

national  
museum  
Cardiff  
amgueddfa  
genedlaethol  
caerdydd

big pit  
national  
coal  
museum  
amgueddfa  
lofaol  
cymru

national  
slate  
museum  
amgueddfa  
lechi  
cymru

st fagans  
national  
museum  
of history  
sain ffagan  
amgueddfa  
werin  
cymru

national  
roman legion  
museum  
amgueddfa  
lleng rufeinig  
cymru

national  
wool  
museum  
amgueddfa  
wlan  
cymru

national  
museum  
wales  
amgueddfa  
cymru

# Financial Report 2016/17

National  
Waterfront  
Museum

WALES' STORY OF  
INDUSTRY & INNOVATION



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

**Big Pit National Coal Museum**  
Blaenafon, Torfaen NP4 9XP  
0300 1112333

**The National Slate Museum**  
Llanberis, Gwynedd LL55 4TY  
0300 1112333

**The National Waterfront Museum**  
Oystermouth Road, Maritime Quarter, Swansea SA1 3RD  
0300 1112333

**St Fagans National Museum of History**  
Cardiff CF5 6XB  
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**The National Roman Legion Museum**  
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0300 1112333

**The National Wool Museum**  
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**The National Collections Centre**  
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This report is also available in Welsh:  
<https://amgueddfa.cymru/adroddiadau/>

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

### SECTION 1: PERFORMANCE

#### Section 1.1 Overview of Performance

##### Achievements during the year

The seven national museums in Wales welcomed around 1.55 million visits in 2016/17. National Museum Cardiff had another fantastic year, welcoming 494,518 visitors, surpassing last year's record. Overall, the annual figure is lower than in previous years. This reflects the impact of an industrial dispute, which led to disruption across the majority of our sites including the closure of three of our museums on various days and weeks between April and June 2016.

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
<b>Visits</b>	1,690,026	1,745,315	1,629,196	1,685,954	1,674,807	1,549,603

The free entry policy was introduced by the Welsh Government in 2001/02 – a pioneering move to promote access for all to Wales's culture and history that has seen an 85.5% increase in visitor figures to national museums in Wales.

We continue to deliver an outstanding exhibitions programme, within the limited resources available to us, which in 2016/17 included *War's Hell!: The Battle of Mametz Wood*, *Wriggle*, *Quentin Blake: Inside Stories* and *Artes Mundi 7*. To celebrate the Year of Adventure 2016 in Wales, National Museum Cardiff hosted extraordinary gems from popular culture including the hat, whip and jacket of Indiana Jones, crystal skulls and Inca gold alongside early finds such as Egyptian mummies.

We remain the leading provider of learning outside the classroom in Wales, welcoming over 200,000 school children and students annually to our museums and over 600,000 children and adults in family groups.

The experiential learning that museums can offer has been shown time and again over the years to inspire children who are hard to reach for the school system alone. In partnership with King's College London we arranged for children from St Thomas Community Primary School in Swansea to spend ten weeks learning in the National Waterfront Museum during 2016. King's College London's evaluation found that the children became more confident and effective communicators.

We are nearing completion of the major redevelopment of St Fagans National Museum of History, a £30m project supported by Heritage Lottery Fund (HLF) funding of £13m – the largest grant ever awarded by the HLF in Wales – and Welsh Government funding of £6.9m. Bryn Eryr Iron Age farmstead opened this year and received a Welsh Government Highly Commended Marketing Award for its promotional campaign.

Many museum professionals and funders regard this as the most exciting museum project in the UK at present, and it is generating interest on a local, national and international scale. 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.

In line with The Well-being of Future Generations (Wales) Act 2015, we published our Well-being Statement in March 2017. This sets out how our well-being objectives, which are part of our Operational Plan for 2017/18, contribute to the seven well-being goals laid out in the Act and how we are striving to deliver our outcomes through the five ways of working in the Act. There is more information in our Well-being Statement, which is available on our website.

## Financial Results for the Year

	2016/17 £	2015/16 £
Total income	33,580,000	37,212,000
Total expenditure	(31,155,000)	(20,421,000)
Other movements	268,000	(77,000)
<b>Consolidated net income</b>	<b>2,693,000</b>	<b>16,714,000</b>
<b>Net increase in funds (after all realised and unrealised gains and losses)</b>	<b>(8,625,000)</b>	<b>16,881,000</b>
<b>Total fund balances held in unrestricted and restricted public and private reserves at year end</b>	<b>105,267,000</b>	<b>113,892,000</b>
<b>Fund balances held for unrestricted public purposes at year end</b>	<b>4,222,000</b>	<b>7,378,000</b>

The reduction in total income for the year is mainly due to reduced funding from HLF and Welsh Government for the redevelopment of St Fagans, reflecting lower costs of the project compared with the previous year as planned. There were also no donated heritage assets in 2016/17, following some significant donations in the previous year. The increase in total expenditure reflects the £10m impact of the actuarial calculation of the Financial Report Standard 102 (FRS102) Pension Service Costs in the previous year. The overall impact of these changes was a net decrease in funds for the year, compared with a net increase in 2015/16.

The principal activities of our trading company, NMGW Enterprises Ltd, for the year were sales at our 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 £317,000 for 2016/17 (£419,000 in 2015/16). The reduction reflects a challenging year and results from a number of factors including the overall reduction in visitor numbers.

Total Funds at 31 March 2017 were £105,267,000, with an analysis provided in note 19 to the accounts. Unrestricted Public Funds were £4,222,000, of which approximately £4,100,000 has been allocated to various plans and future commitments including forecast budget deficits over the coming three years due to reductions in grant-in-aid, one-off costs of achieving recurring savings on staff costs in order to balance the budget, and our agreed contributions from reserves to the redevelopment of St Fagans.

## Aims and Objectives

During 2016/17, we continued to implement our new Vision: to be an organization that is **Inspiring people, Changing lives**. This Vision reflects an aspiration to root our work in Welsh cultural and intellectual traditions and to develop a new paradigm for national museums across the world.

Our priorities, expressed as Commitments, were informed by consultation with the public in Wales, as well as our Board of Trustees, members of staff and volunteers together with public and third sector partners.

Our Commitments are in five key areas:

- **Making a difference to Wales**  
Changing Lives, by working with local and national organizations to create a happier, healthier and more sustainable Wales, with access to culture for all and a thriving economy
- **The museum experience**  
Visitors experience high-quality museums, exhibitions and public spaces for enjoyment and learning
- **The digital experience**  
Users experience a connected and accessible digital museum for engagement, creativity and learning
- **Learning and creativity**  
Everyone has a wealth of opportunity to learn, research and create
- **Participation and inclusion**  
Individuals, families and communities, throughout Wales and beyond, shape and take part in inclusive and accessible cross-cultural activities for all.

Our Vision was originally developed within the framework of the then emerging Well-being of Future Generations (Wales) Act 2015. During 2016/17 we mapped our five commitment areas to the seven well-being goals set out in the Act, as explained in our Well-being Statement which is available on our website.

## 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 (Royal Charter No. RC000369, 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).

Our core objective, set out in the Royal Charter, 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:

- primarily, by the comprehensive representation of science, art, industry, history and culture of, or relevant to, Wales, and
- 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.

We continued to implement our Consultation Scheme and Policy which set out the values, principles and key participatory techniques in relation to our main consultative activities.

## Amgueddfa Cymru's locations

During 2016/17 we directly operated seven museums across Wales:

### National Museum Cardiff, Cathays Park, Cardiff

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

### St Fagans National Museum of History, 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 can descend over 90 metres to the very depths of the mine and experience the 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.

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

## Section 1.2 Performance Analysis

### Performance Indicators

We remain 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 and narrative reports continue to provide more detailed insight, and an opportunity for reflecting on and enriching our work.

The performance measures within our evaluative framework and the targets we set for 2017/18 onwards, a period in which there will be continuing significant financial restrictions, will continue to focus on consolidating our achievements to date while also looking to ensure better outcomes for the people of Wales through the delivery of our new long-term Vision.

The out-turns for our key performance indicators during 2016/17 are shown in the following table:

Vision Map Key Objective	Key Performance Indicator	2015/16 out-turn	Annual Target	2016/2017 out-turn
<b>Making a difference to Wales</b>	Number of visits	1,674,807	1,632,000	1,549,603
<b>Digital experience</b>	Number of website visits	1,490,487	1,500,000	1,439,854
<b>Learning and creativity</b>	Number of formal education visits	189,971	205,000	182,641
	Number of informal education visits	394,701	240,000	389,195
<b>Public programmes</b>	Attendance at temporary exhibitions	290,000	280,000	400,069
<b>Financial performance and governance</b>	Total net income from research and charging, trading company profits and recharges, and revenue fundraising	£913,258	£1,000,000	£857,000

As reported earlier, the total number of visits made to our museums during 2016/17 was 1,549,603 against a target of 1,632,000, reflecting the impact of the industrial dispute. The number of visits to our website during the same period was 1,439,854, below the target of 1,500,000 due to a temporary dip in visits while search engines re-indexed our webpages following the adoption of .wales and .cymru domains.

Our work on serving the formal education sector continues to attract significant numbers of visits with 182,641 formal education visits. This was below the target of 205,000, also reflecting the impact of the industrial dispute. The number of informal education visits, which encompasses the number of 'added-value' learning visits to our sites and the number of participants on off-site learning activities, was 389,195 (394,701 in 2015/16), well exceeding the target of 240,000.

Attendance at temporary exhibitions, at 400,069, also significantly exceeded its target.

The deficit on our net income target for the year was due to the shortfall on trading company profits discussed earlier under the **Financial Results for the Year** section.

## Capital Investment

To underpin the delivery of the Vision, a programme of capital works continues, with the capital planning programme focusing on the redevelopment of St Fagans National Museum of History, including construction of the new main building and car park.

Other projects in the Capital Plan progressed during the year have included re-wiring at the Castle in St Fagans and replacement suspension gear at Big Pit.

## Working in Partnership

In 2016/17 we continued to work with partners throughout Wales and beyond to show the national collections in a variety of venues including museums, galleries, visitor centres and heritage sites, and to share skills and expertise across the sector.

Our relationship with Pembrokeshire Coast National Park Authority at Oriel y Parc has continued to develop. From March to September 2016 one of the greatest masterpieces of British art, John Constable's *Salisbury Cathedral from the Meadows* (1831), was on display, as part of a UK-wide tour of galleries and museums developed by the Tate-led Aspire consortium, of which we are a member. In September 2016, following a successful display at National Museum Cardiff, the exhibition *The Remarkable Maps of William Smith* was shown at Oriel y Parc until March 2017.

We continue to work closely with Wrexham County Borough Museum. Our most recent collaboration was the major exhibition *Swamp Land: Brymbo 300 Million Years Ago* which was on display until June 2016. This was developed jointly with us and was dedicated to telling the story of the Brymbo Fossil Forest, which was discovered in 2004 at the Brymbo steelworks site.

International partnership work remains a priority and we are currently collaborating with White International on a touring exhibition in Japan. Eighty-nine works of art from our collection will visit six venues from April 2017 to June 2018. The touring exhibition *France and Britain: Art for a new age 1817-1917* also reflects the global reputation of the art collections of Amgueddfa Cymru.

## Specimen Acquisition

Our collections lie at the heart of our service to the public, and it is essential that they should continue to develop so as to safeguard our heritage and reflect the changing needs of Wales. The amount of our Welsh Government Specimen Acquisition Grant has declined significantly in recent years but we continue to use it to lever in additional funding and have received generous help in 2016/17 from long-term supporters, especially the Derek Williams Trust, the Art Fund, the Colwinston Charitable Trust, the HLF, the National Heritage Memorial Fund, the Goldsmiths Charity Company, the Silver Society, the Knapping Fund, the Alan Thomas Bequest and private donors.

Significant purchases and donations in 2016/17 included several art works, archaeological finds and natural science specimens.

More information and examples of our work can be found in our separately published Annual Review, which will be available later in the year.

## Research Activity

Our research plays a pivotal role in the understanding of the heritage, culture and natural environment of Wales and underpins all our public services and the work of government, universities and independent researchers. Some smaller research projects deliver results quickly while others extend over several reporting years. We continue to be recognised as an Independent Research Organization by the Arts and Humanities Research Council and the Natural Environment Research Council and we work with partners in all relevant sectors, in Wales and beyond.

More information and examples of our work can be found in our separately published Annual Review, which will be available later in the year.

## Learning and Participation

We are the leading provider of learning outside the classroom in Wales. We welcomed 182,641 school children and students to our museums in 2016/17, and 389,195 informal learners engaged with us. The equivalent of 640,000 visitors a year come in family groups – making us one of Wales's biggest providers of informal family learning and experiences.

We continue to support the Welsh Government programme Fusion: Creating Opportunities Through Culture, which aims to reduce poverty through meaningful access to, and engagement with, culture. We have developed a skills-based accredited adult learning programme in partnership with the Workers' Educational Association (now Adult Learning Wales). At St Fagans and National Museum Cardiff we also provided a successful targeted summer programme for families living in Fusion areas, many of whom had not visited the museums before.

As part of our informal learning programme we have established inclusive programmes for people who are living with dementia. These programmes are designed to have a positive effect on their well-being. Around 400 members of staff are now trained as Dementia Friends. We are also a lead partner in the Age-Friendly Culture Network established in Wales to promote good practise working with older people.

As reported earlier, we have been involved with the action research project My Primary School is at the Museum, in partnership with King's College London. Children from St Thomas Community Primary School in Swansea were based at the National Waterfront Museum for ten weeks. Work and lesson plans were developed between our staff and the teachers. King's College London's evaluation of the initiative indicated that it has had a profound effect on the pupils' literacy skills and in particular their oracy work, and they have also gained in confidence.

More information and examples of our work can be found in our separately published Annual Review, which will be available later in the year.

## Exhibitions

We are the leading producer of cultural, heritage and natural science exhibitions in Wales. We work with our communities, partners and stakeholders across our museums to generate exhibitions and displays that appeal to all our visitors. In 2016/17 we delivered forty-seven exhibitions across all our museums, including our partnership venue Oriel y Parc and three touring exhibitions.

We are also delivering a major programme of exhibitions, publications and events to commemorate the First World War from 2014 to 2018. Details of other highlights from the 2016/17 temporary exhibition programme can be found in our separately published Annual Review, which will be available later in the year.

## Fundraising

2016/17 was a successful year for fundraising, with donations and bequests income of £972,000 received, a further £312,000 pledged, and a number of government grants secured.

£281,000 was raised for the St Fagans capital fundraising appeal, which included donations by members of the Gift Circle alongside large grants from the Armed Forces Community Covenant Scheme, The Wolfson Foundation, The Waterloo Foundation, Simon Gibson Charitable Trust, The Dr Mortimer and Theresa Sackler Foundation, People's Postcode Trust, Aurelius Charitable Trust, Radcliffe Trust and a large number of donations to the Llys Llewelyn project for which an event was held in summer 2016. The total amount fundraised so far for the redevelopment of St Fagans is £2.3m, against an original target of £3m – the largest such campaign we have undertaken.

Donations for other projects included gifts from The Edina Trust, The Art Fund, The Paul Hamlyn Foundation, People's Postcode Trust, Douglas Pennant Family Trust and The Goldsmiths Charity Company.

Sponsorship from private business increased in the year with new corporate partners having been secured for exhibitions and projects including Western Power Distribution (for the exhibition *Wriggle* at National Museum Cardiff), Brewin Dolphin (a three-year sponsorship deal of our Patrons Membership programme) and Westco Flooring (after-school activities at St Fagans).

Generous support continues from the Colwinston Charitable Trust towards the National Museum of Art's contemporary art programme, the Derek Williams Trust, the Art Fund and the National Heritage Memorial Fund towards National Museum of Art purchases and exhibitions, the Heritage Lottery Fund Wales through the Heritage Horticultural Skills Scheme, the Paul Hamlyn Foundation for the Our Museum initiative and others.

Many other individuals and organizations gave their support over the year and we are extremely grateful to them all.

## Volunteers

The Friends of Amgueddfa Cymru continued to support our work in three main areas:

- As ambassadors for our work, providing a programme of talks, trips and other activities that complement our own educational activity.
- By providing a volunteer group to support our 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 our work. It is important to note that such activity is regarded as valuable additionality.
- By providing financial support for a number of projects, including the redevelopment of St Fagans and sponsorship of the organ recitals at National Museum Cardiff

Our Volunteer Co-ordinator worked with colleagues to enhance opportunities for volunteering across all our museums. As a result, we received over 25,500 hours of input from volunteers during 2016/17. This includes contributions towards behind the scenes curatorial and preventative conservation work, tours, learning activities for the public and helping to maintain our gardens and farm.

We have also developed Skills Development Placements for people with additional needs such as Downs syndrome and autism, which have greatly improved our offer for our communities. In turn these volunteers have enriched our offer to the public.

We are greatly indebted to all our volunteers for their commitment in growing this area of our activities.

## Sustainability Report

This report has been compiled in accordance with the guidelines laid down by HM Treasury in *Public Sector Annual Reports: Sustainability Reporting Guidance*.

We aim to create sustainable museums by developing sustainable practice in the operation of the seven museums and promoting sustainable living through our exhibitions, events and learning programs, for example helping schools promote Education for Sustainable Development through the SCAN project. We work closely with partners such as Cynnal Cymru and Sustrans on sustainable development issues.

In addition, much of our core research is aimed at improving understanding of both the natural and cultural environment, for example climate change research.

We have a Sustainable Development Forum that considers issues, makes recommendations to the directors and Trustees accordingly and drives forward policy development. The Forum actively promotes sustainable development practices across all sites.

More information on how we are creating sustainable museums, including our Environmental Statement, can be found at [www.museumwales.ac.uk/en/sustainability](http://www.museumwales.ac.uk/en/sustainability).

## Performance

Conserving the nation's treasures and opening our doors to over 1.5 million visitors a year uses a lot of energy. Our Energy Policy has been adopted as a major step towards improving energy efficiency, and to demonstrate our support for a reduction in greenhouse gas emissions. We participate in the CRC Energy Efficiency Scheme.

In 2016/17 there was a decrease in overall emissions by 8.0%, with both gas and electricity consumption being reduced. Overall waste increased by 7.7% following decreases in the previous two years. Water consumption increased by 11.1% in 2016/17, although this is still a 28% reduction compared with 2011/12. Both waste and water consumption are higher than normal levels due to the ongoing building construction works at St Fagans as part of the redevelopment project.

The tables below provide detailed financial and non-financial information on greenhouse gas emissions, waste and finite resource (water) consumption. The greenhouse gas scope 1 and scope 2 emissions data has been obtained from our CRC database, scope 3 emissions data has been calculated using annual mileage figures provided by our hire car supplier, the waste data is collated from individual site waste reports and water consumption data is extracted from billing information.

Greenhouse Gas Emissions		2016/17	2015/16	2014/15	2013/14	2012/13
Non-financial indicators (tCO <sub>2</sub> )	Scope 1 (Direct) Emissions – gas	1,424	1,440	1,500	1,600	1,763
	Scope 2 (In-direct) Emissions – purchased electricity	2,424	2,749	3,047	3,464	3,732
	Scope 3 (Business travel) Emissions	27	24	37	45	36
	<b>Total</b>	<b>3,875</b>	<b>4,213</b>	<b>4,584</b>	<b>5,109</b>	<b>5,531</b>
Related Energy Consumption (kWh'000)	Gas	7,705	7,783	8,086	8,673	9,540
	Electricity	5,426	5,538	5,716	6,404	7,109
	<b>Total</b>	<b>13,131</b>	<b>13,321</b>	<b>13,802</b>	<b>15,077</b>	<b>16,649</b>
Financial indicators (£)	Gas	169,481	174,564	192,203	268,211	296,370
	Electricity	548,415	517,647	571,349	587,226	644,728
	CRC administration fee	1,290	1,290	1,290	1,290	1,290
	Official Business Travel	147,169	183,978	200,089	198,233	175,775
	<b>Total</b>	<b>866,355</b>	<b>877,479</b>	<b>964,931</b>	<b>1,054,960</b>	<b>1,118,163</b>

#### Targets and Performance

Our Environmental Statement sets a target to reduce CO<sub>2</sub> produced by energy and transportation usage by 2% per annum. In 2016/17 there was a decrease of 8.0%. The decrease since 2012/13 is 29.9%.

The reductions in electricity consumption have been achieved by various measures, including the installation of a combined heat and power unit at National Museum Cardiff in 2011/12, installation of solar panels at Big Pit and the Collections Centre in 2012/13, a range of IT initiatives implemented from 2011/12 and the installation of a new lighting and control system in the art galleries at National Museum Cardiff over the past three years.

For a number of years we have encouraged sustainable travel modes for journeys to our sites by visitors and staff in various ways; for example the St Fagans redevelopment project includes a travel plan promoting sustainable travel for visitors and staff, and upgraded video conferencing equipment in 2011/12 has reduced the number of journeys between sites for meetings. Car hire CO<sub>2</sub> has fallen by 25% since 2012/13 due to a combination of fewer miles and more cars using diesel rather than petrol.

Waste		2016/17	2015/16	2014/15	2013/14	2012/13
Non-financial indicators (tonnes)	Hazardous waste	0.5	0.2	1.2	0.0	0.6
	Non-hazardous waste:					
	– Landfill	954.9	646.7	818.2	783.0	697.7
	– Reused/Recycled	1,853.2	1,953.6	1,968.8	2,099.2	1,629.1
	– Incinerated	33.4	28.1	19.7	24.7	3.2
	<b>Total waste</b>	<b>2,842.0</b>	<b>2,628.5</b>	<b>2,807.8</b>	<b>2,906.9</b>	<b>2,330.6</b>
Financial indicators (£)	<b>Total disposal cost</b>	<b>40,417</b>	<b>38,912</b>	<b>28,943</b>	<b>37,268</b>	<b>29,981</b>

#### Targets and Performance

The Greening Government commitments target on waste is a 25% reduction in the total overall volume of waste from 2009/10 levels by 2015.

We actively encourage the minimisation of waste through increased recycling and promotion of re-use and reduction across all our sites. The 47.7% increase in landfill waste in 2016/17 is due to a change in contractors for general waste at National Museum Cardiff, however we hope that non-biodegradable general waste will again be recycled once a new Energy from Waste plant is opened in Cardiff.

The project building works at St Fagans remain a significant cause of waste.

Finite Resource Consumption		2016/17	2015/16	2014/15	2013/14	2012/13
Non-financial indicators ('000m <sup>3</sup> )	<b>Total Water consumption</b>	<b>22,860</b>	<b>20,584</b>	<b>20,768</b>	<b>26,434</b>	<b>20,875</b>
Financial indicators (£)	<b>Total Water supply costs</b>	<b>67,506</b>	<b>64,923</b>	<b>79,437</b>	<b>74,915</b>	<b>71,774</b>

#### Targets and Performance

Our Energy Policy sets a target to reduce water consumption by 5% per annum. Water consumption has fallen overall by 28% since 2011/12.

In 2016/17 there has been an increase of 11.1% compared with the previous year. This is due mainly to an increase at St Fagans, resulting from project construction works, with smaller increases at National Museum Cardiff and the National Waterfront Museum. The other museums have achieved reductions.

#### Future Strategy

In 2017/18 we will build on progress already achieved in reducing greenhouse gas emissions, waste and water consumption. The Sustainable Development Forum has agreed a target of a 1% reduction in energy usage at all sites in 2017/18, compared with 2016/17 usage. Plans include completing works on further upgrades of lighting systems in galleries at National Museum Cardiff, funded by an Invest-to-Save loan from the Welsh Government, and exploration of further energy saving works such as introducing ultrasonic technology humidifiers. The Carbon Trust are due to visit all our sites in 2017/18 with a view to identify further energy saving options.

#### Biodiversity

We aim to protect, conserve, enhance and restore the diverse natural flora and fauna of all sites. Biodiversity audits have been carried out at all sites, providing information to assist decision making and effective conservation effort.

At National Museum Cardiff, the development of a natural history museum in the future 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 at St Fagans National Museum of History. Travelling exhibitions offer further opportunities to explore our impact on the world.

#### Sustainable procurement

We have adopted a Sustainable Development Procurement Policy & Action Plan. 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

We have adopted an environmental management system, achieved through BS8555, and developed a core of policies aimed at embedding sustainable development into operations, including:

- The SEREN Environmental Standard BS8555 – we are accredited with Phase 3 of this Standard across the organization
- A Sustainable Procurement Policy & Action Plan
- An Energy Policy

Our sustainability practices, processes and achievements are subject to external assessment under BS8555 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.

#### Valuation of Fixed Assets

Our 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 2016.

Heritage assets acquired before 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 a valuation at one particular moment in time. In line with Financial Reporting Standard (FRS) 30 on heritage assets, disclosures are covered in note 11 to the accounts.

Our interest in the property at the National Waterfront Museum is reflected by our 50% share in the joint venture company with the City & County of Swansea. Details of the joint venture interest are shown in note 9 to the accounts.

#### Prompt Payment Performance

We subscribe to the objectives of the Better Payment practice code issued by HM Treasury and aim to pay valid invoices within 30 days of receipt. The average time taken for payment of invoices during 2016/17 was five calendar days (six days in 2015/16), which includes 98% (by number) of invoices settled within 30 days (98% in 2015/16). There were no payments of interest under the Late Payment of Commercial Debts (Interest) Act 1998 (£Nil in 2015/16).

#### Policy on Reserves

As a body charged with the collection and conservation of heritage assets, including land and buildings, in order to achieve our aims and objectives the policy on reserves applies to disposable cash reserves only, and not to the total funds held.

Our reserves policy remains dependent upon, and restricted by, the authority granted by the Welsh Government in our Framework Agreement, which at the financial year-end 2016/17 limited cash reserves to 2% of 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.

Private funds are separately maintained and specified in the accounts. These are not subject to a carryover limit and our policy is to maximise and hold these funds for projects and capital schemes for which we are unable to receive core funding or generate other grant support, while remaining within any restrictions on use contained within the Private Funds.

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

Despite the current difficulties surrounding public finances and the challenging economic environment for fundraising from private sources, we are determined to continue our plans, including capital developments and refurbishments, to deliver the Vision priorities. We are dependent on Welsh Government to sustain the majority of our activities. In response to reductions in our core revenue grant-in-aid over recent years, we are implementing a staff costs reduction programme and an income generation plan. Our accounts have been prepared on a going concern basis and there are no other material uncertainties about our ability to continue.

Total Funds at 31 March 2017 were £105,267,000; an analysis is provided in note 19 to the accounts. Unrestricted public funds, excluding the pension reserve, were £4,222,000, of which approximately £4,100,000 has been allocated to various plans and future commitments including forecast budget deficits within the coming three years due to reductions in grant-in-aid, one-off costs of achieving ongoing savings on staff costs in order to balance the budget, and our agreed contributions from reserves to the redevelopment of St Fagans.

#### Investment Policy and Performance

Our Private Funds investments are actively managed by our advisors, Barclays. Our 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. The value of the investment portfolio increased during the year from £2,495,000 to £2,823,000.

We also hold, from bequests, an equity investment in eleven blue chip companies. The value of this portfolio increased during the year from £85,000 to £102,000.

The total value of investments held at 31 March 2017 was therefore £2,925,000.

#### Pension Liability

We operate a defined benefit Pension Scheme that is available to all permanent employees. The Scheme is underpinned by a Crown Guarantee. 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 FRS102, shows an increase in the deficit of £12.7m from £19.9m to £32.6m, following last year's reduction in the deficit by a similar amount. While the value of the Scheme's assets has increased from £108.8m to £125.7m, the Scheme's obligations have also increased. 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 FRS102 are shown in note 18 to the accounts.

The most recent triennial actuarial valuation of the scheme, to 31 March 2015, was agreed by Amgueddfa Cymru and the Scheme Trustees in May 2016, as was the associated recovery plan to remove the Scheme deficit. The plan will remove the deficit over a period of four years.

### Welsh Language Policy

In January 2017 we committed to comply with the Welsh Language Standards, as set out by the Welsh Government under Section 44 of the Welsh Language (Wales) Measure 2011. These Standards set clear expectations on us to provide services in Welsh to the public, and to promote the use of the Welsh language. We will produce and publish an annual report in March 2018 on our compliance with the Welsh Language Standards. The standards set for Amgueddfa Cymru have been determined by the Welsh Language Commissioner.

Our Welsh Language Policy is available on our website.

During 2016/17 we continued to develop our programme of Welsh-language events and activities and developed a partnership with the National Centre for Learning Welsh in Wales with a view to developing new activity programmes in 2017. We built on our existing programme of activities to support staff in improving their Welsh language skills and our growing community of Welsh learners. We also delivered an Action Plan covering April to September 2016, as part of preparations for the implementation of the new compliance with the Welsh Language Standards, which included providing training across all departments.

We received no formal complaints from visitors about our Welsh-language provision or any breaches of our Welsh Language Scheme.

*David Anderson*  
Accounting Officer and Director General  
Approved and signed on 13 July 2017

*Laurie Pavelin*  
Treasurer, on behalf of the Board of Trustees  
Approved and signed on 13 July 2017

## SECTION 2: ACCOUNTABILITY

### Section 2.1: Corporate Governance Report

#### 2.1.1 Directors' Report

##### BOARD OF TRUSTEES (From 1 April 2016 onwards)

###### President

Elisabeth Elias, MA, DL \*#

###### Vice President

Dr Haydn Ellis Edwards, B.Sc., MBA, Ph.D., FRSC, F.I.Mgt. \*# (completed term of office 30 September 2016)  
Dr Carol Bell \* # (Vice President from 1 October 2016)

###### Treasurer

Laurie Pavelin, CBE, FCA \* #

##### Appointed by the Welsh Government

Prof. Tony Atkins, BSc, MA, Ph.D., Sc.D., FIMechE, FIMMM, C.Eng, FR.Eng \*  
Carys Howell  
Jessica Seaton  
Rachel Hughes, MBA FInstLM #  
Michael Prior \* (appointed 1 January 2017)  
Dr Catherine Duigan (appointed 1 January 2017)  
Hywel John (appointed 1 January 2017)

##### Appointed by the National Museum of Wales

Dr Hywel Ceri Jones, CMG  
Baroness Kay Andrews, OBE #  
Keshav Singhal, FRCS, M.Ch.  
Victoria Provis, MBA  
Prof. Robert Pickard, BSc, Ph.D, FSB \*  
Dr Glenda Jones, BA (Hons), Ph.D #

\* Members of the Audit Committee

# Members of the Performance Review Committee

##### Independent Members of the Audit Committee

Eurfyl ap Gwilym (Chairman)  
Adrian Piper (completed term of office 28 January 2017)  
Rheon Tomos  
Michael Prior (resigned 31 December 2016)  
Sara Williams (appointed 16 March 2017)

##### DIRECTORATE (From 1 April 2016 onwards)

Director General	David Anderson
Director of Learning, Exhibitions & Digital Media	Janice Lane (to 31 August 2016)
Director of Gallery Development & Visitor Experience	Janice Lane (from 1 September 2016)
Director of Learning & Engagement	Nia Williams (from 17 October 2016)
Director of Finance & Corporate Resources	Neil Wicks
Acting Director of Collections & Research	Neil Wicks (to 31 August 2016)
Director of Collections & Research – Joint	Diane Gwilt (from 1 September 2016)
Director of Collections & Research – Joint	Richard Bevins (from 1 September 2016)
Acting Director of Operations	Stephanos Mastoris

Neil Wicks was also appointed Deputy Director General 12 September 2016.

Details of transactions with related parties involving directors or Trustees, including donations from Trustees, are disclosed in note 24 to the Accounts.

##### BOARD OF NMGW ENTERPRISES LTD. (From 1 April 2016 onwards)

Chris Jackson (Chairman)  
Richard Gloster  
Richard Nash  
David Anderson  
Karen James-Watkins (resigned 21 April 2017)  
Neil Wicks (appointed 10 May 2016)  
Jessica Seaton (appointed 10 May 2016)  
Yvonne Ruelle (Company Secretary, appointed 10 May 2016)

## The Format of the Accounts

The accounts are prepared under Section 9(4) of the Museums & Galleries Act 1992 in a form directed by the Welsh Government with the approval of the Treasury. A copy of the Accounts Direction is available on application to the Director of Finance & Corporate Resources. The accounts are compliant with the requirements of the Charities Statement of Recommended Practice (FRS102).

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

## 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 2017 are contained in note 7 to the 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 Bank PLC, Cardiff
Solicitors:	Geldards LLP, Cardiff
Internal Auditors:	RSM Assurance Services LLP, Cardiff
Investment Managers:	Barclays, Cardiff
Taxation:	Deloitte & Touche LLP, Cardiff
Pension Fund Administrators:	BBS Consultants and Actuaries Ltd, Bristol

## 2.1.2 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 Charities Statement of Recommended Practice FRS102 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, for safeguarding Amgueddfa Cymru's assets, and for the

preparation of annual report and accounts that are fair, balanced and understandable, 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.

## 2.1.3 Annual Governance Statement

### 1. Scope of Responsibility

The Accounting Officer and Trustees have responsibility for maintaining a sound governance framework and system of internal control that support the achievement of the Amgueddfa Cymru policies, aims and Vision, as set by the Board of Trustees, while 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 governance framework, incorporating 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 governance framework is based on an ongoing process designed to identify and prioritize the risks to the achievement of our 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 governance framework has been in place for the year ended 31 March 2017, and up to the date of approval of the annual report and accounts, and accords with Treasury guidance. In support of the governance framework, we issue to Trustees a Corporate Governance & Standards Framework which sets out the authority and powers of the Board of Trustees and those powers that are delegated to Committees, directors and staff. We also operate fraud and whistleblowing policies which are subject to audit review.

### 3. The Governance Framework

Our governance arrangements are compliant with the Code of Governance for the Voluntary and Community Sector issued by the National Governance Hub and endorsed by the Charity Commission. The Trustees have complied with the duty in section 2 of the Charities Act 2011 to have due regard to guidance published by the Charity Commission on public benefit. Delivery of such benefit, as set out in our aims and objectives, is comprehensively reported on in this Financial Report.

The following paragraphs summarize the governance framework, including the system of internal control, that has been in place during the year ended 31 March 2017. 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)

2016/17 has been the second year of our ten-year Vision of Inspiring people, Changing lives. Through this Vision our purpose is to: Inspire people through our museums and collections to find a sense of well-being and identity, to discover, enjoy and learn bilingually and to understand Wales's place in the wider world.

During the year we published our Well-being Statement, available on our website, setting out how our Vision and Commitments contribute to the seven well-being goals laid out in the The Well-being of

Future Generations (Wales) Act 2015 and how we are striving to deliver our outcomes through the five ways of working in the Act.

Our performance against the objectives is monitored through a series of qualitative and quantitative indicators, using the Vision metrics framework. The Operational Plan and associated Vision metrics are monitored by the Directors and progress is incorporated into the Operational Plan Monitoring Report on a quarterly basis and reported to the Joint Executive Group, Performance Review Committee and Welsh Government quarterly meetings. The Board of Trustees receives the information from these in a quarterly Director General's Report, which summarises performance for the quarter.

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

The Board of Trustees 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 in the supplemental Royal Charter and in accordance with the principles of open selection as recommended by the Nolan Review. An Appointments sub-committee assists and advises on the process. All new appointees follow an induction programme, and receive a Corporate Governance & Standards Framework that includes a Trustee handbook, shortly after their appointment. No members of the Board of Trustees are remunerated. Details of their company directorships and other significant interests are maintained in a Register of Interests, which is available to the public and held at National Museum Cardiff.

A schedule of Board of Trustee members throughout the year and up until the date of this report, including retirements and new appointments, is included in the Directors' Report at section 2.1.1 of 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.

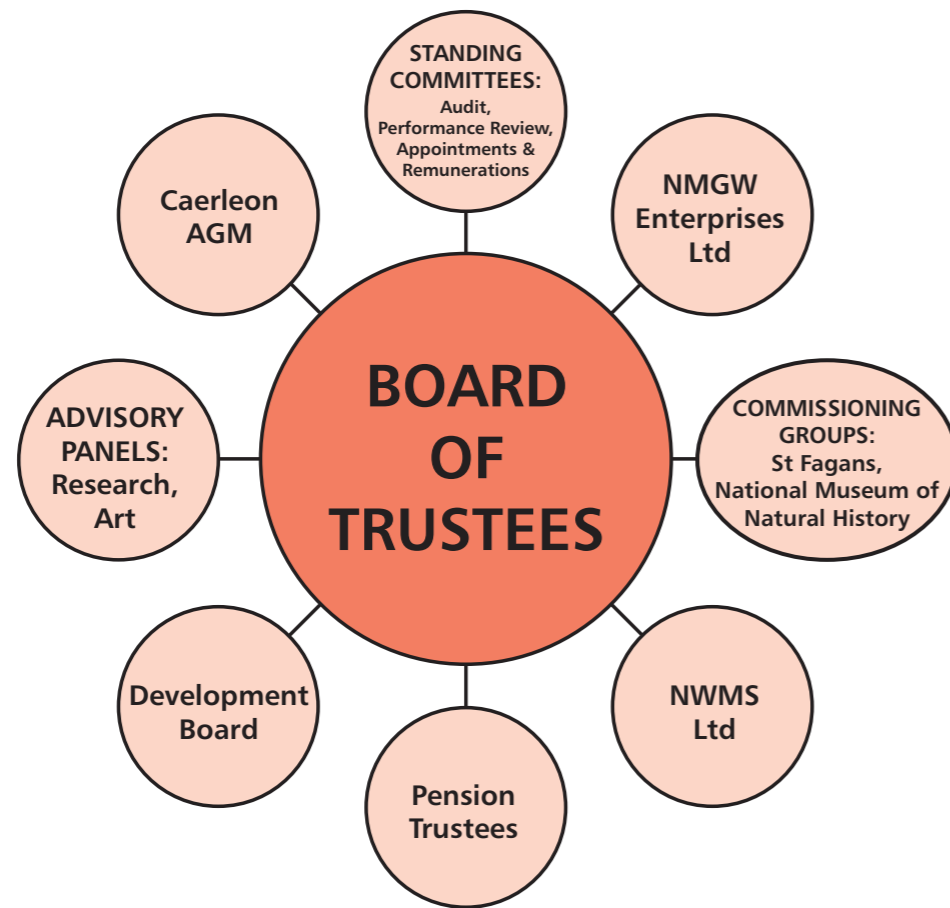
Trustee	Date of Board of Trustees Meeting 2016/17							No of meetings	Attendance %	
	25 04 16 E	25 05 16	30 06 16	04 08 16 E	29 09 16	15 12 16	16 03 17			
Elisabeth Elias	✓	✓	✓	✓	✓	✓	✓	7/7	100%	
Dr Haydn Ellis Edwards	✓	✓	✓	✓	✓	Completed term of office 30 09 16		5/5	100%	
Dr Carol Bell	✓	✗	✓	✓	✓	✓	✓	6/7	86%	
Laurie Pavelin	✓	✓	✓	✓	✗	✓	✓	6/7	86%	
Prof. Tony Atkins	✓	✓	✓	N/A	✓	✓	✓	6/6	100%	
Victoria Provis	✓	✓	✗	✓	✓	✓	✓	6/7	86%	
Keshav Singhal	✓	✗	✓	✓	✗	✗	✓	4/7	57%	
Prof. Robert Pickard	✓	✓	✗	N/A	✓	✓	✓	5/6	83%	
Dr Glenda Jones	✓	✓	✓	✓	✓	✓	✓	7/7	100%	
Dr Hywel Ceri Jones	✓	✓	✗	✓	✗	✗	✓	4/7	57%	
Baroness Kay Andrews	✓	✓	✓	N/A	✓	✓	✓	6/6	100%	
Jessica Seaton	✓	✓	✗	✓	✓	✓	✗	5/7	71%	
Carys Howell	✓	✗	✓	✓	✓	✓	✓	6/7	86%	
Rachel Hughes	✓	✓	✓	✓	✓	✓	✓	7/7	100%	
Michael Prior	Appointed 01 01 17							✗	0/1	0%
Dr Catherine Duigan								✓	1/1	100%
Hywel John								✓	1/1	100%

E = electronic

N/A = quorum of electronic votes already received

The Board of Trustees delegates some authority to various sub-committees, principally the Performance Review Committee, which has a broad remit to monitor financial, operational and performance issues, and the Audit Committee, which has an independent chair plus three other independent members. These committees meet on a quarterly basis and report to the Board of Trustees. Terms of Reference clearly define the remit and responsibilities of each committee.

The relationship between the Board and its committees is shown below:



The Trustees also appoint the Board of NMGW Enterprises Limited, the subsidiary company directing our trading activities. In addition to Trustee directors, other non-executive directors with specific relevant experience are appointed. A schedule of those Board Members is included in the Directors' Report at section 2.1.1 of the Financial Report.

Day-to-day operational issues are led and managed by the Senior Management Team, comprising the directors, the details of whom are also included in this report. All directors are 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

We support Lord Nolan's seven principles for public life, and endorse the Museums Association Code of Ethics and strives to ensure that all employees and Trustees apply to these principles. All Trustees are expected to comply fully with our 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, the Welsh language, equalities and information management. The Financial Regulations, policies and procedures are available to all staff on our Intranet. We continue to invest time and resources to provide development and training opportunities (both formal and informal) for employees. We have 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.

We encourage volunteers, work experience, placements and apprenticeships. All volunteers undergo an induction, which includes health and safety relating both to the role and the department in which they are volunteering.

We require all staff to act honestly and with integrity and to safeguard the public resources for which they are responsible. We consider that theft or fraud of any description – no matter what the value – is totally unacceptable and have the following policies to prevent and deal with such occurrences:

- Whistleblowing
- Fraud & Corruption
- HR policies regarding disciplining of staff involved in such incidents.

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

No matters were raised during the year under our Whistleblowing Policy. Our Whistleblowing and Fraud & Corruption policies were reviewed and approved by the Audit Committee in May 2016, in line with the normal three-year review cycle.

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

In 2016/17 around 1.55 million people visited the museums. We take the safety of staff and visitors seriously and have a series of policies and procedures, including a Child Protection Policy, 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 our functions is 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. Board meetings are held in public and minutes are published on our 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 review and assessment of risks conducted regularly by the Risk Management Group. These reviews are scrutinised by the Performance Review Committee and the Audit Committee. By drawing on the experience of Internal Audit, who attend the Risk Management Group meetings, and by the experience of the independent members of the Audit Committee, the process is regularly refreshed.

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 assistance from Internal Audit, with particular reference to HM Treasury's Orange Book on risk management and the Welsh Government's manual on risk management – Risk Essentials. The policy was reviewed and confirmed during 2016/17.

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. A Strategic Risk Register is maintained by the Group with risks prioritised according to likelihood and potential impact. The group regularly reviews Divisional Risk Registers and engages with all directors and heads of department regarding changes in potential threats, ensuring that risk management is embedded throughout the organization. The identification and management of risks is also a standing item on the agendas of divisional meetings and Senior Management Team meetings. 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 our main registers.

The group may also be requested to consider specific potential risks identified by the Board of Trustees and the Performance Review and Audit committees. Furthermore, the Performance Review and Audit committees review the Strategic 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 Head of Internal Audit, which aids access to issues of concern in other bodies. The Internal Auditor's programme of work specifically cross-references to the risks identified and is also informed by the Directorate and Audit Committee.

During 2016/17 Internal Audit carried out a review of our Risk Management and Assurance Framework, concluding that 'the Board can take reasonable assurance that the controls upon which the organization relies to manage this area are suitably designed and consistently applied'. The review identified some issues which are being addressed. The Risk Management Group agreed a new risk register template in March 2017, and completed re-wording the risks on the Strategic Risk Register and transferring these to the new template in April 2017. The Divisional Risk Registers will be reviewed and updated in 2017/18.

Threats to the security of all our assets is a fundamental risk, requiring mitigating actions. The other major risk is reduced income due to reductions in grant-in-aid and the erosion of existing funding in real terms, which is being mitigated by a savings and income generation programme. These risks are regularly reviewed by Internal Audit, the Risk Management Group and the Board of Trustees.

#### 3.4.2 Information Security

We have information security procedures in place to ensure the confidentiality, integrity and availability of information that we hold and process, and to ensure compliance with the Data Protection Act and Freedom of Information Act. These include:

- directors being responsible for the authorization and control of all removable media
- an Information Security Policy
- a Data Protection Policy
- guidance and policy regarding the handling of information issued to all staff
- maintaining and reporting on statutory compliance with the Freedom of Information and Data Protection acts
- the Performance Review and Audit committees receiving reports on data handling arrangements.

Our Information Security policies and procedures are being reviewed as part of the preparation for Cyber Essentials Plus/IASME certification. The Information Security Policy has already been reviewed and approved by the Information Strategy Group.

The Audit Committee receive an annual report in respect of compliance with the Freedom of Information and Data Protection Acts.

We reported one personal data incident to the Information Commissioner's Office (ICO) in 2016/17 relating to the inadvertent transmission of an e-mail to the wrong person. We notified the person affected immediately and have updated procedures to ensure this will not happen again. The ICO ruled that no further action was necessary.

Our Electronic Document and Records Management System, called Stôr, is now live following completion of the pilot in 2015/16, and provides storage for corporate, finance and IT documents.

A new site for policies and procedures went live during the year. Stôr provides:

- a standard information architecture to maintain necessary security while opening up our data to all members of staff and user communities
- a simple, rapid and authoritative response to Freedom of Information and Data Protection Act access enquiries.

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

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.

Each Board member meets formally with the President every other year as part of a review process, and the President then presents a report to the Board of Trustees.

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 our Framework Document, best practice and Managing Welsh Public Money. It includes:

- forecasting and monitoring budgets, with regular financial reports highlighting actual and forecast expenditure against budget
- clearly defined capital expenditure plans
- formal project management disciplines
- regular consultation and involvement of Internal Audit throughout the development of, or changes to systems
- close liaison with external auditors
- seeking specialist advice where considered appropriate
- regular reporting to the Board of Trustees, sub-committees and the Welsh Government
- regular management review.

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

We operate a programme of public engagement and consultation in accordance with the Royal Charter and our Consultation Scheme and Policy.

Long-term active collaboration with third and public sector partners has over the past six years diversified and broadened our public programmes. Working together provides opportunities for strategic joint-planning on volunteer programmes across organizations. We have established a number of engagement forums including a Diversity Forum, a Teacher Forum, an Adult Learning Forum and a Craft Forum. The Volunteer Forum provides partnership agreements with the Wallich, Diverse Cymru, the Wales Council for Voluntary Action, Volunteer Cardiff Services, Quest Support, New-Link Wales and others. We have also established Youth Forums at each of our museums, through which young people get involved in our work.

We are working with the Welsh Government as a member of the Steering Group developing the Welsh Government Museums Strategy for Wales.

We have a Communications Strategy, which is designed to promote the organization, our Vision, objectives and priorities. Social networks, including Twitter and Facebook, are increasingly used to communicate with target audiences. Frequent press releases are issued to promote activities and a monthly e-newsletter is provided to subscribers.

We recognise the importance of internal communications and have continued to implement the Internal Communications Plan. We also provide electronic and face-to-face internal briefings to staff to ensure they are involved in and updated on decision-making.

We recognise trade unions and management have met and consulted with them regularly during the year. Union representatives have been invited to attend Staff Executive Committee for Human and Financial Resources.

We have a publications scheme and stakeholders are able to access a range of publications, policies and procedures, in addition to Board minutes and financial statements, on our website.

## 4. Review of Effectiveness

The Director General, as the Accounting Officer, has responsibility for reviewing the effectiveness of the governance framework, including the system of internal control and whistleblowing arrangements. The review of the effectiveness of the governance framework is informed by the work of the internal and external

auditors, other professional advisors and the Senior Management Team, who have responsibility for the development and maintenance of the internal control framework. Comments made by the external auditors in their management letter and other reports also inform the review.

The Accounting Officer has been advised on the effectiveness of the governance framework by the Trustees, the Audit Committee and directors, and plans to address issues and ensure continuous improvement of the system are in place. More information is provided on these plans in section 5 on Governance Issues and Future Improvements below, which also notes that no significant governance or internal control issues arose during the year.

Evaluation questionnaires are completed by the Board and the Audit Committee on a biannual basis. In addition individual Trustee appraisals are conducted by the President on a biannual basis.

Evaluation questionnaires were last completed by the Board and the Audit Committee in 2015/16. The findings were very positive overall. The next evaluations will be completed in 2017/18.

We have 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.
- 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 Independent Chairman being considered by the Board of Trustees
- Regular reports from Internal Auditor 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 2017, the Internal Auditor concluded that we have an adequate and effective framework for risk management, governance and internal control, although some minor further enhancements are needed to ensure the framework remains adequate and effective.
- The Internal Auditor conducts a review of compliance with the principles of the Code of Good Governance for the Third Sector in Wales on a 3 yearly basis; the latest review was carried out early in 2017/18 and confirmed that we are compliant with the Code
- The Wales Audit Office, our external auditor, provides a Management Letter report 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, Landfill Tax Inspectors, Mine Safety Inspectorate and Investors in People.

## 5. Governance Issues and Future Improvements

No significant governance or internal control issues arose during the year. This is supported by the Internal Audit Annual Report.

During 2016/17 we continued to implement our ten-year Vision, which was agreed by the Board in March 2015. The challenge remains to deliver our Vision in the context of the economic climate and specifically the reductions in grant-in-aid from the Welsh Government and lack of certainty on future grant-in-aid levels.

Moving forward we will:

- ensure integration of the Well-being of Future Generations (Wales) Act across the organization
- further review our structures to support delivery of the new Vision within available resources
- continue to increase income generation and deliver commercial income projects
- implement the Welsh Language Standards
- implement the Human Resources Strategy

- develop and implement the Training & Development Strategy
- improve processes across the organisation, including implementation of new systems
- ensure compliance with new General Data Protection Regulations
- achieve Cyber Essentials Plus/IASME certification
- deliver the redevelopment of St Fagans National Museum of History.

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 13 July 2017

*Laurie Pavelin*  
Treasurer, on behalf of the Board of Trustees  
Approved and signed on 13 July 2017

## Section 2.2: Remuneration & Staff Report

### Equality of Opportunity

We have a range of policies that support our compliance with The Equality Act 2010, which places a statutory General Duty on all public sector organizations to have due regard to the need to eliminate unlawful discrimination and harassment and to promote equality of opportunity between men and women both in employment and in the provision of services to the public.

We have continued to roll out training and development in Dignity at Work to staff in 2016/17. We also provided equalities training to raise awareness and improve service delivery. These include courses provided by the Downs Syndrome Association, Open Up To Autism, Stonewall, Vocal Eyes and a number of staff have been trained as Dementia Friends.

During the year we have again celebrated events such as LGBT History Month and Black History Month with successful events taking place at National Museum Cardiff and the National Waterfront Museum, as well as the annual Swansea Sparkle event being hosted at the National Waterfront Museum in November. We are also working with a wide range of community partners on the Our Museums initiative at St Fagans funded by the Paul Hamlyn Foundation. The project aims to provide volunteer placements for people from diverse backgrounds to bring museums and communities together. We have been awarded further funding to extend this work across all our museums.

### Policies for Disabled Employees

We have a guaranteed interview scheme which aims to create a level playing field for disabled applicants in the recruitment process. Any disabled applicant who meets the minimum requirements for the post will automatically be invited to an interview.

We have policies in place to support disabled employees to apply for reasonable adjustments in the workplace. Where any physical feature of the workplace puts a disabled member of staff at a substantial disadvantage in comparison with persons who are not disabled, a request can be made so that measures can be put in place to prevent this. Arrangements made can include, for example, changes to working patterns, job content or design, layout and type of furniture and specialist IT equipment or software.

Our Training & Development policy is open to all staff regardless of protected characteristics. Reasonable adjustments can also be applied to eliminate barriers for participation in our staff learning and development programmes.

### Staff Consultation

We continue to comply with the 2005 Information and Consultation regulations, and consult with staff, both directly and through recognised unions, on major changes in the organization. Monthly Staff Forum meetings are held between management and recognised trade union representatives to discuss matters of importance, and the minutes of these meetings are formally reported to the Senior Management Team. Representatives of our recognised unions attend the monthly Staff Executive Group meetings, facilitating openness and transparency. 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.

We have continued to consult with staff and trade unions on major changes faced by the organization. The priorities in 2016/17 have been changes to premium payments, a review of weekend working for front of house staff and a savings programme.

Staff briefings have been held across all our museums to keep staff informed of changes to our financial position and the options being considered by the Senior Management Team. The Director General also sends regular communications to staff to update them on any further developments.

### Staff Training

We continue to invest time and resources to provide development and training opportunities (both formal

and informal) for employees. We have identified Investors in People (IIP) status as an important external measure of this commitment. With the exception of National Museum Cardiff, all of our museums have achieved IIP status. We are currently working towards IIP accreditation at National Museum Cardiff and the National Collections Centre. A 'Raising the Standard workshop' has been held with the HR Department and further workshops are scheduled for the Senior Management Team and Heads of Department with a staff questionnaire to follow. Assessment using the new IIP criteria (6th Generation) will take place in 2017/18.

Over 2016/17 we have offered staff training in a wide number of areas. These include leadership and management development, professional development and skills based training. We also offer courses in areas such as dignity at work, equality and diversity and health and safety to ensure compliance with related legislation, as well as personal development opportunities as required.

An apprenticeship scheme has been developed at Big Pit to train Miner Guides as it is becoming increasingly difficult to recruit to these positions. This forms part of the succession plan for Big Pit and the apprenticeship programme is currently planned to continue for the next five years. Two apprentices have already started with a further two expected to start work in September 2017.

### Sickness Absence Data

We have policies to support the management of attendance at work and long-term absence is considered 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 2017 was 5.5% (4.6% in 2015/16).

To support our attendance management processes and encourage staff wellbeing we offer an Employee Assistance Programme (EAP), which is a free, independent and confidential service available to all staff. The EAP offers advice, information, specialist counselling and support. Its services include telephone counselling, resources for managers, information and advice on a wide range of issues, face-to-face counselling and an online information service.

### Remuneration Report

We have 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.

Each year we consider the remuneration package and develop a pay remit proposal, which is submitted to the Welsh Government for approval and forms the basis of negotiations with the recognised unions. This results in an updated 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.

The Director General's salary consists of a basic salary with a potential annual bonus. The amount of any bonus is agreed by the Appointments & Remuneration Committee consisting of the President, Vice President, Treasurer and Trustees Victoria Provis and Dr Glenda Jones. The performance of the Director General is reviewed against a set of pre-determined objectives and this evaluation is then considered by the Committee, taking account of guidance issued by the Welsh Government.

The directors are shown on page 15 and further details of their remuneration and pension benefits are included below 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 & Remuneration Committee and (where appropriate) the Welsh Government. The relationship between the remuneration of the highest-paid director in the organization and the median remuneration of the organization's workforce is disclosed below.

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 as directors are:

David Anderson (Director General)	11 October 2010
Richard Bevins	1 September 2016
Diane Gwilt	1 September 2016
Janice Lane	3 September 2012
Stephanos Mistoris (Acting)	14 December 2015
Neil Wicks	27 June 2011
Nia Williams	17 October 2016

Provision for compensation for early termination of employment is contained in our standard redundancy arrangement. Details of any severance payments to employees during the year can be found in note 8 to the accounts.

Included within our operating costs are amounts of £nil (£29,000 in 2015/16) for agency staff and £1,000 (£24,000 in 2015/16) for consultancy staff. No individuals were employed in 2016/17 or 2015/16 under 'off-payroll' arrangements at more than £220 per day and for longer than six months.

### The Remuneration and Pension Benefits of the Directors

Single Total Figure of Remuneration	Salary band	Bonus band	Benefits in kind	Pension benefits	Total band
	2016/17	2016/17	2016/17	2016/17	2016/17
	(2015/16)	(2015/16)	(2015/16)	(2015/16)	(2015/16)
	£'000	£'000	£'000	£'000	£'000
David Anderson Director General	95-100 (95-100)	- -	- -	22 (19)	120-125 (115-120)
Neil Wicks Director of Finance & Corporate Resources, Deputy Director General	80-85 (80-85)	- -	- -	13 (89)	90-95 (170-175)
Janice Lane Director of Gallery Development & Visitor Experience Digital Media	70-75 (70-75)	- -	- -	8 (12)	80-85 (85-90)
Stephanos Mistoris Acting Director of Operations	70-75 (20-25)	- -	- -	12 (9)	80-85 (25-30)
Richard Bevins Joint Director of Collections & Research	40-45 (-)	- -	- -	9 (-)	45-50 (-)
Diane Gwilt Joint Director of Collections & Research	40-45 (-)	- -	- -	4 (-)	40-45 (-)
Nia Williams Director of Learning & Engagement	26-30 (-)	- -	- -	2 (-)	25-30 (-)

The directors are all ordinary members of the pension scheme. The value of pension benefits accrued during the year in the above table has been calculated following the guidance in the Cabinet Office's Employer Pension Notice 452, as the real increase in pension multiplied by 20 plus the real increase in any lump sum, less the contributions made by the individual. The real increase excludes increases due to inflation or any increases or decreases due to a transfer of pension rights.

The directors were employed for the whole of 2015/16 and 2016/17, except for:

- Richard Bevins, who took up office on 1 September 2016 alongside his existing role as Keeper of Natural Sciences. His emoluments as Joint Director of Collections & Research consisted of a basic salary as shown above. His annualised salary as Joint Director of Collections & Research for 2016/17 was between £65,000 and £70,000.

- Diane Gwilt, who took up office on 1 September 2016 alongside her existing role as Keeper of Collections Services. Her emoluments as Joint Director of Collections & Research consisted of a basic salary as shown above. Her annualised salary as Joint Director of Collections & Research for 2016/17 was between £65,000 and £70,000.
- Nia Williams, who took up office on 16 October 2016, leaving her previous role as Head of Learning. Her emoluments as Director of Learning & Engagement consisted of a basic salary as shown above. Her annualised salary as Director of Learning & Engagement for 2016/17 was between £55,000 and £60,000.

The emoluments of the Director General consisted of a basic salary of £100,000 (£100,000 in 2015/16) plus a non-consolidated bonus based on performance. The Director General gave up his rights to his bonus in 2016/17 and 2015/16 and therefore no bonus was awarded in either year.

Pension Benefits	Real increase/ (decrease) in pension and related lump sum at age 60 £	Accrued pension at age 60 at 31 March 2017 and related lump sum £	CETV at 31 March 2017 £'000	CETV at 31 March 16 or at date of appointment if later £'000	Real increase/ (decrease) in CETV in excess of members contributions £'000
David Anderson Director General	0-2,500 plus 2,500-5,000 lump sum	5,000-10,000 plus 20,000-25,000 lump sum	203	155	35
Neil Wicks Director of Finance & Corporate Resources, Deputy Director General	0-2,500 plus 0-2,500 lump sum	30,000-35,000 plus 95,000-100,000 lump sum	564	475	71
Janice Lane Director of Gallery Development & Visitor Experience	0-2,500 plus 0-2,500 lump sum	20,000-25,000 65,000-70,000 lump sum	404	339	50
Stephanos Mistoris Acting Director of Operations	0-2,500 plus 2,500-5,000 lump sum	5,000-10,000 plus 25,000-30,000 lump sum	226	185	30
Richard Bevins Joint Director of Collections & Research	0-2,500 plus 5,000-7,500 lump sum	30,000-35,000 plus 100,000-105,000 lump sum	908	925	(34)
Diane Gwilt Joint Director of Collections & Research	0-2,500 plus 0-2,500 lump sum	20,000-25,000 plus 65,000-70,000 lump sum	558	578	(31)
Nia Williams Director of Learning & Engagement	0-2,500 plus 0-2,500 lump sum	10,000-15,000 plus 35,000-40,000 lump sum	238	245	(12)

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 funded by the employer. It does not include the increase in accrued pension due to inflation, or contributions paid by the employee (including the value of any benefits transferred from another pension scheme).

### Number of Employees

The average number of employees in 2016/17, excluding workers engaged under our pool arrangements, was 585 (609 in 2015/16). Including workers engaged under our pool arrangements, the average number was 756 (768 in 2015/16).



The average number of full time equivalent employees, including workers engaged under our pool arrangement, was as follows:

	Permanent Staff	Other Staff	2016/17 Number	2015/16 Number
Trading Subsidiary	37	6	43	43
Fundraising	5	2	7	8
Learning, Exhibitions & Digital Media	49	8	57	54
Collections & Research	98	4	102	108
Museum Operations	230	40	270	284
Support	50	2	52	55
	<u>469</u>	<u>62</u>	<u>531</u>	<u>552</u>
	Female Staff	Male Staff	2016/17 Number	2015/16 Number
Directors	2	3	5	4
Employees	263	263	526	548
	<u>265</u>	<u>266</u>	<u>531</u>	<u>552</u>

#### Employees (Excluding Directors) Whose Emoluments Exceeded £60,000

There were no employees in 2016/17 (one in 2015/16) whose emoluments were between £70,000 and £79,999. There were four employees (six in 2015/16) whose emoluments for the year were between £60,001 and £69,999. All of these employees are ordinary members of our pension scheme. There were no other employees who earned over £60,000 except for the directors whose emoluments are disclosed above.

#### 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. The banded remuneration of the Director General, who was the highest-paid director in 2016/17, was £95,000-£100,000 (2015/16 £95,000-£100,000). This was 4.2 times (2015/16 4.1 times) the median remuneration of the workforce, which was £22,945 (2015/16 £23,917). No employees received remuneration in excess of the Director General in 2016/17 or 2015/16. Remuneration (excluding Directors) ranged from £15,934 to £61,512 (2015/16 £13,041-£78,000). Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions. Workers engaged under our pool arrangements have not been included in the median salary calculations.

	2016/17	2015/16
Band of Highest Paid Individual's Remuneration	95,000-100,000	95,000-100,000
Median Total	22,945	23,917
Ration	4.2	4.1

The median remuneration of the workforce for 2016/17 excludes premium payments for weekend working, as these ceased during the year. If the premium payments actually received in 2016/17 prior to these being ceased are included in the calculation, the median remuneration for 2016/17 would be £23,342.

David Anderson  
Accounting Officer and Director General  
Approved and signed on 13 July 2017

Laurie Pavelin  
Treasurer, on behalf of the Board of Trustees  
Approved and signed on 13 July 2017

## Section 2.3: Audit Report

### 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 2017 under section 9 of the Museums and Galleries Act 1992. These comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet and the Consolidated Cash Flow Statement and related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

#### 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 of the Museums and Galleries Act 1992 and Welsh Ministers' directions made there under and for ensuring the regularity of financial transactions.

My responsibility is to audit, certify and report on the financial statements in accordance with applicable law and with International Standards on Auditing (UK and Ireland). These standards require me to comply with the Financial Reporting Council'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 National Museum of Wales circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by National Museum of Wales; and the overall presentation of the financial statements.

In addition, I obtain evidence sufficient to give reasonable assurance that the expenditure and income have been applied to the purposes intended by the National Assembly for Wales and the financial transactions conform to the authorities which govern them.

In addition I read all the financial and non-financial information in the Financial Report of the Board of Trustees to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate and report.

#### Opinion on Financial Statements

In my opinion the financial statements:

- give a true and fair view of the state of National Museum of Wales affairs as at 31 March 2017 and of its net income, 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 in the financial statements have been applied to the purposes intended by the National Assembly for Wales and the financial transactions recorded in the financial statements 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 made under the Museum and Galleries Act 1992 and
- the information in 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 Annual Governance Statement does not reflect compliance with HM Treasury guidance;
- sufficient accounting records have not been kept;
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns;
- 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  
19 July 2017

Wales Audit Office  
24 Cathedral Road  
Cardiff  
CF11 9LJ

*The maintenance and integrity of Amgueddfa Cymru's website is the responsibility of the Accounting Officer; the work carried out by auditors does not involve consideration of these matters and accordingly auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.*

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR YEAR ENDED 31 MARCH 2017

Notes	Public funds		Private Funds		2016/17	2015/16
	Restricted £'000	Unrestricted £'000	Restricted £'000	Unrestricted £'000	Total £'000	Total £'000
<b>INCOME AND ENDOWMENTS FROM:</b>						
<b>Donations &amp; Legacies</b>						
	Grants	21,915	0	0	28,318	30,999
3	6,403					
	Donations & Legacies	0	395	286	972	1,890
4	291					
		<b>21,915</b>	<b>395</b>	<b>286</b>	<b>29,290</b>	<b>32,889</b>
	<b>Other Trading Activities</b>	<b>2,708</b>	<b>0</b>	<b>0</b>	<b>2,708</b>	<b>2,878</b>
5	0					
	<b>Income from Investments</b>	<b>0</b>	<b>63</b>	<b>10</b>	<b>73</b>	<b>60</b>
	<b>Other Income</b>	<b>1,493</b>	<b>14</b>	<b>2</b>	<b>1,509</b>	<b>1,385</b>
6	0					
	<b>TOTAL INCOME AND ENDOWMENTS</b>	<b>6,694</b>	<b>472</b>	<b>298</b>	<b>33,580</b>	<b>37,212</b>
		<b>26,116</b>				
	<b>EXPENDITURE ON:</b>					
	<b>Raising Funds:</b>					
	Expenditure on Raising Donations & Legacies	497	10	66	573	338
	Expenditure on Other Trading Activities	2,391	0	0	2,391	2,459
5	0					
		<b>2,888</b>	<b>10</b>	<b>66</b>	<b>2,964</b>	<b>2,797</b>
	<b>Charitable Activities:</b>					
	Learning, Exhibitions & Digital Media	3,679	58	1	3,839	2,477
	Collections & Research	6,650	181	4	7,619	5,211
	Museum Operations	14,911	68	4	15,484	8,504
	Governance	574	0	0	574	382
		<b>25,814</b>	<b>307</b>	<b>9</b>	<b>27,516</b>	<b>16,574</b>
	<b>Other:</b>					
	Pension Finance Costs	675	0	0	675	1,050
18e	0					
	<b>TOTAL EXPENDITURE</b>	<b>1,386</b>	<b>317</b>	<b>75</b>	<b>31,155</b>	<b>20,421</b>
		<b>29,377</b>				
	<b>Share of Joint Venture</b>					
	Net Gains/(Losses) on Investments	0	297	47	344	(82)
9	(76)					
12	0					
	<b>NET INCOME/EXPENDITURE</b>	<b>5,232</b>	<b>452</b>	<b>270</b>	<b>2,693</b>	<b>16,714</b>
		<b>(3,261)</b>				
	<b>OTHER RECOGNISED GAINS/(LOSSES):</b>					
	Gains/(Losses) on revaluation of fixed assets	5	19	5	1,213	(1,385)
10	1,184					
	Actuarial (Losses)/Gains on defined benefit pension scheme	(12,531)	0	0	(12,531)	1,552
18d	0					
	<b>NET MOVEMENT IN FUNDS</b>	<b>6,416</b>	<b>471</b>	<b>275</b>	<b>(8,625)</b>	<b>16,881</b>
		<b>(15,787)</b>				
	<b>RECONCILIATION OF FUNDS:</b>					
	Total Funds Brought Forward	113,274	11,979	1,210	113,892	97,011
19	113,274					
	<b>TOTAL FUNDS CARRIED FORWARD</b>	<b>119,690</b>	<b>12,450</b>	<b>1,485</b>	<b>105,267</b>	<b>113,892</b>
19	119,690					
		<b>(28,358)</b>				

The above Statement of Financial Activities includes all recognised gains and losses.

All activities are continuing.

The non-consolidated net decrease in funds recorded in Amgueddfa Cymru's own Statement of Financial Activities during 2016/17 was £8,616,000 (an increase of £16,860,000 in 2015/16).

The notes on pages 36 to 52 form part of these accounts.

## CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2017

	Notes	Amgueddfa Cymru		Consolidated	
		2017 £'000	2016 £'000	2017 £'000	2016 £'000
<b>FIXED ASSETS</b>					
Tangible Assets	10	98,132	88,840	98,192	88,906
Heritage Assets	11	23,187	22,464	23,187	22,464
Share of Joint Venture:	9				
Share of gross assets		9,451	9,525	9,451	9,525
Share of gross liabilities		(3)	(1)	(3)	(1)
		<u>9,448</u>	<u>9,524</u>	<u>9,448</u>	<u>9,524</u>
Investments	12	2,925	2,580	2,925	2,580
		<u>133,692</u>	<u>123,408</u>	<u>133,752</u>	<u>123,474</u>
<b>CURRENT ASSETS</b>					
Stock	13	6	9	219	322
Debtors due within one year	14	2,585	6,397	1,670	5,433
Investments	21	780	1,522	780	1,522
Cash at bank and in hand	21	5,526	4,590	6,412	5,475
		<u>8,897</u>	<u>12,518</u>	<u>9,081</u>	<u>12,752</u>
<b>CURRENT LIABILITIES</b>					
Creditors due within one year	15	(3,095)	(2,023)	(3,228)	(2,203)
<b>NET CURRENT ASSETS</b>		<u>5,802</u>	<u>10,495</u>	<u>5,853</u>	<u>10,549</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>139,494</u>	<u>133,903</u>	<u>139,605</u>	<u>134,023</u>
<b>CREDITORS</b>					
Amounts falling due after one year	16	(1,757)	(182)	(1,757)	(182)
<b>NET ASSETS EXCLUDING PENSION SCHEME LIABILITY</b>		<u>137,737</u>	<u>133,721</u>	<u>137,848</u>	<u>133,841</u>
Defined benefit pension scheme deficit	18a	(32,581)	(19,949)	(32,581)	(19,949)
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITY</b>		<u>105,156</u>	<u>113,772</u>	<u>105,267</u>	<u>113,892</u>
<b>FUNDS</b>	19				
Public Funds Restricted – Income		109,392	104,160	109,392	104,160
Public Funds Restricted – Revaluation		10,298	9,114	10,298	9,114
<b>Total Public Funds Restricted</b>		<u>119,690</u>	<u>113,274</u>	<u>119,690</u>	<u>113,274</u>
Public Funds Unrestricted – Income		4,085	7,237	4,196	7,357
Public Funds Unrestricted – Revaluation		26	21	26	21
Pension Reserve		(32,580)	(19,949)	(32,580)	(19,949)
<b>Total Public Funds Unrestricted</b>		<u>(28,469)</u>	<u>(12,691)</u>	<u>(28,358)</u>	<u>(12,571)</u>
Private Funds Restricted – Income		12,287	11,835	12,287	11,835
Private Funds Restricted – Revaluation		163	144	163	144
<b>Total Private Funds Restricted</b>		<u>12,450</u>	<u>11,979</u>	<u>12,450</u>	<u>11,979</u>
Private Funds Unrestricted – Income		1,438	1,168	1,438	1,168
Private Funds Unrestricted – Revaluation		47	42	47	42
<b>Total Private Funds Unrestricted</b>		<u>1,485</u>	<u>1,210</u>	<u>1,485</u>	<u>1,210</u>
		<u>105,156</u>	<u>113,772</u>	<u>105,267</u>	<u>113,892</u>

Signed on behalf of the Trustees by

David Anderson  
Accounting Officer and Director General  
Approved and signed on 13 July 2017

Laurie Pavelin  
Treasurer, on behalf of the Board of Trustees  
Approved and signed on 13 July 2017

The notes on pages 36 to 52 form part of these accounts.

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

	Notes	Consolidated Cash Flow Statement					
		Public funds		Private Funds		2016/17	2015/16
		Restricted £'000	Unrestricted £'000	Restricted £'000	Unrestricted £'000	Total £'000	Total £'000
<b>Net Cash Inflow from Operating Activities</b>	20	8,609	(1,001)	166	232	8,006	9,750
<b>Cashflows from Investing Activities:</b>							
Purchase of tangible fixed assets		(8,450)	(191)	0	0	(8,641)	(11,020)
Purchase of heritage assets		(723)	0	0	0	(723)	(487)
Net purchase of investments		0	0	(1)	0	(1)	(1)
<b>Net Cash provided by/(used in) Investing Activities</b>		<u>(9,173)</u>	<u>(191)</u>	<u>(1)</u>	<u>0</u>	<u>(9,365)</u>	<u>(11,508)</u>
<b>Cashflows from Financing Activities:</b>							
Loan repayments		0	(43)	0	0	(43)	(43)
Cash inflow from new loans		239	1,358	0	0	1,597	160
<b>Net Cash provided by/(used in) Financing Activities</b>		<u>239</u>	<u>1,315</u>	<u>0</u>	<u>0</u>	<u>1,554</u>	<u>117</u>
<b>Increase/(Decrease) in Cash</b>		<u>(325)</u>	<u>123</u>	<u>165</u>	<u>232</u>	<u>195</u>	<u>(1,641)</u>
<b>Cash and cash equivalents at start of year</b>		<u>(3,230)</u>	<u>5,854</u>	<u>3,898</u>	<u>475</u>	<u>6,997</u>	<u>8,638</u>
<b>Cash and cash equivalents at end of year</b>	21	<u>(3,555)</u>	<u>5,977</u>	<u>4,063</u>	<u>707</u>	<u>7,192</u>	<u>6,997</u>
<b>Amgueddfa Cymru Cash Flow Statement</b>							
<b>Net Cash Inflow from Operating Activities</b>	20	8,609	(1,020)	166	232	7,987	9,820
<b>Cashflows from Investing Activities:</b>							
Purchase of tangible fixed assets		(8,450)	(173)	0	0	(8,623)	(10,981)
Purchase of heritage assets		(723)	0	0	0	(723)	(487)
Net purchase of investments		0	0	(1)	0	(1)	(1)
<b>Net Cash provided by/(used in) Investing Activities</b>		<u>(9,173)</u>	<u>(173)</u>	<u>(1)</u>	<u>0</u>	<u>(9,347)</u>	<u>(11,469)</u>
<b>Cashflows from Financing Activities:</b>							
Loan repayments		0	(43)	0	0	(43)	(43)
Cash inflow from new loans		239	1,358	0	0	1,597	160
<b>Net Cash provided by/(used in) Financing Activities</b>		<u>239</u>	<u>1,315</u>	<u>0</u>	<u>0</u>	<u>1,554</u>	<u>117</u>
<b>Increase/(Decrease) in Cash</b>		<u>(325)</u>	<u>122</u>	<u>165</u>	<u>232</u>	<u>194</u>	<u>(1,532)</u>
<b>Cash and cash equivalents at start of year</b>		<u>(3,230)</u>	<u>4,969</u>	<u>3,898</u>	<u>475</u>	<u>6,112</u>	<u>7,644</u>
<b>Cash and cash equivalents at end of year</b>	21	<u>(3,555)</u>	<u>5,091</u>	<u>4,063</u>	<u>707</u>	<u>6,306</u>	<u>6,112</u>

The statement headings and format have been updated in 2016/17 for the first time in line with the Charities SORP (FRS102).

The notes on pages 36 to 52 form part of these accounts.

## Notes to the Accounts for the Year Ended 31 March 2017

### 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 on the accruals basis 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 Charities Statement of Recommended Practice FRS102, (Charities SORP (FRS102)), 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 (FRS102) 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 Ltd (NWMS Ltd), 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 equity method of accounting. The accounts of NWMS Ltd for the year to 31 March 2017 have been approved and received an unqualified audit opinion. A copy of the accounts can be obtained from our Principal Office at National Museum Cardiff, Cathays Park, Cardiff CF10 3NP.

#### 1.3 Subsidiary Undertakings

We operate 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 2017 have been approved and received an unqualified audit opinion. A copy of the accounts can be obtained from our Principal Office at National Museum Cardiff, Cathays Park, Cardiff CF10 3NP.

#### 1.4 Income and Resources

All income is recognised in the Statement of Financial Activities when the conditions for receipt have been met. Grants are credited on a receivable basis, with any un-spent non-Grant-in-Aid grant income being deferred to the following year. Income for services performed is credited when the service is provided. Donations and bequests are accounted for when receipt is deemed probable, as defined in FRS102.

#### 1.5 Expenditure

Expenditure is apportioned across expenditure heads on the basis of direct allocation and indirect apportionment in the case of support costs as appropriate. Expenditure on Raising Donations & Legacies includes all fundraising expenditure. Expenditure on Other Trading Activities includes all expenditure associated with the trading subsidiary. Expenditure on charitable activities includes all expenditure associated with Learning, Exhibitions and Digital Media; Collections and Research; Museum Operations; and Governance. 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 £10,000 are capitalised. Items of a capital nature costing less than £10,000 are not capitalised and are written off in-year. Previous to 1 April 2014, items of a capital nature costing in excess of £5,000 were capitalised.

Land and buildings assets are professionally valued every five years on the basis of their current value in existing use assuming that the properties would be sold as part of continuing business and are revalued using an index in the intervening period. Revaluation gains are recognised in the Statement of Financial Activities under Gains/(losses) on the revaluation of fixed assets, except to the extent to which they offset any previous write off of expenditure in the Statement of Financial Activities, in which case the gain is reversed against the relevant expenditure heading. Revaluation losses are recognised as an expense under the relevant expenditure heading in the Statement of Financial Activities except to the extent to which they offset any previous revaluation gains, in which case the loss is shown under Gains/(losses) on the revaluation of fixed assets. 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 our aims and include land, buildings, exhibits and artefacts. With effect from 1 April 2001 heritage assets purchased by or donated to us with an individual value of £5,000 or greater, or of £10,000 or greater from 1 April 2014, 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 (approximately 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 (FRS102), 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 our general objectives.

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.

Revaluation reserves represent accumulated gains/losses on revaluation of fixed assets arising from 1 April 2011 onwards.

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

We maintain a stock of publications and other items for sale in our shops. These are valued at the lower of cost and net realisable value.

#### 1.11 Investments

Investments are shown at market value. It is our 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

We recognise 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

We have 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 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.

### 1.17 Severance costs

Severance payments under the Voluntary Redundancy Scheme and Mutually Assured Resignation Scheme are recognised in the accounting period in which severance has been formally approved and agreed with the employee.

## 2. Statement of Financial Activities comparatives

	Notes	Public Funds		Private Funds		2015/16 Total £'000
		Restricted £'000	Unrestricted £'000	Restricted £'000	Unrestricted £'000	
<b>INCOME AND ENDOWMENTS FROM:</b>						
<b>Donations &amp; Legacies</b>						
Grants	3	8,351	22,648	0	0	30,999
Donations & Legacies	4	385	0	1,192	313	1,890
		<b>8,736</b>	<b>22,648</b>	<b>1,192</b>	<b>313</b>	<b>32,889</b>
<b>Other Trading Activities</b>	5	0	2,878	0	0	2,878
<b>Income from Investments</b>		0	0	50	10	60
<b>Other Income</b>	6	0	1,367	15	3	1,385
<b>TOTAL INCOME AND ENDOWMENTS</b>		<b>8,736</b>	<b>26,893</b>	<b>1,257</b>	<b>326</b>	<b>37,212</b>
<b>EXPENDITURE ON:</b>						
<b>Raising Funds:</b>						
Expenditure on Raising Donations & Legacies	7&8	0	285	13	40	338
Expenditure on Other Trading Activities	5	0	2,459	0	0	2,459
		<b>0</b>	<b>2,744</b>	<b>13</b>	<b>40</b>	<b>2,797</b>
<b>Charitable Activities:</b>						
Learning, Exhibitions & Digital Media		333	2,107	1	36	2,477
Collections & Research		1,846	3,185	176	4	5,211
Museum Operations		1,649	6,822	29	4	8,504
Governance		0	382	0	0	382
		<b>3,828</b>	<b>12,496</b>	<b>206</b>	<b>44</b>	<b>16,574</b>
<b>Other:</b>						
<b>Pension Finance Costs</b>	18e	0	1,050	0	0	1,050
<b>TOTAL EXPENDITURE</b>		<b>3,828</b>	<b>16,290</b>	<b>219</b>	<b>84</b>	<b>20,421</b>
<b>Share of Joint Venture</b>	9	5	0	0	0	5
<b>Net Gains/(Losses) on Investments</b>	12	0	0	(67)	(15)	(82)
<b>TOTAL INCOME/EXPENDITURE</b>		<b>4,913</b>	<b>10,603</b>	<b>971</b>	<b>227</b>	<b>16,714</b>
<b>TRANSFERS BETWEEN FUNDS</b>		0	0	500	(500)	0
<b>OTHER RECOGNISED GAINS/(LOSSES):</b>						
(Losses)/Gains on revaluation of fixed assets	10	(1,385)	(4)	3	1	(1,385)
Actuarial Gains/(Losses) on defined benefit pension scheme	18d	0	1,552	0	0	1,552
<b>NET MOVEMENT IN FUNDS</b>		<b>3,528</b>	<b>12,151</b>	<b>1,474</b>	<b>(272)</b>	<b>16,881</b>
<b>RECONCILIATION OF FUNDS:</b>						
<b>Total Funds Brought Forward</b>	19	109,746	(24,722)	10,505	1,482	97,011
<b>TOTAL FUNDS CARRIED FORWARD</b>	19	<b>113,274</b>	<b>(12,571)</b>	<b>11,979</b>	<b>1,210</b>	<b>113,892</b>

## 3. Grants Receivable

	Public Restricted £'000	Public Unrestricted £'000	2016/17 £'000	2015/16 £'000
Revenue Grant in Aid	0	21,239	21,239	21,721
Specimen Purchase Grant-in-Aid	538	0	538	538
Capital Grant-in-Aid	1,600	0	1,600	2,991
Other government grant	4,265	676	4,941	5,749
	<b>6,403</b>	<b>21,915</b>	<b>28,318</b>	<b>30,999</b>

We received total Grant-in-Aid from the Welsh Government of £23,377,000 (£25,250,000 in 2015/16) which comprises the Revenue, Specimen Purchase and Capital Grant-in-Aid.

Other government grant included Heritage Lottery Fund grant of £4,210,000 (£5,290,000 in 2015/16), of which £4,122,000 was for the St Fagans redevelopment project, including £3,924,000 recognised under public restricted funds and £197,000 under public unrestricted funds, matching the allocation of project expenditure to those funds. Other government grant also included Heritage Memorial Fund grant of £341,000 (£nil in 2015/16), European Union grant of £15,000 (£43,000 in 2015/16), Arts Council of Wales grant of £nil (£26,000 in 2015/16), Cardiff Council grant of £15,000 (£4,000 in 2015/16) and Welsh Government grant of £360,000 (£386,000 in 2015/16).

## 4. Donations & Legacies

	Public Funds		Private Funds		2016/17 £'000	2015/16 £'000
	Restricted £'000	Unrestricted £'000	Restricted £'000	Unrestricted £'000		
Donated Assets	0	0	0	0	0	479
Other donations	291	0	395	286	972	1,411
	<b>291</b>	<b>0</b>	<b>395</b>	<b>286</b>	<b>972</b>	<b>1,890</b>

There were no donated assets during the year. All valuations of donated (or part-donated) assets in the previous year were carried out by curatorial staff or other qualified staff, or by reference to invoices/acceptance in lieu correspondence.

Other donations include non-government grants received as contributions towards specimen purchases, the St Fagans redevelopment project and other projects. These included £210,000 from The Art Fund (£93,000 in 2015/16), £275,000 from People's Postcode Trust (£250,000 in 2015/16) and £100,000 from The Wolfson Foundation (£nil in 2015/16).

## 5. Trading Subsidiary

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

	2016/17 £'000	2015/16 £'000
Turnover	2,534	2,702
Cost of sales	(2,021)	(2,121)
<b>Gross Profit</b>	<b>513</b>	<b>581</b>
Administrative expenses	(363)	(331)
Other operating income	169	169
<b>Profit on ordinary activities before interest</b>	<b>319</b>	<b>419</b>
Interest receivable	5	7
Interest payable	(7)	(7)
<b>Profit on ordinary activities before taxation</b>	<b>317</b>	<b>419</b>
Tax on profit on ordinary activities	0	0
<b>Profit for the financial year</b>	<b>317</b>	<b>521</b>
Gift aid payable to the Museum	(326)	(397)
<b>Retained profit for the financial year</b>	<b>(9)</b>	<b>22</b>

The consolidated Statement of Financial Activities includes the subsidiary's turnover, other operating income and interest receivable as income from trading subsidiary, and cost of sales, administrative expenses and interest payable as costs of trading subsidiary.

## 6. Other Income

	Public Funds		Private Funds		2016/17 £'000	2015/16 £'000
	Restricted £'000	Unrestricted £'000	Restricted £'000	Unrestricted £'000		
Learning, Exhibitions & Digital Media	0	224	0	0	224	72
Collections & Research	0	465	0	0	465	394
Museum Operations	0	756	0	0	756	803
Support	0	48	14	2	64	116
	<b>0</b>	<b>1,493</b>	<b>14</b>	<b>2</b>	<b>1,509</b>	<b>1,385</b>

## 7. Total Resources Expended

### (a) Amgueddfa Cymru

	Direct Costs £'000	Depre- ciation £'000	Impairment of fixed assets reversal £'000	Support Costs				2016/17 £'000	2015/16 £'000
				Marketing, Press & PR £'000	Finance £'000	ICT £'000	Human Resources £'000		
<b>Expenditure on Raising Funds</b>									
Raising Donations & Legacies	502	0	0	16	18	23	14	573	338
	502	0	0	16	18	23	14	573	338
<b>Expenditure on Charitable Activities</b>									
Learning, Exhibitions & Digital Media	3,480	125	-43	62	68	93	54	3,839	2,477
Collections & Research	6,605	590	-201	140	154	210	121	7,619	5,211
Museum Operations	14,288	621	-210	211	233	317	184	15,644	8,664
Governance	434	0	0	31	35	47	27	574	382
	24,807	1,336	-454	444	490	667	386	27,676	16,734
<b>Pension Finance Costs</b>	675	0	0	0	0	0	0	675	1,050
<b>Total Expenditure</b>	<b>25,984</b>	<b>1,336</b>	<b>-454</b>	<b>460</b>	<b>508</b>	<b>690</b>	<b>400</b>	<b>28,924</b>	<b>18,122</b>

### (b) Consolidated

	Direct Costs £'000	Depre- ciation £'000	Impairment of fixed assets reversal £'000	Support Costs				2016/17 £'000	2015/16 £'000
				Marketing, Press & PR £'000	Finance £'000	ICT £'000	Human Resources £'000		
<b>Expenditure on Raising Funds</b>									
Raising Donations & Legacies	502	0	0	16	18	23	14	573	338
Trading Subsidiary	2,367	24	0	0	0	0	0	2,391	2,459
	2,869	24	0	16	18	23	14	2,964	2,797
<b>Expenditure on Charitable Activities</b>									
Learning, Exhibitions & Digital Media	3,480	125	-43	62	68	93	54	3,839	2,477
Collections & Research	6,605	590	-201	140	154	210	121	7,619	5,211
Museum Operations	14,128	621	-210	211	233	317	184	15,484	8,504
Governance	434	0	0	31	35	47	27	574	382
	24,647	1,336	-454	444	490	667	386	27,516	16,574
<b>Pension Finance Costs</b>	675	0	0	0	0	0	0	675	1,050
<b>Total Expenditure</b>	<b>28,191</b>	<b>1,360</b>	<b>-454</b>	<b>460</b>	<b>508</b>	<b>690</b>	<b>400</b>	<b>31,155</b>	<b>20,421</b>

The amount of £44,009 (£40,600 in 2015/16) is included in resources expended for external auditors' remuneration, £43,409 (£40,000 in 2015/16) for the audit fee and £600 (£600 in 2015/16) for other work. This includes £4,475 (£4,760 in 2015/16) for the trading subsidiary audit fee and £600 (£600 in 2015/16) for other work for the trading subsidiary.

The amount of £nil (£38,000 in 2015/16) is included in resources expended in respect of EU grant related expenditure.

73.1% of total expenditure during the year was on staff costs. The percentage for 2015/16 was 46.4%, however if the significant prior service cost credit to pension service costs (see note 18e) and the impairment of land and buildings following the external valuation at 31 March 2016 are excluded, staff costs in 2015/16 would have been 69.4% of total resources expended.

## 8. Staff Costs

### (a) Staff Costs during the year:

	Consolidated	
	2016/17 £ '000	Restated 2015/16 £ '000
Salaries & Wages	16,056	14,849
Social Security Costs	1,528	1,045
FRS102 Pension Service Costs (note 18e)	3,164	(7,494)
Severance Costs	1,354	29
	22,102	8,429
FRS102 Pension Finance Costs (note 18e)	675	1,050
	22,777	9,479

The comparators for 2015/16 have been restated by an increase of £62,000 to correct an error in calculating Salaries and Wages costs. The comparators for expenditure in the SOFA were correctly stated.

Included within the staff costs are £1,104,000 (£1,175,000 in 2015/16) relating to the trading subsidiary.

Staff costs also include £2,880,000 for the buy-out of premium payments and related social security costs for week-end working, which ceased during the year. This includes £2,524,000 paid during the year and £356,000 agreed as at 31 March 2017 to be paid in instalments.

Severance costs include payments under our Voluntary Redundancy Scheme and Mutually Assured Resignation Scheme.

Our Voluntary Redundancy Scheme, enhancing statutory payments by a factor of 4, was taken up by 28 employees in 2016/17, incurring costs of £1,332,000 (£12,000 in 2015/16).

One employee left Amgueddfa Cymru under our Mutually Assured Resignation Scheme in 2016/17, incurring costs of £22,000 (£17,000 in 2015/16). Severance payments under this scheme are calculated on the basis of one month's pay for each complete year of continuous service, up to a maximum of 12, capped at £40,000.

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

Trustees do not receive any emoluments. The total amount of travel, subsistence and accommodation expenses reimbursed by us for our Board and committee members was £16,000 (£19,000 in 2015/16). This does not include any expenses waived by trustees as this is immaterial. A total of 17 trustees were reimbursed expenses during the year.

## 9. Share of Joint Venture

We are an equal member, with the City & County of Swansea, of National Waterfront Museum Swansea Ltd (NWMS Ltd) (Charity No 1090512), a company limited by guarantee. The principal objective of NWMS Ltd 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 Ltd 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.

Our 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	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Donations and Legacies	5	5	2	2
Other income	0	168	0	84
<b>Total incoming resources</b>	<b>5</b>	<b>173</b>	<b>2</b>	<b>86</b>
Charitable activity expenditure	152	157	76	79
Governance costs	5	5	2	2
<b>Total resources expended</b>	<b>157</b>	<b>162</b>	<b>78</b>	<b>81</b>
Revaluation of Fixed Assets	0	0	0	0
<b>Net Movement in Funds</b>	<b>(152)</b>	<b>11</b>	<b>(76)</b>	<b>5</b>

	Total Assets and Liabilities		Share of Assets and Liabilities	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Fixed Assets	18,896	19,048	9,448	9,524
Current Assets	6	1	3	1
Liabilities due within one year	(7)	(2)	(3)	(1)
Liabilities due after more than one year	(45)	(45)	0	0
<b>Net Assets</b>	<b>18,850</b>	<b>19,002</b>	<b>9,448</b>	<b>9,524</b>
<b>Funds</b>				
General Fund (unrestricted)	18,848	19,000	9,447	9,523
Restricted Fund	2	2	1	1
	<b>18,850</b>	<b>19,002</b>	<b>9,448</b>	<b>9,524</b>

## 10. 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 2016	1,550	25,473	60,696	1,185	2,781	91,685
Additions in Year	0	8,375	0	413	172	8,960
Impairment reversal	19	1	438	0	0	458
Revaluation	8	593	627	0	0	1,228
<b>At 31 March 2017</b>	<b>1,577</b>	<b>34,442</b>	<b>61,761</b>	<b>1,598</b>	<b>2,953</b>	<b>102,331</b>
<b>Depreciation</b>						
At 1 April 2016	0	0	4	759	2,082	2,845
Charge for the Year	0	531	472	143	190	1,336
Impairment reversal	0	0	4	0	0	4
Revaluation	0	9	5	0	0	14
<b>At 31 March 2017</b>	<b>0</b>	<b>540</b>	<b>485</b>	<b>902</b>	<b>2,272</b>	<b>4,199</b>
<b>Net Book Value</b>						
At 1 April 2016	1,550	25,473	60,692	426	699	88,840
<b>At 31 March 2017</b>	<b>1,577</b>	<b>33,902</b>	<b>61,276</b>	<b>696</b>	<b>681</b>	<b>98,132</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 2016	1,550	25,473	60,696	1,185	2,911	91,815
Additions in Year	0	8,375	0	413	190	8,978
Disposal					(2)	(2)
Impairment reversal	19	1	438	0	0	458
Revaluation	8	593	627	0	0	1,228
<b>At 31 March 2017</b>	<b>1,577</b>	<b>34,442</b>	<b>61,761</b>	<b>1,598</b>	<b>3,099</b>	<b>102,477</b>
<b>Depreciation</b>						
At 1 April 2016	0	0	4	759	2,146	2,909
Charge for the Year	0	531	472	143	214	1,360
Disposal					(2)	(2)
Impairment reversal	0	0	4	0	0	4
Revaluation	0	9	5	0	0	14
<b>At 31 March 2017</b>	<b>0</b>	<b>540</b>	<b>485</b>	<b>902</b>	<b>2,358</b>	<b>4,285</b>
<b>Net Book Value</b>						
At 1 April 2016	1,550	25,473	60,692	426	765	88,906
<b>At 31 March 2017</b>	<b>1,577</b>	<b>33,902</b>	<b>61,276</b>	<b>696</b>	<b>741</b>	<b>98,192</b>

Our land and buildings were professionally valued on 31 March 2016 by External Valuer, Andrew Gardner of Cooke and Arkwright Chartered Surveyors. The valuations were in accordance with the requirements of the Royal Institution of Chartered Surveyors Valuation – Professional Standards UK January 2014 (revised April 2015) and the International Valuation Standards 2013, and with the Charities SORP (FRS102). The valuation of each owner occupied property was on the basis of being valued to Current Value in Existing Use assuming that the properties would be sold as part of continuing business. 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, estimated by Cooke and Arkwright Chartered Surveyors. The estimated index value was 290 in March 2017 (285 in March 2016).

## 11. 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. We are 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.

We maintain and review our 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 our Principal Office at National Museum Cardiff, Cathays Park, Cardiff CF10 3NP.

### (b) Collection Management Costs

	2016/17 £'000	2015/16 £'000
<b>Collection management costs</b>		
Conservation	900	1,002
Collections Information	225	219
Collection Services	263	228
Collection Centre	44	29
	<b>1,432</b>	<b>1,478</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	6,679	160	329	7,168
Purchased Assets	9,278	5,664	1,077	16,019
<b>Total at 31 March 2017</b>	<b>15,957</b>	<b>5,824</b>	<b>1,406</b>	<b>23,187</b>

(i) Heritage Assets donated during the year  
There were no heritage assets donated during 2016/17.

(ii) Heritage Assets purchased during the year:

	Art £'000	Historic Buildings £'000	Other £'000	Total £'000
Pair of Silver Charles II Andirons	541	-	-	541
Sandbanks on the Mawddach, Barmouth, 1863-64 – John Ingle Lee	125	-	-	125
Portrait of a Lady – Richard Wilson	12	-	-	12
Llys Rhosyr materials	-	22	-	22
Vulcan Hotel materials	-	23	-	23
<b>Total Additions in Year</b>	<b>678</b>	<b>45</b>	<b>0</b>	<b>723</b>
Total at 1 April 2016	8,600	5,619	1,077	15,296
<b>Total at 31 March 2017</b>	<b>9,278</b>	<b>5,664</b>	<b>1,077</b>	<b>16,019</b>

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

(iii) Capitalised specimen acquisition over the last five years:

	2016/17 £'000	2015/16 £'000	2014/15 £'000	2013/14 £'000	2012/13 £'000
<b>Donated Assets</b>					
Art	0	272	1,240	1,239	226
Historic Buildings	0	0	0	0	40
Other	0	185	0	25	35
<b>Total Donated Assets</b>	<b>0</b>	<b>457</b>	<b>1,240</b>	<b>1,264</b>	<b>301</b>
<b>Purchased Assets</b>					
Art	678	474	135	1,120	297
Historic Buildings	45	0	0	0	0
Other	0	13	0	80	42
<b>Total Purchased Assets</b>	<b>723</b>	<b>487</b>	<b>135</b>	<b>1,200</b>	<b>339</b>
<b>Total Capitalised Specimen Acquisition</b>	<b>723</b>	<b>944</b>	<b>1,375</b>	<b>2,464</b>	<b>640</b>

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

Non-capitalised specimen acquisition spend over the last five years:

	2016/17 £'000	2015/16 £'000	2014/15 £'000	2013/14 £'000	2012/13 £'000
Art	54	57	71	25	43
Natural Sciences	60	39	33	71	93
Industry	0	1	2	2	0
Conservation	0	15	7	7	14
Library	85	75	88	78	103
History	116	123	266	112	171
	<b>315</b>	<b>310</b>	<b>467</b>	<b>295</b>	<b>424</b>

Expenditure includes acquisitions valued at less than £10,000 (acquisitions valued at less than £5,000 prior to 2014/15), fieldwork, collections refurbishment and renovation.

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

Number of items held:

There are c. 5.1 million items in Amgueddfa Cymru's collections

Archaeology & Numismatics	1,275,107
Art	44,153
Biodiversity	2,439,515
Geology	428,209
Industry	278,677
National Wool Museum	12,000
Library	263,302
Social & Cultural History	396,823
<b>Total</b>	<b>5,137,786</b>

(i) Archaeology & Numismatics: the Department holds a collection of 790,554 items at National Museum Cardiff, as well as 484,553 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 at 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: a collection of 2,439,515 botany and zoology items is held 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: 428,209 items are held 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: 278,677 objects are held in collections at the National Slate Museum in Llanberis, Big Pit National Coal Museum in Blaenafon, the National Waterfront Museum in Swansea and in our Collections Centre in Nantgarw, where they can be viewed by appointment. The collections include 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, and the library housed at St Fagans, contain 263,302 books and periodicals. This includes a collection of rare and special edition books, particularly in natural history. The Library 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 396,823 items, housed at St Fagans. It covers the domestic, cultural, agricultural and commercial aspects of the people of Wales from the Middle Ages to the present day. We illustrate and interpret these aspects with over forty re-constructed buildings spread across one hundred acres of land. The collection also has extensive photographic, film and sound archives.

## 12. Fixed Asset Investments

	Amgueddfa Cymru		Consolidated	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
At 1 April 2016	2,580	2,661	2,580	2,661
Additions to investments at cost	417	429	417	429
Disposals at market value	(416)	(428)	(416)	(428)
Net Gain/(Loss) on Revaluation	344	(82)	344	(82)
Market Value at 31 March 2017	2,925	2,580	2,925	2,580

Of total investments of £2,925,000, £2,446,000 (£2,149,000 at 31 March 2016) was held in Restricted Private Funds and £479,000 (£431,000 at 31 March 2016) in Unrestricted Private Funds.

The historic cost of investments at 31 March 2017 was £2,131,000 (£2,091,000 at 31 March 2016). The portfolio consists of Collective Investments (Unit Trusts) authorised by the Securities and Investments Board (these were professionally valued by our investment managers, Barclays) and shareholdings (bequeathed to us) listed on the London Stock Exchange.

The investments were held in the following asset classes:

	Amgueddfa Cymru		Consolidated	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
UK Listed Investments	1,672	1,488	1,672	1,488
Non UK Listed Investments	1,171	1,016	1,171	1,016
Cash & Cash Deposits	82	76	82	76
	2,925	2,580	2,925	2,580

## 13. Stock

	Amgueddfa Cymru		Consolidated	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Shop Goods for Sale	0	0	263	379
Publications stock held separately	23	26	23	26
Less: Provision for stock write off	(17)	(17)	(67)	(83)
	6	9	219	322

## 14. Debtors

	Amgueddfa Cymru		Consolidated	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Trade Debtors	27	66	135	157
Amount due from trading subsidiary	682	715	0	0
Loan due from trading subsidiary	301	301	0	0
Other Debtors	1,364	5,153	1,286	5,073
Prepayments	211	162	249	203
	2,585	6,397	1,670	5,433
Balances with:				
Central government bodies	1,312	4,948	1,313	4,950
NHS bodies	0	0	1	0
Local authorities	2	6	5	11
Sub total intra government balances	1,314	4,954	1,319	4,961
Bodies external to government	1,271	1,443	351	472
Total	2,585	6,397	1,670	5,433

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

	Amgueddfa Cymru		Consolidated	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Loans	22	43	22	43
Trade Creditors	1	87	26	128
Accruals and Deferred Income	3,072	1,893	3,180	2,032
	3,095	2,023	3,228	2,203
Balances with:				
Central government bodies	226	242	226	244
Local authorities	59	3	59	3
Sub total intra government balances	285	245	285	247
Bodies external to government	2,810	1,778	2,943	1,956
Total	3,095	2,023	3,228	2,203

A loan of £22,000 is outstanding from the Carbon Trust, which is repayable within 1 year.

Accruals and Deferred Income includes £711,000 un-spent grant income deferred to the following year (£824,000 at 31 March 2016), and also £59,000 provisions for personal injury claim settlements.

## 16. Creditors: Amounts falling due after one year

	Amgueddfa Cymru		Consolidated	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Loans	1,757	182	1,757	182

Loans of £1,757,000 are outstanding from the Welsh Government's Invest-to-Save fund, of which £1,721,000 is repayable within 2 to 5 years and £36,000 in more than 5 years.

## 17. Operating Lease Commitments

	Amgueddfa Cymru		Consolidated	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Expiring: Between one and five years	0	0	0	1

## 18. Pensions

We operate 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 2015. This was updated at 31 March 2017 by a qualified independent actuary using guidelines issued by HM Treasury.

The FRS102 valuation as at 31 March 2017 showed an increase in the deficit from £19,949,000 to £32,581,000. This follows a decrease in the deficit from £30,861,000 in the previous year.

Our contribution to the scheme in the year to 31 March 2017 amounted to £3,738,000 (£2,916,000 to 31 March 2016). This includes contributions at a rate of 21.3% of Pensionable Remuneration, and salary forgone by members under salary-sacrifice arrangements introduced 1 April 2016, which we pay over to the Scheme.

We expect to contribute £3,780,000 to the Scheme in 2017/18. The projected total charge to the Statement of Financial Activities in 2017/18 is £5,098,000, and the projected deficit at 31 March 2018 is therefore £33,899,000.

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

	2017 £'000	2016 £'000
Fair value of assets	125,738	108,771
Defined benefit obligation	(158,319)	(128,720)
<b>(Deficit)</b>	<b>(32,581)</b>	<b>(19,949)</b>

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

	2017 £'000	2016 £'000
Opening fair value of assets	108,771	111,525
Interest income	3,881	3,950
Employer's contributions	3,738	2,916
Members' contributions	279	1,253
Scheme expenses	(430)	(348)
Actuarial experience gains/(losses)	14,122	(6,203)
Benefits paid	(4,623)	(4,322)
<b>Closing fair value of assets</b>	<b>125,738</b>	<b>108,771</b>

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

	2017 £'000	2016 £'000
Opening defined benefit obligation	128,720	142,386
Current service cost	2,734	3,209
Prior service credit	0	(11,051)
Members' contributions	279	1,253
Interest cost	4,556	5,000
Actuarial experience losses/(gains)	26,653	(7,755)
Benefits paid	(4,623)	(4,322)
<b>Closing defined benefit obligation</b>	<b>158,319</b>	<b>128,720</b>

### (d) Actuarial Gains/(Losses) charged to the Statement of Financial Activities:

	2017 £'000	2016 £'000
Actuarial experience gains/(losses) – fair value of assets (note 18b)	14,122	(6,203)
Actuarial (losses)/gains – present value of obligations (note 18c)	(26,653)	7,755
<b>Actuarial (losses)/gains</b>	<b>(12,531)</b>	<b>1,552</b>

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

	2017		2016	
	£'000	£'000	£'000	£'000
Current service cost	2,734		3,209	
Prior service cost credit	0		(11,051)	
Scheme expenses	430		348	
		<b>3,164</b>		<b>(7,494)</b>
Interest income	(3,881)		(3,950)	
Interest cost	4,556		5,000	
<b>Total charge to resources expended</b>		<b>675</b>		<b>1,050</b>
		<b>3,839</b>		<b>(6,444)</b>

The above amounts charged to resources expended are included in staff costs, shown in note 8a to these accounts.

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

	2017	2016
Equities	41.9%	57.0%
Index Linked Gilts	0.0%	16.2%
Corporate bonds	0.0%	11.1%
LDI	24.0%	0.0%
Multi-asset	20.0%	0.0%
Others	14.1%	15.7%

**(g) Principal actuarial assumptions:**

	2017	2016
Discount rate	2.80%	3.60%
Inflation – RPI	3.55%	3.20%
Inflation – CPI	2.55%	2.20%
CARE revaluation	2.55%	2.20%
Pension increases in payment – pre 2000	3.55%	3.20%
Pension increases in payment – post 2000	2.55%	2.20%
Pension increases in deferment	2.55%	2.20%
Assumes life expectancy currently age 65		
Male	86.9	86.9
Female	88.7	88.9
Assumes life expectancy currently age 45		
Male	88.0	88.2
Female	90.0	90.4

**(h) Sensitivity analysis – Change in defined benefit obligation as at 31 March 2017:**

Increase/decrease discount rate by 0.5% p.a	-9% / +10%
Increase/decrease assumed rate of inflation by 0.5% p.a	+8% / -10%

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

	1 April 2016 £'000	Incoming Resources £'000	Resources Expended £'000	Other Movements in Year £'000	31 March 2017 £'000
<b>Public Funds</b>					
Restricted – Capital Income	90,738	5,318	(673)	(76)	95,307
Restricted – Specimen Income	13,422	1,376	(713)	0	14,085
Restricted – Revaluation	9,114	0	0	1,184	10,298
<b>Total Restricted</b>	<b>113,274</b>	<b>6,694</b>	<b>(1,386)</b>	<b>1,108</b>	<b>119,690</b>
Unrestricted – Income	7,357	26,116	(29,276)	0	4,197
Unrestricted – Revaluation	21	0	0	5	26
Pension Reserve	(19,949)	0	(101)	(12,531)	(32,581)
<b>Total Unrestricted</b>	<b>(12,571)</b>	<b>26,116</b>	<b>(29,377)</b>	<b>(12,526)</b>	<b>(28,358)</b>
<b>Total Public Funds</b>	<b>100,703</b>	<b>32,810</b>	<b>(30,763)</b>	<b>(11,418)</b>	<b>91,332</b>
<b>Private Funds</b>					
Restricted – Income	11,835	472	(317)	297	12,287
Restricted – Revaluation	144	0	0	19	163
Unrestricted – Income	1,168	298	(75)	47	1,438
Unrestricted – Revaluation	42	0	0	5	47
<b>Total Private Funds</b>	<b>13,189</b>	<b>770</b>	<b>(392)</b>	<b>368</b>	<b>13,935</b>
<b>Total</b>	<b>113,892</b>	<b>33,580</b>	<b>(31,155)</b>	<b>(11,050)</b>	<b>105,267</b>

Unrestricted Public Funds recorded in our own non-consolidated accounts at 31 March 2017 were £105,156,000 with £111,000 attributable to NMGW Enterprises Ltd.

Restricted Private Funds includes two major fund balances, being: the St Fagans Redevelopment Project Fund and the Art Department Fund.

Total revaluation reserves at 31 March 2017 were £10,534,000. These represent accumulated gains/losses on revaluation of fixed assets arising from 1 April 2011 onwards.

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

	Public Funds		Private Funds		2017 £'000
	Restricted £'000	Unrestricted £'000	Restricted £'000	Unrestricted £'000	
Fixed Assets	123,565	1,029	8,380	777	133,751
Current Assets	(3,229)	7,532	4,070	708	9,081
Current Liabilities	(407)	(2,821)	0	0	(3,228)
Long term Liabilities	(239)	(1,518)	0	0	(1,757)
<b>Net Assets (before pension liabilities)</b>	<b>119,690</b>	<b>4,222</b>	<b>12,450</b>	<b>1,485</b>	<b>137,847</b>
Pension Liabilities	0	(32,580)	0	0	(32,580)
<b>Net Assets (after pension liabilities)</b>	<b>119,690</b>	<b>(28,358)</b>	<b>12,450</b>	<b>1,485</b>	<b>105,267</b>

**20. Reconciliation of Net Income/Expenditure to Net Cash Flow from Operating Activities**

	Amgueddfa Cymru		Consolidated	
	2016/17 £'000	2015/16 £'000	2016/17 £'000	2015/16 £'000
Net Income/Expenditure	2,696	16,693	2,687	16,714
Share of Joint Venture	76	(5)	76	(5)
Unrealised (Gains)/Loss on market value of investment	(344)	82	(344)	82
Donated Assets	0	(457)	0	(457)
Depreciation	1,336	1,401	1,360	1,418
Impairment of Fixed Asset	(454)	1,870	(454)	1,870
Decrease in Stocks	3	22	103	90
Decrease/(Increase) in Debtors	3,812	(337)	3,763	(508)
Increase/(Decrease) in Creditors	761	(89)	714	(94)
FRS102 current year pension costs	101	(9,360)	101	(9,360)
<b>Net Cash Inflow from Operating Activities</b>	<b>7,987</b>	<b>9,820</b>	<b>8,006</b>	<b>9,750</b>

**21. Analysis of Cash and Cash Equivalents**

	Amgueddfa Cymru		Consolidated	
	2016/17 £'000	2015/16 £'000	2016/17 £'000	2015/16 £'000
Cash in hand	5,526	4,590	6,412	5,475
Short term notice deposits	780	1,522	780	1,522
<b>Total cash and cash equivalents</b>	<b>6,306</b>	<b>6,112</b>	<b>7,192</b>	<b>6,997</b>

**22. Capital Commitments**

	2017 £'000	2016 £'000
At the balance sheet date there were capital commitments of	505	6,349

Major commitments as at 31 March 2017 and 31 March 2016 related to the St Fagans redevelopment project.

## 23. Contingent Liabilities and Guarantees

As at 31 March 2017 there existed five claims against us for which there is no insurance cover, in respect of personal injury allegedly occurring at our museums. The total potential liability for one of these is £13,500, while the maximum potential liability for the other four claims remains unknown. We continue to resist liability in these 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.

## 24. Related Party Transactions

We are a Welsh Government Sponsored Body. The Welsh Government is therefore regarded as a related party. During the year we 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 to the accounts. We also received £4,311 in relation to service activities from the Welsh Government and £6,916 income from the National Assembly of Wales.

We made the following payments to other related parties in 2016/17:

- £5,000 to Creative & Cultural Skills. David Anderson, Director General, is a board member of Creative & Cultural Skills
- £879 to the Museums Association. David Anderson, Director General, is a board member of the Association.
- £915 to ICOM UK. Janice Lane, Director of Gallery Development & Visitor Experience, is a board member of ICOM UK.
- £1,000 to Welsh Heritage Schools Initiative. Nia Williams, Director of Learning & Engagement, is a Board member of the Initiative.
- £61,964 to Cardiff University. Dr Carol Bell, Vice President, is a member of the Council of Cardiff University. We also received income of £3,000 and our trading subsidiary NMGW Enterprises Ltd received income of £47,295 during the year.
- £983 to the Wales Millennium Centre. Dr Carol Bell is a Board member of the Centre. We also received income of £1,670 and our trading subsidiary NMGW Enterprises Ltd received income of £4,160 during the year.
- £903 to Prysog Cyf. The sister of Glenda Jones, Trustee, is a Director of Prysog Cyf.
- Baroness Kay Andrews, Trustee, is a trustee of the Heritage Lottery Fund. Grants received from the Heritage Lottery fund are identified in note 3 to the accounts.
- Our trading subsidiary NMGW Enterprises Ltd received £1,620 from ESTYN during the year. Rheon Tomos, Independent member of the Audit Committee, is a non-executive Director of ESTYN.
- We received £460 from National Theatre Wales (Productions) during the year. Rheon Tomos is a Director of National Theatre Wales (Productions).

We received a total of £3,380 in donations from Trustees (£3,330 in 2015/16).

During the year Elisabeth Elias, President, Laurie Pavelin, Treasurer and Glenda Jones, Trustee, served as directors of NWMS Ltd referred to in note 9 to the accounts. None of the directors receive remuneration from this company.

## 29. Post Balance Sheet Events

The Accounting Officer authorised these financial statements for issue on 13 July 2017. There were no post balance sheet events.