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Financial Report 2008/09



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FINANCIAL REPORT OF THE BOARD OF TRUSTEES OF AMGUEDDFA GENEOLAETHOL CYMRU – THE NATIONAL MUSEUM OF WALES

Statutory background

The 'National Museum of Wales' (the Museum) was established by Royal Charter in 1907 and continues to be registered as a legal entity and charity under this name (Charity No. 525774, VAT No. GB 783 4541 10). The current public-facing title of the organization is 'Amgueddfa Cymru – National Museum Wales.'

An independent registered charity, the Museum receives its core funding through grant-in-aid from the Welsh Assembly Government as an Assembly Government Sponsored Body (AGSB).

Its core objective is '*the advancement of the education of the public*' involving developing, caring for, studying and sustaining access to its collections for the benefit of society in perpetuity. The Charter (1907, revised 1991 and 2006) states that this is to be achieved:

- i. primarily, by the comprehensive representation of science, art, industry, history and culture of, or relevant to, Wales, and
- ii. generally, by the collection, recording, preservation, elucidation and presentation of objects and things and associated knowledge, whether connected or not with Wales, which are calculated to further the enhancement of understanding and the promotion of research.

In 2006 the Museum was granted a supplemental Royal Charter and Statutes. This new Charter changed the Museum's governance arrangements by abolishing the Court of Governors. Stakeholder engagement, however, remains the cornerstone of Amgueddfa Cymru's vision.

To this end, the Operational Plan 2008-09 began the process of implementing the *Consultation Scheme and Ownership Action Plan – Putting the Citizen at the Centre* – a cost-effective public engagement strategy designed to reflect the fact that the collections are held in trust on behalf of the nation, to encourage stakeholders to take part in a variety of consultative mechanisms and to enable participation in the Museum's planning processes at all levels.

The Scheme set out the values, principles and key participatory techniques which directed Amgueddfa Cymru's main consultative activities for last year.

Aims and Objectives

Amgueddfa Cymru – National Museum Wales seeks to deliver, for the benefit of the public, the core objective stated above via achievement of its current aims and priorities, which are to:

- create living museums where the collections tell their stories more clearly, and visitors experience life in the past and present and explore a variety of possible futures
- develop flourishing collections that are well-used, sustained and growing
- find paths to make sense of the world using a variety of media suitable for diverse learning styles to create equality of access to the collections
- develop as a learning organization through sharing our plans with our visitors and jointly developing the ways in which we work, to provide meaningful access to the collections for the diversity of peoples who have made Wales their home
- develop as a learning organization by embedding learning skills at the heart of all our work
- communicate our message so that Amgueddfa Cymru – National Museum Wales becomes known worldwide as a centre of learning of international quality and provides greater access and increasing local profile of the national collections through our work with partner organizations
- build our resources so that we have a strong and solid base, from which we will be able to deliver our Vision for the next decade and beyond.

These strategic priorities are designed to enable us to achieve our vision to become a 'World-Class Museum of Learning', as well as supporting the Welsh Assembly Government's strategic vision as set out in the 'One Wales' coalition agreement, 2007.

Governance – The Board of Trustees and the Directorate

The executive authority of the Museum rests with the Board of Trustees and it is responsible for the management and administration of the finances and property of the Museum in which is vested all monies contributed by the Welsh Assembly Government or derived from other sources and all lands, buildings or gifts in kind devised or granted for the purpose of the institution. The Board of Trustees meets on a regular basis, in public, to conduct its business.

Members of the Board of Trustees of the Charity are appointed by the Welsh Assembly Government and the Museum, in numbers set out within the supplemental Royal Charter and, in accordance with the principles of open selection as recommended by the Nolan Review. An Appointments sub-committee has been established to assist and advise on the process. All new appointees follow an induction programme, supported by a comprehensive handbook, shortly after their appointment. No members of the Board of Trustees are remunerated by the Museum.

A schedule of Board of Trustee members throughout the year and up until the date of this report, including retirements and new appointments, is attached to this report. Details of their company directorships and other significant interests are maintained in a Register of Interests, which is open to the public and held at National Museum Cardiff.

The Board of Trustees also delegates authority to various sub-committees, principally the Performance Review Committee, which has a broad remit to monitor operational issues and the Audit Committee, which has an independent Chair plus two other independent members, including a representative of the Welsh Assembly Government. These committees meet on a quarterly basis. The Trustees also appoint the Board of the subsidiary company directing the Museum's trading activities and, in addition to Trustee Directors, other non-executive Directors with specific relevant commercial experience are appointed. A schedule of those Board members is also attached to this report.

Day-to-day operational issues are handled by a Directorate, the details of which are also included in this report. All members of the Directorate are appointed through open competition and employed under the standard Museum Terms and Conditions of

Employment, applicable to all staff, with the exception of the Director General whose terms of appointment are agreed with the Welsh Assembly Government.

The Museum's governance arrangements are fully compliant with the Code of Governance for the Voluntary and Community Sector issued by the National Governance Hub and fully endorsed by the Charity Commission. The Trustees have paid due regard to the Charity Commission's guidance on public benefit and delivery of such benefit by the Museum, as set out in its aims and objectives, is comprehensively reported upon within this Financial Report.

Amgueddfa Cymru – National Museum Wales's locations

During 2008-09, the Museum directly operated museums in seven locations across Wales:

National Museum Cardiff, Cathays Park, Cardiff

National Museum Cardiff is unique among national museums in the UK in its range of arts, archaeology and science displays. During 2008-09, several of the art galleries were refurbished and re-opened, including a gallery featuring Welsh landscapes as part of the creation of a distinct National Museum of Art by 2011.

St Fagans: National History Museum, St Fagans, Cardiff

One of Europe's leading open-air museums, St Fagans is part of our group of four Social & Industrial History museums. Visitors can explore and enjoy over 2,000 years of history in over forty re-erected period buildings that have been collected from all over Wales.

Big Pit: National Coal Museum, Blaenafon, Torfaen

Set in the heart of the World Heritage Site at Blaenafon, Big Pit is a complete former working coal mine. It now offers an experience unparalleled in Britain and unique to Wales. Guided by ex-miners, visitors descend over 90 metres to the very depths of the mine and experience the total darkness that the miners worked in day after day.

The National Roman Legion Museum, Caerleon, Newport

Founded by the Caerleon Antiquarian Association in 1850, and transferred to the National Museum of Wales in 1930, the National Roman Legion Museum has been displaying a rich collection of Roman finds for over 150 years. These include sculptures, inscriptions, tombstones, building materials, a labyrinth mosaic, military equipment,

pottery, glass and jewellery. The town of Caerleon stands on the site of one of only three permanent legionary bases in Roman Britain.

The National Slate Museum, Llanberis, Gwynedd

Here, the story of slate unfolds in the original quarry workshops. As well as the foundry, forge, sheds and the largest working waterwheel on mainland Britain, skilled craftsmen give live displays of splitting and dressing slate by hand.

The National Wool Museum, Dre-fach Felindre, Carmarthenshire

Located in the heart of the west Wales countryside, this museum tells the story of the forty mills once clustered around Dre-fach Felindre. Cambrian Mills – the only mill that has remained in continuous operation since it was built – now houses the Museum.

The National Waterfront Museum, Maritime Quarter, Swansea

In the heart of Swansea's regenerated Maritime Quarter, the National Waterfront Museum is housed in a listed waterfront warehouse linked to a new, ultra-modern slate and glass building. The opening of the Museum in October 2005 was the culmination of a ten-year strategy that saw £40m of investment in our four industrial museums across Wales.

The Museum also has its National Collections Centre in Nantgarw, Rhondda Cynon Taf, which is also open to the public by appointment. In addition, we are currently involved in partnership arrangements with local organizations for the management of Segontium Roman Museum in Caernarfon, Gwynedd, and the Turner House Gallery in Penarth, Vale of Glamorgan, and with the Pembrokeshire Coast National Park Authority for Oriol y Parc, a new facility at St Davids, Pembrokeshire, which takes displays and exhibitions from the national collections.

Achievements

During 2008-09, the Museum celebrated a number of successes in delivering its aims and objectives for the benefit of the public across its seven sites. Over 1.5 million visits were made to national museums in Wales during 2008-09 and, despite the financial year not including the Easter holidays, the Museum met its cumulative target for the twelve months.

In fact, two museum sites, Big Pit: National Coal Museum and the National Wool Museum in Dre-fach Felindre, both had their best ever years in terms of visitor numbers.

The Museum attributes this success to three main factors:

- the continuing popularity of the Welsh Assembly Government-funded free entry policy during a time of general economic hardship;
- investment in the infrastructure, especially the refurbishment of art galleries at National Museum Cardiff; and
- a strong public programme that built on the success of the Museum's centenary year in 2007.

Other highlights of the year included:

- Hosting the *Artes Mundi 3* international contemporary art exhibition which was supported by a programme of learning opportunities for formal education and family groups at National Museum Cardiff. The exhibition attracted a total of 43,392 visits.
- Completion of the Collections Care and Access Project and the Essential Maintenance Project at St Fagans: National History Museum, thereby ensuring that the national collections are held in spaces which meet internationally approved standards of care.
- Opening the Learning Annex at Big Pit: National Coal Museum as part of Big Pit's 25th anniversary celebrations with the aim of improving and extending the range of learning experiences on offer for visitors and focusing particularly on under-represented audiences such as community groups.
- Working with the American Federation of Arts on organizing and promoting a tour of major artworks to the USA in 2009 and 2010. The exhibition entitled *Turner to Cézanne: Masterpieces from the Davies Collection* will travel to five venues including the Colombia Museum of Art, the Oklahoma City Museum of Art, the Everson Museum of Art Syracuse, New York, the Corcoran Gallery of Art, Washington, DC and the Albuquerque Museum, New Mexico. The exhibition features 58 oil paintings and water colours, some of which have never been seen in the USA before.
- Implementing the project management and concept development structures for the redevelopment of St Fagans: National History Museum during the next decade.

Working in Partnership

Amgueddfa Cymru's work is often, and increasingly, characterised by working in partnership with other organizations. In the last year this not only has been within Wales and the UK, but also internationally to a much greater degree than in the past.

The major touring exhibition, *Turner to Cézanne: Masterpieces from the Davies Collection*, organized in collaboration with the American Foundation for the Arts, engaged a number of staff in the significant tasks of preparing, packing, shipping and presentation for the first of five venues, Columbia Museum of Art, South Carolina, for the official opening on 5 March 2009.

The two flagship schemes to devise displays featuring the national collections in small venues around Wales – *Cyfoeth Cymru Gyfan-Sharing Treasures* and *Celf Cymru Gyfan-ArtShare Wales* – saw a period of planning for the next round of projects for 2009 onwards. It was also a year of focused 'behind the scenes' research and development for three Sharing Treasures projects in Rhyl, Abergavenny and Chepstow, which will be opened to the public in 2009-10.

Dinosaurs in your Garden continued to tour, shown at Scolton Manor in Pembrokeshire and Ceredigion Museum.

Staff made a significant investment in the final installation and opening programme at the new Oriol y Parc in St David's. Working closely with Pembrokeshire Coast National Park, the new centre in St David's was opened by the First Minister of the Welsh Assembly Government on 14 November 2008.

Amgueddfa Cymru staff also made significant contributions to content development, learning resources and promotion activity as a lead partner in the virtual project The People's Collection.

The well-established partnership with Cadw to interpret the sites and National Roman Legion Museum at Caerleon were complemented this year with a project with University College London on public access and participation in a 'dig' on a site in the village and consultation activity in collaboration with Racial Equality organizations in Gwent and Newport.

Alongside a variety of partnerships and collaborations with members of minority community organizations, a project that stood out was the work with Wales Puja Committee which

led to specialist craftspeople from India coming to St Fagans to create traditional festival figures for the Hindu community, in workshops for visitors and participants in events at Oriol 1 at St Fagans.

Partnerships with Higher Education Institutions led to a range of new public initiatives. Two examples are: a new exhibition *Climate Change – What's Occurring?*, which was developed in collaboration with the University of Glamorgan and the Welsh Assembly Government, and began its touring presentation at Amgueddfa Cymru sites and at small and community venues, particularly those in Communities First areas; and the successful partnership with Coleg Sir Gâr leading to a presentation by fashion students at the National Wool Museum.

The Format of the Accounts

The accounts are prepared under Section 9(4) of Museums & Galleries Act 1992 in a form directed by the Welsh Assembly Government with the approval of the Treasury. A copy of the Accounts Direction is available on application to the Museum's Director of Finance. The Museum's accounts are compliant with the requirements of the Statement of Recommended Practice (SORP 2005) 'Accounting and Reporting by Charities'.

Incorporated within the consolidated figures for the Museum are the results of the wholly owned subsidiary, National Museums and Galleries of Wales Enterprises Limited, which operates all of the Museum's trading activities. Also contained within the Museum's figures is its 50% share of National Waterfront Museum Swansea, a joint venture company, limited by guarantee, with the City and County of Swansea Council, whose prime function was the development of the new National Waterfront Museum in Swansea.

Financial Results for the Year

The Museum's consolidated net incoming resources before notional costs of capital were £1,135,000 (£3,705,000 incoming in 2007-08). Total incoming resources were £29,864,000 (£30,633,000 in 2007-08) and total resources expended were £28,607,000 (£26,802,000 in 2007-08). The net decrease in funds for the year after taking account of all realised and unrealised gains and losses was £18,518,000 (£11,135,000 increase in 2007-08). Fund balances at 31 March 2009 stood at £85,288,000 (£103,806,000 at 31 March 2008). National Museums and Galleries of

Wales Enterprises Limited reported a record profit before gift aid to the Museum of £410,000 for the 2008-09 financial year (£308,000 in 2007-08).

Risk Management

The Museum's Board, Committees and Directors consider the major strategic, business and operational risks which the Museum faces on a continuous basis and have established a Risk Management Group to ensure risks are reviewed and reported across the whole organisation and that appropriate positive mitigating actions are in place. These systems have been embedded for many years and remain fully operational in accordance with best practice. The work of the Risk Management Group is scrutinised by both the Performance Review and Audit Committees, who will also refer issues to the Risk Management Group for assessment and action as appropriate. All risks are reviewed annually as an integral part of the operational planning process whilst also informing the internal audit needs assessment and thereby the internal audit plan. The Risk Management Group meetings are attended by the internal auditors.

Two significant changes affected the Risk Register during the year. Firstly, a 'traffic light' system of highlighting movement in the risks recorded was introduced, visually improving identification of increases or decreases in risk severity. Secondly, a number of new risks were added to the Register, or changes in assessment made to existing risks, to reflect current economic conditions and particularly their impact on the availability of public funds.

Consequential to advice given by the Welsh Assembly Government that it was not possible to confirm to the Museum an indicative level of grant in aid for 2010-11, consideration commenced on the preparation of contingency plans to reduce the level of the Museum's expenditure in that year, along with the reduction in the level of service provided by the Museum, which might be associated with it.

Performance Indicators

As a 'learning organization' the Museum remains committed to the monitoring and evaluation of our work in both quantitative and qualitative ways. While our quantitative key performance indicators provide a snapshot of performance, qualitative data from case studies etc. continue to provide a more detailed insight and an opportunity for reflecting on and enriching our work. During 2008-09, we continued work on the development of a new

evaluation framework for the Museum through an agreed action plan and, following on from this, we will create and implement an organization-wide 'Evaluation Toolkit'.

The total number of visits made to our sites during 2008-09 was 1,524,806, against a target of 1,500,000. The fall in visitor numbers from 1,672,677 reported for 2007-08 reflects the fact that no Easter holiday period fell within the 2008-09 financial year and the specific appeal that had been generated during 2007-08 by centenary year celebrations. The anticipated fall in visitor numbers was reflected in the target for 2008-09 and it was therefore pleasing to exceed that targeted figure.

An improved system of recording more meaningful data relating to website visits was introduced in 2008-09 which removes some 34% of traffic which had been generated by automated programs such as search engine robots and spammer programs that trawl the internet automatically and do not reflect 'real' visits. The original target for 2008-09 was therefore reduced by 34% to 1,000,000 to reflect this. The number of visits to the Museum website during 2008-09, using the improved method for recording, was 1,180,774, illustrating the extent to which visitors choose to access information about our work within the 'virtual' sphere.

Our work on serving the formal educational sector continues to thrive with 238,644 formal education visits exceeding the target of 229,000 visits. The number of informal educational visits was 270,231 exceeding a target of 170,000. Furthermore, there were 30,591 participants in Amgueddfa Cymru led educational activities taking place away from our own museum sites, exceeding the target of 30,000.

While all of the collections are documented according to the Collections Trust guidelines, we have continued with a programme of computerising collections records with the aim of achieving appropriate levels of computerised documentation for the objects within the Museum's collections. During 2008-09, and based on a total collection size of 4,700,000, we achieved 55% of the collections with computerised inventory level records that allows an item to be accurately and swiftly identified and located and 30.6% of the collections with full catalogue level records, including academic data and references to publications. While the former was slightly down against the target set for the year of 56%, due to the departure of a key member of staff in year, the latter exceeded the target of 30% and is indicative

of the steady progress which continues to be made in this area.

The number of research projects during the year at 143 exceeded the target of 126, illustrating the continued strength of the Museum's work in disseminating the knowledge inherent in the collections. The number of venues to which loans were made reached 320, exceeding the target of 310.

Capital Investment

To underpin the delivery of the Museum's Vision, a major programme of capital works continues with the capital masterplanning programme focusing on the redefinition of our two most visited Museum sites, St Fagans as the National History Museum and National Museum Cardiff, Cathays Park, which will evolve into two connected museums, a National Museum of Natural History and a National Museum of Art.

Early work in this area has focused on ensuring that the collections are held in appropriate storage. This has then been supported by addressing the significant maintenance backlog which, when fully implemented, will ensure that the Museums are weather tight, with improved public spaces, and this will be followed by the re-display of the permanent collections at these sites.

Projects within the Master Plan progressed during the year have included:

Collections Care and Access Project

The major development during the year was the completion of the work to convert two ceramic stores at National Museum Cardiff to create a specialist store for larger works of Art. This was the final element of the Collections Care and Access Project.

Capital Investment Estate Maintenance Programme

During 2008-09, the Museum invested £1.2m in improving its estate, this included works to complete the previously reported Essential Maintenance works, particularly focusing on the East Wing roof of National Museum Cardiff, replacing defective environmental monitoring plant, improving disabled access, and other minor works.

West Wing Gallery refurbishments National Museum Cardiff

The Museum has developed plans to convert gallery spaces that were previously used to display archaeology to display contemporary and modern

art. In preparation for the works to commence, the area was stripped out and design work has been commissioned to replace the roof of the West Wing at National Museum Cardiff.

Valuation of Fixed Assets

In line with the Museum's accounting policies, assets, which were last professionally re-valued at 31 March 2006, have been re-valued by the application of indices to provide an estimation of valuation, rather than utilise charitable funds on annual re-valuations. Unusually, this has resulted in a fall in the value of fixed assets as at 31 March 2009. Indexation will continue until the next professional re-valuation in 2 years time, at which point adjustments to the valuations will be made.

The only assets not re-valued by indexation are IT assets, due to the general lowering in price of IT assets over time, and heritage assets. Heritage assets acquired prior to 1 April 2001 have not been capitalised and heritage assets since that date have been recorded at cost. The Trustees do not consider that the considerable cost of valuation of such a large collection of heritage assets can be justified, on cost benefit grounds, in obtaining what would be merely a valuation at one particular moment in time.

Specimen Acquisition

The Museum continues to add selectively to its collection although ongoing inflation in the art and antiquities market continues to erode the value of our static specimen acquisition fund. However, thanks to the help of supporters and grant-funding bodies we were able to make some significant purchases. The contributions of long-term supporters the Derek Williams Trust and the Art Fund have been particularly welcome. Significant purchases include:

- A projection work by James Turrell, *Raethro Pink*, 1968. This is the artist's only projection work in a British public collection and a major addition to a growing body of international contemporary art at Amgueddfa Cymru – National Museum Wales. The purchase for £204,000 was funded by the Derek Williams Trust, the Billstone Foundation and the Art Fund.
- A 4-screen DVD installation by the Finnish artist Eija-Liisa Ahtila, *The Hour of Prayer*, 2005, the prize-winning artist in the exhibition *Artes Mundi 2* in 2006. It will be a key piece in our collection

of work in lens-based media. The purchase for £87,000 was supported by grants from the Derek Williams Trust and the Art Fund.

- Betty Woodman, *Diptych: the Balcony*, 2007. The work comprises two thrown cylindrical vessels, to each of which is applied a flat plaque-like backing cut from larger thrown forms. It was acquired for £26,000 with the assistance of the Derek Williams Trust and the Art Fund.
- *Caesar's Plume* by Frank Bowling, acrylic on canvas, was purchased for £13,000 with assistance from the Derek Williams Trust.
- *A Celebration of St David's Day*, an oil painting by an unidentified artist, c.1750, depicting a Welshman celebrating St David's Day. Purchased for £48,000, it is apparently the earliest-known image of a Welshman celebrating St David's Day.
- A collection of paintings and objects from Nannau, Merioneth, costing £58,000.

The Department of Archaeology & Numismatics also made two significant purchases, namely:

- A complete wooden and bronze tankard of Late Iron Age/Romano-British date found by a member of the public while metal detecting near Langstone, Newport in December 2007 and acquired for the sum of £16,000.
- The Llanvaches hoard, comprising 599 Roman Imperial silver denarii and fragmentary remains of a pottery container buried around AD 160, purchased as treasure using £16,000 from the Alun Oldfield Davies bequest.

The Department of Biodiversity & Systematic Biology purchased for £11,000 the Villaume Mollusca Collection from the Egyptian Red Sea: this collection of shells comprises 747 species and 16,429 databased specimens plus c.5,000 undatabased. The collection complements our existing collections from that region including those in the historic Melvill Tomlin collection, already held here.

Other important acquisitions continue to be made through donation, bequest and fieldwork. These include:

- A suite of north Wales minerals from John Mason including material of scientific importance from sites either not represented, or under-

represented in our existing geology collection.

- A substantial collection of law and order objects were acquired from Heddlu Gwent Police.

Details of all individual heritage assets acquired during the year with a value over £5,000 are contained in Note 10 to the accounts.

Fundraising and Volunteers

Despite the difficult economic climate inhibiting successful fundraising, the total income secured during the year by the Museum's Development Department was £352K from a range of public sources, trusts, foundations, companies and individuals. A further £660K in pledges has also been secured. These figures do not reflect longer term pledges, such as a number of significant legacies, which have been secured following the launch of the Legacy Campaign.

The main focus for the Department during the second part of the year was the refurbishment of the Upper West Wing as the final stages in the National Museum of Art, with applications having been submitted to major Trusts and Foundations, the outcome of which is awaited. A number of cultivation events involving the London Welsh community were held, including one at the National Gallery, linked to the *Sisley in England and Wales* exhibition, and one in the House of Lords.

The Development Board, which is made up of individuals who have kindly agreed to assist the Museum in fundraising for its major projects, continue to be active. This year they have focused on the West Wing project and have been involved in a number of the associated events.

Membership of the Patrons Scheme continues to grow and this influential and enthusiastic group of supporters not only provide much appreciated financial support but also act as high level advocates on the Museum's behalf.

The Friends of the Museum continued to support the work of the Museum via three main avenues. Firstly, as ambassadors for the Museum's work, providing a programme of talks, trips and other activities that complements the Museum's own educational activity.

Secondly, the Friends provide a volunteer group to support the Museum's own activities. Friends meet and greet groups and individuals, such as Friends

groups from other museums, interested casual visitors and also assist curatorial staff across the spectrum of the Museum's activities. It is important to note that such activity is regarded by the Museum as valuable additionality, rather than the provision of core work by volunteers. In total we received 204 hours of attendance by the Friends in a volunteering capacity.

Thirdly, the Friends also provide financial support for a number of projects and this year generously contributed towards redisplaying part of the coin collection, improving educational facilities in the National Slate Museum, providing educational trails at several of our sites and supporting the regular organ recitals at National Museum Cardiff.

In order to develop the opportunities for volunteering, the Museum appointed a volunteer co-ordinator in 2008-09 and we anticipate that this new post will become a focus for expanding the opportunities for volunteering in future years.

Prompt Payment Performance

The Museum subscribes to the objectives of the Better Payment practice code issued by HM Treasury and aims to pay valid invoices within 30 days of receipt. The average time taken for payment of invoices during 2008-09 was 6 days (8 days in 2007-08), which includes 98% (by number) of invoices settled within 30 days (98% in 2007-08). There were no payments of interest under the Late Payment of Commercial Debts (Interest) Act 1998 (£Nil in 2007-08).

Sustainability

During 2008-09, the Museum continued to develop working practices and methods of communication that enhanced the sustainability of our day to day operations, as well as our visitors' understanding of issues involved with the impact of changing climates and the threats to local and global biodiversity.

All of the Museum sites have now obtained Level 3 Accreditation status within the 'Green Dragon' Environmental Accreditation Scheme.

The Museum used its formal partnership with the Carbon Trust to help us to reduce the total carbon footprint of the organization. Advisory reports were provided by the Trust for all of our sites and we invested £205k in Capital works to reduce our energy consumption.

Policy on Reserves

As a body charged with collection and conservation in order to achieve its aims and objectives, the policy on reserves here stated applies to disposable cash reserves only and not to the total funds held.

This policy remains dependent upon, and restricted by, the authority granted by the Welsh Assembly Government in the Museum's Management Statement and Financial Memorandum which at the financial year-end 2008-09 limited cash reserves to 2% of its grant-in-aid, with exemptions from any limit in respect of the Specimen Purchase Grant and self-generated income. Further exemptions may be available upon application in respect of the National Waterfront Museum, Swansea (to reflect the joint funding arrangement with the City and County of Swansea) and capital projects which straddle the financial year end. The Museum regrets the imposition of these restrictive annual carryover limits within AGSBs as it believes it can hinder prudent financial management and could encourage in-year expenditure in order to reduce cash balances which possibly could be more profitably invested after the artificial barrier created at the financial year-end.

The limits on cash carryover of annual grant-in-aid allocations is also increasingly detrimental to forward budget planning at a time when public finances are likely to be considerably restricted for a number of years to come. The Museum was aware of restrictions to its grant-in-aid allocation for 2009-10 and accordingly planned to maximise its cash carryover, within Assembly limits, at the end of 2008-09. This was successfully achieved via the prudent retention of in-year budget savings naturally occurring and enabled the Museum to smooth the effect of budget deficits and thereby aid continuity of service.

Private funds are separately maintained and specified within the accounts. These are not subject to a carryover limit and the Museum's policy is to maximise and hold these funds for utilisation on projects and Capital schemes for which it is unable to receive core funding or other grant support, whilst remaining within any restrictions on use contained within the Private Funds.

Profits generated within the wholly-owned trading subsidiary, NMGW Enterprises Limited, are to be utilised to provide additional funding towards the aims and objectives of the Museum. On occasions this might result in profits being re-invested in the trading subsidiary in order to further improve

trading returns. Arrangements for the transfer of profits to the Museum also gives due consideration to minimising the tax consequences of the trading.

Despite the current uncertainty surrounding future grant-in-aid allocations and the difficult economic environment for fundraising from private sources, the Museum wishes to continue on a long-term plan of capital developments and refurbishments at its locations. In order to part-fund these developments and manage budgets prudently, it is essential that maximum flexibility in reserve retention is available via carry-over, private funds and retained profits from trading.

The Museum's Total Funds at 31 March 2009 were £85,288,000 with an analysis provided within the notes to the Financial Accounts.

Investment Policy and Performance

The Museum's private funds investments are managed by its advisors Barclays Wealth. The Museum's investment policy accepts short-term volatility in the pursuit of positive investment returns after the effects of inflation and acknowledges that the capital value may fluctuate significantly from time to time. In addition, a substantial element is retained in cash based deposits to be readily available for investment in the Museum's capital programme. The performance of those funds is subject to review on a regular basis, with changes made to the portfolio as appropriate to the risk appetite. Against the background of the worldwide recession, the value of the portfolio fell during the year from £1,848k to £1,393k.

The Museum also held, from bequests, an equity investment in eleven blue chip companies. The value of this portfolio also fell during the year from £83k to £44k.

Pension Liability

The Museum operates a defined benefit pension scheme which is available to all permanent employees. In common with the vast majority of such schemes, recent annual valuations for the statutory accounts have shown a deficit of scheme assets when compared to scheme liabilities. This year, however, the Scheme has been significantly adversely affected by the worldwide slump in equity values and despite considerable investment in the scheme, the value of the assets held has fallen from £65.195m to £48.718m. This has caused the value of the Scheme deficit at 31 March

2009 to rise to £23.474m compared to the opening deficit of £11.754m. This is calculated by comparing the present day value of the Scheme's assets to the potential Scheme liabilities. However, it is highly significant to note that on 21 June 2006 the National Assembly for Wales issued a Crown Guarantee in respect of 'all such sums as are necessary to secure that the assets of the scheme are sufficient to meet in full all of its liabilities'.

Over the last few years, the Museum has taken various steps to address the deficit including an increase in employer contributions of 4.5% to the current 21.3% plus there have been capital injections from the Welsh Assembly Government. A full actuarial valuation at 31 March 2009 is being undertaken and the Museum and the Scheme's Trustees will need to agree a course of action to address what will inevitably be a significant deficit over an acceptable, but extended, time frame, taking due account of the Crown Guarantee. In the meantime, the Museum will continue to seek financial support for the Scheme from the Welsh Assembly Government and it will also continue to make further lump sum contributions from within its own resources if they become available.

Further details of how pension costs are accounted for are contained in the accounting policies note to the accounts. Disclosure requirements contained in Financial Reporting Standard 17 are contained within note 16 to the Financial Statements.

Future Developments

During 2008-09 the following projects were progressed:

- i. Completing the essential maintenance works project to address the significant maintenance backlog at National Museum Cardiff and St Fagans: National History Museum.
- ii. Pembrokeshire Coast National Park expanded the St Davids Tourist Visitor Centre into an environmental centre, known as Oriol y Parc, which will house the collection of Graham Sutherland which has been left in trust to the Museum.
- iii. The Museum received the consultants' report on the most effective way to create a National Gallery, which was subsequently passed to the Welsh Assembly Government for their consideration.

At St Fagans, work has started on the strategy to redevelop the country's most popular visitor

attraction as a National History Museum for Wales. The 2005 consultation exercise gave the Museum a clear steer about what the public wanted in terms of the future direction of St Fagans and confirmed what many visitors from home and abroad have been telling us over the years – that St Fagans is the place to which many people make a pilgrimage and expect to experience the story of the development of a nation.

During the next decade, St Fagans will be developed to become the place that tells the story of the peoples and nation of Wales, from earliest times to the present day. The development will enhance the offer at St Fagans through making more sense of the site by putting the existing buildings and social history collections into the wider context of the national history of Wales.

Much of the archaeology collections that predate the modern period will be moved from the city centre National Museum and re-displayed at St Fagans so that a fuller story can be told. The aim is to fulfil the expectations of visitors who want to learn more about the roots of Wales and why it is such a diverse country today.

An application for funding to support this initiative will be submitted to the Welsh Assembly Government and the Heritage Lottery Fund in 2009.

Proposals to redevelop the West Wing of National Museum Cardiff have been agreed and, with an investment of £4.15m planned, it is envisaged that these works will commence in September 2009. Once completed, the galleries will be used to display modern and contemporary art and will create the National Museum of Art for Wales on the first floor of the Museum.

Policies Relating to Staff

Equality of Opportunity

The Museum continues to implement non-discriminatory recruitment procedures and therefore interviews and appoints only on merit. The Museum works with local Disability Employment Advisors to ensure the needs of disabled people are met on appointment. Employees who become disabled during the course of their employment are similarly helped – every effort is made to ensure that employees are able to remain in employment.

Furthermore, the Museum continues to invest in public facilities to improve disabled access to both

buildings and information. To assist this work, the Museum has trained over 60 employees to become Diversity Advocates during the past year. This group champions diversity throughout the organization and works to the Social Model of Disability.

During 2008-09, the Museum published its Disability Scheme which includes a 3-year Action Plan. The Scheme was developed in consultation with disabled groups and individuals. Progress against the Action Plan is monitored by the Diversity Advocates within the organization and reports on progress will be presented to the Board.

In addition to its policy on engaging with disabled people, the Museum also has an Equal Opportunities policy which commits the organization to the 'elimination of all forms of discrimination and harassment within the organization'.

Staff Consultation

The Museum continues to comply with the 2005 Information and Consultation regulations, and consults with staff, both directly and through recognised unions, on major changes in the organization. This legal requirement to consult is supplemented by a variety of methods including staff meetings, department meetings, working groups, email and intranet communications, plus informal methods of communication as appropriate. The Museum has also increased the frequency of its Staff Forum (where it discusses issues of importance with recognised Trade Union representatives) to bi-monthly.

Staff Training

The Museum continues to invest time and resources to provide development and training opportunities (both formal and informal) for all its employees. The Museum has identified Investors in People status as an important external measure of this commitment. This accreditation has been achieved at Big Pit: National Coal Museum, the National Roman Legion Museum, the National Slate Museum and the National Waterfront Museum. St Fagans: National History Museum is working towards assessment.

Sickness Absence Data

The Museum has in place policies to support the management of absence at work. The Museum considers long-term absence to be anything over 28 consecutive days. All absence is recorded and monitored by both line managers and the HR department. Quarterly absence reports are produced for all Heads of Department and follow up meetings are held where potential areas of concern have been highlighted. Absence for the year to 31 March 2009 was 5.95% compared with the previous year figure

of 3.76%. There were two contributing factors to this increase – the flu epidemic during December 2008 and January 2009 and an increase in the number of staff with a serious long-term illness.

Remuneration Report

The Museum has in place an agreed pay and grading structure which was implemented to ensure fair and equitable treatment for all. This covers all employees, with the exception of the Director General whose terms and conditions are agreed directly with the Welsh Assembly Government. There is an independent internal appeals process to consider grading issues.

Each year a working group considers the Museum's remuneration package and develops a pay remit (proposal) which is submitted to the Welsh Assembly Government for approval and which forms the basis of negotiations with the recognised trade unions. This results in a new pay and conditions package for the whole of the Museum which is binding until the next round of negotiation. Incremental increases under the pay remit are dependent upon the Museum's system of personal development reviews. Any inflationary elements contained within the agreed pay remit are automatically awarded to all staff.

The Director General's salary consists of a basic salary with an annual bonus. The amount of this bonus (up to a maximum of 10% of salary) is agreed by an Appointments and Remuneration Committee which consists of the President, Vice President, Treasurer, Rhiannon Wyn Hughes, Huw Williams and Prof. John Last. The performance of the Director General is reviewed against a set of pre-determined objectives and this evaluation of performance is then considered by the Committee. A percentage of the bonus is then consolidated into his annual salary and the amount which can be consolidated is established under guidance from the Welsh Assembly Government.

Directors of the Museum are shown on page 12 and further details of the remuneration and pension benefits of Directors are contained within note 7(c) to the Accounts. No Director is employed on a fixed term basis, and all, with the exception of the Director General, are employed on the Museum's standard terms and conditions. Any changes to the terms and conditions pertaining to the Director General are subject to the agreement of the Appointments and Remuneration Committee and (where appropriate) the Welsh Assembly Government.

The notice period for the Director General is 6 months. Notice period for all the other Directors varies with

length of service, with 1 week of notice for each year of service (plus 1 further week) up to a maximum of 13 weeks. The dates of commencement of employment of the Directorate are: Michael Houlihan (Director General) – 14 April 2003; Jon Sheppard – 1 November 2002; John Williams-Davies – 1 September 1973; Michael Tooby – 1 January 2000; Mark Richards – 25 January 1999; Robin Gwyn – 1 February 2001. Provision for compensation for early termination is contained within the Museum's standard redundancy arrangement.

Further details are contained in note 7(c) to the Accounts and that information is subject to audit.

Welsh Language Policy

Each AGSB is expected to draw up and review a Welsh language mainstreaming strategy annually (including the implementation of a Welsh Language Scheme). The Museum's 2008-09 Mainstreaming Strategy was implemented in full and has now been revised to reflect the mainstreaming implications of the overall Operational Plan for 2009-10.

Auditor

The accounts are audited by the Auditor General for Wales in accordance with Section 9 (8) of the Museums and Galleries Act 1992. Details of auditors' remuneration for the year ending 31 March 2009 are contained in Note 6 to the Financial Accounts.

Principal Office

The principal office for The National Museum of Wales is: National Museum Cardiff, Cathays Park, Cardiff CF10 3NP.

Principal Advisers

Bankers: Lloyds TSB Bank PLC, Cardiff
Solicitors: Geldards LLP, Cardiff
Internal Auditors: RSM Bentley Jennison, Cardiff
Investment Managers: Barclays Wealth, Cardiff
Pension Fund Managers: BBS Consultants and Actuaries LLP, Bristol
Taxation: Deloitte & Touche LLP, Cardiff

Michael Houlihan
 Accounting Officer and Director General
 Approved and signed on 23 July 2009

J. Peter W. Morgan
 Treasurer, on behalf of the Board of Trustees
 Approved and signed on 23 July 2009

BOARD OF TRUSTEES

(From 1 April 2008 onwards)

President

Paul E. Loveluck, CBE, JP, BA *

President

Elisabeth Elias, MA, DL *

Treasurer

J. Peter W. Morgan, M.Sc., FCA *

Appointed by the Welsh Assembly Government

Rhiannon Wyn Hughes, MBE, FRSA

Huw R.C. Williams (*from 20 November 2008)

Gareth Williams

Carole-Anne Davies (*from 20 November 2008)

Miriam Hazel Griffiths, MA

Prof. R. Gareth Wyn Jones, D.Phil., D.Sc., FIBiol., FRSC

Christina Macaulay, MA (Hons)

Appointed by the National Museum of Wales

Dr Iolo ap Gwynn, B.Sc., Ph.D., FRMS

Prof. C. L. Jones, OBE, FRSA

Prof. J. Last, CBE, MA, D.Litt., Hon FMA, FRSA

Dr W. B Willott, CB

Prof. Jonathan Osmond, MA, D.Phil (Oxon), FRHist S

Dr Haydn Ellis Edwards, B.Sc., MBA, Ph.D., FRSC, FIMgt

* Indicates members of the Audit Committee

BOARD OF NATIONAL MUSEUMS AND GALLERIES OF WALES ENTERPRISES LTD.

(from 1 April 2008 onwards)

Gareth Williams – Chairman

Christina Macaulay (from 19 June 2008)

Vivian Pollard

Sian Llywelyn

Arwyn Davies

Michael Houlihan

Jon Sheppard

Philip Smith (from 4 September 2008)

DIRECTORATE

(from 1 April 2008 onwards)

Director General

Director of Collections & Research

(Deputy Director General)

Director of Operations

(Deputy Director General – appointed 18 June 2009)

Director of Finance

Director of St Fagans: National History Museum

(Director of Collections & Research – appointed 1 April 2009)

Director of Learning & Programmes

Director of Communications

Michael Houlihan

Eurwyn Wiliam – retired 31 March 2009

Mark Richards

Jon Sheppard

John Williams-Davies

Michael Tooby

Robin Gwyn

Statement of the Board of Trustees and Director General's Responsibilities

Under section 9(4) of the Museums and Galleries Act 1992, the Board of Trustees of the National Museum of Wales is required to prepare a statement of accounts for each financial year in the form and on the basis determined by the Welsh Assembly Government, with the consent of the Treasury. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Museum and of its net incoming resources, realised and unrealised gains and losses and cash flows for the financial year.

In preparing the accounts, the Trustees and the Director General are required to comply with the requirements of the Statement of Recommended Practice (2005): Accounting and Reporting by Charities and the Government Financial Reporting Manual and in particular to:

- observe the accounts direction issued by the National Assembly for Wales including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts; and
- prepare the accounts on the going concern basis.

The Principal Accounting Officer for the National Assembly for Wales has designated the Director General as the Accounting Officer for the National Museum of Wales. The Director General's relevant responsibilities as Accounting Officer, including responsibility for the propriety and regularity of the public finances for which he is answerable, for keeping of proper records and for safeguarding the Museum's assets, are set out in the Accounting Officers' Memorandum issued by the Treasury.

Statement of disclosure of information to auditors

So far as the Director General and the Treasurer, on behalf of the Board of Trustees, are aware, there is no relevant audit information of which the Museum's auditors are unaware, and they have taken all the steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the Museum's auditors are aware of that information.

Statement on Internal Control

Scope of responsibility

The Accounting Officer and Trustees have responsibility for maintaining a sound system of internal control that supports the achievement of the National Museum of Wales policies, aims and objectives, as set by the Board of Trustees, whilst safeguarding the public funds and assets for which the Accounting Officer is personally responsible in accordance with the responsibilities assigned in Managing Public Money.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level, rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Museum's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Museum for the year ended 31 March 2009, and up to the date of approval of the annual report and accounts, and accords with Treasury guidance. In support of the system of internal control, the Museum operates Fraud and Whistle blowing policies which are subject to audit review.

Capacity to handle risk

Risk Management on a day-to-day basis is the responsibility of the Directorate, with formal reviews and assessment of risks conducted regularly by a Risk Management Group. These reviews are scrutinised by the Performance Review sub-committee of the Board of Trustees and the Audit Committee. By drawing upon the experience of the internal auditors, who attend the risk reviews, and by the experience of the independent members of the Audit Committee, the process is continually refreshed by comparison with other organizations.

The Risk and Control Framework

A robust Risk Management review is conducted by a dedicated cross-departmental group who review the progress and effectiveness of controls of the major risks, including, of course, the ongoing security of the Museum's collections. A Risk Register is maintained by the group with all risks prioritised according to the likelihood of the risk materialising and the potential impact thereof. The group continuously engage with all Heads of Department regarding changes in potential threats to the achievement of the Museum's aims, and thereby ensure that the risks assessed cover all aspects of the Museum's operations. The identification and management of risks is also a standing item on the agenda of the Executive group meeting involving the Directorate and all Heads of Department. Separate Risk Registers are maintained for the trading subsidiary, the joint venture company and for all major projects for their duration. At the end of a project, that project's Risk Register is assessed and all continuing risks are transferred to the Museum's main register.

The group is also requested to consider specific potential risks by the Board of Trustees, Performance Review and Audit Committees. Furthermore, the Performance Review and Audit Committees review the Risk Register amendments and issues discussed at the group's quarterly meetings, together with mitigating actions undertaken against the highest rated risks.

Membership of the Risk Management Group includes the internal auditor which aids access to issues of concern in other bodies, whilst departmental representation is reviewed on a regular basis to ensure coverage of all potential risks.

Threats to the security of all the Museum's assets is a fundamental risk, requiring mitigating actions, and is regularly reviewed by internal audit, the Risk Management Group and the Board of Trustees. During the year ended 31 March 2009, the Audit Committee received and reviewed a detailed report on the risk and

mitigating actions relating to the security and confidentiality of personal and other data. Appropriate actions were confirmed and reported thereon covering the raising of awareness of the risks and issues involved amongst the Museum's employees, issuing of revised guidance and policy, the application of appropriate password and access controls, the provision of technical support and the supply of appropriate encryption facilities. There have been no personal data related incidents during the year.

The Risk Management Policy and Guidelines set out the framework and roles and responsibilities in managing risk together with guidance on risk identification, assessment, monitoring and control. Audit of the design and operation of the Risk Management process is included within the internal auditors rolling programme of work and during the year ended 31 March 2009 it was subject to an assessment of the Museum's 'risk maturity'. This considered 'not only the framework in place to identify, assess, record and monitor risks but how that information is used'. The internal auditors' assessment of the Museum's risk maturity placed it at the highest level within the risk maturity spectrum.

Review of effectiveness

The Accounting Officer also has responsibility for reviewing the effectiveness of the system of internal control. The review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the Directorate of the Museum who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. The Accounting Officer has been advised on the implications of the result of his review of the effectiveness of the system of internal control by the Trustees and the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Museum has established the following processes to complement the risk management framework to maintain an effective system of internal control:

- Detailed financial regulations and administrative procedures including segregation of duties and various levels of delegated authority;
- Comprehensive budgeting systems with an annual budget which is approved by the Trustees and regular reviews by Heads of Department, Directorate and the Board of Trustees of monthly financial reports, which indicate financial performance against the forecasts;
- Setting targets to measure financial and other performance within the Operational Plan, with progress monitored by quarterly meetings of a Performance Review Committee;
- Clearly defined capital investment control guidelines and monitoring thereof;
- Regular reports by internal audit to standards defined in the Government Internal Audit Manual which includes the Internal Auditor's independent opinion on the adequacy and effectiveness of the system of internal control together with recommendations for improvement. Based upon the internal audit work for the twelve months ended 31 March 2009, the Internal Auditor concluded that the Museum has adequate and effective risk management, control and governance processes to manage the achievement of its objectives.

A key component in the Museum's review of effectiveness of systems of internal control is the Audit Committee. The Committee is made up by Trustees and up to four independent members (one of whom usually acts as the Chairman). The Committee meets quarterly with not only the minutes of the meeting being considered by the Board of Trustees, but also a report from the Chairman. Meetings receive reports from both internal and external auditors and follow up on all action points arising. Key Directorate members also attend as appropriate to the agenda and annually, the Committee meets the auditors without the Directorate being present and vice-versa. Broad terms of reference for the Committee cover all aspects of risk, control and corporate governance including risk management reports.

Michael Houlihan
Accounting Officer and Director General
Approved and signed on 23 July 2009

J. Peter W. Morgan
Treasurer, on behalf of the Board of Trustees
Approved and signed on 23 July 2009

AMGUEDDFA GENEDLAETHOL CYMRU – THE NATIONAL MUSEUM OF WALES

THE CERTIFICATE AND REPORT OF THE AUDITOR GENERAL FOR WALES TO THE NATIONAL ASSEMBLY FOR WALES

I certify that I have audited the financial statements of the National Museum of Wales for the year ended 31 March 2009 under section 9(4) of the Museums and Galleries Act 1992. These comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having being audited.

Respective responsibilities of the Board of Trustees, the Accounting Officer and Auditor

The Board of Trustees and the Director General, as Accounting Officer, are responsible for preparing the Financial Report, the Remuneration Report and the financial statements in accordance with section 9(4) of the Museums and Galleries Act 1992 and Welsh Ministers' directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of the Board of Trustees and Accounting Officer's Responsibilities.

My responsibility is to audit the financial statements and the part of the remuneration report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with section 9(4) of the Museums and Galleries Act 1992 and Welsh Ministers' directions made thereunder. I report to you whether, in my opinion, the information given in the Financial Report is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by the National Assembly for Wales and the financial transactions conform to the authorities which govern them.

In addition, I report to you if in my opinion the National Museum of Wales has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects the National Museum of Wales' compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of National Museum of Wales corporate governance procedures or its risk and control procedures.

I read the other information contained in the Financial Report which comprises the unaudited part of the remuneration report and consider whether it is consistent with the audited financial statements. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinions

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the

amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Board of Trustees and Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the National Museum of Wales circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the expenditure and income have been applied to the purposes intended by the National Assembly for Wales and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

Opinions

In my opinion:

- the financial statements give a true and fair view, in accordance with the Museums and Galleries Act 1992 and directions made thereunder by Welsh Ministers, of the state of the National Museum of Wales, and its group, affairs as at 31 March 2009 and of its incoming resources and application of resources, and cash flows for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Museums and Galleries Act 1992 and Welsh Ministers directions made thereunder; and
- information given within the Financial Report is consistent with the financial statements.

Opinion on Regularity

In my opinion, in all material respects the expenditure and income have been applied to the purposes intended by the National Assembly for Wales and the financial transactions conform to the authorities which govern them.

Report

I have no observations to make on these financial statements.

Jeremy Colman
Auditor General for Wales
24 Cathedral Road
Cardiff
CF11 9LJ

Date: 30 July 2009

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR YEAR ENDED 31 MARCH 2009

	Public funds		Private Funds		2008-09	2007-08
	Restricted £'000	Unrestricted £'000	Restricted £'000	Unrestricted £'000	Total £'000	Total £'000
Notes						
INCOMING RESOURCES						
Activities for Generating Funds:						
Investment Income	0	0	71	6	77	72
Income from trading subsidiary	2	2,610	0	0	2,610	2,579
Fundraising income	0	0	139	48	187	62
	0	2,610	210	54	2,874	3,013
Activities in Furtherance of Charitable Objects:						
Grants	3	2,608	22,740	0	25,348	25,169
Donations & bequests	4	277	0	109	452	995
Other income	5	77	1,098	14	1,190	1,456
	2,962	23,838	123	67	26,990	27,620
TOTAL INCOMING RESOURCES	2,962	26,448	333	121	29,864	30,633
RESOURCES EXPENDED						
Costs of Generating Funds:						
Costs of Trading Subsidiary		0	2,200	0	2,200	2,271
Costs of Fundraising		0	488	0	488	465
	0	2,688	0	0	2,688	2,736
Costs of Charitable Activities:						
Learning & Programmes		162	3,026	51	3,239	2,953
Collections & Research		1,319	7,439	23	8,782	8,497
Museum Operations		799	11,643	184	12,637	12,225
	2,280	22,108	258	12	24,658	23,675
Governance Costs		0	690	0	690	672
Pension Finance Costs/(Income)	16	0	571	0	571	(281)
TOTAL RESOURCES EXPENDED	2,280	26,057	258	12	28,607	26,802
SHARE OF JOINT VENTURE	8	(122)	0	0	(122)	(126)
NET INCOMING RESOURCES BEFORE NOTIONAL COSTS	560	391	75	109	1,135	3,705
Notional cost of capital		(3,705)	550	0	(3,155)	(3,281)
NET INCOMING/(OUTGOING) RESOURCES BEFORE TRANSFERS	(3,145)	941	75	109	(2,020)	424
Reversal of notional cost of capital		3,705	(550)	0	3,155	3,281
NET INCOMING RESOURCES FOR THE FINANCIAL YEAR	560	391	75	109	1,135	3,705
Unrealised Gains on revaluation of fixed assets intended for Charity Use	9	(7,396)	(13)	(106)	(7,546)	5,650
Realised/Unrealised Gains/(Losses) on market valuation of investments	11	0	0	(455)	(494)	(200)
Actuarial Gains/(Losses) on defined benefit pension scheme	16	0	(11,613)	0	(11,613)	1,980
NET MOVEMENT IN FUNDS DURING THE FINANCIAL YEAR	(6,836)	(11,235)	(486)	39	(18,518)	11,135
FUND BALANCES B/FWD AT 1 APRIL 2008	17	109,289	(10,106)	4,114	509	103,806
FUND BALANCES C/FWD AT 31 MARCH 2009	17	102,453	(21,341)	3,628	548	85,288

The above SOFA includes all recognised gains and losses. All activities are continuing.

The non-consolidated net decrease in funds recorded in the Museum's own Statement of Financial Activities during 2008-09 was £18,507,000 (£11,139,000 increase in 2007-08).

The notes on pages 21 to 35 form part of these accounts.

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2009

	Notes	Museum		Consolidated	
		2009 £'000	2008 £'000	2009 £'000	2008 £'000
FIXED ASSETS					
Tangible Assets	9	77,729	85,380	77,739	85,394
Heritage Assets	10	13,208	12,642	13,208	12,642
Share of Joint Venture:	8				
Share of gross assets		13,163	13,308	13,163	13,308
Share of gross liabilities		(27)	(50)	(27)	(50)
		<u>13,136</u>	<u>13,258</u>	<u>13,136</u>	<u>13,258</u>
Investments	11	1,437	1,931	1,437	1,931
		<u>105,510</u>	<u>113,211</u>	<u>105,520</u>	<u>113,225</u>
CURRENT ASSETS					
Stock	12	71	112	387	481
Debtors due within one year	13	1,734	1,583	818	981
Cash at bank and in hand		1,984	1,351	2,699	1,696
		<u>3,789</u>	<u>3,046</u>	<u>3,904</u>	<u>3,158</u>
CREDITORS					
Amounts falling due within one year	14	(590)	(761)	(662)	(823)
		<u>3,199</u>	<u>2,285</u>	<u>3,242</u>	<u>2,335</u>
NET CURRENT ASSETS					
NET ASSETS EXCLUDING PENSION SCHEME LIABILITY					
		<u>108,709</u>	<u>115,496</u>	<u>108,762</u>	<u>115,560</u>
Defined benefit pension scheme deficit	16	(23,474)	(11,754)	(23,474)	(11,754)
NET ASSETS INCLUDING PENSION SCHEME LIABILITY					
		<u>85,235</u>	<u>103,742</u>	<u>85,288</u>	<u>103,806</u>
FUNDS					
Public Funds Restricted	17	102,453	109,289	102,453	109,289
Public Funds Unrestricted		2,080	1,584	2,133	1,648
Pension Reserve		(23,474)	(11,754)	(23,474)	(11,754)
Total Public Funds Unrestricted		<u>(21,394)</u>	<u>(10,170)</u>	<u>(21,341)</u>	<u>(10,106)</u>
Private Funds Restricted		3,628	4,114	3,628	4,114
Private Funds Unrestricted		548	509	548	509
		<u>85,235</u>	<u>103,742</u>	<u>85,288</u>	<u>103,806</u>

Signed on behalf of the Trustees by

Michael Houlihan
Accounting Officer and Director General
Approved and signed on 23 July 2009

J. Peter W. Morgan
Treasurer, on behalf of the Board of Trustees
Approved and signed on 23 July 2009

The notes on pages 21 to 35 form part of these accounts.

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2009

	Notes	Museum		Consolidated	
		2008-09 £'000	2007-08 £'000	2008-09 £'000	2007-08 £'000
Net Cash Inflow from Operating Activities	18	2,049	4,536	2,419	4,685
Capital Expenditure and Financial Investment	19	(1,416)	(4,037)	(1,416)	(4,037)
Increase in Cash	20	633	499	1,003	648

The notes on pages 21 to 35 form part of these accounts.

Notes to the Accounts for the Year Ended 31 March 2009

1. Accounting Policies

1.1 Basis of Accounting

The Accounts are prepared under the historical cost convention, modified to include the revaluation of tangible fixed assets at their value to the Museum. They have been prepared in accordance with the Accounts Direction issued by the Welsh Ministers with the consent of the Treasury. Without limiting the information given, the Accounts meet the accounting and disclosure requirements of the Statement of Recommended Practice (SORP 2005), Accounting and Reporting by Charities, issued by the Charities Commissioners for England and Wales, and the accounting statements issued or adopted by the Accounting Standards Board in so far as those requirements are appropriate. HM Treasury has confirmed that the exemptions contained in the Charities SORP in respect of the need to disclose the historic cost of tangible fixed assets may apply.

1.2 Joint Venture Undertakings

The Museum and the City and County of Swansea are two equal members in the National Waterfront Museum Swansea (NWMS), a company limited by guarantee and does not have a share capital. The results of the joint venture have been included within the financial statements and are accounted for using the gross equity method of accounting. The accounts of NWMS for the year to 31 March 2009 were signed on 16 June 2009 and received an unqualified audit opinion. A copy of the accounts can be obtained from the Museum's Principal Office: National Museum Cardiff, Cathays Park, Cardiff CF10 3NP.

1.3 Subsidiary Undertakings

The Museum operates a wholly owned trading subsidiary National Museums and Galleries of Wales Enterprises (NMGW Enterprises) Ltd. The trading results for the company have been included within the consolidated financial statements on the 'line by line' method. The accounts of NMGW Enterprises Ltd for the year to 31 March 2009 were approved on 2 July 2009 and received an unqualified audit opinion. A copy of the accounts can be obtained from the Museum's Principal Office: National Museum Cardiff, Cathays Park, Cardiff CF10 3NP.

1.4 Incoming Resources

All income is recognised in the Statement of Financial Activities when the conditions for receipt have been met. Grants are credited to the Statement of Financial Activities on a receivable basis. Income for services performed is credited when the service is provided. Donations and bequests are accounted for when conditions for their receipt have been met.

1.5 Resources Expended

Expenditure is allocated across expenditure heads on the basis of direct allocation and indirect apportionment in the case of support costs as appropriate.

1.6 Tangible Fixed Assets and Heritage Assets

Plant, equipment, fixtures and fittings are valued at their depreciated replacement cost. Leasehold and freehold properties are valued at their economic use value or depreciated replacement cost value as appropriate. Routine maintenance work in respect of these properties is written off in the year in which it is undertaken.

Heritage assets are defined as assets of historic, artistic or scientific importance that are held to advance preservation, conservation and educational objectives of charities and through public access contribute to the nation's culture and education at either a national or local level. These assets are central to the achievement of the aims of the Museum and include land, buildings, exhibits and artefacts. With effect from 1 April 2001 heritage assets purchased or donated to the Museum have been capitalised at historic cost/valuation. In accordance with Treasury accounts direction, assets acquired before 1 April 2001 have not been capitalised and in the opinion of the Trustees the considerable cost of valuation of the large collection of heritage assets cannot be justified on cost/benefit grounds.

Items of a capital nature costing less than £5,000 are not capitalised. Assets are professionally revalued every 5 years and are revalued using indices (with the exception of IT assets which are not indexed) in the intervening period in addition to an annual impairment review by management.

1.7 Depreciation

Depreciation is charged on tangible fixed assets (excluding freehold land and heritage assets). The principal rates, using the straight-line method, are as follows:

Freehold buildings and long leasehold properties are depreciated over their useful lives from 50 to 125 years.

As permitted by the Charities SORP 2005, heritage assets are not depreciated. It is the opinion of the Trustees that with regard to works of art their residual value is higher than the carrying value and with regard to other heritage assets their estimated useful life is of such length that depreciation is not material.

Plant, equipment, fixture and fittings are depreciated over 5-10 years. In specific cases of items subject to technological changes or with a high obsolescence factor, a 3 year life is used. Other specific items may have a longer depreciation period.

Leased assets are charged on a straight line basis over the term of the lease.

1.8 Funds

Public and Private Unrestricted Funds are available for use, at the discretion of the Trustees, in furtherance of the general objectives of the Museum.

Public Restricted Funds represent Capital and Specimen Purchase Grants receivable from the Welsh Assembly Government and other government bodies.

Private Restricted Funds are funds subject to specific restriction imposed by donors and can only be applied in accordance with the instructions under which they are set up.

1.9 Stock

The Museum maintains a stock of publications and other items for sale in its shops. These are valued at the lower of cost and net realisable value.

1.10 Investments

Investments are shown at market value. It is the Museum's policy to keep valuations up to date such that when investments are sold there is no gain or loss arising relating to previous years. As a result the Statement of Financial Activities does not distinguish between the valuation adjustments relating to sales and those relating to continued holdings as they are treated as changes in the value of the investment portfolio throughout the year.

1.11 Research and Development

Expenditure on research and development is charged to the Statement of Financial Activities in the year in which it is incurred.

1.12 Taxation

The Museum has been granted charitable status by the HM Revenue & Customs, though NMGW Enterprises Ltd is subject to Corporation Tax.

1.13 Pensions

Contributions to the National Museum of Wales's Pension Scheme are charged to the Statement of Financial Activities so as to spread the cost of pensions over employees' working lives. The charge to the Statement of Financial Activities is based upon the current service cost as calculated by the scheme actuary.

1.14 Cost of Capital

Government Accounting requires the inclusion of a notional cost of capital, calculated by applying a percentage of 3.5% to the average public capital employed. The cost of capital charge measures an appropriate return on the taxpayers equity.

1.15 Derivatives

The Museum has no borrowings and relies primarily on government grants for its cash requirements and is therefore not exposed to liquidity risks. All material assets and liabilities are denominated in sterling, and are not exposed to interest rate risk or currency risk.

1.16 Foreign Currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the net incoming resources.

2. Trading Subsidiary

The Museum has one wholly owned trading subsidiary which is incorporated in the UK. The principal activities of NMGW Enterprises Ltd are sales at all the Museum's retail shops, catering, car parking, image licensing, corporate hire, lettings, mail order, proceeds from the sale or loan of exhibitions and filming rights. NMGW Enterprises Ltd remits its profits to the Museum by means of gift aid. A summary of the Company's results is shown below.

	2008-09 £ '000	2007-08 Restated £ '000
Turnover	2,454	2,433
Cost of sales	(1,882)	(1,958)
Gross Profit	572	475
Administrative expenses	(301)	(290)
Other operating income	124	111
Profit on ordinary activities before interest	395	296
Interest receivable	20	35
Gain on currency movements	12	0
Interest payable	(17)	(23)
Profit on ordinary activities before taxation	410	308
Tax on profit on ordinary activities	0	0
Profit for the financial year	410	308
Gift aid payable to the Museum	(420)	(312)
Retained loss for the financial year	(10)	(4)

3. Grants Receivable

	Public Restricted £'000	Public Unrestricted £'000	2008-09 £'000	2007-08 £'000
Revenue Grant in Aid	0	22,501	22,501	21,301
Specimen Purchase Grant in Aid	1,044	0	1,044	1,075
Capital Grant in Aid	956	0	956	2,325
Other government grant	608	239	847	468
	2,608	22,740	25,348	25,169

The Museum received total Grant from the Welsh Assembly Government of £24,501,000 (£24,701,000 in 2007-08) which comprises the Revenue, Specimen Purchase and Capital Grant in Aid.

Other government grant included: Welsh Assembly Government grant of £741,000 (£150,000 in 2007-08); Heritage Lottery Fund grant of £26,000 (£162,000 in 2007-08); European Union grant of £Nil (£5,000 in 2007-08) and other grant of £80,000 (£151,000 in 2007-08).

4. Donations & Bequests

	Public Funds		Private Funds		2008-09 £'000	2007-08 £'000
	Restricted £'000	Unrestricted £'000	Restricted £'000	Unrestricted £'000		
Donated Assets	0	0	109	0	109	218
Other donations	277	0	0	66	343	777
	277	0	109	66	452	995

5. Other Income

	Public Funds		Private Funds		2008-09 £'000	2007-08 £'000
	Restricted £'000	Unrestricted £'000	Restricted £'000	Unrestricted £'000		
Learning and Programmes	0	128	0	0	128	124
Collections and Research	77	141	0	0	218	200
Museum Operations	0	694	0	0	694	869
Support	0	135	14	1	150	263
	77	1,098	14	1	1,190	1,456

6. Total Resources Expended

(a) Museum

	Direct Costs £'000	Depre- ciation £'000	Marketing, Press & PR £'000	Support Costs			2008-09 £'000	2007-08 £'000
				Finance & Admin £'000	ICT £'000	Human Resources £'000		
Costs of Generating Funds								
Cost of Fundraising	400	0	43	19	16	10	488	465
	400	0	43	19	16	10	488.5	465
Costs of Charitable Activities								
Learning & Programmes	2,853	98	82	40	101	65	3,239	2,953
Collections & Research	7,699	464	77	135	244	163	8,782	8,497
Museum Operations	11,406	481	284	163	164	307	12,805	12,395
	21,958	1,043	443	338	509	535	24,826	23,845
Governance Costs	520	0	136	8	16	10	690	672
Pension Finance Costs	571	0	0	0	0	0	571	(281)
Total Resources Expended	23,449	1,043	622	365	541	555	26,575	24,701

(b) Consolidated

	Direct Costs £'000	Depre- ciation £'000	Marketing, Press & PR £'000	Support Costs			2008-09 £'000	2007-08 £'000
				Finance & Admin £'000	ICT £'000	Human Resources £'000		
Costs of Generating Funds								
Cost of Trading Subsidiary	2,196	4	0	0	0	0	2,200	2,271
Cost of Fundraising	400	0	43	19	16	10	488	465
	2,596	4	43	19	16	10	2,688	2,736
Costs of Charitable Activities								
Learning & Programmes	2,853	98	82	40	101	65	3,239	2,953
Collections & Research	7,699	464	77	135	244	163	8,782	8,497
Museum Operations	11,238	481	284	163	164	307	12,637	12,225
	21,790	1,043	443	338	509	535	24,658	23,675
Governance Costs	520	0	136	8	16	10	690	672
Pension Finance Costs	571	0	0	0	0	0	571	(281)
Total Resources Expended	25,477	1,047	622	365	541	555	28,607	26,802

The amount of £44,775 (£41,575 in 2007-08) is included in resources expended for external auditors' remuneration, £37,360 (£36,800 in 2007-08) for the audit fee and £7,415 (£4,775 in 2007-08) for other work.

The amount of £Nil (£25,000 in 2007-08) is included in resources expended in respect of EU grant related expenditure.

The basis of support cost allocation is as follows: Marketing, Press and PR is allocated per percentage time; Finance and Admin is allocated per total income and total expenditure; ICT is allocated per number of computer workstations and Human Resources is allocated per number of full time equivalent employees.

Costs attributable to governance include strategic planning, Board and committees, Assembly liaison, internal and external audit, risk management and statutory reports and accounts.

7. Staff Costs

(a) Staff Costs during the year:

	Consolidated	
	2008-09 £ '000	2007-08 £ '000
Salaries & Wages	15,465	14,889
Social Security Costs	1,118	1,078
Current/Past Pension Service Cost	2,562	2,901
Severance Costs	0	1
	19,145	18,869
Pension Finance Costs	571	(281)
	19,716	18,588

Included within the staff costs are £1,024,000 (£1,007,000 in 2007-08) relating to the trading subsidiary.

Included within operating costs is an amount of £23,000 (£24,000 in 2007-08) for agency staff.

(b) The average monthly number of full time equivalent employees comprised:

	Permanent Staff	Other Staff	2008-09 Number	2007-08 Number
Trading Subsidiary	33	7	40	38
Fundraising	7	1	8	7
Learning & Programmes	51	5	56	51
Collections & Research	138	10	148	149
Museum Operations	267	23	290	297
Support	68	3	71	67
	564	49	613	609

(c) The remuneration and pension benefits of the directors of the Museum were as follows:

	Salary 2008-09 (2007-08)	Real increase in pension and related lump sum at age 60	Accrued pension at age 60 at 31 March 09 and related lump sum	CETV at 31 March 09	CETV at 31 March 08	Real increase in CETV in excess of members contributions
	£	£	£	£	£	£
Mr Michael Houlihan, Director General	101,330 (98,859)	1,420 plus 4,260 lump sum	7,550 plus 22,650 lump sum	191,640	155,850	29,710
Dr Eurwyn Wiliam, Deputy Director General	73,016 (70,919)	1,870 plus 5,610 lump sum	34,230 plus 102,690 lump sum	884,450	797,410	82,660
Mr John Williams-Davies Director of St Fagans NHM	72,016 (69,919)	1,810 plus 5,430 lump sum	32,030 plus 96,090 lump sum	800,390	723,100	72,970
Mr Mark Richards Director of Operations	72,016 (69,919)	1,140 plus 3,420 lump sum	9,160 plus 27,480 lump sum	154,640	132,090	18,230
Mr Michael Tooby, Director of Learning & Programmes	72,016 (67,554)	2,230 plus 6,690 lump sum	22,360 plus 67,080 lump sum	407,310	355,850	47,140
Mr Jonathan Sheppard, Director of Finance	69,101 (64,884)	1,530 plus 4,590 lump sum	11,780 plus 35,340 lump sum	261,090	222,120	34,820
Mr Robin Gwyn, Director of Communications	66,257 (62,214)	1,190 plus 3,570 lump sum	6,760 plus 20,280 lump sum	113,660	91,340	18,340

The emoluments of the Director General consisted of a basic salary of £101,330 (£98,859 in 2007-08) plus a non consolidated bonus based on performance estimated at £6,586 (£6,430 in 2007-08).

The Museum's Directors are all ordinary members of the Museum's pension scheme.

The Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The real increase in CETV reflects the increase effectively funded by the Museum. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme) and uses common market valuation factors for the start and end of the period.

(d) Members of the Board of Trustees

Trustees do not receive any emoluments. The total amount of travel, subsistence and hospitality expended by the Museum for its Board and committee members was £25,000 (£27,000 in 2007-08). A total of 14 trustees were reimbursed expenses during the year.

8. Share of Joint Venture

The Museum is an equal member, with the City and County of Swansea, of the National Waterfront Museum, Swansea (NWMS) (Charity No 1090512), a company limited by guarantee. The principal objective of NWMS is to establish for the benefit of the public a museum in Swansea to house and display (inter alia) the industrial and maritime collection of the Museum and the City and County of Swansea. In the event of the windup or dissolution of NWMS its articles and memorandum of association state that any property belonging to or vested in the charity shall be transferred to some other charity or charities having similar objectives.

The Museum's share of the net movement in funds and net assets of the Joint Venture comprises:

	Total Net Movement in Funds		Share of Net Movement in Funds	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Incoming resources from generating funds	0	0	0	0
Investment income	2	10	1	5
Other incoming resources	0	1	0	0
Total incoming resources	2	11	1	5
Costs of generating funds	0	0	0	0
Charitable activity expenditure	239	253	120	126
Other resources expended	0	0	0	0
Governance costs	7	9	3	5
Total resources expended	246	262	123	131
Net Movement in Funds	(244)	(251)	(122)	(126)

	Total Assets and Liabilities		Share of Assets and Liabilities	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Fixed Assets	26,225	26,441	13,113	13,221
Current Assets	101	175	50	87
Liabilities due within one year	(6)	(50)	(3)	(25)
Liabilities due after more than one year	(48)	(49)	(24)	(25)
Net Assets	26,272	26,517	13,136	13,258
Funds				
General Fund (unrestricted)	26,177	26,392	13,089	13,196
Restricted Fund	95	125	47	62
	26,272	26,517	13,136	13,258

At 31 March 2009, NWMS had contracted for £8,268 of capital expenditure which had not been incurred at that balance sheet date (2008: £10,743 of capital expenditure had been contracted for but not incurred).

9. Tangible Fixed Assets

(a) Museum

	Freehold Land & Buildings £'000	Leasehold Properties £'000	Plant & Vehicles £'000	Fixtures, Fittings & Equipment £'000	Total £'000
Cost or Valuation					
At 1 April 2008	21,393	64,410	170	1,356	87,329
Additions in Year	153	492	164	135	944
Disposals	0	0	(64)	0	(64)
Revaluation	(1,943)	(5,849)	6	32	(7,754)
At 31 March 2009	19,603	59,053	276	1,523	80,455
Depreciation					
At 1 April 2008	577	1,031	86	255	1,949
Charge for the Year	301	526	55	161	1,043
Disposals	0	0	(58)	0	(58)
Revaluation	(79)	(140)	2	9	(208)
At 31 March 2009	799	1,417	85	425	2,726
Net Book Value					
At 1 April 2008	20,816	63,379	84	1,101	85,380
At 31 March 2009	18,804	57,636	191	1,098	77,729

(b) Consolidated

	Freehold Land & Buildings £'000	Leasehold Properties £'000	Plant & Vehicles £'000	Fixtures, Fittings & Equipment £'000	Total £'000
Cost or Valuation					
At 1 April 2008	21,393	64,410	170	1,388	87,361
Additions in Year	153	492	164	135	944
Disposals	0	0	(64)	0	(64)
Revaluation	(1,943)	(5,849)	6	32	(7,754)
At 31 March 2009	19,603	59,053	276	1,555	80,487
Depreciation					
At 1 April 2008	577	1,031	86	273	1,967
Charge for the Year	301	526	55	165	1,047
Disposals	0	0	(58)	0	(58)
Revaluation	(79)	(140)	2	9	(208)
At 31 March 2009	799	1,417	85	447	2,748
Net Book Value					
At 1 April 2008	20,816	63,379	84	1,115	85,394
Ar 31 Mawrth 2009	18,804	57,636	191	1,108	77,739

The Museum's tangible fixed assets were professionally valued at 31 March 2006 by M. A. Lawley of Cooke and Arkwright Chartered Surveyors. The valuations were in accordance with the requirements of the Royal Institute of Chartered Surveyors Appraisal and Valuation Standards and FRS15. The valuation of each property was on the bases and assumptions for owner occupied properties: being valued to Existing Use Value assuming that the properties would be sold as part of continuing business or by using the depreciated replacement cost method.

In the intervening period assets are revalued using indices. The index used for land and buildings is the BCIS All in Tender Price Index. The index value was 232 in March 2009 (255 in March 2008).

10. Heritage Assets

Heritage Assets acquired in year comprise:

	Art £'000	Historic Buildings £'000	Other £'000	Total £'000
St Teilo's Church Wall Paintings	-	30	-	30
NSM Heritage Building Refurbishment Works	-	6	-	6
The House of Fairy Tales	5	-	-	5
<i>A Celebration of St David's Day</i>	48	-	-	48
<i>The Hour of Prayer</i> – Eija-Liisa Ahtila	87	-	-	87
<i>Raethro Pink</i> – James Turrell	204	-	-	204
<i>The Balcony</i> – Betty Woodman	26	-	-	26
Bronze Maquette	6	-	-	6
Paintings from Nannau, Merioneth	45	-	-	45
Stoneware – Claudi Casanovas	7	-	-	7
<i>Caesar's Plume</i> – Frank Bowling	13	-	-	13
Langstone Tankard	-	-	16	16
Llanvanches Coin Hoard	-	-	16	16
Seashell Collection	-	-	11	11
Merchant's House Refurbishment Work	-	14	-	14
Harry Rogers Mining Collection	-	-	10	10
Locomotive Namplate	-	-	10	10
Mixed Insect Collection	-	-	12	12
Total Additions in Year	441	50	75	566
At 1 April 2008	6,244	5,630	768	12,642
At 31 March 2009	6,685	5,680	843	13,208

11. Fixed Asset Investments

	Museum		Consolidated	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
At 1 April 2008	1,931	2,133	1,931	2,133
Additions to investments at cost	359	452	359	452
Disposals at market value	(359)	(454)	(359)	(454)
Net Gain/(Loss) on Revaluation	(494)	(200)	(494)	(200)
Market Value at 31 March 2009	1,437	1,931	1,437	1,931

The historic cost of investments at 31 March 2009 was £1,716,000 (£1,712,000 at 31 March 2008). The portfolio consists of Collective Investments (Unit Trusts) authorised by the Securities and Investments Board (these were professionally valued by the Museum's investment managers, Barclays Wealth) and shareholdings (bequeathed to the Museum) listed on the London Stock Exchange.

12. Stock

	Museum		Consolidated	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Shop Goods for Sale	0	0	316	369
Publications stock held separately	122	134	122	134
Less Provision for Stock Write Off	(51)	(22)	(51)	(22)
	71	112	387	481

13. Debtors

	Museum		Consolidated	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Trade Debtors	107	224	237	282
Amount due from trading subsidiary	691	308	0	0
Loan due from trading subsidiary	301	301	0	0
Other Debtors	428	565	361	496
Prepayments	207	185	220	203
	1,734	1,583	818	981

Included within Other Debtors due within one year are intra government balances with: Welsh Assembly Government of £9,000 (£42,000 in 2007-08); Heritage Lottery Fund of £8,000 (£42,000 in 2007-08); British Museum of £17,000 (£32,000 in 2007-08); Countryside Council for Wales of £Nil (£11,000 in 2007-08) and HM Revenue & Customs of £300,000 (£315,000 in 2007-08), all being defined as other central government bodies and with the City and County of Swansea of £31,000 (£Nil in 2007-08) being defined as local government bodies within the Whole of Government Accounts.

14. Creditors: Amounts falling due within one year

	Museum		Consolidated	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Trade Creditors	281	427	288	464
Other Creditors and Accruals	309	334	374	359
	590	761	662	823

Included within Other Creditors and Accruals are intra government balances with: Welsh Assembly Government of £7,000 (£12,000 in 2007-08); Department for Business, Innovation and Skills of £Nil (£35,000 in 2007-08); Countryside Council for Wales of £9,000 (£10,000 in 2007-08) and the Particle Physics & Astronomy Research Council of £7,000 (£Nil in 2007-08), all being defined as other central government bodies within the Whole of Government Accounts.

15. Leased Assets

	Furniture, Fixtures & Fittings £'000		2008-09 £'000	2007-08 £'000
	Payments due to acquire leased assets: Leases expiring within one year			7

16. Pension Costs

The Museum operates a defined benefit pension scheme in the UK, which is underwritten by a Crown Guarantee issued by the National Assembly for Wales. A full actuarial valuation was carried out at 31 March 2006. This was updated at 31 March 2009 by a qualified independent actuary using guidelines issued by HM Treasury.

The actuarial valuation at 31 March 2009 showed an increase in the deficit from £11,754,000 to £23,474,000. The Museum's contribution to the Scheme in the year to 31 March 2009 amounted to £3,026,000 (£2,887,000 to 31 March 2008) at a rate of 21.3% of Pensionable Remuneration.

The Museum expects to contribute £3,140,000 to the Scheme in 2009-10.

(a) Amounts in the balance sheet:

	2009 £'000	2008 £'000
Fair value of assets	48,718	65,195
Defined benefit obligation	(72,192)	(76,949)
Surplus/(Deficit)	(23,474)	(11,754)

(b) Analysis of changes in the fair value of assets:

	2009 £'000	2008 £'000
Opening fair value of assets	65,195	65,972
Expected return	4,128	4,237
Employer's contributions	3,026	2,887
Members' contributions	866	833
Actuarial experience losses	(21,258)	(6,524)
Benefits paid	(3,239)	(2,210)
Closing fair value of assets	48,718	65,195

(c) Analysis of changes in the present value of defined benefit obligations:

	2009 £'000	2008 £'000
Opening defined benefit obligation	76,949	79,973
Current service cost	2,529	2,901
Members' contributions	866	833
Past service cost	33	0
Interest cost	4,699	3,956
Actuarial loss	(9,645)	(8,504)
Benefits paid	(3,239)	(2,210)
Closing defined benefit obligation	72,192	76,949

(d) Amounts charged to resources expended:

	2009		2008	
	£'000	£'000	£'000	£'000
Current service cost	2,529		2,901	
Past service cost	33		0	
		2,562		2,901
Expected return on assets	(4,128)		(4,237)	
Interest cost	4,699		3,956	
		571		(281)
Total charge to resources expended		3,133		2,620

(e) Major categories of scheme assets as a percentage of total scheme assets:

	2009	2008
Equities	72.90%	74.80%
Fixed Interest Gilts	-	3.00%
Index Linked Gilts	15.40%	21.90%
Corporate bonds	11.40%	-
Other	0.30%	0.30%

(f) Principal actuarial assumptions:

	2009	2008
Discount rate	6.04%	6.10%
Inflation	2.75%	3.60%
Salary growth	4.25%	5.10%
Pension increases in payment	2.75%	3.60%
Pension increases in deferment	2.75%	3.60%
Expected return on assets	5.90%	6.30%
Assumes life expectancy currently age 65		
Male	85.3	85.3
Female	88.2	88.1
Assumes life expectancy currently age 45		
Male	86.3	86.3
Female	89.1	89.0

The expected rate of return utilised on assets of 5.9% is derived from the weighted expected return on each of the major categories of asset. In particular:

- The expected annual return on fixed interest and index linked gilts has been taken to be 4.04%, which is equal to the annualized yield on the FTSE 20 year gilts index at 31 March 2009;
- The expected annual return on corporate bonds has been taken to be 6.04%, which is equal to the discount rate;
- The expected annual return on equities (and the small holding in property and other investments) has been taken to be 6.3%. This has been derived as 2.25% above the expected return on gilts, as in previous years.

(g) Amounts for the current and previous four years:

	2008	2007	2006	2005	2004
Fair value of assets	48,718	65,195	65,972	58,546	45,700
Defined benefit obligation	(72,192)	(76,949)	(79,973)	(68,239)	(55,053)
Deficit	(23,474)	(11,754)	(14,001)	(9,693)	(9,353)
Experience adjustments on assets	(21,258)	(6,524)	2,486	8,624	1,901
Experience adjustments on obligations	(121)	(191)	(68)	0	0

17. Statement of Funds**(a) Movement in Funds**

	1 April 2008	Incoming Resources	Resources Expended	Other Movements in Year	31 March 2009
	£'000	£'000	£'000	£'000	£'000
Public Funds					
Restricted – Capital	101,154	1,565	(1,687)	(7,497)	93,535
Restricted – Specimens	8,135	1,397	(593)	(21)	8,918
Total Restricted	109,289	2,962	(2,280)	(7,518)	102,453
Unrestricted	1,648	26,448	(25,950)	(13)	2,133
Pension Reserve	(11,754)	0	(107)	(11,613)	(23,474)
Total Unrestricted	(10,106)	26,448	(26,057)	(11,626)	(21,341)
Total Public Funds	99,183	29,410	(28,337)	(19,144)	81,112
Private Funds					
Restricted	4,114	333	(258)	(561)	3,628
Unrestricted	509	121	(12)	(70)	548
Total Private Funds	4,623	454	(270)	(631)	4,176
Total	103,806	29,864	(28,607)	(19,775)	85,288

Unrestricted Public Funds recorded in the Museum's own non-consolidated accounts at 31 March 2009 was £2,080,000 with £53,000 attributable to NMGW Enterprises Ltd.

Restricted Private Funds include two major fund balances being the Art Fund and the St Fagans National History Museum Fund.

(b) Analysis of Net Assets Between Funds

	Public Funds		Private Funds		2009 £'000
	Restricted £'000	Unrestricted £'000	Restricted £'000	Unrestricted £'000	
Fixed Assets	101,496	363	3,175	486	105,520
Current Assets	1,041	2,346	453	64	3,904
Current Liabilities	(84)	(576)	0	(2)	(662)
Net Assets (before pension liabilities)	102,453	2,133	3,628	548	108,762
Pension Liabilities	0	(23,474)	0	0	(23,474)
Net Assets (after pension liabilities)	102,453	(21,341)	3,628	548	85,288

18. Reconciliation of Changes in Resources to Net Cash Flow from Operating Activities

	Museum		Consolidated	
	2008-09 £'000	2007-08 £'000	2008-09 £'000	2007-08 £'000
Net incoming resources for the financial year	1,145	3,709	1,135	3,705
Share of Joint Venture	122	126	122	126
Donated Assets	(109)	(213)	(109)	(213)
Depreciation	1,043	934	1,047	938
(Increase)/Decrease in Stocks	40	25	94	14
(Increase)/Decrease in Debtors	(205)	314	110	424
Increase/(Decrease) in Creditors	(65)	(92)	(58)	(42)
Disposal of Fixed Asset	(29)	0	(29)	0
FRS17 current year pension costs	107	(267)	107	(267)
Net Cash Inflow from Operating Activities	2,049	4,536	2,419	4,685

19. Capital Expenditure and Financial Investment

	Museum		Consolidated	
	2008-09 £'000	2007-08 £'000	2008-09 £'000	2007-08 £'000
Payments to Acquire Tangible Fixed Assets	(1,416)	(4,037)	(1,416)	(4,037)

20. Movements in Cash

	Museum		Consolidated	
	2008-09 £'000	2007-08 £'000	2008-09 £'000	2007-08 £'000
Net Cash at 1 April 2007	1,351	852	1,696	1,048
Net Cash Inflow	633	499	1,003	648
Net Cash at 31 March 2008	1,984	1,351	2,699	1,696

21. Capital Commitments

	2009 £'000	2008 £'000
At the balance sheet date there were capital commitments of	477	687

Major commitments as at 31 March 2009 relate to refurbishment work of the Upper West Wing at National Museum Cardiff and energy improvement works (major commitments as at 31 March 2008 related to water treatment works and the installation of humidifiers).

22. Contingent Liabilities

There is a contingent liability in the event of the closure of Big Pit National Mining Museum to make safe the mineshaft and surrounding areas. Decommissioning is likely to cost around £1 million and has been underwritten by the National Assembly for Wales.

The Museum is in negotiation through its solicitors in respect of a number of claims for personal injury occurring at Museum sites. It is possible that the Museum will have to settle should the outcome of any negotiations or litigation be against the Museum. The Museum considers that a maximum potential charge against these claims is £6,000.

The Museum has loaned an exhibition on Flight to Sharjah for a 5-year term that expired on 31 May 2009. The income and direct costs associated with the loan are accounted for within the trading subsidiary's accounts. Under the terms of the loan, the borrower has the option to purchase the exhibition at the end of the term. Discussions are ongoing with the borrower regarding this potential sale. However, should the exhibition not be sold then the National Museum will incur costs, estimated at £37,700, in preparing the exhibition for its return, though all shipping costs are to be borne by the borrower.

23. Related Party Transactions

The National Museum of Wales is an Assembly Government Sponsored Body. The National Assembly for Wales is therefore regarded as a related party. During the year the Museum received funding from the Assembly in the form of Revenue, Capital and Specimen Purchase Grant in Aid referred to in Note 3.

During the year the Museum has had material transactions in relation to service activities with other entities for which the National Assembly for Wales is the sponsor, namely the Countryside Council for Wales and the National Library of Wales.

The Museum had transactions in 2008-09 with the National Waterfront Museum Swansea (NWMS), a company in which the Museum is an equal member with the City and County of Swansea. The Museum received cost reimbursement from the NWMS amounting to £30,950. There were nil debtor and creditor balances with NWMS at 31 March 2009.

Mr Paul E. Loveluck, President, Mr J. Peter W. Morgan, Treasurer and Mr Gareth Williams, Trustee, are 3 of the 7 Directors of the National Waterfront Museum Swansea referred to in Note 8 of the Accounts. None of the Directors receive remuneration from this company.

The Museum made payments of £10,290 to Geldards LLP in 2008-09. Mr H.R.C. Williams, Trustee, is a member of the LLP.

The Museum made a payment of £5,000 to Heritage in Action (HERIAN) Ltd in 2008-09. Mr John Williams-Davies, Director of St Fagans: National History Museum, was a Director of HERIAN. He received no remuneration from this company.

24. Post Balance Sheet Events

The Museum announced the outcome of applications under a Voluntary Redundancy Scheme on 1 April 2009. The cost of the redundancy payments, amounting to £721,000, will be incurred during the year ending 31 March 2010 and will be set -off against the salary savings arising. Flowing from these redundancies will be an increased strain on the Museum's Pension Scheme Fund of £612,000.

The Accounting Officer authorised these financial statements for issue on 30 July 2009.

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National Slate Museum

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National Waterfront Museum

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St Fagans National History Museum

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National Roman Legion Museum

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National Wool Museum

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The Collections Centre

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