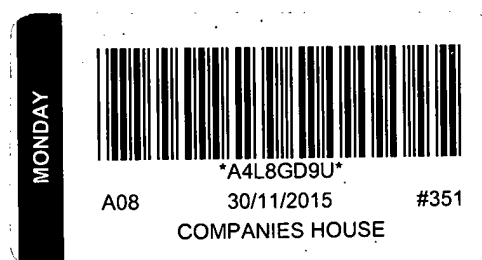


REGISTERED COMPANY NUMBER: 06693227 (England and Wales)
REGISTERED CHARITY NUMBER: 1127952

**REPORT OF THE TRUSTEES AND
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH 2015
FOR**

**THE NATIONAL THEATRE OF WALES
(TRADING AS NATIONAL THEATRE WALES) AND SUBSIDIARY**



Watts Gregory LLP
Chartered Accountants & Statutory Auditors
Elfed House
Oak Tree Court
Cardiff Gate Business Park
CARDIFF
County of Cardiff
CF23 8RS

**THE NATIONAL THEATRE OF WALES
(TRADING AS NATIONAL THEATRE WALES) AND SUBSIDIARY**

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FOR THE YEAR ENDED 31 MARCH 2015**

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THE NATIONAL THEATRE OF WALES
(TRADING AS NATIONAL THEATRE WALES) AND SUBSIDIARY (REGISTERED NUMBER: 06693227)

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2015

The trustees, who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 March 2015. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' issued in March 2005.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number
06693227 (England and Wales)

Registered Charity number
1127952

Registered office
30 Castle Arcade
CARDIFF
CF10 1BW

Trustees

Chair	Phil George	
Vice Chair	Gemma McAvoy	resigned 2 March 2015
Trustees	Steve Blandford	resigned 2 March 2015
	Bethan Cousins	
	Sian Ede	
	Ali Goolyad	appointed 2 March 2015
	Ian Hargreaves	
	Richard Hogger	resigned 7 April 2014
	Buddug Jones	resigned 2 March 2015
	Richard Lynch	
	Deborah Martell Powell	resigned 2 March 2015
	Rosaleen Moriarty-Simmonds	appointed 6 June 2015
	Clare Pillman	
	Judi Richards	resigned 7 April 2014
	Chris Ryde	resigned 7 April 2014

Executive team

Chief Executive/Artistic Director	John McGrath
Executive Producer	Lisa Maguire
Managing Director	Michelle Carwardine-Palmer

Senior Statutory Auditor

Julia Mortimer

Auditors

Watts Gregory LLP
Chartered Accountants & Statutory Auditors
Elfed House
Oak Tree Court
Cardiff Gate Business Park
CARDIFF
County of Cardiff
CF23 8RS

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2015

REFERENCE AND ADMINISTRATIVE DETAILS

Solicitors

Hugh James
Hodge House
114-116 St. Mary Street
CARDIFF
CF10 1DY

Bank

HSBC
56 Queen Street
CARDIFF
CF10 2PX

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The National Theatre of Wales (NTW) was incorporated as a company limited by guarantee and not having a share capital on 9 September 2008. It is registered as a charity with the Charity Commission and regarded as such by HM Revenue and Customs.

Recruitment and appointment of new trustees

NTW was established in late 2007 with a core funding commitment from Arts Council of Wales (ACW) and the Welsh Government. These two bodies advertised and appointed a Chair followed by eight further trustees in 2008. Membership is open to individuals, who apply in the form required by the directors, and are approved by the directors. Membership is non-transferable.

The company's Articles of Association state that:

A person appointed to the office of director for two consecutive terms shall, at the third Anniversary Board Meeting arising during his/her second term as a director, retire from office as a director and shall therefore be ineligible for re-election as a director for a period of two years unless the Board resolve that he/she may be eligible for re-election as a director for such further period not exceeding three years as the Board in its absolute discretion sees fit.

Where a director is re-elected for a third term pursuant to Article 2 above, he/she shall retire from office as a director by the third Anniversary Board Meeting following the passing of the resolution referred to in that Article. Any director who retires pursuant to this Article shall thereafter be ineligible for re-election as a director (for a period of three years).

As a result, having stood down and being re-elected to the Board in February 2011, the company's original trustees have subsequently been subject to retirement in accordance with an agreed process of rotation. This resulted in two of the original trustees standing down at the Anniversary Meeting in April 2013, a further three in April 2014, and another three in March 2015. The current Chair remains, and is due to retire in 2017. This rotation approach has ensured a continuity of management during the retirement process. The company appointed five new trustees during the course of the 2013/14 financial year, and a further one at the Anniversary Meeting in April 2014 (this trustee position being a representative of the organisation's TEAM Panel, with the identity of the individual changing annually, most recently at March 2015's Anniversary Meeting). A further trustee appointment was made in June 2015, with the appointment of further new trustees taking place over the period to 2017 (subject to there being a maximum of twelve trustees at any one time).

Organisational structure

The Board of Trustees meets on a quarterly basis, and has established two sub-committees - a Finance Committee, which also meets quarterly and a Personnel Committee, which meets twice a year - with appropriate matters delegated accordingly.

The day-to-day running of the company is in the hands of a full staff team, headed by the Chief Executive/Artistic Director. An executive team comprising the Artistic Director, Executive Producer and Managing Director leads the company with delegated authority from the Board on matters of finance, recruitment, fundraising and artistic activity.

During the course of 2014/15, the trustees took the decision to establish a subsidiary company, wholly owned by the charity. The subsidiary, called NTW Productions Limited, was incorporated with effect from 10 December 2014. The subsidiary was created with the intention of simplifying, and making more transparent, the company's arrangements with regard to the receipt of theatre tax relief credits in the context of corporation tax (a tax from which the charity itself is exempt).

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2015

STRUCTURE, GOVERNANCE AND MANAGEMENT

The subsidiary was established with a five person Board of Directors, which remains in place. These directors comprise two trustees – the Chair of the charity (Phil George) and the Chair of its Finance Sub Committee (Bethan Cousins) – as well as the three members of the charity's Executive Team (Its Artistic Director, Executive Producer and Managing Director). Trustees are also actively looking to recruit a non-executive director of the Board of the subsidiary, and discussions remain ongoing in this regard.

The operational relationship between the charity and the subsidiary is that the charity commissions the subsidiary to deliver the production of each of its shows. The charity pays a commissioning fee to the subsidiary that equates to the costs of producing the show, less the value of any theatre tax relief credit that the subsidiary is eligible to claim.

Risk management

The trustees have a duty to identify and review the risks to which the charity is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error.

Strategic development and risk management

The company has in place a fully adopted Strategic Plan, which covers the period 2013-2016, and includes consideration of the company's ambitions, objectives, staffing structure and artistic plans. It also contains broad objectives for monitoring and evaluation, the company's first funding development strategy, a communications strategy, an environmental policy and risk management considerations.

A Strategic Plan review process is currently under way, with a view to bringing forward for approval, in the Autumn of 2015, a Plan for the period 2016-2019.

A risk assessment and risk management policy has also been developed by the company.

OBJECTIVES AND ACTIVITIES

Objectives and core values

NTW was created in 2008 with the overall goal of developing and enriching English language theatre in Wales, and in so doing promote and assist in the advancement of the education of the public so far as this shall be charitable. Conceived as a flexible, non-building based organisation, the company was set up with the following key aims:

- Offer radical and imaginative theatre choices both in the selection of plays and in production styles.
- Connect with Welsh audiences and make world-class theatre more accessible, especially to those who currently do not attend mainstream theatre.
- Introduce more and varied directorial voices.
- Facilitate a spirit of collaboration and coordination.
- Create or broker relationships between playwrights, directors, companies and theatres.
- Drive up quality and excellence.
- Raise the international profile of the best work being created in Wales.
- Focus on the identification and nurturing of talent.
- Reflect and comment upon the culture and society of Wales, past and present.

Our three key values of our work are:

- Innovative
- Engaged
- International

For the current Strategic Plan the board reviews the initial aims above and identified the following priorities going forward:

- To remain consistently world-class
- To make radical choices and connect with audiences
- To extend the audience
- To make use of existing theatre venues, while remaining radical
- To find, develop and use more 'new writing with interesting things to say'
- To work with others in a genuine, creative collaboration
- To continue to build relationships with others, recognising that this is a gradual, continuous and slow process

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2015**

OBJECTIVES AND ACTIVITIES

The staff team also developed the following description of NTW's ambitions and its work:

The nation of Wales is our stage: from forests to beaches, from aircraft hangars to post-industrial towns, from village halls to nightclubs. We bring together storytelling poets, visual visionaries and inventors of ideas. We collaborate with artists, audiences, communities and companies to create theatre in the English language, rooted in Wales, with an international reach. You'll find us round the corner, across the mountain and in your digital backyard.

The company operates on a three-year planning cycle, with annual review and adjustments. Business planning is initiated and signed off by the Board at all stages, with input from key partners including ACW, Welsh Government and the theatre sector, and through assessment of the wider context for growth and development. Business plans will combine a core of financially sustainable good practice with a context of visionary new thinking, in line with the founding spirit of the company.

A series of company policies and procedures have been developed, and NTW will strive in all cases to produce policies and procedures which, demonstrate best practice and can be used as a resource by other companies.

Public benefit

We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities.

NTW aims to belong to all the people of Wales, regardless of age, location, or theatre-going habits. The company aspires to nourish and inspire all of the people across Wales and to link the nation with world-class theatre making and cultural aspiration. Not being based in a building enables us and our work to be truly located in the part of Wales where we are making the work, laying roots and leaving our mark before and after the theatre event. Learning and participation is embedded into the core of all of our work, and engagement with the community we are working within is key to the entire process of making and performing our work. The work we make is all new, and all inspired by the stories, people, places and dreams - past, present, future - that we encounter, explore and encourage across Wales.

We reach beyond the borders in our communication about the work, ensuring that once marginalised theatre activity and awareness is pushed onto the radar across the British Isles and internationally. We partner with a huge range of bodies and organisations to push and pull leading theatre practice in and out of Wales, providing the people and artists of Wales with an engaged and informed creative dialogue.

Our entire operational system is set up to be open and engaged with the public. Our online presence aspires to be the leading National Theatre web resource, based on a truly interactive and conversational relationship with the public. Alongside a conventional website, which will offer an extensive range of facilities and uses to the public, we run a social network site where members can speak to one another, share skills and ideas, react to the work, inform us of events, etc. It is a home for our audience in the absence of a building and a major resource of information and activity.

Our office is a shop in a high street arcade in central Cardiff, with an open door and the ability for the public to drop in any time. We have hot-desk space for artists to congregate, work, get online and operate alongside us, whether they are actively in production with us or not.

With support from the Paul Hamlyn Foundation, NTW has established a TEAM ambassador programme, with full-time posts of Head of Collaboration and TEAM Assistant, who cultivate teams of advocates in each of the locations where we make work. These 'super users' champion the work in their community networks and have access to the way we make work.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2015

ACHIEVEMENTS AND PERFORMANCE

NTW has been making English language productions in locations all over Wales, the UK, internationally and online since March 2010. We operate from a small base in Cardiff's city centre, but we work all over the country, and beyond, using Wales' rich and diverse landscape, its towns, cities and villages, its incredible stories and rich talent as our inspiration.

Our audiences have followed us and Michael Sheen like disciples around his hometown, Port Talbot, to watch *The Passion*. They've partied with Neon Neon (Gruff Rhys & Boom Bip) in Cardiff, learning the extraordinary story of Italian publisher Giangiacomo Feltrinelli, in *Praxis Makes Perfect*. Hundreds climbed the foothills of Snowdon to hear poems by the National Poet of Wales, Gillian Clarke and witness first-hand the annual sheep-gathering. Others donned boots to experience *Mametz*, written by poet Owen Sheers and staged in farmland near Usk, and which offered a chilling glimpse of life and death in a WWI trench. And thousands joined us online for Tim Price's award-winning *The Radicalisation of Bradley Manning*: learning about a teenager in Pembrokeshire who grew to be one of the world's most influential and divisive political figures, while chatting with other audience members in over 50 countries across the globe.

These are just some of the 40 productions we've staged on trains, military training grounds, beaches and mountains, in warehouses, nightclubs, tents, village halls, schools, aircraft hangars and libraries, all over towns like Barmouth, Laugharne and Aberystwyth, and in cities from Swansea to Tokyo.

"NTW is now so experienced at this kind of work that it makes other companies look amateurish"

The Guardian

The year 2014/15 saw the company undertake the following activity:

Raw Material: Llareggub-Revisited - May 2014
Laugharne, South West Wales

Part of the DT100 celebrations, marking the 100th anniversary of Dylan Thomas' birth, NTW re-imagined the world of *Under Milk Wood* in a three-year collaboration with BBC Drama Wales. The collaboration involved work across an ambitious range of platforms. For the core site-specific theatre piece, NTW invited Marc Rees, one of Wales' leading exponents of contemporary performance and installation, and Jon Treganna, an accomplished writer and Dylan Thomas expert, to create a town-wide performance installation in Laugharne. The show took the audience on a journey through the underbelly of Laugharne - the place, which inspired *Under Milk Wood*, and the 'strangest town in Wales' according to Dylan Thomas himself.

"An unqualified success"

Wales Arts Review

Alongside this event, BBC Drama Wales, working in close collaboration with NTW, produced a new hour-long version of *Under Milk Wood* featuring many of Wales's most accomplished and well-loved actors. The two productions acted as mirror images of each other. While the theatre piece focused on the town, with the text almost a ghost haunting the location, the TV production had its actors in locations across the world, using the text to imagine a place that in reality is far away from their busy international lives. Snippets of the TV production were discovered within the theatre piece and vice versa. The broadcast of *Under Milk Wood* reached an audience of 261,000 viewers on its initial release on BBC Wales and a further 207,408 on iPlayer. It was also shown twice on BBC4 attracting 506,000 viewers.

Further funding from ACW was also received to create an interactive online experience of the theatre production, mixed with elements of the TV *Under Milk Wood*, which featured on the new BBC-backed platform for digital arts, *The Space*.

Mametz - June 2014
Usk, East Wales

A new play written by award winning novelist and poet Owen Sheers and inspired by his poem *Mametz Wood*, the show formed a significant part of the national 14-18 NOW commemorations supported by the DCMS/Heritage Lottery, marking the start of WW1.

Directed by Matthew Dunster and designed by Jon Bausor (winner of the UK Theatre Award and Wales Theatre Award for Best Design) the play was a large-scale, site-located performance in Usk, which took audiences into a poetic re-imagining of the WW1 trenches and the notorious *Mametz Wood*, scene of significant Welsh losses in the Somme.

"the most impressive, inspiring and deeply moving live performance I have ever witnessed"

*******The Big Issue**

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2015

ACHIEVEMENTS AND PERFORMANCE

The Gathering/Yr Helfa - September 2014
Snowdon, North Wales

Created and directed by Louise Ann Wilson with poems from National Poet of Wales, Gillian Clarke, this production was a powerful exploration of the annual cycle of sheep-farming. The Gathering/Yr Helfa is the culmination of three years' observation of life at Hafod Y Llan, a working hill farm managed by the National Trust, at the foothills of Snowdon.

The poetry cycle and the visual installations were highlights of the show, as was the engagement of the shepherds and the local brass band, who together provided some of the show's most memorable images and moments (a shepherd standing high on an outcrop while a circled band plays below, echoing through the mountains). A strong cast went on a challenging but ultimately very fulfilling journey with the show. An interactive webcast reached around 2,000 people - with the live-casting of the central poetry sequence a highlight.

"It's lyrical but unsentimental, bloody and brutal. It makes the mountain sing"

****The Guardian

Bordergame - November 2014
Bristol to Newport, South West England and South East Wales

This interactive production created by Jon Norton and Matthew Wright, took place online and on the Bristol to Newport train - imagining a world in which migrants are smuggled over the border into Wales. It was an ambitious mix of immersive theatre experience and online gaming; and an equally ambitious combination of satirical fun with insight into the real-life experiences from the refugee community, the show was an exciting step into the unknown.

The production also won the inaugural Space Prize - a new biennial digital theatre award presented by The Space and BBC Writersroom to encourage theatres across the UK to create a unique theatrical experience and received additional commissioning funds from The Space to fully realise the online world of the production, which engaged over 10,000 viewers/players.

"Deeply unsettling....quietly moving, and not a little humbling"

The Times

Crouch, Touch, Pause, Engage - March 2015 (UK tour)
NTW co-production with Out of Joint, Arcola, in association with the Sherman Theatre

NTW started 2015 by collaborating with Max Stafford Clark and Out of Joint (one of the UK's leading touring companies) to create a new verbatim production, Crouch, Touch, Pause, Engage, about the life of Welsh rugby legend Gareth 'Alfie' Thomas. Gareth was the Welsh captain and won over 100 caps for his country. He is also one of the world's most prominent gay sportsmen. Working closely with him, his family and the community of his hometown in Bridgend, we created a great story about sport, politics, secrets, and learning to be yourself. The script also gathered stories from young people who had lived through the media storm about teen suicide in Bridgend.

"brilliant... wrenches the gut and makes the soul sing"

*****The Times

With an opening run at Sherman Cymru, Cardiff the production also toured to; Aberystwyth Arts Centre, Aberdare Coliseum, Sony Centre at Bridgend and Neuadd Ogwen in Bethesda in Wales followed by a further six-week tour to; West Yorkshire Playhouse, Watford Palace Theatre, Hull University, Liverpool Playhouse, Felstead School (Essex), Oundle School, The Leys School (Cambridge), Lincoln University, Exeter Northcott and a further five weeks at the Arcola Theatre in London.

Praxis Makes Perfect - July 2014
Berlin, Germany

Our 2013 production with Gruff Rhys, directed by Wils Wilson and written by Tim Price, was remounted for a two-night run at Berlin's famous Berghain club as part of Foreign Affairs/Berliner Festspiele, one of Europe's most prestigious arts festivals.

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2015**

ACHIEVEMENTS AND PERFORMANCE

**Green Man // Red Woman - August 2014
Green Man Festival, Brecon, Mid Wales**

Created by Wales-based artist Gerald Tyler, this was a small-scale commission specially created for the Green Man festival, inspired by the ancient stories associated with this beautiful site located deep in the heart of the Brecon Beacons.

An immersive piece took Father Christmas in a freezer van to the August music festival, where he found himself in the presence of the Red Woman, aka the long lost Mrs Christmas, spirit of summer. The piece 'popped up' in audience encounters through the festival, with around 200 people gathering for each of the more scheduled highlight moments.

WalesLab & Artist Development

Alongside the artistic programme NTW continued its programme for new work and emerging artists, WalesLab, providing opportunities for 54 artists across Wales, and hosting our third two-week Summercamp for 19 emerging artists in Dale, West Wales.

We also hosted two groups from Japan who carried out research and development into new ideas across Wales, meeting with communities in Aberystwyth, Cardiff, Caerleon, and Anglesey. The two-week residency resulted in sharings of the work held at Chapter Arts Centre.

Recruitment from a host of Summercamp applications resulted with a particularly strong group chosen this year including 16 Welsh, one Moroccan and two South Korean artists (with support of South Korea's Arts Council and the British Council).

This year also saw the introduction of our Artists 'Huddles' initiative, designed to deliver business skills and advice to support freelance practitioners start and maintain an arts career.

Our Resident Artist position was once again popular. As previously, the entire staff team were involved in the shortlisting and selection process and finally chose Leah Crossley, a visual artist, to be part of the team for a year.

We have launched a new Emerging Producers initiative alongside WalesLab, which has been designed to bring independent producers into the process of developing new work at the earliest possible stages. Those selected for the opportunity are either new producers looking to develop skills to work in the industry or experienced producing artists looking to hone their skills with some guidance from NTW.

During 2014/15 the company offered four new full commissions to writers, plus 10 seed commissions. 18 projects underwent Research and Development: exploring ideas for future productions, usually with week or two-week long rehearsals and a range of public and semi-public showings. Additional initiatives included the establishment of a Dramaturgs Group - involving six established writers and theatre artists who supported writers on commission at NTW as well as supporting and advising the company around writer and artist development.

Our Celebration of New Writing with Dirty Protest - Dirty, Gifted and Welsh - had its second incarnation, and again proved a successful meeting point and hub for those interested in new writing for theatre. Fourteen different plays were read on the day, as well as open mic and scratch performances, and writers received invaluable feedback and advice.

The Big Democracy Project

NTW secured £60k of funds from the Rayne Foundation to support a new phase of our Assembly programme, entitled The Big Democracy; a three year project made up of a series of democratically-selected, site-specific, debate-provoking performance events: encouraging people across Wales and beyond to engage in decision-making, and instigating change through a 'ground up' approach.

In this first year of The Big Democracy, proposals to host Assemblies were invited from communities in the four areas of Wales (North, South, West and Central). Proposals focused on issues that people would like to see debated and changed. Whereas previous Assemblies have concentrated on local issues, The Big Democracy looks more at the questions that Wales as a whole needs to address. During this financial year, Assemblies have debated voter apathy (North) and the treatment of refugees and asylum seekers (South).

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2015

**ACHIEVEMENTS AND PERFORMANCE
TEAM**

NTW continued to provide leadership, training and confidence building to TEAM members through: working on NTW productions (particularly Mametz and Bordergame) and events; support to run their own creative projects, such as the partnership with the Sherman to develop Scratch nights, and work with Literature Wales and Martin Daws (Young People's Laureate for Wales) to develop Word4Word; development of TEAM panel; a series of training sessions for young artists and freelancers - sessions on freelance survival and tax, digital photography, video editing, leadership training, poetry and storytelling.

A range of TEAM members also started new initiatives with NTW's support in recent months, including Theatre Playground (Playgroup), a group which brings writers and directors together to workshop and create new work, and Pontypridd Fun Palace, a one-off event as part of a UK wide celebration of Joan Littlewood's approach to theatre. Meanwhile the development of TEAM hubs in north Wales and the Valleys continued with a range of activity in Bangor, Wrexham and Bridgend in particular.

NTW Online

NTW's live streaming of productions, webcasts, Youtube, online community and digital gaming of Bordergame attracted a further 16,548 active participants during the course of the year. In addition, our partnerships with BBC Wales and The Space attracted a further 1,019,408 broadcast viewers, including iPlayer and BBC4 repeats.

FUTURE DEVELOPMENTS

Year 5:

NTW's Year 5 will run from Spring 2015-Spring 2016, following very similar dates to our original Launch Year programme, and bringing back some of the key artists who have helped create NTW's reputation for extraordinary work in unexpected places.

There will be five core shows as well as a series of surprises and initiatives throughout the year.

Mother Courage and Her Children - May 2015

Brecht's classic - the play with which he defined his idea of Epic Theatre - will be brought to new life by Ed Thomas (House of America, Hinterland), arguably the great lost voice of Welsh theatre. With a new score by Dafydd James (The Village Social, Llwyth) and direction by NTW Artistic Director John E McGrath, Brecht's great story of common folk's survival will be re-imagined for 21st Century Britain.

{150} - June/July 2015

The epic Welsh adventure - the settlement of Patagonia - will have its 150th anniversary in 2015. Directed by Marc Rees (For Mountain Sand and Sea, Tir Sir Gar, Raw Material) in NTW's first co-production with Welsh language national company Theatr Genedlaethol Cymru.

Iliad - September/October 2015

The creators of two of NTW's most acclaimed productions, The Persians and Coriolanus bring their unique multi-media vision to one of the great stories of all time - Homer's Iliad - the tale of the Trojan war. Using the extraordinary version by Christopher Logue - War Music - as their text, and featuring ambitious cinematography, Mike Pearson and Mike Brookes will create an epic production in four parts.

The Insatiable, Inflatable Candyfion - December/January 2015/16

Two of NTW's most popular shows in 2013 were Praxis Makes Perfect, a 'theatre gig' in a warehouse created by Gruff Rhys (Super Furry Animals, American Interior), Wils Wilson (The Strange Undoing of Prudencia Heart) and Tim Price (The Radicalisation of Bradley Manning, The Internet is Serious Business), and Silly Kings - our adaptation of Terry Jones's Fairy Tales in a magical Spiegelwelt. For Christmas 2015 Rhys, Wilson and Price will be taking over the Glamorgan Cricket Stadium to create a 'theatre gig for kids'.

Before I Leave - Spring 2016

For the final show of Year 5, NTW premieres an extraordinary new play with music by Patrick Jones, responding to the mighty Welsh battle of modern times - the 1984 Miners' Strike - in a very unexpected way. A group of elderly men and women with dementia are brought together to form a choir. A former miner finds himself singing alongside the policeman he battled against and an opera-loving fan of Margaret Thatcher.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2015

FUTURE DEVELOPMENTS

Alongside these five Epics for Year 5, NTW will continue the enormous range of work it has developed with communities, in artist development, and online. Three projects announced as part of the Year 5 launch sum up these core strands of work:

The Karen Project

This is a collaboration with Digital Theatre pioneers Blast Theory, to create an intimate theatre experience on a smart phone app.

Transition

Is the first project from NTW's WalesLab programme for new theatre ideas to grow into a full NTW production. Transition explores the shifting relationship between father (a professional contemporary dancer) and daughter (who is ballet mad) through the mediums of dance, conversation and film.

The Big Democracy Project

Since its very first days, NTW has worked closely with communities throughout Wales to explore local issues through theatre and debate. Closely tied in with the company's TEAM network, which helps people set up their own projects with NTW's support, NTW's Assembly programme has debated issues ranging from the testing of drones in Cardigan to the opening of Tesco's in Machynlleth. In 2015, through The Big Democracy Project, NTW will be asking Wales to decide the most pressing question for the country today - and turning it into the theme for a major new show.

The company has also undertaken company-wide strategic planning during the course of 2014-15, led by freelance facilitator Gerri Moriarty. The company's new Strategic Plan will run from April 2016 to March 2019, providing the organisation with a robust and comprehensive Vision and Mission. Ensuring that we remain true to our Values to be: Daring, Curious, Generous, Responsible, Adaptable and a Catalyst, encouraging others to develop and grow.

FINANCIAL REVIEW

The statement of financial activities for the company is shown on page 15. During the year, the company made a surplus on unrestricted funds of £343,884 (2014: £6,238). This improved financial performance arose from a combination of prudent budget management across the company and a very successful year's fundraising, especially in respect of productions. This allowed the company to designate a significant level of funds (£251,019) as part of its budget strategy for 2015/16, to enable it to undertake an ambitious programme of major/classical shows during that year. The financial year 2014/15 also saw the introduction of Corporation Tax-related Theatre Tax Relief credits, by HM Treasury, with effect from 1 September 2014. Three of the shows undertaken by the company during the year in question were eligible for this relief, to varying degrees. The accounts for 2014/15 estimate £44,873 (2014: £nil) to be due from this source. However, as a claim has yet to be submitted to, or settled by, HMRC in this regard, there must still be considered an element of risk as to the certainty of the quantification of this relief (especially as this will be the first time for such a claim to be submitted).

General reserves now stand at £480,450 (2014: £136,566), including the designated production reserve of £251,019 (2014: £nil) referred to above. Within this total, free reserves account for £219,486 (2014 £123,566). This is above the guideline level set in the company's reserves policy (see below), the achievement of which was an objective of the company's financial strategy for 2014/15. Although the caveats regarding the value of Theatre Tax Relief credits (see above) need to be borne in mind when viewing this level of reserves, the target level has been achieved even when the recognition of such income is excluded. However, an important consideration to be borne in mind moving forward is that the company's budget strategy for 2015/16 also includes a use of 'free reserves' amounting to £50,690 in addition to the application of designated reserves referred to earlier. The balance of General Reserves (£9,945; 2014: £13,000) is accounted for by a fixed asset related designated fund, which matches the net book value of fixed assets in the balance sheet.

The financial year 2015/16 sees the final year of the existing ACW commitment to funding NTW as part of its core group of annually funded organisations to which it commits funding from its Welsh Government support, following its previous "Investment Review" undertaken in 2010. For 2014/15, ACW continued to provide core support to NTW to the value of £1.643m (2013/14 £1.685m). However, the 2014/15 funding did represent a 2.5% reduction on the previous year, in common with other 'national' organisations funded by ACW and a further 2.1% funding reduction was applied for 2015/16. These reductions are reflective of the funding reductions that ACW has itself experienced.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2015

FINANCIAL REVIEW

Moving forward, ACW has recently completed its next Investment Review process, covering the three year period from April 2016, which will inform its funding programme from 2016/17 onwards. NTW has been informed that it has been successful in its application to remain a Revenue Funded Organisation. However, the level of funding that it will receive, in consequence, will not be confirmed until the early part of 2016.

During the course of 2014/15, the company also received unrestricted grant funding of £2,700 (2014: £nil) from the Arts and Business Cymru, to part fund the salary of a Development Intern. This was a 9 month appointment with effect from September 2014, and consequently continuing on into the 2015/16 financial year. The previously received general funding support from the Tolkien Trust (2014: £15,000) did not recur in 2014/15.

As previously referred to, 2014/15 saw the company successful in obtaining ring-fenced funding from a number of sources, including charitable foundations and public bodies, to finance a range of projects and initiatives, as well as contributing to the costs of some of the company's shows. This included the continuation of a number of existing sources of funding, as well as successfully obtaining support from a number of new funders. In total, ring-fenced funding received during 2014/15 amounted to £734,292 (2014: £293,451).

The Paul Hamlyn Foundation, continued to finance the TEAM programme (2015 £130,000; 2014 £110,000), with 2014/15 representing the first year of a third phase of funding from this source. This funding tranche will conclude as at 31 March 2016, and replacement funding beyond that point is actively being sought, whilst consideration is also being given to the future shape of the TEAM project.

Income also continued to be received in 2014/15 from Esmée Fairbairn Foundation (to run the WalesLab artist development project) in the sum of £103,765 (2014 £108,951). This represented the first stage of the scheduled tapering of funding for this project, which continues further in 2015/16, prior to its conclusion also in March 2016. However, funding was obtained from ACW (2015: £21,600; 2014: £nil) to support an artist development training programme of 'huddles' events and other support, which has enabled this initiative to be supplemented until its conclusion. Discussions are ongoing with the Esmée Fairbairn Foundation to identify ways in which they may be able to fund the company's new creative development activities.

The company also, once again, received additional, ring-fenced funding from ACW (2015 £10,000; 2014 £20,000) to fund costs associated with the engagement of a Digital Associate, tasked with developing the company's digital content for productions and the BBC's *'The Space'* initiative. This engagement concluded in September 2014.

In addition, to the funding referred to above, ACW provided funding toward a number of other projects during the course of the year. This included £100,000 (2014: £nil) towards the production of *'Raw Material'* as part of the DT100 celebrations of the birth of the Welsh poet Dylan Thomas; £49,665 (2014: £nil) to fund *'Llareggub Discovered'* a digital reimagining of the world of Thomas' play *'Under Milk Wood'* that inspired *'Raw Material'*; and, £40,371 (2014: £nil) towards the Wales touring costs associated with the company's production of *'Crouch, Touch, Pause, Engage'*. This followed similarly ring-fenced funding of £50,000 (2015: £nil) being provided by ACW in 2013/14 to support NTW's staging of *'The Radicalisation of Bradley Manning'* as part of the Edinburgh Fringe Festival. Meanwhile, Wales Arts International (a partnership between ACW and British Council Wales, which works to promote knowledge about contemporary culture from Wales and encourage international exchange and collaboration) provided funding of £3,400 (2014: £3,000) towards the costs of overseas visits, by two company staff, to attend performing arts events in Melbourne and Montreal respectively (the 2013/14 funding having supported the attendance of two staff at a NTW production in Tokyo).

Further sources of ring-fenced funding received during the year came from 14-18 NOW (the major cultural programme taking place to commemorate the centenary of the First World War) in the sum of £175,000 (2014: £nil) and the Welsh Government's Major Events Unit (2015: £25,000; 2014: £nil) towards the costs of staging the production *'Mametz'*; from Snowdonia National Park Authority (2015: £15,000; 2014: £nil) in respect of the production of *'The Gathering'*; from the Great Britain Sasakawa Foundation (2015: £4,000; 2014: £nil) and the Japan Foundation (2015: £7,726; 2014: £nil) towards the costs of an artist development visit by Japanese artists; from the Tolkien Trust (2015: £18,000; 2014: £nil) in respect of the company's Education TEAM project; from the Rayne Foundation (2015: £20,000; 2014: £nil) towards costs associated with the company's Big Democracy Project series of performance events; and from iShed (2015: £500; 2014: £1,500), in the form of a bursary towards the costs of the Company's Digital Associate attending the Playable Cities project, which was staged in Recife (Brazil) in April 2014.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2015

FINANCIAL REVIEW

One final source of ring-fenced funding received related to project management fees related to a NESTA-funded audience data research and development project, undertaken in conjunction with NoFit State Community Circus Ltd. NoFit State were the lead partner in receipt of grant funds on this project (which completed during the 2014/15 financial year) and reimbursed NTW for the costs it incurred (2015 £10,265; 2014 £6,800).

As at 31 March 2015, restricted funds of £105,859 (2014 £70,623) were being carried forward. This balance related to projects funded by the Paul Hamlyn, Esmée Fairbairn and Jerwood Foundations, Tolkien Trust and ACW (in respect of the artist development training programme). The Jerwood Foundation funding was originally received in 2011/12, in support of the Company's development of an online artist collaboration space, with spend being incurred up to and including 2013/14. A small balance of funding still remains from this project, whose initial stage is now complete, and these funds are expected to be repaid during the course of 2015/16. Discussions have been ongoing with Jerwood Foundation regarding the nature of future funding relationships. It should be noted that all other projects for which ring-fenced funding reserves exist, as listed above, are to due to complete during the course of the 2015/16 financial year. With that in mind, it is anticipated that all existing reserves of this nature are likely to be applied in full by 31 March 2016.

The company continues to seek to develop its income streams through developing relationships that will encourage sponsorship and other forms of fundraising, and seeking grants from other funding bodies, in addition to increasing the level of income generated through box office receipts. This is amply demonstrated by the income growth exhibited in 2014/15. Leaving aside core funding received from ACW, income from other sources increased from £489,756 in 2013/14 to £1,115,358 in 2014/15 (a 127% increase). Whilst this in part reflected the nature of the artistic programme undertaken during the year, it also reflected an increase in successful fundraising activity, and led to core funding reducing as a proportion of total income during the course of the year from 77% to 60%. Such diversification of income sources is a key element of both the company's Strategic Plan and its Funding Development Strategy moving forward.

The company's expenditure levels increased by some 9% in 2014/15, compared to the previous year, in part reflecting the additional funding obtained during the course of the year. This represents a continuation of an underlying trend of continued growth in the company's turnover, which is anticipated to continue as the company moves into the next three year period of ACW funding and strategic planning. Within its turnover, the focus of the company's expenditure will continue to be on its production, artist development and engagement related activities – expenditure on creative and artistic activities currently accounting for some 74% of total turnover.

Reserves policy

In accordance with good corporate governance and Charity Commission guidelines, the Board's aim continues to be to set aside £150,000 in reserve, as an unrestricted contingency fund for NTW operations, and to cover three months operating expenses of NTW should its primary source of income from ACW be withdrawn or withheld due to unforeseen circumstances.

Whilst this level of cover is currently considered sufficient for the company, the Finance Committee keeps this policy under regular review to ensure its continued sufficiency. As part of such a process, a review of NTW's reserves policy and guideline level of reserves is currently under way. This review is considering the purposes for the holding of reserves, as well as designation and application approval processes, and the level of reserves that it is most appropriate to retain as a protection against unforeseen events and circumstances. This review will be concluded during the 2015/16 financial year, and inform the company's financial strategies going forward. Within this context, it will remain the company's philosophy to re-invest reserves in its charitable purposes (artistic and creative activities) as far as possible, as demonstrated by the designation of funds in support of the 2015/16 artistic programme.

As mentioned above, the level of free reserves as at 31 March 2015 is in excess of the guideline figure.

Pension

The company has in place a group personal pension scheme, on a defined contribution basis, administered by Royal London (formerly Scottish Life). The company makes agreed employer contributions to the scheme, on a monthly basis. These are generally at a rate equivalent to 3% of gross salary (although there are contractual obligations to make a contribution equivalent to 5% in certain instances). Contributions are made in respect of all permanently appointed staff that have completed their contractual probationary period satisfactorily, where they have joined the scheme. Where staff have yet to join the scheme, a provision is set aside to fund such costs when they do become due. As at 31 March 2015, the value of the provision set aside for this purpose was £8,728 (2014: £8,901). Employees also make contributions to the scheme, the rates of which vary in accordance with individual discretion.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2015

FINANCIAL REVIEW

The company also makes contributions to the defined contribution scheme administered by Aviva on behalf of Equity, where it employs actors and stage managers who are members of the scheme. In accordance with industry conditions of service, the company again makes a contribution equivalent to 3%, where it is applicable to do so, whilst scheme members contribute at a rate of 2%.

STATEMENT OF TRUSTEES RESPONSIBILITIES

The trustees (who are also the directors of The National Theatre of Wales (Trading as National Theatre Wales) for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

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

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

In so far as the trustees are aware:

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

Approved by order of the Board of Trustees on 28/9/2015 and signed on its behalf by:

P.A. George

.....
P A George - Trustee

on 18/11/2015

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
THE NATIONAL THEATRE OF WALES
(TRADING AS NATIONAL THEATRE WALES) AND SUBSIDIARY**

We have audited the financial statements of The National Theatre of Wales (Trading as National Theatre Wales) and subsidiary for the year ended 31 March 2015 on pages 15 to 27. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (Effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charitable company's trustees, as a body, in accordance with regulations made under section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charitable company's members and its trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body and its trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of Trustees Responsibilities set out on page 10, 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 and for being satisfied that they give a true and fair view.

We have been appointed auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Trustees to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2015 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
THE NATIONAL THEATRE OF WALES
(TRADING AS NATIONAL THEATRE WALES) AND SUBSIDIARY**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Act 2011 requires us to report to you if, in our opinion:

- the parent charitable company has not kept adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with small companies regime and take advantage of the small companies' exemption in preparing the directors' report.

Julia Mortimer (Senior Statutory Auditor)
for and on behalf of Watts Gregory LLP
Chartered Accountants & Statutory Auditors
Elfed House, Oak Tree Court
Oak Tree Court
Cardiff Gate Business Park
CARDIFF
CF23 8RS

Date: 23 November 2015

**THE NATIONAL THEATRE OF WALES
(TRADING AS NATIONAL THEATRE WALES) AND SUBSIDIARY**

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2015**

		Unrestricted funds £	Restricted funds £	Total 2015 funds £	Total 2014 funds £
	Notes				
INCOMING RESOURCES					
Incoming resources from generated funds					
Voluntary income	2	1,651,621	-	1,651,621	1,700,180
Investment income	3	502	-	502	395
Incoming resources from charitable activities					
Promoting, maintaining, improving and advancing education	4	370,518	734,292	1,104,810	469,478
Other incoming resources		<u>1,300</u>	<u>-</u>	<u>1,300</u>	<u>4,703</u>
Total incoming resources		2,023,941	734,292	2,758,233	2,174,756
RESOURCES EXPENDED					
Charitable activities					
Promoting, maintaining, improving and advancing education	6	1,662,984	699,945	2,362,929	2,168,693
Governance costs	9	<u>16,184</u>	<u>-</u>	<u>16,184</u>	<u>10,378</u>
Total resources expended		1,679,168	699,945	2,379,113	2,179,071
NET INCOME/(EXPENDITURE) FOR THE YEAR BEFORE TRANSFERS					
		344,773	34,347	379,120	(4,315)
Gross transfers between funds	19	<u>(889)</u>	<u>889</u>	<u>-</u>	<u>-</u>
Net income/(expenditure) for the year		343,884	35,236	379,120	(4,315)
RECONCILIATION OF FUNDS					
Total funds brought forward		136,566	70,623	207,189	211,504
TOTAL FUNDS CARRIED FORWARD		<u>480,450</u>	<u>105,859</u>	<u>586,309</u>	<u>207,189</u>

The notes form part of these financial statements

THE NATIONAL THEATRE OF WALES
(TRADING AS NATIONAL THEATRE WALES) AND SUBSIDIARY (REGISTERED NUMBER: 06693227)

CONSOLIDATED AND CHARITY BALANCE SHEETS
AT 31 MARCH 2015

		Group		Charity	
	Notes	2015 £	2014 £	2015 £	2014 £
FIXED ASSETS					
Tangible assets	13	9,945	-	9,945	13,000
Investments	14	-	-	1	-
		<u>9,945</u>	<u>-</u>	<u>9,946</u>	<u>13,000</u>
CURRENT ASSETS					
Stocks		6,880	-	6,880	7,477
Debtors: amounts falling due within one year	15	292,860	-	292,860	85,316
Cash at bank		<u>526,101</u>	<u>-</u>	<u>526,101</u>	<u>368,766</u>
		<u>825,841</u>	<u>-</u>	<u>825,841</u>	<u>461,559</u>
CREDITORS					
Amounts falling due within one year	16	(240,749)	-	(240,750)	(258,469)
NET CURRENT ASSETS/(LIABILITIES)		<u>585,092</u>	<u>-</u>	<u>585,091</u>	<u>203,090</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>595,037</u>	<u>-</u>	<u>595,037</u>	<u>216,090</u>
CREDITORS					
Amounts falling due after more than one year	18	(8,728)	-	(8,728)	(8,901)
NET ASSETS		<u>586,309</u>	<u>-</u>	<u>586,309</u>	<u>207,189</u>
FUNDS	19				
Unrestricted funds: (Including designated funds)		480,450	-	480,450	136,566
Restricted funds		<u>105,859</u>	<u>-</u>	<u>105,859</u>	<u>70,623</u>
NET ASSETS		<u>586,309</u>	<u>-</u>	<u>586,309</u>	<u>207,189</u>

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small charitable companies with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved for issue by the Board of Trustees on 28/9/2015 and were signed on its behalf by:

P.A. George

P A George - Trustee

on 18/11/2015

The notes form part of these financial statements

**THE NATIONAL THEATRE OF WALES
(TRADING AS NATIONAL THEATRE WALES) AND SUBSIDIARY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008), the Companies Act 2006 and the requirements of the Statement of Recommended Practice, Accounting and Reporting by Charities.

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

Incoming resources from generated funds

Voluntary income, including donations, gifts and grants that provide core funding or are of a general nature is recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability. Such income is only deferred when the donor specifies it must be used in future accounting periods or the donor has imposed conditions which must be met before the charity has unconditional entitlement. This includes capital grants.

Investment income

Investment income is recognised on a receivable basis.

Incoming resources from charitable activities

Incoming resources from charitable activities includes income received under contract or where entitlement to grant funding is subject to specific performance conditions. This income is recognised as the related services are provided and there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability. Income is deferred when the amounts received are in advance of the performance of the service or event to which they relate.

It is not the policy of the charity to show incoming resources net of expenditure.

Resources expended

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which can not be fully recovered and is reported as part of the expenditure to which it relates.

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

"Governance costs" include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity.

"Support costs" are those costs that, whilst necessary to deliver an activity, do not themselves produce or constitute the output of the charitable activity. These costs have been allocated to activity cost categories on a basis consistent with the use of resources.

Tangible fixed assets

Fixed assets are initially recorded at cost. The value below which fixed assets are not capitalised is £500.

Depreciation is calculated so as to write off the cost of an asset, less its estimate residual value over the useful economic life of the asset as follows:

Fixtures & fittings	- 25% straight line
Computer equipment	- 33% straight line

However, where assets are acquired as a result of grant funding they will be depreciated over their useful life, or the period of the grant, whichever is the shorter.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Taxation

The charity is exempt from corporation tax on its charitable activities.

**THE NATIONAL THEATRE OF WALES
(TRADING AS NATIONAL THEATRE WALES) AND SUBSIDIARY**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2015**

1. ACCOUNTING POLICIES - continued

Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

The charity operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the charity. The annual contributions payable are charged to the statement of financial activities incorporating the income and expenditure account.

Provisions

The organisation commits to providing pensions for all core staff via the company pension scheme. Joining the scheme is optional currently, once employees have completed three months service. A number of eligible employees have yet to join the scheme but when they do employer contributions are backdated to their original start date with the company. Provision is made for the organisations potential contribution in respect of these individuals.

Basis of recognition of liabilities

Liabilities are recognised as soon as there is a legal or constructive obligation which commits the charity to the expenditure.

Funds structure

Unrestricted funds

Unrestricted funds are donations and other incoming resources receivable or generated for the objects of the charity without further specified purpose and are available as general funds.

Designated funds

Designated funds are funds which have been specifically designated for specific future costs.

Restricted funds

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure, which meets these criteria, is charged to the fund, together with a fair allocation of support and governance costs.

2. VOLUNTARY INCOME

	2015 £	2014 £
Donations	96	180
Grants	1,645,575	1,700,000
Donated services and facilities	5,950	-
	<u>1,651,621</u>	<u>1,700,180</u>

The above donated services and facilities were received from Sherman Cymru in respect of technical support for the production Crouch, Touch, Pause, Engage.

Grants received, included in the above, are as follows:

	2015 £	2014 £
Arts Council of Wales - Core funding	1,642,875	1,685,000
The Tolkien Trust	-	15,000
Arts & Business Cymru - Internship programme	2,700	-
	<u>1,645,575</u>	<u>1,700,000</u>

**THE NATIONAL THEATRE OF WALES
(TRADING AS NATIONAL THEATRE WALES) AND SUBSIDIARY**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2015**

3. INVESTMENT INCOME

	2015	2014
	£	£
Bank interest	<u>502</u>	<u>395</u>

4. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	2015	2014
	£	£
Theatre tax relief credit	44,873	-
Grants	724,027	293,451
Performing and related activities	324,507	164,330
NESTA project management fees	10,265	6,800
Speaker fees	<u>1,138</u>	<u>4,897</u>
	<u>1,104,810</u>	<u>469,478</u>

All income is derived from the single charity activity of 'Promoting, maintaining, improving and advancing education'.

Grants received, included in the above, are as follows:

	2015	2014
	£	£
Paul Hamlyn Foundation	130,000	110,000
Esmée Fairbairn Foundation	103,765	108,951
iShed - Recife: Playable City	500	1,500
Arts Council of Wales - The Space Initiative	10,000	20,000
Arts Council of Wales - The Radicalisation of Bradley Manning	-	50,000
Wales Arts International - The Opportunity of Efficiency	-	3,000
Arts Council of Wales - Llareggub Discovered	49,665	-
Arts Council of Wales - Artist Development Training Programme	21,600	-
Arts Council of Wales - Raw Material	100,000	-
14-18 NOW - Mametz	175,000	-
Welsh Government Major Events Unit - Mametz	25,000	-
Snowdonia National Park Authority - The Gathering	15,000	-
Arts Council of Wales - Crouch, Touch, Pause, Engage	40,371	-
The Tolkien Trust - Education TEAM	18,000	-
Great Britain Sasakawa Foundation - WalesLab Japan	4,000	-
The Japan Foundation - WalesLab Japan	7,726	-
The Rayne Foundation - Big Democracy Project	20,000	-
Wales Arts International - Travel bursaries	<u>3,400</u>	<u>-</u>
	<u>724,027</u>	<u>293,451</u>

5. RESULT OF PARENT CHARITABLE COMPANY

The total incoming resources of the parent charitable company were £2,950,393 and net incoming resources were £379,120.

**THE NATIONAL THEATRE OF WALES
(TRADING AS NATIONAL THEATRE WALES) AND SUBSIDIARY**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2015**

6. CHARITABLE ACTIVITIES COSTS

	Direct costs (See note 7) £	Support costs (See note 8) £	Totals £
Promoting, maintaining, improving and advancing education	<u>1,979,812</u>	<u>383,117</u>	<u>2,362,929</u>

7. DIRECT COSTS OF CHARITABLE ACTIVITIES

	2015 £	2014 £
Staff costs	738,451	631,166
Creative and artistic activities	1,032,379	990,590
Marketing costs	202,728	173,376
Recruitment costs	3,721	4,766
Bad debts	<u>2,533</u>	<u>3,000</u>
	<u>1,979,812</u>	<u>1,802,898</u>

8. SUPPORT COSTS

	Staff costs £	Other costs £	Depreciation £	Totals £
Promoting, maintaining, improving and advancing education	<u>201,892</u>	<u>172,648</u>	<u>8,577</u>	<u>383,117</u>

9. GOVERNANCE COSTS

	2015 £	2014 £
Trustee meetings	2,803	2,598
Strategic planning review	4,021	-
Trustee travel and other expenses	1,586	3,225
Legal and professional fees	2,540	555
Auditors' remuneration	4,208	4,000
Auditors' remuneration for non-audit work	<u>1,026</u>	<u>-</u>
	<u>16,184</u>	<u>10,378</u>

10. NET INCOMING/(OUTGOING) RESOURCES

Net resources are stated after charging/(crediting):

	2015 £	2014 £
Auditors' remuneration	4,208	4,000
Depreciation - owned assets	8,577	8,864
Surplus on disposal of fixed asset	(100)	(863)
Auditor's remuneration: non audit services	<u>1,026</u>	<u>-</u>

11. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 March 2015 or for the year ended 31 March 2014.

Trustees' expenses

During the year an amount of £1,586 (2014: £3,225) was paid to 7 (2014 - 7) trustees in respect of travel and other expenses.

During the year an amount of £2,871 (2014: £NIL) was paid to 3 trustees in respect of professional fees for services provided. The fees were paid at a commercial rate.

**THE NATIONAL THEATRE OF WALES
(TRADING AS NATIONAL THEATRE WALES) AND SUBSIDIARY**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2015**

12. STAFF COSTS

The number of employees whose emoluments, as defined for taxation purposes, amounted to a rate of over £60,000 during the year were as follows:

	2015 No.	2014 No.
£80,001 - £90,000	1	1

All employees earning more than £60,000 were members of the company pension scheme.

	2015 £	2014 £
Employee costs during the year		
Wages and salaries	855,666	720,577
Employer's National Insurance contributions	61,768	74,021
Pension costs	22,909	21,850
	<u>940,343</u>	<u>816,448</u>

	2015 No.	2014 No.
Number of persons employed		
Permanent staff	18	15

13. TANGIBLE FIXED ASSETS – Group and charity

	Fixtures and fittings £	Computer equipment £	Totals £
COST			
At 1 April 2014	28,727	26,677	55,404
Additions	978	4,544	5,522
Disposals	-	(1,018)	(1,018)
At 31 March 2015	<u>29,705</u>	<u>30,203</u>	<u>59,908</u>
DEPRECIATION			
At 1 April 2014	22,897	19,507	42,404
Charge for year	3,092	5,485	8,577
Eliminated on disposal	-	(1,018)	(1,018)
At 31 March 2015	<u>25,989</u>	<u>23,974</u>	<u>49,963</u>
NET BOOK VALUE			
At 31 March 2015	<u>3,716</u>	<u>6,229</u>	<u>9,945</u>
At 31 March 2014	<u>5,830</u>	<u>7,170</u>	<u>13,000</u>

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
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14. FIXED ASSET INVESTMENTS - Charity

	Shares in group undertakings £
MARKET VALUE	
Additions	<u>1</u>
NET BOOK VALUE	
At 31 March 2015	<u>1</u>
At 31 March 2014	<u>-</u>

There were no investment assets outside the UK. The above relates to an investment in the subsidiary company at cost (see note 24) NTW Productions Limited was incorporated on 10 December 2014.

15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2015 £	Group 2014 £	Charity 2015 £	Charity 2014 £
Trade debtors	48,726	-	48,726	14,855
Other debtors	18,092	-	18,092	2,917
Accrued income	43,603	-	43,603	3,910
Theatre tax relief recoverable	44,873	-	25,928	-
VAT recoverable	19,021	-	19,021	6,391
Prepayments	118,545	-	118,545	57,243
Amounts owed by group undertakings	-	-	18,945	-
	<u>292,860</u>	<u>-</u>	<u>292,860</u>	<u>85,316</u>

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR – Group and charity

	Group 2015 £	Group 2014 £	Charity 2015 £	Charity 2014 £
Trade creditors	50,480	-	50,480	51,796
Amounts owed to group undertakings	-	-	-	-
Social security and other taxes	18,463	-	18,463	16,108
Other creditors	4,539	-	4,540	1,546
Accruals	115,149	-	115,149	41,854
Deferred income	52,118	-	52,118	147,165
	<u>240,749</u>	<u>-</u>	<u>240,750</u>	<u>258,469</u>

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FOR THE YEAR ENDED 31 MARCH 2015**

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR – Group and charity

Included within deferred income above is the following:

	2015 £	2014 £
Esmée Fairbairn Foundation - WalesLab	41,618	45,500
Wales Arts International - (150) production	7,500	-
Gwendoline and Margaret Davies - (150) production	2,000	-
Arts and Business Cymru - Internship programme	900	-
Shaun Gwizdak	100	-
Arts Council of Wales - DT100 Festival	-	45,000
Arts Council of Wales - Llareggub Discovered	-	49,665
Wales Arts International - Australia bursary	-	2,000
BBC - Raw Material digital presentation	-	5,000
	<u>52,118</u>	<u>147,165</u>

The deferred income relates to income received in advance of project delivery.

17. OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year:

	2015 £	2014 £
Expiring:		
Within one year	1,967	-
Between one and five years	<u>4,053</u>	<u>24,053</u>
	<u>6,020</u>	<u>24,053</u>

Included within the above commitments is £1,967 (2014 - £20,000) in respect of land and buildings.

18. PROVISIONS FOR LIABILITIES – Group and charity

	2015 £	2014 £
Pension provision	<u>8,728</u>	<u>8,901</u>

During the year, the movement on the pension provision of £173 was credited to the Statement of Financial Activities.

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2015

19. MOVEMENT IN FUNDS

	At 1/4/14 £	Net movement in funds £	Transfers between funds £	At 31/3/15 £
Unrestricted funds				
General fund	123,566	344,773	(248,853)	219,486
Designated fund - fixed assets	13,000	-	(3,055)	9,945
Designated fund - future productions	-	-	251,019	251,019
	136,566	344,773	(889)	480,450
Restricted funds				
Paul Hamlyn Foundation	28,508	2,931	114	31,553
Esmée Fairbairn Foundation	35,653	7,331	227	43,211
Jerwood Charitable Foundation	2,173	-	-	2,173
City and County of Cardiff - Keep Cardiff Moving Initiative	61	(609)	548	-
iShed - Recife: Playable City Initiative	1,075	(1,075)	-	-
Arts Council of Wales - The Space Initiative	1,863	(1,863)	-	-
Arts Council of Wales - Artist Development Programme	-	11,522	-	11,522
The Tolkien Trust - Education TEAM	-	17,400	-	17,400
NESTA - Audience Research project	1,290	(1,290)	-	-
	70,623	34,347	889	105,859
TOTAL FUNDS	<u>207,189</u>	<u>379,120</u>	<u>-</u>	<u>586,309</u>

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	2,023,941	(1,679,168)	344,773
Restricted funds			
Paul Hamlyn Foundation	130,000	(127,069)	2,931
Esmée Fairbairn Foundation	103,765	(96,434)	7,331
iShed - Recife: Playable City Initiative	500	(1,575)	(1,075)
Arts Council of Wales - The Space Initiative	10,000	(11,863)	(1,863)
Arts Council of Wales - Raw Material	100,000	(100,000)	-
Arts Council of Wales - Llareggub Discovered	49,665	(49,665)	-
Arts Council of Wales - Artist Development Programme	21,600	(10,078)	11,522
Arts Council of Wales - Crouch, Touch, Pause, Engage	40,371	(40,371)	-
14-18 NOW - Mametz	175,000	(175,000)	-
Welsh Government Major Events Unit - Mametz	25,000	(25,000)	-
Snowdonia National Park Authority - The Gathering	15,000	(15,000)	-
The Tolkien Trust - Education TEAM	18,000	(600)	17,400
Great Britain Sasakawa Foundation - WalesLab Japan	4,000	(4,000)	-
Japan Foundation - WalesLab Japan	7,726	(7,726)	-
The Rayne Foundation - Big Democracy Project	20,000	(20,000)	-
Wales Arts International - Travel bursaries	3,400	(3,400)	-
NESTA - Audience Research project	10,265	(11,555)	(1,290)
City and County of Cardiff - Keep Cardiff Moving Initiative	-	(609)	(609)
	734,292	(699,945)	34,347
TOTAL FUNDS	<u>2,758,233</u>	<u>(2,379,113)</u>	<u>379,120</u>

19. **MOVEMENT IN FUNDS - continued**

Designated funds

Designated fund - fixed assets

The fund represents the net book value of fixed assets.

Designated fund - Future productions

The fund represents the value of unspent funds earmarked for future production costs.

Restricted funds

The Paul Hamlyn Foundation supports the company's 'TEAM' programme, the role of which is to develop relationships within communities, and thereby promote NTW and develop interest in theatre.

The Esmée Fairbairn Foundation supports the company's Wales Lab artist development programme.

The Jerwood Charitable Foundation supports the company's development of an online artist collaboration space.

Recife: Playable City was funded by iShed as a bursary to support the participation of the Company's Digital Associate in the Playable City project staged in Recife (Brazil) in April 2014.

Arts Council of Wales supported the employment of a Digital Associate post tasked with the development of the company's digital activities, particularly with respect to content for productions and the BBC's 'The Space' initiative.

Arts Council of Wales Raw Material - This funding was provided to support the staging of the company's production of 'Raw Material' in Laugharne in May 2014, which formed part of the DT100 celebrations to mark the centenary of the birth of the poet Dylan Thomas.

Arts Council of Wales 'Llareggub Discovered' - this funding was provided to develop an interactive online experience in support of the Company's production 'Raw Material', which was staged as part of the DT100 celebrations aimed at commemorating the birth of the poet Dylan Thomas.

Arts Council of Wales Artist Development Programme - this funding has been provided by ACW to further develop and build upon the artist development programme funded by the Esmee Fairbairn Foundation. This project centres around a number of 'huddle' events to be held throughout Wales over an 18 month period from May 2014. These events, and the project as a whole, are designed to deliver business skills and advice to support freelance practitioners start and maintain an arts career.

Arts Council of Wales - Crouch, Touch, Pause, Engage - This funding took the form of a touring grant to support the staging of the production 'Crouch, Touch, Pause, Engage' at venues throughout Wales in February and March 2015.

14-18 NOW - Mametz - This funding represented co-commission finance from 14-18 NOW, a major cultural programme, supported by the Heritage Lottery Fund, that is taking place across the UK to mark the centenary of the First World War. The funding was provided to support the costs of staging the company's production of 'Mametz' near Usk in June/July 2014.

Welsh Government Major Events Unit - Mametz - This funding was provided to assist with the marketing of the company's production of 'Mametz'.

Snowdonia National Park Authority - The Gathering - This funding was provided to support the company's engagement with the local community before and during the staging of its production of 'The Gathering', that took place in the foothills of Snowdon in September 2014.

Tolkien Trust - this funding has been provided to support the company's Education TEAM project. This funding, in particular, is aimed at assisting the organisation in developing its strategy for engagement with young people, and the education sector especially.

Great Britain Sasakawa Foundation and Japan Foundation - both of these organisations provided funding towards the costs associated with an artistic development visit by a group of Japanese artists. The remainder of the costs of the project were met by the company's WalesLab programme.

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19. MOVEMENT IN FUNDS - continued

The Rayne Foundation - this funding has been provided towards the costs of the Company's Big Democracy Project, a series of democratically-selected performance events held across Wales, aimed at highlighting some of the issues of the day and encouraging people to engage in decision-making.

Wales Arts International - The 2013/14 funding from this source was provided as a bursary to support the attendance of two of the Company's Creative Associates at the staging of the production 'Opportunity of Efficiency' in Tokyo (Japan) in April 2013. The show was developed by National Theatre Wales on behalf of the New National Theatre of Tokyo, and the role of the Creative Associates was to disseminate information on the Company's WalesLab and Assembly projects. The 2014/15 funding was to provide bursaries to support two further visits by company staff - one by its Executive Producer to attend the Asian Satellite meeting of the IETM (the international network for contemporary performing arts) in Melbourne in May 2014, and the other by one of its Creative Associates to attend the CINARS Biennial conference staged in Montreal in November 2014.

NESTA Audience Research relates to a joint project undertaken in conjunction with Nofit State Community Circus Ltd. The project was funded via NESTA's 'Digital Research and Development' fund, and was aimed at developing new ways of capturing audience information. The expenditure incurred by National Theatre Wales relates to fees and expenses associated with the appointment of a Project Manager. These costs were recovered from Nofit State, who have the direct funding relationship with NESTA, in accordance with an agreed payment schedule.

City and County of Cardiff provided funding as part of its 'Keep Cardiff Moving' initiative, aimed at encouraging the use of alternatives to car travel. The funding approved for the company relates to the purchase of cycling equipment and some associated storage works.

Transfers between funds

Transfers netting down to £889 have been made between the general fund and restricted funds relating to the effect of capitalisation and depreciation of fixed assets purchased with restricted grant funding or to cover a deficit on the restricted fund.

A transfer of £251,019 has been made from the general fund to a new designated fund - future productions. The Board have reviewed and identified unspent funds to be held for specific future productions.

A transfer of £3,055 has been made from the designated fixed asset fund to the general fund to reflect the reduction in the net book value of the charity's fixed assets.

20. PENSION COMMITMENTS

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in independently administered funds. The pension cost charge represents contributions paid by the charity to the fund and amounted to £22,909 (2014 : £21,850). Contributions outstanding at the year end amounted to £3,767 (2014 : £1,390).

In addition to the above, the group has made a pension provision of £8,728 (2014 - £8,901). This provision is in respect of the potential employer contribution due in relation to all eligible employees yet to join the scheme.

21. COMPANY LIMITED BY GUARANTEE

The charity is a company limited by guarantee. Members have agreed to contribute an amount not exceeding £10 in the event of a winding up.

22. ULTIMATE CONTROLLING PARTY

In the opinion of the trustees there is no single ultimate controlling party of the charity.

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
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23. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Restricted funds £	Unrestricted funds £	Total £
Fund balances at 31 March 2015 are represented by:			
Tangible fixed assets	-	9,945	9,945
Current assets	160,507	665,334	825,841
Current liabilities	(54,648)	(186,101)	(240,749)
Long term liabilities	-	(8,728)	(8,728)
Total net assets	105,859	480,450	586,309

24. SUBSIDIARY COMPANY

The charity owns the whole of the issued ordinary share capital of NTW Productions Limited, a company registered in England and Wales. The subsidiary is commissioned to produce theatrical productions on behalf of the charity. All activities have been consolidated on a line by line basis in the SOFA. The total net profit is gifted to the charity.

A summary of the results of the subsidiary is shown below:

	2015 £	2014 £
Turnover	192,160	-
Cost of sales	(211,105)	-
Gross profit	(18,945)	-
Administrative expenses	-	-
Loss on ordinary activities before taxation	(18,945)	-
Theatre tax relief claim	18,945	-
Profit for the financial year	-	-

The aggregate of the assets, liabilities and funds was:

	2015 £	2014 £
Assets	18,946	-
Liabilities	(18,945)	-
Funds (representing 1 ordinary share of £1)	1	-