The Royal National Theatre is a company limited by guarantee and a registered charity. It was established in 1963 for the advancement of education and, in particular, to procure and increase the appreciation and understanding of the dramatic art in all its forms as a memorial to William Shakespeare. These objects are set out in the governing document, which is its Memorandum and Articles of Association, and have been developed into a set of aims and objectives as described on page 4.
In this document, The Royal National Theatre is referred to as “the NT”, “the National”, and “the National Theatre”
This Annual Report underlines the continued good health of the National Theatre and the quality and excitement of what it offers both from the stage and in many other ways too. It was especially encouraging in the last year that so many young people were attracted to what we do – across the NT’s audiences 85,500 were aged under 18, 12% of the total. Education through enjoyment was, and remains, central to the NT’s purpose and encompasses the whole age range of our audience. That is why the Board and the Management are increasingly focused on how theatre is made, and how the social, political and historic context of drama can be illuminated and appreciated more and more by all generations. To coin a phrase – Watch This Space.

I thank all those who support us financially and who therefore help to sustain the variety of our repertoire and our Box Office success.

The Government listened and the public expenditure settlement for the arts overall was good: no cause for whingeing there. Allocation to individual organisations is another matter and never easy but I know that the new management of the Arts Council are determined to build greater confidence into their decision-making process. The NT will support them in that in any way we can.

Our corporate and individual supporters, and Trusts and Foundations, have remained loyal and generous. We thank all of them unreservedly.

On behalf of the Board I thank two of our departing members: Caragh Merrick, who has brought her professional skills to the Board and the Finance and Audit Committee with commitment and affection; and Edward Walker-Arnott who has led the Finance and Audit Committee and the Enterprises Committee with distinction, and who has brought to those meetings and to the Board wisdom and good humour. We shall miss them.

I am delighted however that four new members join the Board: the playwright, Kwame Kwei-Armah; John Makinson, Chairman and CEO of the Penguin Group; Farah Ramzan Golant, CEO of Abbott Mead Vickers BBDO; and Ros Haigh, Director of Financial Control at the John Lewis Partnership. They are immensely welcome.

Finally the most important thanks go to all who work at the NT, on and off the stage, permanent and temporary. The NT is successful and loved because they make it so.

Hayden Phillips, Chairman

The National Theatre is central to the creative life of the country. In its three theatres on the South Bank in London it presents an eclectic mix of new plays and classics from the world repertoire, with seven or eight productions in repertory at any one time. And through an extensive programme of amplifying activities – Platform performances, backstage tours, foyer music, publications, exhibitions and outdoor events – it recognises that theatre doesn’t begin and end with the rise and fall of the curtain.

Aims
The National endeavours to maintain and re-energise the great traditions of the British stage and to expand the horizons of audiences and artists alike. It aspires to reflect in its repertoire the diversity of the nation’s culture. It takes a particular responsibility for the creation of new work – offering at the NT Studio a space for research and development for the NT’s stages and the theatre as a whole. Through NT Education, it engages tomorrow’s audiences. As the national theatre, it aims to foster the health of the wider British theatre through policies of collaboration and touring.

Objectives
The National’s continuing objective is to present a balanced artistic programme. The repertory system is a key to this, not as a good in itself, but as the means of taking artistic risks and responding to audience demand. The NT endeavours to produce to the highest standards by attracting the best artists to work in an environment that enables and stimulates them to realise the fullest extent of their talents.

These are the NT’s constant objectives. Alongside are two long-term and interlinked strategies. The NT seeks to broaden the work on its stages, by nurturing new plays and new forms at the Studio, by commissioning, and by active project development of all kinds, in which Associate Directors, associates and other consultants are involved.

It seeks to broaden its audiences through the programming choices it makes, by keeping ticket prices down, and by making manifest its ambition to be bold, contemporary and accessible.

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Finally the most important thanks go to all who work at the NT, on and off the stage, permanent and temporary. The NT is successful and loved because they make it so.
On 23 September 2007 the National Theatre celebrated the centenary of its first director, Laurence Olivier. Members of his original NT company shared the stage with members of our current company, and many of the actors, writers and directors who are something like legends to my generation joined his widow, Joan Plowright, in the audience. Those of us who work in the theatre may be too prone to become tearful about our genuine sense of continuity with the past, but the evening palpably demonstrated that even if there is unlikely ever to appear on the stage of the Olivier Theatre an actor like Olivier, the National Theatre is consumed still by the ambitions that drove him and his contemporaries.

Our audience still includes many who saw what must, to them, remain definitive productions of the great classical plays that were staged at the Old Vic during the Olivier era. They cast a long shadow even on those of us who are too young to have seen them, and although I would like to think that in 40 years’ time the Beatrice and Benedick of Zoë Wanamaker and Simon Russell Beale will be remembered as fondly as those of Maggie Smith and Robert Stephens, I am not convinced that any National Theatre will quite supplant Olivier’s in the public memory. I am pretty certain, however, that our aspirations and the responsibility we feel constantly to honour and refresh the classical tradition have not changed since 1963.

We may sometimes be slow to make connections between the past and the present. I have to shoulder some of the blame for the neglect of Bernard Shaw at the National over the last few years, but I can’t pretend that any of my colleagues was carrying a torch for him either. So I will claim some of the credit for twisting Marianne Elliott’s arm to direct Saint Joan, but the lion’s share of it should go to her and to Anne-Marie Duff for one of the most exciting and incisive classical productions I’ve seen on the Olivier stage. It was a sell-out too, so we quickly programmed Major Barbara, and Simon Russell Beale (who must have almost as secure a hold on the theatre-going public’s affections as Olivier had) ensured that it, too, played to capacity houses. Eugene O’Neill, Harold Pinter, Victoria Benedictsson, Noël Coward and Euripides all proved equally eloquent when given the chance to continue their conversation with the contemporary public; and Howard Davies’ superb production of Gorky’s Philistines was one of the year’s undoubted highlights.

Our determination to commission and produce new plays is nothing new either. Some of Olivier’s playwrights are still at it, but this year their successors have been particularly fertile. I particularly enjoyed working with Ayub Khan-Din on his play Rafta, Rafta… which was based on Bill Naughton’s play from the 60s, All in Good Time. The Bolton house which once contained the Fitton family now belongs to the Dutts and, just as Harish Patel is recognisably doing the same job as Bernard Miles, so the Dutts are consumed by exactly the same
concerns as the Fittons. Joe Penhall's Landscape with Weapon was steeped in the contemporary arms trade but a 60s audience, schooled in the Cold War, might not, in the 60s, have done for Oliver's audience what Kwame does for ours. Howard also, and most profoundly, used recent history to amplify our sense of the present. Plays by Matt Charman, Roy Williams, Dennis Kelly and Lin Coghlan were all minutely responsive to the contemporary world. And in Happy Now? Lucinda Coxon delivered a play which, maybe more than any other this year, created for our audience that frisson – unique to the theatre – of shared experience: it was always exciting to stand at the back of the Cottesloe and hear the gasps of recognition.

There has been one big change since the 1960s. When the National moved into the Old Vic, there wasn’t much of a fringe. But within ten years, much of the most innovative energy in the theatre had moved away from the establishment. There has been an even bigger change since then. The fringe has, to a very large extent, been re-absorbed into the mainstream, and we have made a point of offering support to companies like punchdrunk, who play in unconventional spaces and who challenge what the word ‘theatre’ means. What once seemed an impregnable divide between established theatre and experimental theatre has disappeared. Much of the work of which we are proudest here is made by artists who have been formed on the experimental fringe, and happily move between it and us. This isn’t just a matter of shows like Peter Handke’s wordless play, The Hour We Knew Nothing of Each Other, or Emma Rice’s brilliant reinvention of the Powell-Pressburger movie A Matter of Life and Death, to which she brought all the skills she has developed in Cornwall with her company Kneehigh Theatre. (It is a vibrant sign of the times that Kneehigh now jumps from the National to the West End and back to Cornwall without missing a beat. And maybe another sign of the times that A Matter of Life and Death was instantly packed with a predominantly young audience that seemed to create its own word of mouth.)

But perhaps the most successful appropriation of theatre techniques outside the literary mainstream came with War Horse, which may very well turn out to be one of the most successful shows the National has ever produced. Our collaboration with Handspring Puppet Company on an adaptation of Michael Morpurgo’s seemingly unadaptable novel caught the audience’s imagination like nothing else this year. It rose in every respect to the Olivier Theatre’s glorious challenges and delivered to its weeping audience an emotional transfiguration out of bent bamboo and brown gauze. It captured perfectly our continuing determination to insist that we are nothing without an awareness of our history, and just as little without a furious curiosity about our present and our future.
Financial result
The year ended with an unrestricted surplus of £93,000, a good result since it contained two productions more than originally budgeted. Revenue fundraising was just short of £5m, very positive for a year with no gala. The challenge for the NT in future will be to replace what has effectively been a boost in subsidy provided during the years of *The History Boys*, whose total contribution to the NT’s budget over four years, including its two Lyttelton runs, was £5million.

Development of audiences
The Travelex seasons continue to attract and retain first-time attenders. We launched Entry Pass, a membership scheme for 15-19 year-olds offering £5 tickets to encourage a habit for independent theatre-going. Across the NT’s audiences, 12% were under 18. The continuing growth of on-line sales, now over 50% of our bookings, is supported by increasingly sophisticated and creative in-house production of digital material. We continue to experiment with interactive experiences that deepen the engagement with the work on stage, particularly in the foyer with Big Wall, which is driven by technology invented by Accenture, our innovation partner.

Our constant theme is openness – trying to get the National in all sorts of ways to be as porous and accessible as possible. After several years of negotiation, and thanks to strong relationships with Equity, Bectu and the Musicians’ Union, we will launch Sunday performances on 21 September 2008. This is the pilot season; it is our intention to introduce year-round openings during 2009. The implications for the NT are large: we effectively become a seven-days-a-week operation.

Another side of openness is the encouragement of discovery of the National by audiences already familiar with theatre, and those new to it. During the last year, NT Education has been transforming itself into discover: National Theatre, using the NT and its repertoire as the basis of their work. An exciting development is the opening up of the backstage world and the processes of making theatre, whether for school audiences or, in the case of the adults taught scenic art in our paintframe around *The Pitmen Painters*, for life-long learners. The new programme will be launched in September 2008.

At the NT Studio, which re-opened in November 2007 after a £6million refurbishment, our archive is now housed alongside the John Lyon education studio and – the main role for the building – our R&D, with now a second big space, the Weston Studio, for the development of new work for our stages and beyond.

The NT building
In April, we opened The Deck, a summer entertainment space perched on an unused roof with spectacular views down the river to St Paul’s. Denys Lasdun called the National’s position on the South Bank ‘probably the most beautiful site in London’. Thirty years after his building opened, much has changed. The riverside walk, now used by 15 million people a year, didn’t then exist – the river curved instead around the NT’s goods-in yard. The National’s terraces were a blank canvas which, to some extent, and for all their wonderful position overlooking the Thames, they still are. To the rear of the building, the simple brick
What this adds up to is the need for a rolling future strategy for the National which reflects the development of our mission in judicious exploitation of the natural advantages of the NT’s building and site. We began earlier this year by commissioning from Haworth Tompkins a Conservation Management Plan for our Grade II* listed building, and will follow in the autumn with the development of a future strategy for the building.

Sustainability

In October 2007 we launched a five-year partnership with Philips, using their skill and low-energy LED lighting throughout the NT. This is key to meeting our self-set target to reduce our electricity and gas consumption by 20%, taking 2006 as the benchmark. At June 2008 we had achieved 18% reduction in gas and 10% in electricity. We also have targets for recycling of waste, scenery salvage and use of water, and will continue to pursue environmental sustainability.

People and organisation

The NT is blessed with two institutional characteristics. It can take the long view, and it has critical mass. As well as the 800 people who work in the building, in an average week there are 130 actors rehearsing and performing and 20 or more directors and designers who have close, albeit freelance, relationships with the building. There is tremendous strength in having continuity alongside innovation: we increasingly recognise our role in keeping the traditional theatre-making skills alive while hosting the development of new technologies such as video. The NT is a hub which, unusually, does almost everything in-house. Opening that up yet further is an important part of our plans for the future.

Nick Starr
Executive Director
LANDSCAPE WITH WEAPON
by Joe Penhall
Director Roger Michell
Designer William Dudley
Lighting Designer Rick Fisher
Sound Designer Rich Walsh
Company Voice Work: Jeannette Nelson
Cottesloe 5 April

RAFTA, RAFTA... by Ayub Khan-Din
Based on
by Ayub Khan-Din
Cottesloe 5 April

SAINT JOAN
by Bernard Shaw
Director Marianne Elliott
Designer Rae Smith
Lighting Designer Paula Constable
Music Jocelyn Pook
Sound Designer Paul Arditti
Choreographer Helen Schacht
Music Director Harvey Brough
Company Voice Work: Jeannette Nelson
Textured Adviser: Samuel Adamson
Olivier 11 July
Travelers £10 Tickets

A MATTER OF LIFE AND DEATH
Based on the film by Michael Powell & Emeric Pressburger
Adapted by Tom Morris & Emma Rice
Director Emma Rice
Set Designer Bill Mitchell
Costume Designer Vicki Mortimer
Lighting Designer Mark Henderson
Choreographers Debra Batton & Emma Rice
Music: Stu Barker
Sound Designer Gareth Fry
Projection Designers: Jon Driscoll & Gemma Carrington
Lighting Design Assistant Malcolm Rippeth
Company Voice Work: Kate Godfrey & Jeannette Nelson
Olivier 10 May

THE EMPEROR JONES
by Eugene Ionesco
In a new version by Clare Bayley
Director Paul Miller
Designer Simon Daw
Lighting Designer Bruno Poet
Music David Shrubsole
Sound Designer: John Leonard
Company Voice Work: Jeannette Nelson
Cottesloe 1 August

REFERENCES
by Ayub Khan-Din
Based on
by Ayub Khan-Din
Cottesloe 5 April

SAINT JOAN
by Bernard Shaw
Director Marianne Elliott
Designer Rae Smith
Lighting Designer Paula Constable
Music Jocelyn Pook
Sound Designer Paul Arditti
Choreographer Helen Schacht
Music Director Harvey Brough
Company Voice Work: Jeannette Nelson
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Olivier 11 July
Travelers £10 Tickets

THE ENCHANTMENT
by Victoria Benedictsson
In a new version by Clare Bayley
Director Paul Miller
Designer Simon Daw
Lighting Designer Bruno Poet
Music David Shrubsole
Sound Designer: John Leonard
Company Voice Work: Jeannette Nelson
Cottesloe 1 August

THE EMPEROR JONES
by Eugene Ionesco
In a new version by Clare Bayley
Director Paul Miller
Designer Simon Daw
Lighting Designer Bruno Poet
Music David Shrubsole
Sound Designer: John Leonard
Company Voice Work: Jeannette Nelson
Cottesloe 1 August

Chorographical Hellish Schechter
Music Director: Harvey Brough
Company Voice Work: Jeannette Nelson
Textual Adviser: Samuel Adamson
Olivier 11 July
Travelers £10 Tickets

CONNECTIONS
a celebration of youth theatre
Baby Girl by Roy Williams
Deserts/Rucksack by Dennis Kelly
A Year and A Day by Christina Reid
Show and Tell by Lainie Paul
The Black Remote by Glyn Maxwell
Rucksack in the Garden by David Farr
A Bridge to the Stars by Nancy K matek, adapted for the stage by
John Ratafack
Scary Play by Judith Johnson
More/Light by Bryony Lavery
Red Sky by Bryony Lavery
Cottesloe & Olivier 12-13 July

THE HOTHOUSE
by Harold Pinter
Director Ian Rickson
Designer Hildegard Bechtler
Lighting Designer Peter Mumford
Music Stephen Warbeck
Sound Designer: Ian Dickinson
Movement Directors: Scott Graham & Steven Hoggett for Frantic Assembly
Dialect Coach: Joan Washington
Company Voice Work: Jeannette Nelson
Lyttelton 18 July

PHILOSTOMES
by Maxim Gorky
In a new version by Andrew Upton
Director Howard Davies
Designer Bunny Christie
Lighting Designer Neil Austin
Music Dominic Mouldwyn
Sound Designer Christopher Shutt
Company Voice Work: Jeannette Nelson
Lyttelton 30 May

THE FIVE WIVES OF MAURICE PINDER
by Mark Charmain
Director Sarah Frankcom
Designer T Green
Lighting Designer Mick Hughes
Music Olly Fox
Sound Designer: Rich Walsh
Company Voice Work: Kate Godfrey
Cottesloe 20 June

THE ENCHANTMENT
by Victoria Benedictsson
In a new version by Clare Bayley
Director Paul Miller
Designer Simon Daw
Lighting Designer Bruno Poet
Music David Shrubsole
Sound Designer: John Leonard
Company Voice Work: Jeannette Nelson
Cottesloe 1 August

THE EMPIRE, JONES
by Eugene Ionesco
In a new version by Clare Bayley
Director Paul Miller
Designer Simon Daw
Lighting Designer Bruno Poet
Music David Shrubsole
Sound Designer: John Leonard
Company Voice Work: Jeannette Nelson
Cottesloe 1 August

Chorographical Hellish Schechter
Music Director: Harvey Brough
Company Voice Work: Jeannette Nelson
Textual Adviser: Samuel Adamson
Olivier 11 July
Travelers £10 Tickets

THE ENCHANTMENT
by Victoria Benedictsson
In a new version by Clare Bayley
Director Paul Miller
Designer Simon Daw
Lighting Designer Bruno Poet
Music David Shrubsole
Sound Designer: John Leonard
Company Voice Work: Jeannette Nelson
Cottesloe 1 August

Chorographical Hellish Schechter
Music Director: Harvey Brough
Company Voice Work: Jeannette Nelson
Textual Adviser: Samuel Adamson
Olivier 11 July
Travelers £10 Tickets

CHATROOM
by Enda Walsh
CITIZENSHIP
by Mark Ravenhill
Director Anna Mackmin
Designer Jonathan Fensom
Lighting Designer Mark Henderson
Music: Paddy Curneen
Sound Designer Christopher Shutt
Associate Sound Designer: Mike Winship
Chorographical Hellish Schechter
Music Director: Harvey Brough
Company Voice Work: Kate Godfrey
Cottesloe 1 September
(revive from 2006 when they played with
Burn by Deborah Gearing)

PRESENT LAUGHTER
by Noli Edwards
Director Howard Davies
Set Designer Tim Hatley
Costume Designer Jenny Beavan
Lighting Designer: Hugh Vanstone
Music: Dominic Mouldwyn
Sound Designer: Paul Groothuis
Company Voice Work: Jeannette Nelson
Lyttelton 2 October
Sponsored by KPMG
WAR HORSE
Based on a novel by Michael Morpurgo
Adapted by Nick Stafford
Director Marianne Elliott & Tom Morris
Designer/Drawings: Rae Smith
 Puppet Design & Fabrication: Basil Jones & Adrian Kohler for Handspring Puppet Company
Lighting Designer Pauls Constable
Designers: Toby Sdewigky
Music: Adrian Sutton
Songwriter: John Tams
Music: Director Harvey Brough
Video: Leo Warner & Mark Grimmer for The Outfit Productions Ltd
Sound Designer Christopher Shutt
Associate Mervyn Miller
Company Voice Work: Jeannette Nelson

Sponsored by Shell
Olivier 18 December

Sound Designer
Choreographer
Lighting Designer

Director

by William Shakespeare
Lyttelton 28 November

Kate Godfrey

Paule Constable & Jon Clark
Lighting Designers

Costume Designer

by William Shakespeare
A MIDSUMMER NIGHT’S DREAM
NT Education
Mel Mercier

from a new translation by
by Peter Handke
THE HOUR WE KNEW NOTHING
Cottesloe 24 January

Company Voice Work: Kate Godfrey

Fight Director
Sound Designer
Lighting Designer
Designer
Director

by Howard Brenton
Olivier 4 March

Jeannette Nelson

Sound Designer
Music
Lighting Designer
Costume Designer
Set Designer
Director

by Bernard Shaw
Travelex £10 Tickets

by Howard Brenton

by Bernard Shaw

by Alan Bennett

by Lin Coghlan

by Dennis Kelly

by Roy Williams

by Dennis Kelly

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show musicians

Michaela Tate
Jonathan Taylor
Ashley Taylor-Rhys
Giles Terera
Ellen Thomas
Michael Thomas
Rosie Thomson
Paul Thomson
Jason Thorpe
Alex Tioche
Harry Trebilcock
Stanley Townsend
Susie Trayling
Luka Trueman
Tim Van Eyken
Alex Vann
Zubin Varla
Michael Vince
Julian Wadham
Ross Walton
Agatha Walcott
Zoe Wanamaker
Howard Ward
Niki Wardley
Dan Warrington
Jason Watkins
Steven Webb
Mark Weinman
Niccolò Welburn
Julia West
Archie Whyte
Alan Williams
Andy Williams
Jack Williams
Lia Williams
Olivia Williams
Ruth Wilson
Simon Wilson
Terence Wilton
Lizzi Wisniewski
Claire Wispsar
Andrew Woodall
Kirsty Woodward
Sarah Woodward
Matthew Woodytatt
Henry Woolf
Angus Wright
Tristram Wymark
Rupert Young

NT education and training

February 2008 saw the culmination of a three-year programme for young asylum-seekers in the production of Philip Ridley's specially commissioned play Feathers in the Snow, which enabled participants to explore issues of creativity, acceptance and identity by developing a creative and social network with other young South Londoners. We also collaborated with Barbican Theatre Company on several residencies in special schools in London which took the themes and story of War Horse as a creative starting point for students' own artistic development. Students were able to work and interact with the actors and puppets from the production on the Olivier stage.

2007-08 was a period of great change, both in the re-defining of NT Education's work and role within the National Theatre, and in the re-structuring of the department. The impact of this change and growth are due be felt more strongly as the year 2008 progresses when we celebrate these ideas as part of our launch when we become...
Platforms is an eclectic programme of events taking place across the National’s three auditoriums before the main shows. In 2008, the series included appearances by Alan Bennett, Jeanette Winterson, Lynne Truss, Sue Townsend, Peter Nichols at 80, John Mortimer, Michael Billington, Miriam Karlin, Germaine Greer, Patrick Marber on a decade of Closer, Oliver Ford Davies on Shakespeare, John Barrowman, David Attenborough, Michael Holroyd on Shaw, Claire Tomalin, and Kathleen Turner. The phenomenal success of War Horse was marked by six Platforms including Michael Morpurgo (twice), Handspring Puppet Company on the process of creating Joey, and a First World War poetry reading.

Michael Pennington gave us a personal perspective on Shakespeare in his one-man show, Sweet William; the Polish company Teatr Biuro Podróży reflected on the premiere of their version of Heart of Darkness; Christopher Biggins celebrated the unique talent of Les Dawson; the cast of Present Laughter read a selection of Coward’s letters; Ian Hislop and friends shared An Evening with Private Eye; On Valentine’s Day, Celia Johnson’s daughter Lucy Fleming discussed her mother’s most romantic role, in Brief Encounter – followed by a free screening of the film on the fly tower; and Simon Russell Beale performed a beautiful and moving selection from AE Housman’s A Shropshire Lad.

Playreadings included Alex Jennings and Harriet Walter in Coward’s Dial Life (complete with Banbury cakes) and Jennings again in Coward’s The Astonished Heart with Nancy Carroll and Kate Duchêne. Conflicts and Confrontations was a series of five contemporary plays from Israel, presented in a collaboration with the Habimah National Theatre of Israel. Guests for the ‘In Conversation’ summer series were Zoé Wanamaker, Stephen Moore, Anne-Marie Duff and Paterson Joseph. In the annual Theatre Quiz, Present Laughter beat a team from War Horse, with Emma Freud asking the questions and some very ‘creative’ scoring by Kwame Kwei-Armah.

The National’s outdoor summer festival of theatre, music, film and spectacle began with a weekend of cycling events to celebrate the arrival of the Tour de France in London – The Bicycle Ballet featured a number of staff members on their bikes in the corps-de-ballet. A water and pyrotechnic finale provided the climax of Storm Bringer, a truncated version of The Tempest by British company Avanti Display. The Polish company Teatr Biuro Podróży premiered their adaptation of Joseph Conrad’s Heart of Darkness. The National hosted its first ever Bingo Night with retired music hall artiste Ida Barr calling the numbers and leading the hokey-cokey. Ragroof Theatre delighted audiences with their lively history of social dance, Addictive TV whipped up a storm with their cool audiovisual VJ set on the flytower and the Bollywood Dream Dancers delighted the crowds in their spangely bikinis. All-female acrobatic company Mimbre performed their brand new show, The Bridge, in the Square overlooked by the source of their inspiration, Waterloo Bridge aka the Ladies’ Bridge. The Whalley Range All Stars enchanted with an animated compost heap and Periplum took the audience on a medieval walkabout for their fire and stilt spectacular, Arquiem.

Musical highlights included Cuban salsa from the Sugar Kings, Ballroom night with The Jay Craig Orchestra, veteran Egyptian rhythms from El Tanbura and the scintillating Sicilian Nakara.

The National co-commissioned new productions by UK companies Mimbre, Periplum, The World Famous, Stickleback Plasticus and Bash Street Theatre. Despite miserable weather, the festival soldiered on through a flooded Theatre Square to produce over 150 events.

Watch This Space 2007 was supported by the European Commission Representation in the UK, the Polish Cultural Institute, and The London Paper.
There were 320 free concerts, of which 43 were given by new bands and soloists. As in recent years, a host of new and established talent from the UK and around the world appeared on Concert Pitch.

To name but a few… 20-something English folk duo The Askew Sisters highlighted the resurgence of this genre among the young, with country folk singer-songwriter Callaghan, pop-folk Cara Winter and all-female Welsh group Forestbrook. Clara Sanabras (who also appeared in Much Ado About Nothing) brought her Catalan-tinged music and band; The Germaniaxx stunned the audience with saucy-but-fun fully costumed German cabaret songs; and the Witches of Elswick amused with twisted tales from the English Traditional songbook. Brixtonian Errol Linton brought his brand of South London Blues and Reggae; Irish Lily Neill beautifully played her funky harp music; Mediva from Switzerland and Italy re-enacted Medieval music on period instruments; and Taeko Kunishima on piano with Clive Bell on shakuhachi intrigued with a blend of jazz and meditative sounds of Japanese Buddhism. Cuban Leo Duany Y Su Cuarteto charmed with salsa and son; the Ensemble Oríol from Venezuela and Colombia entranced with South-American folk rhythms played on harp, cuatro guitar and percussion; Jandira Silva was admired for her authentic Brazilian repertoire; and Matices Latinos made them all dance to salsa, lambada and merengue at the New Year’s Eve Party.

Publications: support and add background to the NT and the productions in its repertoire. Programmes for the 23 new and visiting productions this year included specially commissioned articles from historians Robert Service, Christopher Lee, John Stokes and Hew Strachan; dramatists Joe Penhall, Matt Charman, Andrew Upton, and Samuel Adamson; social commentators Lisa Appignanesi, Joy Leary, Philip Hensher and Gary Young; biographers Victoria Glendinning and Christopher Bigby; film writer David Thomson; and other experts, including Oliver Taplin, Peter Holland, and Roy Hattersley.

The National’s programmes for The History Boys and Rafta, Rafta… were sold on tour. In collaboration with NT Education, the magazine StageWrite and background packs and on-line material were produced to support most of the productions in the repertoire.

Two new books were published this year with Oberon Books: The Horse’s Mouth by Mervyn Millar and Actors Speaking. As a puppeteer and member of the cast of War Horse, Millar was able to provide a unique insight into the production. Actors Speaking comprises transcripts of conversations recorded from the NT Studio in the 1980s with leading actors of the day, introduced by Peter Gill. A new complete history of the National Theatre, by Daniel Rosenthal, is being prepared for publication in 2009 by Oberon.

All NT Publications are on sale at the NT Bookshop.
As anyone who has ever moved into a new home knows, the moment you are given the keys is tremendously exciting – it’s literally opening a door to the future. Just so for the Studio, which moved back into its newly-refurbished building on The Cut in November 2007. Haworth Tompkins’ sensitive re-imagining of the building preserves all the best-loved elements of the Studio’s heritage, and yet the building now offers three modern workshop spaces for project development, and a greatly extended capacity to house artists who are working on new ideas. Shortly after the re-opening, the Studio appointed an Associate, who has taken on responsibility for the selection and management of the National’s Staff Directors, and whose role finally brings all the strands of the NT’s work with emerging directors together under one roof.

The Studio both supports the repertoire of the NT and seeks to bring on the theatre talent of the future. This year, the Studio contributed to the realisation of The Revenger’s Tragedy directed by Melly Still, Statement of Regret by Kwame Kwei-Armah, Katie Mitchell’s productions of Women of Troy and Some Trace of Her, and Happy Now? by Lucinda Coxon, and is continuing to develop a number of new plays and musical projects that will be announced in the coming year. At the same time, the Studio was able to support projects outside the work of the NT, including England (Tim Crouch), Ravenhill for Breakfast (Traverse Theatre & Paines Plough), 2000 Feet Away by Antony Weigh (Bush Theatre), Stockholm by Bryony Lavery (Frantic Assembly), and new and ongoing projects by Jasmin Vardimon Dance Company, Toby Clarke, Deborah Hay, Jonathan Munby, Joy Wilkinson, Helen Eastman, James Kerr and others.

During 2007-08 the following artists joined the Studio on attachment: Lydia Adetunji, Gurpreet Bhatti, Serdar Bilis, Toby Clarke, Adam Cross, John Donnelly, Ben Ellis, Elizabeth Freestone, George Gotts, Meng Jing Hui, Elfyn Jones, Shon Dale Jones, Kirsty Housley, Charlotte Keatley, Oni Faida Lampley, Deborah Hay, Jonathan Munby, Joy Wilkinson, Helen Eastman, James Kerr and others.

The new Studio is dedicated to the memory of Max Rayne, NT Chairman from 1971 to 1988.
NT archive

The archive exists to provide access to materials documenting the history of the National Theatre for staff, academics and the public. The collection covers the period from the inception of the company in 1963 to the present day, but our collections also stretch back to the late 19th century to document the movement to found a national theatre. The Archive staff conduct cataloguing and preservation work, provide a public enquiry and photographic library service, run the Archive research room, the National’s filming programme and podcast service.

Major Projects
During 2007-08 two major projects dominated the work of the archive: moving the collection to its new home at the NT Studio and developing an innovative digital archive service. Working closely with the architects Haworth Tomkins over three years we have gained, in the refurbishment of the NT Studio, attractive research and screening areas and a state-of-the-art home for our historic and growing collections. The second of these projects was the development of the National Theatre Digital Archive (NTDA), a gateway to access the National’s rich archive collections in digitised form. Available to the public since opening in January, this on-demand service is available to everyone, free of charge, for both scholarly research and Platform recordings.

The Collection
Video recordings continue to be the most requested items in the collection; the growing demand is satisfied by the high quality recording of our 3-camera filming system and the ease of access allowed by the NTDA carrels. We plan to add to this growing resource of video and audio (productions and Platforms) by reaching further back into the archive, with new digitisation programmes covering our huge photographic archive, manuscript collections and more design and textual material. Following our discussions with designers we have vastly increased our collection of set models.

Grateful thanks to The Foyle Foundation and to all the Archive’s funders and volunteers.

Education work
The incorporation of education and accessible archive facilities within the Studio has created new opportunities for the archive to feed into the Theatre’s educational programming. We are keen to promote the collection as a source of creative stimulus as a new theatre practitioners developing new work at the Studio explore and reflect on material in the collection. The continued success of the Archive’s digitalised procreation room has allowed us to develop a dynamic platform to support the Archive’s research room, the National’s filming programme and podcast service.

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Grateful thanks to The Foyle Foundation and to all the Archive’s funders and volunteers.

Development and fundraising
The National Theatre’s income from ticket sales, trading and public fundraising covers only a proportion of the annual expenditure associated with the range of the National’s activities. Our work can only be fulfilled with additional support from individuals, companies, trusts and foundations.

In 2007-08 the Development team raised just under £2m in annual income. In real terms, without the income from the fundraising gala held every second year, this was modest increase on the previous twelve months.

In addition, a grant of £50,000 was received from the City Bridge Trust towards disabled access at the NT Studio, which successfully completed the capital campaign to refurbish this building. The NT Studio re-opened its doors in November 2007, on time and on budget.

Trusts and Foundations again supported a wide range of projects at the National Theatre with grants of £500,000. The PACCAR Foundation supported the refurbishment of a rehearsal room. The Ingrams Trust continued their support of our education work through a tour of a Midsummer Night’s Dream to primary schools; and the Jack Petchey Foundation supported our work with special needs students around War Horse. The John S Cohen Foundation reached its thirteenth year of support for directors’ bursaries at the NT Studio.

Support from individuals totalled close to £2m, which is due both to a number of significant leadership gifts and to an increasing number of smaller gifts. The continued success of the Archive’s digitalised procreation room has allowed us to develop a dynamic platform to support the Archive’s research room, the National’s filming programme and podcast service.

Grateful thanks to The Foyle Foundation and to all the Archive’s funders and volunteers.

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The National is grateful for the support of the American Associates of the Royal National Theatre

AARNT Board list is on page 71
The Finance and Audit Committee also sits as the Remuneration Committee. At its annual meeting in February it considered the general principles affecting the remuneration packages of the senior management team immediately below the Executive, and the details of the remuneration packages of the Director and the Executive.

The Nominations Committee
The Nominations Committee is appointed by and from the Board and reviews the structure, size and composition of the Board and, in the light of that review, makes recommendations to the Board with regard to the appointment of new members. During the year it was active in the recruitment of new trustees.

Development Council
The Development Council assists in fundraising for the National both generally from year to year and for special projects. Its members, who are mainly co-opted onto the Council, are appointed by the Board for a specific term. It meets at least four times a year and reports regularly to the Board through its chairman.

Education Committee
The Education Committee comprises a blend of Board members and co-opted members who are experts in the field and who meet with the Head of Education and the Executive Director. The Committee provides guidance on the development of NT Education policy, and makes recommendations on policy to the Board. It advises on, and develops with management, strategies for implementing the National’s Education programme through its programmes, and monitors and reviews those programmes.

Royal National Theatre Enterprises Limited is a wholly owned trading subsidiary responsible for some of the National’s trading activities. The National’s Board appoints the directors of RNAE which comprises Board members, external experts and senior members of staff responsible for the trading areas.

DAY TO DAY MANAGEMENT
The review of activities shows that the National has many facets. Each area has a Head of Department who reports to a member of the Executive. In addition to a weekly meeting with the Executive and all the Heads of Department, efficient cross-departmental working is managed through a series of groups meeting on a regular basis. The key decision-making groups include repertoire planning, capital projects, digital projects, enterprises, diversity, environment and health and safety. Two new groups have been set up to steer Master Planning and programme development for the new participation centre.

Communication within the National Communications is key as it aims to engage all its employees and others working at the National in its activities and achievements. All staff are invited to new Board and Executive meetings and are encouraged to contribute. Nicholas Hytner or Nick Starr and information from these meetings and other new developments and policies is available on the National’s intranet.

BEETU, Equity and the Musicians Union are all represented at the National. During the year there was regular consultation with unions and staff as plans and changes to terms and conditions for Sunday opening were negotiated.

Diversity
The National has been developing its diversity action plan. All staff are required to cooperate with the National’s policies and procedures, and to promote diversity, inclusivity and gender parity. In particular, diversity is given to understanding why the National’s workforce is not more representative of the UK population, what progress might be made, and what measures might be taken. Step-Change, a project to give staff the opportunity to develop across the performing arts, has completed a successful first year.

Access
Twenty productions at the National Theatre on the South Bank were audio-described this year for blind and visually impaired people, at a total of 39 performances. Nineteen productions were captioned (11 performances) and audio-described for deaf and partially hearing people. In addition both twenty-five and audio-described for deaf and partially hearing people. In addition both twenty-five and audio-described and one performance. Nineteen productions were captioned (11 performances) and audio-described for deaf and partially hearing people. In addition both twenty-five and audio-described and one performance. Nineteen productions were captioned (11 performances) and audio-described for deaf and partially hearing people. In addition both twenty-five and audio-described and one performance. Nineteen productions were captioned (11 performances) and audio-described for deaf and partially hearing people. In addition both twenty-five and audio-described and one performance. 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Health and Safety
The Health and Safety policy was reissued in January 2008, following a comprehensive review, and refresher training was delivered. The Health and Safety team is closely involved in the key risk areas of the organisation and advises and assists with health and safety aspects of productions, special events, accident investigations and training. Training on safe working at height has been completed and a review of noise levels undertaken.

Reduction of Environmental Impact
The National has been actively involved in seeking ways to reduce its environmental impact and has set itself four targets: to reduce use of electricity and gas by 20% over two years; to reduce CO2 emissions by 60% by 2025; to reduce non-recyclable waste; and to reduce its use of water. A partnership with Philips has provided new energy-saving fittings which, together with engineering solutions, support from the Carbon Trust and practical measures, has delivered savings of 18% gas and 10% electricity at the end of year one.

OTHER STAKEHOLDERS
Arts Council England
The National receives approximately 40% of its funding from Arts Council England. The conditions of funding are set out in a funding agreement (the current agreement covers the three-year period to 2011), and senior representatives from the Arts Council meet with the Executive annually to review activity and discuss future strategy. An Arts Council representative may attend any Board meetings.

Connected Charities
The Royal National Theatre Foundation has objects related to those of the National and makes grants to the NT from time to time. It has 11 trustees, of whom two have a direct connection with the National. It gave £75,000 in 2007-08 for the construction of the Big Wall, in addition to benevolent grants to members and former members of the staff and company.

The American Associates of the Royal National Theatre is an independent 501c3 not-for-profit charity registered in New York. It gave $622,818 in 2007-08 to the National.

A collaboration with Bamboula Theatre Company allowed children with learning difficulties access to War Horse, and regular touch-tours of sets and props were given for blind and partially sighted people
The National achieved a surplus of £93,000 on unrestricted funds for 2007-08 financial year against a budgeted break-even result for the year. This was a good result reflecting strong box office demand at the National Theatre and ticket income sufficiently ahead of budget to fund the costs of bringing forward the opening dates of two new productions into the financial year.

The National started accounting for the impact of cultural exemption on VAT during the financial year. Box office ticket income no longer attracts VAT but the National’s ability to recover VAT on its costs is also restricted. This results in an increase of approximately £2m in income and costs and a broadly neutral impact on the results for 2007-08. Discussions continue with HMRC regarding the impact on 2006-07 and earlier years and no adjustments have been made to anticipate any potential repayment.

Set out below is a summary statement of income and expenditure. It combines the National’s unrestricted income and expenditure (excluding capital) with restricted short-term project funds. This gives a picture of the National’s activity undertaken in the year. The full accounts are set out in SORP 2005 format from page 50 onwards, including longer-term capital project funding and expenditure.

<table>
<thead>
<tr>
<th>Income</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Box office</td>
<td>15,360</td>
<td>14,817</td>
</tr>
<tr>
<td>Impact of cultural exemption</td>
<td>2,056</td>
<td>0</td>
</tr>
<tr>
<td>Trading and other income</td>
<td>8,306</td>
<td>8,210</td>
</tr>
<tr>
<td>Fundraising</td>
<td>4,891</td>
<td>5,050</td>
</tr>
<tr>
<td>ACE grants</td>
<td>18,362</td>
<td>18,029</td>
</tr>
</tbody>
</table>

Expenditure

<table>
<thead>
<tr>
<th>Expenditure</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production costs</td>
<td>33,789</td>
<td>32,235</td>
</tr>
<tr>
<td>Impact of cultural exemption</td>
<td>2,042</td>
<td>0</td>
</tr>
<tr>
<td>Research</td>
<td>1,147</td>
<td>2,073</td>
</tr>
<tr>
<td>Amplification</td>
<td>1,519</td>
<td>964</td>
</tr>
<tr>
<td>Trading</td>
<td>5,856</td>
<td>5,582</td>
</tr>
<tr>
<td>Fundraising</td>
<td>1,111</td>
<td>1,296</td>
</tr>
<tr>
<td>Governance</td>
<td>169</td>
<td>190</td>
</tr>
</tbody>
</table>

Transfers

<table>
<thead>
<tr>
<th>Transfers</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Use of restricted project funds</td>
<td>7</td>
<td>245</td>
</tr>
<tr>
<td>Capital and maintenance fund</td>
<td>(1,358)</td>
<td>(3,378)</td>
</tr>
</tbody>
</table>

Net surplus on unrestricted operations fund 93 167
Box Office Income
The National uses attendances and number of productions as key performance indicators. The table below shows the five-year results.

<table>
<thead>
<tr>
<th>Year</th>
<th>Olivier</th>
<th>Lyttelton</th>
<th>Cottesloe</th>
<th>Total</th>
<th>Attendance % of Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003-04</td>
<td>356</td>
<td>375</td>
<td>107</td>
<td>731</td>
<td>91%</td>
</tr>
<tr>
<td>2004-05</td>
<td>375</td>
<td>304</td>
<td>98</td>
<td>775</td>
<td>94%</td>
</tr>
<tr>
<td>2005-06</td>
<td>302</td>
<td>268</td>
<td>93</td>
<td>663</td>
<td>84%</td>
</tr>
<tr>
<td>2006-07</td>
<td>378</td>
<td>248</td>
<td>96</td>
<td>722</td>
<td>85%</td>
</tr>
<tr>
<td>2007-08</td>
<td>391</td>
<td>246</td>
<td>93</td>
<td>730</td>
<td>87%</td>
</tr>
</tbody>
</table>

The number of performances in the Lyttelton was lower year on year resulting from a closure of that theatre for two weeks for planned maintenance.

The Travelex £10 Season in the Olivier was again very successful, drawing in an audience of 90% capacity. The biggest earner for the year though was War Horse which took £2.3m at the box office, played to an audience of over 100,000 and achieved 99% occupancy. There was very strong demand from under-18s for this production in particular but also across the repertoire. 85,500 under-18s attended, representing 12% of total audiences but only 8% of total revenue, reflecting the impact of concessional prices offered to this age group.

The number of performances in the Lyttelton was lower year on year resulting from a closure of that theatre for two weeks for planned maintenance.
The refurbishment of the National Theatre Studio was completed in October 2007 and it was reoccupied in November. The refurbishment cost £8m and was fully funded from a blend of individual gifts, foundations and closing campaign gifts of £2.5m each from the Royal National Theatre Foundation and the Arts Council. The cost of refurbishment has been capitalised in fixed assets and the funding is held in a separate restricted reserve which will be released to match future depreciation. Research activity continued throughout the refurbishment period but there was a short full during the period of reoccupation of the Studio resulting in a year-on-year reduction in cost.

Amplification
Spend in this area increased to £1.5m. In addition to the annual outdoor theatre programme, Watch This Space, the National has increased spend on web and digital work which was supported with pro bono consultancy valued at £100,000, and has received free energy efficient lighting fittings to a value of £265,000 used to replace those lighting the exterior of the building.

Support Costs
Support costs cover expenditure on front-of-house staff responsible for the audience; marketing, box office and press; management and maintenance of the building including insurance and energy costs; and finance, personnel and IT. These costs are allocated against the activities listed above. Year-on-year costs grew by just under 5% to £10.7m, the above inflation increase arising in building maintenance costs including spend on utilities.

Capital Expenditure
Total capital expenditure for the year was £5.6m. Of this, £3.3m was spent on the refurbishment of the National Theatre Studio, £2.3m was funded from the National’s designated buildings and equipment fund and a further capital expenditure of £0.3m was funded from the remaining balance of the National’s 1996 lottery award. Spend through the designated maintenance fund included £0.7m on technical equipment for the theatres, £0.6m on improvements front-of-house and £1.1m backstage expenditure. The annual transfer from the operations fund to the designated fund was £1.35m compared with £2.4m in 2006-07 (the prior year transfer having been boosted by receipts from The History Boys). A target of £2m pa has been set in order to meet the National’s short term capital expenditure plans. This is explained in some more detail below in the policy for the buildings and equipment designated fund.

RESERVES AND OTHER FINANCIAL POLICIES

Unrestricted Operations Fund
The policy for budgeting annual income and expenditure is, taking account of the level of grant received from the Arts Council, to seek each year to match income and expenditure, and to avoid accumulating a deficit, so that the National is able to continue successfully its present quantum and quality of operations.

Unrestricted reserves have now reached their target level of £1m. This sum has been determined by the Trustees as the target level of unrestricted reserves required to maintain financial stability on an on-going basis. It is recognized that there is particular uncertainty around box office receipts and £0.5m is held to recognise the volatility in box office revenue as between budget and actual out-turn and £0.5m reflects the impact that the unexpected and therefore unplanned replacement of a major piece of capital equipment would have on the charity.

Buildings and Equipment Designated Fund
The policy is to ensure that sufficient money is set aside in the reserve so that over a three year period the National is able to maintain and renew the building in accordance with its rolling capital plan. The plan is in balance for 2008-09 but capital expenditure for 2009- 10 and 2010-11 is currently in excess of the sum which could be reasonably anticipated to be covered from normal profit and loss and fundraising is underway to tackle this issue and consider longer-term capital needs as part of a masterplanning process.

Restricted Funds
These are funds which have been earmarked by the donor for specific purposes within the overall aims of the organisation. The funds are analysed between long term and short term; long term being mostly for capital purposes and short term for project activity, as set out in note 10 to the accounts. Short term will be spent in full in the next 18 months and, where there is a deficit, this will be covered by future restricted income. The balance on the long-term capital funds represents funds received from donors to purchase fixed assets less the depreciation charged on an annual basis. Over time these reserves will reduce to zero as the assets are fully depreciated.

Investment Policy
The policy is to hold investments in liquid funds so that they are available to meet projected cash flow needs. In selecting suitable cash deposits the policy is to maximise the return and maintain low transaction costs whilst ensuring high levels of capital security by minimising credit risk, and minimising interest rate risk. Deposits and interest rates are reviewed each time the Finance and Audit Committee meets and at 30 March 2008 the cash deposits were spread equally between two major clearing banks. The bank interest earned for the year was £492,000 (2006-07: £457,000). The policy is reviewed on an annual basis.

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

Financial Risk Management
The following statements summarise the Board’s policy in managing identified forms of financial risk.

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

Lisa Burger
Finance Director

Research and Development
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Lisa Burger
Finance Director
Trustees’ Transactions
From time to time, members of the Board or persons connected with them enter into transactions with the National in the normal course of business of both parties. Such transactions are conducted on an arm’s length basis, on normal commercial terms, and are in accordance with the specific provisions of clause 5 of the Memorandum of Association. It is the Board’s policy that they should be disclosed to and approved by the Board.

Board members
Board members at the date of this Report are listed on the opening page. All Board members who served during the year under review were: Anjali Arya (until 28 January 2008), Sir Hayden Phillips GCB DL, Susan Chinn, Lloyd Dorfman CBE (appointed 20 April 2007), Nicola Horlick (retired 23 July 2007), Rachel Lomax, Neil MacGregor, Caragh Merrick, Caro Newling (sabbatical 1 January 2008 to 1 January 2009), André Ptaszynski, Philip Pullman, Rt Hon Lord Smith of Finsbury, Edward Walker-Arnott, and Nicholas Wright.


Statement of Trustees’ Responsibilities in Respect of the Annual Report and the Financial Statements
The Trustees are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The Trustees are responsible for preparing financial statements for each financial year which give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the company and group and of the profit or loss of the charity and group for that period. In preparing those financial statements, the Trustees are required to:
• Select suitable accounting policies and then apply them consistently;
• Make judgments and estimates that are reasonable and prudent;
• State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Trustees confirm that they have complied with the above requirements in preparing the financial statements.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 1985, the Statement of Recommended Practice ‘Accounting and Reporting by Charities 2005’ and the governing document. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charity’s website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each Trustee confirms that:
• In so far as the Trustee is aware, there is no relevant audit information of which the National’s auditors are unaware;
• The Trustee has taken all the steps he/she ought to have taken as a Trustee in order to make himself/herself aware of any relevant audit information and to establish that the National’s auditors are aware of that information.

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

The information set out in the preceding pages forms the Directors’ report for the Royal National Theatre for the 52 weeks ended 30 March 2008.

By order of the Board

Sir Hayden Phillips, Chairman
28 August 2008
We have audited the group and parent charity financial statements (“the financial statements”) of the Royal National Theatre for the year ended 30 March 2008 which comprise the Group Statement of Financial Activities, the Group and Charity Balance Sheets, the Group Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective Responsibilities of Trustees and Auditors
The responsibilities of the trustees (who are also the directors of the Royal National Theatre for the purposes of company law) for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees’ Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the charitable company’s members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Trustees’ Report is consistent with the financial statements. In addition we report to you if, in our opinion, the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees’ remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises the Trustees’ Report, the Chairman’s Statement and the Operating and Financial Review. We consider the implications for our report if we become aware of any apparent misstatements within it or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of Audit Opinion
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group and charitable company’s circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion
In our opinion:
• the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group’s and the parent charitable company’s affairs as at 30 March 2008 and of the group’s incoming resources and application of resources, including the group’s income and expenditure and cash flows, for the year then ended;
• the financial statements have been properly prepared in accordance with the Companies Act 1985; and
• the information given in the Trustees’ Report is consistent with the financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
28 August 2008
The financial statements were approved by the Board of Directors on 28 August 2008 and signed on its behalf by:

Sir Hayden Phillips  
Chairman

Edward Walker-Arnott  
Director
### CONSOLIDATED CASH FLOW STATEMENT

<table>
<thead>
<tr>
<th>Note</th>
<th>£'000</th>
<th>£'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash inflow from operating activities</td>
<td>6,355</td>
<td>4,671</td>
</tr>
<tr>
<td>Returns on investment: interest received</td>
<td>438</td>
<td>466</td>
</tr>
<tr>
<td>Capital expenditure and financial investment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payments to acquire fixed assets</td>
<td>(6,635)</td>
<td>(4,886)</td>
</tr>
<tr>
<td>Payments to acquire fixed asset investments</td>
<td>(200)</td>
<td>0</td>
</tr>
<tr>
<td>TOTAL capital expenditure and financial investment</td>
<td>(6,835)</td>
<td>(4,886)</td>
</tr>
<tr>
<td>Management of liquid resources</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase in short term deposits</td>
<td>(86)</td>
<td>(80)</td>
</tr>
<tr>
<td>Decrease in cash in the year</td>
<td>(128)</td>
<td>(549)</td>
</tr>
</tbody>
</table>

### ii ANALYSIS OF NET CASH RESOURCES

| | As at 1 April 2007 | Cashflow | As at 30 March 2008 |
|—— | ———- | ———- | ———- |
| | £'000 | £'000 | £'000 |
| Cash in hand | 7,842 | (128) | 7,714 |
| Short term deposits | 850 | 86 | 886 |
| TOTAL | 8,642 | (42) | 8,600 |

Included within cash are amounts held in instant access high-interest deposit accounts with different banking institutions.

### iii RECONCILIATION OF NET CASHFLOW TO MOVEMENT IN NET FUNDS

| | 2008 | 2007 |
|—— | ———- | ———- |
| Decrease in cash in the year | (128) | (549) |
| Cash outflow from increase in liquid resources | 86 | 80 |
| Movement in net funds in the year | (42) | 251 |
| Net funds at 1 April 2007 | 8,642 | 8,391 |
| Net funds at 30 March 2008 | 8,600 | 8,642 |
1. PRINCIPAL ACCOUNTING POLICIES

A  BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards, the Companies Act 1985, and the recommendations of the Statement of Recommended Practice “Accounting and Reporting by Charities” (“the SORP”) issued in March 2005. The principle accounting policies adopted in the preparation of the financial statements are set out below.

B  CONVENTION

The financial statements are presented in Sterling rounded to the nearest thousand.

C  GROUP FINANCIAL STATEMENTS

The Group financial statements consolidate those of the Royal National Theatre (“the National” or “the NT”) and its non-charitable trading subsidiary, Royal National Theatre Enterprises Limited (see note 20, page 65). The results of the trading subsidiary have been incorporated on a line by line basis. Transactions and balances outstanding between the entities are eliminated on consolidation.

A separate statement of financial activities and income and expenditure account are not presented for the Charity itself as permitted by Section 230 of the Charities Act 2006. The income and expenditure account are not presented in accordance with the Statement of Financial Activities on maturity of the performance or event. Income from exploitations and rights, and other sundry income, is recognised on a receivable basis. Income from the mailing list is recognised on a receivable basis.

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

F  STOCKS

Stock held by the National’s trading subsidiary comprises catering, bookshop and programme supplies for resale. Other stock (“production stock”) comprises consumables for use in the making of sets and costumes.

All stock is valued at the lower of cost and realisable value. Cost is based on the latest purchase price for catering, bookshop and programme stock, and on average cost for production stock.

D  LEASE OF THE NATIONAL

The National holds a lease on its building from its freeholder, Arts Council England, at a peppercorn rent. This lease expires in 2138. Under the terms of the lease, the National is responsible for maintaining the fabric of the building and its mechanical and electrical equipment. In order to meet this obligation, funds are being transferred from the National’s own resources, namely the operations fund, to a buildings and equipment reserve (see note 20, page 65).

E  FIXED ASSETS AND DEPRECIATION

Fixed assets are held at cost less accumulated depreciation within the relevant fund. Only assets over £1,000 are capitalised. Depreciation is provided on a straight line basis to write off the assets over their anticipated useful economic lives and is charged to the relevant fund as follows:

- Freehold property – 50 years (excluding land, which is not depreciated)
- Leasehold improvements – 10 years
- Equipment – 3 years

Donated assets are stated at the value to the National Theatre.

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

G  COST OF NEW PRODUCTIONS NOT YET OPENED

The materials cost of new productions and associated creative team fees are carried forward on the balance sheet until they are expensed on the date of the first performance to a paying public audience. Internal labour and rehearsal costs are expensed as incurred.

H  INCOMING RESOURCES

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

Voluntary Income

Voluntary income comprises all incoming resources from sponsorships, donations, legacies, grants and membership subscriptions. Voluntary income is recognised in the appropriate fund on a receivable basis and when any conditions for receipt are met. Where donor imposed conditions require that the resource is expended in a future accounting period, income is recorded as deferred income at the balance sheet date.

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

Gift aid is included in the accounts based on amounts recoverable at the balance sheet date.

Goods and services received in kind are included in the financial statements where material.

Activities for Generating Funds

Activities for generating funds comprises income generated by Royal National Theatre Enterprises Limited from trading activities. Income is recognised on a receivable basis.

Incoming Resources from Charitable Activities

Incoming resources from charitable activities comprises:

Box office income:  
- income from performances at the South Bank  
- income from touring activities (excluding grants)

Ticket sales for productions which have transferred to the West End under direct NT management

All other income:

- income from NT Education projects  
- exploitations and rights, mailing list subscription and other sundry income

Box office income and income generated by NT Education projects is recognised in the Statement of Financial Activities on maturity of the performance or event. Income from exploitations and rights, and other income, is recognised on a receivable basis. Income from the mailing list is recognised on a straight line basis over the period of subscription.

Investment Income

Investment income comprises interest receivable on cash balances and short-term deposits. Interest receivable is credited to funds in proportion to cash holdings.

I  RESOURCES EXPENDED

All expenditure is accounted for on an accruals basis and is classified under the relevant activity within the Statement of Financial Activities. Resources expended which relate directly to the National’s charitable objectives are analysed between:

- Performances at the South Bank or elsewhere under direct management

National Theatre Annual Review 2007-08
3. VOLUNTARY INCOME - ANALYSIS BY FUND TYPE

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£’000</td>
<td>£’000</td>
<td>£’000</td>
<td>£’000</td>
<td>£’000</td>
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<tr>
<td>Arts Council England:</td>
<td></td>
<td></td>
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<tr>
<td>Revenue grant</td>
<td>17,708</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>17,708</td>
</tr>
<tr>
<td>Touring grants</td>
<td>515</td>
<td>68</td>
<td>0</td>
<td>0</td>
<td>593</td>
</tr>
<tr>
<td>Capital and other grants</td>
<td>0</td>
<td>79</td>
<td>0</td>
<td>992</td>
<td>1,071</td>
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<tr>
<td></td>
<td>18,223</td>
<td>139</td>
<td>0</td>
<td>992</td>
<td>19,354</td>
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<tr>
<td>Other voluntary income:</td>
<td></td>
<td></td>
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<tr>
<td>Performances</td>
<td>677</td>
<td>152</td>
<td>0</td>
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<tr>
<td>Education</td>
<td>0</td>
<td>849</td>
<td>0</td>
<td>0</td>
<td>849</td>
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<tr>
<td>Research &amp; development</td>
<td>0</td>
<td>85</td>
<td>0</td>
<td>0</td>
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<td>0</td>
<td>254</td>
<td>0</td>
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<td>Long-term projects</td>
<td>0</td>
<td>0</td>
<td>116</td>
<td>2,621</td>
<td>2,737</td>
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<tr>
<td>General activity</td>
<td>2,674</td>
<td>0</td>
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<td>0</td>
<td>2,674</td>
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<tr>
<td></td>
<td>3,551</td>
<td>1,340</td>
<td>116</td>
<td>2,621</td>
<td>7,628</td>
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<tr>
<td>TOTAL voluntary income</td>
<td>21,774</td>
<td>1,479</td>
<td>116</td>
<td>3,613</td>
<td>26,362</td>
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</table>

3. VOLUNTARY INCOME - ANALYSIS BY INCOME TYPE

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<tr>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td></td>
<td>£’000</td>
<td>£’000</td>
<td>£’000</td>
<td>£’000</td>
<td>£’000</td>
</tr>
<tr>
<td>Arts Council England:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Sponsorship</td>
<td>0</td>
<td>0</td>
<td>19,354</td>
<td>19,354</td>
<td>18,876</td>
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<tr>
<td>Donations, subscriptions &amp; legacies</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<td>0</td>
<td>0</td>
<td>19,354</td>
<td>19,354</td>
<td>18,876</td>
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<tr>
<td>Performances</td>
<td>864</td>
<td>165</td>
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<td>0</td>
<td>1,029</td>
</tr>
<tr>
<td>Education</td>
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<td>215</td>
<td>246</td>
<td>949</td>
<td>619</td>
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<tr>
<td>Research &amp; development</td>
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<td>44</td>
<td>41</td>
<td>85</td>
<td>78</td>
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<td>Amplification</td>
<td>206</td>
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<td>38</td>
<td>254</td>
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<td>Long-term projects</td>
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<td>2,193</td>
<td>280</td>
<td>2,737</td>
<td>1,249</td>
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<td>General activity</td>
<td>78</td>
<td>2,096</td>
<td>0</td>
<td>2,674</td>
<td>3,709</td>
</tr>
<tr>
<td></td>
<td>1,800</td>
<td>5,223</td>
<td>609</td>
<td>7,628</td>
<td>6,299</td>
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<td>TOTAL voluntary income</td>
<td>1,800</td>
<td>5,223</td>
<td>19,919</td>
<td>26,362</td>
<td>25,175</td>
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</table>
4. TOTAL INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

<table>
<thead>
<tr>
<th></th>
<th>2008 £’000</th>
<th>2008 £’000</th>
<th>2007 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Theatre box office</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Olivier*</td>
<td>5,944</td>
<td>5,944</td>
<td>5,238</td>
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<tr>
<td>Lyttelton*</td>
<td>4,387</td>
<td>4,387</td>
<td>4,463</td>
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<tr>
<td>Cottesloe*</td>
<td>1,416</td>
<td>1,416</td>
<td>1,490</td>
</tr>
<tr>
<td>Impact of VAT exemption</td>
<td>2,056</td>
<td>2,056</td>
<td>0</td>
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<tr>
<td>Total</td>
<td>13,803</td>
<td>13,803</td>
<td>11,791</td>
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<tr>
<td>Touring - England &amp; Wales</td>
<td>1,101</td>
<td>1,101</td>
<td>1,272</td>
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<tr>
<td>Touring - other countries</td>
<td>553</td>
<td>553</td>
<td>100</td>
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<tr>
<td>Other box office</td>
<td>1,959</td>
<td>1,959</td>
<td>2,254</td>
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<tr>
<td>Exploitation and rights</td>
<td>332</td>
<td>332</td>
<td>967</td>
</tr>
<tr>
<td>Education</td>
<td>587</td>
<td>587</td>
<td>439</td>
</tr>
<tr>
<td>Other</td>
<td>515</td>
<td>515</td>
<td>450</td>
</tr>
<tr>
<td>Total incoming resources from charitable activities</td>
<td>18,850</td>
<td>18,850</td>
<td>16,673</td>
</tr>
</tbody>
</table>

*Box office income in 2007 is shown net of output VAT charged on ticket sales. Under cultural exemption, in 2008, box office income is accounted for gross. The benefit is reported as a separate line above to assist comparison with prior years. The impact on recovery of input tax is reported as an additional cost under charitable activity (see note 5). Further details are given in note 24. Touring income includes co-production & touring fees where appropriate.

5. COSTS OF CHARITABLE ACTIVITY

<table>
<thead>
<tr>
<th></th>
<th>2008 £’000</th>
<th>2008 £’000</th>
<th>2007 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted direct costs</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Unrestricted support costs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total costs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restricted direct costs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total costs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct costs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Performances - NT</td>
<td>21,591</td>
<td>9,490</td>
<td>31,481</td>
</tr>
<tr>
<td>Performances - touring</td>
<td>1,918</td>
<td>177</td>
<td>2,095</td>
</tr>
<tr>
<td>Education</td>
<td>862</td>
<td>338</td>
<td>1,000</td>
</tr>
<tr>
<td>Research &amp; development</td>
<td>750</td>
<td>279</td>
<td>1,029</td>
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<tr>
<td>Amplification</td>
<td>673</td>
<td>483</td>
<td>1,156</td>
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<tr>
<td>Depreciation and related costs</td>
<td>26,194</td>
<td>10,767</td>
<td>36,981</td>
</tr>
<tr>
<td>Non recoverable VAT and related costs</td>
<td>2,042</td>
<td>0</td>
<td>2,042</td>
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<tr>
<td>Total costs of charitable activity</td>
<td>28,236</td>
<td>10,767</td>
<td>39,003</td>
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6. ANALYSIS OF SUPPORT COSTS

<table>
<thead>
<tr>
<th></th>
<th>2008 £’000</th>
<th>2008 £’000</th>
<th>2007 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Support costs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trading operations</td>
<td>0</td>
<td>229</td>
<td>410</td>
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<tr>
<td>Charitable activities:</td>
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<tr>
<td>Performances – NT</td>
<td>2,674</td>
<td>4,368</td>
<td>2,448</td>
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<tr>
<td>Performances – touring</td>
<td>98</td>
<td>0</td>
<td>79</td>
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<tr>
<td>Education</td>
<td>117</td>
<td>121</td>
<td>100</td>
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<tr>
<td>Research &amp; development</td>
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<td>182</td>
<td>58</td>
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<tr>
<td>Amplification</td>
<td>122</td>
<td>303</td>
<td>58</td>
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<tr>
<td>TOTAL support costs</td>
<td>3,050</td>
<td>4,974</td>
<td>2,743</td>
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<table>
<thead>
<tr>
<th></th>
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<th>2008 £’000</th>
<th>2007 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allocation costs</td>
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<tr>
<td>Operating lease rentals:</td>
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<td>Plant and machinery</td>
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<td>38</td>
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<tr>
<td>Land and buildings</td>
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<td>219</td>
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<tr>
<td>TOTAL</td>
<td>269</td>
<td>258</td>
<td></td>
</tr>
<tr>
<td>Auditors’ remuneration:</td>
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<td></td>
<td></td>
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<tr>
<td>Group audit fee</td>
<td>48</td>
<td>46</td>
<td></td>
</tr>
<tr>
<td>Tax and other fees</td>
<td>10</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>58</td>
<td>48</td>
<td></td>
</tr>
</tbody>
</table>

*Included within the group audit fee is £5,900 (2007: £5,700) in respect of Royal National Theatre Enterprises Limited.


Support costs are allocated using the following bases:
- For Marketing, Front of House, Finance, and IT – Management review of estimated usage
- Personnel – Headcount
- Building Services – Management review of estimated space usage

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59 National Theatre Annual Review 2007-08
7. ANALYSIS OF EXPENDITURE ON PERFORMANCES BY FUND TYPE

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>£'000</td>
<td>£'000</td>
<td>£'000</td>
<td>£'000</td>
</tr>
<tr>
<td>Unrestricted projects</td>
<td>Restricted projects</td>
<td>Total</td>
<td>Total</td>
</tr>
<tr>
<td>National Theatre:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capitalisation &amp; running costs</td>
<td>15,459</td>
<td>113</td>
<td>15,572</td>
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<tr>
<td>Workshops &amp; stages</td>
<td>10,313</td>
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<td>10,313</td>
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<tr>
<td>Producing &amp; direction</td>
<td>5,709</td>
<td></td>
<td>5,709</td>
</tr>
<tr>
<td></td>
<td>31,481</td>
<td>113</td>
<td>31,594</td>
</tr>
<tr>
<td>Touring - England &amp; Wales</td>
<td>1,765</td>
<td>100</td>
<td>1,865</td>
</tr>
<tr>
<td>Touring - other countries</td>
<td>330</td>
<td>0</td>
<td>330</td>
</tr>
<tr>
<td></td>
<td>2,095</td>
<td>100</td>
<td>2,195</td>
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<tr>
<td>TOTAL expenditure on performances</td>
<td>33,576</td>
<td>213</td>
<td>33,789</td>
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8. EDUCATION

Total expenditure on Education projects was funded by:

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<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>£'000</td>
<td>£'000</td>
<td>£'000</td>
<td>£'000</td>
</tr>
<tr>
<td>Unrestricted projects</td>
<td>Restricted projects</td>
<td>Total</td>
<td>Total</td>
</tr>
<tr>
<td>Voluntary income:</td>
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<td></td>
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<tr>
<td>Sponsorship</td>
<td>0</td>
<td>388</td>
<td>388</td>
</tr>
<tr>
<td>Donations</td>
<td>0</td>
<td>215</td>
<td>215</td>
</tr>
<tr>
<td>Grants</td>
<td>0</td>
<td>246</td>
<td>246</td>
</tr>
<tr>
<td>ACE grants</td>
<td>0</td>
<td>43</td>
<td>43</td>
</tr>
<tr>
<td>Attendance fees</td>
<td>587</td>
<td>0</td>
<td>587</td>
</tr>
<tr>
<td>Core funds</td>
<td>613</td>
<td>0</td>
<td>613</td>
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<tr>
<td>Charged/(credited) to accumulated restricted funds</td>
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<td>(186)</td>
<td>(186)</td>
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<tr>
<td>TOTAL</td>
<td>1,702</td>
<td>768</td>
<td>1,906</td>
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</table>

9. RESEARCH & DEVELOPMENT

TOTAL expenditure on R&D

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<tr>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>£'000</td>
<td>£'000</td>
<td>£'000</td>
<td>£'000</td>
</tr>
<tr>
<td>Unrestricted projects</td>
<td>Restricted projects</td>
<td>Long-term</td>
<td>Total</td>
</tr>
<tr>
<td>NT Studio</td>
<td>518</td>
<td>118</td>
<td>75</td>
</tr>
<tr>
<td>Commissioning new scripts</td>
<td>331</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Associates and other research &amp; development</td>
<td>180</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>TOTAL expenditure on R&amp;D</td>
<td>1,029</td>
<td>118</td>
<td>75</td>
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</tbody>
</table>

10. AMPLIFICATION

TOTAL amplification expenditure

<table>
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<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>£'000</td>
<td>£'000</td>
<td>£'000</td>
<td>£'000</td>
</tr>
<tr>
<td>Unrestricted projects</td>
<td>Restricted projects</td>
<td>Total</td>
<td>Total</td>
</tr>
<tr>
<td>Outdoor events &amp; exteriors programme</td>
<td>403</td>
<td>104</td>
<td>507</td>
</tr>
<tr>
<td>Platforms &amp; foyer music</td>
<td>267</td>
<td>0</td>
<td>267</td>
</tr>
<tr>
<td>Archive</td>
<td>203</td>
<td>0</td>
<td>203</td>
</tr>
<tr>
<td>Access</td>
<td>65</td>
<td>30</td>
<td>95</td>
</tr>
<tr>
<td>Digital &amp; other initiatives</td>
<td>198</td>
<td>229</td>
<td>427</td>
</tr>
<tr>
<td>TOTAL amplification expenditure</td>
<td>1,156</td>
<td>363</td>
<td>1,519</td>
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11. STAFF COSTS AND NUMBERS

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
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</thead>
<tbody>
<tr>
<td>Wages and salaries</td>
<td>£24,412</td>
<td>£22,447</td>
</tr>
<tr>
<td>Social security costs</td>
<td>£2,413</td>
<td>£2,268</td>
</tr>
<tr>
<td>Other pension costs</td>
<td>£554</td>
<td>£498</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>£27,379</strong></td>
<td><strong>£25,214</strong></td>
</tr>
</tbody>
</table>

Average numbers employed in the year: *

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actors and musicians</td>
<td>203</td>
<td>170</td>
</tr>
<tr>
<td>Technical and production</td>
<td>305</td>
<td>277</td>
</tr>
<tr>
<td>Trading and front of house</td>
<td>216</td>
<td>223</td>
</tr>
<tr>
<td>Education, touring, NT Studio and other projects</td>
<td>54</td>
<td>50</td>
</tr>
<tr>
<td>Marketing and box office</td>
<td>52</td>
<td>47</td>
</tr>
<tr>
<td>Support services</td>
<td>51</td>
<td>46</td>
</tr>
<tr>
<td>Engineering</td>
<td>26</td>
<td>26</td>
</tr>
<tr>
<td>Fundraising</td>
<td>18</td>
<td>16</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>925</strong></td>
<td><strong>854</strong></td>
</tr>
</tbody>
</table>

As at 30 March 2008, the National employed 484 (2007: 453) staff on permanent full-time contracts and 131 (2007: 118) on part-time contracts. In addition, consistent with the National’s activities as a repertory theatre, 1,115 (2007: 1,110) people were employed on short-term contracts, including actors and musicians during the year.

Pension contributions of £63,984 (2007: £43,238) were made to defined contribution schemes for the above members of staff during the year.

*All staff are employed by the National Theatre and recharged to Royal National Theatre Enterprises Limited where relevant.

12. DIRECTORS’ EMOLUMENTS

No directors of the company or its operational subsidiary received any remuneration during the year or in the previous year. Expenses for travel and entertainment totalling £740 (2007: £246) were incurred by one director wholly and necessarily on the National’s business and were reimbursed during the year.

13. PENSION CONTRIBUTIONS

The National makes payments to defined contribution schemes which are available to all permanent employees on completion of their probationary period. The charge for the period was £554,000 (2007: £493,000) with £53,000 (2007: £84,000) payable at balance date.

14. TAXATION

The National’s charitable activities fall within the exemptions afforded by section 505 of the Income Corporation Taxes Act 1988. The trading subsidiary, Royal National Theatre Enterprises Limited, passes profits on which tax would be payable to the National under a Gift Aid arrangement. Accordingly, there is no corporation tax charge in these accounts. Similarly, because of the Gift Aid, there is no difference in the net movement in funds for the National and the Group as a whole.

15. TANGIBLE FIXED ASSETS - GROUP AND COMPANY

<table>
<thead>
<tr>
<th></th>
<th>Freehold land &amp; buildings £’000</th>
<th>Leasehold improvements £’000</th>
<th>Equipment £’000</th>
<th>Work in progress £’000</th>
<th>Total £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost</td>
<td>As at 1 April 2007</td>
<td>1,100</td>
<td>33,386</td>
<td>14,823</td>
<td>2,975</td>
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<tr>
<td>Additions</td>
<td>3,138</td>
<td>260</td>
<td>2,569</td>
<td>668</td>
<td>6,635</td>
</tr>
<tr>
<td>Disposals</td>
<td>(197)</td>
<td>0</td>
<td>0</td>
<td>(197)</td>
<td>0</td>
</tr>
<tr>
<td>Transfers from work in progress</td>
<td>2,606</td>
<td>113</td>
<td>69</td>
<td>(2,786)</td>
<td>0</td>
</tr>
<tr>
<td>As at 30 March 2008</td>
<td>6,647</td>
<td>33,759</td>
<td>17,461</td>
<td>856</td>
<td>58,722</td>
</tr>
</tbody>
</table>

Depreciation

|          | As at 1 April 2007 | 197                          | 26,824       | 12,742                | 0          | 39,763 |
| Charge for year | 115                      | 1,704                        | 2,338        | 0                    | 4,157      |
| Disposals | (197)                       | 0                           | 0            | (197)                | 0          |
| As at 30 March 2008 | 115                      | 28,528                      | 15,080       | 0                    | 43,723     |

Net book value

|          | As at 30 March 2008 | 6,532                        | 5,231       | 2,381                | 856        | 14,999 |
| As at 1 April 2007 | 903                      | 6,152                        | 2,081       | 2,975                | 12,521     |

In addition to these fixed assets, the NT holds a collection of paintings and manuscripts bequeathed by Somerset Maugham to the NT. No value has been ascribed to the collection in these financial statements. The collection is not held by the National in pursuit of preservation or conservation objectives and accordingly the Directors do not consider that it represents a heritage asset, as defined by the SORP 2005. Accordingly, it is not considered appropriate to recognise any value relating to the collection at this time. The collection is insured for a value of £2,595,700.

16. INVESTMENTS

<table>
<thead>
<tr>
<th></th>
<th>Group 2008 £’000</th>
<th>Company 2008 £’000</th>
<th>Group 2007 £’000</th>
<th>Company 2007 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>20-year gift</td>
<td>200</td>
<td>200</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>200</strong></td>
<td><strong>200</strong></td>
<td><strong>0</strong></td>
<td><strong>0</strong></td>
</tr>
</tbody>
</table>

During the year, the Charity invested £200,000 into a 20-year gift in accordance with the terms of a donation received from a long-term benefactor. At the end of the 20-year term, the capital sum will become available for use by the National Theatre, and interest on the gift accrues to the National.
### 17. STOCK

<table>
<thead>
<tr>
<th></th>
<th>Group Company</th>
<th>Group Company</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2008</td>
<td>2007</td>
</tr>
<tr>
<td>£'000</td>
<td>£'000</td>
<td>£'000</td>
</tr>
<tr>
<td><strong>Goods for resale</strong></td>
<td>224</td>
<td>0</td>
</tr>
<tr>
<td><strong>Consumable items</strong></td>
<td>83</td>
<td>63</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>287</td>
<td>283</td>
</tr>
</tbody>
</table>

### 18. DEBTORS

<table>
<thead>
<tr>
<th></th>
<th>Group Company</th>
<th>Group Company</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2008</td>
<td>2007</td>
</tr>
<tr>
<td>£'000</td>
<td>£'000</td>
<td>£'000</td>
</tr>
<tr>
<td><strong>Trade debtors</strong></td>
<td>901</td>
<td>830</td>
</tr>
<tr>
<td>Due from subsidiary</td>
<td>0</td>
<td>840</td>
</tr>
<tr>
<td>Arts Council revenue grants</td>
<td>21</td>
<td>21</td>
</tr>
<tr>
<td>Arts Council Lottery grants</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Other debtors</strong></td>
<td>484</td>
<td>464</td>
</tr>
<tr>
<td>Prepayments and accrued income</td>
<td>879</td>
<td>770</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>2,285</td>
<td>2,945</td>
</tr>
</tbody>
</table>

### 19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

<table>
<thead>
<tr>
<th></th>
<th>Group Company</th>
<th>Group Company</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2008</td>
<td>2007</td>
</tr>
<tr>
<td>£'000</td>
<td>£'000</td>
<td>£'000</td>
</tr>
<tr>
<td><strong>Trade creditors</strong></td>
<td>2,101</td>
<td>1,752</td>
</tr>
<tr>
<td>Taxation and social security</td>
<td>1,068</td>
<td>650</td>
</tr>
<tr>
<td>Advance bookings</td>
<td>1,761</td>
<td>1,358</td>
</tr>
<tr>
<td><strong>Other creditors and accruals</strong></td>
<td>1,880</td>
<td>1,358</td>
</tr>
<tr>
<td>Prepayments and accrued income</td>
<td>879</td>
<td>770</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>7,825</td>
<td>6,571</td>
</tr>
</tbody>
</table>

### 20. FUNDS

#### UNRESTRICTED

**Operations fund**: £905 (47,496 (46,139) (1,264) 998

**Designated Funds**

- **Building and equipment fund**: £4,660 (1,721) (1,350) 4,450
- **Front of house capital**: £405 (43) 0 410

**TOTAL Designated Funds**: £5,115 (1,691) 1,350 4,865

#### RESTRICTED: Long-term Funds

- **ACE Lottery Fund**: £8,318 710 (2,119) 0 6,909
- **Studio refurbishment fund**: £2,903 2,403 (165) 0 5,141
- **Musical fund**: £188 0 (75) 0 122
- **Other restricted funds**: 0 609 (107) 0 502

**TOTAL Long-term Funds**: £11,409 3,731 (2,466) 0 12,674

#### RESTRICTED: Project Funds

**EDUCATION**

- **New Connections**: £40 414 (249) 0 205
- **Digital**: £42 4 (4) 0 42
- **Secondary & further education**: £0 73 (73) 0 0
- **Interact**: £151 54 (171) 0 88
- **Primary**: £46 112 (158) 0 0
- **City Ambassadors**: £46 45 (90) 0 0
- **Head for Business**: £0 106 (106) 0 0
- **Regeneration**: 7 48 (55) 0 0
- **Other**: £1 24 (3) 0 22

**PERFORMANCE**

- **NT**: £0 113 (113) 0 0
- **Touring**: 0 100 (100) 0 0

**RESEARCH & DEVELOPMENT**

- **Studio projects**: £33 85 (118) 0 0

**AMPLIFICATION**

- **Master planning**: £0 0 (57) 0 (57)
- **Step-Change**: £30 34 (46) 0 19
- **Other amplification**: 0 255 (261) 6 0

**TOTAL Project Funds**: £343 1,479 (1,400) (86) 336

**TOTAL Funds**: £17,772 (2,867) (5,774) 0 15,868

### Notes

- **Deferred income** relates to membership subscriptions and other income recognised over more than one financial year in accordance with the accounting policy stated in note 1H.
- **Deferred income** relates to membership subscriptions and other income recognised over more than one financial year in accordance with the accounting policy stated in note 1H.

---

*National Theatre Annual Review 2007-08*
20. FUNDS (continued)

DESIGNATED FUNDS:

Buildings and Equipment Fund
The buildings and equipment fund is a designated fund set aside by the Board in order to enable monies to be available over the long term for the renewal and maintenance of the National’s buildings and mechanical and electrical equipment in accordance with its lease and obligations under Lottery funding.

£1,350,000 (2007: £2,250,000) was transferred from the operations fund into the buildings and equipment fund during the year. The expenditure for the current period represents depreciation on assets acquired through this fund.

Front-of-house Capital
£500,000 was transferred from the operations fund in 2005 to continue the enhancement of the National’s external spaces. During 2006, £51,000 was spent on the illumination of the building and public spaces and in 2007, £437,000 was spent on the refurbishment of the Lyttelton Café. The fund is now fully drawn down, the remaining balance representing depreciation.

REstricted FUNDS:

ACE Lottery Fund
In accordance with the recommendations of the Arts Council England, monies received by way of capital funding are credited to the modernisation fund. During the year ended 30 March 2008, Lottery grants of £710,000 (2007: £840,000) were credited to the fund in this respect.

The annual depreciation charge for fixed assets acquired through the modernisation fund is charged to the fund in this respect.

Studio Refurbishment Fund
This fund has been created to support a major refurbishment of the NT Studio. Within this fund, a donation from The City Bridge Trust was regarded as Restricted Income towards disabled access.

MUSICAL FUND
This reserve reflects an obligation under a Deed of Covenant with the Mackintosh Foundation to set aside a proportion of income received from exploitation of productions originally funded by a gift from the Mackintosh Foundation for the development of the art of the musical and for future musical productions by the National.

In 2008, £75,000 was drawn down from the Musical Fund as a contribution towards work at the NT Studio (2007: £300,000 towards the NT production of Caroline or Change).

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

PROJECT FUNDS
These represent restricted funds made available for projects generally completed within two years or activities funded on an annual basis. Project funds are classified between Education, NT Studio projects and Amplification, representing the charitable expenditure categories of the NT.

21. ANALYSIS OF NET ASSETS BETWEEN FUNDS

<table>
<thead>
<tr>
<th></th>
<th>Fixed assets</th>
<th>Cash</th>
<th>Other net assets</th>
<th>Total net assets at 30 March 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>UNRESTRICTED:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operations fund</td>
<td>0</td>
<td>5,929(4,931)</td>
<td>998</td>
<td></td>
</tr>
<tr>
<td>Designated:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Building and equipment fund</td>
<td>3,378</td>
<td>1,072</td>
<td>0</td>
<td>4,450</td>
</tr>
<tr>
<td>Front-of-house capital</td>
<td>360</td>
<td>50</td>
<td>0</td>
<td>410</td>
</tr>
<tr>
<td>TOTAL designated funds</td>
<td>3,738</td>
<td>1,122</td>
<td>0</td>
<td>4,860</td>
</tr>
<tr>
<td>RESTRICTED:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ACE Lottery Fund</td>
<td>5,422</td>
<td>1,497</td>
<td>0</td>
<td>6,909</td>
</tr>
<tr>
<td>Studio refurbishment fund</td>
<td>5,663</td>
<td>(522)</td>
<td>0</td>
<td>5,141</td>
</tr>
<tr>
<td>Musical fund</td>
<td>0</td>
<td>122</td>
<td>0</td>
<td>122</td>
</tr>
<tr>
<td>Other restricted funds</td>
<td>176</td>
<td>126</td>
<td>200</td>
<td>502</td>
</tr>
<tr>
<td>TOTAL long-term funds</td>
<td>11,261</td>
<td>1,213</td>
<td>200</td>
<td>12,674</td>
</tr>
<tr>
<td>RESTRICTED: project funds</td>
<td>0</td>
<td>336</td>
<td>0</td>
<td>336</td>
</tr>
<tr>
<td>EDUCATION</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New Connections</td>
<td>0</td>
<td>205</td>
<td>0</td>
<td>205</td>
</tr>
<tr>
<td>Digital</td>
<td>0</td>
<td>42</td>
<td>0</td>
<td>42</td>
</tr>
<tr>
<td>Secondary &amp; further education</td>
<td>0</td>
<td>88</td>
<td>0</td>
<td>88</td>
</tr>
<tr>
<td>Interact</td>
<td>0</td>
<td>88</td>
<td>0</td>
<td>88</td>
</tr>
<tr>
<td>Primary</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>City Ambassadors</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Head for Business</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Innovation &amp; New audiences</td>
<td>0</td>
<td>17</td>
<td>0</td>
<td>17</td>
</tr>
<tr>
<td>Training &amp; development</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Regeneration</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Other</td>
<td>0</td>
<td>22</td>
<td>0</td>
<td>22</td>
</tr>
<tr>
<td>PERFORMANCE</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NT</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Touring</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>RESEARCH &amp; DEVELOPMENT</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Studio projects</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>AMPLIFICATION</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Master planning</td>
<td>0</td>
<td>(57)</td>
<td>0</td>
<td>(57)</td>
</tr>
<tr>
<td>Step Change</td>
<td>0</td>
<td>19</td>
<td>0</td>
<td>19</td>
</tr>
<tr>
<td>Other amplification</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>TOTAL project funds</td>
<td>0</td>
<td>336</td>
<td>0</td>
<td>336</td>
</tr>
<tr>
<td>TOTAL restricted funds</td>
<td>11,261</td>
<td>1,549</td>
<td>200</td>
<td>13,010</td>
</tr>
<tr>
<td>TOTAL funds</td>
<td>14,999</td>
<td>8,600</td>
<td>(4,731)</td>
<td>18,868</td>
</tr>
</tbody>
</table>
22. CAPITAL COMMITMENTS: GROUP AND COMPANY

2008 2007
£’000 £’000
Approved and contracted 402 2,632

Studio 0 2,400
Lighting dimmers 0 232
The Deck 306 0
Sound Desk 56 0
Web 40 0

402 2,632

The amount payable within one year is £402,000 (2007: £2,632,000).

23. RELATED PARTY TRANSACTIONS
Nicholas Wright, a member of the Board, is a playwright. During the year, he was paid royalties of £17,996 (2007: £66,428) in his capacity as writer of the play The Reporter and commissioning fees of £5,296 in consideration for writing a new play for the NT Education New Connections project. £nil (2007: £nil) was payable at balance date. These amounts were consistent with those for a playwright of his standing.

The National has a limited power to enter into transactions with its Trustees. This power is in its governing document, the Memorandum of Association, and it is limited by conditions which protect the interests of the National as a charity. Information regarding connected charities can be found on page 39 of this report.

24. VAT
The National is a culturally exempt organisation under Schedule 9 of the VAT Act 1994 and during the year VAT returns have been submitted on a culturally exempt basis. NT box office income presented in 2008 includes the benefit of cultural exemption relating to ticket sales (£2,056,000), whilst the irrecoverable input VAT and related costs of £2,042,000 (including £639,000 irrecoverable VAT on capital expenditure) is included within expenditure on charitable activities. Comparative figures do not reflect the impact of cultural exemption due to the fact that the NT was not operating cultural exemption prior to 2008. The National Theatre is in discussions with HMRC as to the quantum of the benefit attributable to prior periods. There are some areas of contention. If those areas are ignored, the quantum is approximately £1m and the NT will shortly be putting in an interim claim to recover this amount. It is hoped that the contentious points will be resolved in early 2008/09.

25. OPERATING LEASE COMMITMENTS: GROUP AND COMPANY
At 30 March 2008 the National was committed to making the following payments during the next year in respect of operating leases:

<table>
<thead>
<tr>
<th>Payments</th>
<th>2008 £’000</th>
<th>2007 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equipment leases which expire within one year</td>
<td>11</td>
<td>10</td>
</tr>
<tr>
<td>Equipment leases which expire within two to five years</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>Property leases which expire within one year</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Property leases which expire in over five years</td>
<td>218</td>
<td>218</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>238</td>
<td>238</td>
</tr>
</tbody>
</table>

Property lease commitments relate to lease contracts for the rental of properties at Kennington Park, London SW9.

26. COMMERCIAL TRADING OPERATIONS AND INVESTMENT IN TRADING SUBSIDIARY
The National has two wholly-owned subsidiaries incorporated in the United Kingdom:

i) Royal National Theatre Enterprises Limited ("RNTE")
The company’s main activities are the provision of catering services, the sale of books and publications, the hiring out of costumes/props and the receipt of car park revenue.

Issued share capital: 2 ordinary shares of £1 each

No value is ascribed to this subsidiary within the Charity financial statements because it has net liabilities and gift aids all its profits back to the Charity. A summary of RNTE’s trading results is shown below:

<table>
<thead>
<tr>
<th>Subsidiary</th>
<th>Subsidiary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover</td>
<td>7,063</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>(5,192)</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>(639)</td>
</tr>
<tr>
<td>Profit on ordinary activities before interest</td>
<td>1,232</td>
</tr>
<tr>
<td>Interest receivable</td>
<td>40</td>
</tr>
<tr>
<td><strong>Net result</strong></td>
<td>1,272</td>
</tr>
</tbody>
</table>

As at the balance sheet date the aggregate amount of RNTE’s assets, liabilities, share capital and reserve was:

<table>
<thead>
<tr>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>£’000</td>
<td>£’000</td>
</tr>
<tr>
<td>Fixed assets</td>
<td>0</td>
</tr>
<tr>
<td>Creditors: amounts falling due within one year</td>
<td>(1,285)</td>
</tr>
<tr>
<td><strong>TOTAL net assets</strong></td>
<td>(1,285)</td>
</tr>
</tbody>
</table>

Represented by:
Share capital and reserves (6) (6)
Retained deficit (6) (6)

The National has two wholly-owned subsidiaries incorporated in the United Kingdom:

i) Royal National Theatre Enterprises Limited ("RNTE")
The company’s main activities are the provision of catering services, the sale of books and publications, the hiring out of costumes/props and the receipt of car park revenue.
### NT associates, committee membership, and heads of department

<table>
<thead>
<tr>
<th>NT ASSOCIATES</th>
<th>2008 £'000</th>
<th>2007 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alison Chitty</td>
<td>6,543</td>
<td>6,130</td>
</tr>
<tr>
<td>Bob Crowley</td>
<td>40</td>
<td>21</td>
</tr>
<tr>
<td>Declan Donnellan</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jonathan Dove</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Edward Hogg</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mark Henderson</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alex Jennings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Keranee Kesel-Arman</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adrian Lester</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Phyllida Lloyd</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Patrick Marber</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Helen Minen</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Katja Mitchell</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mark Rawthorft</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Simon Russell Beale</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Zoe Wamanaker</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>6,583</td>
<td>6,151</td>
</tr>
</tbody>
</table>

| Less: costs of goods sold | 5,856      | 5,582      |
| **Net trading surplus reported in group financial statements** | 727        | 569        |

| Consolidation adjustments | 545        | 443        |

**Total net surplus for the year reported in RNTE**

<table>
<thead>
<tr>
<th>2008 £'000</th>
<th>2007 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,272</td>
<td>1,012</td>
</tr>
</tbody>
</table>

### ii) National Theatre Productions Limited

Issued share capital: 2 ordinary shares of £1 each

This company is dormant and has not been consolidated.

### BOARD OF THE AMERICAN ASSOCIATES OF THE ROYAL NATIONAL THEATRE

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leila Maw Straus</td>
<td>Chairman</td>
</tr>
<tr>
<td>William G Bardel</td>
<td>Treasurer</td>
</tr>
<tr>
<td>Debra Black</td>
<td></td>
</tr>
<tr>
<td>Teri Childs</td>
<td></td>
</tr>
<tr>
<td>Suzanne Elson</td>
<td></td>
</tr>
<tr>
<td>Suzie Farchild Kovner</td>
<td></td>
</tr>
<tr>
<td>Elliott F Kuck</td>
<td></td>
</tr>
<tr>
<td>Joanne Linnies</td>
<td></td>
</tr>
<tr>
<td>Stafford Matthews</td>
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<td>Sir Deryck Maughan</td>
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<td>Stephanie McLelland</td>
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<td>Laura Pels</td>
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<td>Dr Charles Ryskamp</td>
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<td>David Smalley</td>
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<td>Joan Steinberg</td>
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<td>Monica Wambold</td>
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<td>Peter Wolff</td>
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### HEADS OF DEPARTMENT

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
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<tbody>
<tr>
<td>Padraig Cusack</td>
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<tr>
<td>Casting Wendy Spoon</td>
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<td>Catering Robyn Lines</td>
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<td>Development John Rodgers</td>
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<td>Education Stephanie Hutchinson</td>
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<td>Engineering John Moffat</td>
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<td>Marketing Sarah Hunt</td>
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<td>Music Matthew Scott</td>
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<td>Personnel Tony Pears</td>
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<td>Platforms &amp; ITS Angus MacKiechnie</td>
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<td>Press Lucinda Morrison</td>
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<td>Print &amp; Publications Lyn Hall</td>
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<td>Production Mark Dakin</td>
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<td>Studio Purni Morali</td>
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<td>Technical David Roberts</td>
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<td>Voice Jeannette Nelson</td>
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### NT Future Nicola Thorsid
photograph captions

Page 2  WAR HORSE
Topthorn, with Thomas Goodridge, Tim Lewis, and Craig Lee
Photo Simon Annand

Page 6  MUCH ADO ABOUT NOTHING
Simon Russell Beale and Zizi Warneke
Photo Catherine Ashmore

Page 10 PHILISTINES
Rory Kinnear and Ruth Wilson
Photo Catherine Ashmore

Page 12 Celebrating the new partnership with Philips to reduce energy consumption
Photo Mimi Mollica

Page 15 Clockwise from top left:
LANDSCAPE WITH WEAPON
Tom Hollander and Julian Rhind-Tutt
Photo Catherine Ashmore

THE FIVE WIVES OF MAURICE PINDER
Adam Gillen, Sonchua Cusack, Larry Lamb, Carla Henry, and Martin Land
Photo Manuel Harlan

STATEMENT OF REGRET
Don Warrington
Photo: Anna Piece
PRESENT LAUGHTER
Sara Stewart and Alex Jennings
Photo Catherine Ashmore

Page 18 WOMEN OF TROY
Penelope Mhealth, Charlotte Rudos, Beth Fitzgerald, Helen Whiteley, and Pandora Colin
Photo Stephen Cumiskey

Page 21 New views discussion held in the John Lyon education studio at the refurbished Studio
Photo Mauricio Arzayus

Page 22 Watch The Space 2007, with Antony Gormley
Photo skulptleq

Page 24 Dan Harvey & Heathcliff Acrey's Fly Tower

Page 25 The refurbished Studio
Photo Philip Vile

Page 30 SAINT JOAN
Anna Maria Duff
Photo Kevin Cummins

Page 34 Clockwise from top:
BABY GIRL
Peta Letting and Candressa Libby
Photo Robert Workman

CITIZENSHIP
Michael Tail
Photo Adrian Pankow

THE EMPEROR JONES
Pedro Joseph
Photo Stephen Cumiskey

THE FINale
Ruby Bentall and Rebecca Cooper
Photo Robert Workman

DNA
Jack Gordan, Ruby Bentall and Sam Crew
Photo Robert Workman

Page 38 THE HOUR WE KEW NOTHING OF EACH OTHER
Jason Thripe Jeff and Adrian Schiller (lH)
Photo Neil Libbert
NEVER SO GOOD
Jeremy Irons (center)
Photo Catherine Ashmore

Page 39 Bambousc making, WAR HORSE accessible, with stage manager Jake Walling (seated on floor)
Photo Gemma Mount

Page 40 RAFTA, RAFTA...
Ronny Jud, Meera Syal, Sahuwan Khan, Simon Nagy, Mathew Grady, Paul Durnamirg, Anwar Ali and Harsh Patel
Photo Catherine Ashmore

Page 46 A MATTER OF LIFE AND DEATH
Tristan Sturrock
Photo Simon Water

Page 48 Clockwise from top:
CHATROOM
George Power, Jack Benkovski, Jaci Williams, Steven Webb and Amazon Nabiyan
Photo Adrian Pankow

HAPPY DAYS at Epidaurus
Florey Sowers
Photo Arminio + Polytechnikos

THE HOTHOUSE
Stephen Moir and Paul Ritter
Photo Catherine Ashmore

MAJOR BARBARA
Simon Russell Beale and Hayley Atwell
Photo Catherine Ashmore