

national  
museum  
wales  
amgueddfa  
cymru

# Financial Report 2010/11



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### **Big Pit: National Coal Museum**

Blaenafon, Torfaen NP4 9XP  
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### **The National Slate Museum**

Gilfach Ddu, Llanberis, Gwynedd LL55 4TY  
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### **The National Waterfront Museum**

Oystermouth Road, Maritime Quarter, Swansea SA1 3RD  
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### **St Fagans: National History Museum**

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### **The National Roman Legion Museum**

High Street, Caerleon NP18 1AE  
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### **The National Wool Museum**

Dre-fach Felindre, Llandysul, Carmarthenshire SA44 5UP  
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### **The Collections Centre**

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## FINANCIAL REPORT OF THE BOARD OF TRUSTEES OF THE NATIONAL MUSEUM OF WALES

### Statutory Background and Stakeholder Engagement

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, or simply Amgueddfa Cymru.

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

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 & 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 2010-11 continued 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 encourage stakeholders to take part in a variety of consultative mechanisms. The Scheme sets out the values, principles and key participatory techniques which directed Amgueddfa Cymru's main consultative activities for 2010-11.

The Action Plan for 2010-11, appended to the Operational Plan 2010-11, sets out the programme of public engagement activity across Amgueddfa Cymru. It lists activities highlighted in the Operational Plan that were organized and/or delivered by staff engaging with the public and other stakeholders. It also included activity relating to the development of the Ownership Agenda more generally.

## Aims and Objectives

Amgueddfa Cymru's current priorities remain unchanged and, as set out in the vision document, 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
- **learn 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
- **communicate** our messages so that Amgueddfa Cymru – National Museum Wales becomes known worldwide as a centre of learning of international quality
- **grow through learning** by embedding and celebrating learning skills at the very heart of all our work
- **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.

## 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 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 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. 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 President of the Board, Paul Loveluck, retired on 31 May 2011, having served for almost nine years in the post. The Board of Trustees wishes to pay tribute to the quality of his leadership and to his exceptional commitment to the Museum during this period. He has set a clear strategy for the future and leaves a significant record of achievement across the Museum. In addition, he has acted as a most valuable ambassador for Amgueddfa Cymru at every opportunity and thereby enhanced its reputation in Wales and beyond.

The appointment of his successor has been carried out by the Welsh Government's Minister for Heritage in consultation with Amgueddfa Cymru, and has been overseen by the Public Appointments Unit of the Welsh Government. Elisabeth Elias, previously Vice President of the Museum, has been appointed President from 1 June 2011 for a term of four years, an appointment warmly welcomed by the Board of Trustees. A schedule of Board of Trustee members throughout the year and up until the date of this report, including retirements and new appointments, is included in this report.

The Board of Trustees delegates some 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. These committees meet on a quarterly

basis. The Trustees also appoint the Board of the subsidiary company directing Amgueddfa Cymru'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 included in 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 Amgueddfa Cymru 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 Government.

Michael Houlihan left his post as Director General on 8 August 2010, to take up the position of Chief Executive of Te Papa Tongarewa, the National Museum of New Zealand. The Trustees wish to record, as previously, the very great contribution Michael Houlihan made in his seven years as head of Amgueddfa Cymru, in establishing the Vision to be a World-Class Museum of Learning and in strengthening its role in the cultural life of Wales. David Anderson has been appointed as the new Director General and took up his post on 11 October 2010. David Anderson was previously Director of Learning at the Victoria and Albert Museum and brings many personal qualities, and much valuable experience, which will enable him to take the Museum forward in achieving its Vision and, in particular, in progressing the ambitious plans to redevelop St Fagans. The Trustees are grateful to Mark Richards, Deputy Director General, for his stewardship as Acting Director General, from August to October 2010.

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 complied with the duty in section 4 of the Charities Act 2006 to have due regard to guidance published by the Charity Commission, including that on public benefit. Delivery of such benefit by the Museum, as set out in its aims and objectives, is comprehensively reported on within this Financial Report.

## Amgueddfa Cymru – National Museum Wales's locations

During 2010-11 Amgueddfa Cymru directly operated seven museums across Wales:

### National Museum Cardiff, Cathays Park, Cardiff

National Museum Cardiff is unique among national museums in the UK in its range of art, archaeological and science displays.

### 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 and 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 coalmine. 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

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 National Slate Museum, Llanberis, Gwynedd

Here, the story of slate unfolds in the original Dinorwig quarry workshops. As well as the foundry, forges, 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.

Amgueddfa Cymru also has a 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 across Wales including the Pembrokeshire Coast National Park Authority and Wrexham Borough Council.

## Achievements during the year

The year ended on the eve of the tenth anniversary of the advent of the free admission policy, through which annual visitor numbers have subsequently doubled. In 2010-11, Amgueddfa Cymru exceeded its target of 1.55m visits and achieved the second best ever figures of 1.65m visits (eclipsed only by 1.67m in 2007-08, which included nine months of the centenary year). In 2010-11, the National Slate Museum and the National Waterfront Museum achieved their highest figures ever. Since the policy was introduced in April 2001, nearly 15m visits have been made.

2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
1,343,685	1,534,727	1,672,677	1,524,806	1,641,053	1,656,340

Much of the particularly strong performance in 2010-11 is attributed to the continuing popularity of the Welsh Government-funded free entry policy, which has provided public access to high-quality educational and cultural experiences during the economic recession.

Other highlights of the year included:

- Completing major construction work on refurbishing the West Wing of National Museum Cardiff as part of the final phase of dedicating the whole of the top floor to art galleries. From July 2011, Wales has its own National Museum of Art, showcasing the full range of the nation's world-class art collection under one roof at National Museum Cardiff. The mix of fine and applied art, the historic and contemporary, will give a new visibility to art in Wales and to the art of Wales.
- Also at National Museum Cardiff, refreshing the natural history galleries as well as completing the Clore Discovery Centre, the Clore Learning Space and the Clore Meeting Space. This has greatly enhanced this museum's ability to facilitate high-quality formal and informal learning opportunities.
- Major progress on the ambitious plans to redevelop St Fagans: National History Museum during the next five years. In November 2010, the Welsh Government announced a future allocation of £5m 'to support the redevelopment of the National History Museum at St Fagans, recognising the site's strategic importance for cultural tourism in acting as a gateway to heritage and historic attractions across Wales'. This followed an earlier announcement in March 2010, confirming the awarding of development funding of £450,000 by the Heritage Lottery Fund (HLF). The Welsh Government's subsequent commitment means that Amgueddfa Cymru is able to move to the second stage of the HLF application process with a great deal of confidence. It has until February 2012 to submit more detailed plans and apply for the remainder of the £8.75m HLF support that it is seeking for this £20m project.

- A successful partnership with the Welsh Government International Relations Division, Visit Wales, British Council and Cardiff City Council to promote *From Steep Hillside: Ancient Rock Carvings from Dazu, China* (January to April 2011) as a 'must see' exhibition for new and existing visitors as well as supporting the Welsh Government's twinning arrangements with China's Chongqing province, including a variety of commercial, trade and cultural links.
- Working with the Royal Society to create a touring biodiversity exhibition and associated series of events during 2010. Specimens from the collections accompanied the exhibition at each site and events included natural history open days at National Museum Cardiff with tours behind the scenes, to give access to the collections and explain the relevance of collections and research work to biodiversity agendas.
- Working with the Welsh Government, the National Library of Wales, the Royal Commission on the Ancient and Historical Monuments of Wales and other partner organizations, resulting in Casgliad y Werin/The People's Collection Wales being launched to the public in August 2010. Amgueddfa Cymru leads on content delivery and the learning and marketing strategies.

## Working in Partnership

In 2010-11 our partnership display work built on previous achievements, with two new partner organizations added to the range of our partners, and one long-standing partner seeing a new level of development. Wrexham Museum was one of the original partners in Cyfoeth Cymru Gyfan – Sharing Treasures, and this year saw the museum complete its first phase of the redevelopment of its building. Amgueddfa Cymru signed a Memorandum of Understanding with Wrexham C.B.C. to reflect a new level of co-operation. Also opening this year is The Cardiff Story, Cardiff Council's project to redevelop the Old Library as a new museum to tell the story of the city's people. Amgueddfa Cymru advised on many aspects of the project, and lent collections to the opening displays.

There were some outstanding projects mounted as part of Celf Cymru Gyfan – ArtShare Wales. *Fables from a New World: The life and times of T.H. Thomas (1839-1915) as imagined by Jennie Savage* opened in February in Oriol Davies, *Inspired by Music* opened in Bodelwyddan and *Silverstruck* at Ruthin Craft centre was also a product of our relationship with the Honourable Company of Goldsmiths.

Oriel y Parc in St David's, Amgueddfa Cymru's partnership with Pembrokeshire Coast National Park, saw a new display, *The Changing Landscape*, and a new artist in residence, Mimi Joung.

Amgueddfa Cymru staff continued to make significant contributions to content development, learning resources and promotion activity as a lead partner in Casgliad y Werin/The People's Collection Wales.

Partnerships operate both locally and internationally. The major touring exhibition in the United States, a partnership with American Federation of Arts (AFA), *Turner to Cézanne: Masterpieces from the Davies Collection, National Museum Wales*, ended with a final showing at Albuquerque Museum of Art and History in New Mexico. As with two of the previous venues, Albuquerque saw a highest-ever attendance figure of 78,000. Negotiations continue on a follow-up project with AFA for the future.

*From Steep Hillside: Ancient Rock Carvings from Dazu, China* opened in National Museum Cardiff in January, timed to coincide with the Chinese New Year. Celebrating the exhibition and the longer-term partnership, we welcomed to the Museum our colleagues from the Three Gorges Museum and Dazu Art Museum, as well as the Chinese Ambassador to the UK. This was one of the most successful exhibitions in the Museum's history, both in terms of numbers of visitors and visitor rating and was enjoyed by over 38,000 visitors over a nine-week period.

Projects, training and reports have begun to be produced in the final year of the pilot Beacon of Public Engagement, a partnership with Cardiff and Glamorgan Universities, Techniquet and BBC Wales to share best practice in engaging new audiences in the research work of higher education bodies.

## 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 Government with the approval of the Treasury. A copy of the Accounts Direction is available on application to the Director of Finance. The accounts are compliant with the requirements of the Statement of Recommended Practice (SORP 2005) Accounting and Reporting by Charities.

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

## Financial Results for the Year

The consolidated net incoming resources for the financial year were £3,626,000 (£2,621,000 incoming in 2009-10). Total incoming resources were £32,997,000 (£32,673,000 in 2009-10) and total resources expended were £26,153,000 (£29,945,000 in 2009-10). The net increase in funds for the year after taking account of all realised and unrealised gains and losses was £17,444,000 (£5,430,000 decrease in 2009-10). Fund balances at 31 March 2011 stood at £96,996,000 (£79,552,000 at 31 March 2010). National Museums & Galleries of Wales Enterprises Ltd reported a profit before gift aid to the Museum of £404,000 for the 2010-11 financial year (£475,000 in 2009-10).

## Risk Management

The Board, Committees and Directors consider the major strategic, business and operational risks Amgueddfa Cymru faces on a continuous basis and have established a Risk Management Group to ensure risks are reviewed and reported across the whole organization 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 while also informing the internal audit needs assessment and thereby the internal audit plan. The Risk Management Group meetings are attended by the internal auditors.

The format of the risk register continues to be refined in line with best practice. Amgueddfa Cymru now maintains a Primary Risk Register (of high and medium risks) and a Secondary Risk Register (of low risks). While the secondary risks are regularly re-evaluated, focus is given to the Primary Risk Register.

Furthermore, Amgueddfa Cymru still maintains a critical risk rating category. The two risks that were reported last year as 'critical' (being the risk to future core funding and the pension scheme liability) have now been lowered to a 'high' risk rating. This was due to the implementation of mitigating actions, including the adoption of a three-year budget plan to meet the known decrease in future grant-in-aid allocations from the Welsh Government, while maintaining progress on key Vision priorities and the agreement of a recovery plan to reduce the pension deficit (funded principally through increases in employee contributions and the normal retirement age). There were no risks evaluated as currently critical at the end of the financial year.

## Performance Indicators

As a 'learning organization', Amgueddfa Cymru 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 and so forth continue to provide a more detailed insight and an opportunity for reflecting on and enriching our work. We have, during 2010-11, employed an evaluation framework which embraces both of these approaches. This toolkit and the targets we set for 2011-12 onwards, a period in which there will be ongoing and significant public sector financial



austerity, will continue to focus on consolidating our excellent performance to date while also looking to achieve better outcomes for the people of Wales through the delivery of our long-term Vision.

As reported earlier, the total number of visits made to our sites during 2010-11 was 1,656,340 (1,641,053 in 2009-10), against a target of 1,550,000. The number of visits to the website during the same period was 1,392,957 (1,253,630 in 2009-10), illustrating the extent to which visitors increasingly choose to access information about our work online.

Our work on serving the formal educational sector continues to thrive, with 233,713 formal education visits (236,284 in 2009-10) exceeding the target of 229,000 visits. The number of informal educational visits was 206,098 (259,446 in 2009-10), well exceeding a target of 170,000, but down on the previous year. Furthermore, there were 29,163 participants in Amgueddfa Cymru-led educational activities taking place away from the museums (33,530 in 2009-10), very slightly down on 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 in the collections. During 2010-11, and based on a total collection size of 4,700,000, we achieved 57% of the collections with computerised inventory level records that allow an item to be accurately and swiftly identified and located (56% in 2009-10) and 32.8% of the collections with full catalogue level records, including academic data and references to publications (32.5% in 2009-10).

The number of venues to which loans were made reached 310 (339 in 2009-10), meeting the target.

## Capital Investment

To underpin the delivery of the Vision, a major programme of capital works continues, with the capital master planning programme focusing on the redefinition of our two most visited museums: St Fagans: National History Museum, and National Museum Cardiff, which will evolve into two connected museums, a National Museum of Natural History and a National Museum of Art.

Early work in this area had focused on ensuring that the collections are held in appropriate storage and this was supported by addressing a significant maintenance backlog. This has now been largely completed and ensures that the museums are weather tight, with improved public spaces.

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

### *West Wing Gallery refurbishments National Museum Cardiff*

During the year, Amgueddfa Cymru completed the physical works required to renew the roof to the West Wing of National Museum Cardiff. The galleries in this area are being redisplayed to provide spaces for the display of modern and contemporary art. The first suite of galleries opened to the public in February 2011, with the remaining galleries opening in July 2011.

### *Learning Spaces at National Museum Cardiff*

During 2010-11, three spaces at National Museum Cardiff were redeveloped: the former science education room, Glanely gallery, and the sandwich room used by schools. This work was funded by the Clore Duffield Foundation and the spaces are now open to the public.

In addition, funding from Cardiff County Council under the Landfill Tax Scheme, matched by funding from the Environment Agency, was used to create a new area to improve the display of current research activities. This work was completed and opened to the public in April 2011.

### *Making History at St Fagans*

As noted earlier in this report, Amgueddfa Cymru was delighted to receive a Stage 1 pass from the HLF for its application to secure £8.75m towards a £20m scheme to redevelop St Fagans: National History Museum.

This announcement included the confirmation of development funding to enable the Stage 2 application to be developed for submission, which will now be in February 2012.

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 pre-date the modern period will be moved from the city-centre National Museum Cardiff and redisplayed 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.

### ***Restructuring for the Future within the Public Funded Arena***

Since the Vision priorities were established five years ago, Amgueddfa Cymru has been continuously re-aligning its budget allocations to deliver against those priorities. Restructuring has been taking place through an annual in-depth review of budgets, with capacity for change being aided through naturally occurring staff turnover and the prudent retention or utilisation of in-year budget savings. This has been allied to a drive to establish greater flexibility within budgets by reducing staff and other fixed costs.

Preparations in advance of the announcement of reductions in Welsh Government grants for the three years commencing 2011-12 provided a further impetus to the process and resulted in the offering of voluntary redundancies in non-priority areas in 2010-11, following a similar exercise in 2009-10. These restructuring measures have proved successful so that Amgueddfa Cymru, despite the reductions in grant, has been able to prepare budgets for the next three years that not only manage the detrimental effects of reductions in grant but also provide the template for continued re-alignment of expenditure to implement Vision priorities.

## **Valuation of Fixed Assets**

Amgueddfa Cymru's previous accounting policy on the valuation of Fixed Assets required all assets to be professionally re-valued every five years with the exception of heritage and IT assets. This year the policy has been amended so that only property assets will be subject to the quinquennial revaluation exercise and not other assets under the broader headings of plant, vehicles or other fixtures and fittings. The accounting policy also provides for those assets that have been professionally re-valued to be adjusted via the use of indices in the intervening years between the quinquennial professional revaluations. With the change in policy, with effect from 1 April 2010, all assets, other than property related assets, will be valued at their written-down cost or previously indexed valuations. No further adjustments to those values in respect of indexation will occur.

Property related assets have therefore been professionally revalued as at 31 March 2011 and further to that revaluation, the net book value of those property assets (excluding the National Waterfront Museum) increased by £3.3m. This adjustment following professional revaluation is significantly smaller than the adjustments that have been required at the previous professional revaluation dates, indicating that the application of indices in the interim years has been more appropriate over the last five-year term.

Heritage assets acquired prior to 1 April 2001 have not been capitalised and heritage assets purchased or donated since that date have been recorded at cost or valuation. 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. Following the introduction of Financial Reporting Standard (FRS) 30 on heritage assets, there is a considerably increased disclosure requirement in respect of those assets. This increased disclosure is covered in note 10 to the accounts.

The Museum's interest in the property at the National Waterfront Museum is reflected through its 50% share in the joint venture company with the City & County of Swansea Council. Details of the joint venture interest are shown in note 8 to the accounts. The professional revaluation of the property results in a reduction in value of £6.4m compared to the net book value at 31 March 2010.

## Specimen Acquisition

Once again Amgueddfa Cymru was fortunate in being able to make a number of very significant acquisitions during the year. The more costly art purchases were only made possible thanks to the generous help of long-term supporters – the Derek Williams Trust, The Art Fund and the National Heritage Memorial Fund. Amgueddfa Cymru continues to be skilled in using its Specimen Acquisition Grant to lever in additional funding from third parties in order to enhance the national collections.

Significant acquisitions to the art collection included:

- *View of the Palazzo Loredan dell'Ambasciatore on the Grand Canal, Venice* by Francesco Guardi (1712-1793). Purchased for £85,000, with £20,000 assistance from the Art Fund. The painting was acquired partly in lieu of inheritance tax, with the value of the painting assessed at £350,000.
- *Welsh Landscape with Two Women Knitting* by William Dyce. This was placed under an Export Licence stop and purchased for £557,218. Grants of £166,000 were made by both the Art Fund and the National Heritage Memorial Fund. £25,000 was given by a donor, and an exceptional number of other donations were received from the Patrons and Friends and other private individuals. Amgueddfa Cymru had long hoped to acquire this work as it is the artist's only Welsh painting, and arguably the only painting by any artist of this period that applies pre-Raphaelite principles to a Welsh subject.
- *Caerphilly Castle* by Hendrik Danckerts (c.1625-1680). Purchased from Christie's for £8,750, this work is a valuable addition to the collection and is among, if not the, earliest drawing of Wales in the collection.
- A group of 11 photographs by Angus McBean of prominent show business personalities, many of them Welsh. Purchased for £8,800.
- *The Visitors* by Keith Arnatt. Forty-six black and white, silver gelatin prints purchased for £52,440 with a £26,220 grant from the Derek Williams Trust.
- *Chepstow Castle* by James Dickson Innes. Purchased for £26,000 with a grant of £10,000 from the Derek Williams Trust.
- *The Rug Seller, Tréboul* by Christopher Wood. Purchased for £190,000 with grants of £55,000 from the Derek Williams Trust and £50,000 from the Art Fund, and a gift of £30,000.
- *And freely he goes lost Dylan Thomas* by Ceri Richards. Purchased for £7,000 with a grant of £3,500 from the Derek Williams Trust.
- *Hill of Hurdles* by Clare Woods. Purchased for £13,600, with grants of £5,000 from the Contemporary Art Society of Great Britain and £5,500 from the Derek Williams Trust.
- *Venice, Evening, 1995* by Howard Hodgkin. Purchased for £19,400, with grants of £9,000 from the Nerys Johnson Contemporary Art Fund and £9,000 from the Derek Williams Trust.
- *A Setting* by Anthony Shapland. Purchased for £5,500 with a 50% grant from the Derek Williams Trust.
- *The Tree* by Lida Abdul. Gifted by the Derek Williams Trust, acquired from the Giorgio Persano Gallery, Turin for £22,610.
- *The Train* by Olga Chernysheva. Purchased for £21,620 as the Artes Mundi 4 Purchase Prize.
- *Prayer book binding*, about 1868, designed by William Burges, made by Jes Barkentin, London. Purchased for £21,000
- *An untitled wood-fired stoneware sculpture* by Jacqueline Lerat (1920-2009). Purchased for £7,650, supported by a grant of £3,825 from the Derek Williams Trust.

Significant acquisitions to the Archaeology & Numismatics collection included:

- The Langstone Vessels. Purchased for £21,000. Bowls and wine-strainer decorated in the Celtic (La Tène) Art Style.

Significant developments by the Social & Cultural History Department included:

- The Moel-y-gaer Roundhouse. Based on the archaeological evidence uncovered on the original site on Halkyn Mountain, Rhosesmor, Flintshire.

In addition to purchasing items for the collection, the Specimen Acquisition Grant is also used to support research fieldwork, archaeological excavations and other activities for the purpose of advancing the collections across all disciplines, including the natural sciences and industry.

## Research Activity

Research underpins all the functions and the credibility of a national museum. Many of the specialised fields covered by our staff have declined or are no longer well supported in universities. We thus have a pivotal role to play in the understanding of the heritage, culture and natural environment of Wales and its place in the world and supporting increasing public and popular interest in these areas.

A wide range of research activities continued during 2010-11, supporting the themes of our acquisition and exhibition programmes as well as our other core activities. Research activity is fostered and monitored by a Research Board which ensures that research is directed in support of our Vision and is as well-resourced as possible within our constrained budgets.

Following the creation of a new Research Policy and an overall Research Strategy, and our recognition as an Independent Research Organisation (that is, equivalent to a university) by both the Arts & Humanities Research Council and the Natural Environment Research Council, research frameworks created for all our subject areas are being identified in those areas where future research can be most usefully concentrated in support of delivering the Vision.

Among our research projects pursued during the year are:

- The character and significance of low-grade metamorphism in Wales and related geotectonic settings world-wide.
- The geochemistry and petrology of the early Palaeozoic rocks of Anglesey (in partnership with NERC Isotope Geology Centre at the British Geological Survey, The Open University and Dresden Natural History Museum).
- A Leverhulme Trust 3-year funded project (now in Year 3) to prepare a handbook to leafhopper and plant hopper (Hemiptera) vectors of plant disease.
- The creation of an online taxonomic tool for the land-snails of Kenya with the establishment of the web structure and inclusion of three families in 2010-11.
- The origin and significance of the rhyolitic bluestone component from Stonehenge and investigation of the value of zircon chemistry in establishing their provenance.
- Secondary mineralization at Mynydd Parys – evidence for supergene enrichment of a massive sulphide deposit.
- Palaeolithic settlement of Wales, the publication of excavations undertaken at Pontnewydd Cave, Denbighshire.
- Research on early medieval/Viking Age settlements and culture in Wales at Llangorse Crannog, Powys and Llanbedrgoch, Isle of Anglesey.

- Cataloguing and publishing a hoard of medieval coins from Abergavenny, Monmouthshire, acquired through the Treasure Act.
- Studying the representation of communities, including under-represented ones, through co-curated displays and projects, the role of contemporary collecting in this process and researching the outcomes.
- Interpreting and representing Amgueddfa Cymru's important collections of nineteenth-century French and pre-1950s European art for new displays in the refurbished Centre Block galleries.
- The materials and techniques of Richard Wilson, his contemporaries and followers; one of a number of projects to coincide with the artist's tercentenary.
- A study of the trace metal geochemistry of brachiopods, with a view to estimating the temperatures of past oceans (palaeo-thermometry). A NERC CASE PhD project supervised by Amgueddfa Cymru and Cardiff University.
- The taxonomy and geographical spread of 21 British Hawkweed species listed as of conservation concern by the Biodiversity Action Plan (jointly with the Botanical Society of the British Isles).

## Fundraising and Volunteers

This year saw the first full year of a revised staff structure in the Fundraising and Development Department. Against a target of £1,004,000, income received was £675,000, with committed pledges outstanding being £443,000. The bulk of the latter sum was the result of holding the confirmed offer from the HLF for Stage 1 work for the St Fagans: National History Museum redevelopment as a draw down for 2011-12, to better manage the cash flow of the project.

The Department's work was dominated by two long-term projects. A significant amount was involved in the stewardship of major grants and gifts made towards the development of art galleries, natural history and learning spaces in the West Wing at National Museum Cardiff. Further supplementary grants and gifts were secured for these projects as particular new areas emerged, including grants from the Foyle Foundation and Henry Moore Foundation, for additional work in the art galleries.

Over 2010-11 the Department was also heavily involved in the bid for Stage 2 of the redevelopment of St Fagans, and in identifying and beginning to lay the groundwork for support of that stage. The Department also supported the project to develop a consortium of providers of Heritage Horticulture, including St Fagans, and the continuing funding of the Exploring Nature programme of interpretation of biodiversity on the St Fagans site. A European application for €125,000 towards a partnership project looking at benchmarking and best practice in twelve open-air archaeology museums across Europe was also successful. The exhibition in Oriel 1 to commemorate the 150th anniversary of the Principality Building Society, as part of their sponsorship, was completed in January and senior staff at the Principality Building Society considered the display a great success.

Among projects at other museums, *Face to Face with the Past* at the National Roman Legion Museum was supported by the Aurelius Trust, while the G C Gibson Charitable Trust and a private individual donor supported other work at that museum.

There were some further notable successes with Patrons membership reaching its highest level yet, at 138. The Department also continued to work with its Development Board, with members of the Board voluntarily providing valuable advice and contacts for possible funding sources over a busy year of activity.

General public donations of £83,000 were 7.7% higher than the previous year and were at the highest level for a number of years.

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

Secondly, the Friends provide a volunteer group to support Amgueddfa Cymru's own activities. Friends meet and greet groups and individuals, such as Friends groups from other museums, interested casual visitors and assist curatorial staff across the spectrum of Amgueddfa Cymru's activities. It is important to note that such activity is regarded by Amgueddfa Cymru as valuable additionality, rather than the provision of core work by volunteers. In total we received 109 hours of attendance by the Friends in a volunteering capacity during 2010-11.

Thirdly, the Friends also provide financial support for a number of projects and this year generously contributed towards refurbishment of the Upper West Wing in National Museum Cardiff, projects at St Fagans and sponsorship of the organ recitals also at National Museum Cardiff. Amgueddfa Cymru's volunteer co-ordinator also worked with colleagues throughout Amgueddfa Cymru to greatly enhance the opportunities for volunteering at Amgueddfa Cymru. As a result, Amgueddfa Cymru received 4,685 hours of input from volunteers during 2010-11. This reflected behind the scenes working in curatorial departments, students on part-time placements developing their work experience opportunities and those working front of house by offering guided tours to various exhibitions. Amgueddfa Cymru is greatly indebted to them for their commitment in this growing area of our activities.

### Prompt Payment Performance

Amgueddfa Cymru 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 2010-11 was 7 calendar days (7 days in 2009-10), which includes 98% (by number) of invoices settled within 30 days (98% in 2009-10). There were no payments of interest under the Late Payment of Commercial Debts (Interest) Act 1998 (£Nil in 2009-10).

### Sustainability

During 2010-11, Amgueddfa Cymru 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.

Amgueddfa Cymru used its formal partnership with the Carbon Trust to help us to reduce the total carbon footprint of the organization. During the year we invested £260,000 in capital works to reduce our energy consumption across all of our sites, including the implementation of a combined heat and power installation which will improve the energy efficiency of National Museum Cardiff. Amgueddfa Cymru also assisted the Carbon Trust by documenting the work undertaken at Amgueddfa Cymru to reduce our carbon footprint in a DVD, which will be used to publicise the benefits of the partnership across the public and private sector, and this is included on the recently launched sustainability web pages. Amgueddfa Cymru has also registered under the Carbon Reduction Commitment and will be submitting its data for assessment under this Government scheme aimed at reducing the environmental impact of large organizations in the UK.

### Policy on Reserves

As a body charged with collection and conservation of heritage assets, including land and buildings, 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 Government in Amgueddfa Cymru's Management Statement and Financial Memorandum which at the financial year-end 2010-11 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 (to reflect the joint funding arrangement with the City & County of Swansea) and capital projects which straddle the financial year end.

Restrictions on carryover limits can hinder prudent financial management by encouraging ill-judged expenditure simply to avoid losing the funding if year-end balances exceed the agreed carryover limit. Limits on

cash carryover are particularly detrimental to forward budget planning at a time when public finances are considerably restricted for a number of years to come. Amgueddfa Cymru prepared for reductions in its grant-in-aid allocation for 2011-12 onwards and accordingly planned to maximise its cash carryover at the end of 2010-11. It is therefore pleasing to again report that the Welsh Government agreed the principle that Amgueddfa Cymru is endeavouring to mitigate the impact of future cuts to grant-in-aid by utilising cash savings as they occur in year to smooth the effect of those cuts in future years. Evidencing their agreement with this approach, the Welsh Government agreed to Amgueddfa Cymru's request to once again increase the cash carryover limit at the end of 2010-11 from 2% to 6%. Adapting such an approach enables Amgueddfa Cymru to maintain front-line delivery of its Vision priorities in the face of reductions in Government grant.

Amgueddfa Cymru's prudent retention of some of the in-year savings over the last few years, plus the impact of the voluntary redundancy offer to staff, has ensured that Amgueddfa Cymru retained sufficient cash resources to meet the future challenges. The excess of cash retained over the increased 6% limit was invested by way of advance payments of employer contributions into the Pension Scheme, thereby aiding the measures targeted at reducing the scheme deficit while reducing employment costs in future years.

Private funds are separately maintained and specified within the accounts. These are not subject to a carryover limit and Amgueddfa Cymru'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 generate other grant support, while remaining within any restrictions on use contained within the Private Funds. Amgueddfa Cymru does not intend to reduce the limited Private funds it holds by utilising those funds on meeting potential shortfalls caused by reductions in revenue grant-in-aid.

Profits generated within the wholly owned trading subsidiary, National Museums & Galleries of Wales Enterprises Ltd, are to be used to provide additional funding towards the aims and objectives of Amgueddfa Cymru. 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 Amgueddfa Cymru also give due consideration to minimising the tax consequences of the trading.

Despite the current difficulties surrounding public finances and the challenging economic environment for fundraising from private sources, Amgueddfa Cymru is determined to continue on its plan of capital developments and refurbishments at its locations in delivering the Vision priorities. 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 Total Funds at 31 March 2011 were £96,996,000, with an analysis provided within the notes to the Financial Accounts.

## Investment Policy and Performance

Amgueddfa Cymru's private funds investments are actively managed by its advisors Barclays Wealth. Amgueddfa Cymru'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 Amgueddfa Cymru'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 a recovery in equity prices, the value of the portfolio rose significantly during the year from £1,907,000 to £2,090,000.

Amgueddfa Cymru also held, from bequests, an equity investment in eleven blue chip companies. The value of this portfolio also rose during the year from £66,000 to £68,000.

## Pension Liability

Amgueddfa Cymru 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 included on the balance sheet have shown a deficit of Scheme assets when compared to Scheme liabilities. Turbulence in the equity markets, allied to growing liabilities under the Scheme, due to many factors including increased longevity of the members, has seen many such Schemes come under pressure, with many closing in recent years. Against this background it is pleasing to report that the valuation shown on this year's balance sheet, as calculated under Financial Reporting Standard (FRS) 17, shows a fall in the deficit from £27.182m to £13.326m. The increase in value of the assets has exceeded actuarial expectations while the obligations have fallen due to a number of factors, including amendments to discount rates. Further details of how pension costs are accounted for are contained in the accounting policies note to the accounts and the disclosure requirements contained in FRS 17 are shown within note 16 to the financial statements.

During the year the triennial actuarial valuation of the scheme to 31 March 2009 was agreed by Amgueddfa Cymru and the Scheme Trustees and more significantly the associated recovery plan to remove the Scheme deficit. The plan will remove the deficit over an elongated period, reflecting the underpin to the Scheme provided by a Crown Guarantee, with the proposals accepted by the Pensions Regulator. With Amgueddfa Cymru having increased employer contributions to 21.3% a few years ago, the recovery plan reflects a packet of measures agreed, after detailed consultation with the membership (including a series of options for change), with the Scheme Trustees. These measures include an increase in employee contributions, adjustment of the normal retirement age to 65 and improved flexibility regarding cash commutation of pension rights. The establishment of these measures and the impact they have on the recovery plan enables Amgueddfa Cymru to retain the current framework of the existing defined benefit scheme, based on final salary, and thereby attract and retain quality employees.

A one-off cash injection of £150,000 by the Welsh Government into the Scheme during 2010-11 was gratefully received. Furthermore, and as referred to earlier in this report, due to Amgueddfa Cymru's prudent action in advance of anticipated cuts in grant-in-aid generating cash reserves at the end of 2010-11, Amgueddfa Cymru was able to pay advance employee contributions into the Scheme, amounting to £1.382m, by the year end. These advance payments will gradually reverse over future years aiding management of budgets and the continuing delivery of frontline services, while providing a boost to the Pension Scheme due to the early receipt of these contributions.

## Policies Relating to Staff

### Equality of Opportunity

Amgueddfa Cymru continues to implement and monitor its Equality and Diversity policy and schemes to ensure that equality and diversity are an integral part of all that it does. This includes procedures relating to recruitment, employment and volunteering, as well as the services offered to the public. During the autumn of 2010 Amgueddfa Cymru reviewed all HR policies and procedures in line with the changes introduced by the Equality Act 2010.

During 2010, Amgueddfa Cymru became the first museum in the UK to become a Stonewall Diversity Champion. As part of this commitment to equality across all strands of diversity, Amgueddfa Cymru participated in the annual Stonewall Equality Index. The information obtained from this anonymous survey of all employees gave considerable feedback. Amgueddfa Cymru is currently developing an Action Plan to address some of the issues raised.

In addition to the work undertaken with Mencap Cymru and Careers Wales, Amgueddfa Cymru has been working with the Shaw Trust, Prince's Trust Cymru and DART to offer placements for disabled people helping them develop skills to enable them to return to work. Amgueddfa Cymru has also offered tailored work experience placements to students with special educational needs and other disabilities and continues to develop these.



### Staff Consultation

Amgueddfa Cymru 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. Furthermore, Amgueddfa Cymru has maintained the regular bi-monthly meetings of the Staff Forum, where it discusses issues of importance with recognised Trade Union representatives.

### Staff Training

Amgueddfa Cymru continues to invest time and resources to provide development and training opportunities (both formal and informal) for all its employees. Amgueddfa Cymru 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 and the National Wool Museum are working towards assessment.

### Sickness Absence Data

Amgueddfa Cymru has in place policies to support the management of absence at work. Amgueddfa Cymru 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. Absence for the year to 31 March 2011 was 3% compared with the previous year figure of 4.26%.

### Remuneration Report

Amgueddfa Cymru 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 Government. There is an independent internal appeals process to consider grading issues.

Each year a working group considers Amgueddfa Cymru's remuneration package and develops a pay remit (proposal) which is submitted to the Welsh 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 Amgueddfa Cymru which is binding until the next round of negotiation. Incremental increases under the pay remit are dependent on Amgueddfa Cymru'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 a potential annual bonus. The amount of any bonus (up to a maximum of 10% of salary) is agreed by an Appointments and Remuneration Committee consisting of the President, Vice President, Treasurer, Prof. John Last, Haydn Edwards, Miriam Griffiths and Gareth Williams. 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 any bonus is then consolidated into his annual salary and the amount which can be consolidated is established under guidance from the Welsh Government.

Directors of the Museum are shown on page 17 and further details of the remuneration and pension benefits of Directors are contained within note 7(c) to the Accounts and that information is subject to audit. No Director is employed on a fixed term basis, and all, with the exception of the Director General, are employed on Amgueddfa Cymru'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 Government.

The notice period for the Director General is 12 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:

David Anderson (Director General)	11 October 2010
Mark Richards	25 January 1999
John Williams-Davies	1 September 1973
Michael Tooby	1 January 2000
Robin Gwyn	1 February 2001
Neil Wicks	27 June 2011

Provision for compensation for early termination is contained within Amgueddfa Cymru's standard redundancy arrangement. Following the retirement of Jon Sheppard as Director of Finance on 2 May 2011, Amgueddfa Cymru offered to vary the notice period of all Directors (other than the Director General) to 6 months to provide greater continuity of delivery by key post holders. This variation was agreed by all the Directors concerned.

### Welsh Language Policy

Each WGSB is expected to draw up and then review a Welsh Language Mainstreaming Strategy annually (including the implementation of a Welsh Language Scheme). Amgueddfa Cymru's Mainstreaming Strategy annual Action Plan for 2010-11 was implemented during the year and has now been revised to reflect the mainstreaming implications of the overall Operational Plan for 2011-12.

### 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 2011 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 Tenon Ltd., Cardiff

**Investment Managers:** Barclays Wealth, Cardiff

**Pension Fund Managers:** BBS Consultants and Actuaries Ltd., Bristol

**Taxation:** Deloitte & Touche LLP, Cardiff

*David Anderson*

Accounting Officer and Director General  
Approved and signed on 19 July 2011

*J. Peter W. Morgan*

Treasurer, on behalf of the Board of Trustees  
Approved and signed on 19 July 2011

## BOARD OF TRUSTEES

(From 1 April 2010 onwards)

### President

Paul E. Loveluck, CBE, JP, BA \*† (retired 31 May 2011)  
Elisabeth Elias, MA, DL \*† (appointed 1 June 2011)

### Vice President

Elisabeth Elias, MA, DL \*† (to 31 May 2011)

### Treasurer

J. Peter W. Morgan, M.Sc., FCA \*†

### Appointed by the Welsh Government

Gareth Williams †  
Carole-Anne Davies, BA (Hons), PG Dip. LCW Open, FRSA \*  
Miriam Hazel Griffiths, MA †  
Prof. R. Gareth Wyn Jones, D.Phil., D.Sc., FSB, FRSC †  
Christina Macaulay, MA (Hons)  
David Vokes LLB, MA †  
Prof Tony Atkins Sc.D., FR Eng.

### Appointed by the National Museum of Wales

Dr Iolo ap Gwynn, B.Sc., Ph.D., FRMS  
Prof. J. Last, C.B.E., M.A., D.Litt., Hon FMA, FRSA  
Prof. Jonathan Osmond, MA, D.Phil (Oxon), F.R.Hist S. (\*Audit Committee from 22 April 2010)  
Dr Haydn Ellis Edwards, B.Sc., MBA, Ph.D., FRSC, F.I.Mgt. †  
Keshav Singhal FRCS, M.Ch.  
Victoria Provis MBA

\* Members of the Audit Committee † Members of the Performance Review Committee

### Independent Members of the Audit Committee

Laurie Pavlin – Chairman  
Eurfyl ap Gwilym  
Huw Williams

## BOARD OF NATIONAL MUSEUMS & GALLERIES OF WALES ENTERPRISES LTD

(From 1 April 2010 onwards)

Gareth Williams – Chairman  
Christina Macaulay  
Sian Llywelyn  
Arwyn Davies (retired 7 December 2010)  
Nerys Howell Snowsill  
Michael Houlihan (retired 8 August 2010)  
David Anderson (appointed 4 November 2010)  
Jon Sheppard (retired 2 May 2011)  
Mark Richards (appointed 12 May 2011)  
Philip Smith

## DIRECTORATE

(From 1 April 2010 onwards)

Director General

Michael Houlihan (to 8 August 2010)  
David Anderson (from 11 October 2010)

Director of Communications  
Director of Operations and Deputy Director General  
Director of Finance

Robin Gwyn  
Mark Richards  
Jon Sheppard (to 2 May 2011)  
Neil Wicks (from 27 June 2011)

Director of Learning & Programmes  
Director of Collections and Research

Michael Tooby  
John Williams-Davies

## 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 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 Welsh 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 2011, 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 and benchmarked by comparison with other organizations. Furthermore, the chairmanship and membership of the Risk Management Group is periodically changed to provide a fresh perspective on the risks faced by the Museum, supported by relevant training.

### The Risk and Control Framework

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. The Policy and Guidelines were established with particular reference to HM Treasury's Orange Book on risk management and the Welsh Government's manual on risk management – *Risk Essentials*. Audit of the design and operation of the Risk Management process is included within the internal auditors rolling programme of work. The audit during 2010-11 focused on the application of controls to the risk identified. The audit opinion concluded that 'Taking account of the issues identified, the Board can take substantial assurance that the controls upon which the organisation relies to manage this area risk are suitably designed, consistently applied and effective.'

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 and that risk management is embedded throughout the organisation. 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, while departmental representation is reviewed on a regular basis to ensure coverage of all potential risks. The internal auditors programme of work specifically cross-references to the risks identified and is also informed by requests for audit review in particular areas of activity by the Directorate and Audit Committee.

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 2011, the Audit Committee received and reviewed a detailed report on the adequacy of the Museum's Data Protection Act and Freedom of Information Act compliance arrangements. The report concluded that appropriate arrangements were in place. Furthermore, revised procedures relating to information security continue to be applied following the Wales Audit Office Additional Assurance Review in this area in 2009, including a continuing series of training briefings for all staff.

## 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, 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 measure 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 on the internal audit work for the twelve months ended 31 March 2011, 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 of 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. The Committee considers the coverage of the internal audit programme and receives reports from both internal and external auditors and follows 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.

No significant internal control issues arose during the year which we need to bring to your attention.

*David Anderson*

Accounting Officer and Director General  
Approved and signed on 19 July 2011

*J. Peter W. Morgan*

Treasurer, on behalf of the Board of Trustees  
Approved and signed on 19 July 2011

## 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 2011 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 which include a remuneration report. These financial statements have been prepared under the accounting policies set out within them.

### Respective responsibilities of the Board of Trustees, the Accounting Officer and auditor

As explained more fully in the Statement of the Board of Trustees and Director General's Responsibilities, the Board of Trustees is responsible for preparing the Financial Report, which includes the Remuneration Report and the financial statements, in accordance with the section 9 (4) of the Museums and Galleries Act 1992 and Welsh Ministers' directions made there under and for ensuring the regularity of financial transactions.

My responsibility is to audit the financial statements and the part of the remuneration report to be audited in accordance with applicable law and with International Standards on Auditing (UK and Ireland). These standards require me to comply with the Auditing Practice Board's Ethical Standards for Auditors.

### Scope of the audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the National Museum of Wales circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the National Museum of Wales; and the overall presentation of the financial statements.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that 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 read all the financial and non-financial information in the Financial Report of the Board of Trustees to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

### Opinion on Financial Statements

In my opinion the financial statements:

- give a true and fair view of the state of the National Museum of Wales affairs as at 31 March 2011 and of its incoming resources and application of resources, gains and losses and cash flows for the year then ended; and
- have been properly prepared in accordance with Welsh Ministers' directions issued under the Museums and Galleries Act 1992.



## 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.

## Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Welsh Ministers' directions and
- the information included within the Financial Report is consistent with the financial statements.

## Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- the Statement on Internal Control does not reflect compliance with HM Treasury guidance;
- proper accounting records have not been kept;
- information specified by HM Treasury regarding the remuneration and other transactions is not disclosed;  
or
- I have not received all of the information and explanations I require for my audit.

## Report

I have no observations to make on these financial statements.

*Huw Vaughan Thomas*  
Auditor General for Wales  
24 Cathedral Road  
Cardiff  
CF11 9LJ

20 July 2011

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR YEAR ENDED 31 MARCH 2011

	Notes	Public funds		Private Funds		2010-11	Restated (See Note 25) 2009-10
		Restricted £'000	Unrestricted £'000	Restricted £'000	Unrestricted £'000	Total £'000	Total £'000
<b>INCOMING RESOURCES</b>							
<b>Activities for Generating Funds:</b>							
Investment Income		0	0	38	6	44	41
Income from trading subsidiary	2	0	2,543	0	0	2,543	2,687
Fundraising income		0	0	420	62	482	816
		<b>0</b>	<b>2,543</b>	<b>458</b>	<b>68</b>	<b>3,069</b>	<b>3,544</b>
<b>Activities in Furtherance of Charitable Objects:</b>							
Grants	3	4,176	23,767	0	0	27,943	26,998
Donations & bequests	4	479	0	343	84	906	1,070
Other income	5	11	1,061	6	1	1,079	1,061
		<b>4,666</b>	<b>24,828</b>	<b>349</b>	<b>85</b>	<b>29,928</b>	<b>29,129</b>
<b>TOTAL INCOMING RESOURCES</b>		<b>4,666</b>	<b>27,371</b>	<b>807</b>	<b>153</b>	<b>32,997</b>	<b>32,673</b>
<b>RESOURCES EXPENDED</b>							
<b>Costs of Generating Funds:</b>							
Costs of Trading Subsidiary		0	2,139	0	0	2,139	2,212
Costs of Fundraising		0	348	0	2	350	404
		<b>0</b>	<b>2,487</b>	<b>0</b>	<b>2</b>	<b>2,489</b>	<b>2,616</b>
<b>Costs of Charitable Activities:</b>							
Learning & Programmes		129	2,994	67	3	3,193	3,403
Collections & Research		1,119	6,824	28	1	7,972	8,923
Museum Operations		639	11,152	65	4	11,860	12,935
		<b>1,887</b>	<b>20,970</b>	<b>160</b>	<b>8</b>	<b>23,025</b>	<b>25,261</b>
<b>Governance Costs</b>		<b>0</b>	<b>547</b>	<b>0</b>	<b>0</b>	<b>547</b>	<b>584</b>
<b>Pension Finance Costs</b>	16	<b>0</b>	<b>92</b>	<b>0</b>	<b>0</b>	<b>92</b>	<b>1,484</b>
<b>TOTAL RESOURCES EXPENDED</b>		<b>1,887</b>	<b>24,096</b>	<b>160</b>	<b>10</b>	<b>26,153</b>	<b>29,945</b>
<b>SHARE OF JOINT VENTURE</b>	8	<b>(3,218)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(3,218)</b>	<b>(107)</b>
<b>NET INCOMING RESOURCES FOR THE FINANCIAL YEAR</b>		<b>(439)</b>	<b>3,275</b>	<b>647</b>	<b>143</b>	<b>3,626</b>	<b>2,621</b>
Unrealised Gains/(Losses) on revaluation of fixed assets intended for Charity Use	9	1,628	4	21	5	1,658	(5,927)
Realised/Unrealised Gains on market valuation of investments	11	0	0	158	27	185	536
Actuarial Gains/(Losses) on defined benefit pension scheme	16	0	11,975	0	0	11,975	(2,660)
<b>NET MOVEMENT IN FUNDS DURING THE FINANCIAL YEAR</b>		<b>1,189</b>	<b>15,254</b>	<b>826</b>	<b>175</b>	<b>17,444</b>	<b>(5,430)</b>
<b>FUND BALANCES B/FWD AT 1 APRIL 2010</b>	17	<b>98,896</b>	<b>(24,593)</b>	<b>4,568</b>	<b>681</b>	<b>79,552</b>	<b>84,982</b>
<b>FUND BALANCES C/FWD AT 31 MARCH 2011</b>	17	<b>100,085</b>	<b>(9,339)</b>	<b>5,394</b>	<b>856</b>	<b>96,996</b>	<b>79,552</b>

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

The non-consolidated net increase in funds recorded in the Museum's own Statement of Financial Activities during 2010-11 was £17,446,000 (£5,429,000 decrease in 2009-10).

The notes on pages 27 to 44 form part of these accounts.

## CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2011

	Notes	Museum Restated (See Note 25)		Consolidated Restated (See Note 25)	
		2011 £'000	2010 £'000	2011 £'000	2010 £'000
<b>FIXED ASSETS</b>					
Tangible Assets	9	76,009	72,484	76,011	72,490
Heritage Assets	10	16,433	15,032	16,433	15,032
Share of Joint Venture:	8				
Share of gross assets		9,838	13,056	9,838	13,056
Share of gross liabilities		(3)	(3)	(3)	(3)
		<u>9,835</u>	<u>13,053</u>	<u>9,835</u>	<u>13,053</u>
Investments	11	2,158	1,973	2,158	1,973
		<u>104,435</u>	<u>102,542</u>	<u>104,437</u>	<u>102,548</u>
<b>CURRENT ASSETS</b>					
Stock	12	55	64	363	428
Debtors due within one year	13	3,235	1,990	2,367	1,007
Investments		10	800	10	1,100
Cash at bank and in hand		3,685	2,282	4,396	2,742
		<u>6,985</u>	<u>5,136</u>	<u>7,136</u>	<u>5,277</u>
<b>CURRENT LIABILITIES</b>					
Creditors due within one year	14	(1,148)	(996)	(1,251)	(1,091)
		<u>5,837</u>	<u>4,140</u>	<u>5,885</u>	<u>4,186</u>
<b>NET CURRENT ASSETS</b>					
<b>NET ASSETS EXCLUDING PENSION SCHEME LIABILITY</b>		<u>110,272</u>	<u>106,682</u>	<u>110,322</u>	<u>106,734</u>
Defined benefit pension scheme deficit	16	(13,326)	(27,182)	(13,326)	(27,182)
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITY</b>		<u>96,946</u>	<u>79,500</u>	<u>96,996</u>	<u>79,552</u>
<b>FUNDS</b>	17				
Public Funds Restricted		100,085	98,896	100,085	98,896
Public Funds Unrestricted		3,937	2,537	3,987	2,589
Pension Reserve		(13,326)	(27,182)	(13,326)	(27,182)
Total Public Funds Unrestricted		<u>(9,389)</u>	<u>(24,645)</u>	<u>(9,339)</u>	<u>(24,593)</u>
Private Funds Restricted		5,394	4,568	5,394	4,568
Private Funds Unrestricted		856	681	856	681
		<u>96,946</u>	<u>79,500</u>	<u>96,996</u>	<u>79,552</u>

Signed on behalf of the Trustees by

*David Anderson*  
Accounting Officer and Director General  
Approved and signed on 19 July 2011

*J. Peter W. Morgan*  
Treasurer, on behalf of the Board of Trustees  
Approved and signed on 19 July 2011

The notes on pages 27 to 44 form part of these accounts.

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2011**

	Notes	Museum		Consolidated	
		2010-11 £'000	2009-10 £'000	2010-11 £'000	2009-10 £'000
<b>Net Cash Inflow from Operating Activities</b>	18	<b>4,477</b>	4,504	<b>4,428</b>	4,549
<b>Capital Expenditure and Financial Investment</b>	19	<b>(3,864)</b>	(3,406)	<b>(3,864)</b>	(3,406)
<b>Management of Liquid Resources</b>	20	<b>790</b>	(800)	<b>1,090</b>	(1,100)
<b>Increase in Cash</b>	21	<b><u>1,403</u></b>	<u>298</u>	<b><u>1,654</u></b>	<u>43</u>

The notes on pages 27 to 44 form part of these accounts.

## Notes to the Accounts for the Year Ended 31 March 2011

### 1. Accounting Policies

#### 1.1 Basis of Accounting

The Accounts are prepared under the historical cost convention, modified to include the revaluation of certain 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 & County of Swansea are two equal members in 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 2011 were signed on 25 June 2011 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 & 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 2011 were approved on 7 July 2011 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. The cost of generating funds includes all expenditure associated with the trading subsidiary and fundraising. The cost of charitable activities includes all expenditure associated with learning and programmes, collections and research and museum operations.

#### 1.6 Tangible Fixed Assets

All items of a capital nature costing in excess of £5,000 are capitalised. Items of a capital nature costing less than £5,000 are not capitalised and are written off in year.

Land and buildings assets are professionally valued every 5 years on the basis of their existing use value or depreciated replacement cost value as appropriate and are revalued using an index in the intervening period. Routine maintenance work in respect of these properties is written off in the year in which it is undertaken.

Non property assets (ie plant & vehicles and fixtures, fittings & equipment) with effect from 1 April 2010 are now held at historic cost (or the revalued cost prior to 1 April 2010) and no longer indexed as these assets have short useful economic lives or low values (or both).

An annual impairment review is carried out by management.

### 1.7 Heritage Assets

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 with an individual value of £5,000 or greater 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 (c. 4.7 million items) cannot be justified on cost/benefit grounds.

### 1.8 Depreciation

Depreciation is charged on tangible fixed assets (excluding 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.

### 1.9 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 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.

### 1.10 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.

### 1.11 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.

### 1.12 Staff Holiday Accrual

The Museum has voluntarily adopted an accounting policy recognising accruals at year end for staff holiday entitlement that has not yet been taken and which is being carried forward to the following year.

### 1.13 Research and Development

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

### 1.14 Taxation

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

### 1.15 Pensions

Contributions to the National Museum of Wales 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.

### 1.16 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.

### 1.17 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.

	2010-11 £ '000	2009-10 £ '000
Turnover	2,425	2,552
Cost of sales	(1,831)	(1,889)
<b>Gross Profit</b>	<b>594</b>	<b>663</b>
Administrative expenses	(297)	(315)
Other operating income	115	133
<b>Profit on ordinary activities before interest</b>	<b>412</b>	<b>481</b>
Interest receivable	3	0
(Loss)/Gain on currency movements	(3)	2
Interest payable	(8)	(8)
<b>Profit on ordinary activities before taxation</b>	<b>404</b>	<b>475</b>
Tax on profit on ordinary activities	0	0
<b>Profit for the financial year</b>	<b>404</b>	<b>475</b>
Gift aid payable to the Museum	(406)	(476)
<b>Retained loss for the financial year</b>	<b>(2)</b>	<b>(1)</b>

## 3. Grants Receivable

	Public Restricted £'000	Public Unrestricted £'000	2010-11 £'000	2009-10 £'000
Revenue Grant in Aid	0	23,514	23,514	23,758
Specimen Purchase Grant in Aid	1,085	0	1,085	1,075
Capital Grant in Aid	2,925	0	2,925	925
Other government grant	166	253	419	1,240
	<b>4,176</b>	<b>23,767</b>	<b>27,943</b>	<b>26,998</b>

The Museum received total Grant from the Welsh Government of £27,524,000 (£25,758,000 in 2009-10) which comprises the Revenue, Specimen Purchase and Capital Grant in Aid.

Other government grant included: Welsh Government grant of £95,000 (£1,180,000 in 2009-10); Heritage Lottery Fund grant of £257,000 (£2,000 in 2009-10); European Union grant of £8,000 (£1,000 in 2009-10) and other grant of £59,000 (£57,000 in 2009-10). The prior year comparative figures have been re analysed between grant categories but there is no change to the total amount.

## 4. Donations & Bequests

	Public Funds		Private Funds		2010-11 £'000	2009-10 £'000
	Restricted £'000	Unrestricted £'000	Restricted £'000	Unrestricted £'000		
Donated Assets	0	0	343	0	343	37
Other donations	479	0	0	84	563	1,033
	<b>479</b>	<b>0</b>	<b>343</b>	<b>84</b>	<b>906</b>	<b>1,070</b>

All valuations of donated (or part donated) assets were carried out by Museum curatorial staff or by reference to invoices/acceptance in lieu correspondence.

## 5. Other Income

	Public Funds		Private Funds		2010-11 £'000	2009-10 £'000
	Restricted £'000	Unrestricted £'000	Restricted £'000	Unrestricted £'000		
Learning and Programmes	0	202	0	0	202	108
Collections and Research	11	144	0	0	155	163
Museum Operations	0	681	0	0	681	690
Support	0	34	6	1	41	100
	<b>11</b>	<b>1,061</b>	<b>6</b>	<b>1</b>	<b>1,079</b>	<b>1,061</b>

## 6. Total Resources Expended

### (a) Museum

	Direct Costs £'000	Depre- ciation £'000	Marketing, Press & PR £'000	Support Costs			2010-11 £'000	Restated 2009-10 £'000
				Finance £'000	ICT £'000	Human Resources £'000		
<b>Costs of Generating Funds</b>								
Cost of Fundraising	262	0	48	19	15	6	350	404
	<b>262</b>	<b>0</b>	<b>48</b>	<b>19</b>	<b>15</b>	<b>6</b>	<b>350</b>	<b>404</b>
<b>Costs of Charitable Activities</b>								
Learning & Programmes	2,838	94	73	32	111	45	3,193	3,403
Collections & Research	6,953	440	93	85	282	119	7,972	8,923
Museum Operations	10,761	464	226	147	187	233	12,018	13,094
	<b>20,552</b>	<b>998</b>	<b>392</b>	<b>264</b>	<b>580</b>	<b>397</b>	<b>23,183</b>	<b>25,420</b>
<b>Governance Costs</b>	372	0	140	10	18	7	547	584
<b>Pension Finance Costs</b>	92	0	0	0	0	0	92	1,484
<b>Total Resources Expended</b>	<b>21,278</b>	<b>998</b>	<b>580</b>	<b>293</b>	<b>613</b>	<b>410</b>	<b>24,172</b>	<b>27,892</b>



**(b) Consolidated**

	Direct Costs	Depreciation	Marketing, Press & PR	Support Costs			2010-11 £'000	Restated 2009-10 £'000
	£'000	£'000	£'000	Finance £'000	ICT £'000	Human Resources £'000		
<b>Costs of Generating Funds</b>								
Cost of Trading Subsidiary	2,135	4	0	0	0	0	2,139	2,212
Cost of Fundraising	262	0	48	19	15	6	350	404
	<u>2,397</u>	<u>4</u>	<u>48</u>	<u>19</u>	<u>15</u>	<u>6</u>	<u>2,489</u>	<u>2,616</u>
<b>Costs of Charitable Activities</b>								
Learning & Programmes	2,838	94	73	32	111	45	3,193	3,403
Collections & Research	6,953	440	93	85	282	119	7,972	8,923
Museum Operations	10,603	464	226	147	187	233	11,860	12,935
	<u>20,394</u>	<u>998</u>	<u>392</u>	<u>264</u>	<u>580</u>	<u>397</u>	<u>23,025</u>	<u>25,261</u>
<b>Governance Costs</b>	372	0	140	10	18	7	547	584
<b>Pension Finance Costs</b>	92	0	0	0	0	0	92	1,484
<b>Total Resources Expended</b>	<u>23,255</u>	<u>1,002</u>	<u>580</u>	<u>293</u>	<u>613</u>	<u>410</u>	<u>26,153</u>	<u>29,945</u>

The amount of £43,220 (£43,220 in 2009-10) is included in resources expended for external auditors' remuneration, £38,225 (£38,225 in 2009-10) for the audit fee and £4,995 (£4,995 in 2009-10) for other work.

The amount of £8,000 (£1,000 in 2009-10) 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 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 committee work, Welsh Government liaison, internal and external audit, risk management and statutory reports and accounts work.

**7. Staff Costs****(a) Staff Costs during the year:**

	Consolidated	
	2010-11 £ '000	Restated 2009-10 £ '000
Salaries & Wages	15,165	15,384
Social Security Costs	1,090	1,107
FRS17 Pension Service Costs	1,078	2,867
Severance Costs	423	1,091
	<u>17,756</u>	<u>20,449</u>
FRS17 Pension Finance Costs	92	1,484
	<u>17,848</u>	<u>21,933</u>

Included within the staff costs are £1,052,000 (£1,055,000 in 2009-10) relating to the trading subsidiary.

The Museum undertook a Voluntary Redundancy Scheme during 2010-11 which incurred costs of £423,000 (£1,091,000 in 2009-10). Strain costs to the Museum Pension Fund amounted to £193,000 (£936,000 in 2009-10) and have been factored into the actuarial valuation disclosed in Note 16.

Included within operating costs is an amount of £4,000 (£19,000 in 2009-10) for agency staff.

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

	Permanent Staff	Other Staff	2010-11 Number	2009-10 Number
Trading Subsidiary	31	4	35	38
Fundraising	5	0	5	5
Learning & Programmes	44	4	48	52
Collections & Research	127	12	139	143
Museum Operations	268	29	297	287
Support	60	1	61	66
	<u>535</u>	<u>50</u>	<u>585</u>	<u>591</u>

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

	Salary 2010-11 (2009-10)	Real increase/ (decrease) in pension and related lump sum at age 60	Accrued pension at age 60 at 31 March 11 and related lump sum	CETV at 31 March 11	CETV at 31 March 10	Real increase/ (decrease) in CETV in excess of members contributions
	£	£	£	£	£	£
Mr David Anderson, Director General (from 11 Oct 2010)	47,312 (Nil)	590 plus 1,770 lump sum	590 plus 1,770 lump sum	10,730	0	7,890
Mr Michael Houlihan, Director General (to 8 Aug 2010)	36,495 (102,850)	(10) plus (30) lump sum	9,410 plus 28,230 lump sum	242,660	232,330	(4,170)
Mr Mark Richards Deputy Director General	78,094 (74,602)	740 plus 2,220 lump sum	11,720 plus 35,160 lump sum	234,530	199,800	19,520
Mr John Williams-Davies Director of Collections and Research	74,554 (73,816)	(870) plus (2,610) lump sum	34,670 plus 104,010 lump sum	911,450	906,410	(47,430)
Mr Michael Tooby, Director of Learning & Programmes	74,554 (73,816)	(340) plus (1,202) lump sum	24,760 plus 74,280 lump sum	528,170	486,040	11,940
Mr Jonathan Sheppard, Director of Finance	74,554 (73,816)	210 plus 630 lump sum	14,430 plus 43,290 lump sum	370,050	331,660	16,380
Mr Robin Gwyn, Director of Communications	73,816 (70,138)	920 plus 2,760 lump sum	9,370 plus 28,110 lump sum	186,990	153,360	21,070

Mr Michael Houlihan left office on 8 August 2010. His emoluments as Director General consisted of a basic salary of £36,495 (£102,850 in 2009-10).

Mr David Anderson took up office on 11 October 2010. His emoluments as Director General consisted of a basic salary of £47,312 (£Nil in 2009-10) plus a non-consolidated bonus based on performance estimated at £4,022 (£Nil in 2009-10). He also received assistance with relocation costs amounting to £7,449 in 2010-11.

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 accommodation expended by the Museum for its Board and committee members was £23,500 (£27,500 in 2009-10). A total of 12 trustees were reimbursed expenses during the year.

## 8. Share of Joint Venture

The Museum is an equal member, with the City & County of Swansea, of 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	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Voluntary Income: Contributions	5	6	3	3
Investment income	0	0	0	0
Other incoming resources	0	0	0	0
<b>Total incoming resources</b>	<b>5</b>	<b>6</b>	<b>3</b>	<b>3</b>
Charitable activity expenditure	234	216	117	108
Governance costs	5	5	3	2
<b>Total resources expended</b>	<b>239</b>	<b>221</b>	<b>120</b>	<b>110</b>
Revaluation of Fixed Assets	(6,202)	0	(3,101)	0
<b>Net Movement in Funds</b>	<b>(6,436)</b>	<b>(215)</b>	<b>(3,218)</b>	<b>(107)</b>

	Total Assets and Liabilities		Share of Assets and Liabilities	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Fixed Assets	19,600	26,019	9,800	13,009
Current Assets	74	93	38	47
Liabilities due within one year	(5)	(6)	(3)	(3)
Liabilities due after more than one year	(47)	(48)	0	0
<b>Net Assets</b>	<b>19,622</b>	<b>26,058</b>	<b>9,835</b>	<b>13,053</b>
<b>Funds</b>				
General Fund (unrestricted)	19,551	25,970	9,800	13,009
Restricted Fund	71	88	36	44
	<b>19,622</b>	<b>26,058</b>	<b>9,835</b>	<b>13,053</b>

At 31 March 2011, NWMS had contracted for £Nil of capital expenditure which had not been incurred at that balance sheet date (2010: £Nil 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
<b>Cost or Valuation</b>					
At 1 April 2010	18,164	55,730	393	1,717	76,004
Additions in Year	0	2,384	273	213	2,870
Disposals	0	0	(11)	0	(11)
Revaluation	(27)	(1,753)	0	0	(1,780)
<b>At 31 March 2011</b>	<b>18,137</b>	<b>56,361</b>	<b>655</b>	<b>1,930</b>	<b>77,083</b>
<b>Depreciation</b>					
At 1 April 2010	991	1,749	159	621	3,520
Charge for the Year	244	456	98	200	998
Disposals	0	0	(6)	0	(6)
Revaluation	(1,235)	(2,203)	0	0	(3,438)
<b>At 31 March 2011</b>	<b>0</b>	<b>2</b>	<b>251</b>	<b>821</b>	<b>1,074</b>
<b>Net Book Value</b>					
At 1 April 2010	17,173	53,981	234	1,096	72,484
<b>At 31 March 2011</b>	<b>18,137</b>	<b>56,359</b>	<b>404</b>	<b>1,109</b>	<b>76,009</b>

### (b) Consolidated

	Freehold Land & Buildings £'000	Leasehold Properties £'000	Plant & Vehicles £'000	Fixtures, Fittings & Equipment £'000	Total £'000
<b>Cost or Valuation</b>					
At 1 April 2010	18,164	55,730	393	1,749	76,036
Additions in Year	0	2,384	273	213	2,870
Disposals	0	0	(11)	0	(11)
Revaluation	(27)	(1,753)	0	0	(1,780)
<b>At 31 March 2011</b>	<b>18,137</b>	<b>56,361</b>	<b>655</b>	<b>1,962</b>	<b>77,115</b>
<b>Depreciation</b>					
At 1 April 2010	991	1,749	159	647	3,546
Charge for the Year	244	456	98	204	1,002
Disposals	0	0	(6)	0	(6)
Revaluation	(1,235)	(2,203)	0	0	(3,438)
<b>At 31 March 2011</b>	<b>0</b>	<b>2</b>	<b>251</b>	<b>851</b>	<b>1,104</b>
<b>Net Book Value</b>					
At 1 April 2010	17,173	53,981	234	1,102	72,490
<b>At 31 March 2011</b>	<b>18,137</b>	<b>56,359</b>	<b>404</b>	<b>1,111</b>	<b>76,011</b>

The Museum's land and buildings were professionally valued on 31 March 2011 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 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 those assets are revalued using indices.

## 10. Heritage Assets

### (a) Collection Management Policies

Collections of specimens are the *raison d'être* of museums and provide the fundamental database for all their work and objectives. The Museum is the national repository of material relating to Wales's natural and created heritage and international material which helps define Wales's place in the world. Our collections number approximately 4.7m specimens or groups and are of international importance. We differ from other national museums and galleries in the UK by the range of our disciplines and by the number and range of sites that we operate.

The Museum maintains and reviews its policies on acquisitions, disposals, care and conservation, documentation and access to the highest international standards. Full details of these policies can be obtained upon request from the Director of Collections & Research at the Museum's Principal Office: National Museum Cardiff, Cathays Park, Cardiff CF10 3NP.

### (b) Collection Management Costs

	2010-11 £ '000	2009-10 £ '000
<b>Collection management costs</b>		
Conservation	367	389
Documentation	200	203
Collection Services	133	108
Collection Centre	219	235
	<b>919</b>	<b>935</b>

These costs are recognised in the Statement of Financial Activities.

### (c) Summary of capitalised heritage assets on the Balance Sheet

#### (i) Heritage Assets donated during the year

	Art £'000	Historic Buildings £'000	Other £'000	Total £'000
An untitled sculpture by Jacqueline Lerat (Part donated)	1	-	-	1
<i>Hill of Hurdles</i> by Clare Wood (Part donated)	2	-	-	2
<i>Venice Evening</i> by Howard Hodgkin (Part donated)	2	-	-	2
<i>Palazzo Loredan</i> by Francesco Guardi (Part donated)	265	-	-	265
<i>Merthyr Blues</i> – Heinz Koppel	8	-	-	8
<i>Diamond Corn</i> – Mircea Cantor	5	-	-	5
<i>On the Farm</i> – Phyllis Lawson	5	-	-	5
<i>A Section of My Studio Floor</i> – Paul Brewer	5	-	-	5
<i>The Artists Studio</i> – Victor Newsome	10	-	-	10
<i>The Queen of Spades</i> – Rozanne Hawksley	5	-	-	5
<i>Mytilidae Dish (dish for mussels)</i> – Ben Ryan	15	-	-	15
<i>Baglan Bay at Night</i> – Andrew Vicari	-	-	15	15
Rigid Hull Inflatable Boat	-	-	5	5
<b>Total Additions in Year</b>	<b>323</b>	<b>0</b>	<b>20</b>	<b>343</b>
Total at 1 April 2010	3,055	120	44	3,219
<b>Total at 31 March 2011</b>	<b>3,378</b>	<b>120</b>	<b>64</b>	<b>3,562</b>

All valuations of donated (or part donated) assets were carried out by Museum curatorial staff or by reference to invoices/acceptance in lieu correspondence.

(ii) Heritage Assets purchased during the year:

	Art £'000	Historic Buildings £'000	Other £'000	Total £'000
William Burgess Prayer Book Binding	-	-	21	21
Waddle Fan – Big Pit	-	-	12	12
<i>Celtic Village</i> – St Fagans	-	30	-	30
<i>Welsh Landscape</i> by William Dyce	557	-	-	557
Langstone Vessels	-	-	21	21
<i>Caerphilly Castle</i> by Hendrik Danckerts	9	-	-	9
<i>Palazzo Loredan</i> by Francesco Guardi	85	-	-	85
<i>The Tree</i> by Lida Abdul	23	-	-	23
<i>The Train</i> by Olga Chemysheva	22	-	-	22
<i>Hill of Hurdles</i> by Clare Woods	14	-	-	14
An untitled sculpture by Jacqueline Lerat	8	-	-	8
<i>A Setting</i> by Anthony Shapland	5	-	-	5
<i>And Freely He Goes Lost Dylan Thomas</i> by Ceri Richards	7	-	-	7
<i>Venice Evening</i> by Howard Hodgkin	19	-	-	19
<i>Chepstow Castle</i> by James Dickson Innes	26	-	-	26
<i>The Rug Seller</i> by Christopher Wood	190	-	-	190
Three medals	-	-	9	9
<b>Total Additions in Year</b>	<b>965</b>	<b>30</b>	<b>63</b>	<b>1,058</b>
Total at 1 April 2010	5,353	5,589	871	11,813
<b>Total at 31 March 2011</b>	<b>6,318</b>	<b>5,619</b>	<b>934</b>	<b>12,871</b>

There have been no disposals of assets contained in the Balance Sheet in the last 5 years.

#### (d) Summary of specimen acquisition expenditure on the Statement of Financial Activities

Non capitalised specimen acquisition spend over the last five years:

	2010-11 £'000	2009-10 £'000	2008-09 £'000	2007-08 £'000	2006-07 £'000
Archaeology & Numismatics	28	29	28	42	51
Art	105	121	63	21	52
Biodiversity	53	68	92	48	55
Industry	5	8	15	1	15
Conservation	10	7	2	6	2
Geology	15	22	17	16	9
Library	142	145	131	120	134
Social & Cultural History	127	105	148	156	97
Collection Care and Access Project	0	0	0	0	150
	<b>485</b>	<b>505</b>	<b>496</b>	<b>410</b>	<b>565</b>

Expenditure includes acquisitions valued at less than £5,000, fieldwork, collections refurbishment and renovation.

**(e) Further information on the Museum's collection of heritage assets**

Number of items held:

There are c4.7 million items in the Museum's collection

Department	Items	Photos/ Archives	Total
Archaeology & Numismatics	851,000	45,000	896,000
Art	40,960	-	40,960
Biodiversity	2,174,330	-	2,174,330
Geology	938,000	21,400	959,400
Industry	39,090	197,500	236,590
Library	195,000	-	195,000
Social and Cultural History	74,000	163,000	237,000
<b>Total</b>	<b>4,312,380</b>	<b>426,900</b>	<b>4,739,280</b>

(i) Archaeology & Numismatics – The Department holds a collection of 896,000 items at National Museum Cardiff, as well as at the National Roman Legionary Museum in Caerleon. Archaeology, and numismatics (the study of coins and medals), tell us about the archaeology and history of Wales from the first use of caves 250,000 years ago to the start of the industrial revolution.

(ii) Art – The Welsh national collection of fine and applied art is housed in National Museum Cardiff. This unique resource documents the history of art in Wales since the sixteenth century, and is a major international collection of British and European art, as well as holding art from other cultures.

(iii) Biodiversity and Systematic Biology – This Department is the amalgamation of the Botany and Zoology departments, and is commonly known as BioSyb. It holds a massive 2,174,330 items in its collections, housed at National Museum Cardiff. Specimens are on display in the natural history galleries, or can be viewed by appointment. The study of the earth's biodiversity – the variety of living things – and of how organisms interact, is essential to our future well-being.

(iv) Geology – The Geology Department, based at National Museum Cardiff, holds 959,400 items in its collections. These comprise rocks, minerals and fossils that help us to understand the geological history of the Earth from its origins around 4,600 million years ago, and the processes involved in forming and shaping the earth's crust. They provide evidence for how the Wales we know today has evolved over 700 million years.

(v) Industry – The Industry Department has 236,590 objects in its collections. These are in the National Slate Museum in Llanberis, the National Wool Museum in Dre-fach, Big Pit: National Coal Museum in Blaenafon, the National Waterfront Museum in Swansea and some in the National Collections Centre in Nantgarw, where they can be viewed by appointment. The collection includes items from the coal, manufacturing, maritime and transport industries. The 1841 census records that Wales was the first nation in the world to have a higher proportion of its workforce employed in industry rather than agriculture – Wales was therefore 'the world's first industrial nation'.

(vi) Library – The main Library, housed at National Museum Cardiff, contains 195,000 books and periodicals, and approximately 3,000 volumes are added annually. It houses a collection of rare and special edition books, particularly in natural history. It is also a source of information for Museum staff, and items can be viewed by the public by appointment.

(vii) Social & Cultural History – This collection holds 237,000 items, housed at the St Fagans: National History Museum, near Cardiff. It covers the domestic, cultural, agricultural and commercial aspects of the people of Wales from the Middle Ages to the present day. The Museum illustrates and interprets these aspects with over forty re-constructed buildings spread across one hundred acres of land. It also has extensive photographic, film and sound archives.

## 11. Fixed Asset Investments

	Museum		Consolidated	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
At 1 April 2010	1,973	1,437	1,973	1,437
Additions to investments at cost	475	476	475	476
Disposals at market value	(475)	(476)	(475)	(476)
Net Gain/(Loss) on Revaluation	185	536	185	536
Market Value at 31 March 2011	<u>2,158</u>	<u>1,973</u>	<u>2,158</u>	<u>1,973</u>

The historic cost of investments at 31 March 2011 was £1,849,000 (£1,776,000 at 31 March 2010). 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	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Shop Goods for Sale	0	0	308	364
Publications stock held separately	67	125	67	125
Less Provision for Stock Write Off	(12)	(61)	(12)	(61)
	<u>55</u>	<u>64</u>	<u>363</u>	<u>428</u>

## 13. Debtors

	Museum		Consolidated	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Trade Debtors	96	145	193	266
Amount due from trading subsidiary	602	753	0	0
Loan due from trading subsidiary	301	301	0	0
Other Debtors	621	568	544	504
Prepayments	1,615	223	1,630	237
	<u>3,235</u>	<u>1,990</u>	<u>2,367</u>	<u>1,007</u>
Balances with:				
Central government bodies	548	532	471	467
Local authorities	35	34	35	34
Sub total intra government balances	<u>583</u>	<u>566</u>	<u>506</u>	<u>501</u>
Bodies external to government	2,652	1,424	1,861	506
Total	<u>3,235</u>	<u>1,990</u>	<u>2,367</u>	<u>1,007</u>

Included within Prepayments is a payment of advance contributions to the Pension Fund of £1,382,000 at 31 March 2011 (£Nil at 31 March 2010).



## 14. Creditors: Amounts falling due within one year

	Museum		Consolidated	
	2011	Restated 2010	2011	Restated 2010
Trade Creditors	312	164	328	197
Other Creditors and Accruals	836	832	923	894
	<u>1,148</u>	<u>996</u>	<u>1,251</u>	<u>1,091</u>
Balances with:				
Central government bodies	13	8	13	8
Local authorities	6	4	6	4
Sub total intra government balances	<u>19</u>	<u>12</u>	<u>19</u>	<u>12</u>
Bodies external to government	1,129	984	1,232	1,079
Total	<u>1,148</u>	<u>996</u>	<u>1,251</u>	<u>1,091</u>

## 15. Operating Lease Commitments

	Museum		Consolidated	
	2010-11 £'000	2009-10 £'000	2010-11 £'000	2009-10 £'000
Expiring:				
Between one and five years	<u>0</u>	<u>0</u>	<u>7</u>	<u>7</u>

## 16. Pensions

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 2009. This was updated at 31 March 2011 by a qualified independent actuary using guidelines issued by HM Treasury.

The actuarial valuation at 31 March 2011 showed a decrease in the deficit from £27,182,000 to £13,326,000. The Museum's contribution to the Scheme in the year to 31 March 2011 amounted to £3,051,000 (£3,303,000 to 31 March 2010) at a rate of 21.3% of Pensionable Remuneration.

The Museum expects to contribute £2,897,000 to the Scheme in 2011-12.

### (a) Amounts in the balance sheet:

	2011 £'000	2010 £'000
Fair value of assets	74,549	68,578
Defined benefit obligation	(87,875)	(95,760)
Surplus/(Deficit)	<u>(13,326)</u>	<u>(27,182)</u>

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

	2011 £'000	2010 £'000
Opening fair value of assets	68,578	48,718
Expected return	4,329	2,882
Employer's contributions	3,051	3,303
Members' contributions	831	859
Actuarial experience gain/(losses)	1,224	16,386
Benefits paid	(3,464)	(3,570)
Closing fair value of assets	<u>74,549</u>	<u>68,578</u>

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

	2011 £'000	2010 £'000
Opening defined benefit obligation	95,760	72,192
Current service cost	3,228	2,041
Curtailement	124	826
Members' contributions	831	859
Past service cost/(credit)	(2,274)	0
Interest cost	4,421	4,366
Actuarial (gain)/loss	(10,751)	19,046
Benefits paid	(3,464)	(3,570)
Closing defined benefit obligation	87,875	95,760

**(d) Amounts charged to resources expended:**

	2011 £'000		2010 £'000	
Current service cost	3,228		2,041	
Past service cost/(credit)	(2,274)		0	
Curtailement	124		826	
		1,078		2,867
Expected return on assets	(4,329)		(2,882)	
Interest cost	4,421		4,366	
		92		1,484
<b>Total charge to resources expended</b>		<b>1,170</b>		<b>4,351</b>

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

	2011	2010
Equities	75.90%	76.90%
Index Linked Gilts	13.90%	13.30%
Corporate bonds	10.10%	9.70%
Others	0.10%	0.10%

**(f) Principal actuarial assumptions:**

	2011	2010
Discount rate	5.60%	4.60%
Inflation – RPI	3.40%	2.75%
Inflation – CPI	2.65%	N/A
Salary growth	4.90%	4.25%
Pension increases in payment – pre 2000	3.40%	2.75%
Pension increases in payment – post 2000	2.65%	2.75%
Pension increases in deferment	2.65%	2.75%
Expected return on assets	6.20%	6.30%
Assumes life expectancy currently age 65		
Male	86.9	86.8
Female	89.1	89.0
Assumes life expectancy currently age 45		
Male	87.9	87.9
Female	90.0	89.9

The expected rate of return utilised on assets of 6.2% 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 4.36%, which is equal to the annualized yield on the FTSE 20 year gilts index at 31 March 2011;
- The expected annual return on corporate bonds has been taken to be 5.60%, which is equal to the discount rate;
- The expected return on equities (and the small holding in property and other investments) has been taken to be 6.61% pa. 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:

	2011	2010	2009	2008	2007
Fair value of assets	74,549	68,578	48,718	65,195	65,972
Defined benefit obligation	(87,875)	(95,760)	(72,192)	(76,949)	(79,973)
Deficit	(13,326)	(27,182)	(23,474)	(11,754)	(14,001)
Experience adjustments on assets	1,224	16,386	(21,258)	(6,524)	2,486
Experience adjustments on obligations	0	3,071	(121)	(191)	(68)

## 17. Statement of Funds

### (a) Movement in Funds

	1 April 2010 Restated £000	Incoming Resources £000	Resources Expended £000	Other Movements in Year £000	31 March 2011 £000
<b>Public Funds</b>					
Restricted – Capital	88,554	2,925	(1,319)	(1,593)	88,567
Restricted – Specimens	10,342	1,741	(568)	3	11,518
<b>Total Restricted</b>	<b>98,896</b>	<b>4,666</b>	<b>(1,887)</b>	<b>(1,590)</b>	<b>100,085</b>
Unrestricted	2,589	27,371	(25,977)	4	3,987
Pension Reserve	(27,182)	0	1,881	11,975	(13,326)
<b>Total Unrestricted</b>	<b>(24,593)</b>	<b>27,371</b>	<b>(24,096)</b>	<b>11,979</b>	<b>(9,339)</b>
<b>Total Public Funds</b>	<b>74,303</b>	<b>32,037</b>	<b>(25,983)</b>	<b>10,389</b>	<b>90,746</b>
<b>Private Funds</b>					
Restricted	4,568	807	(160)	179	5,394
Unrestricted	681	153	(10)	32	856
<b>Total Private Funds</b>	<b>5,249</b>	<b>960</b>	<b>(170)</b>	<b>211</b>	<b>6,250</b>
<b>Total</b>	<b>79,552</b>	<b>32,997</b>	<b>(26,153)</b>	<b>10,600</b>	<b>96,996</b>

Unrestricted Public Funds recorded in the Museum's own non-consolidated accounts at 31 March 2011 was £3,937,000 with £50,000 attributable to NMGW Enterprises Ltd.

Restricted Private Funds includes two major fund balances being: the Art Department Fund, and the St Fagans: National History Museum Fund.

**(b) Analysis of Net Assets Between Funds**

	Public Funds		Private Funds		2011 £'000
	Restricted £'000	Unrestricted £'000	Restricted £'000	Unrestricted £'000	
Fixed Assets	99,429	367	4,044	597	104,437
Current Assets	876	4,647	1,353	260	7,136
Current Liabilities	(220)	(1,027)	(3)	(1)	(1,251)
<b>Net Assets (before pension liabilities)</b>	<b>100,085</b>	<b>3,987</b>	<b>5,394</b>	<b>856</b>	<b>110,322</b>
Pension Liabilities	0	(13,326)	0	0	(13,326)
<b>Net Assets (after pension liabilities)</b>	<b>100,085</b>	<b>(9,339)</b>	<b>5,394</b>	<b>856</b>	<b>96,996</b>

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

	Museum		Consolidated	
	2010-11 £'000	Restated 2009-10 £'000	2010-11 £'000	Restated 2009-10 £'000
Net incoming resources for the financial year	3,628	2,622	3,626	2,621
Share of Joint Venture	3,218	107	3,218	107
Donated Assets	(343)	(37)	(343)	(37)
Depreciation	998	994	1,002	998
Decrease/(Increase) in Stocks	9	7	65	(41)
Increase in Debtors	(1,207)	(278)	(1,323)	(210)
Increase in Creditors	54	39	63	61
Disposal of Fixed Asset	1	2	1	2
FRS17 current year pension costs	(1,881)	1,048	(1,881)	1,048
<b>Net Cash Inflow from Operating Activities</b>	<b>4,477</b>	<b>4,504</b>	<b>4,428</b>	<b>4,549</b>

**19. Capital Expenditure and Financial Investment**

	Museum		Consolidated	
	2010-11 £'000	2009-10 £'000	2010-11 £'000	2009-10 £'000
Payments to Acquire Tangible Fixed Assets	(3,868)	(3,414)	(3,868)	(3,414)
Proceeds from Sale of Tangible Fixed Assets	4	8	4	8
	<b>(3,864)</b>	<b>(3,406)</b>	<b>(3,864)</b>	<b>(3,406)</b>

**20. Management of Liquid Resources**

	Museum		Consolidated	
	2010-11 £'000	2009-10 £'000	2010-11 £'000	2009-10 £'000
Investments at 1 April 2010	800	0	1,100	0
(Decrease)/Increase in short term investments	(790)	800	(1,090)	1,100
<b>Investments at 31 March 2011</b>	<b>10</b>	<b>800</b>	<b>10</b>	<b>1,100</b>

## 21. Movements in Cash

	Museum		Consolidated	
	2010-11 £'000	2009-10 £'000	2010-11 £'000	2009-10 £'000
Net Cash at 1 April 2010	2,282	1,984	2,742	2,699
Net Cash Inflow	1,403	298	1,654	43
<b>Net Cash at 31 March 2011</b>	<b>3,685</b>	<b>2,282</b>	<b>4,396</b>	<b>2,742</b>

## 22. Capital Commitments

	2011 £'000	2010 £'000
At the balance sheet date there were capital commitments of	<u>731</u>	<u>2,703</u>

Major commitments as at 31 March 2011 relate to refurbishment work of the Upper West Wing at National Museum Cardiff and the St Fagans Redevelopment Project (major commitments as at 31 March 2010 related to refurbishment work of the Upper West Wing and construction of the Clore Learning Space at National Museum Cardiff).

## 23. Contingent Liabilities and Guarantees

There are no contingent liabilities or assets as at 31 March 2011.

There is a guarantee in the event of the closure of Big Pit: National Coal Museum to make safe the mineshaft and surrounding areas. Decommissioning is likely to cost around £1 million and has been underwritten by the Welsh Government.

## 24. Related Party Transactions

The National Museum of Wales is a Welsh Government Sponsored Body. The Welsh Government is therefore regarded as a related party. During the year the Museum received funding from the Welsh Government in the form of Revenue, Capital and Specimen Purchase Grant in Aid and other grant referred to in Note 3. It also incurred expenditure of £12,000.

During the year the Museum has had material transactions in relation to service activities with other entities for which the Welsh Government is the sponsor, namely the Countryside Council for Wales (Income of £3,100) and Environment Agency Wales (Income of £1,300).

Mr Paul E. Loveluck (to 31 May 2011), Elisabeth Elias (from 1 June 2011), President, Mr J. Peter W. Morgan, Treasurer and Mr Gareth Williams, Trustee, are 3 of the 7 Directors of 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 £3,371 to the Museums Association in 2010-11. Mr David Anderson, Director General, is a member of the association.

The Museum made payments of £15,085 to Cardiff University in 2010-11 and received payments of £44,919 from Cardiff University. Jonathan Osmond, Trustee, was Pro Vice-Chancellor of Cardiff University.

The Museum made payments of £15,761 to Odgers Berndtson in 2010-11. Victoria Provis, Trustee, was a Partner with Odgers Berndtson.

The Museum made payments of £21 to the Institute of Directors Wales and received income of £120 from Netalogue Technologies Plc in 2010-11. Gareth Williams, Trustee is the Chairman of the Institute of Directors Wales and Netalogue Technologies Plc.

The Museum made a payment of £785 to Llyr Engineering in 2010-11. Llyr Engineering is owned by the son of Trustee Iolo Ap Gwynn.

There were no outstanding balances at year end and all orders placed were in line with the Museum's procurement procedures.

## 25. Prior Year Adjustments

Previously the Museum has not recognised accruals at year end for staff holiday entitlement that has not yet been taken and which is being carried forward to the following year. However the Museum has now voluntarily adopted such an accounting policy following an exercise that determined this to be a material figure to the Museum's accounts. The prior year comparator for 2009-10 has been restated accordingly. This has added an additional £7,000 of expenditure to the Statement of Financial Activities (SOFA) during 2009-10 (being the movement between the 2008-09 and 2009-10 accrual) and an additional £313,000 liability/accrual to the Balance Sheet as at 31 March 2010 (Public Funds Unrestricted) to that previously stated.

Government Accounting previously required the inclusion of a notional cost of capital, calculated by applying 3.5% to the average public capital employed. The cost of capital charge measured an appropriate return on the taxpayers equity. This requirement was withdrawn with effect from 1 April 2010 and the accounts for 2009-10 have been restated accordingly. There is no change to the net position as this figure appeared as a cost in the SOFA and was then immediately reversed out as a credit in the SOFA (an amount of £2,725,000 in 2009-10).

In a change to accounting policy, the Museum no longer revalues/indexes its non property assets. With effect from 1 April 2010 these assets are now held at historic cost (or the revalued cost prior to 1 April 2010) as these assets have short useful economic lives or low values (or both). The prior year comparators have not been restated as the figures are not material. However had the prior year comparators been restated for 2009-10 this would have decreased Resources Expended (Depreciation) by £9,000 and increased the Unrealised Losses on Revaluation by £60,000 in the SOFA and would have decreased the value of Fixed Assets by £51,000 in the Balance Sheet.

## 26. Post Balance Sheet Events

The Accounting Officer authorised these financial statements for issue on 19 July 2011.