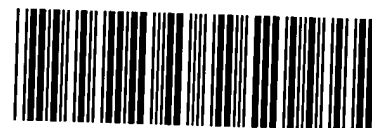


REGISTERED COMPANY NUMBER: 06693227 (England and Wales)
REGISTERED CHARITY NUMBER: 1127952

**REPORT OF THE TRUSTEES AND
CONSOLIDATED FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 MARCH 2018
FOR**

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

FRIDAY



A47 *A7FF7GYA* 28/09/2018 #331
COMPANIES HOUSE

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 2018**

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REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2018

The trustees, who are also directors of the charity for the purposes of the Companies Act 2006, present their report together with the consolidated financial statements of the charity and its subsidiary for the year ended 31 March 2018. The trustees have adopted the provisions 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 (FRS 102) (effective 1 January 2015).

OBJECTIVES AND CORE VALUES

National Theatre Wales (NTW) was created in 2008 with the overall goal of developing and enriching English language theatre in Wales, and in doing so 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 do not currently attend mainstream theatre.
- Introduce more and varied directorial voices.
- Facilitate a spirit of collaboration and co-ordination.
- 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 Vision

Creating extraordinary experiences: for Wales and the world.

Our Mission

'The nation of Wales is our stage: From forests to beaches, from aircraft hangars to post-industrial towns, 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 around the corner, across the mountain and in your digital backyard.'

We have established National Theatre Wales as a radical and innovative national company with a reputation for:

- Creating exciting new productions in unexpected places on a wide range of scales.
- Bringing dynamic combinations of artists together to challenge and inspire each other.
- Pioneering on-line initiatives grounded in a user-led digital community.
- Supporting and encouraging artists at a variety of stages in their development, open to emerging artists and new voices.
- Networking UK wide and internationally to achieve a new level of critical and artistic awareness for theatre in and from Wales.
- Expanding definitions of what theatre is and of what a national theatre can be.
- Being a truly national theatre: relevant, accessible and embedded in communities.

Our latest strategic plan (2017-2020) is aiming to:

- build on the strength of the work we have undertaken.
- articulate our offer to artists, audiences and the nation of Wales clearly and transparently.
- set the direction for our future development.

It was created over a period of nine months as an iterative process which has involved all staff, the Board, TEAM members and artists who work regularly with the company.

All our work is underpinned by our core values:

- Be daring
- Be curious
- Be generous
- Be responsible
- Be adaptable
- Be a catalyst, encouraging others to develop and grow

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2018

OBJECTIVES AND CORE VALUES

PLACE and PEOPLE

The first five years of our productions were greatly informed by a strong sense of PLACE. NTW has celebrated and showcased the extraordinary diversity of the landscape and social settings of Wales as well as exploring the PLACE that theatre and the arts might play in the cultural life of the nation. PLACE has proved a significant source of inspiration for our artists and audiences and the company has developed a high level of expertise in creating site-located work, often in collaboration with specific communities. While the people of Wales - its artists, the communities we work with, and our networks online and through TEAM - have been very much at the heart of all of this work, it's often place - the spectacular locations, the resilient towns, even the online space - which have formed a lens through which our work is viewed. During the period of our current strategic plan we are seeking to develop this focus of our work further by encouraging our partners to consider the theme of PEOPLE alongside PLACE.

The theme of PEOPLE invites us to:

- Take a step further into the psyche and diverse culture of the nation.
- Explore the ways in which the theatre we make provides spaces for people who might never connect with each other in 'normal' life to go on imaginative journeys together.
- Make stronger connections between different strands of our work (productions, artist development, engagement with communities, TEAM).
- Use the valuable relationships we have built with individuals, groups and organisations across Wales to make a bigger impact with our work.

The PEOPLE of Wales are an important part of our DNA: our 'family' of artists, TEAM members and our on-line community, the people who come to see our productions, the people who enable us to tell their stories to Wales and to the world. Plus all those people who haven't got to know us yet.

PLACE and PEOPLE - investigating connections and disconnections, exploring the physical and virtual world, unlikely resonances and unpredictable dissonances, processions and gatherings, the individual and the collective, embracing the political edge, offering people new ways to think about themselves, helping people to connect with each other differently - these will be our starting-points for new theatrical explorations.

Collaboration and Creativity

Place and People also form the basis of our work in artist development - most notably, over our first years, through WalesLab; and in community collaboration - where NTW's commitment to its TEAM members - a network of individuals from all walks of life who are engaged with NTW - has become a leading model in the fields of participation and engagement. Alongside these priorities, NTW's digital presence has consistently provided new ways to engage and innovate.

These areas - Community Collaboration, Creative Development, and Digital Innovation will remain at the heart of all NTW's work in the coming phase; and will each be developed in exciting ways - maintaining NTW's position as a leader, in Wales and internationally, in these areas.

We will bring together all of the laboratory, emerging artist, research and development (R&D) and commissioning activity of the company under a joined-up Creative Development programme, ensuring that artists have the freedom to explore their own ideas and to initiate collaborations, the chance to develop their business skills and new industry contacts, and a clear pathway to propose projects for production at NTW, with opportunities to explore these ideas through R & D and commissioning support. We will target specific communities and areas of Wales where necessary to ensure ever-greater equality, diversity and access in our artist and ideas development. We will also invest in the next generation of producers and creatives, supporting the growth of the creative industries in Wales.

We will build on the success of TEAM, a growing network of over 700 members, of all ages and abilities, who collaborate with us, develop their leadership skills with our support, create work in their own communities, give us feedback and help us make decisions about the future. TEAM members sit on NTW Board of Trustees, input into all levels of planning, take part in staff recruitment, and advocate for the company in a wide range of forums. Most recently TEAM members have been helping NTW to develop a fuller approach to work within the education system - an important strand of our new strategic plan. We will also take our TEAM programme and NTW's community collaboration programme to new levels through in-depth collaboration with other national companies in Wales, through support for TEAM members wanting to engage with local social and political issues, through international collaborations and sharing of best practice, and through targeted local activity in areas of need.

We will also continue to develop our use of digital to broaden the possibilities of engagement with our audiences and communities; help position Welsh theatre at the forefront of a new wave of artistic and cultural development; reach international audiences; and help us to deliver all of our strategic goals.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2018

OBJECTIVES AND CORE VALUES

Responsive Programming Model

Part of our strength as a young organisation has been our ability to respond quickly to artistic vision and to entrepreneurial opportunities and we believe we must maintain this flexible approach. At the same time, we have developed a commitment to making particular kinds of work and these are a vital part of our artistic identity.

We will resolve this potential tension by operating a responsive programming model, with a commitment to include specific models of theatre-making over a three year cycle and to leave space for the unexpected. The overall budget for productions will be treated as fluid over the three years and we will retain a 'responsive' production fund to enable a quick response to urgent or unexpected opportunities.

Our Goals

Our Production goals:

We will make extraordinary theatre about Wales with the people of Wales.

In each three-year cycle, we will regularly produce:

- Large-scale events capable of inspiring high levels of community involvement and/or inspiring high levels of audience interest from across Wales.
- Productions that are internationally focused - either made outside Wales or with international artists.
- Productions created in response to and with a community.
- Productions that are aimed specifically at children/families or for and with young people.
- Productions with a high-level digital focus.
- Productions based on New Welsh Writing.
- Radical interpretations of the classical canon.

Our Wider Artistic Goals

We will;

- Continue to develop theatre work that is led by artists from other disciplines, such as music, visual arts, dance and poetry.
- Nurture and develop artists as a means to achieve extraordinary new theatre productions, and for the sake of the wider development of performance making in Wales.
- Deepen and extend the roots of the company in Wales, making even stronger connections with geographical communities and with communities of interest.
- Place our digital ambition at the heart of our vision for a twenty-first century theatre.
- Work proactively to increase artistic and cultural diversity within the NTW network.
- Develop a strategic approach across the company to working with under 16 year olds, building on the success of TEAM.
- Strengthen the company's presence outside Wales, building the reputation and connections of NTW and Welsh artists internationally.
- Strengthen our contribution to the cultural ecology of Wales, helping to build up the dynamism of its creative sector.
- Develop a strategic approach to the professional development of our staff, freelance workers, volunteers and TEAM members.

Our Sustainable Development Goals

Over the course of the three years of this plan, we will;

- Achieve 40% of overall revenue funding from sources other than our Arts Council of Wales core grant.
 - Ensure a balance between growing audiences and increasing box office income, whilst paying attention to relatively low levels of average disposable income in Wales.
 - Attract international audiences and audiences from the UK and Ireland to come to Wales to see Welsh theatre.
 - Capture and communicate stories and data which illustrate the range and depth of the economic, social and cultural impact of our work in Wales.
 - Use the expertise available to the company through staff, visiting professionals and the TEAM network to support the business development of smaller companies and freelance artists in Wales.
 - Take positive action to increase the cultural diversity within NTW, throughout the range of activities we deliver, and amongst the audiences and participants we reach.
 - Strengthen our collaborative relationships with the other national companies of Wales.
 - Strive to nurture all our resources wisely and well.
 - Ensure that our governance team (Board and senior staff) work closely with our Artistic Director to ensure stability and delivery of the strategic plan.
-

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2018

OBJECTIVES AND CORE VALUES

In summary, in this the second half of our first decade, we intend to be as bold, as radical, as unpredictable and as innovative in form, content and tradition as we were in our first five years. We will consolidate our reputation for site-located work, for international collaboration and for commitment to communities, as we continue to make astonishing theatre for and with the people of Wales.

We consider it our responsibility, as a national company to help nurture artists, small companies and the creative sector in Wales; to position Wales at the forefront of digital creativity; to lobby funders to invest in the cultural and creative sector in Wales; and to find new ways to encourage creativity among young people and in areas of economic and social disadvantage.

We know that this requires us to build our skills and experience, to work with our growing network of artists and supporters and to collaborate with strong partners, whose expertise is different from our own - such as digital companies, international artists, specialist agencies and the other national companies in Wales. We will prioritise sustainability, based on excellent financial management, a commitment to working towards equality and diversity in all aspects of our work, environmental sensitivity and ethical concern for global and local issues. And we will continue to aspire always to create extraordinary theatre, with an unprecedented range of people, exploring the lives and stories of Wales, and our place and impact in the world.

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.

National Theatre Wales 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 offers 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 Paul Hamlyn Foundation (PHF), NTW has established a TEAM ambassador programme, which has recently been awarded a further tranche of funding from PHF. It is led by the Head of Collaboration, supported by part-time roles of TEAM Co-ordinator and TEAM Administrative Assistant, as well as freelance TEAM Associate roles based respectively in Pembrokeshire and North East Wales.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2018

ACHIEVEMENTS AND PERFORMANCE

Since NTW's first programmed piece of work in 2010, we have presented over 50 powerful productions, ranging from the intimate to the epic and have engaged over 300,000 audience members. We have created work of lasting significance and global reputation, garnered critical acclaim, opened up new possibilities for theatre-making platforms, collaborated creatively across artistic disciplines and shared our resources with others; our work has surprised, delighted and acted as a catalyst for debate and for action. Six of NTW's productions have been remounted in the UK and Europe and a number of productions extended its reach through digital platforms and broadcasting, generating a further 1.6m individuals engaging in NTW's work.

During the course of the company's 7th Year of programmed work NTW achieved the following headline successes and performance.

We're Still Here - September 2017

A new co-created production by NTW and Common Wealth, a theatre company whose work is political and contemporary, and writer Rachel Trezise (NTW's *Tonypandemonium*). This site-located production was inspired by interviews with workers at the Port Talbot Tata Steel Works and those involved in the Save Our Steel campaign. Based on interviews from the steelworkers and community, this was the first theatrical response to one of the biggest news stories of its time, revealing the lives, hopes, fears and dreams of those living and working at the heart of one of the last heavy industries in Wales and celebrated the unique spirit of the town.

"vivid, a vital piece of community theatre"

★★★★ The Times

The Storm Cycle

This three-year R&D process will create a series of productions conceived, designed and directed by Mike Pearson & Mike Brookes, who have joined the company as Associate Artists. These multimedia works will be performed at different locations across Wales during 2018-2020, at a variety of scales and sizes, and will explore two key themes; truth and testimony. Culminating in the creation of a major, new, large-scale production for NTW's 10th anniversary programme in 2020.

STORM.1: Nothing Remains the Same

Nothing Remains the Same was a poetic, cinematic reimagining of the first two books of Roman author Ovid's *Metamorphoses* turning them into an environmental parable of cosmic scale and elemental power. In the first part, *Chaos & Creation* narrated by Mike Pearson, a disordered universe is brought into harmony, and then put at risk through the faults, frailties and violent acts of successive races of humanity. In the second, *Ignition & Eclipse* narrated by Aimee-Ffion Edwards, the foolhardy Phaëthon insists on driving his father Phoebus's fiery chariot - the sun - to prove he's his divine son. But his reckless exploits lead to tragedy.

"a symphony of creation and ruin"

★★★★ The Guardian

STORM.2: Things Come Apart

In June 1919, Cardiff city centre was the scene of four days and nights of vicious riots that left three dead, many in hospital, and properties wrecked and burnt. The root causes were a long-standing, complex knot of post-war frustrations following demobilisation - lack of housing, lack of jobs, lack of opportunity. But the spark that finally ignited the worst of the violence was racial tension; local troublemakers and soldiers clashed with Yemeni, Somali and Caribbean seamen in front of vast crowds of onlookers.

No full narrative of the riots existed so a new text, specially compiled for the show created a running account using only the reports in local, period newspapers, as well as the Chief Constable's assessment. Inevitably partial, they exposed the attitudes and prejudices of that era.

Presented at a time of global political and social instability, this hard-hitting production was a reminder of the value of compassion and of hard-won civil rights, and the risks we take when we neglect them.

"STORM.2 explores a very important moment in Welsh history, and the creative team deserves plaudits for bringing it into the public consciousness, and for tackling it with the detail and integrity that it deserves"

Wales Arts Review

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2018

ACHIEVEMENTS AND PERFORMANCE

Sisters - April 2018

Co-created by NTW and Mumbai-based theatre company Junoon, Sisters was a work-in-progress which formed part of a major season of artistic collaboration between two countries to mark the UK-India Year of Culture and 70th anniversary of India's Independence.

The project began in July 2017 as an international conversation and collaboration between female artists in India and female artists in Wales, exploring and challenging the myths and notions of what it means to be an Asian woman today.

Creative Development Framework

('Developing-confident and innovative Welsh artistic talent')

During this financial year, with the financial support from the Esmée Fairbairn Foundation, NTW launched this new framework, building on the previous WalesLab programme to develop creative talent across the art form, throughout the country. This leading model is for the support and development of artists and new work in order to expand and to enable a more dynamic and ambitious independent arts sector across the nation to thrive. Over the forthcoming year the programme aims to;

- Advance and invigorate a greater networked and sustained Welsh arts sector
- Generate greater opportunities and magnify the international profile of Welsh artists
- Champion a diverse, innovative and radical Welsh arts landscape

Since its launch, the first international artists' residency, in partnership with Performance Group TUIDA, took place in Hwacheon, South Korea and featured as part of the main programme for the 'UK - Korea Creative Futures' programme. The project was a huge success and brought together artists from Wales, South Korea, India and Japan. The group residency took socially engaged practice, site-specific and immersive performance as its core enquiries. NTW also undertook an extended research and development project called 'Sisters' in collaboration with the theatre company Junoon from Mumbai. The project was supported by the British Council (Wales) and Wales Arts International as part of the #IndiaWalesprogramme and looked at the experiences of South Asian women in India and the Welsh/UK diaspora.

The various programme strands of Creative Development (supported by the Jerwood Foundation and Garrick Charitable Trust), including the Located Residencies and Professional Development Labs have all undergone call-out processes with projects lined up to take place in Llandudno, Cardigan, Haverfordwest, Treorchy/Cardiff and the south Wales coast line. Emerging Producers and Emerging Directors have been recruited and will support the development of various projects ranging from Located Residencies to NTW large-scale productions, gaining practical hands-on experience as well as peer-to-peer support and learning.

Collaboration (TEAM)

('Supporting a local, national and international movement to act as a catalyst for change in the arts')

TEAM is NTW's pioneering model of engagement. It is a worldwide, diverse movement of over 1,000 people who collaborate with the company, create work in their communities, give feedback about NTW's work and inform its decisions. It is a catalyst for change, building long term relationships with communities focusing on empowerment, leadership and creative activism.

Funding was secured from the Paul Hamlyn Foundation, in the summer of 2017, to deliver a four-year programme, enabling NTW to build on the work already achieved and to focus on two areas in Wales - Wrexham and Pembrokeshire. Recruitment to support this programme was undertaken during the autumn of 2017 and in January 2018 work commenced on the development of a bespoke programme of creativity and empowerment, curated by the communities themselves, which will continue to evolve during the course of the programme.

A Creative Collaborations grant was also awarded from Arts Council of Wales to run a project in partnership with Pembrokeshire Learning Centre, a Pupil Referral Unit based in Pembroke Dock. The focus of the project was to develop an EP of original music with the young people commencing in January and concluding in June 2018.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2018

FINANCIAL REVIEW

The statement of financial activities for the group is shown on page 19. During the year, the group made a surplus on unrestricted funds of £341,623 (2017: £231,863). This financial performance arose from a combination of prudent budget management and 'one off' factors such as production and creative funds being set aside to fund an enhanced programme of work in 2018. Theatre Tax Relief credits also continued to make a positive contribution towards the group's financial performance.

The group's financial results have allowed it to designate funds at the end of the financial year for a variety of purposes. These designations amount to £333,556 in total, with £204,189 of that amount being set aside to support its medium-term artistic programme and £81,117 its core creative development activities. Other designations made include £6,250 for marketing (chiefly relating to the increased costs of archive filming associated with the company's NHS70 Festival, taking place in July 2018) and £13,500 to help fund a pilot project to bring the company's casting activities in-house. Further designations of £10,000 and £13,500 respectively were made to meet additional staffing expenditure associated with covering periods of Maternity Leave and Adoption Leave respectively, whilst a sum of £5,000 was designated to meet the cost of electrical improvement works in the office at 30 Castle Arcade.

During the course of 2017/18 designated funds brought into the year have been applied in respect of support for the implementation of an income generation strategy (£23,258), marketing (£7,000), the company's TEAM programme (£6,003) and as NTV's contribution (£3,500) towards a National Companies' consultancy project.

The outcome of the above movements is a total of designated funds carried forward for future usage of £617,008 (2017: £323,213). At this point, it should be noted that the group's plans for 2018/19 project a substantial reduction in the value of these funds, as they are applied to the purposes for which they have been established. In particular, some £351,000 is due to be utilised towards the funding of the group's production programme for the year. This usage is in line with the group's budget strategy for 2018/19, which forecasts a year-end balance of designated funds of approximately £141,000.

The financial year 2017/18 saw Corporation Tax-related Theatre Tax Relief credits continue to have a positive impact on the group's finances. The claims are submitted via the company's wholly-owned subsidiary, NTV Productions Limited, and during 2017/18 three of the main shows undertaken were eligible for this relief, to varying degrees. This year's accounts recognise an amount of £56,489 being claimed in this regard (2017: £258,098). The levels of this source of funding are obviously influenced markedly by the nature and scale of the artistic programme undertaken in a particular year, and the scale of City of the Unexpected (NTV's largest production to date) had a large influence on the 2016/17 result, which explains the reduction between financial years. As is always the case with Theatre Tax Relief, the claim has yet to be submitted to, or settled by, HMRC at the time of accounts production. This means that there must still be considered an element of uncertainty in terms of the quantification of this relief. Funds claimed under this Relief can also be due in part to/from co-producers, in accordance with the terms of funding agreements.

As at 31 March 2018, the group's free reserves amounted to £286,397 (2017: £232,529). This figure remains above the guideline level set in the company's Reserves Policy (see later in the report) and will continue to remain so following the application of some £35,350 approved by trustees as part of the group's budget strategy for 2017/18. This application is forecast to leave the free reserves total at some £251,000 by the end of the financial year.

Also included within the total for General Reserves, as shown in the balance sheet on page 20, are designated reserves of £617,008 (2017: £323,213) as described above.

The balance of General Reserves of £9,342 (2017: £7,878) is accounted for by a fixed asset related designated fund, which matches the net book value of fixed assets in the balance sheet.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2018

FINANCIAL REVIEW

The applications of reserves and the designations of funds referred to in this report reflect NTW's continuing policy to prioritise reinvestment in creative activities in the use of any available reserves. The level of reserves remains an achievement in the light of the funding reductions that have occurred in recent years and owes much to robust financial management - although the caveats regarding the value of Theatre Tax Relief credits need to be considered when viewing this level of reserves.

The financial year 2017/18 was the second of the latest ACW four-year commitment to funding NTW as part of its core group of annually funded organisations to which it commits funding from its Welsh Government support. This funding continues until the end of the 2019/20 financial year, with the company now commencing its preparations for its submission for the next funding period commencing 2020/21. The level of such funding continues to be subject to annual confirmation.

For 2017/18, ACW continued to provide core support to NTW to the value of £1.606m (2016/17: £1.552m). This represented an increase of 3.5% on the previous year, a very welcome reversal of a series of funding reductions over the preceding three years. These funding movements have been reflective of the funding settlements that ACW has itself experienced, and have been applied similarly to other national organisations within its portfolio. For 2018/19, NTW's core funding from ACW has remained unchanged at £1.606m.

During this year, the company received unrestricted grant funding of £2,400 (2017: £2,880) from Arts and Business Cymru, to part fund the salary of a Development Intern. This was an appointment with effect from September 2016 until August 2017, and consequently overlapped the two financial years.

In 2017/18 the company continued to be successful in obtaining ring-fenced grant funding from a number of sources, including charitable foundations and public bodies, to finance a range of projects and initiatives. This has included the continuation of existing sources of funding, and the resumption of previous sources, as well as successfully obtaining support from new funders. Consequently, the value of such contributions was increased compared to 2016/17, to a level more akin to previous years, with total ring-fenced funding received during this year amounting to £270,539 (2017: £37,962).

The most significant development during the year in this regard, and the main contributory factor to this increase, was the resumption of two long term funding sources - from the Paul Hamlyn Foundation (PHF) and Esmée Fairbairn Foundation (EFF). PHF had previously funded the company's TEAM programme over a number of years (between 2010 and 2016). During the course of 2017, a new funding approval was agreed, which took effect from January 2018 for a four-year period. Income from this source during the year amounted to £24,658 (2017: £nil). Similarly, having funded the company's WalesLab artist development project over a five-year period from 2011, EFF agreed to part fund its Creative Development Framework activities over a three year period commencing April 2017. Income received from this source in 2017/18 amounted to £107,092 (2017: £nil). The resumption of funding from these prestigious sources is an indication of the positive relationship and reputation that the company has maintained with both.

Specific project funding obtained from ACW during 2017/18 took a number of forms, including the completion of the Creative Collaboration project undertaken in conjunction with the Ocean Park Academy (2018: £11,512; 2017: £9,418) and the commencement of a similar initiative in partnership with the Pembrokeshire Learning Centre (2018: £9,669; 2017: £nil). These projects took place between January and June 2017, and January and June 2018, respectively, and as such both crossed financial year ends. ACW also provided funding as part of its 'Resilience Programme' support to the Welsh arts sector (2018: £17,729; 2017: £nil). This programme assists with the provision of consultancy support to aid the development of income generation and stakeholder engagement strategies.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2018

FINANCIAL REVIEW

Meanwhile, financial support was received from British Council during 2017/18 to support the costs relating to the Artist Playground Korea collaboration that took place during September 2017. NTW's involvement in this project attracted funding of £24,000 from British Council (2017: £nil) for an international artist development residency for which the company partnered with Korean theatre company Performance Group Tuida, who themselves received funding from British Council Korea and Arts Council Korea towards their involvement.

Wales Arts International (WAI) provided funding via its Connect: International Market and Network Development Fund (2018: £2,839; 2017: £nil) that contributed towards enabling the company to raise its profile at a number of international arts festivals held in Germany and the Netherlands during 2017. It also provided grant support via its Wales India Fund (that sought to encourage collaboration between Welsh and Indian companies) towards the *Sisters* project collaboration with Junoon, a Mumbai-based theatre company (2018: £59,886; 2017: £nil).

Further sources of ring-fenced funding received during the year came from the Garrick Charitable Trust (2018: £5,000; 2017: £nil) towards the costs of the company's Emerging Directors programme and via Battersea Arts Centre (2018: £8,154; 2017: £nil) in respect of The Agency project, a partnership involving NTW, Battersea Arts Centre (BAC), Contact Theatre, People's Palace projects and FabLab Belfast, with funding provided by the Big Lottery Fund. NTW's involvement in the project commenced in September 2017 for a three-year period.

As at 31 March 2018, restricted funds of £80,384 (2017 £16,230) were being carried forward. This balance related to projects funded by ACW (in respect of the Creative Collaborations with Ocean Park Academy and Pembrokeshire Learning Centre, as well as for the Resilience Programme support); from PHF and EFF for TEAM and the Creative Development Framework respectively; from British Council (in respect of Artist Playground Korea); from Battersea Arts Centre (in respect of The Agency); and from the other participants in the National Companies' consultancy project.

It is anticipated that many of these existing ring-fenced reserves are likely to be fully applied by 31 March 2019, as previously approved projects move towards their planned conclusion. Budget forecasts indicate a balance of some £32,000 likely to remain, associated with the continuing PHF, EFF and BAC related projects.

The group 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. Income from sources other than ACW core funding was significantly lower, at £386,894, than it had been in 2016/17 (£1,784,930). As has been mentioned above, levels of such funding can be markedly influenced by the nature of the artistic programme undertaken in a particular year, and the scale of City of the Unexpected had a large influence on the 2016/17 result.

Diversification of funding sources, so that core funding represents 60% or less of total income, represents one of the group's strategic targets. During 2017/18 19% of funding was obtained from such sources, a significant reduction from the 50%, achieved in the previous year. Again, as highlighted in the previous paragraph, this performance can be markedly influenced by the nature of the programme undertaken and, consequently, fluctuate from year to year.

Although the group's expenditure levels decreased by some 50% in 2017/18, following increases in preceding years, there were a number of factors behind this. The comparison is heavily influenced by the presence of City of the Unexpected in the comparator year's performance. NTW's scheduling of productions often follows such a two year cycle; with years of peak activity being preceded by those of increased planning and lesser spend. Following a particularly high level of activity in terms of productions during 2016/17, the 2017/18 financial year has been one that has involved a relatively high level of planning aimed towards developing the artistic programmes of future years, including 2020 which will see the 10th anniversary of NTW's first show. In consequence, during the course of 2017/18, as referenced earlier in terms of the designation of funds, a significant level of funds was set aside for future investment from 2018/19 onwards.

Within its turnover, the focus of the group's expenditure will continue to be on its production, artist development and engagement related activities - with expenditure on creative and artistic activities currently accounting for some 64% of total expenditure (2017: 75%; 2016: 83%; 2015: 74%)

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2018

FINANCIAL REVIEW

Reserves Policy

In accordance with good corporate governance and Charity Commission guidelines, the company has always maintained a target minimum level for free reserves.

The company holds reserves for a number of reasons. They help provide short-term cash-flow to allow expenditure to be incurred ahead of income being received; they can provide contingency to help mitigate the impact of unexpected/unforeseen expenditures; they assist budget management, by allowing pressures to be dealt with, or investment in services made, whilst a longer-term solution is found; and they can help commitments to be met in the event of a cessation of funding.

In summary, the holding of reserves helps to provide liquidity, security and underwriting. It provides a transparency that provides increased accountability to funders and stakeholders, and gives them confidence in the financial management of an organisation. In doing so it makes a positive contribution to the reputation of the organisation in terms of it being seen to manage funds properly and prudently.

Following its founding, the company's Board's aimed to set aside £150,000 in reserve, as an unrestricted contingency fund for NTW operations. This was intended to cover three-months operating expenses should NTW's primary source of income from ACW be withdrawn or withheld due to unforeseen circumstances. During the course of 2015/16 the Board re-evaluated its policy, having taken into account a number of factors including an assessment of three month's spend, but also identified areas of financial risk and the 'run off' costs' that would need to be met should the company cease trading due to a loss of core funding.

Following the above review the company revised its target level accordingly, and now operates with a target level for free reserves of £200,000, comprised of a General Reserve of £150,000 and a Working Reserve of £50,000. The General Reserve is intended to be the company's core reserve, providing a contingency in the event of any unforeseen events, and any decision on the use of this reserve rests with the trustees. The Working Reserve is intended to provide the scope to manage short term budgetary issues on a day to day basis, without having to obtain specific authorisation from trustees, and is managed by the Executive Team within these parameters.

The review of the company's Reserves Policy also encompassed a codification of the process for the management of all of the company's reserves.

The company keeps its target levels, and performance against them, under regular review. The sufficiency or otherwise of reserves levels are the subject of regular reports to trustees and form an integral part of budget processes. The company is also committed to a thorough re-assessment of the target levels on a three-yearly basis.

Within the context of its Reserves Policy, the core of the company's philosophy and priority will continue to be to re-invest any available reserves in its artistic and creative activities.

As mentioned earlier in this report, the level of free reserves as at 31 March 2018 is in excess of the company's target figure. The extent to which the target is exceeded is considered reasonable and within the company's financial parameters, with the application of reserves approved as part of the 2018/19 budget strategy bringing their level closer to target.

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 were at a rate equivalent to 5% of gross salary throughout the 2017/18, as they were in 2016/17. All permanently appointed staff that have completed their contractual probationary period satisfactorily are eligible to join the scheme.

With regard to the 2017/18 financial year, the company reached its staging date for pension auto enrolment as at 1 April 2017. From that date, all eligible staff have been automatically enrolled into the company scheme, following an initial period of postponement that accords with the regulations and equates to their probationary period. They do have the opportunity to subsequently opt out if they wish, and similarly to opt to join the scheme sooner provided that they meet the statutory criteria.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2018

FINANCIAL REVIEW

Company employer contribution rates remained at 5% following the introduction of auto enrolment, and employee rates remained discretionary, as the employer contribution exceeded the minimum combined level (2%) required by The Pensions Regulator. This situation has continued into 2018/19, with the regulatory minimum level (which is subject to a series of phased increases) now equating to the NTW employer contribution level. However, as from 1 April 2019, The Pensions Regulator's minimum requirement increases to 8% which will necessitate changes to the NTW scheme, either through an increase in employer contribution rates, the setting of a minimum employee contribution rate or a combination of both.

During the course of 2017/18 contributions were made in respect of all eligible staff joining the scheme. Where staff have yet to join the scheme, a provision is set aside to fund such costs when they do become due. With the introduction of auto enrolment such instances have become minimal, only potentially occurring where the financial year end falls within the midst of an employee's postponement period. As at 31 March 2018, the value of the provision set aside for this purpose was £nil (2017: £585). As at 31 March 2018, 21 staff were members of the company pension scheme, equating to all of those eligible to be so. One part-time member of staff was not a member of the scheme, falling below the salary threshold for auto enrolment and not having otherwise opted to join the scheme. The individual concerned has subsequently left the organisation's employment.

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%. This scheme and its contribution levels are also compliant with the requirements of The Pensions Regulator, but will also be subject to contribution rate increases for the 2019/20 financial year, in accordance with the minimum level requirements of The Pension Regulator.

Business Planning

The group operates on a three-year planning cycle, with annual review and adjustments. Business Planning is initiated and signed off by the Board of Trustees 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 combine a core of financially sustainable good practice with a context of visionary new thinking, in line with the founding spirit of the company.

Policies and Procedures

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.

Strategic Development

The group has in place a fully adopted Strategic Plan. The current version covers the period 2017-2020, and is the latest in a series of such plans that the group has put in place since its founding. The plan includes a consideration of the group's plans, ambitions and objectives, the detail of which are set out elsewhere in this report. The plan is an important tool for monitoring and evaluation of performance, and forms a centrepiece around which other documents are set, including the company's budgets, development strategy, communications strategy and environmental policy. Preparations are due to commence shortly on the development of the next Plan, which will take effect from 2020.

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.

A risk assessment and risk management policy has been developed by the group. The policy comprises a matrix of identifiable risks, which are ranked according to their assessed probability and potential impact. This assessment takes into account the controls and mitigations that the group has in place to deal with the risks.

The policy analyses potential risks into four main areas, sub-divided into further categories. These are:

- External (public relations; political and environmental)
- Operational (staffing; financial; technological)
- Physical and Production (building; artistic; production)
- Legal (litigation; health and safety; compliance)

The analysis, as it currently exists, does not identify any areas of assessed high risk.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2018

FINANCIAL REVIEW

The most significant areas of risk identified relate to financial sustainability, company reputation, people and continuity, and legislative compliance. These aspects of the group's operation are kept under close review by the company's Executive Team and any relevant risk factors identified, together with means of mitigation where applicable, are the subject of reports to each biannual meeting of the People and Policies Sub Committee.

During the last twelve months, the group has had to comply with increased legislative requirements, arising from Welsh Language Standards Regulations and from the introduction of the General Data Protection Regulations (GDPR), but has put processes in place to manage and ensure compliance with these regulations.

From a financial viewpoint, two potential areas of risk are alluded to elsewhere in this report. One is the reliance on ACW for core funding, and this report explains the company's efforts to reduce this via an increased diversification of income sources, not to mention mitigating any risk via a robust Reserves Policy and effective budgetary control. The other is the significance of Theatre Tax Relief credits following their introduction, and the uncertainties that exist until the settlement of claims, which can often be a significant time after a production has taken place (particularly those early in the financial year). The company's approach to reserves management helps mitigate the cash flow delays inherent in this process, whilst the Head of Finance leads on processes to ensure the integrity and accuracy of claims submitted (this includes making use of financial and legal advisors and industry bodies' advice where appropriate, as well as reference to HMRC guidance, and the implementation of a robust and consistent methodology).

Remuneration Policy

The company always seeks to appoint individuals with levels of experience and skills appropriate to the post in question, in order to ensure that company delivers to the standards of excellence that would be expected of it as a national company.

In setting remuneration levels for its staff, the company takes account of the relevant market rates applicable for such requisite levels of experience and skills, whilst also being cognizant of the fact that it is a charity, and one that attracts significant levels of public and charitable funding. As such it seeks to achieve a balance between fair pay, retaining key staff to ensure the delivery of the charity's aims, the considerations of beneficiaries' needs, and the delivery of value for money in its expenditure on behalf of funders and other stakeholders.

The company operates with a relatively small core team and assesses the necessity of all posts prior to their creation. The need for particular posts, and the appropriateness of their pay levels, is reviewed and assessed every time a post becomes vacant, whilst the company also periodically benchmarks its pay scales against prevailing market rates. All new posts created, and any variations to pay levels, have to be approved by Trustees, via the People and Policies Sub Committee and the Board itself.

NTW recognises that its staff are its primary asset in ensuring that the delivery of its charitable purpose, and is sensitive to broader employment issues. It pays its entire staff at living wage levels as a minimum. It abides by all relevant employment legislation, and seeks to provide equality of opportunity and maintain workforce diversity.

The key management personnel of the organisation are considered to be the Executive Team, comprising the Chief Executive/ Artistic Director, Executive Producer and Managing Director, and their pay levels form part of the Staff Costs disclosure (note 14) shown on page 28 of these accounts. The role of Chief Executive/ Artistic Director is the most highly paid member of staff.

FUTURE PLANS

English - June 2018

A co-production with Manchester based theatre company Quarantine, who make complex work with communities, will present a new work around 'Voice' - Who has it? Who doesn't?

English will explore what it means to have a voice in our society, how significant language is in being able to express yourself, and the importance of being heard. Looking at the process of learning a language, and how the context of this can affect your ability to express your voice.

The production will take place as part of Cardiff's Festival of Voice with a view to it being toured beyond Wales in 2019.

NHS 70 Festival - July 2018

July 2018 marks the 70th anniversary of a big idea born in Wales: the creation of the National Health Service by Aneurin Bevan.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2018

FUTURE PLANS

Commencing in July 2017 with a call out to the public to gather stories, anecdotes and the discovery of key moments of social and medical innovation NTW will create a month-long festival to celebrate what makes the NHS such a well-loved institution, despite the crisis it currently faces. The work will have both a strong digital presence, be multi-art-form and explore narratives that span the decades.

The Tide Whisperer - September 2018

Directed by NTW's Kully Thiarai and written by poet and playwright Louise Wallwein, the production will tackle the global phenomenon of displacement and mass movement.

STORM.3

Continuing the exploration of Truth and Testimony STORM.3 will explore and experiment with the idea of the collective and the individual under the working title: Together and Alone

NHS70 Monologues

As part of the NHS70 anniversary festival five new works were commissioned, all of them for solo performers. They included: *Peggy's Song* by Kath Chandler, *For All I Care* by Alan Harris, *Come Back Tomorrow* by Roy Williams, *Stick Maker Tales* by Peter Cox and *Cotton Fingers* by Rachel Trezise. The company is planning to remount a number of these productions for touring in 2019.

Women's Work (working title)

As part of the WOW Cardiff festival NTW will launch a new initiative to seek out female artists and female-led ideas that will lead to the creation of a new large-scale work that places women centre stage and has a strong and vital resonance with Wales

On Bear Ridge by Ed Thomas - September 2019

Hinterland creator and writer of NTW's adaptation of Brecht's *Mother Courage*, Ed Thomas's first new play in over a decade will be a co-production with the Royal Court Theatre and will open in the Sherman Theatre, Cardiff before performing in London. The play is set in a world where nothing feels certain or real, where an elderly couple try to come to terms with their own past and the world they now need to face.

The project will also have a presence in the landscape of Cwmgiedd - the village of Ed's childhood - from June 2019 leading up to the production in the Sherman in September.

Creative Development Programme

The Located Residencies and Professional Development Labs will take place and be shared with local audiences and supporters from April 2018 onwards, as well as a new call-out process commencing, still with a focus in northeast and west Wales. In addition, the first (Digital) Located Residencies, with the continued support of the Jerwood Charitable Foundation, will also be confirmed.

Opportunities to expand the 'Sisters' project both in India and in Wales will continue to be explored as well as developing new projects focusing on writers, directors and dramaturgs with various national and international partners, including a large-scale international residency planned for 2019.

Open Access - Creative Europe funding has been secured to develop a project with partners in France (lead organisation), Romania and Portugal. The focus of the research will be 'transmediatic practice', a developing practice whereby the narrative is developed over multiple platforms (including online) and over an extended duration (as long as six months). The audience or 'users' are required to interact with the work to help drive them forward. This is an exciting new area of research for the company, as well as a key opportunity to develop new and lasting international links in Europe and offering opportunities to develop connections with Wales based universities and organisations.

Collaboration (TEAM)

As well as delivering against the first year of the new TEAM programme, NTW will also be a partner in The Agency, a creative entrepreneurship programme that supports young people to make their ideas a reality. Joining Battersea Arts Centre (London), Contact Theatre (Manchester), Fab Lab (Belfast) and People's Palace Projects NTW will focus on the Grange town, Butetown and Riverside areas of Cardiff for a period of three years, commencing from April 2018 onwards.

In addition, the creation and launch of two digital real-time lesson resources for our productions for *The Radicalisation of Bradley Manning* and *Mametz* will be delivered in the autumn of 2018 to support the new curriculum, which both productions are a part of.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2018

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

The National Theatre of Wales was established in late 2007 with a core funding commitment from Arts Council of Wales 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 been 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 has occurred over a period of years, concluding in March 2016 with the retirement of the founding Chair of Trustees. This rotation approach has ensured a continuity of management during the retirement process. During that process a number of new Trustees have been appointed, including a new Chair in December 2016. A new series of retirements is due to commence in 2018/19, and a rotation process will once again be adopted. As at 31 March 2018 a Board of eleven Trustees was in place. The appointment of further Trustees, subject to a maximum of twelve at any one time, may occur as appropriate, taking into account the skills and experience of the individuals concerned.

Organisational structure

The Board of Trustees meets on a quarterly basis, and has established two sub-committees - a Finance Sub Committee, which also meets quarterly and a People and Policies Sub 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.

This company also has in being a wholly-owned trading subsidiary, called NTW Productions Limited, via which the delivery of its productions is transacted. The company pays a commissioning fee per production to the trading company that equates to the cost of producing the show, less any Theatre Tax Relief credit that the subsidiary is entitled to claim for the production. (All claims for such credits are processed via the subsidiary for reasons of accounting transparency). The trading company is overseen via a six person Board of Directors comprising the company's Executive Team of three, two trustees (the Chair of the Board of Trustees and the Chair of the Finance Sub Committee), and a non-executive director.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2018

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	Clive William Jones	
Vice Chair	Sian Ede	
Trustees	Ian Hargreaves	
	Bethan Cousins	
	Richard Lynch	
	Rosaleen Moriarty-Simmonds	
	Derry John Newman	Resigned 1 June 2018
	Clare Pillman	
	Simon Keith Pirotte	
	Benjamin Rupert Tinniswood	Resigned 13 October 2017
	Bedwyr Elias Williams	
	Rachel Miller	Appointed 9 March 2018

Executive team

Chief Executive/Artistic Director	Kulwinder Thiarai
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

Solicitors

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

Bank

HSBC
56 Queen Street
CARDIFF
CF10 2PX

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2018

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

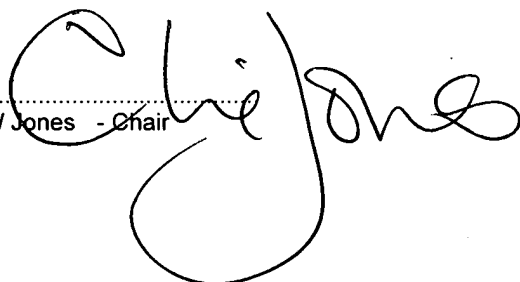
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP 2015 (FRS102);
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The trustees are responsible for keeping adequate 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 21 September 2018 and signed on its behalf by:


C W Jones - Chair

**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 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2018 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees Responsibilities, 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the 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 charitable company or to cease operations, or have no realistic alternative but to do so.

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

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

Use of our report

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

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

Date: 24 September 2018

**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 2018**

	Notes	Unrestricted funds £	Restricted funds £	2018 Total funds £	2017 Total funds £
INCOME AND ENDOWMENTS FROM					
Donations and legacies	3	1,610,262	-	1,610,262	1,555,672
Charitable activities	5				
Promoting, maintaining, improving and advancing education		85,472	271,613	357,085	1,777,397
Investment income	4	452	-	452	443
Other income	7	<u>1,000</u>	<u>24,500</u>	<u>25,500</u>	<u>3,500</u>
Total		1,697,186	296,113	1,993,299	3,337,012
EXPENDITURE ON					
Raising funds	8	10,031	-	10,031	13,267
Charitable activities	9				
Promoting, maintaining, improving and advancing education		<u>1,345,532</u>	<u>224,455</u>	<u>1,569,987</u>	<u>3,125,992</u>
Total		<u>1,355,563</u>	<u>224,455</u>	<u>1,580,018</u>	<u>3,139,259</u>
NET INCOME		341,623	71,658	413,281	197,753
Transfers between funds	23	<u>7,504</u>	<u>(7,504)</u>	-	-
Net movement in funds		349,127	64,154	413,281	197,753
RECONCILIATION OF FUNDS					
Total funds brought forward		<u>563,620</u>	<u>16,230</u>	<u>579,850</u>	<u>382,097</u>
TOTAL FUNDS CARRIED FORWARD		<u>912,747</u>	<u>80,384</u>	<u>993,131</u>	<u>579,850</u>

CONTINUING OPERATIONS

All income and expenditure has arisen from continuing activities.

The notes form part of these financial statements

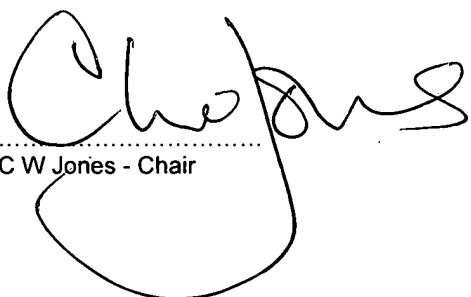
THE NATIONAL THEATRE OF WALES
(TRADING AS NATIONAL THEATRE WALES) AND SUBSIDIARY (REGISTERED NUMBER: 06693227)

CONSOLIDATED AND CHARITY BALANCE SHEETS
AT 31 MARCH 2018

		Group		Charity	
	Notes	2018 £	2017 £	2018 £	2017 £
FIXED ASSETS					
Tangible assets	17	9,342	7,878	9,342	7,878
Investments	18	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
		9,342	7,878	9,343	7,879
CURRENT ASSETS					
Debtors: amounts falling due within one year	19	257,130	322,557	257,130	322,557
Cash at bank		<u>953,915</u>	<u>575,306</u>	<u>953,915</u>	<u>575,306</u>
		1,211,045	897,863	1,211,045	897,863
CREDITORS					
Amounts falling due within one year	20	(227,256)	(325,306)	(227,257)	(325,307)
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>983,789</u>	<u>572,557</u>	<u>983,788</u>	<u>572,556</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		993,131	580,435	993,131	580,435
CREDITORS					
Amounts falling due after more than one year	22	-	(585)	-	(585)
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET ASSETS		<u>993,131</u>	<u>579,850</u>	<u>993,131</u>	<u>579,850</u>
FUNDS	23				
Unrestricted funds: (Including designated funds)		912,747	563,620	912,747	563,620
Restricted funds		<u>80,384</u>	<u>16,230</u>	<u>80,384</u>	<u>16,230</u>
NET ASSETS		<u>993,131</u>	<u>579,850</u>	<u>993,131</u>	<u>579,850</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.

The financial statements were approved for issue by the Board of Trustees on 21 September 2018 and were signed on its behalf by:


C W Jones - Chair

The notes form part of these financial statements

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

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 £	2017 £
Cash flows from operating activities:			
Cash generated from operations	1	<u>386,066</u>	<u>100,104</u>
Net cash provided by (used in) operating activities		<u>386,066</u>	<u>100,104</u>
Cash flows from investing activities:			
Purchase of tangible fixed assets		(7,909)	(6,674)
Interest received		<u>452</u>	<u>443</u>
Net cash provided by (used in) investing activities		<u>(7,457)</u>	<u>(6,231)</u>
Change in cash and cash equivalents in the reporting period		378,609	93,873
Cash and cash equivalents at the beginning of the reporting period		<u>575,306</u>	<u>481,433</u>
Cash and cash equivalents at the end of the reporting period		<u>953,915</u>	<u>575,306</u>

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2018

1. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2018 £	2017 £
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	413,281	197,753
Adjustments for:		
Depreciation charges	6,445	4,881
Interest received	(452)	(443)
Theatre tax relief claim – movement in debtor	201,609	(103,953)
Decrease/(increase) in debtors	(136,182)	99,538
(Decrease)/increase in creditors	<u>(98,635)</u>	<u>(97,672)</u>
Net cash provided by (used in) operating activities	<u>386,066</u>	<u>100,104</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

1. STATUTORY INFORMATION

These financial statements include the consolidated results of The National Theatre of Wales and its trading subsidiary NTW Productions Limited.

The National Theatre of Wales is a company limited by guarantee incorporated in Wales within the United Kingdom. The registered office is 30 Castle Arcade, Cardiff, CF10 1BW. The nature of the charitable group's and company's operations and principal activities is disclosed within the Report of the Trustees.

The financial statements are presented in Sterling (£), the group's functional currency, and rounded to the nearest pound

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

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable group, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The National Theatre of Wales meets the definition of a public benefit entity as demonstrated within the Report of the Trustees.

There have been no material departures from Financial Reporting Standard 102.

Going concern

No material uncertainties related to events or conditions that may cast significant doubt upon the group's ability to continue as a going concern exist.

Income

All income is recognised in the Statement of Financial Activities once the group has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

This includes capital grants.

Donations and legacies income

Donations and legacies income includes donations, gifts and grants that provide core funding or, are of a general nature and are recognised where there is entitlement, probability 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.

Income from charitable activities

Income 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, probability 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.

Investment income

Investment income is recognised on a receivable basis.

2. ACCOUNTING POLICIES - continued

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the group to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

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

Support costs are those costs that, whilst necessary to deliver an activity, do not themselves produce or constitute the output of the charitable activity. This includes governance costs which are those costs associated with meeting the constitutional and statutory requirements of the charity and include the accountancy fees and costs linked to the strategic management of the charity as well as a proportion of salaries based on an approximation of time spent in this area.

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.

Taxation

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

Funds structure

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

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.

Pension costs and post-retirement benefits

The group 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.

Termination payments

The charitable group recognises termination benefits as a liability and an expense only when the entity is demonstrably committed either to terminate the employment of an employee or group of employees before the normal retirement date or to provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

Employee benefits

When employees have rendered service to the group, short-term employee benefits to which employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

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.

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

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2018**

2. ACCOUNTING POLICIES - continued

Financial instruments

The group only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Trade debtors and other debtors are recognised at the settlement amount due and prepayments are valued at the amount prepaid.

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

Provisions

The organisation commits to providing pensions for all core staff via the company pension scheme. Joining the scheme is administered 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 organisation's potential contribution in respect of these individuals.

3. DONATIONS AND LEGACIES

	2018 £	2017 £
Donations	1,457	710
Grants	<u>1,608,805</u>	<u>1,554,962</u>
	<u>1,610,262</u>	<u>1,555,672</u>

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

	2018 £	2017 £
Arts Council of Wales - Core funding	1,606,405	1,552,082
Arts & Business Cymru - Internship programme	<u>2,400</u>	<u>2,880</u>
	<u>1,608,805</u>	<u>1,554,962</u>

4. INVESTMENT INCOME

	2018 £	2017 £
Bank interest	<u>452</u>	<u>443</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 2018**

5. INCOME FROM CHARITABLE ACTIVITIES

	2018 £	2017 £
Theatre tax relief credit	56,489	258,098
Grants	270,539	37,962
Performing and related activities	28,112	1,479,814
Speaker fees	1,945	1,523
	<u>357,085</u>	<u>1,777,397</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:

	2018 £	2017 £
Paul Hamlyn Foundation	24,658	-
Esmée Fairbairn Foundation	107,092	-
British Council	-	700
The Rayne Foundation - Big Democracy Project	-	20,000
Weston Jerwood Creative Bursaries	-	4,844
British Council - Welsh Company Support	-	3,000
Arts Council Wales – Ocean Park Creative Collaboration	11,512	9,418
Arts Council Wales – Resilience Programme	17,729	-
British Council – Artist Playground Korea	24,000	-
Wales Arts International Connect Fund – International Market	2,839	-
Arts Council Wales – Pembrokeshire Learning Centre Creative Collaboration	9,669	-
Wales Arts International – Wales India Fund	59,886	-
Garrick Charitable Trust – Emerging Directors Programme	5,000	-
Battersea Arts Centre – The Agency	8,154	-
	<u>270,539</u>	<u>37,962</u>

6. RESULT OF PARENT CHARITABLE COMPANY

The total income of the parent charitable company was £2,382,794 and net income was £413,281.

7. OTHER INCOME

	2018 £	2017 £
National Companies Consultancy Project	24,500	3,500
Sundry income	1,000	-
	<u>25,500</u>	<u>3,500</u>

8. RAISING FUNDS

Raising donations and legacies

	2018 £	2017 £
Fundraising expenditure	<u>10,031</u>	<u>13,267</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 2018**

9. CHARITABLE ACTIVITIES COSTS

	Direct costs (See note 10) £	Support costs (See note 11) £	Totals £
Promoting, maintaining, improving and advancing education	<u>1,119,953</u>	<u>450,034</u>	<u>1,569,987</u>

10. DIRECT COSTS OF CHARITABLE ACTIVITIES

	2018 £	2017 £
Staff costs	610,493	719,328
Creative and artistic activities	402,698	1,769,820
Marketing costs	92,891	185,554
Recruitment costs	<u>13,871</u>	<u>3,844</u>
	<u>1,119,953</u>	<u>2,678,546</u>

11. SUPPORT COSTS

	Staff costs £	Other costs £	Depreciation £	Governance costs £	Totals £
Promoting, maintaining, improving and advancing education	<u>227,366</u>	<u>175,796</u>	<u>6,445</u>	<u>40,427</u>	<u>450,034</u>

12. NET INCOME/(EXPENDITURE)

Net resources are stated after charging/(crediting):

	2018 £	2017 £
Auditors' remuneration	4,192	5,208
Auditors' remuneration for non audit work	1,144	859
Depreciation - owned assets	<u>6,445</u>	<u>4,881</u>

13. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 March 2018 or for the year ended 31 March 2017.

Trustees' expenses

During the year an amount of £2,992 (2017: £2,673) was paid to 6 (2017: 6) trustees in respect of travel and other expenses.

During the year the following professional fees were paid to trustees for services provided. The fees were paid at a commercial rate.

	2018 £	2017 £
Richard Lynch	50	-
Ben Tinniswood	4,020	-
Kelly Jones	<u>-</u>	<u>1,150</u>
	<u>4,070</u>	<u>1,150</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 2018

14. STAFF COSTS

	2018 £	2017 £
Employee costs during the year		
Wages and salaries	733,959	842,727
Employer's National Insurance contributions	68,885	60,181
Pension costs	<u>35,015</u>	<u>29,345</u>
	<u>837,859</u>	<u>932,253</u>
Number of persons employed	2018	2017
Permanent staff	21	19
Temporary production staff	<u>2</u>	<u>7</u>
	<u>23</u>	<u>26</u>

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:

	2018	2017
£60,001 - £70,000	1	2
£70,001 - £80,000	-	1
£80,001 - £90,000	1	-

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

Total remuneration benefits paid to key management personnel in the year was £227,374 (2017: £208,877).

The Artistic Director was appointed part of the way through the 2016/17 financial year, when the Executive Producer was on maternity leave for part of 2017/18.

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

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2017

15. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES – 31 MARCH 2017

	Unrestricted funds £	Restricted funds £	Total funds £
INCOME AND ENDOWMENTS FROM			
Donations and legacies	1,555,672	-	1,555,672
Charitable activities			
Promoting, maintaining, improving and advancing education	1,737,055	40,342	1,777,397
Investment income	443	-	443
Other income	-	3,500	3,500
Total	3,293,170	43,842	3,337,012
EXPENDITURE ON			
Raising funds	13,267	-	13,267
Charitable activities			
Promoting, maintaining, improving and advancing education	3,048,040	77,952	3,125,992
Total	3,061,307	77,952	3,139,259
NET INCOME	231,863	(34,110)	197,753
RECONCILIATION OF FUNDS			
Total funds brought forward	331,757	50,340	382,097
TOTAL FUNDS CARRIED FORWARD	563,620	16,230	579,850

16. FINANCIAL INSTRUMENTS

	Group 2018 £	Group 2017 £	Charity 2018 £	Charity 2017 £
Financial assets				
Financial assets that are debt instruments measured at amortised cost	<u>1,027,727</u>	<u>585,620</u>	<u>1,084,216</u>	<u>843,718</u>
Financial liabilities				
Financial liabilities measured at amortised cost	<u>99,552</u>	<u>281,974</u>	<u>99,552</u>	<u>281,975</u>

Group financial assets measured at amortised cost comprise cash at bank, trade debtors, other debtors and accrued income. Charity financial assets measured at amortised cost comprise cash at bank, trade debtors, other debtors, accrued income and amount due from group undertakings.

Group and charity financial liabilities measured at amortised cost comprise trade creditors, other creditors and accruals.

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

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2018**

17. TANGIBLE FIXED ASSETS – Group and charity

	Fixtures and fittings £	Computer equipment £	Totals £
COST			
At 1 April 2017	30,170	36,312	66,482
Additions	<u>793</u>	<u>7,116</u>	<u>7,909</u>
At 31 March 2018	<u>30,963</u>	<u>43,428</u>	<u>74,391</u>
DEPRECIATION			
At 1 April 2017	29,103	29,501	58,604
Charge for year	<u>866</u>	<u>5,579</u>	<u>6,445</u>
At 31 March 2018	<u>29,969</u>	<u>35,080</u>	<u>65,049</u>
NET BOOK VALUE			
At 31 March 2018	<u>994</u>	<u>8,348</u>	<u>9,342</u>
At 31 March 2017	<u>1,067</u>	<u>6,811</u>	<u>7,878</u>

18. FIXED ASSET INVESTMENTS - Charity

	Shares in group undertakings £
MARKET VALUE	
At 1 April 2017 and 31 March 2018	<u>1</u>
NET BOOK VALUE	
At 31 March 2018	<u>1</u>
At 31 March 2017	<u>-</u>

There were no investment assets outside the UK.

The company's investments at the balance sheet date in the share capital of companies include the following:

NTW Productions Limited:
Nature of business: Theatre production

	% holding
Class of share:	100
Ordinary	

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

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2018**

19. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2018 £	Group 2017 £	Charity 2018 £	Charity 2017 £
Trade debtors	17,380	5,229	17,380	5,229
Other debtors	725	1,567	725	1,567
Accrued income	55,707	3,518	55,707	3,518
Theatre tax relief recoverable	56,489	258,098	-	-
VAT recoverable	16,540	15,470	16,540	15,470
Prepayments	110,289	38,675	110,289	38,675
Amounts owed by group undertakings	-	-	56,489	258,098
	<u>257,130</u>	<u>322,557</u>	<u>257,130</u>	<u>322,557</u>

20. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2018 £	Group 2017 £	Charity 2018 £	Charity 2017 £
Trade creditors	23,519	34,382	23,519	34,382
Social security and other taxes	17,824	17,993	17,824	17,993
Other creditors	5,628	103,990	5,629	103,991
Accruals	70,404	143,602	70,404	143,602
Deferred income	109,881	25,339	109,881	25,339
	<u>227,256</u>	<u>325,306</u>	<u>227,257</u>	<u>325,307</u>

Included within deferred income above is the following:

	2018 £	2017 £
British Council – Lead Artist Dresden Trip	750	-
National Lottery - Awards for All	9,260	-
Arts Council Wales - Pembrokeshire Learning Centre Creative Collaboration	9,634	-
British Council - Sisters Research Grant	5,000	-
Paul Hamlyn Foundation	75,342	-
Battersea Arts Council - The Agency	7,346	-
Box Office Income – English	30	-
Box Office Income - NHS70 - As Long as the Heart Beats	19	-
Wales Arts International - Connect Fund	-	2,839
British Council - Artist Playground Korea	-	20,000
Tipping Point - Climate Change Production	2,500	2,500
	<u>109,881</u>	<u>25,339</u>

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

All amounts deferred in the year ended 31 March 2017 were released to Statement of Financial Activities during the year except for the Tipping Point income which has been deferred for another year. All other amounts deferred in the year ended 31 March 2018 are new sources of income.

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

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2018**

21. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2018 £	2017 £
Within one year	13,782	33,707
Between one and five years	14,451	12,057
	<u>28,233</u>	<u>45,764</u>

Total operating lease payments recognised as an expense in the year was £28,858 (2017: £26,553).

22. PROVISIONS FOR LIABILITIES – Group and charity

	2018 £	2017 £
Pension provision	-	585

During the year, the movement on the pension provision of £585 was credited to the Statement of Financial Activities.

23. MOVEMENT IN FUNDS

	At 1/4/17 £	Net movement in funds £	Transfers between funds £	At 31/3/18 £
Unrestricted funds				
General fund	232,529	387,829	(333,961)	286,397
Designated fund - Fixed assets	7,878	(6,445)	7,909	9,342
Designated fund - TEAM	13,583	(6,003)	-	7,580
Designated fund - Marketing	7,000	(7,000)	6,250	6,250
Designated fund - Production and creative development	243,000	-	204,189	447,189
Designated fund - Core resilience	56,130	(23,258)	-	32,872
Designated fund - National Companies Consultancy Project	3,500	(3,500)	-	-
Designated fund - Maternity	-	-	10,000	10,000
Designated Fund - Adoption	-	-	13,500	13,500
Designated Fund - Casting	-	-	13,500	13,500
Designated Fund - Creative Development	-	-	81,117	81,117
Designated Fund - Office Improvements	-	-	5,000	5,000
	<u>563,620</u>	<u>341,623</u>	<u>7,504</u>	<u>912,747</u>
Restricted funds				
Paul Hamlyn Foundation	-	4,771	-	4,771
Esme Fairbairn Foundation	-	38,128	-	38,128
Jerwood Charitable Foundation	2,173	-	(2,173)	-
Baring Foundation - I'll Sing This Song	5,331	-	(5,331)	-
Arts Council Wales - Ocean Park Creative Collaboration	8,026	(6,880)	-	1,146
National Companies Consultancy Project	700	17,418	-	18,118
Arts Council Wales - Resilience Programme	-	3,444	-	3,444
British Council - Artist Playground Korea	-	1,709	-	1,709
Arts Council Wales - Pembrokeshire Learning Centre Creative Collaboration	-	7,607	-	7,607
Battersea Arts Centre - The Agency	-	5,461	-	5,461
	<u>16,230</u>	<u>71,658</u>	<u>(7,504)</u>	<u>80,384</u>
TOTAL FUNDS	<u>579,850</u>	<u>413,281</u>	<u>-</u>	<u>993,131</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 2018**

23. MOVEMENT IN FUNDS - continued

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

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	2,086,681	(1,698,852)	387,829
Designated fund - Fixed assets	-	(6,445)	(6,445)
Designated fund - TEAM	-	(6,003)	(6,003)
Designated fund - Marketing	-	(7,000)	(7,000)
Designated fund - Core resilience	-	(23,258)	(23,258)
Designated fund - National Companies Consultancy Project	-	(3,500)	(3,500)
	<u>2,086,681</u>	<u>(1,745,058)</u>	<u>341,623</u>
Restricted funds			
Paul Hamlyn Foundation	24,658	(19,887)	4,771
Esmee Fairbairn Foundation	107,092	(68,964)	38,128
Arts Council Wales - Ocean Park Creative Collaboration	11,512	(18,392)	(6,880)
National Companies Consultancy Project	24,500	(7,082)	17,418
Arts Council Wales - Resilience Programme	17,729	(14,285)	3,444
British Council - Artist Playground Korea	24,000	(22,291)	1,709
Wales Art International Connect Fund - International Market	2,839	(2,839)	-
Wales Art International - Wales India Fund	59,886	(59,886)	-
Arts Council Wales - Pembrokeshire Learning Centre Creative Collaboration	10,743	(3,136)	7,607
Garrick Charitable Trust - Emerging Directors Programme	5,000	(5,000)	-
Battersea Arts Centre - The Agency	8,154	(2,693)	5,461
	<u>296,113</u>	<u>(224,455)</u>	<u>71,658</u>
TOTAL FUNDS	<u><u>2,382,794</u></u>	<u><u>(1,969,513)</u></u>	<u><u>413,281</u></u>

THE NATIONAL THEATRE OF WALES
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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2018

23. MOVEMENT IN FUNDS - continued

Comparatives for movement in funds

	At 1/4/16 £	Net movement in funds £	Transfers between funds £	At 31/3/17 £
Unrestricted Funds				
General fund	299,341	269,492	(336,304)	232,529
Designated fund - Fixed assets	6,085	(4,881)	6,674	7,878
Designated fund - Future productions	5,143	(5,143)	-	-
Designated fund - Interim staffing arrangements	19,083	(19,083)	-	-
Designated fund - Office refurbishment	2,105	(2,105)	-	-
Designated fund - TEAM	-	(6,417)	20,000	13,583
Designated fund - Marketing	-	-	7,000	7,000
Designated fund - Production and creative development	-	-	243,000	243,000
Designated fund - Core resilience	-	-	56,130	56,130
Designated fund - National Companies Consultancy Project	-	-	3,500	3,500
	331,757	231,863	-	563,620
Restricted Funds				
Paul Hamlyn Foundation	33,212	(33,212)	-	-
Jerwood Charitable Foundation	2,173	-	-	2,173
Arts Council of Wales - Artist Development Programme	226	(226)	-	-
Baring Foundation - I'll Sing This Song	14,478	(9,147)	-	5,331
Weston Jerwood Creative Bursary	251	(251)	-	-
Arts Council Wales - Ocean Park Creative Collaboration	-	8,026	-	8,026
National Companies Consultancy Project	-	700	-	700
	50,340	(34,110)	-	16,230
TOTAL FUNDS	<u>382,097</u>	<u>197,753</u>	<u>-</u>	<u>579,850</u>

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**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2018**

23. MOVEMENT IN FUNDS - continued

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	5,192,300	(4,922,808)	269,492
Designated fund - Fixed assets	-	(4,881)	(4,881)
Designated fund - Future productions	-	(5,143)	(5,143)
Designated fund - Interim staffing arrangements	-	(19,083)	(19,083)
Designated fund - Office refurbishment	-	(2,105)	(2,105)
Designated fund - TEAM	-	(6,417)	(6,417)
	5,192,300	(4,960,437)	231,863
Restricted funds			
Paul Hamlyn Foundation	-	(33,212)	(33,212)
British Council - Travel bursary	700	(700)	-
Arts Council of Wales - Artist Development Programme	-	(226)	(226)
The Rayne Foundation - Big Democracy Project	20,000	(20,000)	-
Baring Foundation - I'll Sing This Song	-	(9,147)	(9,147)
Weston Jerwood Creative Bursary	4,844	(5,095)	(251)
British Council - Welsh Company Support	3,000	(3,000)	-
Arts Council Wales - Ocean Park Creative Collaboration	11,798	(3,772)	8,026
National Companies Consultancy Project	3,500	(2,800)	700
	43,842	(77,952)	(34,110)
TOTAL FUNDS	5,236,142	(5,038,389)	197,753

Designated funds

Designated fund - Fixed Assets

The fund represents the net book value of fixed assets.

Designated fund - TEAM

The fund represents the value of core funds set aside for use in the TEAM project.

Designated fund - Marketing

The fund represents the value of funds set aside for future marketing costs of the charity.

Designated fund - Production and Creative Development

The fund represents the value of funds set aside to cover the costs of the future artistic programme, including direct production costs, commissions and research and development expenditure.

Designated fund - Core Resilience

The fund represents the value of funds set aside to support the income generation strategy implementation project which commenced in 2017/18 and is being part funded by ACW.

Designated Fund - National Companies Consultancy Project

The fund represents funds earmarked and committed for the purpose of this consultancy project, described in greater detail in the restricted funds notes below.

Designated fund - Maternity

The fund represents the value of funds set aside to meet additional salary costs in 2018/19 arising from the need to provide ongoing maternity cover for the roles of Executive Producer, Company Co-ordinator and Communications Co-ordinator until the autumn of 2018.

23. MOVEMENT IN FUNDS - continued

Designated fund - Adoption

The fund represents the value of funds set aside to meet additional freelance cover costs associated with the adoption leave absence of the Press and PR Manager between May and September 2018.

Designated fund - Casting

The fund represents the value of funds set aside to meet future additional costs relating to the creation of a Casting Associate post which aims to bring the casting process in-house as part of a two year pilot project.

Designated fund - Creative Development

The fund represents the value of unapplied research and development and commissioning funds to be utilised to support an enhanced programme of such projects in future years underpinning future years' artistic programmes.

Designated fund - Office Improvements

The fund represents the value of funds set aside for electrical improvements work in the office of 30 Castle Arcade.

Designated funds in prior period

Designated fund - Future Productions

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

Designated fund - Interim Staffing Arrangements

The fund represented the value of funds set aside to cover future interim staffing costs, resulting from the change in Artistic Director.

Designated fund - Office Refurbishment

The fund represented the value of funds set aside to cover part of the cost of a proposed office refurbishment.

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 National Theatre Wales and develop interest in theatre.

Esmee Fairbairn Foundation

This funding has been provided to contribute towards the company's creative development programme for artists working across Wales.

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

Baring Foundation - I'll Sing This Song - This funding was provided to support the company's 'I'll Sing This Song' project, which ran alongside its production of 'Before I Leave'. This project focused on people living with dementia and their carers, particularly through collaboration with community-based music groups, and involved poetry, creative writing, story-telling and singing workshops, which influenced the script of the production, and also the development of an app, which will ensure that the project has an inter-active life on-line long after the production has finished.

Arts Council Wales - Ocean Park Creative Collaboration - This funding stream exists to help foster the development of creative partnerships between arts organisations and schools. This grant funded a collaboration between Ocean Park Academy, located in Cardiff, and NTV. The project took place between January and June 2017.

23. MOVEMENT IN FUNDS - continued

National Companies Consultancy Project

This project is a jointly funded initiative involving the eight national arts organisations in Wales, as designated by the Arts Council of Wales - the first time that they have all come together in this way. The companies taking part, other than NTW, are BBC National Orchestra of Wales, Ffilm Cymru Wales, Literature Wales, National Dance Company Wales, Theatr Genedlaethol Cymru, Wales Millennium Centre and Welsh National Opera. Each organisation is contributing to the project financially and/or in kind, and the funding is being used to pay for the services of a consultant, who has been engaged to provide the companies with advice in a number of areas. These areas include building resilience and growth in the wider arts sector; developing audience diversity and inclusivity; identifying ways in which to lead on supporting the professional development of artists; and how to increase the international profile and market opportunities for Wales. The project documents were signed in March 2017, with the work taking place throughout 2017/18 and continuing into 2018/19.

Arts Council Wales - Resilience Programme

This funding was provided to finance the services of a professional advisor/mentor and associated costs to generate a five to ten year income diversification and stakeholder engagement strategic plan.

British Council - Artist Playground Korea

This funding has been provided to support a collaboration with performance group Tulda to deliver an international artist development residency that took place in Korea during September 2017. Some residual costs still remained to be incurred in 2018/19.

Arts Council Wales - Pembrokeshire Learning Centre Creative Collaboration

This funding stream exists to help foster the development of creative partnerships between arts organisations and schools. This grant funded a collaboration between Pembrokeshire Learning Centre and NTW. The project took place between January and June 2018.

Garrick Charitable Trust - Emerging Directors Programme

The Emerging Directors Programme has the primary aim of giving talented and promising individuals the opportunity to work alongside experienced directors.

Battersea Arts Centre - The Agency

The Agency is a creative entrepreneurial programme, that seeks to use the arts to assist and encourage young people, in local disadvantaged communities, to develop their creative ideas into business opportunities. It is a partnership involving NTW, Battersea Arts Centre (BAC), Contact Theatre, People's Palace projects and FabLab Belfast, with funding provided by the Big Lottery Fund. The purpose of the partnership is to continue running an existing project in London (BAC) and Manchester (Contact) and replicate and run the programme in Wales (NTW) and Northern Ireland (FabLab).

Wales Arts International Connect Fund - International Market

This funding was provided to enable NTW to develop its profile in European Arts festivals in the Summer of 2017 including visits to the Netherlands and Germany.

Wales Arts International - Wales India Fund

This funding seeks to encourage collaboration between Welsh and Indian companies. The funding received by NTW was used towards the cost of the 'Sisters' project undertaken in collaboration with Junoon, a Mumbai-based theatre company.

Restricted funds in prior period

British Council - Travel Bursary - Previous funding from this source had been provided as a bursary to support the attendance of company staff at productions and events in Tokyo, Melbourne, Montreal, Seoul and Brisbane. The 2016/17 funding was to provide a bursary to support a further visit, this time by the Company's Artistic Director to India. This was part of the company's strategy to develop its international relationships and has led to the 'Sisters' collaborative project taking place during 2017/18.

23. MOVEMENT IN FUNDS - continued

Arts Council of Wales Artist Development Programme - This funding was provided by Arts Council Wales to further develop and build upon the artist development programme funded by the Esmée Fairbairn Foundation. This project centred 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, were designed to deliver business skills and advice to support freelance practitioners start and maintain an arts career.

The Rayne Foundation - This funding was 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. The project culminated in the staging of the production 'Lifted By Beauty : Adventures In Dreaming' in Rhyl in March 2017.

Weston Jerwood Creative Bursary - This funding was provided towards the costs associated with a 12 month Digital Communications Assistant placement, ending in September 2016.

British Council - Welsh Company Support - This funding was provided to help provide marketing support for three independent Welsh theatre companies performing at the 2016 Edinburgh Festival, with the funding being supplemented by additional contributions from NTW and Wales Millennium Centre. The companies/shows involved were Gagglebabble ('Wonderman'), Neontopia ('A Good Clean Heart') and August 012 ('Yurt').

Transfers between funds

Transfers totalling £341,465 have been made from the general fund to five new designated funds and two existing funds, as follows:

- Marketing: The Board has reviewed and identified £6,250 of funds to be held for future marketing costs in particular to meet the budget pressures associated with the NHS70 project.
- Production and creative development: The Board has reviewed and identified £204,189 of funds to be held for use in support of future years' artistic programmes.
- Maternity: The Board has reviewed and identified £10,000 of funds for ongoing maternity cover costs.
- Adoption: The Board has reviewed and identified £13,500 of funds to meet additional cover costs associated with adoption leave absence.
- Casting: The Board has reviewed and identified £13,500 of funds to be used to create and fund the post of Casting Associate.
- Creative Development: The Board has reviewed and identified £81,117 of research and development and commissioning funds to support enhanced programmes of such projects.
- Office Improvements: The Board has reviewed and identified £5,000 for electrical improvements to the 30 Castle Arcade office.

A transfer of £7,909 has been made from the general fund to the designated fixed assets fund, representing the movement in the net book value of fixed assets in the year.

Transfers of £2,173 and £5,331 have been made to the general fund from the Jerwood Charitable Foundation fund and the Baring Foundation fund respectively. In both cases, the project has been completed in line with funder requirements, with final reports having been submitted and accepted, and so the balances have been transferred to the general fund.

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**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
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24. PENSION COMMITMENTS

The charity operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the charity in independently administered funds. The pension cost charge represents contributions paid by the charity to the fund and amounted to £35,015 (2017: £29,345). Contributions outstanding at the year end amounted to £5,619 (2017: £3,981).

In addition to the above, the charity has made a pension provision of £Nil (2017: £585). This provision is in respect of the potential employer contribution due in relation to all eligible employees yet to join the scheme.

25. RELATED PARTY DISCLOSURES

There were no related party transactions for the year ended 31 March 2018, that required disclosure.

26. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds £	Restricted funds £	Total £
Fund balances at 31 March 2018 are represented by:			
Tangible fixed assets	9,343	-	9,343
Current assets	1,016,615	194,430	1,211,045
Current liabilities	<u>(113,211)</u>	<u>(114,046)</u>	<u>(227,257)</u>
Total net assets	<u>912,747</u>	<u>80,384</u>	<u>993,131</u>

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**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
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27. 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:

	2018 £	2017 £
Turnover	389,495	1,899,130
Cost of sales	(445,984)	(2,157,228)
Gross profit	(56,489)	(258,098)
Administrative expenses	-	-
Loss on ordinary activities before taxation	(56,489)	(258,098)
Theatre tax relief claim	<u>56,489</u>	<u>258,098</u>
Profit for the financial year	<u>-</u>	<u>-</u>

The aggregate of the assets, liabilities and funds was:

	2018 £	2017 £
Assets	56,490	258,099
Liabilities	(56,489)	(258,098)
Funds (representing 1 ordinary share of £1)	<u>1</u>	<u>1</u>