

national  
museum  
wales  
amgueddfa  
cymru

# Financial Report 2011/12



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### **National Museum Cardiff**

Cathays Park, Cardiff CF10 3NP  
+ 44 (0) 29 2039 7951

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

Blaenafon, Torfaen NP4 9XP  
+ 44 (0) 1495 790 311

### **The National Slate Museum**

Gilfach Ddu, Llanberis, Gwynedd LL55 4TY  
+ 44 (0) 1286 870 630

### **The National Waterfront Museum**

Oystermouth Road, Maritime Quarter, Swansea SA1 3RD  
+ 44 (0) 1792 638950

### **St Fagans: National History Museum**

St Fagans, Cardiff CF5 6XB  
+ 44 (0) 29 2057 3500

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

High Street, Caerleon NP18 1AE  
+ 44 (0) 1633 423 134

### **The National Wool Museum**

Dre-fach Felindre, Llandysul, Carmarthenshire SA44 5UP  
+ 44 (0) 1559 370 929

### **The Collections Centre**

Nantgarw, Rhondda Cynon Taf CF15 7QT  
+ 44 (0) 29 20573 651

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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 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, Amgueddfa Cymru 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 and 2006) states that this is to be achieved:

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

In 2006 Amgueddfa Cymru was granted a supplemental Royal Charter and Statutes. This new Charter changed Amgueddfa Cymru'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 2011/2012 continued the process of implementing the Consultation Scheme, Policy and Ownership Action Plan. The Policy sets out the values, principles and key participatory techniques that directed Amgueddfa Cymru's main consultative activities for 2011/2012. The Action Plan for 2011/2012, appended to the Operational Plan, set out the programme of public engagement activity across Amgueddfa Cymru. During this period a key focus was on stakeholder engagement to inform a major project to redevelop St Fagans: National History Museum.

## Aims and Objectives

Amgueddfa Cymru's current priorities, set out in its Vision, 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.

## Amgueddfa Cymru's locations

During 2011/12 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 arts, 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 five 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, visitors can see 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 five social and industrial museums across Wales.

Amgueddfa Cymru also has its National Collections Centre in Nantgarw, Rhondda Cynon Taf, which is also open to the public by appointment. In addition, we are currently involved in partnership arrangements with local organizations across Wales including the Pembrokeshire Coast National Park Authority and Wrexham Borough Council.

### Achievements during the year

The seven national museums in Wales received 1.69 million visits in 2011/12, the highest total ever recorded since free entry was introduced in April 2001.

2006/7	2007/8	2008/9	2009/10	2010/11	2011/12
1,534,727	1,672,677	1,524,806	1,641,053	1,656,340	1,690,026

Amgueddfa Cymru introduced the free entry policy eight months earlier than in England – a pioneering move that nearly doubled visitor figures to national museums in Wales. This commitment to promoting access for all to Wales's culture and history remains as strong today, with the policy enshrined in the Welsh Government's plan of action for 2011/16, Programme for Government.

Back in 2001/2 a specific 'free for all' marketing campaign resulted in figures increasing by 88% – from 764,599 to 1,430,428 – within twelve months. The momentum has continued and, in fact, accelerated. By 31 March 2012, over 16 million visits had been made over the eleven years of free entry.

Striking the right balance between meeting the needs and expectations of existing loyal visitors and attracting new audiences has been critical both in terms of increasing the volume and also, within that total, increasing the number of visitors from the C2, D and E socio-economic categories.

In 2000/01 fewer than 250,000 of visits were by people from these less affluent groups. Over the years, the figure has increased to over 500,000 – one in every three visits

One particular success during 2011/12 has been the opening of the new National Museum of Art on the top floor of National Museum Cardiff in July 2011, made possible with major investment from the Welsh Government as well as other funders. This has proved to be very popular with new audiences – 50,485 more visits (an increase of 13.7%) have been made to National Museum Cardiff during 2011/12 compared to 2010/11.

In addition, the National Wool Museum achieved over 30,000 visits for the first time. Since 2000/01 this Museum, located in the Teifi Valley, has seen its visitor figures increase by 236%.

Other highlights of the year included:

- The submission of the second stage bid for funding the Making History project to the Heritage Lottery Fund (HLF) on 19 March 2012. The bid to the HLF is for £12m towards a £25.5m project. The Welsh Government has already committed £6m to the project, and we expect to hear the outcome of the bid in late July 2012.

We believe this is currently the most exciting museum project in the UK. Subject to the HLF bid being successful, it will create a unique learning environment at St Fagans, presenting the histories of the people of Wales in a totally new way. For the first time anywhere, national collections of archaeology

and social history will be displayed together in an open-air museum setting, enabling visitors to explore over 200,000 years of Welsh history in innovative new ways.

- A major strategic alliance with BBC Wales in relation to the flagship Welsh history TV series, *The Story of Wales*. Partnership activity and outcomes included the facilitation of over 60 hours of on-site and off-site filming, interviews with six expert staff featured on-screen, the closing credits of each episode – ‘With thanks to Amgueddfa Cymru – National Museum Wales’ – reflecting the significant creative contribution without which the programmes could not have been made, a series of public events at several museums in March-May 2012 under the ‘Story of Wales’ banner and the main launch event with series presenter Huw Edwards and hosted by the Director General, David Anderson, at St Fagans on 19 January 2012
- The formulation of Transforming Children’s Futures, Amgueddfa Cymru’s strategy for supporting participation in cultural activities for children, young people and families in poverty during 2012-2015. Amgueddfa Cymru has always been about transforming children’s futures by enabling them to experience life in the past and present. For many years it has had a commitment to creating pathways through which the children of Wales can participate in cultural activities and enrichment. Over the past decade Amgueddfa Cymru has worked with partners supporting children and families in poverty to pilot projects that open up pathways and enable them to engage with culture in a positive and affirming way.

## Working in Partnership

In 2011/12 Amgueddfa Cymru continued to work with partners throughout Wales and beyond to show the national collections in a variety of venues and we have a number of high-profile key partnerships in place to achieve this.

The final Esmée Fairbairn-funded Celf Cymru Gyfan-ArtShare Wales project was undertaken in October 2011 with Locws International in Swansea. We are keen for Celf Cymru Gyfan-ArtShare Wales to continue and are currently exploring alternative sources of funding.

We continued to work with CyMAL on their review of Cyfoeth Cymru Gyfan-Sharing Treasures and applications are now being processed with a view to new projects starting in the summer of 2012. This year the overall budget has been doubled to £200,000 following the support of the HLF in Wales. This scheme will allow the national collections to be presented in venues across Wales.

The co-operation with Wrexham Museum continues to flourish with the installation of two successful exhibitions and two further displays planned for 2012/13.

A Memorandum of Understanding was signed in January 2012 with The Cardiff Story and we will continue to assist them as they develop their plans for the future.

At Oriel y Parc in St Davids, Pembrokeshire, Amgueddfa Cymru opened the exhibition *Stories from the Sea: Above, Below and Beyond the Tide*. A wide variety of works from Amgueddfa Cymru was shown throughout the year, including over seventy artworks, from Richard Wilson, JMW Turner and Ben Nicholson to contemporary artists such as Gavin Turk. A substantial number of artworks from the Graham Sutherland collection were also displayed. Exhibits included items from the maritime collections in the Industry Department, brachiopod and gastropod fossils from the Geology Department and a large and very popular selection of Blaschka glass specimen models and material from the ongoing seabed survey from the Biodiversity & Systematic Biology (BioSyb) Department. Staff from Amgueddfa Cymru gave six presentations to complement the exhibition, as part of the Horizons lunchtime lecture series.

We continue to develop our international partnership work. Following a highly successful touring exhibition to America we are working again with the American Federation of Arts on a proposed tour of British Landscape Art. Two venues have already signed Letters of Intent to take the exhibition due to open in spring 2015. Our relationship with China continues to be a high priority and we are currently working on an exhibition for the Three Gorges Museum in Chongqing. We are also exploring the possibility of touring this to two further venues in China.

## 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 Amgueddfa Cymru's 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 for Amgueddfa Cymru are the results of the wholly owned subsidiary, NMGW Enterprises Ltd, which operates Amgueddfa Cymru's trading and related activities. Also contained within the consolidated figures is its 50% share of National Waterfront Museum Swansea (NWMS), a joint venture company, limited by guarantee, with the City & County of Swansea, whose prime function was the development of the new National Waterfront Museum in Swansea.

## Financial Results for the Year

Amgueddfa Cymru's consolidated net incoming resources for the financial year were £1,836,000 (£3,626,000 in 2010/11). Total incoming resources were £30,426,000 (£32,997,000 in 2010/11) and total resources expended were £28,510,000 (£26,153,000 in 2010/11). The net increase in funds for the year after taking account of all realised and unrealised gains and losses was £392,000 (£17,444,000 in 2010/11). Fund balances at 31 March 2012 stood at £97,388,000 (£96,996,000 at 31 March 2011).

The principal activities of NMGW Enterprises Ltd for the year were sales at Amgueddfa Cymru's retail shops, contract and in-house catering, car parking, image licensing, corporate hire, lettings and filming rights. The company reported a profit before gift aid to Amgueddfa Cymru of £491,000 for the 2011/12 financial year (£404,000 in 2010/11). This increase reflects a strong performance from the company's retail business in a difficult economic climate; increased car-parking profit following the introduction of charges at an additional site; and a very successful year for corporate hire. Costs were well controlled.

## 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 performance indicators provide a snapshot of performance, qualitative data from case studies continues to provide more detailed insight, and an opportunity for reflecting on and enriching our work. We have, during 2011/12, employed an evaluation framework that embraces both of these approaches. This toolkit and the targets we set for 2012/13 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 2011/2012 was 1,690,026 (1,656,340 in 2010/11), against a target of 1,550,000. The number of visits to Amgueddfa Cymru's website during the same period was 1,648,896 (1,392,957 in 2010/2011), illustrating the extent to which visitors continue to choose to access information about our work online.

Our work on serving the formal educational sector continues to thrive with 248,425 formal education visits (233,713 in 2010-2011) exceeding the target of 229,000 visits. The number of informal educational visits was 209,400 (206,098 in 2010/2011), well exceeding a target of 170,000. Furthermore, there were 32,981 participants in Amgueddfa Cymru-led educational activities taking place away from our own museums (29,163 in 2010/2011), exceeding the target of 30,000.

While all of the collections are documented according to the Collections Trust guidelines, we have continued with a programme of computerising collections records with the aim of achieving appropriate levels of computerised documentation for the objects within the collections. During 2011/2012, and based on a total collection size of 5.1m, we achieved 46.8% of the collections computerised to inventory standard.

The number of venues to which loans were made reached 312 (310 in 2010/2011), just exceeding the target of 310.

## Capital Investment

To underpin the delivery of the Vision, a programme of capital works continues, with the capital master planning programme focusing on St Fagans as the National History Museum.

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

### *Refurbishments of the West Wing galleries at National Museum Cardiff*

During the year, Amgueddfa Cymru opened the West Wing galleries at National Museum Cardiff 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.

### *The Making History at St Fagans project*

Amgueddfa Cymru was delighted to receive a Stage 1 pass from the HLF, and a bid for £12m has now been submitted towards a much larger scheme to redevelop St Fagans.

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 by putting the existing buildings and social history collections into the wider context of the national history of Wales.

Much of the archaeology collections will be moved from National Museum Cardiff in the city centre 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.

During the year, over £1m was invested in the site's infrastructure, which will form the basis of the main redevelopment over the coming years.

## Prioritising Resources

Since the Vision priorities were established five years ago, Amgueddfa Cymru has been continuously re-aligning its budget allocations to deliver against those priorities. Re-alignment against priorities has been taking place by an annual 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 2011/12, following a similar exercise in 2010/11. These 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 accounting policy on the valuation of Fixed Assets requires property assets to be professionally revalued every five years. Other assets including heritage assets and those under the broader headings of plant, vehicles or other fixtures and fittings are not subject to this quinquennial revaluation exercise. The accounting policy also provides for those assets that have been professionally revalued to be adjusted by the use of indices in the intervening years between the quinquennial professional revaluations.

Property-related assets were last professionally revalued at 31 March 2011.

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. In line with Financial Reporting Standard (FRS) 30 on heritage assets, disclosures are covered in Note 10 to the accounts.

Amgueddfa Cymru's interest in the property at the National Waterfront Museum is reflected by its 50% share in the joint venture company with the City & County of Swansea. Details of the joint venture interest are shown in Note 8 to the accounts.

## Specimen Acquisition

Amgueddfa Cymru made a number of significant acquisitions during the year. Once again the more costly art purchases were only made possible by 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 included:

- Laura Ford *Glory Glory (Hat and Horns)* (2005). Purchased for £12,800 with a grant from the Derek Williams Trust of £6,400.
- Elizabeth Fritsch *Twelve Tone Vase* (1975) and *Optical Bowl with Fractured Rim* (1974). Purchased for £20,800 with a £10,000 grant from the Art Fund and £5,400 from the Derek Williams Trust.
- Walter Sickert *The Rialto Bridge and the Palazzo Camerlenghi, Venice* (c.1902-1904), oil on canvas. Purchased for £70,000 with support of £35,000 from The Art Fund and £17,500 from the Derek Williams Trust.
- Sir Hubert von Herkomer *Hwfa Mon, Arch-Druid of Wales* (1896), pencil and watercolour. Purchased for £9,275.
- Richard Long *Blaenau Ffestiniog Circle* (2011), Welsh slate. Purchased for £81,000 using the residue of the Centenary Fund with support of £30,000 from The Art Fund.
- Bill Woodrow *The Red Hat* (1981), spin dryer, hat, enamel paint. Purchased for £36,400 with £18,200 from the Derek Williams Trust.
- Betty Woodman *Puccini* (1989), glazed porcelain. Purchased for £10,999 with support of £5,499 from the Derek Williams Trust.
- Set of 12 London 2012 Olympic and Paralympic Prints. Purchased for £6,760 with support of £2,816.66 from the Derek Williams Trust.
- Rajesh Gogna *Vintage Series: Hanging Ice Coffee Pot*. Purchased for £6,630 with £3,315 from the Derek Williams Trust.
- Twelve photomontages and two inkjet prints by Ken Elias. Purchased for £8,000.
- The Capel Garmon Firedog. Accepted by HM Government and the Welsh Government in Lieu of Inheritance Tax and allocated to Amgueddfa Cymru. This iconic masterpiece is recognised as one of the finest surviving Iron Age artefacts in Europe and adds significantly to our collections of Early Celtic Art. The acquisition attracted significant media interest.
- A preserved mounted European Bison. Purchased for £8,500. This item will replace the badly worn specimen currently on display in the Evolution of Wales exhibition at National Museum Cardiff.

- Models for the new introduction area to the natural history galleries at National Museum Cardiff. Purchases for the area amounted to £12,000. This new area provides a high degree of visual impact, which gives a flavour of the content of the galleries beyond.
- Three biologically correct models of plankton for the 'Tree of Life' story in the new marine gallery display at National Museum Cardiff. Purchased for £6,400. As the living organisms are impossible to preserve and display, these acquisitions fill a gap in the story communicated in the gallery and complement the display of the Blaschka glass specimen models.
- A two-hundred-million-year-old Ichthyosaur skull found at Lavernock in the Vale of Glamorgan. Purchased for £6,500. These marine reptiles were major predators in Jurassic seas.

## Research Activity

Amgueddfa Cymru's research plays a pivotal role 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. Research underpins all activities, and Amgueddfa Cymru's credibility as a national museum. Fundamental research, in fields such as taxonomy, numismatics and art history, enables Amgueddfa Cymru to support the highest-level research undertaken by universities where such topics are no longer well supported.

A wide range of research activities will continue in 2012/13, supporting the themes of the acquisition and exhibition programmes as well as other core activities. Several longer-term projects may continue for a number of years. Research activity is fostered and monitored by a Research Board, which aims to ensure that research is directed in support of our Vision and is as best resourced as it can possibly be within constrained budgets.

Following recognition as an Independent Research Organisation (i.e. equivalent to a university) by both the Arts & Humanities Research Council and the Natural Environment Research Council, research frameworks created for all subject areas have been identified in those areas where future research can be most usefully concentrated in support of delivering the Vision. A cross-section of some of the projects is presented here.

### *Archaeology & Numismatics*

- Palaeolithic settlement of Wales: publication of excavations undertaken at Pontnewydd Cave, Denbighshire.
- A review of the finds from excavations at Cathole Cave, undertaken in 1864, 1958 and 1959.
- Late Bronze Age settlement at Llanmaes, Vale of Glamorgan: post-excavation research programme.
- Research on Bronze and Iron Age hoarding and votive practice in Wales: Burton, Langstone
- Late La Tène decorated metalwork from Wales: analysis of material from the time of the Roman conquest to understand changes in technologies, use etc.
- Post-excavation research on the Roman town at Caerwent, Monmouthshire: report on the forum-basilica with Cardiff University.
- Conservation and research on military equipment from Caerleon.
- Research on early medieval/Viking Age settlements and culture in Wales: Llangorse Crannog, Powys and Llanbedrgoch, Isle of Anglesey.
- Cataloguing and publishing a hoard of medieval coins from Abergavenny, Monmouthshire, acquired through the Treasure Act.
- St Fagans Historic Landscape Archaeology Project, linked with the museum redevelopment project and providing a deeper sense of the place of St Fagans through time (including the Battle of St Fagans). In partnership with CADW.

### *Art*

- A gold cup of 1662 and its context: presented to Welshpool parish church by Thomas Davies, agent of the East India Company in West Africa and plantation owner on Barbados.
- The materials and techniques of Richard Wilson, his contemporaries and followers; one of a number of projects to coincide with the artist's tercentenary.
- The art and archives of Graham Sutherland: placing them in the broader context of twentieth century art

and considering the possibilities of interpretation through archival collections.

- Interpreting and displaying the collections of art since 1945 for changing displays in the Upper West Wing galleries at National Museum Cardiff, especially the opening display, which explores issues of national identity in Welsh art during the last sixty years.
- The large watercolours and oils John Piper (1903-1992) made in Snowdonia between 1945 and 1949, which are among the artist's strongest works.

### BioSyb

- Contributions to the taxonomy of polychaetes with special reference to the British Isles 2011-25.
- A European-funded partnership project to monitor recovery from acidification in the River Wye catchment using diatoms as indicators.
- Gene flow in *Sorbus* in the Avon Gorge: a studentship project with Bristol University to assess the gene flow and reproductive biology of the rare whitebeams.
- Contribution to the bivalve treatise: review of the systematics of Arcoida and Thyasiridae.
- Taxonomy of flies (Empidinae): phase 2 – phylogeny of Hemerodromiinae.

### Geology

- Character and significance of low-grade metamorphism in Wales and related geotectonic settings worldwide in collaboration with the University of Bristol and Universidad de Buenos Aires.
- Palaeogeography and faunal distribution in Peri-Gondwanan terranes of Avalonia (including southern UK), Turkey, Middle East and central Asia, including biodiversity changes across the Ordovician-Silurian boundary (in collaboration with Gorgan University of Agricultural Sciences and Natural Resources, Iran and University of Uppsala, Sweden).
- 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.
- Taxonomic analysis of trilobites and bryozoans for the international 'Treatise on Invertebrate Paleontology' project; and brachiopods, trilobites, and molluscs to provide data to be used in assessing distributions in Peri-Gondwanan terranes in collaboration with Trinity College, Dublin, Appalachian State University, USA and The Natural History Museum.
- Palaeogene igneous history of the Irish Sea region; an insight into the opening of the Atlantic Ocean and uplift and erosion of southern Britain in collaboration with the British Geological Survey, Cardiff University and Keele University.
- Origin and significance of the rhyolitic bluestone component from Stonehenge and investigation of the value of zircon chemistry in establishing their provenance (in collaboration with the University of Birmingham and Aberystwyth University).
- The production of the maps of William Smith, the father of geological mapping.
- Late Carboniferous terrestrial environments of eastern Variscan Euramerica. A project funded by the IUGS to compare patterns of Late Carboniferous habitat change in eastern Europe with those identified in western Europe (e.g. in south Wales) and to relate these to climate change.
- A study of the trace metal geochemistry of brachiopods, with a view to estimating the temperatures of past oceans (palaeo-thermometry). Studying climate events from the geological past can provide real examples of how climate can respond to changes in the forces that drive it (e.g. greenhouse gas concentrations). A NERC CASE Ph.D project supervised by the Geology Department and Cardiff University.
- Secondary mineralization at Mynydd Parys – evidence for supergene enrichment of a massive sulphide deposit.
- Building stone distribution and diversity in Wales, in support of the Welsh Stone Forum.

### Industry

- The impact of the production line on working practices and the workplace experience in Wales since the Second World War.
- *Sir William recalls: the unfinished autobiography of Sir William Reardon Smith*. Published jointly with the South West Maritime History Society and University of Wales Press in September 2011.
- The extension of the mid and north-east Wales metal mine site surveys to west and south Wales to improve understanding of this industry and to establish a typology of features. CADW-funded publication in 2011 (joint authorship with Dyfed Archaeological Trust and Royal Commission on the Ancient & Historical Monuments of Wales).

- *Reclaiming History from the Sea* – Royal Commission on the Ancient & Historical Monuments of Wales publication. Three essays, on shipbuilding, navigation and HMS *Hamadryad*.

### **Social & Cultural History**

- 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.
- Research into the historical background of Taff's Well Police Station now awaiting re-erection at St Fagans and law and order in Wales.

### **Museum Practice**

- Collections policies and strategies within national and local contexts in Wales, and working towards a strategy for Welsh museums.
- The preservation of biomolecules in fluid-preserved collections.
- Pesticide residues in natural history collections.

## **Fundraising and Volunteers**

2011/2012 was another successful financial year for the Fundraising & Development Department. Against a target of £1.37m, income received was £1.18m, with committed pledges outstanding at £0.73m.

With the completion and opening of the National Museum of Art in July 2011, the team returned their focus to the ongoing Making History project. A fundraising strategy was submitted as part of the HLF second round bid in March 2012, which saw income streams identified to raise £2.4 million from private sources. While we wait for the outcome of the HLF submission, St Fagans: National History Museum will take part in a Paul Hamlyn Foundation Special Initiative to facilitate a process of development and organizational change in museums. St Fagans is one of ten UK museums committed to active partnership with their communities.

In 2011/12 ten people became new Patrons, of which three were life memberships. Patrons and guests attended five exclusive events across the year, all of which attracted excellent attendance. Numbers stand at a record 147 members, raising in excess of £41,000.

Projects that have received support from Trusts and Foundations include the exhibition *John Piper: The Mountains of Wales*, which received funding from the Colwinston Charitable Trust, the Derek Williams Trust and the Paul Mellon Centre for studies in British Art. The Leverhulme Trust supported a BioSyb project involving cataloguing species of slugs, and a project in the National Wool Museum to host an artist in residence to help create a sound archive of Museum staff, visitors and experts from the weaving industry. Ongoing projects include the opening of the Foyle Learning Space achieved thanks to a generous grant from the Foyle Foundation while the HLF-supported Heritage Horticulture Apprenticeships enjoy their second year of success. We received the final instalment of a £20,000 grant from the Henry Moore Foundation to upgrade the sculpture displays in the centre and West Wing galleries at National Museum Cardiff.

Amgueddfa Cymru was also the grateful recipient of a birthday gift of £600,000 from the Esmée Fairbairn Foundation. This generous gift will fund a new initiative to transfer around 500,000 photographs and historic items into digitally accessible formats.

Newport City Council gave a grant through the Landfill Communities Fund for the ongoing development of the Roman Gardens at the National Roman Legion Museum.

The Department continues 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.

Amgueddfa Cymru saw another good year for public donations, raising a total of £85,000. Investment in newly designed donation boxes at National Museum Cardiff has resulted in an increase in donations and this museum is the best performer for general donations of this kind during the year.

The Friends of Amgueddfa Cymru – National Museum Wales continued to support work in three main avenues.

- Firstly, as ambassadors for Amgueddfa Cymru’s work, providing a programme of talks, trips and other activities that complement Amgueddfa Cymru’s own educational activity.
- Secondly, by providing a volunteer group to support Amgueddfa Cymru’s own activities. Friends meet and greet groups and individuals, such as Friends groups from other museums and interested casual visitors, and also assist curatorial staff across the spectrum of Amgueddfa Cymru’s activities. It is important to note that such activity is regarded as valuable additionality.
- Thirdly, by providing financial support for a number of projects and, this year, generously contributing towards the refurbishment of the Upper West Wing in National Museum Cardiff, the Making History project at St Fagans and sponsorship of the organ recitals also at National Museum Cardiff.

Amgueddfa Cymru’s Volunteer Co-ordinator also worked with colleagues to greatly enhance the opportunities for volunteering. As a result, Amgueddfa Cymru received 6,484 hours of input from volunteers during 2011/12. 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 2011/12 was seven calendar days (seven days in 2010/11), which includes 98% (by number) of invoices settled within 30 days (98% in 2010/11). There were no payments of interest under the Late Payment of Commercial Debts (Interest) Act 1998 (£Nil in 2010/11).

### Sustainability Report

Amgueddfa Cymru aims to create sustainable museums by developing sustainable practice in the operation of the seven museums and promoting sustainable living through the exhibitions, events and learning programs. Conserving the nation’s treasures and opening its doors to 1.6 million visitors a year uses a lot of energy. During the last five years big steps have been made to reduce Amgueddfa Cymru’s carbon footprint through financial investment and staff dedication. All public bodies in Wales are required by the Welsh Government to include a commentary in their Financial Report 2011/12 on what sustainability proposals, targets and achievements are in progress, focusing on defining the major sustainability issues and impacts, and on proposals to improve these using appropriate metrics.

From 2012/13 Amgueddfa Cymru will be required to prepare the Sustainability Report in accordance with guidelines laid down by HM Treasury in *Public Sector Sustainability Reporting*. This report is prepared in accordance with these guidelines as far as possible given the data currently held. New data collection processes will be implemented in 2012/13 to ensure full compliance with these guidelines in next year’s Financial Report.

### Performance Targets and Future Strategy

Amgueddfa Cymru’s Energy Policy has been adopted as a major step towards energy efficiency, and to demonstrate Amgueddfa Cymru’s support for the reduction in greenhouse gas emissions. Through energy management, and the implementation of systems for monitoring and targeting consumption, Amgueddfa Cymru strives to minimise both energy and water consumption.

The minimisation of waste through increased recycling and promotion of re-use and reduction is actively encouraged across all sites.

Amgueddfa Cymru’s Environmental Statement sets a target to reduce CO<sub>2</sub> produced by energy and transportation usage by 2% per annum. In 2010/11 5,897 of CO<sub>2</sub> was produced and in 2011/12 this was reduced by 5.6% to 5,569 tonnes.

Targets for waste reduction and water consumption reduction will be agreed in 2012/13.

More information on how Amgueddfa Cymru is creating a sustainable museum, including the Environmental Statement, which is updated on an annual basis, can be found at [www.museumwales.ac.uk/en/sustainability](http://www.museumwales.ac.uk/en/sustainability).

### **Biodiversity**

Amgueddfa Cymru aims to protect, conserve, enhance and restore the diverse natural flora and fauna of all sites.

At National Museum Cardiff, the development of the Natural History Museum will make a significant contribution to contemporary debates relating to sustainability, climate change and the loss of biodiversity. The interplay between humans and the natural environment will also be one of the key themes explored in St Fagans: National History Museum. Travelling exhibitions offer further opportunity to explore our impact on the world.

### **Sustainable procurement**

A Sustainable Development Procurement Policy & Action Plan has been adopted as a commitment to sustainable procurement. This addresses the whole life costs and impacts of products and services, and the evaluation of the environmental performance of our suppliers and contractors.

### **Governance**

Amgueddfa Cymru has adopted an environmental management system, achieved through the Green Dragon Environmental Standards System, and developed a core of policies aimed at embedding sustainable development into its operations:

- The Green Dragon Environmental Standard – Amgueddfa Cymru as a whole has now achieved Level 3 of this Standard
- Sustainable Procurement Policy & Action Plan
- Energy Policy

Amgueddfa Cymru also works closely with the Carbon Trust and has implemented their recommendations following a series of energy assessments.

Amgueddfa Cymru's sustainability practices, processes and achievements are subject to external assessment by Green Dragon and under the Government's Carbon Reduction Commitment, and are also included in the overall framework of internal control, described in more detail in the Governance Statement, which can be found in this Financial Report.

### **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 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 Framework Agreement, which at the financial year-end 2011/12 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 general and specific 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 that straddle the financial year end.

Restrictions on carryover limits can hinder prudent financial management. Limits on cash carryover are particularly detrimental to forward budget planning at a time when public finances are considerably restricted. Amgueddfa Cymru prepared for reductions in its grant-in-aid allocation and planned to maximise its cash carryover at the end of 2011/12. It is therefore pleasing to 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 the request to increase the cash carryover limit at the end of 2011/12 from 2% to 6%. Adopting 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 continue to meet future challenges. Advance payments of employer contributions into the Pension Scheme were made, 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, NMGW Enterprises Limited, are to be utilised 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 gives 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.

Amgueddfa Cymru's Total Funds at 31 March 2012 were £97,388,000, 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 the 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 volatile equity prices, the value of the portfolio fell slightly during the year from £2,090,000 to £2,079,000.

Amgueddfa Cymru also held, from bequests, an equity investment in eleven blue chip companies. The value of this portfolio also fell slightly during the year from £68,000 to £67,000.

## Pension Liability

Amgueddfa Cymru operates a defined benefit Pension Scheme that 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.

The valuation shown on this year's balance sheet, as calculated under Financial Reporting Standard (FRS) 17, shows an increase in the deficit from £13.326m to £14.931m. While the value of the Scheme's assets has increased from £74.5m to £77.7m, the Scheme's obligations have also increased. The deficit remains significantly lower than the £27.2m reported in 2010. 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 17 to the financial statements.

The most recent triennial actuarial valuation of the scheme, to 31 March 2009, was agreed by Amgueddfa Cymru and the Scheme Trustees in 2010/11, as was 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 upon 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.

As referred to earlier in this report, due to prudent action in advance of anticipated cuts in grant-in-aid generating cash reserves at the end of 2011/12, Amgueddfa Cymru was able to pay advance employer contributions into the Scheme, amounting to £700k by the year end, following advance employer contributions of £1.382m paid in 2010/11. These advance payments will gradually reverse over future years aiding management of budgets and the continuing delivery of frontline services.

## Policies Relating to Staff

### Equality of Opportunity

Statutory equality duties continue to be the backdrop to Amgueddfa Cymru's diversity agenda and during the year Amgueddfa Cymru worked to form equality objectives and a strategic equality plan, which will be consulted upon in 2012/13. The plan outlines how Amgueddfa Cymru will meet these objectives and report on progress. Amgueddfa Cymru expects to benefit from the advantages that a single integrated duty can achieve, in particular to avoid duplication across individual schemes.

During 2011 Amgueddfa Cymru celebrated LGBT History month for the first time, with a varied programme of exhibitions and events across four museums. This programme of exhibitions and events was well attended and received positive feedback from visitors and in the LGBT press. Three staff were invited to speak at the International LGBT Human Rights Conference held in Cardiff in August and Amgueddfa Cymru was again present at the Cardiff Mardi Gras during the year; presence here raises Amgueddfa Cymru's profile with the LGBT community, challenges perceptions about what Amgueddfa Cymru has to offer and engages this community to help shape Amgueddfa Cymru's services.

Amgueddfa Cymru continues to work in partnership with Careers Wales to offer work experience placements to school-aged students with disabilities and additional needs. During 2011/12 Amgueddfa Cymru provided ten students with placements varying in length from one day to one day per week throughout the academic year. Amgueddfa Cymru was awarded a Careers Wales 'Most Valued Partner' award during the year in recognition of this work.

### 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 and the minutes of these meetings are formally reported to the Staff Executive Group. In addition, during the year representatives of the three recognised unions were invited to attend the monthly Staff Executive Group meetings, facilitating openness and transparency in our consultations.

### Staff Training

Amgueddfa Cymru continues to invest time and resources to provide development and training opportunities (both formal and informal) for all 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, the National Waterfront Museum and St Fagans: National History Museum. The National Wool Museum is working towards assessment. During the year, both the National Roman Legion Museum and the National Waterfront Museum retained their accreditation achieving the Gold standard (the highest award possible).

### Sickness Absence Data

Amgueddfa Cymru has 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 line managers and the HR Department. Absence for the year to 31 March 2012 was 3.9% compared with the previous year figure of 3%. Amgueddfa Cymru continues to ensure that reasonable adjustments are made which involve the HR Department, the employee, occupational health and line managers working together to enable the employee to return to work sooner or to provide particular assistance.

### 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 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 organization, which is binding until the next round of negotiation. Incremental increases under the pay remit are dependent on the 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 is agreed by an Appointments and Remuneration Committee consisting of the President, Vice President, Treasurer, Prof. John Last (retired 21 May 2012), 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, taking account of guidance issued by the Welsh Government.

Amgueddfa Cymru's Directors 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 relationship between the remuneration of the highest-paid director in their organization and the median remuneration of the organization's workforce is disclosed in Note 7(e) to the Accounts.

The notice period for the Director General is 12 months, and for the other Directors is normally 6 months. The dates of commencement of employment of the Directorate are:

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

Provision for compensation for early termination is contained within Amgueddfa Cymru's standard redundancy arrangement.

### Welsh Language Policy

Each WGSB is expected to draw up and then review a Welsh Language Action Plan (as part of implementing their Welsh Language Scheme). Amgueddfa Cymru's Welsh Language Action Plan for 2011/12 was implemented during the year and has now been updated to reflect the mainstreaming implications of the overall Operational Plan for 2012/13. The Welsh Language Scheme was due for its regular four-year review in 2011; it was accordingly updated and submitted, along with the Action Plan, to the Welsh Language Board, who approved it in March 2012.

### Auditor

The accounts are audited by the Auditor General for Wales in accordance with Section 9 (8) of the Museums & Galleries Act 1992. Details of auditors' remuneration for the year ending 31 March 2012 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 12 July 2012

*J. Peter W. Morgan*  
Treasurer, on behalf of the Board of Trustees  
Approved and signed on 12 July 2012

## BOARD OF TRUSTEES

(From 1 April 2011 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)

Dr Haydn Ellis Edwards, B.Sc., MBA, Ph.D., FRSC, F.I.Mgt. \*† (appointed 1 October 2011)

### Treasurer

J. Peter W. Morgan, M.Sc., FCA \*†

### Appointed by the Welsh Government

Gareth Williams †

Carole-Anne Davies, BA (Hons), P.G. Dip. LCW Open \*

Miriam Hazel Griffiths, MA †

Prof. R. Gareth Wyn Jones, D.Phil., D.Sc., FSB, FRSC, FLSW †

Christina Macaulay, MA (Hons)

David Vokes LLB, MA †

Prof Tony Atkins BSc, MA, Ph.D., Sc.D., FIMechE, FIMMM, C.Eng, FR.Eng

### Appointed by the National Museum of Wales

Dr Iolo ap Gwynn, B.Sc., Ph.D., FRMS (retired 21 May 2012)

Prof. J. Last, CBE, MA, D.Litt., Hon FMA, FRSA (retired 21 May 2012)

Prof. Jonathan Osmond, MA, D.Phil (Oxon), F.R.Hist. S. \*

Keshav Singhal FRCS, M.Ch.

Victoria Provis MBA

Prof. Robert Pickard BSc, Ph.D, FSB (appointed 1 June 2012)

Dr Glenda Jones BA (Hons), Ph.D (appointed 1 June 2012)

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

### Independent Members of the Audit Committee

Laurie Pavelin (Chairman)

Eurfyl ap Gwilym

Huw Williams

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

(From 1 April 2011 onwards)

Gareth Williams (Chairman)

Christina Macaulay

Sian Llywelyn

Nerys Howell Snowsill

David Anderson

Jon Sheppard (retired 2 May 2011)

Mark Richards (appointed 12 May 2011)

Philip Smith

Mark Rainey (Company Secretary) (appointed 12 May 2011, resigned 1 January 2012)

Neil Wicks (Company Secretary) (appointed 1 January 2012)

## DIRECTORATE

(From 1 April 2011 onwards)

Director General

Director of Communications

Director of Operations and Deputy Director General

Director of Finance

David Anderson

Robin Gwyn (to 30 June 2012)

Mark Richards

Jon Sheppard (to 2 May 2011)

Neil Wicks (from 27 June 2011)

Michael Tooby (to 31 October 2011)

John Williams-Davies

Director of Learning & Programmes

Director of Collections & Research

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

Under section 9(4) of the Museums & 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 Amgueddfa Cymru 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 Welsh Ministers 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
- prepare the accounts on the going concern basis.

The Principal Accounting Officer for the Welsh Government 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 Amgueddfa Cymru'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 Amgueddfa Cymru'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 Amgueddfa Cymru's auditors are aware of that information.

# Annual Governance Statement

## 1. 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 Vision, 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.

## 2. The Purpose of the Governance Framework

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 prioritize the risks to the achievement of Amgueddfa Cymru's policies, aims and objectives, to evaluate the likelihood of those risks being realized and the impact should they be realized, and to manage them efficiently, effectively and economically. The system of internal control has been in place for the year ended 31 March 2012, 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, Amgueddfa Cymru operates Fraud and Whistle blowing policies, which are subject to audit review.

## 3. The Governance Framework

Amgueddfa Cymru'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 11 of the Charities Act 2011 to have due regard to guidance published by the Charity Commission, including that on public benefit. Delivery of such benefit by Amgueddfa Cymru, as set out in its aims and objectives, is comprehensively reported on within this Financial Report.

The following paragraphs summarize the governance framework and the system of internal control that has been in place within Amgueddfa Cymru during the year ended 31 March 2012. The framework is described to reflect the arrangements in place to meet the core principles of effective governance.

### 3.1 Focusing on the Purpose of Amgueddfa Cymru and on Outcomes (Putting the Citizen First; Achieving Value for Money)

Amgueddfa Cymru has a ten-year Vision of creating a 'world-class museum of learning'. Amgueddfa Cymru's medium-term planning document has been drafted in the form of a Vision Map, which is effectively the Corporate Plan. This outlines ten key objectives over the next three years, which are specifically targeted at enabling Amgueddfa Cymru to achieve the Vision. The key objectives, listed below, also map onto the Welsh Government's strategies and objectives and provide a strong framework for Amgueddfa Cymru's activities:

#### *The People of Wales*

- We will develop our **world-class** museum spaces to **inspire learning** and **connect** people with the past, present and future
- We will deliver an **international reputation**.

#### *Presenting Wales*

- We will engage with defined priority audiences
- We will deliver **contemporary** and **relevant world-class collections** and **research**
- We will **communicate** collections and collective memories through **relevant, meaningful** and **enriching storytelling**.

**Improving Performance**

- We will expand community, strategic and financial **partnerships**
- We will maintain and develop **talent, professional skills** and core **competencies** in our staff
- We will implement virtual and **new media** solutions.

**Financial Success**

- We will **advocate** for public, political and financial **sustainability**
- We will ensure a **strategic** and **commercial** approach to the development and allocation of resources.

The objectives are annualised into an Operational Plan, underpinned by a suite of departmental objective plans, also structured around the Vision Map.

Amgueddfa Cymru's performance against the objectives is monitored through a series of qualitative and quantitative indicators, approved by the Joint Executive Group, utilising the Evaluate Monitoring and Reporting tool.

Departmental plans are monitored by the Directors and are incorporated into the Operational Plan Monitoring Report on a quarterly basis and reported to the Performance Review Committee, Joint Executive Committee, Board of Trustees and Welsh Government quarterly meetings. The Board of Trustees receives a quarterly Vision Update report, which summarises performance. Going forward, this will be reviewed and in 2012/13 the quarterly report will be revised to include greater analysis of performance indicators and trends.

### 3.2 Trustees and Officers Working Together to Achieve a Common Purpose with Clearly Defined Functions and Roles

The executive authority of Amgueddfa Cymru rests with the Board of Trustees and it is responsible for governance, financial management and the assets of the organization. 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 Amgueddfa Cymru, 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 Amgueddfa Cymru. 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.

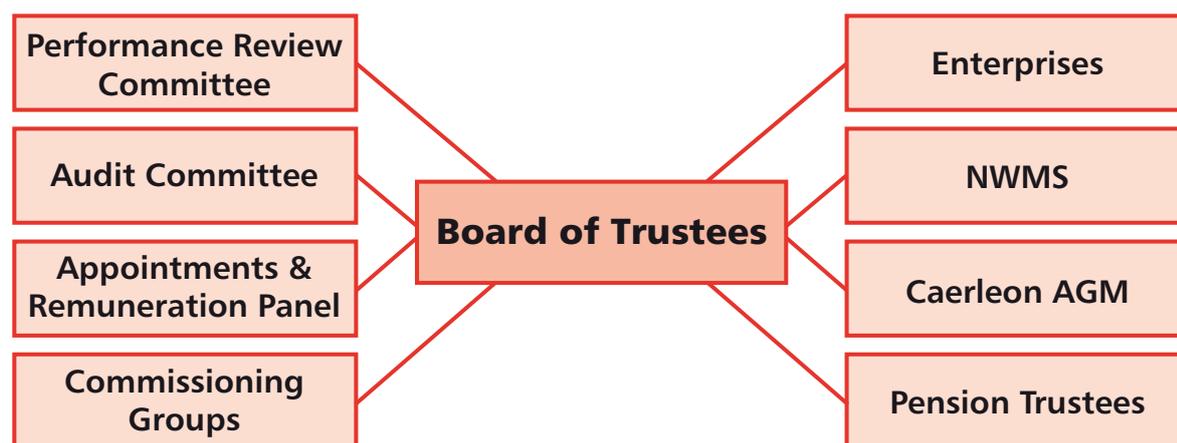
The President of the Board, Paul Loveluck, retired on 31 May 2011, having served for almost nine years in the post. His successor, Elisabeth Elias, previously Vice President, was appointed President from 1 June 2011 for a term of four years.

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 within the Financial Report. The schedule also indicates which Trustees are members of the Performance Review Committee and Audit Committee. The record of attendance at Board of Trustees meetings is shown below. Satisfactory explanations of all absences were received.

Trustee	Date of Board of Trustees meeting				No of meetings	Attendance %
	7/4/11	14/7/11	6/10/11	8/12/11		
Elisabeth Elias	✓	✓	✓	✓	4	100%
J. Peter W Morgan	✓	✓	✓	✓	4	100%
Dr Haydn Edwards	✓	✓	✓	✓	4	100%
Dr Iolo ap Gwynn	✓	✓	✓	✓	4	100%
Prof. John William Last	✓	✓	✓	✓	4	100%
Gareth Williams	✓	✓	✓	✓	4	100%
Carole-Anne Davies	✓	✓	✓	✓	4	100%
Christina Macaulay	✓	✓	✓	✓	4	100%
Emeritus Prof. Richard Gareth Wyn Jones	✓	X	✓	✓	3	75%
Miriam Hazel Griffiths	✓	✓	X	✓	3	75%
Prof. Jonathan Osmond	✓	✓	X	X	2	50%
David Beresford Vokes	✓	✓	✓	✓	4	100%
Prof. Tony Atkins	✓	✓	✓	X	3	75%
Victoria Mary Provis	✓	✓	✓	✓	4	100%
Keshav Singhal	✓	X	✓	✓	3	75%
Paul Loveluck*	✓	n/a	n/a	n/a	1	100%

\* Retired 31 May 2011

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. Terms of Reference clearly define the remit and responsibilities of each committee. The Board structure is illustrated below:



The Trustees also appoint the Board of NMGW Enterprises Ltd, 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 included within the Financial Report.

Day-to-day operational issues are led and managed by the 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 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.

### 3.3 Promoting Values for Amgueddfa Cymru and Demonstrating the Values of Good Governance Through Upholding High Standards of Conduct and Behaviour

Amgueddfa Cymru supports Lord Nolan's seven principles for public life – Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty and Leadership. It endorses the Museums Association Code of Ethics and strives to ensure that all of its employees and Trustees apply to the principles contained therein. All Trustees are expected to comply fully with Amgueddfa Cymru's Code of Conduct, approved by the Board of Trustees.

All staff undertake corporate induction training, which provides information on a range of policies, procedures and regulations including those relating to financial control, health and safety, equalities and IT. Additional computer-based training on policies and procedures is also in place. The Financial Regulations, policies and procedures are available to all staff via the Intranet.

Amgueddfa Cymru requires all staff at all times to act honestly and with integrity and to safeguard the public resources for which they are responsible. Amgueddfa Cymru considers that theft or fraud of any description – no matter what the value – is totally unacceptable and has the following policies to prevent and deal with such occurrences:

- Whistleblowing Policy
- Fraud and Corruption Policy
- HR policies regarding disciplinary of staff involved in such incidents.

Under the Fraud and Corruption Policy line managers are responsible for ensuring that an adequate system of internal control exists within their areas of responsibility and that controls operate effectively.

Amgueddfa Cymru has a Code of Practice on Complaints, which sets out the arrangements for handling complaints within Amgueddfa Cymru. All aspects of complaints received are fully investigated and suitable remedies identified and put into practice, including changes to procedures where appropriate.

In 2011/12 over 1.5 million people visited the museums. Amgueddfa Cymru takes the safety of staff and visitors seriously and has a series of policies and procedures, including a policy on Child Protection, in place to support this.

### 3.4 Taking Informed and Transparent Decisions Which Are Subject to Effective Scrutiny and Managing Risk

Responsibility for decision making in relation to the functions of Amgueddfa Cymru are clearly set out in the Royal Charter. This describes the roles and relationship of the Board of Trustees with the Committees of the Trustees and the delegation of functions to other executives.

All decisions taken by the Board of Trustees are on the basis of reports and consideration of the legal and financial implications and key risks involved with the decision. Minutes are published on Amgueddfa Cymru's website to ensure transparency.

#### 3.4.1 Risk Management

Risk Management on a day-to-day basis is the responsibility of Directors and Heads of Department, with formal reviews and assessment of risks conducted regularly by a Risk Management Group. These reviews are scrutinised by the Performance Review Committee and the Audit Committee. By drawing on the experience of the internal auditors, who attend the Risk Management Group meetings, and by the experience of the independent members of the Audit Committee, the process is continually refreshed and benchmarked by comparison with other organisations. Furthermore, the chairmanship and membership of the Risk Management Group is periodically changed, to provide a fresh perspective on the risks faced, and supported by relevant training.

The Risk Management Policy sets out the framework and roles and responsibilities in managing risk together with guidance on risk identification, assessment, monitoring and control. The Policy was established with particular reference to HM Treasury's Orange Book on risk management and the Welsh Government's manual on risk management – *Risk Essentials*. Audits of the design and operation of the Risk Management process are included within the internal auditors rolling programme of work. The audit during 2010-11 focused on the application of controls to the risks 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 Risk Management Group who review the progress and effectiveness of controls of the major risks, including, of course, the ongoing security of the 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 engages with all Heads of Department regarding changes in potential threats to the achievement of Amgueddfa Cymru's aims, and thereby ensure that the risks assessed cover all aspects of Amgueddfa Cymru's operations and that risk management is embedded throughout the organization. The identification and management of risks is also a standing item on the agendas of the Executive group meetings involving the Directorate and Heads of Department. Separate Risk Registers are maintained for the trading subsidiary, the joint venture company, the Pension Scheme 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 Amgueddfa Cymru's main register.

The group is also requested to consider specific potential risks identified by the Board of Trustees, Performance Review and Audit Committees. Furthermore, the Performance Review and Audit Committees review any 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 auditor's 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 Amgueddfa Cymru'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.

#### 3.4.2 Information Security

Amgueddfa Cymru has information security procedures in place to ensure the confidentiality, integrity and availability of information that it holds and processes. These include:

- the Directors are responsible for the authorization and control of all removable media
- an External Information Security policy is in place
- a Data Protection policy is in place
- guidance and policy regarding the handling of information have been issued to all staff
- maintaining and reporting on statutory compliance with the Freedom of information and Data Protection Acts
- the Performance Review Committee and Audit Committee receive reports on and reviews data handling arrangements.

During the year ended 31 March 2012 the Audit Committee received and reviewed a report on Information Governance and Communications. This identified that a number of procedures and policies were in place but that these should be reviewed and simplified to improve control. No issues were identified in respect of compliance with the Data Protection Act and Freedom of Information Act.

The processes surrounding the quality of data reported to both internal and external stakeholders were also considered within this review and within the internal audit review of Performance Monitoring. The processes were found to be adequate.

### 3.5 Developing the Capacity and Capability of Trustees and Officers to be Effective

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, the National Waterfront Museum and St Fagans: National History Museum. The National Wool Museum is working towards assessment.

The Trustees are appointed by the Welsh Government and Amgueddfa Cymru. A formal induction is provided to Trustees on appointment. Further training is provided as necessary throughout the year, for example, training on the Bribery Act and Risk Management is scheduled to take place prior to the next Audit Committee meeting.

In line with best practice and the recommendations of Managing Public Money and Dear Accounting Officer (DAO) Gen 02/12, the Board of Trustees will introduce a review of Board Effectiveness during 2012/13.

Departmental training plans are in place outlining all educational training commitments and the training needs for individual departments. Amgueddfa Cymru also has a Performance Development Review process in place, which provides staff with a structured review of their personal objectives, their performance against those objectives and the opportunity to identify development needs and aspirations.

Amgueddfa Cymru encourages volunteers, work experience, placements and apprenticeships. All volunteers undergo a corporate induction delivered by the volunteering co-ordinator. This is a 'slimmed down' version of the induction, which all employees receive. In addition, departments provide role-specific training that includes health and safety relating both to the role and the department in which they are volunteering.

The system of financial management is based on a framework of regular management information, Regulations, Policies and Procedures and a system of delegation and accountability. This is guided by Amgueddfa Cymru's Framework Document, best practice and Managing Public Money. It includes:

- Forecasting and monitoring budgets, with regular financial reports highlighting actual and forecast expenditure against budget
- Clearly defined capital expenditure plans and guidelines
- Formal project management disciplines
- Regular consultation and involvement of internal audit throughout the development of, or changes to systems
- Close liaison with External Audit
- Seeking specialist advice where considered appropriate
- Regular reporting to the Board of Trustees, Sub Committees and CyMAL
- Regular management review.

### 3.6 Engaging with Local People and Other Stakeholders to Ensure Robust Public Accountability

Amgueddfa Cymru works closely with CyMAL and forms part of the Welsh Government's Heritage and Culture strategy, which identifies three key principles:

- Museums for everyone
- A collection for the nation
- Working effectively.

These principles are reflected in Amgueddfa Cymru's Vision, Vision Map and Operational Plan.

Amgueddfa Cymru has a Communications Strategy, which is designed to promote Amgueddfa Cymru, its vision, objectives and priorities. Social networks are increasingly used to communicate with a chosen target audience. Amgueddfa Cymru has seven Facebook pages, one for each museum. In addition to Facebook, staff at each museum also use a Twitter account to inform their followers of events. Frequent press releases are issued to promote Amgueddfa Cymru's activities and a monthly e-newsletter is provided to subscribers.

The Director General maintains a blog on the website providing insight into Amgueddfa Cymru's activities and events.

Amgueddfa Cymru also provides electronic and face-to-face internal briefings to staff to ensure they are involved in decision making. A staff survey has also recently been completed, providing an opportunity for staff to express their views and experience.

Trade Unions are recognised by Amgueddfa Cymru and have met with and are consulted by management during the year. Representatives have been invited to attend Staff Executive Committee for Human and Financial Resources.

Amgueddfa Cymru has a publications scheme and stakeholders are able to access a wide range of publications, policies and procedures in addition to Board minutes and financial statements on the website.

#### 4. Review of Effectiveness

The Director General, as the Accounting Officer, 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 and external auditors, other professional advisors 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.

Amgueddfa Cymru has established the following processes to complement the risk management framework to maintain an effective governance framework and system of internal control:

- Detailed financial regulations, policies and administrative procedures including segregation of duties and various levels of delegated authority; comprehensive budgeting systems; and clearly defined capital investment control guidelines and monitoring thereof.
- Amgueddfa Cymru's internal management processes such as performance monitoring and reporting, Departmental meetings and Directors' Briefings
- The Audit Committee considers the coverage of the internal audit programme and receives reports from internal and external auditors. The Committee meets quarterly, with the minutes of the meeting and also a report from the Chairman being considered by the Board of Trustees
- Regular reports from the Internal Auditors including their independent opinion on the adequacy and effectiveness of the systems of internal control, together with recommendations for improvement
- An annual report from Internal Audit. Based on the internal audit work for the year ended 31 March 2012, the Internal Auditor concluded that Amgueddfa Cymru has adequate and effective risk management, control and governance processes to manage the achievement of its objectives
- The Wales Audit Office, Amgueddfa Cymru's external auditors, provides an Additional Assurance Letter summarising the work undertaken in respect of the financial statements. This is reviewed by the Audit Committee and reported to the Board of Trustees.
- Other sources of assurance are considered including reports from the Charities Commission, Green Dragon, Landfill Tax Inspectors, Mine Safety Inspectorate and Investors in People.

#### 5. Governance Issues and Improvements for 2012/13

No significant internal control issues arose during the year that we need to bring to your attention. This is supported by the Internal Audit Annual Report and the External Audit Management Letter.

Looking to the future, the challenge to Amgueddfa Cymru is to deliver the Vision in context of the economic climate and specifically the budget cuts from the Welsh Government. Moving forward we will:

- Identify more effective and innovative ways of working
- Challenge existing working practices
- Consult stakeholders on proposals for remodelling services
- Review structure and costs to identify savings
- Review and overhauling its risk management framework
- Introduce a formal evaluation of Board effectiveness
- Review delegation arrangements.

Key to success will be a robust process of monitoring and scrutiny to ensure changes and savings are made with minimal impact on the services delivered.

#### 6. Certification of Annual Governance Statement

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the needs for improvements and we will monitor their implementation and operation as part of our next review.

*David Anderson*  
Accounting Officer and Director General  
Approved and signed on 12 July 2012

*J. Peter W. Morgan*  
Treasurer, on behalf of the Board of Trustees  
Approved and signed on 12 July 2012

## 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 2012 under section 9 (4) of the Museums & 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 & 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 that 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 2012 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 & 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

16 July 2012

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR YEAR ENDED 31 MARCH 2012

	Notes	Public funds		Private Funds		2011/12	Restated (See Note 27) 2010/11
		Restricted £'000	Unrestricted £'000	Restricted £'000	Unrestricted £'000	Total £'000	Total £'000
<b>INCOMING RESOURCES</b>							
<b>Income Resources for Generating Funds:</b>							
<b>Voluntary Income</b>							
Grants	2	1,138	23,918	0	0	25,056	27,943
Donations & Bequests	3	358	0	1,157	85	1,600	1,326
Fundraising income		0	0	3	59	62	62
		<u>1,496</u>	<u>23,918</u>	<u>1,160</u>	<u>144</u>	<u>26,718</u>	<u>29,331</u>
<b>Activities for Generating Funds</b>							
Income from Trading Subsidiary	4	0	2,598	0	0	2,598	2,543
Investment Income		0	0	34	6	40	44
		<u>1,496</u>	<u>26,516</u>	<u>1,194</u>	<u>150</u>	<u>29,356</u>	<u>31,918</u>
<b>Total Income Resources for Generating Funds</b>							
<b>Other Income</b>	5	3	1,056	9	2	1,070	1,079
<b>TOTAL INCOMING RESOURCES</b>		<u>1,499</u>	<u>27,572</u>	<u>1,203</u>	<u>152</u>	<u>30,426</u>	<u>32,997</u>
<b>RESOURCES EXPENDED</b>							
<b>Costs of Generating Funds:</b>							
Costs of Generating Voluntary Income		0	312	0	36	348	350
Costs of Trading Subsidiary		0	2,107	0	0	2,107	2,139
		<u>0</u>	<u>2,419</u>	<u>0</u>	<u>36</u>	<u>2,455</u>	<u>2,489</u>
<b>Costs of Charitable Activities:</b>							
Learning & Programmes		156	3,069	10	0	3,235	3,193
Collections & Research		1,207	7,393	16	1	8,617	7,972
Museum Operations		773	12,539	14	1	13,327	11,860
		<u>2,136</u>	<u>23,001</u>	<u>40</u>	<u>2</u>	<u>25,179</u>	<u>23,025</u>
<b>Governance Costs</b>		0	601	0	0	601	547
<b>Pension Finance Costs</b>	17	0	275	0	0	275	92
<b>TOTAL RESOURCES EXPENDED</b>		<u>2,136</u>	<u>26,296</u>	<u>40</u>	<u>38</u>	<u>28,510</u>	<u>26,153</u>
<b>SHARE OF JOINT VENTURE</b>	8	(80)	0	0	0	(80)	(3,218)
<b>NET INCOMING RESOURCES FOR THE FINANCIAL YEAR</b>		<u>(717)</u>	<u>1,276</u>	<u>1,163</u>	<u>114</u>	<u>1,836</u>	<u>3,626</u>
<b>Transfers Between Funds</b>	18	1,746	0	(1,746)	0	0	0
Unrealised Gains/(Losses) on revaluation of fixed assets intended for Charity Use	9	660	1	9	3	673	1,658
Realised/Unrealised Gains on market valuation of investments	11	0	0	(9)	(3)	(12)	185
Actuarial Gains/(Losses) on defined benefit pension scheme	17	0	(2,105)	0	0	(2,105)	11,975
<b>NET MOVEMENT IN FUNDS DURING THE FINANCIAL YEAR</b>		<u>1,689</u>	<u>(828)</u>	<u>(583)</u>	<u>114</u>	<u>392</u>	<u>17,444</u>
<b>FUND BALANCES B/FWD AT 1 APRIL 2011</b>	18	<u>100,085</u>	<u>(9,339)</u>	<u>5,394</u>	<u>856</u>	<u>96,996</u>	<u>79,552</u>
<b>FUND BALANCES C/FWD AT 31 MARCH 2012</b>	18	<u>101,774</u>	<u>(10,167)</u>	<u>4,811</u>	<u>970</u>	<u>97,388</u>	<u>96,996</u>

The above SOFA includes all recognised gains and losses.

All activities are continuing.

The non-consolidated net increase in funds recorded in Amgueddfa Cymru's own Statement of Financial Activities during 2011/12 was £388,000 (an increase of £17,446,000 in 2010/11).

The notes on pages 31 to 48 form part of these accounts.

The SOFA headings under Incoming Resources and Resources Expended have been updated in 2011/12 in line with the Charities Statement of Recommended Practice.

## CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2012

	Notes	Amgueddfa Cymru		Consolidated	
		2012 £'000	2011 £'000	2012 £'000	2011 £'000
<b>FIXED ASSETS</b>					
Tangible Assets	9	77,528	76,009	77,533	76,011
Heritage Assets	10	17,041	16,433	17,041	16,433
Share of Joint Venture:	8				
Share of gross assets		9,756	9,838	9,756	9,838
Share of gross liabilities		(2)	(3)	(2)	(3)
		<u>9,754</u>	<u>9,835</u>	<u>9,754</u>	<u>9,835</u>
Investments	11	2,146	2,158	2,146	2,158
		<u>106,469</u>	<u>104,435</u>	<u>106,474</u>	<u>104,437</u>
<b>CURRENT ASSETS</b>					
Stock	12	60	55	398	363
Debtors due within one year	13	4,230	3,235	3,435	2,367
Investments		0	10	0	10
Cash at bank and in hand		2,961	3,685	3,549	4,396
		<u>7,251</u>	<u>6,985</u>	<u>7,382</u>	<u>7,136</u>
<b>CURRENT LIABILITIES</b>					
Creditors due within one year	14	(1,260)	(1,148)	(1,342)	(1,251)
		<u>5,991</u>	<u>5,837</u>	<u>6,040</u>	<u>5,885</u>
<b>NET CURRENT ASSETS</b>					
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>112,460</u>	<u>110,272</u>	<u>112,514</u>	<u>110,322</u>
<b>CREDITORS</b>					
Amounts falling due after one year	15	(195)	0	(195)	0
<b>NET ASSETS EXCLUDING PENSION SCHEME LIABILITY</b>		<u>112,265</u>	<u>110,272</u>	<u>112,319</u>	<u>110,322</u>
Defined benefit pension scheme deficit	17	(14,931)	(13,326)	(14,931)	(13,326)
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITY</b>		<u>97,334</u>	<u>96,946</u>	<u>97,388</u>	<u>96,996</u>
<b>FUNDS</b>	18				
Public Funds Restricted		101,774	100,085	101,774	100,085
Public Funds Unrestricted		4,710	3,937	4,764	3,987
Pension Reserve		(14,931)	(13,326)	(14,931)	(13,326)
Total Public Funds Unrestricted		<u>(10,221)</u>	<u>(9,389)</u>	<u>(10,167)</u>	<u>(9,339)</u>
Private Funds Restricted		4,811	5,394	4,811	5,394
Private Funds Unrestricted		970	856	970	856
		<u>97,334</u>	<u>96,946</u>	<u>97,388</u>	<u>96,996</u>

Signed on behalf of the Trustees by

*David Anderson*  
Accounting Officer and Director General  
Approved and signed on 12 July 2012

*J. Peter W. Morgan*  
Treasurer, on behalf of the Board of Trustees  
Approved and signed on 12 July 2012

The notes on pages 31 to 48 form part of these accounts.

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2012**

	Notes	Amgueddfa Cymru		Consolidated	
		2011/12 £'000	2010/11 £'000	2011/12 £'000	2010/11 £'000
<b>Net Cash Inflow from Operating Activities</b>	19	1,341	4,477	1,224	4,428
<b>Capital Expenditure and Financial Investment</b>	20	(2,313)	(3,864)	(2,319)	(3,864)
<b>Management of Liquid Resources</b>	21	10	790	10	1,090
<b>Financing</b>	22	238	0	238	0
<b>(Decrease) / Increase in Cash</b>	23	<u>(724)</u>	<u>1,403</u>	<u>(847)</u>	<u>1,654</u>

The notes on pages 31 to 48 form part of these accounts.

## Notes to the Accounts for the Year Ended 31 March 2012

### 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 Amgueddfa Cymru. 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

Amgueddfa Cymru and the City & County of Swansea are two equal members in National Waterfront Museum Swansea (NWMS), a company limited by guarantee and which 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 2012 were signed on 9 June 2012 and received an unqualified audit opinion. A copy of the accounts can be obtained from Amgueddfa Cymru's Principal Office at National Museum Cardiff, Cathays Park, Cardiff CF10 3NP.

#### 1.3 Subsidiary Undertakings

Amgueddfa Cymru operates a wholly owned trading subsidiary, 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 2012 were approved on 5 July 2012 and received an unqualified audit opinion. A copy of the accounts can be obtained from Amgueddfa Cymru's Principal Office at 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. Governance costs include all expenditure associated with corporate and strategic planning, Board and Committee work, Welsh Government liaison, internal and external audit, risk management and statutory reports, and accounts work.

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 users and Human Resources is allocated per number of full time equivalent employees.

#### 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 five 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 (i.e. plant & vehicles, and fixtures, fittings & equipment) are held at historic cost (or the revalued cost prior to 1 April 2010) and not 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 Amgueddfa Cymru and include land, buildings, exhibits and artefacts. With effect from 1 April 2001 heritage assets purchased by or donated to Amgueddfa Cymru 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. 5.1 million items) cannot be justified on cost/benefit grounds. Donated or part donated assets are valued with reference to invoices or other documentation where available, and otherwise by curatorial staff.

### 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 Amgueddfa Cymru.

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.

Transfers may be made between funds provided that restricted funds are used only for the purpose imposed by the donor or grant making body.

### 1.10 Stock

Amgueddfa Cymru 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 Amgueddfa Cymru'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

Amgueddfa Cymru 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

Amgueddfa Cymru 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 on the current service cost as calculated by the scheme actuary.

### 1.16 Derivatives

Amgueddfa Cymru 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.

### 1.18 Contingent Assets and Liabilities

Contingent assets and liabilities are not accrued in the accounting statements. Contingent liabilities in respect of any legal claims for which there is no insurance cover are recognised in a note to the accounts, as are any other material contingent assets and liabilities.

## 2. Grants Receivable

	Public Restricted £'000	Public Unrestricted £'000	2011/12 £'000	2010/11 £'000
Revenue Grant in Aid	0	23,027	23,027	23,514
Specimen Purchase Grant in Aid	538	0	538	1,085
Capital Grant in Aid	600	0	600	2,925
Other government grant	0	891	891	419
	<b>1,138</b>	<b>23,918</b>	<b>25,056</b>	<b>27,943</b>

Amgueddfa Cymru received total Grant in Aid from the Welsh Government of £24,165,000 (£27,524,000 in 2010/11) which comprises the Revenue, Specimen Purchase and Capital Grant in Aid.

Other government grant included: Heritage Lottery Fund grant of £425,000 (£257,000 in 2010/11), European Union grant of £10,000 (£8,000 in 2010/11), Welsh Government grant of £452,000 (£95,000 in 2010/11) and other grant of £4,000 (£59,000 in 2010/11).

## 3. Donations & Bequests

	Public Funds		Private Funds		2011/12 £'000	Restated 2010/11 £'000
	Restricted £'000	Unrestricted £'000	Restricted £'000	Unrestricted £'000		
Donated Assets	0	0	344	0	344	343
Other donations	358	0	813	85	1,256	983
	<b>358</b>	<b>0</b>	<b>1,157</b>	<b>85</b>	<b>1,600</b>	<b>1,326</b>

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

Other donations include £600,000 from the Esmée Fairbairn Foundation.

## 4. Trading Subsidiary

Amgueddfa Cymru has one wholly owned trading subsidiary, which is incorporated in the UK. The principal activities of NMGW Enterprises Ltd are sales at all Amgueddfa Cymru'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 Amgueddfa Cymru by means of gift aid. A summary of the Company's results is shown below.

	2011/12 £ '000	2010/11 £ '000
Turnover	2,469	2,425
Cost of sales	(1,784)	(1,831)
<b>Gross Profit</b>	<b>685</b>	<b>594</b>
Administrative expenses	(315)	(297)
Other operating income	125	115
<b>Profit on ordinary activities before interest</b>	<b>495</b>	<b>412</b>
Interest receivable	4	3
(Loss)/Gain on currency movements	0	(3)
Interest payable	(8)	(8)
<b>Profit on ordinary activities before taxation</b>	<b>491</b>	<b>404</b>
Tax on profit on ordinary activities	0	0
<b>Profit for the financial year</b>	<b>491</b>	<b>404</b>
Gift aid payable to the Museum	(487)	(406)
<b>Retained profit/(loss) for the financial year</b>	<b>4</b>	<b>(2)</b>

## 5. Other Income

	Public Funds		Private Funds		2011/12 £'000	2010/11 £'000
	Restricted £'000	Unrestricted £'000	Restricted £'000	Unrestricted £'000		
Learning and Programmes	0	131	0	0	131	202
Collections and Research	2	178	0	0	180	155
Museum Operations	1	731	0	0	732	681
Support	0	16	9	2	27	41
	<b>3</b>	<b>1,056</b>	<b>9</b>	<b>2</b>	<b>1,070</b>	<b>1,079</b>

## 6. Total Resources Expended

### (a) Amgueddfa Cymru

	Direct Costs	Depre- ciation	Marketing, Press & PR	Support Costs Finance	ICT	Human Resources	2011/12 £'000	2010/11 £'000
	£'000	£'000	£'000	£'000	£'000	£'000		
<b>Costs of Generating Funds</b>								
Cost of Generating Voluntary Income	276	0	45	10	11	6	348	350
	276	0	45	10	11	6	348	350
<b>Costs of Charitable Activities</b>								
Learning & Programmes	2,897	101	70	36	92	39	3,235	3,193
Collections & Research	7,588	474	90	86	266	113	8,617	7,972
Museum Operations	12,137	499	228	131	258	233	13,486	12,018
	22,622	1,074	388	253	616	385	25,338	23,183
<b>Governance Costs</b>								
External and Internal Audit	108	0	0	0	0	0	108	100
Strategic & Corporate Planning	115	0	0	0	0	0	115	103
Finance & Other costs	187	0	0	0	0	0	187	169
Support	0	0	141	29	15	6	191	175
	410	0	141	29	15	6	601	547
<b>Pension Finance Costs</b>								
	275	0	0	0	0	0	275	92
<b>Total Resources Expended</b>	<b>23,583</b>	<b>1,074</b>	<b>574</b>	<b>292</b>	<b>642</b>	<b>397</b>	<b>26,562</b>	<b>24,172</b>

**(b) Consolidated**

	Direct Costs	Depre- ciation	Marketing, Press & PR	Support Costs Finance	ICT	Human Resources	2011/12	2010/11
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Costs of Generating Funds</b>								
Cost of Generating Voluntary Income	276	0	45	10	11	6	348	350
Cost of Trading Subsidiary	2,104	3	0	0	0	0	2,107	2,139
	<u>2,380</u>	<u>3</u>	<u>45</u>	<u>10</u>	<u>11</u>	<u>6</u>	<u>2,455</u>	<u>2,489</u>
<b>Costs of Charitable Activities</b>								
Learning & Programmes	2,897	101	70	36	92	39	3,235	3,193
Collections & Research	7,588	474	90	86	266	113	8,617	7,972
Museum Operations	11,978	499	228	131	258	233	13,327	11,860
	<u>22,463</u>	<u>1,074</u>	<u>388</u>	<u>253</u>	<u>616</u>	<u>385</u>	<u>25,179</u>	<u>23,025</u>
<b>Governance Costs</b>								
External and Internal Audit	108	0	0	0	0	0	108	100
Strategic & Corporate Planning	115	0	0	0	0	0	115	103
Finance & Other costs	187	0	0	0	0	0	187	169
Support	0	0	141	29	15	6	191	175
	<u>410</u>	<u>0</u>	<u>141</u>	<u>29</u>	<u>15</u>	<u>6</u>	<u>601</u>	<u>547</u>
<b>Pension Finance Costs</b>	275	0	0	0	0	0	275	92
<b>Total Resources Expended</b>	<u>25,528</u>	<u>1,077</u>	<u>574</u>	<u>292</u>	<u>642</u>	<u>397</u>	<u>28,510</u>	<u>26,153</u>

The amount of £42,945 (£43,220 in 2010/11) is included in resources expended for external auditors' remuneration, £37,950 (£38,225 in 2010/11) for the audit fee and £4,995 (£4,995 in 2010/11) for other work. This includes £4,000 (£4,275 in 2010/11) for the trading subsidiary audit fee and £575 (£575 in 2010/11) for other work for the trading subsidiary.

The amount of £10,000 (£8,000 in 2010/11) is included in resources expended in respect of EU grant related expenditure.

67% of total resources expended during the year were on staff costs (68% in 2010/11).

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

	Consolidated	
	2011/12 £ '000	2010/11 £ '000
Salaries & Wages	15,452	15,165
Social Security Costs	1,109	1,090
FRS17 Pension Service Costs	2,179	1,078
Severance Costs	126	423
	<u>18,866</u>	<u>17,756</u>
FRS17 Pension Finance Costs	275	92
	<u>19,141</u>	<u>17,848</u>

Included within the staff costs are £992,000 (£1,052,000 in 2010/11) relating to the trading subsidiary.

Amgueddfa Cymru undertook a Voluntary Redundancy Scheme, enhancing statutory payments by a factor of 4, which was taken up by 3 employees in 2011/12, incurring costs of £126,000 (£423,000 in 2010/11). Strain costs to Amgueddfa Cymru's Pension Fund amounted to £43,000 (£193,000 in 2010/11) and have been factored into the actuarial valuation disclosed in Note 17.

Included within operating costs is an amount of £6,000 (£4,000 in 2010/11) for agency staff.

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

	Permanent Staff	Other Staff	2011/12 Number	2010/11 Number
Trading Subsidiary	31	3	34	35
Fundraising	5	0	5	5
Learning & Programmes	43	5	48	48
Collections & Research	124	13	137	139
Museum Operations	269	20	289	297
Support	55	3	58	61
	<u>527</u>	<u>44</u>	<u>571</u>	<u>585</u>

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

	Salary 2011/12 (2010/11)	Real increase/ (decrease) in pension and related lump sum at age 60	Accrued pension at age 60 at 31 March 12 and related lump sum	CETV at 31 March 12	CETV at 31 March 11	Real increase/ (decrease) in CETV in excess of members contributions
	£	£	£	£	£	£
David Anderson Director General	100,000 (47,312)	1,230 plus 3,690 lump sum	1,840 plus 5,520 lump sum	34,960	10,730	16,850
Mark Richards Deputy Director General	74,964 (78,094)	540 plus 1,620 lump sum	12,680 plus 38,040 lump sum	257,020	234,530	8,810
John Williams-Davies Director of Collections and Research	73,816 (73,816)	(320) plus (960) lump sum	35,600 plus 106,800 lump sum	957,160	911,450	7,730
Michael Tooby Director of Learning & Programmes	48,418 (74,554)	1,490 plus 4,470 lump sum	27,140 plus 81,420 lump sum	634,540	528,170	83,970
Jonathan Sheppard, Director of Finance	8,135 (74,554)	(120) plus (360) lump sum	14,820 plus 44,460 lump sum	378,960	370,050	(4,980)
Robin Gwyn Director of Communications	73,816 (73,816)	590 plus 1,770 lump sum	10,300 plus 30,900 lump sum	204,970	186,990	6,090
Neil Wicks Director of Finance	56,182 NA	700 plus 2,100 lump sum	700 plus 2,100 lump sum	8,800	0	4,870

Jonathan Sheppard left office on 2 May 2011. His emoluments as Director of Finance consisted of a basic salary of £8,135 (£74,554 in 2010/11).

Michael Tooby left office on 31 October 2011. His emoluments as Director of Learning & Programmes consisted of a basic salary of £48,418.

Neil Wicks took up office on 27 June 2011. His emoluments as Director of Finance consisted of a basic salary of £56,182 (£Nil in 2010/11).

The emoluments of the Director General consisted of a basic salary of £100,000 (£47,312 in 2010/11) plus a non-consolidated bonus based on performance of £7,500 (£4,022 in 2010/11). The bonuses for 2011/12 and 2010/11 will be paid over in 2012/13, and the Director General will then gift aid them back to Amgueddfa Cymru.

Amgueddfa Cymru's Directors are all ordinary members of Amgueddfa Cymru'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 Amgueddfa Cymru. 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) Employees (excluding Directors) whose emoluments exceeded £60,000

There were seven employees (seven in 2010/11) whose emoluments for the year were between £60,001 and £69,999. All of these employees are ordinary members of Amgueddfa Cymru's pension scheme. There were no employees earning over £69,999 except for the Directors whose emoluments are disclosed in note 7(c) above.

#### (e) Median Remuneration

WGSBs are required to disclose the relationship between the remuneration of the highest-paid director in their organization and the median remuneration of the organization's workforce. Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

	2011/12	2010/11
Band of Highest Paid Individual's Remuneration	105-110	100-105
Median Total	£21,088	20,674
Ratio	5.1	5.0

#### (f) Members of the Board of Trustees

Trustees do not receive any emoluments. The total amount of travel, subsistence and accommodation expenses reimbursed by Amgueddfa Cymru for its Board and committee members was £9,000 (£23,500 in 2010/11). A total of 14 trustees were reimbursed expenses during the year.

## 8. Share of Joint Venture

Amgueddfa Cymru 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 Amgueddfa Cymru and the City & County of Swansea. In the event of the wind-up 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.

Amgueddfa Cymru'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	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Voluntary Income: Contributions	6	5	3	3
Investment income	0	0	0	0
Other incoming resources	0	0	0	0
<b>Total incoming resources</b>	<b>6</b>	<b>5</b>	<b>3</b>	<b>3</b>
Charitable activity expenditure	160	234	80	117
Governance costs	6	5	3	3
<b>Total resources expended</b>	<b>166</b>	<b>239</b>	<b>83</b>	<b>120</b>
Revaluation of Fixed Assets	0	(6,202)	0	(3,101)
<b>Net Movement in Funds</b>	<b>(160)</b>	<b>(6,436)</b>	<b>(80)</b>	<b>(3,218)</b>

## 8. Share of Joint Venture continued

	Total Assets and Liabilities		Share of Assets and Liabilities	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Fixed Assets	19,484	19,600	9,742	9,800
Current Assets	28	74	14	38
Liabilities due within one year	(4)	(5)	(2)	(3)
Liabilities due after more than one year	(47)	(47)	0	0
<b>Net Assets</b>	<b>19,461</b>	<b>19,622</b>	<b>9,754</b>	<b>9,835</b>
<b>Funds</b>				
General Fund (unrestricted)	19,438	19,551	9,742	9,800
Restricted Fund	23	71	12	35
	<b>19,461</b>	<b>19,622</b>	<b>9,754</b>	<b>9,835</b>

## 9. Tangible Fixed Assets

### (a) Amgueddfa Cymru

	Freehold Land £'000	Freehold Buildings £'000	Leasehold Properties £'000	Plant & Vehicles £'000	Fixtures, Fittings & Equipment £'000	Total £'000
<b>Cost or Valuation</b>						
At 1 April 2011	16,379	1,758	56,361	655	1,930	77,083
Additions in Year	1,604	0	57	115	148	1,924
Disposals	0	0	0	0	(9)	(9)
Revaluation	160	16	504	0	0	680
<b>At 31 March 2012</b>	<b>18,143</b>	<b>1,774</b>	<b>56,922</b>	<b>770</b>	<b>2,069</b>	<b>79,678</b>
<b>Depreciation</b>						
At 1 April 2011	0	0	2	251	821	1,074
Charge for the Year	318	0	438	101	217	1,074
Disposals	0	0	0	0	(5)	(5)
Revaluation	3	0	4	0	0	7
<b>At 31 March 2012</b>	<b>321</b>	<b>0</b>	<b>444</b>	<b>352</b>	<b>1,033</b>	<b>2,150</b>
<b>Net Book Value</b>						
At 1 April 2011	16,379	1,758	56,359	404	1,109	76,009
<b>At 31 March 2012</b>	<b>17,822</b>	<b>1,774</b>	<b>56,478</b>	<b>418</b>	<b>1,036</b>	<b>77,528</b>

### (b) Consolidated

	Freehold Land £'000	Freehold Buildings £'000	Leasehold Properties £'000	Plant & Vehicles £'000	Fixtures, Fittings & Equipment £'000	Total £'000
<b>Cost or Valuation</b>						
At 1 April 2011	16,379	1,758	56,361	655	1,962	77,115
Additions in Year	1,604	0	57	115	154	1,930
Disposals	0	0	0	0	(9)	(9)
Revaluation	160	16	504	0	0	680
<b>At 31 March 2012</b>	<b>18,143</b>	<b>1,774</b>	<b>56,922</b>	<b>770</b>	<b>2,107</b>	<b>79,716</b>
<b>Depreciation</b>						
At 1 April 2011	0	0	2	251	851	1,104
Charge for the Year	318	0	438	101	220	1,077
Disposals	0	0	0	0	(5)	(5)
Revaluation	3	0	4	0	0	7
<b>At 31 March 2012</b>	<b>321</b>	<b>0</b>	<b>444</b>	<b>352</b>	<b>1,066</b>	<b>2,183</b>
<b>Net Book Value</b>						
At 1 April 2011	16,379	1,758	56,359	404	1,111	76,011
<b>At 31 March 2012</b>	<b>17,822</b>	<b>1,774</b>	<b>56,478</b>	<b>418</b>	<b>1,041</b>	<b>77,533</b>

Amgueddfa Cymru'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. The index used for land and buildings is the BCIS All in Tender Price Index. The index value was 226 in March 2012 (224 in March 2011).

## 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. Amgueddfa Cymru is the national repository of material relating to Wales's natural and created heritage and international material that helps define Wales's place in the world. Our collections number approximately 5.1m 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.

Amgueddfa Cymru 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 on request from the Director of Collections & Research at Amgueddfa Cymru's Principal Office at National Museum Cardiff, Cathays Park, Cardiff CF10 3NP.

### (b) Collection Management Costs

	2011/12 £ '000	2010/11 £ '000
<b>Collection management costs</b>		
Conservation	338	367
Documentation	141	200
Collection Services	139	133
Collection Centre	202	219
	<b>820</b>	<b>919</b>

These costs are recognised in the Statement of Financial Activities.

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

	Art £'000	Historic Buildings £'000	Other £'000	Total £'000
Donated Assets	3,702	120	84	3,906
Purchased Assets	6,574	5,619	942	13,135
<b>Total at 31 March 2012</b>	<b>10,276</b>	<b>5,739</b>	<b>1,026</b>	<b>17,041</b>

## (i) Heritage Assets donated during the year

	Art £'000	Historic Buildings £'000	Other £'000	Total £'000
<i>Glory Glory, Hat and Horns</i> – Laura Ford (Part donated)	3	-	-	3
<i>Puccini</i> – Betty Woodman (Part donated)	3	-	-	3
<i>Hanging Ice Coffee Pot</i> – Rajesh Gogna (Part donated)	1	-	-	1
<i>The Red Hat</i> – Bill Woodrow (Part donated)	5	-	-	5
<i>Tynewydd Inundation of 1877</i> – Albert Medals	-	-	20	20
<i>Musidora</i> – Robert William Sievier	80	-	-	80
<i>For King and Country</i> – Laura Ford	8	-	-	8
<i>Red, Blue, Violet &amp; Grey</i> – Michael Kidner	8	-	-	8
<i>Summer Mist</i> – Roger Cecil	6	-	-	6
<i>Les Oliviers du Cabanon, Toulon</i> – Lucien Pissarro	80	-	-	80
<i>Still Life with Decanter</i> – Vanessa Bell	20	-	-	20
<i>View of the Doge's Palace, Venice</i> – Duncan Grant	18	-	-	18
<i>Picking Flowers in the Artist's Garden</i> – Thomas James Lloyd	12	-	-	12
<i>Two Figures</i> – Keith Vaughan	80	-	-	80
<b>Total Additions in Year</b>	<b>324</b>	<b>0</b>	<b>20</b>	<b>344</b>
Total at 1 April 2011	3,378	120	64	3,562
<b>Total at 31 March 2012</b>	<b>3,702</b>	<b>120</b>	<b>84</b>	<b>3,906</b>

All valuations of donated (or part donated) assets were carried out by 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
<i>Blaenau Ffestiniog Circle</i> – Richard Long	81	-	-	81
<i>Glory Glory, Hat and Horns</i> – Laura Ford	13	-	-	13
<i>Hwfa Mon, Arch-Druid of Wales</i> – Sir Hubert Von Herkomer	9	-	-	9
London 2012 Boxed Set	7	-	-	7
<i>Puccini</i> – Betty Woodman	11	-	-	11
<i>Hanging Ice Coffee Pot</i> – Rajesh Gogna	7	-	-	7
<i>Twelve Tone Vase</i> – Elizabeth Fritsch	12	-	-	12
<i>Optical Bowl with Fractured Rim</i> – Elizabeth Fritsch	9	-	-	9
<i>The Rialto Bridge &amp; Palazzo Camerlenghi, Venice</i> – Walter Sickert	70	-	-	70
Mounted Bison	-	-	8	8
<i>The Red Hat</i> – Bill Woodrow	37	-	-	37
<b>Total Additions in Year</b>	<b>256</b>	<b>0</b>	<b>8</b>	<b>264</b>
Total at 1 April 2011	6,318	5,619	934	12,871
<b>Total at 31 March 2012</b>	<b>6,574</b>	<b>5,619</b>	<b>942</b>	<b>13,135</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:

	2011/12 £'000	2010/11 £'000	2009/10 £'000	2008/09 £'000	2007/08 £'000
Archaeology & Numismatics	28	28	29	28	42
Art	47	105	121	63	21
Biodiversity	66	53	68	92	48
Industry	8	5	8	15	1
Conservation	9	10	7	2	6
Geology	13	15	22	17	16
Library	131	142	145	131	120
Social & Cultural History	116	127	105	148	156
Collection Care & Access Project	0	0	0	0	0
	<b>418</b>	<b>485</b>	<b>505</b>	<b>496</b>	<b>410</b>

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

**(e) Further information on Amgueddfa Cymru's collection of heritage assets**

Number of items held:

**There are c5.1 million items in the Amgueddfa Cymru's collection**

Archaeology & Numismatics	1,240,040
Art	44,000
Biodiversity	2,396,890
Geology	459,920
Industry	275,510
National Wool Museum	12,000
Library	257,310
Social and Cultural History	394,550
<b>Total</b>	<b>5,080,220</b>

(i) Archaeology & Numismatics: the Department holds a collection of 755,490 items at National Museum Cardiff, as well as 484,550 at the National Roman Legion 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 (BioSyb): the Department, an amalgamation of the former Botany and Zoology departments, holds a collection of 2,396,890 items 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 and of how organisms interact is essential to our future wellbeing.

(iv) Geology: the Department holds 459,920 items at National Museum Cardiff. These include 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 Department has 275,520 objects in its collections. These are in the National Slate Museum in Llanberis, Big Pit: National Coal Museum in Blaenafon, the National Waterfront Museum in Swansea and some in our 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) The National Wool Museum: this museum holds 12,000 items in its collection.

(vii) Library: the main Library, housed at National Museum Cardiff, contains 257,310 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 staff, and items can be viewed by the public by appointment.

(viii) Social & Cultural History: this collection holds 394,550 items, housed at St Fagans: National History Museum. It covers the domestic, cultural, agricultural and commercial aspects of the people of Wales from the Middle Ages to the present day. Amgueddfa Cymru 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

	Amgueddfa Cymru		Consolidated	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
At 1 April 2011	2,158	1,973	2,158	1,973
Additions to investments at cost	415	475	415	475
Disposals at market value	(415)	(475)	(415)	(475)
Net Gain/(Loss) on Revaluation	(12)	185	(12)	185
Market Value at 31 March 2012	<b>2,146</b>	<b>2,158</b>	<b>2,146</b>	<b>2,158</b>

Of total investments of £2,146,000, £1,839,000 (£1,848,000 at 31 March 2011) was held in Restricted Private Funds and £307,000 (£310,000 at 31 March 2011) in Unrestricted Private Funds.

The historic cost of investments at 31 March 2012 was £1,848,000 (£1,849,000 at 31 March 2011). The portfolio consists of Collective Investments (Unit Trusts) authorised by the Securities and Investments Board (these were professionally valued by Amgueddfa Cymru’s investment managers, Barclays Wealth) and shareholdings (bequeathed to Amgueddfa Cymru) listed on the London Stock Exchange.

The investments were held in the following asset classes:

	Amgueddfa Cymru		Consolidated	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
UK Listed Investments	1,385	1,435	1,385	1,435
Non UK Listed Investments	688	681	688	681
Cash & Cash Deposits	73	42	73	42
	<b>2,146</b>	<b>2,158</b>	<b>2,146</b>	<b>2,158</b>

## 12. Stock

	Amgueddfa Cymru		Consolidated	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Shop Goods for Sale	0	0	338	308
Publications stock held separately	72	67	72	67
Less Provision for Stock Write Off	(12)	(12)	(12)	(12)
	<b>60</b>	<b>55</b>	<b>398</b>	<b>363</b>

### 13. Debtors

	Amgueddfa Cymru		Consolidated	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Trade Debtors	170	96	219	193
Amount due from trading subsidiary	487	602	0	0
Loan due from trading subsidiary	301	301	0	0
Other Debtors	1,006	621	936	544
Prepayments	2,266	1,615	2,280	1,630
	<b>4,230</b>	<b>3,235</b>	<b>3,435</b>	<b>2,367</b>
Balances with:				
Central government bodies	1,022	548	952	471
Local authorities	26	35	32	35
Sub total intra government balances	1,048	583	984	506
Bodies external to government	3,182	2,652	2,451	1,861
Total	<b>4,230</b>	<b>3,235</b>	<b>3,435</b>	<b>2,367</b>

Included within Prepayments is a payment of advance contributions to the Pension Fund of £2,082,000 at 31 March 2012 (£1,382,000 at 31 March 2011).

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

	Amgueddfa Cymru		Consolidated	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Loans	43	0	43	0
Trade Creditors	242	312	270	328
Accruals	975	836	1,029	923
	<b>1,260</b>	<b>1,148</b>	<b>1,342</b>	<b>1,251</b>
Balances with:				
Central government bodies	42	13	42	13
Local authorities	4	6	4	6
Sub total intra government balances	46	19	46	19
Bodies external to government	1,214	1,129	1,296	1,232
Total	<b>1,260</b>	<b>1,148</b>	<b>1,342</b>	<b>1,251</b>

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

	Amgueddfa Cymru		Consolidated	
	2012	2011	2012	2011
Loans	195	0	195	0

A total loan of £238,000 is outstanding from the Carbon Trust, repayable at £43,000 a year. £43,000 is due within 1 year, and the remaining £195,000 is due within 6 years.

### 16. Operating Lease Commitments

	Amgueddfa Cymru		Consolidated	
	2011/12 £'000	2010/11 £'000	2011/12 £'000	2010/11 £'000
Expiring:				
Between one and five years	0	0	7	7

## 17. Pensions

Amgueddfa Cymru 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 2012 by a qualified independent actuary using guidelines issued by HM Treasury.

The actuarial valuation at 31 March 2012 showed an increase in the deficit from £13,326,000 to £14,931,000. Amgueddfa Cymru's contribution to the Scheme in the year to 31 March 2012 amounted to £2,954,000 (£3,051,000 to 31 March 2011) at a rate of 21.3% of Pensionable Remuneration.

Amgueddfa Cymru expects to contribute £2,982,000 to the Scheme in 2012/13.

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

	2012 £'000	2011 £'000
Fair value of assets	77,660	74,549
Defined benefit obligation	(92,591)	(87,875)
<b>Surplus/(Deficit)</b>	<b>(14,931)</b>	<b>(13,326)</b>

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

	2012 £'000	2011 £'000
Opening fair value of assets	74,549	68,578
Expected return	4,643	4,329
Employer's contributions	2,954	3,051
Members' contributions	984	831
Actuarial experience gain/(losses)	(2,208)	1,224
Benefits paid	(3,262)	(3,464)
Closing fair value of assets	77,660	74,549

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

	2012 £'000	2011 £'000
Opening defined benefit obligation	87,875	95,760
Current service cost	2,136	3,228
Curtailement	43	124
Members' contributions	984	831
Past service cost/(credit)	0	(2,274)
Interest cost	4,918	4,421
Actuarial (gain)/loss	(103)	(10,751)
Benefits paid	(3,262)	(3,464)
Closing defined benefit obligation	92,591	87,875

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

	2012 £'000		2011 £'000	
Current service cost	2,136		3,228	
Past service cost/(credit)	0		(2,274)	
Curtailement	43		124	
		2,179		1,078
Expected return on assets	(4,643)		(4,329)	
Interest cost	4,918		4,421	
		275		92
<b>Total charge to resources expended</b>		<b>2,454</b>		<b>1,170</b>

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

	2012	2011
Equities	57.60%	75.90%
Index Linked Gilts	15.40%	13.90%
Corporate bonds	12.10%	10.10%
Others	14.90%	0.10%

**(f) Principal actuarial assumptions:**

	2012	2011
Discount rate	4.85%	5.60%
Inflation – RPI	3.00%	3.40%
Inflation – CPI	2.00%	2.65%
Salary growth	4.50%	4.90%
Pension increases in payment – pre 2000	3.00%	3.40%
Pension increases in payment – post 2000	2.00%	2.65%
Pension increases in deferment	2.00%	2.65%
Expected return on assets	5.00%	6.20%
Assumes life expectancy currently age 65		
Male	86.4	86.9
Female	88.1	89.1
Assumes life expectancy currently age 45		
Male	87.8	87.9
Female	89.6	90.0

The expected rate of return utilised on assets of 5% 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 3.1%, which is equal to the annualized yield on the FTSE 20 year gilts index at 31 March 2012;
- The expected annual return on corporate bonds has been taken to be 4.85%, which is equal to the discount rate;
- The expected return on equities has been taken to be 5.35% pa. This has been derived as 2.25% above the expected return on gilts, as in previous years
- The expected return on property has been taken to be 5.35%, the same as the expected return on equities.

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

	2012	2011	2010	2009	2008
Fair value of assets	77,660	74,549	68,578	48,718	65,195
Defined benefit obligation	(92,591)	(87,875)	(95,760)	(72,192)	(76,949)
Deficit	(14,931)	(13,326)	(27,182)	(23,474)	(11,754)
Experience adjustments on assets	(2,208)	1,224	16,386	(21,258)	(6,524)
Experience adjustments on obligations	0	0	3,071	(121)	(191)

## 18. Statement of Funds

### (a) Movement in Funds

	1 April 2011	Incoming Resources	Resources Expended	Transfers	Other Movements in Year	31 March 2012
	£000	£000	£000	£000	£000	£000
<b>Public Funds</b>						
Restricted – Capital	88,567	600	(1,608)	1,746	580	89,885
Restricted – Specimens	11,518	899	(528)	0	0	11,889
<b>Total Restricted</b>	<b>100,085</b>	<b>1,499</b>	<b>(2,136)</b>	<b>1,746</b>	<b>580</b>	<b>101,774</b>
Unrestricted	3,987	27,572	(26,796)	0	1	4,764
Pension Reserve	(13,326)	0	500	0	(2,105)	(14,931)
<b>Total Unrestricted</b>	<b>(9,339)</b>	<b>27,572</b>	<b>(26,296)</b>	<b>0</b>	<b>(2,104)</b>	<b>(10,167)</b>
<b>Total Public Funds</b>	<b>90,746</b>	<b>29,071</b>	<b>(28,432)</b>	<b>1,746</b>	<b>(1,524)</b>	<b>91,607</b>
<b>Private Funds</b>						
Restricted	5,394	1,203	(40)	(1,746)	0	4,811
Unrestricted	856	152	(38)	0	0	970
<b>Total Private Funds</b>	<b>6,250</b>	<b>1,355</b>	<b>(78)</b>	<b>(1,746)</b>	<b>0</b>	<b>5,781</b>
<b>Total</b>	<b>96,996</b>	<b>30,426</b>	<b>(28,510)</b>	<b>0</b>	<b>(1,524)</b>	<b>97,388</b>

Unrestricted Public Funds recorded in Amgueddfa Cymru's own non-consolidated accounts at 31 March 2012 was £4,710,000 with £54,000 attributable to NMGW Enterprises Ltd.

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

During the year £1,746,000 was transferred from Restricted Private Funds to Restricted – Capital Public Funds regarding the completion of refurbishment works in the West Wing of National Museum Cardiff.

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

	Public Funds		Private Funds		2012 £'000
	Restricted £'000	Unrestricted £'000	Restricted £'000	Unrestricted £'000	
Fixed Assets	101,002	493	4,385	594	106,474
Current Assets	922	5,654	429	377	7,382
Current Liabilities	(150)	(1,188)	(3)	(1)	(1,342)
Long term Liabilities	0	(195)	0	0	(195)
<b>Net Assets (before pension liabilities)</b>	<b>101,774</b>	<b>4,764</b>	<b>4,811</b>	<b>970</b>	<b>112,319</b>
Pension Liabilities	0	(14,931)	0	0	(14,931)
<b>Net Assets (after pension liabilities)</b>	<b>101,774</b>	<b>(10,167)</b>	<b>4,811</b>	<b>970</b>	<b>97,388</b>

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

	Amgueddfa Cymru		Consolidated	
	2011/12 £'000	2010/11 £'000	2011/12 £'000	2010/11 £'000
Net incoming resources for the financial year	1,832	3,628	1,836	3,626
Share of Joint Venture	80	3,218	80	3,218
Donated Assets	(344)	(343)	(344)	(343)
Depreciation	1,074	998	1,077	1,002
(Increase)/Decrease in Stocks	(5)	9	(35)	65
(Increase) in Debtors	(995)	(1,207)	(1,068)	(1,323)
Increase in Creditors	195	54	174	63
Disposal of Fixed Asset	4	1	4	1
FRS17 current year pension costs	(500)	(1,881)	(500)	(1,881)
<b>Net Cash Inflow from Operating Activities</b>	<b>1,341</b>	<b>4,477</b>	<b>1,224</b>	<b>4,428</b>

## 20. Capital Expenditure and Financial Investment

	Amgueddfa Cymru		Consolidated	
	2011/12 £'000	2010/11 £'000	2011/12 £'000	2010/11 £'000
Payments to Acquire Tangible Fixed Assets	(2,313)	(3,868)	(2,319)	(3,868)
Proceeds from Sale of Tangible Fixed Assets	0	4	0	4
	<b>(2,313)</b>	<b>(3,864)</b>	<b>(2,319)</b>	<b>(3,864)</b>

## 21. Management of Liquid Resources

	Amgueddfa Cymru		Consolidated	
	2011/12 £'000	2010/11 £'000	2011/12 £'000	2010/11 £'000
Investments at 1 April 2011	10	800	10	1,100
(Decrease) in short term investments	(10)	(790)	(10)	(1,090)
<b>Investments at 31 March 2012</b>	<b>0</b>	<b>10</b>	<b>0</b>	<b>10</b>

## 22. Financing

	Amgueddfa Cymru		Consolidated	
	2011/12 £'000	2010/11 £'000	2011/12 £'000	2010/11 £'000
New loan	260	0	260	0
Loan repayments	(22)	0	(22)	0
<b>Loans outstanding at 31 March 2012</b>	<b>238</b>	<b>0</b>	<b>238</b>	<b>0</b>

## 23. Movements in Cash

	Amgueddfa Cymru		Consolidated	
	2011/12 £'000	2010/11 £'000	2011/12 £'000	2010/12 £'000
Net Cash at 1 April 2011	3,685	2,282	4,396	2,742
Net Cash (Outflow)/ Inflow	(724)	1,403	(847)	1,654
<b>Net Cash at 31 March 2012</b>	<b>2,961</b>	<b>3,685</b>	<b>3,549</b>	<b>4,396</b>

## 24. Capital Commitments

	2012 £'000	2011 £'000
At the balance sheet date there were capital commitments of	<u>99</u>	<u>731</u>

Major commitments as at 31 March 2012 relate to the St Fagans redevelopment project (major commitments as at 31 March 2011 related to refurbishment work of the Upper West Wing at National Museum Cardiff and the St Fagans redevelopment project).

## 25. Contingent Liabilities and Guarantees

As at 31 March 2012 there existed two claims against Amgueddfa Cymru for which there is no insurance cover. The claims are in respect of personal injury occurring at museums. The maximum liability in respect of the two claims is estimated to be £38,000. Amgueddfa Cymru is resisting liability in both cases.

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.

## 26. 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 Amgueddfa Cymru 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 £31,000.

During the year Amgueddfa Cymru 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 £1,400).

Paul E. Loveluck (to 9 June 2011), Elisabeth Elias (from 9 June 2011), Presidents, J. Peter W. Morgan, Treasurer and Gareth Williams, Trustee, are three of the seven directors of NWMS referred to in Note 8 of the Accounts. None of the directors receive remuneration from this company.

Amgueddfa Cymru made payments of £4,165 to the Museums Association in 2011/12. David Anderson, Director General, is a member of the Association. David Anderson is a Director of Cardiff & Co, to whom Amgueddfa Cymru made payments of £3,705 in 2011/12.

Amgueddfa Cymru made payments of £23,646 to Cardiff University in 2011/12 and received payments of £42,689 from Cardiff University. At year-end Amgueddfa Cymru's debtors includes a figure of £9,798 relating to Cardiff University and Amgueddfa Cymru's accruals includes £6,123 relating to Cardiff University. Jonathan Osmond, Trustee, was Pro Vice-Chancellor of Cardiff University.

Amgueddfa Cymru made payments of £289 to Snowdonia National Park Authority in 2011/12. Iolo ap Gwyn, Trustee, was a Member of Snowdonia National Park Authority.

There were no further outstanding balances at year-end and all orders placed were in line with Amgueddfa Cymru's procurement procedures.

## 27. Prior Year Adjustments

Previously Amgueddfa Cymru has included some donations income under the Fundraising Income heading on the SOFA. In 2011/12 this has been reviewed and these donations have been included under Donations & Bequests, in line with the Charities Statement of Recommended Practice. The prior year comparator for 2010/11 has been restated accordingly. This has increased Donations & Bequests income by £420,000 and decreased Fundraising income by the same amount, leaving Total Incoming Resources for 2010/11 unchanged.

## 28. Post Balance Sheet Events

The Accounting Officer authorised these financial statements for issue on 12 July 2012. There were no other post balance sheet events.