any exchange gains or losses are accounted for within other comprehensive income within the Group Statement of Financial Activities.

## NOTES TO THE FINANCIAL STATEMENTS

### 3 PRINCIPAL ACCOUNTING POLICIES (CON'T)

#### E FUND ACCOUNTING

Unrestricted funds are those funds which can be used for any charitable purpose at the discretion of the trustees; designated funds are those funds which have been set aside by the trustees for particular purposes; restricted funds may only be used in accordance with the specific wishes of donors.

An expendable endowment fund is held in long term restricted funds. Under the terms of donation this will be converted at the trustees' discretion into expendable income at the end of the 20-year term (December 2028).

#### F INCOME & ENDOWMENTS

All income and endowments are included in the Statement of Financial Activities when the Group has legal entitlement, there is reasonable probability over receipt and the amount of income can be quantified with reasonable accuracy.

#### DONATIONS & LEGACIES

Donations and legacies comprise all income from sponsorships, donations, legacies, grants, and membership subscriptions. Donations, including pledges and legacies, are recognised in the appropriate fund once receipt is probable and when any conditions for receipt are met. Any income from connected charities - American Associates of the National Theatre - is recognised at the point at which the amount receivable is known.

Where donor-imposed conditions, such as grant terms, require that funds are expended in a future period or that the Group is entitled to funds only once specific conditions are met, then amounts are recorded as deferred at the balance sheet date. Income is then recognised once conditions have been met, income is recorded as deferred income at the balance sheet date.

Sponsorship income represents income received from commercial organisations in support of specific activities or projects. Income is recognised at the point where the goods/services in relation to the activities or projects are delivered.

Income from individual membership schemes eligible for Gift Aid is recognised in full on receipt. Corporate and Individual Membership income is apportioned over the year of the subscription and the element relating to a future year is recorded as deferred income at the balance sheet date.

Gift Aid is included in the financial statements based on amounts recoverable at the balance sheet date.

Goods and services received in kind, where material (>£10k) are included within 'Donations & Legacies' and under the appropriate expenditure heading, depending on the nature of goods and services provided. These are recognised at an estimated value to the Group at the time of receipt.

Arts Council England's revenue grant is recognised in the period to which the funding relates. All other grant income from Arts Council England is recognised in line with expenditure of the project funded.

**NOTES TO THE FINANCIAL STATEMENTS**

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**3 PRINCIPAL ACCOUNTING POLICIES (CON'T)****CHARITABLE ACTIVITIES**

Charitable activities comprises:

Performance income:

- income from performances at the National Theatre;
- income from touring activities under the management of the Group (excluding grant income); and
- ticket sales for productions which have transferred to the West End under direct NT management.

All other income:

- income from NT Learning performances, NT Live ticket income, events and workshops; and
- sundry income.

Box office income and income generated by NT Learning projects and NT Live is recognised in the Statement of Financial Activities on maturity of the performance or event. Advance bookings comprise ticket sales for future performances.

Other sundry income is recognised on a receivable basis.

**OTHER TRADING ACTIVITIES**

Other trading activities comprise:

- income generated by Royal National Theatre Enterprises Limited from trading activities; and
- royalty and profit share income generated by other National Theatre subsidiaries from the commercial exploitation of the NT's productions.

Income is recognised on a receivable basis.

## **NOTES TO THE FINANCIAL STATEMENTS**

### **3 PRINCIPAL ACCOUNTING POLICIES (CON'T)**

#### **G EXPENDITURE**

All expenditure is accounted for on an accruals basis and is classified under the relevant activity within the Statement of Financial Activities.

#### **RAISING DONATIONS & LEGACIES**

Expenditure on raising donations and legacies represent the costs of securing sponsorship and donations including the costs of providing membership benefits.

#### **CHARITABLE ACTIVITIES**

Expenditure which relates directly to the Group's charitable objectives are analysed between:

- performances at the National Theatre or elsewhere under direct management of the Group;
- performances on tour (UK and International);
- NT Live (streaming and broadcasting of NT performances) and Digital;
- NT Learning (education and participation work) and Public Engagement (including Archive, NT Live, Inside Out, Platforms, Foyer Music); and
- research and development (including the NT Studio and commissioning costs).

Support costs relating to a single activity are allocated directly to that activity. Where support costs relate to several activities, they have been apportioned as set out in Note 6(c). Staff canteen costs are shown net of contributions.

#### **OTHER TRADING ACTIVITIES**

Expenditure which forms part of the Group's trading activities and commercial exploitations are separately disclosed as Other Trading Activities.

#### **H LEASE OF THE NATIONAL**

The National holds a lease on its building from its freeholder, Arts Council England, at a peppercorn rent. This lease expires in 2138. Under the terms of the lease, the National is responsible for maintaining the fabric of the building and its mechanical and electrical equipment. In order to meet this obligation, funds are transferred from the National's own resources, namely the operations fund, to the building and equipment fund (see Note 18).

## NOTES TO THE FINANCIAL STATEMENTS

### 3 PRINCIPAL ACCOUNTING POLICIES (CON'T)

#### I FIXED ASSETS AND DEPRECIATION

Fixed assets are held at cost less accumulated depreciation within the relevant fund. Only assets over £2,000 are capitalised.

Depreciation is provided on a straight line basis to write off the assets over their anticipated useful economic lives and is charged to the relevant fund as follows:

Freehold land & buildings	50 years (excluding land, which is not depreciated)
Leasehold improvements	5 years, 10 years and 20 years
Equipment	3 years, 5 years and 10 years

A full year's depreciation is charged in the first period in which the asset is ready for use.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Assets within work in progress are not depreciated until they are brought into use.

Assets are derecognised when they are disposed of or when no future economic benefits are expected from its use or disposal.

#### J INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are held at cost less impairment.

#### K STOCKS

Stocks held by the National's trading subsidiary comprise of catering, bookshop and programme supplies for resale. Other stock ("production stock") comprises consumables for use in the making of sets and costumes.

All stock is valued at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the latest purchase price for catering, bookshop and programme stock, and on actual cost for production stock.

#### L COSTS OF PRODUCTIONS NOT YET OPENED

The cost of materials for new productions and associated creative team fees are carried forward on the balance sheet until they are expensed on the date of the press night performance. Internal labour and rehearsal costs are expensed as incurred.

## NOTES TO THE FINANCIAL STATEMENTS

### 3 PRINCIPAL ACCOUNTING POLICIES (CON'T)

#### M CASH AND CURRENT ASSET INVESTMENTS

Cash and current asset investments include cash in hand, deposits held at call with banks and other short-term highly liquid investments, and bank overdrafts. Bank overdrafts (where applicable) are shown within current liabilities. Deposits which cannot be accessed within 3 months are classified as current asset investments.

#### N PROVISIONS

Provision has been made, where appropriate, for expenses where a present obligation exists at the balance sheet date in accordance with the requirements of FRS 102 para 21.4.

#### O OPERATING LEASES

Rentals payable under operating leases are charged to the Statement of Financial Activities on a straight line basis over the term of the lease.

#### P FINANCIAL INSTRUMENTS

The Group's financial instruments are basic financial instruments as defined by section 11 of FRS 102 which comprise financial assets and liabilities, and include debtors, cash, creditors and debt instruments (where applicable). The Group holds financial assets held at amortised cost totalling £33.2m (2018: £31.3m), comprising investments, trade debtors, accrued income and cash balances. The Group also holds financial liabilities held at amortised cost totalling £11.0m (2018: £10.1m), comprising accruals, trade creditors and other creditors. Financial instruments arise as a result of normal operating activities and are not expected to separately influence the performance and position of the Group.

The carrying values of financial assets are reviewed for objective evidence of impairment at the end of each financial period. Where an impairment loss has been identified, the loss is immediately recognised within the Statement of Financial Activities.

Financial instruments are derecognised when the contractual obligation is discharged, settled, cancelled or expired.

#### Q PENSIONS

The Company offers a stakeholder scheme to its employees and contributes to defined contribution schemes for certain of its other employees (see Note 9). These costs are expensed in the Statement of Financial Activities as they become payable as unrestricted expenditure.

**NOTES TO THE FINANCIAL STATEMENTS**

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**3 PRINCIPAL ACCOUNTING POLICIES (CON'T)****R TAXATION**

The National is a culturally exempt organisation under Schedule 9 of the VAT Act 1994 and during the year VAT returns have been submitted on a culturally exempt basis. Irrecoverable VAT is charged against the cost of charitable activities, where it is incurred. Irrecoverable VAT on capital expenditure has been capitalised and will be written off over the life of the assets. The National is a registered charity and therefore is not liable to income tax and corporation tax on income and gains derived from its charitable activities as it falls within the various exemptions available to registered charities.

Royal National Theatre Enterprises Limited and National Theatre Productions Limited pay their taxable profits to the Company under Gift Aid.

National Theatre North America LLC pays a profit distribution to the Company. The Company has received dispensations in the US to be treated as a charity and, as such, there is no corporation tax charge on the distribution. The Group receives creative industry tax credits from HMRC. These are shown as reductions to expenditure within the Statement of Financial Activities.

## NOTES TO THE FINANCIAL STATEMENTS

### 4 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY

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

#### A CRITICAL JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES

Judgement is required to assess whether the Group has control over its subsidiaries and related undertakings (See Note 23). Specifically, in applying judgement as to whether to consolidate, the Group has considered the following:

- **Curious Incident Broadway LP** – Through National Theatre North America LLC (NTNA which is 100% owned by the NT), the Group is one of 2 general partners. NTNA holds the casting vote in any decisions made in relation to the LP and, in effect, has control over the LP. Therefore, Curious Incident Broadway LP is a subsidiary and so its results are consolidated in these financial statements.
- **Curious Incident National Tour LP / The Great Work Begins LP** – Through National Theatre North America LLC (NTNA which is 100% owned by the NT), the Group is sole general partner of both partnerships and each partnership's limited partners, who provided funding to finance the partnership initially, have no decision making powers in relation to the activities of the partnership. Therefore, NTNA has full control over the LPs, and so their results are consolidated in these financial statements.

#### B KEY ACCOUNTING ESTIMATES AND ASSUMPTIONS

Estimates and assumptions are made by the Group concerning the future. Therefore, the actual results of the Group, by definition, will rarely be consistent with such accounting estimates. In making estimates and assumptions, there is a risk that a material adjustment to the carrying value of assets and liabilities within the following financial period may occur. The key areas where this may arise include (a) tangible fixed assets and their useful economic lives, (b) taxation, in particular value added tax and creative industry tax credits, and (c) accruals.

## NOTES TO THE FINANCIAL STATEMENTS

### 5 INCOME & ENDOWMENTS (GROUP)

#### (a) DONATIONS & LEGACIES – ANALYSIS BY FUND TYPE

	52 weeks ended 31 March 2019					53 weeks ended 1 April 2018				
	Unrestricted Funds		Restricted Funds			Unrestricted Funds		Restricted Funds		
	Operations	Designated	Projects	Long Term	Total	Operations	Designated	Projects	Long Term	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
<b>Arts Council England (ACE):</b>										
Revenue grant	16.7	-	-	-	16.7	17.2	-	-	-	17.2
Capital and Other Grants (incl. Lottery)	-	-	0.5	-	0.5	-	-	0.2	-	0.2
<b>TOTAL ACE</b>	<b>16.7</b>	<b>-</b>	<b>0.5</b>	<b>-</b>	<b>17.2</b>	<b>17.2</b>	<b>-</b>	<b>0.2</b>	<b>-</b>	<b>17.4</b>
<b>Other:</b>										
Performances	-	-	0.6	-	0.6	-	-	1.0	-	1.0
NT Live & Digital	-	-	0.8	-	0.8	-	-	0.2	-	0.2
NT Learning & Public Engagement	-	-	1.8	-	1.8	-	-	2.1	-	2.1
NT Future	-	-	-	-	-	-	-	-	0.2	0.2
Research & Development	-	-	0.7	-	0.7	-	-	0.6	-	0.6
Long Term Projects	-	-	-	0.5	0.5	-	-	-	0.6	0.6
Other	-	-	0.4	-	0.4	-	-	0.1	-	0.1
General Activity	8.4	-	-	-	8.4	7.4	-	-	-	7.4
<b>TOTAL Other</b>	<b>8.4</b>	<b>-</b>	<b>4.3</b>	<b>0.5</b>	<b>13.2</b>	<b>7.4</b>	<b>-</b>	<b>4.0</b>	<b>0.8</b>	<b>12.2</b>
<b>TOTAL Donations &amp; Legacies</b>	<b>25.1</b>	<b>-</b>	<b>4.8</b>	<b>0.5</b>	<b>30.4</b>	<b>24.6</b>	<b>-</b>	<b>4.2</b>	<b>0.8</b>	<b>29.6</b>

**NOTES TO THE FINANCIAL STATEMENTS**

**5 INCOME & ENDOWMENTS (GROUP) (CON'T)**

**(b) DONATIONS & LEGACIES – ANALYSIS BY INCOME TYPE**

	52 weeks ended 31 March 2019				53 weeks ended 1 April 2018			
	Sponsorship	Donations, subscriptions & legacies	Grants	Total	Sponsorship	Donations, subscriptions & legacies	Grants	Total
	£m	£m	£m	£m	£m	£m	£m	£m
<b>Arts Council England (ACE):</b>	-	-	17.2	17.2	-	-	17.4	17.4
<b>Other:</b>								
Performances	-	0.5	0.1	0.6	0.1	0.8	0.1	1.0
NT Live & Digital	0.6	0.1	0.1	0.8	-	0.1	0.1	0.2
NT Learning & Public Engagement	0.2	0.8	0.8	1.8	0.2	1.4	0.5	2.1
NT Future	-	-	-	-	-	0.2	-	0.2
Research & Development	0.1	0.2	0.4	0.7	0.1	0.1	0.4	0.6
Long Term Projects	-	0.2	0.3	0.5	-	0.1	0.5	0.6
General Activity	1.8	6.0	1.0	8.8	1.9	5.4	0.2	7.5
<b>TOTAL Other</b>	<b>2.7</b>	<b>7.8</b>	<b>2.7</b>	<b>13.2</b>	<b>2.3</b>	<b>8.1</b>	<b>1.8</b>	<b>12.2</b>
<b>TOTAL Donations &amp; Legacies</b>	<b>2.7</b>	<b>7.8</b>	<b>19.9</b>	<b>30.4</b>	<b>2.3</b>	<b>8.1</b>	<b>19.2</b>	<b>29.6</b>

Recognised within donations and legacies are Gifts in Kind of £1.3m during the year (2018: £1.1m).

**NOTES TO THE FINANCIAL STATEMENTS**

**5 INCOME & ENDOWMENTS (GROUP) (CON'T)**

**(c) INCOME FROM CHARITABLE ACTIVITIES**

	<b>2019 Total £m</b>	<b>2018 Total £m</b>
<b>Performances:</b>		
National Theatre	24.2	25.0
West End Commercial Transfers	5.7	3.1
UK Touring	14.3	14.9
International Touring	1.7	1.9
<b>TOTAL Performances</b>	<b>45.9</b>	<b>44.9</b>
<b>Other Activities:</b>		
NT Live & Digital	4.3	6.4
NT Learning & Public Engagement	0.8	0.6
Other Income	0.1	0.1
<b>TOTAL Other Activities</b>	<b>5.2</b>	<b>7.1</b>
<b>TOTAL Income from Charitable Activities</b>	<b>51.1</b>	<b>52.0</b>

Touring income includes co-production and touring fees where appropriate.

**NOTES TO THE FINANCIAL STATEMENTS**

**5 INCOME & ENDOWMENTS (GROUP) (CON'T)**

**(d) INCOME FROM OTHER TRADING ACTIVITIES**

	2019 Total £m	2018 Total £m
Catering & Hospitality	10.9	10.3
Retail & Prop and Costume Hires	2.2	2.2
Car Park	0.7	0.7
Tours & Events	0.6	0.8
Rights, Royalties & Exploitations	11.0	11.4
Sponsorship Income	0.6	0.6
Advertising	0.1	0.2
<b>TOTAL Income from Trading Activities</b>	<b>26.1</b>	<b>26.2</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 6 EXPENDITURE (GROUP)

#### (a) EXPENDITURE ON CHARITABLE ACTIVITIES

	52 weeks ended 31 March 2019						53 weeks ended 1 April 2018					
	Unrestricted Operations		Unrestricted Designated		Restricted	Long Term	Unrestricted Operations		Unrestricted Designated		Restricted	Long Term
	Direct	Support		Project			Direct	Support		Project		
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
<b>Performances:</b>												
National Theatre	26.7	9.9	0.3	0.6	-	37.5	28.4	9.4	-	1.2	-	39.0
West End Commercial Transfers	4.9	0.9	-	-	-	5.8	2.9	0.4	-	-	-	3.3
UK Touring	12.2	2.2	0.1	0.5	-	15.0	12.3	2.0	-	0.1	-	14.4
International Touring	2.3	0.4	-	-	-	2.7	2.8	0.5	-	0.1	-	3.4
<b>TOTAL Performances</b>	<b>46.1</b>	<b>13.4</b>	<b>0.4</b>	<b>1.1</b>	<b>-</b>	<b>61.0</b>	<b>46.4</b>	<b>12.3</b>	<b>-</b>	<b>1.4</b>	<b>-</b>	<b>60.1</b>
<b>Other Activities:</b>												
NT Live & Digital	4.1	1.5	-	0.8	-	6.4	6.8	2.2	-	0.2	-	9.2
NT Learning & Public Engagement	1.7	0.6	-	1.9	-	4.2	0.9	0.9	-	2.1	-	3.9
NT Major Projects	-	-	0.4	-	-	0.4	-	-	0.4	-	-	0.4
Research & Development	1.3	0.5	-	0.6	-	2.4	1.1	0.6	-	0.6	-	2.3
Other Expenses	-	-	-	0.4	-	0.4	-	-	-	0.1	-	0.1
<b>TOTAL Other Activities</b>	<b>7.1</b>	<b>2.6</b>	<b>0.4</b>	<b>3.7</b>	<b>-</b>	<b>13.8</b>	<b>8.8</b>	<b>3.7</b>	<b>0.4</b>	<b>3.0</b>	<b>-</b>	<b>15.9</b>
<b>Other:</b>												
Depreciation	-	-	4.0	-	4.6	8.6	-	-	3.5	-	4.2	7.7
<b>TOTAL Other</b>	<b>-</b>	<b>-</b>	<b>4.0</b>	<b>-</b>	<b>4.6</b>	<b>8.6</b>	<b>-</b>	<b>-</b>	<b>3.5</b>	<b>-</b>	<b>4.2</b>	<b>7.7</b>
<b>TOTAL Expenditure on Charitable Activities</b>	<b>53.2</b>	<b>16.0</b>	<b>4.8</b>	<b>4.8</b>	<b>4.6</b>	<b>83.4</b>	<b>55.2</b>	<b>16.0</b>	<b>3.9</b>	<b>4.4</b>	<b>4.2</b>	<b>83.7</b>

**NOTES TO THE FINANCIAL STATEMENTS**

**6 EXPENDITURE (GROUP) (CON'T)**

**(b) EXPENDITURE ON OTHER TRADING ACTIVITIES**

	<b>2019</b>	<b>2018</b>
	<b>Total</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>
Catering & Hospitality	9.7	9.2
Retail & Prop and Costume Hires	1.4	1.8
Car Park	0.2	0.2
Tours & Events	0.5	0.6
Rights, Royalties & Exploitations	10.3	10.0
Sponsorship	0.1	0.1
Support Costs	2.2	2.0
<b>TOTAL Expenditure from Other Trading Activities</b>	<b>24.4</b>	<b>23.9</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 6 EXPENDITURE (GROUP) (CON'T)

#### (c) ANALYSIS OF SUPPORT COSTS

	52 weeks ended 31 March 2019				53 weeks ended 1 April 2018			
	Promotion £m	Theatre operations £m	Support services £m	Total £m	Promotion £m	Theatre operations £m	Support services £m	Total £m
<b>Raising Donations &amp; Legacies</b>	-	-	0.2	0.2	-	-	0.2	0.2
<b>Charitable Activities:</b>								
Performances:								
National Theatre	2.1	5.1	2.7	9.9	2.0	4.7	2.7	9.4
West End Commercial Transfers	0.4	-	0.5	0.9	0.2	-	0.2	0.4
UK Touring	0.9	-	1.3	2.2	0.9	-	1.1	2.0
International Touring	0.2	-	0.2	0.4	0.2	-	0.3	0.5
NT Live & Digital	0.3	0.8	0.4	1.5	0.5	1.1	0.6	2.2
NT Learning & Public Engagement	0.1	0.3	0.2	0.6	0.2	0.4	0.3	0.9
Research & Development	0.1	0.3	0.1	0.5	0.1	0.3	0.2	0.6
<b>TOTAL Charitable Activities</b>	<b>4.1</b>	<b>6.5</b>	<b>5.4</b>	<b>16.0</b>	<b>4.1</b>	<b>6.5</b>	<b>5.4</b>	<b>16.0</b>
<b>Other Trading Activities</b>	-	1.2	1.0	2.2	-	1.1	0.9	2.0
<b>TOTAL Support Costs</b>	<b>4.1</b>	<b>7.7</b>	<b>6.6</b>	<b>18.4</b>	<b>4.1</b>	<b>7.6</b>	<b>6.5</b>	<b>18.2</b>

Promotion comprises Marketing and Press. Theatre Operations comprises Front of House, Building Services, Insurance, Cleaning and Security. Support Services comprises Finance, Governance\*, IT, HR, Pensions, and Staff Canteen.

Support costs are allocated to the key activity areas driving support costs as above based on their proportionate costs to overall direct costs.

\* Governance costs for the year were £0.1m (2018: £0.1m). Included within Governance costs are the auditors' remuneration which consists of the Group audit fee of £68k (2018: £71k) and fees for tax compliance services of £7k (2018: £7k) and other non-audit services of £23k (2018: £10k) due to PricewaterhouseCoopers LLP.

**NOTES TO THE FINANCIAL STATEMENTS**

**7 STAFF COSTS & NUMBERS (GROUP & COMPANY)**

	Group 2019 £m	Company 2019 £m	Group 2018 £m	Company 2018 £m
Wages and salaries	46.4	43.9	46.0	42.6
Social security costs	3.5	3.4	3.5	3.3
Other pension costs	1.4	1.3	1.2	1.2
	<b>51.3</b>	<b>48.6</b>	<b>50.7</b>	<b>47.1</b>

Average monthly full time equivalents employed in the year: \*

	Group 2019 Number	Company 2019 Number	Group 2018 Number	Company 2018 Number
Artistic	255	248	254	241
Technical and production	400	394	391	379
Trading and front of house	320	320	313	313
Education, touring, New Work Dept and other projects	51	51	45	45
Marketing and box office	61	61	60	60
Support services	73	73	72	72
Engineering	21	21	22	22
Fundraising	32	32	31	31
	<b>1,213</b>	<b>1,200</b>	<b>1,188</b>	<b>1,163</b>

\* All staff, excluding actors and staff of the Broadway Production of Angels in America, are employed by the National Theatre and the cost of their employment is recharged to the NT's subsidiaries where relevant.

## NOTES TO THE FINANCIAL STATEMENTS

### 7 STAFF COSTS & NUMBERS (CON'T)

The number of employees with emoluments greater than £60,000 was as follows:

	2019 Number	2018 Number
£60,000-£70,000	15	14
£70,001-£80,000	6	5
£80,001-£90,000	7	7
£90,001-£100,000	3	2
£120,001-£130,000	1	1
£130,001-£140,000	1	-
£160,001-£170,000	1	1
£180,000-£190,000	1	1
	<b>35</b>	<b>31</b>

Pension contributions of £0.2m (2018: £0.2m) were made to defined contribution schemes for the above members of staff during the year.

The total remuneration for Key Management Personnel was £2.0m (2018: £1.6m), comprising of the Executive (comprising the Director and Executive Director) and the Senior Management Team which is 15 (2018: 12) members of staff.

### 8 TRUSTEES' EMOLUMENTS

No Trustees of the Company received any remuneration during the year or in the previous year in respect of their position as Trustees. Expenses for travel and entertainment totalling £3k (2018: £3k) were incurred by two Trustees wholly and necessarily on the Company's business and were reimbursed during the year. Trustees are offered two tickets for each production to enable them to carry out their duties.

In the normal course of business, a Trustee provided services to the Company as a specialist designer on certain productions. The total amount paid for such services in the period to 31 March 2019 was £7k. The Company's governing documents permit such a payment to Trustees and was approved by the Board.

## NOTES TO THE FINANCIAL STATEMENTS

### 9 PENSION CONTRIBUTIONS

The Company makes payments to defined contribution schemes which are available to all permanent employees on completion of their probationary year. The charge for the National for the year was £1.3m (2018: £1.2m) with £0.1m (2018: £0.1m) payable at the balance sheet date. The Group charge for the year was £1.4m (2018: £1.2m) with £0.1m (2018: £0.1m) payable at the balance sheet date.

### 10 TAXATION

The National's charitable activities fall within the exemptions afforded by Part 11 Corporation Taxes Act 2010. The trading and commercial subsidiaries, Royal National Theatre Enterprises Limited and National Theatre Productions Limited, passes profits on which tax would be payable to the National under a Gift Aid arrangement. Accordingly, there is no corporation tax charge in these financial statements. Similarly, because of the Gift Aid, there is no difference in the net movement in funds for the National and the Group as a whole, excepting amounts retained in the US subsidiaries and National Theatre Staging Limited, disclosed in Note 18 and 23

National Theatre Staging Limited and National Theatre Live Limited produce and film productions and claim tax credit for Theatre and Film, respectively, to the total of £4,090k (2018: £4,628k).

National Theatre North America LLC pays a profit distribution to the National. The National has received dispensations in the US to be treated as a charity and, as such, there is no corporation tax charge on the distribution.

**NOTES TO THE FINANCIAL STATEMENTS**

**11 TANGIBLE ASSETS (GROUP)**

	Freehold Land & Buildings	Leasehold Improvements (20 years)	Leasehold Improvements (10 years)	Leasehold improvements (5 years)	Equipment (10 years)	Equipment (5 years)	Equipment (3 years)	Work in Progress (Restricted)	Work in Progress (Unrestricted)	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
<b>Cost</b>										
As at 1 April 2018	6.6	58.3	37.5	0.7	9.6	2.7	44.7	0.1	2.1	162.3
Additions	-	-	-	-	-	-	-	1.0	5.3	6.3
Disposals	-	-	(0.2)	-	-	-	(1.4)	-	-	(1.6)
Transfers from work in progress	-	1.6	0.9	0.1	0.5	0.1	3.8	(0.9)	(6.1)	-
<b>As at 31 March 2019</b>	<b>6.6</b>	<b>59.9</b>	<b>38.2</b>	<b>0.8</b>	<b>10.1</b>	<b>2.8</b>	<b>47.1</b>	<b>0.2</b>	<b>1.3</b>	<b>167.0</b>
<b>Accumulated Depreciation</b>										
As at 1 April 2018	1.3	11.5	34.3	0.2	3.2	1.9	41.5	-	-	93.9
Charge for period	0.1	3.0	0.6	0.2	1.0	0.6	3.1	-	-	8.6
Disposals	-	-	(0.2)	-	-	-	(1.3)	-	-	(1.5)
<b>As at 31 March 2019</b>	<b>1.4</b>	<b>14.5</b>	<b>34.7</b>	<b>0.4</b>	<b>4.2</b>	<b>2.5</b>	<b>43.3</b>	<b>-</b>	<b>-</b>	<b>101.0</b>
<b>Net book value</b>										
<b>As at 31 March 2019</b>	<b>5.2</b>	<b>45.4</b>	<b>3.5</b>	<b>0.4</b>	<b>5.9</b>	<b>0.3</b>	<b>3.8</b>	<b>0.2</b>	<b>1.3</b>	<b>66.0</b>
As at 1 April 2018	5.3	46.8	3.2	0.5	6.4	0.8	3.2	0.1	2.1	68.4

Freehold land and buildings include NT Studio land at a cost of £0.7m (2018: £0.7m) and the NT Studio building refurbishment at a cost of £5.7m (2018: £5.7m). The Studio building has been provided as security in the form of a 30 year legal mortgage in relation to a grant for refurbishment of the Studio, of £0.9m from Arts Council England in 2010. The mortgage is 14% of the cost of the NT Studio land and building (excluding the NT Studio car park land).

Fixed and floating charges over The Royal National Theatre's leasehold registered offices at Upper Ground, London SE1 9PX was provided to:

- Arts Council England as security for the potential repayment obligations under a grant of £17.5m in relation to the NT Future project in 2012 lasting 30 years.
- The Trustees of the National Heritage Memorial Fund for potentially repayment obligations under a grant of £2.25m from the Heritage Lottery Fund, in relation to NT Future in 2013 lasting 25 years.
- Coutts & Co.as security against potential repayment obligation on an overdraft facility in 2014.

**NOTES TO THE FINANCIAL STATEMENTS**

**11 TANGIBLE ASSETS (COMPANY)**

	Freehold Land & Buildings	Leasehold Improvements (20 years)	Leasehold Improvements (10 years)	Leasehold improvements (5 years)	Equipment (10 years)	Equipment (5 years)	Equipment (3 years)	Work in Progress (Restricted)	Work in Progress (Unrestricted)	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
<b>Cost</b>										
As at 1 April 2018	6.6	58.3	37.5	0.7	7.1	2.4	43.7	0.1	2.1	158.5
Additions	-	-	-	-	-	-	-	1.0	4.8	5.8
Disposals	-	-	(0.2)	-	-	-	(1.4)	-	-	(1.6)
Transfers from work in progress	-	1.6	0.9	0.1	0.5	-	3.4	(0.9)	(5.6)	-
<b>As at 31 March 2019</b>	<b>6.6</b>	<b>59.9</b>	<b>38.2</b>	<b>0.8</b>	<b>7.6</b>	<b>2.4</b>	<b>45.7</b>	<b>0.2</b>	<b>1.3</b>	<b>162.7</b>
<b>Accumulated Depreciation</b>										
As at 1 April 2018	1.3	11.5	34.3	0.2	2.6	1.7	40.9	-	-	92.5
Charge for period	0.1	3.0	0.6	0.2	0.7	0.5	2.9	-	-	8.0
Disposals	-	-	(0.2)	-	-	-	(1.3)	-	-	(1.5)
<b>As at 31 March 2019</b>	<b>1.4</b>	<b>14.5</b>	<b>34.7</b>	<b>0.4</b>	<b>3.3</b>	<b>2.2</b>	<b>42.5</b>	<b>-</b>	<b>-</b>	<b>99.0</b>
<b>Net book value</b>										
<b>As at 31 March 2019</b>	<b>5.2</b>	<b>45.4</b>	<b>3.5</b>	<b>0.4</b>	<b>4.3</b>	<b>0.2</b>	<b>3.2</b>	<b>0.2</b>	<b>1.3</b>	<b>63.7</b>
As at 1 April 2018	5.3	46.8	3.2	0.5	4.5	0.7	2.8	0.1	2.1	66.0

**NOTES TO THE FINANCIAL STATEMENTS**

**12 INVESTMENTS**

	Group 2019 £m	Company 2019 £m	Group 2018 £m	Company 2018 £m
Expendable endowment (20-year gilt)	0.2	0.2	0.2	0.2

In 2008, the Company invested £200,000 into a 20-year gilt in accordance with the terms of a donation received from a long-term benefactor. At the end of the 20-year term, the capital sum (£166,000) will become available for use by the Company. Interest on the gilt accrues to the Company on a received basis. The initial premium on the gilt is amortised over the life of the gilt. The Trustees believe that the carrying value of the investments is supported by their underlying net assets.

See Note 1 for details of investments in subsidiary undertakings.

23

**13 STOCKS**

	Group 2019 £m	Company 2019 £m	Group 2018 £m	Company 2018 £m
Goods for resale	0.5	-	0.4	-
Consumable items	0.1	0.1	0.1	0.1
	0.6	0.1	0.5	0.1

The amount of Stock expensed in the period was £4.0m (2018: £4.1m).

**NOTES TO THE FINANCIAL STATEMENTS**

**14 COSTS OF PRODUCTIONS NOT YET OPENED**

	Group 2019 £m	Company 2019 £m	Group 2018 £m	Company 2018 £m
National Theatre – Tours	0.3	-	0.2	0.2
National Theatre – Live	-	-	-	-
National Theatre – Productions	0.7	0.7	0.4	0.4
	<b>1.0</b>	<b>0.7</b>	<b>0.6</b>	<b>0.6</b>

**15 DEBTORS**

	Group 2019 £m	Company 2019 £m	Group 2018 £m	Company 2018 £m
Trade debtors	4.1	3.6	3.1	2.8
Tax recoverable	5.1	0.2	8.0	0.2
Amounts owed by group undertakings	-	7.3	-	12.2
Other debtors	0.6	0.4	1.1	0.3
Prepayments and accrued income	3.2	2.9	5.2	4.7
	<b>13.0</b>	<b>14.4</b>	<b>17.4</b>	<b>20.2</b>

All amounts fall due within one year. Intercompany balances are unsecured, non-interest bearing and are repayable on demand.

**NOTES TO THE FINANCIAL STATEMENTS**

**16 CASH AND BANK DEPOSITS**

	Group 2019 £m	Company 2019 £m	Group 2018 £m	Company 2018 £m
<b>Current asset investments:</b>				
Bank deposits with maturity > 3months	10.1	10.1	5.1	5.1
<b>Cash at bank and in hand:</b>				
Cash and bank balances	16.6	12.0	19.0	13.7

**17 CREDITORS**

	Group 2019 £m	Company 2019 £m	Group 2018 £m	Company 2018 £m
<b>Amounts falling due within one year:</b>				
Trade creditors	1.3	0.9	1.1	0.6
Taxation and social security	1.8	1.8	1.7	1.6
Advance bookings	3.9	3.9	5.0	5.0
Other creditors and accruals	9.7	6.1	9.0	7.1
Deferred income (all utilised in year)	0.5	0.3	1.3	1.0
Provisions	0.1	0.1	0.2	0.2
	17.3	13.1	18.3	15.5

## NOTES TO THE FINANCIAL STATEMENTS

### 18 THE FUNDS OF THE GROUP & COMPANY

	Balance at 1 April 2018	Income	Expenditure	Transfers	Balance at 31 March 2019	Balance at 27 March 2017	Income	Expenditure	Transfers	Balance at 1 April 2018
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
<b>UNRESTRICTED:</b>										
Unrestricted operations fund *	11.7	102.3	(96.1)	(5.7)	12.2	11.5	102.8	(97.3)	(5.3)	11.7
<b>Unrestricted designated:</b>										
NT Future	7.4	-	(0.7)	-	6.7	8.3	-	(0.9)	-	7.4
Touring	1.3	-	(0.4)	0.5	1.4	1.3	-	-	-	1.3
Building & Equipment Fund	14.1	-	(3.6)	4.6	15.1	12.2	-	(3.0)	4.9	14.1
Digital Projects	-	-	-	0.4	0.4	-	-	-	-	-
Security	0.9	-	(0.1)	-	0.8	0.5	-	-	0.4	0.9
Programme Development Fund	0.4	-	-	0.2	0.6	0.4	-	-	-	0.4
<b>TOTAL unrestricted designated funds</b>	<b>24.1</b>	<b>-</b>	<b>(4.8)</b>	<b>5.7</b>	<b>25.0</b>	<b>22.7</b>	<b>-</b>	<b>(3.9)</b>	<b>5.3</b>	<b>24.1</b>
<b>TOTAL unrestricted funds</b>	<b>35.8</b>	<b>102.3</b>	<b>(100.9)</b>	<b>-</b>	<b>37.2</b>	<b>34.2</b>	<b>102.8</b>	<b>(101.2)</b>	<b>-</b>	<b>35.8</b>
<b>RESTRICTED: Project funds</b>										
NT Performance	0.1	0.6	(0.6)	-	0.1	0.3	1.0	(1.2)	-	0.1
NT Live & Digital	-	0.8	(0.8)	-	-	-	0.2	(0.2)	-	-
NT Learning & Public Engagement	0.1	1.8	(1.9)	-	-	0.1	2.1	(2.1)	-	0.1
NT Studio Projects (Research & Development)	-	0.7	(0.6)	-	0.1	-	0.6	(0.6)	-	-
ACE Warhorse China	-	-	-	-	-	-	0.1	(0.1)	-	-
ACE UK Touring	-	0.5	(0.5)	-	-	-	0.1	(0.1)	-	-
General Activity	-	0.4	(0.4)	-	-	-	0.1	(0.1)	-	-
<b>TOTAL project funds</b>	<b>0.2</b>	<b>4.8</b>	<b>(4.8)</b>	<b>-</b>	<b>0.2</b>	<b>0.4</b>	<b>4.2</b>	<b>(4.4)</b>	<b>-</b>	<b>0.2</b>
<b>RESTRICTED: Long term funds</b>										
NT Future Fund	33.7	-	(2.9)	-	30.8	36.0	0.2	(2.5)	-	33.7
ACE NT Future Fund	16.4	-	(1.0)	-	15.4	17.5	-	(1.1)	-	16.4
ACE Lottery Fund	0.9	-	-	-	0.9	0.9	-	-	-	0.9
Studio Refurbishment Fund	4.5	-	(0.1)	-	4.4	4.6	-	(0.1)	-	4.5
Drum Revolve Fund	0.3	-	-	-	0.3	0.2	0.1	-	-	0.3
Staging Technology Fund	0.9	0.4	(0.6)	-	0.7	0.9	0.5	(0.5)	-	0.9
Expendable Endowment	0.2	-	-	-	0.2	0.2	-	-	-	0.2
Other Long Term Funds	-	0.1	-	-	0.1	-	-	-	-	-
<b>TOTAL long term funds</b>	<b>56.9</b>	<b>0.5</b>	<b>(4.6)</b>	<b>-</b>	<b>52.8</b>	<b>60.3</b>	<b>0.8</b>	<b>(4.2)</b>	<b>-</b>	<b>56.9</b>
<b>TOTAL restricted funds</b>	<b>57.1</b>	<b>5.3</b>	<b>(9.4)</b>	<b>-</b>	<b>53.0</b>	<b>60.7</b>	<b>5.0</b>	<b>(8.6)</b>	<b>-</b>	<b>57.1</b>
<b>TOTAL Group funds</b>	<b>92.9</b>	<b>107.6</b>	<b>(110.3)</b>	<b>-</b>	<b>90.2</b>	<b>94.9</b>	<b>107.8</b>	<b>(109.8)</b>	<b>-</b>	<b>92.9</b>

**NOTES TO THE FINANCIAL STATEMENTS**

**18 THE FUNDS OF THE GROUP & COMPANY (CON'T)**

\* Analysis of unrestricted funds held between parent and subsidiaries:

Unrestricted retained surplus held by the Company

Unrestricted retained surplus held by trading subsidiaries

**Group unrestricted operations fund**

Balance at 31 March 2019 £m	Balance at 1 April 2018 £m
10.1	9.3
2.1	2.4
<b>12.2</b>	<b>11.7</b>

**DESIGNATED FUNDS**

**NT FUTURE FUND**

This represents NT Future assets which were funded by the National. Expenditure against this fund represents the depreciation of NT Future assets funded by the National and other related costs

**TOURING FUND**

The touring fund has been set up to support the touring of NT productions within the UK.

**BUILDINGS & EQUIPMENT FUND**

The buildings and equipment fund is a designated fund set aside by the Trustees in order to enable monies to be made available for the renewal and maintenance of the National's buildings and mechanical and electrical equipment in accordance with its lease and obligations under Lottery funding.

£4.6m (2018: £4.9m) was transferred from the operations fund into the buildings and equipment fund during the period. The expenditure for the current period represents depreciation on assets acquired through this fund and expenditure related to the implementation of capital plans.

**DIGITAL PROJECTS**

The digital projects fund is a designated fund set aside by the Trustees in order to enable monies to be made available to support the investment in the NT's broadcasting and digital initiatives, including the exploitation of digital archive content and associated rights costs.

**SECURITY FUND**

The security fund is a designated fund set aside by the Trustees in order to enable monies to be made available to enhance the physical security infrastructure of the NT.

**NOTES TO THE FINANCIAL STATEMENTS**

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**18 THE FUNDS OF THE GROUP & COMPANY (CON'T)****PROGRAMME DEVELOPMENT FUND**

The programme development fund is a designated fund set aside by the Trustees in order to enable monies to ensure the National can continue the constant revitalisation of the great traditions of the British Stage and to expand the horizons of audiences and artists alike, presenting a balanced artistic programme with a specific responsibility for creating new work and representing the widest range of voices, including support of new writing and directing initiatives.

**RESTRICTED FUNDS: PROJECT FUNDS**

These represent funds made available for projects generally completed within two years or activities funded on an annual basis.

**NT PERFORMANCE**

The NT Performance Fund represents restricted funding and related expenditure, relating to NT productions and performances.

**NT LIVE & DIGITAL**

The NT Live & Digital Fund represents restricted funding and related expenditure, in relation to the NT's broadcasting and digital initiatives.

**NT LEARNING & PUBLIC ENGAGEMENT PROJECTS**

The NT Learning & Public Engagement Project Fund represents restricted funding and related expenditure, for participation projects and training initiatives, along with funds received in support of activities in the external public spaces at the NT and various access, archive and digital initiatives.

**NT STUDIO PROJECTS (RESEARCH & DEVELOPMENT)**

The NT Studio Projects Fund represents restricted funding for activity at the NT Studio, including new writing and directing initiatives.

**ACE UK TOURING**

The ACE UK Touring fund represents restricted funding for Theatre Nation partnership.

## NOTES TO THE FINANCIAL STATEMENTS

### 18 THE FUNDS OF THE GROUP & COMPANY (CON'T)

#### RESTRICTED FUNDS: LONG-TERM FUNDS:

Long-term funds represent funds used for capital or where there is an expectation that the fund will be used over the longer term.

#### NT FUTURE FUND

This fund was created to support a major refurbishment of the National Theatre, completed in 2016 (excluding funds from ACE). Expenditure was £2.9m (2018: £2.5m) and represents depreciation on NT Future assets.

#### ACE NT FUTURE FUND

This fund was created specifically in relation to a grant from ACE, to support a major refurbishment of the National Theatre, completed in 2016. Expenditure was £1.0m (2018: £1.1m) and represents depreciation on NT Future assets and direct project expenditure.

#### ACE LOTTERY FUND

This fund was created specifically in relation to a grant from Heritage Lottery, to support a major refurbishment of the National Theatre. The balance reflects future depreciation on the assets acquired through this fund.

#### STUDIO REFURBISHMENT FUND

This fund was created to support a major refurbishment of the NT Studio, completed in 2008. The balance reflects future depreciation on the assets acquired through this fund.

#### DRUM REVOLVE FUND

The Drum's original operating vision has never realised due to limitations in technology at the time it was built. This fund was created to address these limitations in light of new technology.

#### STAGING TECHNOLOGY FUND

This fund was created to ensure that artistic and production development can support the creative vision, by being at the cutting edge of technology.

#### EXPENDABLE ENDOWMENT

The fund represents the Group's investment of £200,000 in a 20-year gilt in accordance with the terms of a donation from a long-term benefactor. See Note [12](#)

## NOTES TO THE FINANCIAL STATEMENTS

### 19 ANALYSIS OF NET ASSETS BETWEEN FUNDS (GROUP)

	As at 31 March 2019			
	Tangible fixed assets	Cash & current asset investments	Other net assets / (liabilities)	Total net assets
	£m	£m	£m	£m
<b>UNRESTRICTED:</b>				
Operations fund *	-	14.9	(2.7)	12.2
<b>Unrestricted designated:</b>				
NT Future	4.4	2.3	-	6.7
Touring	-	1.4	-	1.4
Building & Equipment Fund	8.4	6.7	-	15.1
Digital Projects	-	0.4	-	0.4
Security	0.6	0.2	-	0.8
Programme Development Fund	-	0.6	-	0.6
<b>TOTAL unrestricted designated funds</b>	<b>13.4</b>	<b>11.6</b>	<b>-</b>	<b>25.0</b>
<b>TOTAL unrestricted funds</b>	<b>13.4</b>	<b>26.5</b>	<b>(2.7)</b>	<b>37.2</b>
<b>RESTRICTED: Project funds</b>				
NT Performance	-	0.1	-	0.1
NT Studio/Learning&Public Engagement	-	0.1	-	0.1
<b>TOTAL project funds</b>	<b>-</b>	<b>0.2</b>	<b>-</b>	<b>0.2</b>
<b>RESTRICTED: Long term funds</b>				
NT Future Fund	30.8	-	-	30.8
ACE NT Future Fund	15.4	-	-	15.4
ACE Lottery Fund	0.9	-	-	0.9
Drum Revolve Fund	0.3	-	-	0.3
Studio Refurbishment Fund	4.4	-	-	4.4
Staging Technology Fund	0.7	-	-	0.7
Expendable Endowment	-	-	0.2	0.2
Other Long Term Funds	0.1	-	-	0.1
<b>TOTAL long term funds</b>	<b>52.6</b>	<b>-</b>	<b>0.2</b>	<b>52.8</b>
<b>TOTAL restricted funds</b>	<b>52.6</b>	<b>0.2</b>	<b>0.2</b>	<b>53.0</b>
<b>TOTAL Group funds</b>	<b>66.0</b>	<b>26.7</b>	<b>(2.5)</b>	<b>90.2</b>

	As at 1 April 2018			
	Tangible fixed assets	Cash & current asset investments	Other net assets / (liabilities)	Total net assets
	£m	£m	£m	£m
<b>UNRESTRICTED:</b>				
Operations fund *	-	12.8	(1.1)	11.7
<b>Unrestricted designated:</b>				
NT Future	6.5	0.9	-	7.4
Touring	-	1.3	-	1.3
Building & Equipment Fund	7.2	6.9	-	14.1
Digital Projects	-	-	-	-
Security	0.2	0.7	-	0.9
Programme Development Fund	-	0.4	-	0.4
<b>TOTAL unrestricted designated funds</b>	<b>13.9</b>	<b>10.2</b>	<b>-</b>	<b>24.1</b>
<b>TOTAL unrestricted funds</b>	<b>13.9</b>	<b>23.0</b>	<b>(1.1)</b>	<b>35.8</b>
<b>RESTRICTED: Project funds</b>				
NT Performance	-	0.1	-	0.1
NT Studio/Learning&Public Engagement	-	0.1	-	0.1
<b>TOTAL project funds</b>	<b>-</b>	<b>0.2</b>	<b>-</b>	<b>0.2</b>
<b>RESTRICTED: Long term funds</b>				
NT Future Fund	31.8	0.6	1.3	33.7
ACE NT Future Fund	16.4	-	-	16.4
ACE Lottery Fund	0.9	-	-	0.9
Drum Revolve Fund	0.1	0.2	-	0.3
Studio Refurbishment Fund	4.5	-	-	4.5
Staging Technology Fund	0.8	0.1	-	0.9
Expendable Endowment	-	-	0.2	0.2
Other Long Term Funds	-	-	-	-
<b>TOTAL long term funds</b>	<b>54.5</b>	<b>0.9</b>	<b>1.5</b>	<b>56.9</b>
<b>TOTAL restricted funds</b>	<b>54.5</b>	<b>1.1</b>	<b>1.5</b>	<b>57.1</b>
<b>TOTAL Group funds</b>	<b>68.4</b>	<b>24.1</b>	<b>0.4</b>	<b>92.9</b>

**NOTES TO THE FINANCIAL STATEMENTS**

**20 CAPITAL COMMITMENTS (GROUP & COMPANY)**

	2019	2018
	£m	£m
<b>Commitments:</b>		
Dorfman Lighting Network Cabling	0.1	-
Drum Revolve Works	0.1	0.3
Front of House Security Upgrades	0.4	0.4
Lyttelton Dimming Lights	-	0.2
Olivier Dimming Lights	0.3	-
Olivier Houselights upgrade to LED	-	0.2
Olivier Moving Wash Lights	0.2	0.2
Rear of House Tannoy Systems	0.3	-
The Deck II: Construction	-	0.4
The Deck II: Fit out, Fixtures and Fittings	-	0.2
NT Future Project	0.1	0.1
Other commitments (<£100k)	0.5	0.7
<b>Approved and contracted</b>	<b>2.0</b>	<b>2.7</b>

The amount payable within one year is £2.0m (2018: £2.7m).

## NOTES TO THE FINANCIAL STATEMENTS

### 21 OPERATING LEASE COMMITMENTS (GROUP & COMPANY)

At the year-end the National was committed under non-cancellable operating leases to make the following payments:

	Group 2019	Company 2019	Group 2018	Company 2018
	£m	£m	£m	£m
Within one year	1.3	0.6	1.1	0.8
In two to five years	0.4	0.1	1.0	0.3
	1.7	0.7	2.1	1.1

Expenditure within the period on operating leases was £1.1m (2018: £1.2m).

### 22 CONNECTED CHARITIES & OTHER RELATED PARTIES TRANSACTIONS

#### ROYAL NATIONAL THEATRE FOUNDATION

The Royal National Theatre Foundation (the "Foundation") has objects related to those of the National and makes grants to the NT from time to time. The Foundation has 11 trustees, two of whom have a direct connection to the NT.

The National Theatre entered into a joint arrangement to create an endowment fund within the Royal National Theatre Foundation to further the NT's national remit in terms of education, new work and productions, and for capital and general purposes. A legacy campaign has been launched by the NT and all unrestricted legacies directed to the NT will go to the Royal National Theatre Foundation and the donations will be held in appropriately named sub-funds of the endowment fund.

During the period, the NT received legacy income of £47k (2018: £704k) which was paid to the Royal National Theatre Foundation.

The Foundation has pledged a sum of £250k per year for three years beginning FY16/17 towards the development of work in the New Work Department, with the final instalment received in year increasing to £285k. The Foundation also granted £100k for the National's touring work, and £1k for apprenticeships. The Foundation made benevolent grants to members and former members of the staff and company.

#### AMERICAN ASSOCIATES OF THE ROYAL NATIONAL THEATRE

The American Associates of The Royal National Theatre (the "AANT") is an independent not-for-profit charity registered in New York. In the period, \$2.5m (2018: \$2.5m) was raised by the AANT for the NT.

## NOTES TO THE FINANCIAL STATEMENTS

### 22 CONNECTED CHARITIES & OTHER RELATED PARTIES TRANSACTIONS (CON'T)

#### OTHER RELATED PARTY TRANSACTIONS

During the period, Trustees donated a total amount of £343k (2018: £433k) and the Senior Management Team donated a total amount of £1k (2018: £1k).

The National has a limited power to enter into transactions with its Trustees. This power is in its governing document, the Memorandum of Association, and it is limited by conditions which protect the interests of the National as a charity.

See Note <sup>23</sup> for details of transactions with subsidiaries.

The Royal National Theatre (RNT) is owed by the Royal National Theatre Enterprises Limited (RNTE) a net balance of £301k (2018: £1,408k). This represents the balance of operational transactions between NT & RNTE, including a charge for Prop/Costume Hire £487k (2018: £343k) and catering provided for Events £101k (2018: £96k). This is offset by the RNTE Management Fee £2,083k (2018: £1,741k) and the Gift Aid of profit £1,277k (2018: £1,704k) to its parent company.

The Royal National Theatre (RNT) is owed by the National Theatre Productions Limited (NTPL) a net balance of £1,405k (2018: £2,601k). This represents the balance of operational transactions, the NTPL Management Fee £90k (2018: £127k) and the Gift Aid of profit £508k (2018: £239k) to its parent company.

The Royal National Theatre (RNT) is owed by the National Theatre Live Limited (NTLL) a net balance of £800k (2018: £185k). This represents the balance of the Commissioning Fee payable by NT of £3,292k (2018: £5,063k) and the operational transactions payable by NTLL.

The Royal National Theatre (RNT) is owed by National Theatre Staging Limited (NTSL) a net balance of £3,581k (2018: £6,923k). This represents the balance of the Commissioning Fee payable by NT of £37,422k (2018: £36,339k) and the operational transactions payable by NTSL.

The Royal National Theatre (RNT) is owed by National Theatre North America LLC (NTA) £1,181k (2018: £1,084k). This represents the balance of operational transactions and the NTA Management Fee £9k (2018: £70k).

**NOTES TO THE FINANCIAL STATEMENTS**
**23 SUBSIDIARIES & RELATED UNDERTAKINGS**

All subsidiaries have coterminous year ends with the parent Company. As at 31 March 2019, the National had an interest in the following subsidiary undertakings and related undertakings:

**(a) SUBSIDIARIES**

Organisation Name	Country of Incorporation	Registered Office / Principal Place of Business	Nature of Business	Class of share capital held	Issued Share Capital	Parent company interest	Consolidation Method
Royal National Theatre Enterprise Limited	UK	c/o The Royal National Theatre Upper Ground South Bank London SE1 9PX	Trading activities	Ordinary	2 x £1 Ord Shares	100%	Yes (Line-by-line)
National Theatre Productions Limited	UK	c/o The Royal National Theatre Upper Ground South Bank London SE1 9PX	Commercial exploitation of productions	Ordinary	2 x £1 Ord Shares	100%	Yes (Line-by-line)
National Theatre Staging Limited	UK	c/o The Royal National Theatre Upper Ground South Bank London SE1 9PX	Commercial exploitation of productions	Ordinary	1 x £1 Ord Share	100%	Yes (Line-by-line)
National Theatre Live Limited	UK	c/o The Royal National Theatre Upper Ground South Bank London SE1 9PX	Commercial exploitation of productions	Ordinary	1 x £1 Ord Share	100%	Yes (Line-by-line)
National Theatre North America LLC	US	c/o The Royal National Theatre Upper Ground South Bank London SE1 9PX	Commercial exploitation of productions	Ordinary	2 x \$1 Ord Shares	100%	Yes (Line-by-line)

## NOTES TO THE FINANCIAL STATEMENTS

### 23 SUBSIDIARIES & RELATED UNDERTAKINGS (CON'T)

#### (b) JOINT ARRANGEMENTS & GENERAL PARTNERSHIPS

Organisation Name	Country of Incorporation	Registered Office / Principal Place of Business	Nature of Business	Class of share capital held	Issued Share Capital	Parent company interest	Consolidation Method
Curious Incident National Tour LP*	US	230 West 41 <sup>st</sup> Street Suite 1703 New York New York 10036	Commercial exploitation of productions	N/A	N/A	100% (Indirect holding)	Yes (Line-by-line)
Curious Incident Broadway LP*	US	230 West 41 <sup>st</sup> Street Suite 1703 New York New York 10036	Commercial exploitation of productions	N/A	N/A	50% (Indirect holding)	Yes (Line-by-line)
The Great Work Begins LP*	US	230 West 41 <sup>st</sup> Street Suite 1703 New York New York 10036	Commercial exploitation of productions	N/A	N/A	75% (Indirect holding)	Yes (Line-by-line)

\* The Royal National Theatre is the sole Managing Member of National Theatre North America LLC (NTNA LLC) which has the following interests:

- **Curious Incident Broadway LP** - One of two General Partners - Joint arrangement between NTNA LLC and Wombat Crossing 2 LLC. NTNA LLC holds the casting vote in any decisions made and so controls the LP. Therefore, in accordance with FRS 102, it has been consolidated as a subsidiary undertaking
- **Curious Incident National Tour LP** - Sole General Partner
- **The Great Works Begins LP** - Sole General Partner

## NOTES TO THE FINANCIAL STATEMENTS

### 23 SUBSIDIARIES & RELATED UNDERTAKINGS (CON'T)

#### (c) FINANCIAL INFORMATION

The financial results and position for the period were:

	Royal National Theatre Enterprises Limited		National Theatre Productions Limited		National Theatre Staging Limited		National Theatre Live Limited		National Theatre North America LLC		Curious Incident Broadway LP		Curious Incident National Tour LP		The Great Works Begins LP	
Company Number:	(01247285)		(01817002)		(07884772)		(09541676)		N/A		N/A		N/A		N/A	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Other trading activities:																
Income	15.8	15.5	6.2	1.5	37.4	36.3	3.3	5.1	0.2	0.7	-	0.2	-	7.4	10.2	2.7
Expenditure	(14.5)	(13.8)	(5.7)	(1.3)	(41.3)	(40.4)	(3.8)	(5.9)	(0.2)	(0.6)	-	(0.2)	-	(7.0)	(10.2)	(2.7)
Net Surplus/(Deficit)	1.3	1.7	0.5	0.2	(3.9)	(4.1)	(0.5)	(0.8)	-	0.1	-	-	-	0.4	-	-
Gift Aid/Profit distribution due to parent company	(1.3)	(1.7)	(0.5)	(0.2)	-	-	-	-	-	(0.1)	-	-	-	-	-	-
Tax Credit	-	-	-	-	3.6	3.8	0.5	0.8	-	-	-	-	-	-	-	-
Retained in the subsidiary	-	-	-	-	(0.3)	(0.3)	-	-	-	-	-	-	-	0.4	-	-
Assets	1.2	2.3	3.6	3.0	5.7	9.3	1.3	0.9	1.3	0.2	0.1	0.2	0.3	0.2	0.2	0.9
(Liabilities)	(1.2)	(2.3)	(3.6)	(3.0)	(3.6)	(6.9)	(1.3)	(0.9)	(1.3)	(0.2)	(0.1)	(0.2)	(0.3)	(0.2)	(0.2)	(0.9)
Net Assets	-	-	-	-	2.1	2.4	-	-	-	-	-	-	-	-	-	-

**NOTES TO THE FINANCIAL STATEMENTS**

**23 SUBSIDIARIES & RELATED UNDERTAKINGS (CON'T)**

+Included in cost of trading operations are administration expenses charged by the National as follows:

	Basis	Payments to the National	
		2019 (£m)	2018 (£m)
Royal National Theatre Enterprises Limited	Turnover (15%)	2.1	1.7
National Theatre Productions Limited	Turnover (1%)	0.1	0.1
National Theatre North America LLC	Turnover (0%)	-	0.1
		2.2	1.9

**ROYAL NATIONAL THEATRE ENTERPRISES LIMITED (RNTE)** is a wholly owned trading subsidiary of the National Theatre responsible for the National's trading activities. The National's Board appoints the directors of RNTE which comprise Board members, external experts and senior members of staff responsible for the trading areas.

**NATIONAL THEATRE PRODUCTIONS LIMITED (NTPL)** is a wholly owned trading subsidiary of the National Theatre whose primary remit is responsibility for the commercial exploitation of NT productions and the exploitation of rights in any production via digital, broadcast or other media. The National's Board appoints the directors of NTPL which comprise Board members, external experts and senior members of staff. The commercial activities have necessitated the creation of an additional subsidiary, National Theatre North America LLC.

**NATIONAL THEATRE STAGING LIMITED (NTSL)** is a wholly owned trading subsidiary of the National Theatre whose primary remit is responsibility for producing NT productions at the South Bank and on tour. The National's Board appoints the directors of NTSL which comprise the Executive Director, external experts and senior members of staff.

**NATIONAL THEATRE LIVE LIMITED (NTLL)** is a wholly owned trading subsidiary of the National Theatre whose primary remit is responsibility for producing NT Live films in respect of National Theatre productions at the South Bank and on tour, and for third party theatres in the UK and internationally. The National's Board appoints the directors of NTLL which comprise the Executive Director, external experts and senior members of staff.

## ACKNOWLEDGEMENTS

REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, TRUSTEES, COMMITTEE MEMBERSHIP AND ADVISERS FOR THE PERIOD 2 APRIL 2018 TO 11 JULY 2019

### Royal National Theatre Board

Sir Damon Buffini (Chair)  
 Kate Mosse OBE (Deputy Chair) (*resigned 31 January 2019*)  
 Peter Bennett-Jones (*resigned 1 June 2018*)  
 Dame Ursula Brennan (*resigned 4 April 2019*)  
 Sabine Chalmers  
 Louise Charlton (*appointed 31 January 2019*)  
 Sir Lenny Henry  
 Vicki Mortimer (*appointed 31 January 2019*)  
 Elizabeth Offord  
 Dame Karen Pierce (*appointed 31 January 2019*)  
 Alan Rusbridger  
 Simon Warshaw  
 Tim Score  
 Vikki Heywood CBE

### Finance & Audit Committee

Tim Score (Chair)  
 Dame Ursula Brennan (Chair) (*resigned 4 April 2019*)  
 Sir Damon Buffini  
 Sabine Chalmers

### Royal National Theatre Enterprises Limited Board

Karen Jones (Chair)  
 Alex Bayley  
 Lisa Burger  
 Liz Fosbury  
 Huw Gott  
 John Langley  
 Robyn Lines (*resigned 29 November 2018*)  
 Geoffrey Matthews  
 Sabine Chalmers (*resigned 30 November 2018*)

### National Theatre Productions Limited Board

Vikki Heywood CBE (Chair)  
 Peter Bennett-Jones (Chair) (*resigned 1 June 2018*)  
 Kash Bennett  
 Lisa Burger  
 Liz Fosbury  
 Linda James (*appointed 4 February 2019*)  
 André Ptaszynski  
 Tim Score

### Nominations Committee

Elizabeth Offord (Co-Chair)  
 Simon Warshaw (Co-Chair)  
 Sir Damon Buffini  
 Sir Lenny Henry  
 Peter Bennett-Jones (*resigned 1 June 2018*)  
 Kate Mosse OBE (*resigned 31 January 2019*)  
 Alan Rusbridger

### National Theatre Staging Limited Board

Vikki Heywood CBE (Chair) (*appointed 1 June 2018*)  
 Peter Bennett-Jones (Chair) (*resigned 1 June 2018*)  
 Lisa Burger  
 Liz Fosbury  
 Peter Taylor (*resigned 28 December 2018*)  
 Rebecca Thompson (*appointed 31 December 2018*)

### National Theatre Live Limited Board

Vikki Heywood CBE (Chair) (*appointed 1 June 2018*)  
 Peter Bennett-Jones (Chair) (*resigned 1 June 2018*)  
 Lisa Burger  
 Liz Fosbury  
 Peter Taylor (*resigned 28 December 2018*)  
 Rebecca Thompson (*appointed 31 December 2018*)

### National Theatre North America LLC

Vikki Heywood CBE (Chair) (*appointed 1 June 2018*)  
 Peter Bennett-Jones (Chair) (*resigned 1 June 2018*)  
 Lisa Burger  
 Liz Fosbury  
 Peter Taylor

# ACKNOWLEDGEMENTS

**National  
Theatre**

## Development Board

Elizabeth Offord (Chair)  
Sally Bacon (*appointed 30 November 2018*)  
Graham Barker  
Kamini Banga  
Jane Biran  
Alan Bookbinder  
Damon Buffini  
Camilla Cazalet  
Louise Charlton  
James Garvey (*appointed 30 September 2018*)  
Robin Geffen  
Kate Groes  
Caroline Hoare (*resigned 31 March 2018*)  
Madeleine Hodgkin  
Jonathan Lenson  
Gary von Lehmden (*resigned 31 December 2018*)  
George Marcotte  
Rafael Marquez  
Sheryl Needham  
Sinead Ni Mhuircheartaigh  
John Owen  
Elizabeth Rantzen  
Ollie Rickman  
Maria Sebastian  
Phil Smith  
Charlotte Warshaw  
Simon Warshaw  
Alex Wilmot-Sitwell  
Jacqueline Worswick

## Executive

Director and Joint Chief Executive: Rufus Norris  
Executive Director and Joint Chief Executive:  
Lisa Burger

## Bankers

Coutts & Co  
440 Strand, London WC2R 0QS

## Independent Auditors

PricewaterhouseCoopers LLP  
1 Embankment Place  
London WC2N 6RH

The Annual Report is available to download  
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If you would like to receive it in large print, or you are  
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through the publication with you, please contact the  
Board Secretary at the National Theatre.

## Registered Office & Principal Place of Business:

The Royal National Theatre,  
Upper Ground,  
London.  
SE1 9PX  
+44 (0)20 7452 3333

Company registration number 749504.

Registered charity number 224223.

Registered in England.